CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Crescent Steel and Allied Products Limited

Opinion

We have audited the annexed consolidated financial statements of Crescent Steel and Allied Products Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Deferred tax asset**	
	(Refer notes 4, 6.17 and 22 to the annexed consolidated financial statements) As at 30 June 2022, included in the balance of deferred tax asset (net) are amounts of Rs. 586.168 million and Rs. 286.289 million representing deferred tax asset recognised on account of tax losses and excess of minimum tax over normal tax respectively.	Our audit procedures, amongst others, included the following: • Obtained an understanding of the management's process of preparation of forecast of tax profitability, tax liability and deferred tax calculation;

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KARACHI LAHORE ISLAMABAD

S. No.	Key audit matters	How the matter was addressed in our audit
	Recognition of deferred tax asset on account of tax losses and minimum tax over normal tax requires management to estimate the Holding Company's future taxable income and tax liability. This process relies on the assessment of the Holding Company's profitability forecast, which in turn is based on certain assumptions. As preparing of profitability forecast and assessment of the realisability of recognised deferred tax asset requires significant management judgment, we considered this to be a key audit matter.	• Discussed with the management, the significant assumptions used in preparing the tax profitability forecast and assessed its reasonableness; • Checked the appropriateness of tax rates applied in view of the local tax legislation; • Checked mathematical accuracy of the calculations; and • Assessed whether the related disclosures made in the annexed consolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.
(ii)	**Dividend received from an equity accounted investment**	
	(Refer note 19 to the consolidated financial statements) During the year dividend amounting to Rs. 1,183.399 million has been received from the Group's investment in Altern Energy Limited, an equity accounted investment in the annexed consolidated financial statements. This dividend receipt has a significant impact on the carrying value of the Group's investment in Altern Energy Limited as at 30 June 2022. This dividend receipt being the significant transaction that occurred during the year remained our focus area in the audit, hence a key audit matter.	Our audit procedures, amongst others, included the following: • Recalculated the Group's entitlement for this dividend receipt from the supporting documents. • Agreed the receipt to the bank statement; and • Assessed whether the related disclosures made in the annexed consolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

UDIN: AR202210160tJQ7bMVpl

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Rupees in '000	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	7	776,325	776,325
Capital reserve	8	1,050,980	1,050,164
Revenue reserves	8	5,197,264	6,141,931
		7,024,569	7,968,420
LIABILITIES			
Non-current liabilities			
Long term loans	9	50,382	127,676
Lease liabilities	10	66,759	74,570
Deferred income	11	686	4,450
Deferred liability - staff retirement benefits	46	73,562	–
		191,389	206,696
Current liabilities			
Trade and other payables	12	1,184,353	802,890
Unclaimed dividend		25,614	25,628
Mark-up accrued	13	38,824	28,723
Short term borrowings	14	861,162	1,542,306
Current portion of long term loans	9	112,785	159,038
Current portion of lease liabilities	10	22,222	36,353
Current portion of deferred income	11	8,042	8,823
		2,253,002	2,603,761
		2,444,391	2,810,457
Contingencies and commitments	15		
Total equity and liabilities		9,468,960	10,778,877

Rupees in '000	Note	**2022**	2021
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,107,634	1,928,051
Right-of-use-assets	16	109,556	131,603
Intangible assets	17	154,101	153,255
Investment properties	18	82,789	86,540
Investment in equity accounted investees	19	2,332,187	3,429,031
Other long term investments	20	756,132	976,589
Long term deposits	21	29,100	23,521
Deferred taxation - net	22	676,230	193,045
		6,247,729	6,921,635
Current assets			
Stores, spares and loose tools	23	170,746	163,452
Stock-in-trade	24	1,190,096	1,236,529
Trade debts	25	175,214	137,073
Advances	26	68,409	42,064
Trade deposits and short term prepayments	27	28,280	292,863
Short term investments	28	779,945	521,641
Other receivables	29	111,934	345,422
Taxation - net	30	689,800	1,113,985
Cash and bank balances	31	6,807	4,213
		3,221,231	3,857,242
Total assets		9,468,960	10,778,877

