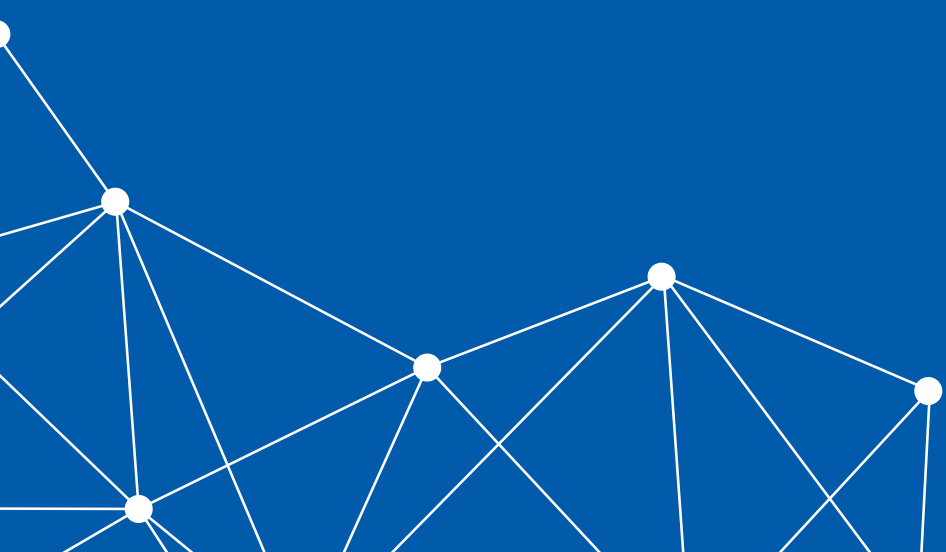


CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

Rupees in '000	Note	2021	2020
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	7	776,325	776,325
Capital reserve	8	1,050,164	1,091,622
Revenue reserves	8	6,141,931	5,140,316
		7,968,420	7,008,263
LIABILITIES			
Non-current liabilities			
Long term loans	9	127,676	190,335
Lease liabilities	10	74,570	64,820
Deferred income	11	4,450	7,053
Deferred liability - staff retirement benefits	46	-	23,713
		206,696	285,921
Current liabilities			
Trade and other payables	12	802,890	1,115,336
Unclaimed dividend		25,628	26,443
Mark-up accrued	13	28,723	55,112
Short term borrowings	14	1,542,306	2,702,863
Current portion of long term loans	9	159,038	49,345
Current portion of lease liabilities	10	36,353	46,467
Current portion of deferred income	11	8,823	6,215
		2,603,761	4,001,781
		2,810,457	4,287,702
Contingencies and commitments	15		
Total equity and liabilities		10,778,877	11,295,965

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

Rupees in '000	Note	2021	2020
Sales	32	8,494,799	4,473,010
Less: Sales tax		1,235,543	650,808
		7,259,256	3,822,202
Cost of sales	33	6,762,523	3,771,306
Gross profit		496,733	50,896
Income from investments - net	34	356,380	62,132
		853,113	113,028
Distribution and selling expenses	35	14,980	13,324
Administrative expenses	36	251,410	249,986
Other operating expenses	37	27,447	25,958
		293,837	289,268
		559,276	(176,240)
Other income	38	196,328	35,440
Operating profit / (loss) before finance costs		755,604	(140,800)
Finance costs	39	213,407	315,109
Share of profit in equity accounted investees - net of taxation	40	383,348	173,479
Profit / (loss) before taxation		925,545	(282,430)
Taxation	41	(134,324)	262,563
Profit / (loss) for the year		791,221	(19,867)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Proportionate share of other comprehensive (loss) / income of equity accounted investees		(41,458)	8,172
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		43,291	(7,898)
Gain on remeasurement of staff retirement benefit plans - net of tax		167,103	71,774
Other comprehensive income for the year		168,936	72,048
Total comprehensive income for the year		960,157	52,181
(Rupees)			
Basic and diluted earnings / (loss) per share	42	10.19	(0.26)

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 2021

Rupees in '000	Note	2021	2020
Cash flows from operating activities			
Cash generated from / (used in) operations	43	1,232,504	(993,880)
Tax refund received / (paid)		47,096	(106,022)
Finance costs paid		(229,560)	(286,834)
Contribution to gratuity and pension funds		(23,450)	(22,976)
Contribution to Workers' Profit Participation Fund		(12,700)	(3,633)
Long term deposits - net		21,669	13,979
Net cash generated from / (used in) operating activities		1,035,559	(1,399,366)
Cash flows from investing activities			
Capital expenditure		(59,376)	(8,538)
Acquisition of intangible assets		(8,463)	(2,114)
Proceeds from disposal of investment property		147,503	-
Proceeds from disposal of operating fixed assets		29,825	5,313
Investments - net		(66,790)	47,862
Dividend income received		37,329	386,552
Interest income received		532	859
Net cash generated from investing activities		80,560	429,934
Cash flows from financing activities			
Proceeds from / (repayment of) long term loans - net	43.1	56,105	(41,454)
Payments against lease obligations - net	43.1	(30,387)	(59,675)
(Repayment of) / proceeds from short term loans obtained - net	43.1	(1,241,602)	1,362,292
Dividends paid	43.1	(815)	(82)
Net cash (used in) / generated from financing activities		(1,216,699)	1,261,081
Net (decrease) / increase in cash and cash equivalents		(100,580)	291,649
Cash and cash equivalents at beginning of the year		(586,072)	(877,721)
Cash and cash equivalents at end of the year	44	(686,652)	(586,072)

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 2021

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 profit		
Balance as at 1 July 2019	776,325	1,020,908	62,542	1,083,450	36,670	3,642,000	1,417,637	5,096,307	6,956,082
Total comprehensive income for the year ended 30 June 2020									
Loss for the year	-	-	-	-	-	-	(19,867)	(19,867)	(19,867)
Other comprehensive income / (loss) for the year	-	-	8,172	8,172	(7,898)	-	71,774	63,876	72,048
Total comprehensive income for the year	-	-	8,172	8,172	(7,898)	-	51,907	44,009	52,181
Balance as at 30 June 2020	776,325	1,020,908	70,714	1,091,622	28,772	3,642,000	1,469,544	5,140,316	7,008,263
Total comprehensive income for the year ended 30 June 2021									
Profit for the year	-	-	-	-	-	-	791,221	791,221	791,221
Other comprehensive (loss) / income for the year	-	-	(41,458)	(41,458)	43,291	-	167,103	210,394	168,936
Total comprehensive income for the year	-	-	(41,458)	(41,458)	43,291	-	958,324	1,001,615	960,157
Balance as at 30 June 2021	776,325	1,020,908	29,256	1,050,164	72,063	3,642,000	2,427,868	6,141,931	7,968,420

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

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



Chief Executive



Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered offices of the Holding Company and its subsidiary companies are located at E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore, whereas their principal offices are situated at 9th floor Sidco Avenue Centre 264 R.A. Lines, Karachi.

1.1.2 The Holding Company's steel segment is manufacturing large diameter spiral arc welded steel line pipes at Nooriabad, District Jamshoro, Sindh. The Holding Company has a coating facility capable of applying three layers high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from 16 November 1992. The Holding Company's fabrication unit is engaged in fabrication and erection of machinery located at Dalowal, District Faisalabad, Punjab.

1.1.3 The Holding Company is running cotton spinning unit at Jaranwala, District Faisalabad. 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 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 Holding Company is located at Bhone, district Jhang, Punjab.

1.2 CS Capital (Private) Limited

CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017). 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 effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term). On 26 September 2011, the Holding Company has purchased the entire shareholding from its previous principal shareholder. Consequently, the Company becomes the wholly owned subsidiary of the Holding Company.

1.3 Solution de Energy (Private) Limited

Solution de Energy (Private) Limited was incorporated as a private limited company in Pakistan under the provisions of the Companies Ordinance, 1984 (now the Companies Act, 2017) as a result of Joint Venture Agreement ("the Agreement") executed on 8 October 2013 between Management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 had 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. 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 current year ended 30 June 2021, the Subsidiary Company has submitted the tariff petition to NEPRA on 22 July 2020.

1.4 Crescent Continental Gas Pipelines Limited

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

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The Group's net sales aggregated to Rs. 7.259 billion (2020: Rs. 3.822 billion), out of which 37.7 percent was generated from Steel division, 27.6 percent from Cotton division and rest 34.7 percent i.e. Rs. 2.519 billion were from other divisions.

Steel division net sales for 2021 amounted to Rs. 2.740 billion (2020: Rs. 1.291 billion), current year sales mainly relates to bare pipe orders from Sui Northern Gas Pipelines Limited (SNGPL).

Cotton division net sales for 2021 amounted to Rs. 2 billion (2020: Rs. 1.346 billion).

During the year, KSE-100 index benchmark increased by 37.58 percent closing at 47,356 points on 30 June 2021. The Group generated income from investments on shares amounting to Rs. 395.401 million including fair value gain recognized from unlisted securities.

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

3 BASIS OF PREPARATION

3.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the unconsolidated financial statements of the Holding Company, CS Capital (Private) Limited and Solution de Energy (Private) Limited for the year ended 30 June 2021. Crescent Continental Gas Pipelines Limited is not carrying on any business operations and accordingly no financial statements are being prepared. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 19 to these consolidated financial statements.

The accounting policies used by the subsidiary companies in preparation of their financial statements are consistent with that of the Holding Company. The accounting policies used by the Group's associates in preparation of their respective financial statements are also consistent with that of the Holding Company. Where policies are different, necessary adjustments are made to the financial statements of that associate or subsidiary to bring their accounting policies in line with those used by the Group.

3.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except otherwise stated.

3.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional and presentation currency. Amounts have been rounded to the nearest thousand of Pakistan Rupees.

4 USE OF ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgement, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in these consolidated financial statements to the carrying amount of assets, liabilities, assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent years are set forth below:

- Property, plant and equipment (refer note 6.2)
- Intangible assets (refer note 6.3)
- Investment properties (refer note 6.4)
- Investments (refer notes 6.5 and 6.6)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

- 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 and 6.22)
- Contingencies (refer note 6.27)

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

5.1 Amendments to accounting and reporting standards and interpretations which are effective during the year ended 30 June 2021

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, interpretations and amendments to published accounting and reporting standards that are not yet effective but relevant

There are certain amendments to accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after 1 July 2021 but are considered not to be relevant or have any significant effect on the Group's financial reporting.

Further, IFRS 17 'Insurance contracts' is yet to be adopted by the Securities & Exchange Commission of Pakistan (The SECP).

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are consistently 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. These consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit/loss of associates is recognized in the consolidated Profit or loss. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised in previous years.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to consolidated profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the consolidated profit or loss.

6.2 Property, plant and equipment

Owned assets

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

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

Subsequent expenditure

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

Depreciation

Depreciation is charged to the consolidated profit or loss on a straight line basis at the rates specified in note 16.1 to these consolidated financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off or retained.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Disposal

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

Right-of-use assets

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

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

Capital work in progress

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

Impairment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

6.3 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Research and development expenditures

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in consolidated profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials,

direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and capitalized borrowing costs. Other development expenditure is recognized in consolidated profit or loss as incurred. Capitalized development expenditure is stated at cost less 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 income on the straight line method at the rates specified in the note 18 so as to allocate the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

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

Impairment

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

Disposal

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

6.5 Financial instruments

6.5.1 Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

6.5.2 Financial assets

Classification

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

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) - Debt investment;
- Fair value through other comprehensive income (FVOCI) - Equity investment; or
- Fair value through profit and loss (FVTPL).

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

Amortized cost

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

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

FVOCI - Debt investment

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

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

FVOCI - Equity investment

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in investment's fair value in 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 recognised in consolidated profit or loss. Any gain or loss on derecognition is recognised in consolidated profit or loss.

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

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

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

Impairment of financial assets

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Management uses actual historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance. For other debt financial assets (i.e., loans etc.), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the

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reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and a financial asset in default when contractual payment are 90 days past due.

Derivative financial instruments

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

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

Offsetting

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

6.6 Investment in commodities

Investment in commodities is initially recognised at cost, which is its fair value. Such commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price. Subsequently, investment in commodities is stated at fair value less cost to sell. Changes in fair value is recognised in consolidated profit or loss.

6.7 Non-current assets held for sale

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

6.8 Stores, spares and loose tools

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

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

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

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

6.9 Stock-in-trade

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

6.10 Trade debts and other receivables

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

6.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated 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 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 Group operates a provident fund scheme for its permanent employees. Equal monthly contributions are made by the Group and its employees. Obligation for contributions to the fund are recognized as an expense in consolidated profit or loss account when they are due.