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

Chief Executive Director Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

Rupees in '000	Note	**2022**	2021
Sales	32	8,300,430	8,494,799
Less: Sales tax		1,210,522	1,235,543
		7,089,908	7,259,256
Cost of sales	33	7,155,205	6,762,523
Gross (loss) / profit		(65,297)	496,733
(Loss) / income from investments - net	34	(206,436)	356,380
		(271,733)	853,113
Distribution and selling expenses	35	15,553	14,980
Administrative expenses	36	332,038	251,410
Other operating expenses	37	63,502	27,447
		411,093	293,837
		(682,826)	559,276
Other income	38	61,451	196,328
Operating (loss) / profit before finance costs		(621,375)	755,604
Finance costs	39	251,742	213,407
Share of profit in equity accounted investees - net of taxation	40	85,739	383,348
(Loss) / profit before taxation		(787,378)	925,545
Taxation	41	140,089	(134,324)
(Loss) / profit for the year		(647,289)	791,221
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss			
Proportionate share of other comprehensive income / (loss)			
of equity accounted investee		816	(41,458)
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair			
value through other comprehensive income (FVOCI) - net of tax		(63,330)	43,291
(Loss) / gain on remeasurement of staff retirement benefit plans - net of tax		(234,048)	167,103
Other comprehensive (loss) / income for the year		(296,562)	168,936
Total comprehensive (loss) / income for the year		(943,851)	960,157
		(Rupees)	
Basic and diluted (loss) / earnings per share	42	(8.34)	10.19

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

Rupees in '000	Note	2022	2021
Cash flows from operating activities			
Cash generated from operations	43	144,556	1,232,504
Tax refund received		185,021	47,096
Finance costs paid		(221,397)	(229,560)
Contribution to gratuity and pension funds		(26,033)	(23,450)
Contribution to Workers' Profit Participation Fund		(11,003)	(12,700)
Long term deposits - net		3,082	21,669
Net cash generated from operating activities		74,226	1,035,559
Cash flows from investing activities			
Capital expenditure		(91,637)	(59,376)
Acquisition of intangible assets		(2,825)	(8,463)
Proceeds from disposal of operating fixed assets and investment property		15,026	177,328
Investments - net		(317,438)	(66,790)
Dividend income received		1,252,132	37,329
Interest income received		3,623	532
Net cash generated from investing activities		858,881	80,560
Cash flows from financing activities			
(Repayment of) / proceeds from long term loans - net	43.1	(129,460)	56,105
Payments against finance lease obligations - net	43.1	(44,895)	(30,387)
Repayment of from short term loans obtained - net	43.1	(455,125)	(1,241,602)
Dividends paid	43.1	(14)	(815)
Net cash used in from financing activities	43.1	(629,494)	(1,216,699)
Net increase / (decrease) in cash and cash equivalents		303,613	(100,580)
Cash and cash equivalents at beginning of the year		(686,652)	(586,072)
Cash and cash equivalents at end of the year	44	(383,039)	(686,652)

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves		Total capital reserves	Revenue reserves			Total revenue reserves	Total
		Share premium	Others*		Fair value reserve	General reserve	Unappropriated profit / (loss)		
Balance as at 1 July 2020	776,325	1,020,908	70,714	1,091,622	28,772	3,642,000	1,469,544	5,140,316	7,008,263
Total comprehensive income for the year ended 30 June 2021									
Profit for the year	-	-	-	-	-	-	791,221	791,221	791,221
Other comprehensive (loss) / income for the year	-	-	(41,458)	(41,458)	43,291	-	167,103	210,394	168,936
Total comprehensive income for the year	-	-	(41,458)	(41,458)	43,291	-	958,324	1,001,615	960,157
Balance as at 30 June 2021	776,325	1,020,908	29,256	1,050,164	72,063	3,642,000	2,427,868	6,141,931	7,968,420
Total comprehensive loss for the year ended 30 June 2022									
Loss for the year	-	-	-	-	-	-	(647,289)	(647,289)	(647,289)
Other comprehensive income / (loss) for the year	-	-	816	816	(63,330)	-	(234,048)	(297,378)	(296,562)
Total comprehensive loss for the year	-	-	816	816	(63,330)	-	(881,337)	(944,667)	(943,851)
Balance as at 30 June 2022	776,325	1,020,908	30,072	1,050,980	8,733	3,642,000	1,546,531	5,197,264	7,024,569

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

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

Chief Executive | Director | Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. THE GROUP AND ITS OPERATIONS

The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Solution de Energy (Private) Limited and Crescent Continental Gas Pipelines Limited.

1.1 Crescent Steel and Allied Products Limited ('the Holding Company')

1.1.1 The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered offices of the Holding Company and its subsidiary companies are located at E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore, whereas their principal offices are situated at 9th floor Sidco Avenue Centre 264 R. A. Lines, Karachi.

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

1.1.3 The Holding Company is running cotton spinning unit at Jaranwala, District Faisalabad, Punjab. This activity is carried out by the Holding Company under the name and title of "Crescent Cotton Products" a division of Crescent Steel and Allied Products Limited.