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Cotton segment

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

All employees except Cotton segment

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

6.12.2 Defined benefit plans

Pension and gratuity fund schemes

The Holding Company provides gratuity benefits to all its permanent employees who have completed their minimum qualifying service as per the terms of employment. The pension scheme provides life time pension to retired employees or to their spouses.

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

6.12.3 Staff benevolent fund

The Holding Company has established staff benevolent fund as a separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of this fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Holding Company. Contributions to the fund are recognized as an expense in the profit or loss when they are incurred.

6.13 Mark-up bearing borrowings

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

6.14 Lease liabilities

Leases are recognised 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. Generally, the Group uses its incremental borrowing rate as the discount 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) recognised 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 derecognise the transferred asset and accounts for the cash received as a financial liability.

6.15 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard - 2 (IFAS 2), "Ijarah" as issued by Institute of Chartered Accountants of Pakistan (ICAP). The assets are not recognised on the Holding Company's statement of financial position and payments made under Ijarah financing are recognised in consolidated profit or loss on a straight line basis over the term of the lease.

6.16 Government grants

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

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

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

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

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

6.17 Taxation

Group taxation

The Holding company has opted for Group taxation under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiary Company, 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 recognised by each company separately within the Group, regardless of who has the legal liability for settlement or the legal right for recovery of the tax. Any adjustments arising solely due to Group taxation in respect of result of subsidiary is recognised in the Holding Company and the amounts paid to or receivable from the Holding company are adjusted accordingly.

Current

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

Deferred

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

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

6.18 Revenue recognition

Revenue comprises of sales to third parties and is measured based on the consideration specified in contracts with customers and excludes rebates and amounts, if any, collected on behalf of third parties. Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies the performance obligations as specified in the contract with the customer, and when it transfers control over the promised good or service to the customer.

Revenue from supply of electricity and steam is recorded upon satisfaction of performance obligation i.e. completion of service activity based on meter readings. Revenue is measured as per tariffs specified in contracts with customers.

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

6.19 Investment and other income

Interest income is recognized using the effective interest method.

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

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

Unrealized gains and losses arising on revaluation of securities classified as 'fair value through profit and loss' are recognized in consolidated profit or loss in the period in which they arise. Gains and losses arising on revaluation of derivatives to the fair value are also recognized in consolidated profit or loss.

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

6.20 Borrowing costs

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

6.21 Provisions

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

6.22 Impairment

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

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6.23 Foreign currency translation

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

6.24 Segment reporting

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

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

6.25 Proposed dividend and transfer between reserves

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

6.26 Earnings per share

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

6.27 Contingencies

Contingencies are disclosed when 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 recognised 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

2021	2020		2021	2020
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:

	2021		2020	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.48%	1,921,832	2.47%	1,921,333
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,037,680	5.18%	4,024,980
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	0.16%	124,200
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAP - 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
Shakarganj Limited	0.23%	180,000	0.23%	180,000
Suraj Cotton Mills Limited	1.57%	1,222,000	1.57%	1,222,000

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

8 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 off 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 of the Holding Company.

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 transfers from unappropriated profit on a yearly basis.

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Rupees in '000	Note	2021	2020
9 LONG TERM LOANS			
<i>Secured - Under non-shariah arrangement</i>			
Allied Bank Limited	9.1	158,608	195,240
Habib Metropolitan Bank Limited	9.2 & 9.4	107,680	44,440
JS Bank Limited	9.3 & 9.4	20,426	-
		286,714	239,680
Less: Current portion shown under current liabilities		159,038	49,345
		127,676	190,335

9.1 During the year ended 30 June 2017, the Holding Company entered into a loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 million have been disbursed till 30 June 2021. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. During the year, the Holding Company has made repayment of Rs. 18.544 million (2020: Rs. 18.544 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, the Holding Company entered into a 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 30 June 2021. 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 date of disbursement. During the year, the Holding Company has made repayment of Rs. 18.088 million (2020: Rs. 54.263 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year, mark-up on such arrangements was ranged between 8.19% to 10.04% (2020: 12.69% to 14.99%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

9.2 During the year ended 30 June 2020, the Holding Company entered into a 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 obtained the said loan at subsidized rate in two tranches in May 2020 and June 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.

During the year, the Holding Company entered into another loan arrangement with Habib Metropolitan Bank Limited under the SBP's "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 four tranches; 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 these arrangements range from 8.68% to 10.16% per annum.

9.3 During the year, the Holding Company entered into a new loan arrangement with JS Bank Limited in three tranches; two tranches in March 2021 and one tranche in April 2021. One tranche of this loan which was received in March 2021 was converted into the State Bank of Pakistan's (SBP) "SBP

Financing Scheme for Renewable Energy” in the month of April 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 from the SBP, mark-up is payable at the concessional rate of 6% per annum.

The effective interest on this arrangement is 8.49% per annum.

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

10 LEASE LIABILITIES

Rupees in '000	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2021	2020	2021	2020	2021	2020
Not later than one year	44,608	54,707	8,255	8,240	36,353	46,467
Later than one year and not later than five years	84,167	70,035	9,597	5,215	74,570	64,820
	128,775	124,742	17,852	13,455	110,923	111,287
Less: Current portion shown under current liabilities					36,353	46,467
					74,570	64,820

- 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 arrangements is from three to five years (2020: three to five years) and the liability is payable by the month ranging from six to sixty months (2020: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 6.16% to 17.60% (2020: 7.24% to 18.42%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 98.342 million (2020: Rs. 86.083 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	2021	2020
11 DEFERRED INCOME			
Opening balance		13,268	13,320
Additions during the year:			
- related to government grant (concessional rate loan)		9,071	6,773
Income recognized during the year	38	(9,066)	(6,825)
		13,273	13,268
Less: Current portion shown under current liabilities		(8,823)	(6,215)
Closing balance		4,450	7,053

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Rupees in '000 Note **2021** 2020

12 TRADE AND OTHER PAYABLES

Trade creditors		135,275	263,949
Bills payable		-	42,647
Commission payable		2,250	1,925
Accrued liabilities	12.1	323,729	411,753
Advances from customers	12.2	24,787	95,674
Fee, sales tax and damages	12.3	253,264	237,414
Due to related parties	12.4	1,133	4,016
Payable to provident fund		2,199	2,067
Payable to staff retirement benefit funds		2,057	2,257
Retention money		111	10,471
Sales tax payable		9,039	12,297
Withholding tax payable		2,974	1,504
Workers' Profit Participation Fund	12.5	2,904	2,061
Workers' Welfare Fund		6,944	4,114
Others	12.6	36,224	23,187
		802,890	1,115,336

12.1 Accrued liabilities

Salaries, wages and other benefits		9,434	16,682
Accrual for 10-C bonus		6,222	436
Compensated absences		14,404	11,224
Liquidated damages	12.1.1	159,941	153,695
Others	12.1.2	133,728	229,716
		323,729	411,753

12.1.1 These pertain 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 These include liability against Gas Infrastructure Development Cess of Rs. 29.451 million (2020: Rs. 17.004 million).

12.2 These include due to Shakarganj Limited amounting to Rs. Nil (2020: Rs. 15.906 million). The contract liabilities at the beginning of each year are recognised as revenue in the ordinary course of business.

12.3 Movement during the year

Rupees in '000	Infrastructure fee (Note 12.3.1)	Sales Tax (Note 12.3.2)	Liquidated damages (Note 12.3.3)	Total
Opening balance as at 1 July 2020	188,751	3,242	45,421	237,414
Charge for the year	15,850	-	-	15,850
Closing balance as at 30 June 2021	204,601	3,242	45,421	253,264

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

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

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

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

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

The SHC suspended its judgment till 3 September 2021 and interim arrangement of payment of 50% of the amount of cess to the GoS 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 if no such stay order is passed by the SHC in the appeals to be filed against the judgment of the SHC. The Holding Company intends to contest the issue in the SCP and as per the advice of the Company's legal counsel the chances of success in this litigation are in the Holding Company's favour.

Till 30 June 2021, the Holding Company has provided bank guarantees amounting to Rs. 166.54 million (2020: Rs. 156.039 million) in favour of Excise and Taxation Department, GoS.

Amount charged for the year has been estimated on the value of imports during the year and forms a component of cost of such imported raw materials. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in the consolidated profit or loss. On a prudent basis, full provision has been recognized in this respect in these consolidated financial statements.

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

12.3.3 This relates to amount recognized on account of liquidated damages on delayed supply of bare pipes and coated pipes. On a prudent basis full amount has been recognized in consolidated profit or loss.

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Rupees in '000	Note	2021	2020
12.4 Due to related parties			
Premier Insurance Company Limited		353	232
CSAP - Staff Benevolent Fund		2	-
Shakarganj Food Products Limited		778	-
Shakarganj Limited		-	3,784
		1,133	4,016
12.5 Workers' Profit Participation Fund			
Opening balance		2,061	5,885
Allocation for the year	37	13,543	-
		15,604	5,885
Amount paid to the trustees of the fund		(12,700)	(3,824)
Closing balance		2,904	2,061

12.6 This includes security deposits repayable / adjustable upon termination or completion of Group's agreement with tenants. As the requirements of section 217 of the Companies Act, 2017, these have been utilized for Group's business purposes as mutually agreed in accordance with the requirements.

Rupees in '000	Note	2021	2020
13 MARK-UP ACCRUED			
Mark-up accrued on:			
- Lease obligations		135	312
- Long term loans		4,409	4,118
- Short term borrowings	13.1	24,179	50,682
		28,723	55,112

13.1 This includes mark-up accrued amounting to Rs. 9.153 million (2020: Rs. 26.344 million) on shariah based financing arrangement.

Rupees in '000	Note	2021	2020
14 SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	14.1	690,865	609,820
Short term loans	14.2 & 14.4	851,441	2,093,043
		1,542,306	2,702,863

14.1 Running finance facility available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,300 million (2020: Rs. 1,310.8 million) out of which Rs. 300 million (2020: Rs. 300 million), Rs. 150 million (2020: Rs. 150 million) and Rs. 300 million (2020: Rs. 450 million) are interchangeable with letters of credit, letters of guarantee facility and short term loans, respectively. During the year, mark-up on such arrangements ranged between 8.12% to 10.54% (2020: 10.33% to 15.85%) per annum.

14.2 Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 3,850 million (2020: Rs. 4,600 million) out of which Rs. 3,150 million (2020: Rs. 3,400 million), Rs. 305 million (2020: Rs. 255 million) and Rs. 350 million (2020: Rs. 350 million) are interchangeable with letters of credit, letters of guarantee and short term running finance facilities, respectively.

During the year, mark-up on such arrangements ranged between 8.12% to 10.54% (2020: 9.79% to 16.18%) per annum.

- 14.3 The facilities for opening letters of credit amounted to Rs. 4,750 million (2020: Rs. 4,600 million) out of which Rs. 300 million (2020: Rs. 300 million), Rs. 3,150 million (2020: Rs. 3,650 million) and Rs. 305 million (2020: Rs. 255 million) are interchangeable with short term running finances, short term loans and letters of guarantee, respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 30 June 2021 amounted to Rs. 1,859 million (2020: Rs. 1,794.1 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2021 were Rs. 3,884.903 million and Rs. 329.442 million (2020: Rs. 4,458.25 million and Rs. 69.923 million), respectively.
- 14.4 This includes an amount of Rs. 424.181 million (2020: Rs. 697.11 million) outstanding against Islamic mode of financing. The Holding Company is currently availing Islamic mode of financing from the Al Baraka Bank, Dubai Islamic Bank, and Bank Islami Pakistan Limited. Facilities availed during the year include letters of credit, bank guarantees, Wakala, Morabaha, Istisna and Ijarah financing.
- 14.5 The above facilities are expiring on various dates with maturity periods upto 31 January 2022. These facilities are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares (refer note 28.2) and lien over import / export documents. Further, these facilities (refer notes 14.1 to 14.3) are also secured against pledge 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 Holding Company had contested that the said imports were exempt under bilateral agreement between Government of Pakistan and Government of Japan for projects under grant and accordingly these were cleared by the customs. However, the collector customs 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 the Appellate Tribunal (Customs) against the order. Based on tax consultant's opinion, no provision has been recognized in these consolidated financial statements as the case is under appeal and management considers that the same would be decided in the Holding Company's favour.
- 15.1.2 During 2015-2016, a show cause notice was received from Sindh Revenue Board (SRB) in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services was raised thereby. The Holding Company filed a constitutional writ in the SHC against the SRB and GoS in which SHC granted interim relief to the Holding Company.

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

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

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 the litigation in relation to the said matter.

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

15.2 Commitments

15.2.1 During 2015-2016, the Holding Company entered into Ijarah financing arrangement amounting to Rs. 600 million with Bank Islami Pakistan Limited (BIPL) for acquisition of Spiral Pipe (SP) machine. As per requirement of IFAS - 2 Ijarah financing has been treated as an operating lease. During the previous year, BIPL deferred the principal payments of rentals for one year as per the directives issued by State Bank of Pakistan vide its circular no. 12 dated 26 March 2020 which ended during the month of March 2021.

As at 30 June 2021, aggregate amount of lease rentals outstanding under the agreement is Rs. 87.985 million (2020: Rs. 121.692 million), which is payable in quarterly installments of Rs. 22.867 million (2020: Rs. 22.898 million) each approximately.

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

Rupees in '000	2021	2020
Not later than one year	327,985	33,707
Later than one year and not later than five years	-	327,985
	327,985	361,692
Security deposit under the arrangement	(240,000)	(240,000)
	87,985	121,692

15.2.2 Amounts of guarantees issued on behalf of the Group against various contracts aggregated Rs. 1,528.009 million (2020: Rs. 1,654 million). These include guarantees issued by Islamic banks amounting to Rs. 219.58 million (2020: Rs. 153.591 million).

15.2.3 Commitments in respect of capital expenditure contracted for as at 30 June 2021 amounted to Rs. 8.455 million (2020: Rs. 8.455 million).

15.2.4 Commitments under letters of credit (L/C) as at 30 June 2021 amounted to Rs. 865 million (2020: Rs. 228.486 million).

Rupees in '000	Note	2021	2020
16 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,810,826	2,015,212
Capital work-in-progress	16.4	117,225	91,471
		1,928,051	2,106,683
Right-of-use-assets	16.1	131,603	168,601
		2,059,654	2,275,284

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	
	Freehold	Leasehold including improvements	On freehold	On leasehold								Plant and machinery	Motor vehicles		Total right-of-use assets
Rupees in '000	Note														
Net book value as at 30 June 2021															
Balance as at 1 July 2020 (NBV)		307,723	35,940	426,931	7,390	1,179,763	12,743	11,631	992	26,794	2,015,213	144,765	23,835	168,600	2,183,813
Additions / transfers		-	-	-	-	3,127	759	-	8,747	22,436	63,159	6,317	15,964	22,181	85,340
Disposals / transfer (at NBV)	16.5 & 16.11	-	-	-	-	(6,827)	-	-	(62)	(16,489)	(23,378)	(28,819)	(428)	(29,247)	(52,625)
Transfer to investment properties		(58,497)	-	-	-	-	-	-	-	-	(58,497)	-	-	-	(58,497)
Depreciation charge	16.1.2	-	(1,685)	(26,695)	(1,444)	(900)	(6,344)	(1,993)	(1,682)	(8,464)	(185,671)	(20,130)	(9,801)	(29,931)	(215,602)
Balance as at 30 June 2021 (NBV)		249,226	34,255	400,236	5,946	1,067,689	7,158	9,638	7,995	24,277	1,810,826	102,133	29,470	131,603	1,942,429
Gross carrying value as at 30 June 2021															
Cost	16.2	249,226	43,066	663,289	96,545	2,748,172	74,041	34,993	67,236	75,547	4,103,494	174,776	73,037	247,813	4,351,307
Accumulated depreciation		-	(8,811)	(263,053)	(90,599)	(1,704,381)	(66,883)	(25,355)	(59,241)	(51,270)	(2,292,668)	(72,643)	(43,567)	(116,210)	(2,408,878)
Net book value		249,226	34,255	400,236	5,946	1,067,689	7,158	9,638	7,995	24,277	1,810,826	102,133	29,470	131,603	1,942,429
Net book value as at 30 June 2020															
Balance as at 1 July 2019 (NBV)		307,723	37,625	437,587	24,871	1,317,610	19,481	13,638	2,634	33,916	2,201,310	168,850	35,306	204,156	2,405,466
Additions / transfers		-	-	-	-	1,832	848	-	378	3,587	6,645	-	-	-	6,645
Disposals (at NBV)		-	-	-	-	-	-	-	(8)	(1,452)	(1,460)	(2,377)	(375)	(2,752)	(4,212)
Depreciation charge		-	(1,686)	(10,656)	(17,481)	(919)	(7,586)	(2,007)	(2,012)	(9,257)	(191,283)	(21,707)	(11,096)	(32,803)	(224,086)
Balance as at 30 June 2020 (NBV)		307,723	35,940	426,931	7,390	1,179,763	12,743	11,631	992	26,794	2,015,212	144,766	23,835	168,601	2,183,813
Gross carrying value as at 30 June 2020															
Cost		307,723	43,066	663,289	96,545	2,748,172	73,281	35,027	58,821	69,599	4,184,500	215,150	58,983	274,133	4,458,633
Accumulated depreciation		-	(7,127)	(236,358)	(89,155)	(1,629,905)	(60,538)	(23,396)	(57,829)	(42,805)	(2,169,288)	(70,384)	(35,148)	(105,532)	(2,274,820)
Net book value		307,723	35,940	426,931	7,390	1,179,763	12,743	11,631	992	26,794	2,015,212	144,766	23,835	168,601	2,183,813
Depreciation rate (% per annum)		-	1 - 5	5 - 10	5 - 10	5 - 20	5 - 20	10	33.33	20	10	10	20	20	20

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 0.398 million (2020: Rs. 0.582 million) representing net book value of capitalized spares.

16.1.1 During the year, asset having net book value Rs. 29,247 million (2020: Rs. 2,753 million) transferred from right of use assets to owned assets due to maturity of lease term.

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Rupees in '000	Note	2021	2020
16.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	33.1	194,812	200,570
Distribution and selling expenses	35	1,021	1,108
Administrative expenses	36	19,480	22,121
Intangible under development phase		289	287
		215,602	224,086

16.2 Property, plant and equipment as at 30 June 2021 include items having an aggregate cost of Rs. 1,500.528 million (2020: Rs. 1,310.585 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	14,504.4	Sq feet
Building	Nooriabad, District Jamshoro	261,257.1	Sq feet
Building	Jaranwala, District Faisalabad	340,455.0	Sq feet
Building	Dalawal, 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	Dalawal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre
Freehold land	Bhone, District Jhang	19.1	Acre

16.3.1 The fair value and forced sale value of property, plant and equipment of the Group approximate to Rs. 4,519.8 million and Rs. 3,675.7 million, respectively.

Rupees in '000	Note	2021	2020
16.4 Capital work-in-progress			
Advance to contractors		62,135	40,000
Civil work	16.4.2 & 16.4.3	28,790	50,925
Others		26,300	546
	16.4.1	117,225	91,471

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 2020	48,580	2,345	546	40,000	91,471
Additions	-	-	25,754	-	25,754
Balance as at 30 June 2021	48,580	2,345	26,300	40,000	117,225

16.4.2 This includes an amount of Rs. 26.4 million (2020: 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 a third party. However, the 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 in previous year for an amount of Rs. 20.619 million (2020: Rs. 20.619 million) against construction work at a site which has been halted.

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particular of buyers
Rupees in '000							
Plant and machinery	16,038	12,828	3,210	3,210	-	Sales and Leased back	Pak Gulf Leasing Company
Plant and machinery	18,087	14,470	3,617	3,617	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,198	27	1,171	1,171	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,970	-	1,970	1,970	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,198	27	1,171	1,171	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,433	35	1,398	1,398	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,640	54	1,586	1,586	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,433	52	1,381	1,381	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,433	35	1,398	1,398	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	3,005	118	2,887	2,887	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,198	27	1,171	1,171	-	Sales and Leased back	Pak Gulf Leasing Company
Motor Vehicle	1,640	62	1,578	1,578	-	Sales and Leased back	Pak Gulf Leasing Company
Others	57,002	56,162	840	7,287	6,447	Various	Various
2021	107,275	83,897	23,378	29,825	6,447		
2020	13,526	9,314	4,212	5,313	1,101		

16.5.1 These include transfer to investment properties at net book value amounting to Rs. 58.497 million (2020: Rs. Nil).

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17 INTANGIBLE ASSETS

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

Rupees in '000	Note	2021	2020
- Under use	17.1	5,848	888
- Under project development	17.2	147,407	144,840
		153,255	145,728
17.1 Intangible assets - under use			
Net book value as at 1 July		888	484
Additions		5,896	615
Amortization	17.1.1	(936)	(211)
Net book value as at 30 June	17.1.2	5,848	888
Gross carrying value as at 30 June			
Cost		82,099	78,614
Accumulated amortization		(73,611)	(75,086)
Accumulated impairment loss		(2,640)	(2,640)
Net book value		5,848	888
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 2021 include items having an aggregate cost of Rs. 75.008 million (2020: Rs. 74.778 million) that have been fully amortized and are still in use of the Holding Company.

17.2 This pertains to payments made on account of feasibility and other project related activities related to the subsidiary company - Solution de Energy (Private) Limited. The costs incurred have been capitalized as project development expenditure (intangible asset) in these consolidated financial statements in accordance with the requirements of IAS 38.

18 INVESTMENT PROPERTIES

Description	Note	Land		Buildings		Office premises	Total
		Freehold	Leasehold including improvements	On leasehold land	On freehold land		
Net book value as at 30 June 2021							
Balance as on 01 July 2020 (NBV)		1,740	30,627	18,694	-	-	51,061
Additions / transfer		43,757	1,740	-	13,000	-	58,497
Disposals (at NBV)		-	(2,131)	(17,171)	-	-	(19,302)
Depreciation charge	18.1	-	(2,376)	(473)	(867)	-	(3,716)
Balance as at 30 June 2021 (NBV)		45,497	27,860	1,050	12,133	-	86,540
Gross carrying value as at 30 June 2021							
Cost	18.2	45,497	44,836	1,758	13,000	29,830	134,921
Accumulated depreciation		-	(16,976)	(708)	(867)	(29,830)	(48,381)
Net book value		45,497	27,860	1,050	12,133	-	86,540

Description	Land		Buildings		Office premises	Total
	Freehold	Leasehold including improvements	On leasehold land	On freehold land		
Rupees in '000						
Net book value as at 30 June 2020						
Balance as at 01 July 2019 (NBV)	1,740	33,203	20,342	-	5	55,290
Depreciation charge	-	(2,576)	(1,648)	-	(5)	(4,229)
Balance as at 30 June 2020 (NBV)	1,740	30,627	18,694	-	-	51,061
Gross carrying value as at 30 June 2020						
Cost	1,740	47,705	33,167	-	29,830	112,442
Accumulated depreciation	-	(17,078)	(14,473)	-	(29,830)	(61,381)
Net book value	1,740	30,627	18,694	-	-	51,061
Depreciation rate (% per annum)	-	1-10	5 - 20	10 - 20	5 - 10	

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

18.2 Fair value of the investment properties based on recent valuation as at 30 June 2021 is Rs. 370 million (2020: Rs. 310 million), which is determined by external valuer on the basis of market value.