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

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

1.1.6 The Holding Company's energy segment's activity is to build, own, operate and maintain a power plant and to generate, accumulate, distribute, sell and supply electricity / power to Pakistan Electric Power Company (PEPCO) / Distribution Companies (DISCOs) under an agreement with the Government of Pakistan or to any other consumer as permitted. The generation plant use bagasse in the combustion process to produce power and processed steam. The plant of the Holding Company is located at Bhone, district Jhang, Punjab.

1.2 CS Capital (Private) Limited

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

1.3 Solution de Energy (Private) Limited

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

Management de Consortium Capital (MdeCC), a partnership concern and the Holding Company. During the year ended 30 June 2019, the Agreement was dissolved and the Holding Company and MdeCC entered into a management contract, whereby MdeCC is responsible for managing the project.

The head office of this Subsidiary Company is located at principal office of the Holding Company. The principal activity of this Subsidiary Company is to build, own, operate and maintain 100 MW solar power project (the Project) and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOs under the agreement with the Government of Pakistan or to any other consumer as permitted.

The Subsidiary Company had been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) on 10 February 2014. Further, the Subsidiary Company has been allocated land from PPDB and the interconnectivity study report was vetted and approved by National Transmission & Despatch Company (NTDC) during the year ended 30 June 2018. Further, the Subsidiary Company has been granted electricity generation license from National Electric Power Regulatory Authority (NEPRA) for its 100 MW Solar Power Plant on 29 April 2020. During the year ended 30 June 2021, the Subsidiary Company has submitted the tariff petition to NEPRA on 22 July 2020.

1.4 Crescent Continental Gas Pipelines Limited

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

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

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

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

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

During the year, KSE-100 index benchmark decreased by 13.1 percent closing at 41,541 points. During the year, dividend amounting to Rs. 1.183 billion has been received from the Group's investment in Altern Energy Limited, an equity accounted investment in the annexed consolidated financial statements. This dividend receipt has a significant impact on the carrying value of the Group's investment in Altern Energy Limited as at 30 June 2022.

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

3. BASIS OF PREPARATION

3.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the unconsolidated financial statements of the Holding Company, CS Capital (Private) Limited and Solution de Energy (Private) Limited for the year ended 30 June 2022. Crescent Continental Gas Pipelines Limited is not carrying on any business operations and accordingly no financial statements are being prepared. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 19 to these consolidated financial statements.

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

3.2 Statement of compliance

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

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

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

3.3 Basis of measurement

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

3.4 Functional and presentation currency

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

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

- Property, plant and equipment (refer note 6.2)
- Intangible assets (refer note 6.3)
- Investment property (refer note 6.4)
- Investments (refer notes 6.5.2 and 6.6)

- Stores, spares and loose tools and stock-in-trade (refer notes 6.8 and 6.9)
- Employees benefits (refer note 6.12)
- Leases (refer note 6.14)
- Taxation (refer note 6.17)
- Provisions (refer note 6.21)
- Impairment (refer notes 6.2, 6.3, 6.4, 6.5.2 and 6.22)
- Contingencies (refer note 6.27)

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

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

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

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

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Basis of consolidation

Subsidiaries

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

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

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

Investments in associates

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

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

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

6.2 Property, plant and equipment

Owned assets

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

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

Subsequent expenditure

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

Depreciation

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

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

Disposal

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

Right-of-use assets

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

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

Capital work in progress

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

Impairment

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

6.3 Intangible assets

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

Subsequent expenditure

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

Amortization

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

Research and development expenditures

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and capitalized borrowing costs. Other development expenditure is recognized in consolidated profit or loss as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and accumulated impairment loss, if any. However, during the year expenses incurred in respect of the project have been capitalized (Refer note 17).

Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

6.4 Investment properties

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

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

Depreciation

Depreciation is charged to consolidated profit or loss on the straight line method at the rates specified in the note 18 so as to allocate the depreciable amount over its estimated useful life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

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

Impairment

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

Disposal

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

6.5 Financial instruments

6.5.1 Initial recognition and measurement

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

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

6.5.2 Financial assets

Classification

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

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

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

Amortized cost

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

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

FVOCI - Debt investment

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

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

FVOCI - Equity investment

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

FVTPL

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

Subsequent measurement and derecognition

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

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

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

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

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

Impairment of financial assets

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

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

Derivative financial instruments

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

6.5.3 Financial liabilities

Classification and subsequent measurement

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

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

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

Derecognition

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

Offsetting

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

6.6 Investment in commodities

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

6.7 Non-current assets held for sale

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

6.8 Stores, spares and loose tools

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

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

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

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

6.9 Stock-in-trade

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

6.10 Trade debts and other receivables

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

6.11 Cash and cash equivalents

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

6.12 Employee benefits

6.12.1 Compensated absences

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

6.12.2 Post retirement benefits

6.12.2.1 Defined contribution plan - Provident fund

The Holding Company operates a provident fund scheme for its permanent employees. Equal monthly contributions are made by the Group and its employees. Obligation for contributions to the fund are recognized as an expense in consolidated profit or loss account when they are due.