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

Particulars	Location	Area
Building		
Office premises	Saddar, Karachi	4,854.2 Sq feet
Building	Port Qasim Authority Karachi	415.6 Sq feet
Building	Ferozpur, Lahore	35,839.8 Sq feet
Land		
Freehold land	Ferozpur, Lahore	5.1 Acre
Freehold land	Gawadar	3.0 Acre
Leasehold land	Port Qasim Authority Karachi	2.0 Acre

19 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

2021	2020	Note	2021	2020
Number of shares			Rupees in '000	
Quoted				
63,967,500	63,967,500	19.1	3,429,031	2,875,409
		Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)		
35,011,347	35,011,347	19.1	-	211,732
		Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)		
Unquoted				
3,430,000	3,430,000	19.1	-	-
		Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shahryar Mazhar)		
			3,429,031	3,087,141

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19.1 Movement of investment in equity accounted investees is as follows:

Description	Note	30 June 2021			Total
		Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	
Rupees in '000					
Opening balance as at 1 July 2020		2,875,409	211,732	-	3,087,141
Share of profit / (loss)	19.1.1	553,376	(170,028)	-	383,348
Share of equity	19.1.1	246	(41,704)	-	(41,458)
Closing balance as at 30 June 2021		3,429,031	-	-	3,429,031

Description	Note	30 June 2020			Total
		Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	
Rupees in '000					
Opening balance as at 1 July 2019		2,865,712	401,194	-	3,266,906
Share of profit / (loss)		370,961	(197,482)	-	173,479
Share of equity		152	8,020	-	8,172
Dividend received		(361,416)	-	-	(361,416)
Closing balance as at 30 June 2020		2,875,409	211,732	-	3,087,141

19.1.1 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2021. The latest financial statements / condensed interim financial information of these companies as at 30 June 2021 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 9.84% (2020: 8.87%). Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

Rupees in '000		2021	2020
19.2 Market value of investments in associates is as follows:			
Quoted			
Altern Energy Limited		1,631,171	1,551,212
Shakarganj Limited		1,663,739	1,733,062
		3,294,910	3,284,274

Percentage of holding	Note	2021	2020
19.3 Percentage of holding of equity in associates is as follows			
Altern Energy Limited	19.3.1	17.60	17.60
Shakarganj Limited		28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

19.3.1 The Holding Company and the subsidiary companies hold 16.69% and 0.91% (2020: 16.69% and 0.91%) respectively i.e. aggregate holding of 17.6% (2020: 17.6%) in the investee company. There is no common directorship in the investee company. However, the Holding Company directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

19.4 The latest financial statements / condensed interim financial information of these associated companies as at 30 June 2021 are not presently available. The following is summarized financial information of material associated companies as at 31 March 2021 and for the twelve months period ended 31 March 2021 based on respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting, modified for fair value and other adjustments and differences in Group's accounting policies:

Rupees in '000	Altern Energy Limited		Shakarganj Limited	
	2021	2020	2021	2020
For the twelve months period ended 31 March				
Revenues	9,013,855	16,307,981	25,203,082	6,753,207
Profit / (loss) after tax	4,637,112	3,740,753	(1,429,376)	(1,063,914)
Other comprehensive income / (loss)	2,329	1,442	(146,376)	76,546
Total comprehensive income / (loss)	4,639,441	3,742,195	(1,575,752)	(987,368)
Attributable to non-controlling interests of associates	1,493,859	1,634,005	(184,330)	-
Attributable to owners of the investee company	3,145,582	2,108,190	(1,391,422)	(987,368)
	4,639,441	3,742,195	(1,575,752)	(987,368)
As at 31 March				
Non current assets	14,878,119	16,505,644	16,602,360	11,902,705
Current assets	20,736,624	15,657,244	4,453,075	2,361,935
Non current liabilities	(22,667)	(1,018,035)	(2,654,513)	(1,223,295)
Current liabilities	(3,506,489)	(3,698,707)	(10,785,509)	(5,562,530)
Net assets	32,085,587	27,446,146	7,615,413	7,478,815
Attributable to non-controlling interests of associates	12,421,177	10,927,318	1,467,077	-
Attributable to owners of the investee company	19,664,410	16,518,828	6,148,336	7,478,815
	32,085,587	27,446,146	7,615,413	7,478,815
Reconciliation to carrying amounts:				
Opening net assets	27,446,146	26,999,052	7,478,815	8,589,478
Impact of net asset of associate' subsidiary	-	-	1,579,214	-
Profit / (loss) after tax	4,637,112	3,740,753	(1,429,376)	(1,063,914)
Other comprehensive income / (loss)	2,329	1,442	(146,376)	93,935
Reserves	-	-	133,136	(140,684)
Dividends paid	-	(3,295,101)	-	-
Closing net assets	32,085,587	27,446,146	7,615,413	7,478,815
Group's interest in net assets of investee				
at end of the year	3,460,936	2,907,314	1,722,094	2,094,749
Fair value and other adjustments	(31,905)	(31,905)	(8,832)	(8,832)
Effect of difference in Group's accounting policy	-	-	(1,812,437)	(1,874,185)
Losses in excess of investment	-	-	99,175	-
Carrying amount of interest in equity accounted investees at end of the year	3,429,031	2,875,409	-	211,732

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19.4.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2021 of these associated companies including its subsidiary companies, in case of Altern Energy Limited, its wholly owned subsidiary company i.e. Power Management Company (Private) Limited and Rousch (Pakistan) Power Limited, subsidiary of Power Management Company (Private) Limited holding 59.98% shares and in case of Shakarganj Limited, its subsidiary company Shakarganj Food Products Limited where it holds 52.39%.

19.4.2 As at 30 June 2021, investment in Shakarganj Limited is carried at Rs. Nil (2020: Rs. 211.732 million) due to fact that losses incurred by Shakarganj Limited in its consolidated statement of profit or loss and comprehensive income for the period ended 31 March 2021 that results Group's share of losses in investment in Shakarganj Limited exceeds the carrying value of the investment. Therefore, carrying value of investment is restricted to Nil value as at 30 June 2021.

19.4.3 Altern Energy Limited and its subsidiaries, Power Management Company (Private) Limited and Rousch (Pakistan) Power Limited, are engaged in power generation activities. The registered office and principal office of the Altern Energy Limited is situated at Ferozepur Road, Lahore. Whereas, Shakarganj Limited (SL) is principally engaged in manufacture, purchase and sale of sugar, biofuel and yarn and its subsidiary, Shakarganj Food Products Limited has principal activity of manufacturing, processing and sale of food products. The registered office of SL is situated at Gulberg-III, Lahore.

Rupees in '000	Note	2021	2020
20 OTHER LONG TERM INVESTMENTS			
Fair value through other comprehensive income (FVOCI)	20.1	183,283	132,868
Fair value through profit or loss (FVTPL)	20.2	793,306	598,571
		976,589	731,439

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 companies.

2021	2020		Note	2021	2020
Number of shares	Name of investee company			Rupees in '000	
Quoted					
6,381,743	6,381,743	The Crescent Textile Mills Limited	20.1.1	174,157	132,868
1,595,435	-	The Crescent Textile Mills Limited - Letter of rights		9,126	-
				183,283	132,868

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees in '000	Note	2021	2020
22 DEFERRED TAXATION - NET			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		192,255	198,471
Lease obligations		5,997	16,463
Fair value adjustment in unquoted investment through reserves		30,119	36,206
Employee benefits - Defined benefit plan		21,622	-
Fair value adjustment in quoted investment through reserves		9,024	1,901
Unrealized gain on fair value through profit or loss investments		78,887	20,545
Share of profit from equity accounted investees		206,990	165,468
		544,894	439,054
Deductible temporary differences			
Employee benefits - Defined benefit plan		-	(46,631)
Provision for slow moving stores, spares and loose tools		(24,497)	(21,307)
Provisions for doubtful trade debts, doubtful advances and others		(79,405)	(76,981)
Discounting on long term deposit		(7,726)	(13,565)
Deferred income		(3,849)	(1,943)
Provisions for impairment of fixed assets		(5,980)	(5,980)
Provision of Gas Infrastructure Development Cess		(4,696)	(3,477)
Excess of minimum tax over normal tax	22.2	(200,480)	(107,224)
Tax losses	22.2	(403,801)	(445,930)
Provision for diminution in the value of investments		(7,505)	(7,505)
		(737,939)	(730,543)
		(193,045)	(291,489)
22.1 Break up of deferred tax charge / (reversal) is as following:			
Profit or loss		22,331	(358,534)
Other comprehensive income		75,376	22,862
Set-off of temporary differences with the Subsidiary Company		737	2,592
		98,444	(333,080)

22.2 The accumulated tax losses and excess minimum tax over normal tax of the Holding Company as at 30 June 2021 aggregated Rs. 2,083.728 million (2020: Rs. 1,907.428 million) in respect of which the Holding Company has recognised deferred tax asset amounting to Rs. 604.281 million (2020: Rs. 553.154 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 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 electricity connection for billet segment.

Rupees in '000	Note	2021	2020
23 STORES, SPARES AND LOOSE TOOLS			
Stores		29,410	26,999
Spare parts		214,899	211,417
Loose tools		3,615	4,288
		247,924	242,704
Less: Provision for slow moving items	23.1	84,472	73,472
		163,452	169,232
23.1 Movement in provision for slow moving items			
Opening balance		73,472	88,838
Provision made / (reversed) during the year - net	37	11,000	(15,366)
Closing balance		84,472	73,472
24 STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coils)		303,715	1,470,714
Coating materials		96,903	39,315
Steel scrap		174,883	56,030
Others		85,261	117,476
Raw cotton		241,380	118,521
Stock-in-transit		168,850	58,535
		1,070,992	1,860,591
Provision for obsolescence and slow-moving raw materials		-	(2,039)
		1,070,992	1,858,552
Work-in-process	24.2 & 33.1	25,797	46,508
Finished goods - net	24.2 & 33.1	135,235	214,215
Scrap / cotton waste	24.2	4,505	11,466
		165,537	272,189
		1,236,529	2,130,741

24.1 Stock amounting to Rs. 0.108 million (2020: Rs. 0.108 million) is held by third party.

24.2 Stock-in-trade as at 30 June 2021 includes items valued at net realisable value (NRV). Reversal in respect of stock written back to NRV was amounting to Rs. 26.825 million (2020: Reversal of Rs. 6.906 million). Following is the detail of closing stock-in-trade carried at NRV.

Rupees in '000	Cost	NRV
Raw material	1,070,992	1,070,992
Work-in-process	25,797	25,797
Finished goods and scrap / cotton waste	163,189	139,740
	1,259,978	1,236,529

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Rupees in '000	Note	2021	2020
25 TRADE DEBTS			
Secured			
Considered good		24,826	158,208
Unsecured			
Considered good	25.1	112,247	67,591
Considered doubtful		23,214	30,706
		135,461	98,297
Impairment loss on trade debts	25.3	(23,214)	(30,706)
		137,073	225,799

25.1 This includes amount due from Shakarganj Limited amounting to Rs. 33.711 million (2020: Rs. Nil). Maximum aggregate amount outstanding from related parties at any time during the year calculated by reference to month-end balances is Rs. 43.711 million.

Rupees in '000	Note	2021	2020
25.2 The aging of amount due from related parties:			
Past due 30 - 180 days		3,682	-
Past due 180 days		30,029	-
		33,711	-
25.3 Movement in impairment loss on trade debts			
Opening balance		30,706	30,706
Impairment loss during the year	37	74	-
Written off during the year against provision		(7,566)	-
Closing balance		23,214	30,706

26 ADVANCES

Unsecured			
Advances - considered good			
Staff		516	893
Suppliers for goods and services		40,182	52,731
Advances to others		1,366	393
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		-	-
		42,064	54,017

Rupees in '000	Note	2021	2020
27 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
- leasing companies		11,406	19,776
- Ijarah financing arrangement		219,364	-
Security deposits - others	27.1 & 27.2	51,487	36,967
Prepayments		10,606	9,359
		292,863	66,102

27.1 These include cash margin on bank guarantees issued in favour of Punjab Power Development Board (PPDB) amounting to Rs. 3.045 million (2020: Rs. 3.675 million).

27.2 These include Rs. 28.625 million (2020: Rs. 28.625 million) in respect of cost of interconnectivity of 11 KV feeder paid to Faisalabad Electric Supply Company (FESCO) under Power Purchase Agreement (PPA) for sale of 4-6 MW power. Under the PPA, initially this cost was required to be borne by the Holding Company; however, it is agreed that the cost so incurred will be paid back to the Holding Company by FESCO in five years time through ten, half yearly equal instalments, without mark-up, commencing after one month from commercial operation date.

28 SHORT TERM INVESTMENTS

Fair value through profit or loss (FVTPL)

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

2021	2020		Note	2021	2020
Number of shares	Name of investee company			Rupees in '000	
8,258,747	8,189,950	Quoted - Investments	28.1	521,641	339,692
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				-	-
			28.3	521,641	339,692

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28.1 Quoted - Investments

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

2021	2020	Name of investee company	2021	2020
Number of shares / units			Rupees in '000	
2,000	-	Attock Refinery Limited	512	-
200,400	158,400	Avanceon Limited	18,372	5,602
88,000	-	Byco Petroleum Limited	1,022	-
358,000	390,500	D.G. Khan Cement Company Limited	42,215	33,322
500	-	Engro Corporation Limited	147	-
255,550	215,000	Engro Fertilizers Limited	17,958	12,960
69,000	125,000	Fauji Cement Company Limited	1,587	2,110
199,000	143,000	Fauji Fertilizer Company Limited	21,114	15,728
15,000	-	Ferozsons Laboratories Limited	5,292	-
1,200	-	Glaxo SmithKline Pakistan Limited	300	-
2,405,000	2,405,000	HBL Growth Fund - Class A	19,962	18,038
764,673	764,673	HBL Investment Fund - Class A	2,370	2,050
200,000	-	Image Pakistan Limited	5,350	-
-	68,500	Hi-Tech Lubricants Limited	-	2,074
170,000	69,250	Interloop Limited	11,905	3,041
202,680	206,680	International Industries Limited	42,769	9,398
289,000	313,000	International Steels Limited	26,996	25,728
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	90	90
-	750,000	K-Electric Limited *	-	2,258
-	25,000	Kohat Cement Limited	-	3,436
500,000	500,000	Kohinoor Energy Limited	18,000	17,490
212,000	280,000	Loads Limited	4,581	3,892
19,000	-	Lucky Cement Limited	16,405	-
8,400	715	Mari Petroleum Company Limited	12,805	884
151,500	95,750	Meezan Bank Limited	17,485	6,592
5,062	4,500	Millat Tractors Limited	5,465	3,178
155,500	166,000	Nishat Mills Limited	14,508	12,950
205,000	205,000	Nishat Power Limited	4,028	4,643
8,000	-	National Refinery Limited	4,186	-
275,700	275,700	Oil and Gas Development Company Limited	26,200	30,051
18,000	-	Pak Elektron Limited	632	-
105,500	78,200	Pakistan Oilfields Limited	41,552	27,419
426,840	408,840	Pakistan Petroleum Limited	37,062	35,479
281,752	280,752	Pakistan State Oil Company Limited	63,183	44,404
200,000	-	Power Cement Limited	1,922	-
10,000	-	Tariq Glass Limited	1,064	-
425,000	234,000	The Hub Power Company Limited	33,860	16,965
5,000	-	TRG Pakistan Limited	832	-
			521,731	339,782
		Less: Provision for impairment	(90)	(90)
8,258,747	8,189,950		521,641	339,692

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

28.2 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	2021	2020
Name of investee company		
Altern Energy Limited (investment in associate)	1,564,935	1,468,823
Avanceon Limited	11,598	4,473
D.G. Khan Cement Company Limited	17,688	20,267
Engro Fertilizers Limited	15,108	12,960
Fauji Cement Company Limited	-	2,110
Fauji Fertilizer Company Limited	13,581	14,079
HBL Growth Fund - Class A	2,368	2,048
HBL Investment Fund - Class A	7,076	6,394
Hi-Tech Lubricants Limited	-	2,074
International Industries Limited	39,393	18,959
International Steel Limited	26,902	16,167
K-Electric Limited*	-	2,258
Kohat Cement Limited	-	3,436
Loads Limited	-	3,892
Mari Petroleum Company	1,090	884
Meezan Bank Limited	13,358	6,592
Millat Tractors Limited	4,858	3,178
Nishat Mills Limited	13,995	12,950
Nishat Power Limited	4,028	4,643
Oil and Gas Development Company Limited	26,200	24,056
Pakistan Oilfields Limited	32,769	27,419
Pakistan Petroleum Limited	35,499	28,034
Pakistan State Oil Company Limited	62,958	44,404
The Crescent Textile Mills Limited	173,356	132,257
The Hub Power Company Limited	13,942	9,425
	2,080,702	1,871,782

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

28.3 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 2020: 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.

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Rupees in '000	Note	2021	2020
29 OTHER RECEIVABLES			
Dividend receivable		892	885
Provision there against		(886)	(885)
		6	-
Receivable against sale of shares		1,743	1,223
Receivable against commodity	29.1	16,500	16,500
Provision there against		(17,723)	(17,723)
		520	-
Receivable against rent from investment property		643	305
Claim receivable		843	989
Due from related parties	29.2	5,251	1,102
Sales tax refundable	29.3	80,767	154,859
Margin on letter of guarantee		15,359	15,359
Receivable from staff retirement benefits funds	46.1.3	239,843	24,995
Others		2,190	9,795
		345,422	207,404

29.1 This includes Rs. 16.5 million provided to the party under buying and selling agreements of a commodity. However, due to uncertainty of the recovery of the amount provision there against has been made.

Rupees in '000	2021	2020
29.2 Due from related parties		
Shakarganj Limited	1,376	1,102
The Crescent Textile Mills Limited	244	-
Shakarganj Food Products Limited	2,631	-
Crescent Socks (Private) Limited	1,000	-
	5,251	1,102

29.2.1 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	2021	2020
Shakarganj Limited	1,376	1,102
The Crescent Textile Mills Limited	337	-
Shakarganj Food Products Limited	9,172	-
Crescent Socks (Private) Limited	1,000	-
Crescent Steel and Allied Products Limited - Pension Fund	-	53
	11,885	1,155

29.2.2 The aging of amount due from related parties:

Not yet due	2,252	-
Past due 1 - 30 days	756	-
Past due 30 - 180 days	2,241	-
Past due 180 days	2	1,102
	5,251	1,102

29.3 Sales tax refundable

29.3.1 This includes payment amounting to Rs. 2.665 million 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 Holding Company's favour.

29.3.2 During the year 2020, order under section 11 of the Sales Tax Act, 1990 has been issued where demand of Rs. 1.83 million has been raised in respect of alleged short deposit of sales tax. An appeal was preferred with the Commissioner Appeals which was decided in the Holding 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.

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

29.3.4 During the current year, orders have been issued under the Sales Tax Act, 1990, where demands aggregating Rs. 0.828 million have been raised in respect of Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited]. Appeals have been preferred with the Commissioner Appeals which are pending adjudication.

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 instead of ad valorem basis supported by judgement of the Lahore High Court in writ petition no. 243530/2018. Subsequently, the department filed ICA No. 23517/2019 before High Court which is sub-judice. No proceedings have been held since.

Rupees in '000	2021	2020
30 TAXATION - NET		
Advance taxation	3,809,195	3,856,291
Provision for taxation	(2,695,210)	(2,583,951)
	1,113,985	1,272,340

30.1 The Income Tax assessments of the Holding Company have been finalized up to and including Tax Year 2020, 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 Revenue Appeals (CIRA) who vide his order disapproved the actions of ACIR. The department, being dissatisfied, over order of CIRA, filed an appeal before Appellate Tribunal Inland Revenue which dismissed the appeal in entirety. Department has now filed case in the Lahore High Court (LHC) challenging the tribunal's decision, which is pending to be heard.

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- (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 Company whereas for remaining issues, appeals have been preferred before the Appellate Tribunal Inland Revenue for these tax years which are pending adjudication. Cross appeal in Tax Year 2016 has been filed by the tax department which also awaits adjudication.
- (c) The Additional Commissioner Inland Revenue amended the deemed assessment of the Holding Company for Tax Year 2009 and Tax Year 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million, respectively. The Holding 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 Holding Company filed appeal with the Appellate Tribunal for Tax Year 2009 which is pending adjudication where as for Tax Year 2011, set aside proceedings have been initiated which have been duly responded to.
- (d) Orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demands aggregating to Rs. 8.691 million (inclusive of default surcharge) have been raised in respect of Tax Year 2014 and Rs. 5.794 million in respect of Tax Year 2010. Majority of the matters have been decided in favour of the Holding Company at the Commissioner (Appeals) level, whereas appeals have been preferred in Appellate Tribunal Inland Revenue for remaining issues.
- (e) During the current year, order under section 122(5A) has been passed by the Commissioner Inland Revenue for the Tax Year 2017 where expenses to the tune of Rs. 9.5 million have been disallowed. An appeal has been preferred with the Commissioner Appeals which is pending adjudication.
- (f) During the year 2018, orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 4.253 million (inclusive of default surcharge) has been raised in respect of Tax Year 2017. Appeal was preferred with the Commissioner Inland Revenue Appeals where majority of issues were decided in the Holding Company's favour along with rectification of original order. Appeal has been preferred with the Appellate Tribunal Inland Revenue for remaining issues which is pending adjudication.
- (g) During the current year, 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 recognised accordingly in these financial statements.

No provision has been made in these financial statements in respect of demand raised by the Income Tax authorities against matters stated in (a) to (f) 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	2021	2020
31 CASH AND BANK BALANCES			
With banks			
- in savings accounts	31.1	1,128	731
- in current accounts		2,720	22,189
	31.2	3,848	22,920
Cash in hand		365	828
		4,213	23,748

31.1 Mark-up rate on saving account ranged between 5% to 5.2% (2020: 6.5% to 11.3%) per annum.

31.2 This includes balances amounting to Rs. 0.1 million (2020: Rs. 1.765 million) with Shariah compliant banks.

Rupees in '000	Note	2021	2020
32 SALES			
Local sales			
Bare pipes	32.1	2,949,164	1,017,793
Steel billets		2,249,718	983,209
Pipe coating		36,671	86,604
Pre coated pipes		36,131	298,513
Cotton yarn / raw cotton / polyester		2,315,465	1,567,180
Electricity sales		188,758	136,026
Steam sales		348,468	113,507
Others		126,532	56,149
Scrap / waste		243,892	214,029
		8,494,799	4,473,010
Sales tax		(1,235,543)	(650,808)
		7,259,256	3,822,202

32.1 This is presented net of liquidated damages amounting to Rs. 6.678 million.

32.2 Revenue is disaggregated by operating segments under note 45. Additionally, revenue by major customer is disclosed in note 45.4 to these consolidated financial statements.

Rupees in '000	Note	2021	2020
33 COST OF SALES			
Steel segment	33.1	2,314,735	1,257,531
Cotton segment	33.1	1,788,529	1,320,153
Energy segment	33.1	636,722	299,194
Hadeed (Billet) segment	33.1	2,022,537	894,428
		6,762,523	3,771,306

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For the year ended 30 June 2021

Rupees in '000	Note	Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		Total		
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
33.1	Cost of sales											
	Raw materials consumed	1,837,425	934,627	1,249,261	944,862	564,343	227,662	1,668,773	652,086	5,319,802	2,759,237	
	Cost of raw cotton / polyester sold	-	-	50,860	-	-	-	-	-	50,860	-	
	Packing materials consumed	-	-	20,804	13,372	-	-	-	-	20,804	13,372	
	Stores and spares consumed	39,655	33,435	23,655	17,379	6,115	4,746	46,396	21,554	115,821	77,114	
	Fuel, power and electricity	51,119	33,944	236,935	206,026	79	77	1,810	1,242	289,943	241,289	
	Salaries, wages and other benefits	33.2	128,920	120,005	145,451	132,488	3,116	5,529	38,378	22,216	315,865	280,238
	Insurance		4,185	3,944	2,767	2,874	1,170	644	1,412	1,023	9,534	8,485
	Commission		-	-	7,702	4,394	-	-	-	-	7,702	4,394
	Repairs and maintenance		3,696	2,824	2,888	2,218	34	135	1,381	569	7,999	5,746
	Depreciation	16.1.2	56,544	60,831	26,374	27,897	60,348	60,391	51,546	51,451	194,812	200,570
	Rental under Ijarah financing		33,707	68,200	-	-	-	-	-	-	33,707	68,200
	Other expenses		75,216	72,493	5,706	-	1,517	10	213,544	144,287	295,983	216,790
			2,230,467	1,330,303	1,772,403	1,351,510	636,722	299,194	2,023,240	894,428	6,662,832	3,875,435
	Opening stock of work-in-process		39,329	15,854	7,179	9,142	-	-	-	-	46,508	24,996
	Closing stock of work-in-process	24	(15,591)	(39,329)	(10,206)	(7,179)	-	-	-	-	(25,797)	(46,508)
			23,738	(23,475)	(3,027)	1,963	-	-	-	-	20,711	(21,512)
	Cost of goods manufactured		2,254,205	1,306,828	1,769,376	1,353,473	636,722	299,194	2,023,240	894,428	6,683,543	3,853,923
	Opening stock of finished goods		169,821	120,524	44,394	11,074	-	-	-	-	214,215	131,598
	Closing stock of finished goods - net	24	(109,291)	(169,821)	(25,241)	(44,394)	-	-	(703)	-	(135,235)	(214,215)
			60,530	(49,297)	19,153	(33,320)	-	-	(703)	-	78,980	(82,617)
			2,314,735	1,257,531	1,788,529	1,320,153	636,722	299,194	2,022,537	894,428	6,762,523	3,771,306
33.2	Detail of salaries, wages and other benefits											
	Salaries, wages and other benefits	33.2.1	117,009	106,629	142,041	130,412	3,099	5,515	37,748	21,915	299,897	264,471
	Pension fund	33.2.2	5,682	8,920	1,190	-	-	-	-	-	6,872	8,920
	Gratuity fund	33.2.2	2,365	660	78	-	-	-	-	-	2,443	660
	Provident fund contributions		3,864	3,796	2,142	2,076	17	14	630	301	6,653	6,187
			128,920	120,005	145,451	132,488	3,116	5,529	38,378	22,216	315,865	280,238

33.2.1 These include contribution amounting to Rs. 0.066 million (2020: Rs. Nil) to CSAP - 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	2021		2020	
	Pension	Gratuity	Pension	Gratuity
33.2.2 Staff retirement benefits				
Current service costs	6,309	4,419	5,174	1,616
Interest costs	17,374	7,307	19,829	4,184
Return on plan assets, excluding interest income	(16,811)	(9,283)	(16,083)	(5,140)
	6,872	2,443	8,920	660

Rupees in '000	Note	2021	2020
34 INCOME FROM INVESTMENTS - NET			
Dividend income	34.1	37,335	25,047
Gain / (loss) on sale of FVTPL investments - net	34.1	13,637	(4,135)
Loss on sale of investment in commodity		-	(7)
Unrealized gain on FVTPL investments - net	34.1	296,258	35,496
Rent income from investment properties	34.2	9,150	5,731
		356,380	62,132

34.1 Break up of dividend income, realised gain and unrealised gain is as follows:

Rupees in '000	Dividend income	Realised gain	Unrealised gain
Shariah compliant investee companies	17,695	8,022	84,752
Non - Shariah compliant investee companies	19,640	5,615	211,506
	37,335	13,637	296,258

34.1.1 Unrealized gain amounting to Rs. 50.414 million was recognized in the other comprehensive income during the year.

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

34.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 9.2 million (2020: Rs. 3.583 million). Further, Rs. Nil (2020: Rs. 2.258 million) were incurred against the non rented out area.

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35 DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Salaries, wages and other benefits	35.1	4,639	3,046	1,529	1,917	390	70	6,558	5,033
Travelling, conveyance and entertainment		112	1,207	36	49	24	43	172	1,299
Depreciation	16.1.2	872	909	-	-	149	199	1,021	1,108
Insurance		7	22	-	-	8	20	15	42
Postage, telephone and telegram		98	48	48	42	14	17	160	107
Advertisement		216	31	-	-	-	-	216	31
Bid bond expenses		323	450	-	-	-	-	323	450
Transportation		-	-	-	-	-	-	-	-
Legal and professional charges		3,157	1,362	-	-	-	-	3,157	1,362
Others		1,562	2,429	1,498	1,183	298	280	3,358	3,892
		10,986	9,504	3,111	3,191	883	629	14,980	13,324

35.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Salaries, wages and other benefits		3,974	2,188	1,493	1,917	357	70	5,824	4,175
Pension fund	35.1.1	425	637	24	-	12	-	461	637
Gratuity fund	35.1.1	39	47	10	-	5	-	54	47
Provident fund contributions		201	174	2	-	16	-	219	174
		4,639	3,046	1,529	1,917	390	70	6,558	5,033

Rupees in '000	2021		2020	
	Pension	Gratuity	Pension	Gratuity
35.1.1 Staff retirement benefits				
Current service costs	423	347	370	115
Interest costs	1,164	435	1,416	299
Return on plan assets, excluding interest income	(1,126)	(728)	(1,149)	(367)
	461	54	637	47

36 ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		IID segment		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Salaries, wages and other benefits	36.1	91,753	98,859	20,784	21,135	2,537	2,887	10,352	8,000	9,259	9,290	134,685	140,171
Rents, rates and taxes		2,399	1,926	457	371	94	65	667	268	3,535	884	7,152	3,514
Travelling, conveyance and entertainment		2,111	3,931	449	779	54	134	420	313	140	263	3,174	5,420
Fuel and power		9,056	7,795	1,332	1,214	632	259	2,323	2,145	491	427	13,834	11,840
Postage, telephone and telegram		2,057	1,663	434	392	61	43	130	115	130	103	2,812	2,316
Insurance		1,732	1,942	314	302	36	284	70	60	192	179	2,344	2,767
Repairs and maintenance		7,402	5,569	598	414	122	50	418	147	398	994	8,938	7,174
Auditors' remuneration	36.2	3,201	2,138	614	583	141	153	132	157	398	384	4,486	3,415
Legal, professional and corporate service charges		17,129	23,226	4,152	5,944	171	1,021	248	2,006	4,394	3,275	26,094	35,472
Advertisement		619	367	26	10	15	6	20	10	34	20	714	413
Donations	36.3	10,876	480	58	-	203	5	295	7	581	26	12,013	518
Depreciation	16.1.2 & 18.1	14,102	15,481	2,296	3,033	322	321	1,912	2,378	4,563	5,137	23,195	26,350
Amortization of intangible assets	17.1.1	707	164	150	31	21	4	21	4	37	8	936	211
Printing, stationery and office supplies		1,895	1,436	463	355	13	11	23	25	165	145	2,559	1,972
Newspapers, subscriptions and periodicals		253	287	644	360	593	517	14	13	27	26	1,531	1,203
Others		4,150	5,073	863	1,059	88	134	804	571	1,038	393	6,943	7,230
		169,442	170,337	33,634	35,982	5,103	5,894	17,849	16,219	25,382	21,554	251,410	249,986
36.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		81,046	71,548	18,404	20,411	2,135	2,768	9,583	7,770	8,158	8,979	119,326	111,476
Pension fund	36.1.1	7161	22,300	1,493	-	211	-	373	-	699	-	9,937	22,300
Gratuity fund	36.1.1	40	1,650	122	-	88	-	155	-	73	-	478	1,650
Provident fund contributions		3,506	3,361	765	724	103	119	241	230	329	311	4,944	4,745
		91,753	98,859	20,784	21,135	2,537	2,887	10,352	8,000	9,259	9,290	134,685	140,171

Rupees in '000	2021		2020	
	Pension	Gratuity	Pension	Gratuity
36.1.1 Staff retirement benefits				
Current service costs	9,123	614	12,934	4,040
Interest costs	25,123	1,152	49,573	10,460
Return on plan assets, excluding interest income	(24,309)	(1,288)	(40,207)	(12,850)
	9,937	478	22,300	1,650

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Rupees in '000	Note	A. F. Ferguson & Co.	KPMG Taseer Hadi & Co.
		2021	2020
36.2 Auditors' remuneration			
Audit fee	36.2.1	2,415	2,415
Certifications and tax and other assurance services		1,330	480
		3,745	2,895
Out of pocket expenses		436	268
Sales tax		305	252
		4,486	3,415

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 of the Holding Company 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.

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			2021
			2020
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	10,668
			269

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	2021	2020
37 OTHER OPERATING EXPENSES			
Exchange loss		-	25,958
Impairment loss on trade debts		74	-
Provision for:			
- Workers' Profit Participation Fund	12.5	13,543	-
- Workers' Welfare Fund		2,830	-
- Slow moving stores, spares and loose tools - net	23.1	11,000	-
		27,447	25,958

Rupees in '000	Note	2021	2020
38 OTHER INCOME			
Income from financial assets			
Return on deposits - from conventional banking		532	859
Unwinding of discount on long term deposit		22,528	2,415
		23,060	3,274
Income from non-financial assets			
Gain on disposal of operating fixed assets		6,447	1,101
Gain on disposal of investment property		128,201	-
Deferred income amortized	11	9,066	6,825
Exchange gain		18,135	-
Insurance commission		-	1,318
Liabilities written-back		3,465	1,029
Reversal of provision for slow moving stores, spares and loose tools		-	15,366
Rent income		6,505	5,010
Others		1,449	1,517
		173,268	32,166
		196,328	35,440
39 FINANCE COSTS			
Mark-up on short term loans - Shariah arrangement		41,986	55,064
Interest on Non - Shariah arrangement			
- lease obligations		7,665	16,475
- long term loans		27,432	32,086
- running finances		87,533	150,992
- short term loans		41,724	50,494
Discounting on long term deposit		2,392	-
Bank charges		4,675	9,998
		213,407	315,109
40 SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION			
Altern Energy Limited	19.1	553,376	370,961
Shakarganj Limited	19.1	(170,028)	(197,482)
		383,348	173,479

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Rupees in '000	2021	2020
41 TAXATION		
Current		
- for the year	117,735	94,064
- for prior years	(5,742)	1,907
	111,993	95,971
Deferred	22,331	(358,534)
	134,324	(262,563)
41.1 Relationship between taxation expense and accounting profit		
Profit / (loss) before taxation	925,545	(282,430)
Tax at the applicable rate of 29% (2020: 29%)	268,408	(81,905)
Tax effect of inadmissible expenses / losses	(96,327)	56,710
Tax effect of income taxed at a lower rate	(32,015)	(239,276)
Prior year tax effect	(5,742)	1,907
	134,324	(262,564)

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

Rupees in '000	2020	2019	2018
Tax provision including effects of prior years	84,907	63,513	230,506
Tax assessed / return filed	84,907	63,513	194,464

Rupees in '000	2021	2020
42 BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (loss) for the year	791,221	(19,867)
	(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	10.19	(0.26)

Rupees in '000

Note

2021

2020

43 CASH GENERATED FROM / (USED IN) OPERATIONS

Profit / (loss) before taxation		925,545	(282,430)
Adjustments for non cash charges and other items:			
Depreciation on operating fixed assets and investment properties		219,028	228,028
Amortization of intangible assets	17.1	936	211
Charge for the year on staff retirement benefit funds	46.1.7	20,245	34,214
Dividend income	34.1	(37,335)	(25,047)
Unrealized gain on FVTPL investments - net	34.1	(296,258)	(35,496)
(Gain) / loss on sale of FVTPL investments - net	34.1	(13,637)	4,135
Provision / (reversal) for slow moving stores, spares and loose tools	23.1	11,000	(15,366)
Reversal of impairment loss on trade debts - net	37	74	-
Provision for Workers' Welfare Fund	37	2,830	-
Provision for Workers' Profit Participation Fund	37	13,543	-
Return on deposits	38	(532)	(859)
Gain on disposal of operating fixed assets	38	(6,447)	(1,101)
Gain on disposal of investment property	38	(128,201)	-
Deferred income	38	(9,066)	(6,825)
Discounting of long term deposit	39	2,392	-
Unwinding of discount on long term deposit	38	(22,528)	(2,415)
Liabilities written off	38	(3,465)	(1,029)
Finance costs	39	211,015	315,109
Share of profit from equity accounted investees - net of taxation	40	(383,348)	(173,479)
		505,791	37,650
Change in:			
- Stores, spares and loose tools		(5,220)	31,918
- Stock-in-trade		894,212	(1,309,372)
- Trade debts		88,652	(129,367)
- Advances		11,953	(19,540)
- Trade deposits and short term prepayments		(27,067)	(15,810)
- Other receivables		76,836	29,502
- Trade and other payables		(312,653)	381,139
		1,232,504	(993,880)

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

	Long term loans	Lease liabilities (Including mark-up accrued)	Short term borrowings	Dividend payable	Total	
Rupees in '000						
	Note	9	10 & 13	14		
Opening balance as at 30 June 2020		239,680	111,599	2,093,043	26,443	2,470,765
Proceeds from long term loans		123,140	-	-	-	123,140
Repayment of long term loans		(67,035)	-	-	-	(67,035)
Proceeds from short term borrowings		-	-	180,061	-	180,061
Repayment of short term borrowings		-	-	(1,421,663)	-	(1,421,663)
Dividend paid		-	-	-	(815)	(815)
Lease payments		-	(57,582)	-	-	(57,582)
		56,105	(57,582)	(1,241,602)	(815)	(1,243,894)
Lease liabilities entered during the year - exceeding NBV		-	27,195	-	-	27,195
Lease liabilities restricted to NBV		-	22,538	-	-	22,538
Interest accrued on lease obligation		-	7,665	-	-	7,665
Discounting effect		(9,071)	-	-	-	(9,071)
Lease deposit matured		-	(357)	-	-	(357)
		(9,071)	57,041	-	-	47,970
Closing balance as at 30 June 2021		286,714	111,058	851,441	25,628	1,274,841

	Note	2021	2020
Rupees in '000			
44 CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	14	(690,865)	(609,820)
Cash and bank balances	31	4,213	23,748
		(686,652)	(586,072)

45 SEGMENT REPORTING

45.1 Reportable segments

The Group's reportable segments are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.1.3).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment properties (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 generating and supplying electricity (note 1.1.6).

The Group's all segments are engaged in shariah compliant businesses except mentioned in note 34 to these 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 2021

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	Total
Sales	2,740,146	2,000,060	640,353	2,065,139	-	(186,442)	7,259,256
Cost of sales	2,319,948	1,788,573	636,722	2,203,722	-	(186,442)	6,762,523
Gross profit / (loss)	420,198	211,487	3,631	(138,583)	-	-	496,733
Income from investments - net	-	-	-	-	356,380	-	356,380
	420,198	211,487	3,631	(138,583)	356,380	-	853,113
Distribution and selling expenses	10,986	3,111	-	883	-	-	14,980
Administrative expenses	169,442	33,634	5,103	17,849	25,382	-	251,410
Other operating expenses	16,744	8,466	805	1,432	-	-	27,447
	197,172	45,211	5,908	20,164	25,382	-	293,837
	223,026	166,276	(2,277)	(158,747)	330,998	-	559,276
Other income	34,114	17,367	3,288	13,358	128,201	-	196,328
Operating profit / (loss) before finance costs	257,140	183,643	1,011	(145,389)	459,199	-	755,604
Finance costs	172,061	12,513	1	26,207	2,625	-	213,407
Share of profit in equity accounted investees - net of taxation	-	-	-	-	383,348	-	383,348
Profit / (loss) before taxation	85,079	171,130	1,010	(171,596)	839,922	-	925,545
Taxation							134,324
Profit for the year							791,221

For the year ended 30 June 2020

Sales	1,291,206	1,346,000	279,513	971,720	-	(66,237)	3,822,202
Cost of sales	1,257,531	1,320,153	299,194	960,665	-	(66,237)	3,771,306
Gross profit / (loss)	33,675	25,847	(19,681)	11,055	-	-	50,896
Income from investments - net	-	-	-	-	(299,284)	361,416	62,132
	33,675	25,847	(19,681)	11,055	(299,284)	361,416	113,028
Distribution and selling expenses	9,504	3,191	-	629	-	-	13,324
Administrative expenses	170,337	35,982	5,894	16,219	21,554	-	249,986
Other operating expenses	23,237	4,641	-	(1,920)	-	-	25,958
	203,078	43,814	5,894	14,928	21,554	-	289,268
	(169,403)	(17,967)	(25,575)	(3,873)	(320,838)	361,416	(176,240)
Other income	22,919	9,636	(1,179)	4,064	-	-	35,440
Operating (loss) / profit before finance costs	(146,484)	(8,331)	(26,754)	191	(320,838)	361,416	(140,800)
Finance costs	245,722	18,347	3	35,560	15,476	-	315,108
Share of profit in equity accounted investees - net of taxation	-	-	-	-	173,479	-	173,479
(Loss) / profit before taxation	(392,206)	(26,678)	(26,757)	(35,369)	(162,835)	361,416	(282,429)
Taxation							(262,563)
Loss for the year							(19,866)

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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. 181.185 million (2020: Rs. 66.237 million), Rs. 5.213 million (2020: Rs. Nil) of scrap sales by Steel Segment to Hadeed (Billet) Segment and Rs. 0.044 million (2020: Rs. Nil) of scrap sales by Steel Segment to Cotton Segment.

45.2.2 Transfer prices between reportable segments are on an agreed basis in a manner similar to transactions between third parties.

45.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 6 to these consolidated financial statements. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

45.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 32 to these consolidated financial statements.

45.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 2,666.242 million (2020: Rs. 1,057.732 million) of total Steel segment revenue of Rs. 2,740.146 million (2020: Rs. 1,291.206 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 742.924 million (2020: Rs. 322.400 million) of total Cotton segment revenue of Rs. 2,000.06 million (2020: Rs. 1,346.000 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 534.017 million (2020: Rs. 116.261 million) of total Energy segment revenue of Rs. 640.353 million (2020: Rs. 279.513 million). Revenue from major customers of Hadeed (Billet) segment represent an aggregate amount of Rs. 2,033.240 million (2020: Rs. 688.167 million) of total Hadeed (Billet) segment revenue of Rs. 2,065.139 million (2020: Rs. 971.720 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 2021 and 2020 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 2021						
Segment assets for reportable segments	1,982,178	539,559	775,478	927,419	1,613,018	5,837,652
Investment in equity accounted investees	-	-	-	-	3,429,031	3,429,031
Unallocated corporate assets						1,512,194
Total assets as per consolidated statement of financial position						10,778,877
Segment liabilities for reportable segments	568,762	164,977	77,680	52,840	33,614	897,873
Unallocated corporate liabilities and deferred income						1,912,584
Total liabilities as per consolidated statement of financial position						2,810,457

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2020						
Segment assets for reportable segments	2,934,338	506,150	809,174	846,220	1,143,380	6,239,262
Investment in equity accounted investees	-	-	-	-	3,087,141	3,087,141
Unallocated corporate assets						1,969,562
Total assets as per consolidated statement of financial position						11,295,965
Segment liabilities for reportable segments	756,226	269,746	118,597	57,488	30,470	1,232,527
Unallocated corporate liabilities and deferred income						3,055,175
Total liabilities as per consolidated statement of financial position						4,287,702

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 2021						
Capital expenditure	52,549	13,440	-	1,850	-	67,839
Depreciation and amortization	72,225	28,820	60,691	53,628	4,600	219,964
Non-cash items other than depreciation and amortization - net	172,999	16,664	(2,183)	28,184	(855,382)	(639,718)
For the year ended 30 June 2020						
Capital expenditure	8,539	-	-	-	-	8,539
Depreciation and amortization	77,386	30,961	60,716	54,032	5,144	228,239
Non-cash items other than depreciation and amortization - net	258,812	13,721	1,182	32,536	(214,410)	91,841

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46 STAFF RETIREMENT BENEFITS

46.1 Defined benefit plans

46.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2021. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2021		2020	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost in profit or loss	9.25%	8.50%	14.50%	14.50%
- Discount rate used for year end obligation	10.00%	10.00%	9.25%	8.50%
- Expected rate of increase in salaries	10.00%	10.00%	N/A	N/A
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:

Rupees in '000	Note	2021			2020		
		Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	46.1.4	500,963	111,286	612,249	477,700	107,085	584,785
Fair value of plan assets	46.1.5	(640,770)	(211,322)	(852,092)	(453,987)	(132,080)	(586,067)
(Asset) / liability recognized in consolidated statement of financial position	46.1.3	(139,807)	(100,036)	(239,843)	23,713	(24,995)	(1,282)
46.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		23,713	(24,995)	(1,282)	100,546	(20,329)	80,217
Net benefit cost charged to consolidated profit or loss	46.1.7	17,270	2,975	20,245	31,857	2,357	34,214
Remeasurements recognized in consolidated other comprehensive income	46.1.8	(163,939)	(71,417)	(235,356)	(92,143)	(594)	(92,737)
Contributions by the Holding Company	46.1.5	(16,851)	(6,599)	(23,450)	(16,547)	(6,429)	(22,976)
Closing balance		(139,807)	(100,036)	(239,843)	23,713	(24,995)	(1,282)
46.1.4 Movement in the present value of defined benefit obligations							
Opening balance		477,700	107,085	584,785	494,294	104,884	599,178
Current service cost		15,855	5,380	21,235	18,477	5,771	24,248
Interest cost		43,661	8,894	52,555	70,818	14,943	85,761
Benefits paid during the year		(11,390)	(4,903)	(16,293)	(11,794)	(3,661)	(15,455)
Remeasurement:							
Actuarial loss / (gain) from change in financial assumption		8,577	25	8,602	(21,521)	(93)	(21,614)
Experience adjustments		(33,440)	(5,195)	(38,635)	(72,574)	(14,759)	(87,333)
Closing balance		500,963	111,286	612,249	477,700	107,085	584,785

Rupees in '000	2021			2020		
	Pension	Gratuity	Total	Pension	Gratuity	Total
46.15 Movement in the fair value of plan assets are as follows:						
Opening balance	453,987	132,080	586,067	393,748	125,213	518,961
Contributions by the Holding Company	16,851	6,599	23,450	16,547	6,429	22,976
Interest income on plan assets	42,246	11,299	53,545	57,438	18,357	75,795
Benefits paid during the year	(11,390)	(4,903)	(16,293)	(11,794)	(3,661)	(15,455)
Return on plan assets, excluding interest income	139,076	66,247	205,323	(1,952)	(14,258)	(16,210)
Closing balance	640,770	211,322	852,092	453,987	132,080	586,067
46.16 Actual return on plan assets	181,322	77,546	258,868	55,486	4,099	59,585

46.1.7 Following amounts have been charged in the consolidated profit or loss in respect of these benefits

Rupees in '000	2021			2020		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service costs	15,855	5,380	21,235	18,477	5,771	24,248
Interest costs	43,661	8,894	52,555	70,818	14,943	85,761
Expected return on plan assets	(42,246)	(11,299)	(53,545)	(57,438)	(18,357)	(75,795)
Charge / (income) recognized in consolidated profit or loss	17,270	2,975	20,245	31,857	2,357	34,214

46.1.8 Following amounts of remeasurements have been charged in consolidated other comprehensive income in respect of these benefits

Rupees in '000	2021			2020		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement gain of experience adjustments	(33,440)	(5,195)	(38,635)	(72,574)	(14,759)	(87,333)
Remeasurement:						
Actuarial losses / (gain) from changes in financial assumptions	8,577	25	8,602	(21,521)	(93)	(21,614)
Experience adjustments	(33,440)	(5,195)	(38,635)	(72,574)	(14,759)	(87,333)
Return on plan assets, excluding interest income	(139,076)	(66,247)	(205,323)	1,952	14,258	16,210
Remeasurement income charged in consolidated other comprehensive income	(163,939)	(71,417)	(235,356)	(92,143)	(594)	(92,737)

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Rupees in '000	2021			2020		
	Pension	Gratuity	Total	Pension	Gratuity	Total
46.1.9 Total defined benefit (income) / cost recognized in consolidated profit or loss and other comprehensive income	(146,669)	(68,442)	(215,111)	(60,286)	1,763	(58,523)
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	-		32	-	
Beneficiaries	75	75		80	79	
Vested / Non-Vested						
Vested benefits	464,034	93,382	557,416	453,355	90,909	544,264
Non - vested benefits	36,930	17,904	54,834	24,345	16,176	40,521
	500,964	111,286	612,250	477,700	107,085	584,785
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	62,455	4,756	67,211	19,723	4,137	23,860
Debt instruments						
AA+	62,974	28,302	91,276	183,337	25,613	208,950
AA	96,343	-	96,343	230	-	230
	159,317	28,302	187,619	183,567	25,613	209,180
Equity instruments						
Engineering	339,480	161,395	500,875	183,674	87,443	271,117
Automobile Assembling	205	-	205	-	-	-
Automobile Parts and Accessories	96	-	96	74	-	74
Cement	9,555	-	9,555	7,396	-	7,396
Chemicals	235	-	235	212	-	212
Commercial Banks	444	-	444	269	-	269
Fertilizer	7,270	316	7,586	6,129	325	6,454
Insurance	69	-	69	63	-	63
Oil and Gas Exploration Companies	9,438	2,931	12,369	8,098	2,622	10,720
Oil and Gas Marketing Companies	83	-	83	803	-	803
Paper and Board	9	-	9	5	-	5
Pharmaceuticals	177	-	177	147	-	147
Power Generation and Distribution	20,638	7,931	28,569	18,732	7,250	25,982
Sugar and Allied Industries	5,511	1,589	7,100	5,740	1,691	7,431
Technology and Communication	301	-	301	-	-	-
Textile Composite	3,086	-	3,086	2,584	-	2,584
	396,597	174,162	570,759	233,926	99,331	333,257
Mutual funds						
Income Fund	22,401	4,102	26,503	16,771	2,999	19,770
	640,770	211,322	852,092	453,987	132,080	586,067

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%	450,324	108,437
Discount rate -1%	562,689	114,620
Long term pension / salary increase +1%	511,843	114,605
Long term pension / salary decrease -1%	491,511	108,398
Long term pension increase +1%	555,952	-
Long term pension decrease -1%	453,889	-

The actuary of the Holding Company has assessed that present value of future refunds or reduction in future contribution is not lower than receivable from pension and gratuity funds recorded by the Holding Company.

46.2 Defined contribution plan

The Group has set up provident fund for its permanent employees. The total charge against provident fund for the year ended 30 June 2021 was Rs. 11.816 million (2020: Rs. 11.106 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division, and Cotton & Hadeed (Billet) 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.

47 FINANCIAL RISK MANAGEMENT

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

- Level 1: Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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Rupees in '000

30 June 2021

	Carrying amount				Total	Fair Value			Total
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	521,642	183,283	-	-	704,925	704,925	-	-	704,925
- Unlisted equity securities	793,306	-	-	-	793,306	-	-	793,306	793,306
	1,314,948	183,283	-	-	1,498,231	704,925	-	793,306	1,498,231
Financial assets not measured at fair value									
Deposits	-	-	305,778	-	305,778				
Trade debts	-	-	137,073	-	137,073				
Other receivables	-	-	24,812	-	24,812				
Bank balances	-	-	3,848	-	3,848				
Cash	-	-	365	-	365				
	-	-	468,028	-	471,876				
Financial liabilities not measured at fair value									
Long term loans	-	-	-	286,714	286,714				
Lease liabilities	-	-	-	110,923	110,923				
Trade and other payables	-	-	-	498,722	498,722				
Unclaimed dividend	-	-	-	25,628	25,628				
Mark-up accrued	-	-	-	28,723	28,723				
Short term borrowings	-	-	-	1,542,306	1,542,306				
	-	-	-	2,493,016	2,493,016				

Rupees in '000

30 June 2020

	Carrying amount				Fair Value				
	Fair value through profit or loss	Fair value through other comprehensive 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	339,692	132,868	-	-	472,560	472,560	-	-	472,560
- Unlisted equity securities	598,571	-	-	-	598,571	-	-	598,571	598,571
	938,263	132,868	-	-	1,071,131	472,560	-	598,571	1,071,131
Financial assets not measured at fair value									
Deposits	-	-	281,491	-	281,491	-	-	-	-
Trade debts	-	-	225,799	-	225,799	-	-	-	-
Other receivables	-	-	27,550	-	27,550	-	-	-	-
Bank balances	-	-	22,920	-	22,920	-	-	-	-
Cash	-	-	828	-	828	-	-	-	-
	-	-	558,588	-	535,668	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	239,680	239,680	-	-	-	-
Lease liabilities	-	-	-	111,287	111,287	-	-	-	-
Trade and other payables	-	-	-	757,948	757,948	-	-	-	-
Unclaimed dividend	-	-	-	26,443	26,443	-	-	-	-
Mark-up accrued	-	-	-	55,112	55,112	-	-	-	-
Short term borrowings	-	-	-	2,702,863	2,702,863	-	-	-	-
	-	-	-	3,893,333	3,893,333	-	-	-	-

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 repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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Investment property fair values have been determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 18.2. The valuations are conducted by the valuation experts appointed by the 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 valuers in measuring Level 3 fair values at 30 June 2021 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	The estimated fair value would increase / (decrease) if:
		- Terminal growth rate	
		- Weighted Average Cost of Capital	- 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.	- Dividend growth rate	The estimated fair value would increase / (decrease) if:
		- Weighted Average Cost of Capital	- The dividend growth rate were higher / (lower)
			- The Weighted Average Cost of Capital were lower / (higher)
	The method has been changed from Net Asset Value method to Dividend Valuation method for better fair value measurement.		

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 2020	
- Shakarganj Food Products Limited	462,459
- Central Depository Company of Pakistan Limited	136,112
	598,571
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	132,641
- Central Depository Company of Pakistan Limited	62,094
	194,735
Balance at 30 June 2021	
- Shakarganj Food Products Limited	595,100
- Central Depository Company of Pakistan Limited	198,206
	793,306

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2021 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Rupees in '000	Profit or loss	
	Increase	Decrease
Shakarganj Food Products Limited		
- Expected cash flows (10% movement)	59,453	(59,453)
- Terminal growth rate (100 bps)	78,080	(63,404)
- Weighted Average Cost of Capital (100 bps)	(85,605)	106,677
Central Depository Company of Pakistan Limited		
- Dividend growth rate (100 bps)	13,200	(11,688)
- Weighted Average Cost of Capital (100 bps)	(11,688)	13,200

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.

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For the year ended 30 June 2021

48.1 Credit risk

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

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

Rupees in '000	2021	2020
Deposits	305,778	281,491
Trade debts	137,073	225,799
Other receivables	24,812	27,550
Bank balances	3,848	22,920
	471,511	557,760

Trade and other receivables

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

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

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

Rupees in '000	2021	2020
Steel segment	67,015	173,948
Cotton segment	12,981	2,691
Energy segment	41,083	4,637
Hadeed (Billet) segment	15,994	44,523
	137,073	225,799
The aging of trade debts at reporting date is		
Not past due	35,697	54,034
Past due 1 - 30 days	50,682	135,038
Past due 30 - 180 days	6,802	23,109
Past due 180 days	67,106	44,324
	160,287	256,505
Less: Impaired	23,214	30,706
	137,073	225,799

The movement in the allowance for impairment in respect of trade debts 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 2021 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 the Group's view of economic conditions over the expected lives of the trade debts.

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

Settlement risk

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

Bank balances

The Group kept its surplus funds with banks having good credit rating. Currently, the surplus funds are kept with banks having rating from AAA to A-3.

The credit quality of the Group's investment in units of mutual funds can be assessed with reference to external credit rankings as follows:

	Rankings		Ranking Agency	2021	2020
	Short term	Long term		Rupee in '000	
Mutual Funds					
HBL Growth Fund (A)	MFR 2-Star	-	VIS	19,962	18,038
HBL Investment Fund (A)	MFR 2-Star	-	VIS	2,370	2,050
				22,332	20,088

Deposits

The Group has provided security deposits and retention money as per the contractual terms with counter parties as security and does not expect material loss against those deposits retention money.

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Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. The Group does not have debt security at reporting date.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

48.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligation arising from financial liabilities that are settled by delivering cash or another financial asset or that such obligation will have to be settled in a manner disadvantageous to the Group. The Group is not materially exposed to liquidity risk as substantially all obligation / commitments of the Group are short term in nature and are restricted to the extent of available liquidity. In addition, the Group has obtained running finance facilities from various commercial banks to meet the short term liquidity commitments, if any.

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

	2021							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loans	286,714	-	321,089	93,037	86,767	119,095	9,722	12,468
Lease liabilities	110,923	-	128,775	20,419	23,829	46,302	38,225	-
Trade and other payables	498,722	-	498,722	498,722	-	-	-	-
Unclaimed dividend	25,628	25,628	-	-	-	-	-	-
Mark-up accrued	28,723	-	28,723	28,723	-	-	-	-
Short term borrowings	1,542,306	1,542,306	-	-	-	-	-	-
	2,493,016	1,567,934	977,309	640,901	110,596	165,397	47,947	12,468

	2020							
	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	239,680	-	281,197	18,783	49,064	111,162	111,162	102,188
Lease liabilities	111,287	-	124,742	31,118	23,589	38,797	38,797	31,238
Trade and other payables	757,948	-	757,948	757,948	-	-	-	-
Unclaimed dividend	26,443	26,443	-	-	-	-	-	-
Mark-up accrued	55,112	-	55,112	55,112	-	-	-	-
Short term borrowings	2,702,863	2,702,863	-	-	-	-	-	-
	3,893,333	2,729,306	1,218,999	862,961	72,653	149,959	149,959	133,426

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:

Rupees in '000	2021	
	USD	Euro
Foreign creditors	-	-
Outstanding letters of credit	5,465,635	21,060
Net exposure	5,465,635	21,060

Rupees in '000	2020	
	USD	Euro
Foreign creditors	-	-
Outstanding letters of credit	1,305,452	19,250
Net exposure	1,305,452	19,250

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2021	2020	2021	2020
USD to PKR	160.30	158.78	157.54	168.05
Euro to PKR	191.13	175.66	187.27	188.61

Sensitivity analysis

At the reporting date, if the PKR had strengthened by 10% against the USD and Euro with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign creditors.

Effect on consolidated profit or loss

Rupees in '000	2021	2020
USD	87,614	130,545
Euro	403	1,925
	88,017	132,470

The weakening of the PKR against USD and Euro would have had an equal but opposite impact on the post tax profits.

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

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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:

	2021	2020	2021	2020
	Effective interest (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	8.19 - 10.16	10.12 - 14.99	171,280	239,680
Lease liabilities	6.16 - 17.6	7.24 - 18.42	110,923	111,287
Short term borrowings	8.12 - 10.54	9.79 - 16.18	1,542,306	2,702,863

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect 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) 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 2020.

Rupees in '000	Profit and loss 100 bp	
	Increase	Decrease
As at 30 June 2021		
Cash flow sensitivity - Variable rate financial liabilities	(19,399)	19,399
As at 30 June 2020		
Cash flow sensitivity - Variable rate financial liabilities	(30,538)	30,538

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	2021	2020
Effect on profit	43,697	33,969
Effect on equity	18,328	13,287
Effect on investments	62,025	47,256

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

49 REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Rupees in '000	Chief Executive		Director		Executives		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Managerial remuneration	27,006	26,684	-	-	79,367	66,961	106,373	93,645
Fees	-	-	4,380	5,100	-	-	4,380	5,100
Contributions to								
- Gratuity fund	1,379	1,379	-	-	2,660	2,352	4,039	3,731
- Pension fund	3,312	3,312	-	-	7,390	6,591	10,702	9,903
- Provident fund	1,656	1,656	-	-	3,695	3,184	5,351	4,840
Others	8,281	675	-	-	4,822	3,483	13,103	4,158
	41,634	33,706	4,380	5,100	97,934	82,571	143,948	121,377
Number of persons	1	1	7	6	19	16	27	23

49.1 During the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.625 million (2020: Rs. 1.50 million).

49.2 The chief executive and ten executives are provided with free use of 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.

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Transactions with related parties other than those disclosed elsewhere are as follows:

Rupees in '000				2021	2020
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Altern Energy Limited	Associated company	17.60% holding	Dividend received	-	361,416
Shakarganj Limited	Associated company	28.01% holding	Payments received	41,109	18,300
			Payments made against services received	18,528	263
			Sales of electricity and steam	459,167	213,276
			Sales of finished goods	352	1,109
			Sales of raw material	59,611	-
			Purchase of raw material	483,977	227,662
			Sales of raw cotton		
			Services received	7,334	1,911
			Reimbursable expenses	6,252	10,908
Crescent Socks (Private) Limited	Related party	Subsidiary Company's associate	Rental income	1,400	-
			Payments received against services rendered	400	-
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	6,543	-
			Payments received against services rendered	11,170	-
The Crescent Textile Mills Limited	Related party	Major Shareholder	Dividend received	-	271
			Payments received against services rendered	2,491	-
			Reimbursable expenses	2,735	-
			Sale of Yarn	-	41,198
			Letter of right issue	9,126	-
Premier Insurance Company Limited	Related party	Common directorship	Insurance premium	9,582	8,006
			Insurance premium paid	9,519	-
The Citizens' Foundation	Related party	Common directorship	Donation given	10,668	269
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	2,314	4,270
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	6,623	6,416
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	16,906	16,549
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,846	8,644
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	656	843
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	66	-
Key management personnel	Related parties	Executives	Remuneration and benefits	135,868	94,053

- 50.1 Sale of finished goods and raw materials, rendering of services and insurance premium are based on commercial terms and at market prices which are approved by the Board of Directors.
- 50.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 50.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.
- 50.4 Outstanding balances and other information with respect to related parties as at 30 June 2021 and 2020 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12.4), investment in equity accounted investees (note 19), other receivables (note 29.2), short term borrowings (note 14.5) and staff retirement benefits (note 46).
- 50.5 The Holding Company has provided short term interest free loan recorded in note 25 to its unconsolidated financial statements to Solution de Energy (Private) Limited (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. The loan is repayable on demand.

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 2020.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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51.1 Gearing ratio

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

Rupees in '000	Note	2021	2020
Total debt	51.1.1	1,939,943	3,053,830
Less: Cash and bank balances		4,213	23,748
Net debt		1,935,730	3,030,082
Total equity	51.1.2	7,968,420	7,008,263
Total capital		9,904,150	10,038,345
Gearing ratio		20%	30%

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

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

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 (2020: 66,667 tons) annually on the basis of notional pipe size (Where as the notional pipe size is taken as 30" dia x ½" thickness for SP1600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 15,400 tons (2020: 7,965 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 52,113 tons (2020: 34,527 tons) when translated to the notional pipe size of 30" diameter. Reason for underutilization was delay in materialization of orders for different projects.

Coating plant

The coating plant has a capacity of shot blasting and coating of line pipes with single layer FBE and multilayer polyolefin coatings on pipe sizes ranging from 114 mm to 1,524 mm outside dia.

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 30,528 meters (2020: 128,416 meters) of different dia pipes 22,587 square meters surface area was achieved during the year (2020: 88,647 square meters surface area). Reason for underutilization was lack of coating work orders in hand.

Steel melting plant

The designed capacity of plant is 85,000 mtons (2020: 85,000 mtons) of billets per annum, but the total production during FY20-21 was 20,949.62 mtons (2020: 10,894 mtons) of billets. Unit operated only for about five months on self-generated (Inter division) power supply that was only compatible during crushing season of three months and two months on bagasse (purchased) on off and on basis. Production was suspended for rest eight months period because of no alternative power supply arrangements.

52.2 Cotton segment

Spinning unit

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 (2020: 9,197,007 kilograms). Actual production converted into 20s count was 8,790,199 kilograms for 1,092 shifts (2020: 7,190,635 kilograms for 921 shifts).

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2020: 118,856 MWh) and the actual production achieved during the year was 26,207 MWh (2020: 16,341 MWh). Reason for underutilization was that no power was supplied to FESCO and power generation was restricted to actual demand of the two customers, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

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 2021 were 765 (2020: 778) and weighted average number of employees were 766 (2020: 769).

The number of factory employees including contractual employees of the Group as at 30 June 2021 were 683 (2020: 699) and weighted average number of employees were 685 (2020: 690).

55 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 12 August 2021.



Chief Executive



Director



Chief Financial Officer