Cotton segment

Provision and collection from employees are made at the rate of 6.25% of basic pay plus Cost Of Living Allowance (COLA) of Cotton segment employees. A trust has been established and its approval has been obtained from the Commissioner of Income Tax.

All employees except Cotton segment

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

6.12.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

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

6.12.3 Staff benevolent fund

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

6.13 Mark-up bearing borrowings

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

6.14 Leases

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

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

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

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

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

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

6.15 Asset held under Ijarah financing

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

6.16 Government grants

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

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

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

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

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

6.17 Taxation

Group taxation

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

Current

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

Deferred

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

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

6.18 Revenue recognition

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

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

The Group manufactures and contracts with customers for the sale of bare pipes, coated pipes, steel billets, cotton and electricity products which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognized at that point in time. Delivery occurs when the products have been shipped or delivered to the customer's destination / specific location, the risks of loss have been transferred to the customer and the customer has accepted the product. The customer has accepted the product as per the sales contract or lapse of acceptance provision specified in the contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

Contract for the sale of bare and coated pipes contains penalty clause on account of delay supply (liquidity damage). Under IFRS 15, these amounts are referred to as 'variable consideration'. The consideration which the Group receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. Revenue is measured based on the consideration specified in a contract with a customer, net of liquidity damages (penalties) and excludes amounts collected on behalf of third parties. A receivable is recognized when the goods are delivered.

6.19 Investment and other income

Interest income is recognized using the effective interest method.

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

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

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

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

6.20 Borrowing costs

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

6.21 Provisions

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

6.22 Impairment

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

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For the year ended 30 June 2022

6.23 Foreign currency translation

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

6.24 Segment reporting

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

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

6.25 Proposed dividend and transfer between reserves

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

6.26 Earnings per share

The Group presents earnings per share (EPS) for its ordinary shares. EPS is calculated by dividing consolidated profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the Consolidated profit or loss attributable to ordinary shareholder's of Holding Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.27 Contingencies

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

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		**2022**	2021
Number of shares			Rupees in '000	
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567	377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	398,758
77,632,491	77,632,491		776,325	776,325

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

	2022		2021	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.48%	1,921,832	2.48%	1,921,832
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,038,578	5.20%	4,037,680
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	0.16%	124,200
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAPL - Staff Benevolent Fund	0.05%	36,178	0.05%	36,178
Premier Insurance Limited	0.18%	141,500	0.18%	141,500
The Cresent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Shakarganj Limited	0.23%	180,000	0.23%	180,000
Suraj Cotton Mills Limited	1.57%	1,222,000	1.57%	1,222,000

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

8. RESERVES

8.1 Capital Reserve

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

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

8.2 Revenue Reserves

Fair value reserve

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

General reserve

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

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

9.1 During the year ended 30 June 2017, Holding Company entered into a loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. During the year, the Holding Company has made repayment of Rs. 13.908 million (2021: Rs. 18.544 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, the Holding Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 217.050 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year; however, due to COVID-19 the bank has allowed one year more grace period, repayable in 12 equal quarterly installments starting after twelve months from the date of disbursement. During the year, the Holding Company has made repayment of Rs. 72.350 million (2021: Rs. 18.088 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2022, mark-up on such arrangements was ranged between 8.88% to 9.86% (2021: 8.19% to 10.04%). These facilities are secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

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

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

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

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

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

10. LEASE LIABILITIES

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

10.1 The Holding Company has entered into finance lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangments is from three to five years (2021: three to five years) and the liability is payable by the month ranging from six to sixty months (2021: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 11.51% to 18.87% (2021: 6.16% to 17.60%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 71.715 million (2021: Rs. 98.342 million) which pertains to obligations arising from sale and leaseback of assets.

The Holding Company intends to exercise its options to purchase the leased assets upon completion of the lease term. The Holding Company's obligations under these arrangements are secured by the lessor's title to the leased assets.

Rupees in '000	Note	**2022**	2021
11. DEFERRED INCOME			
Opening balance		13,273	13,268
Addition during the year:			
- related to government grant (concessional rate loans)		4,436	9,071
Income recognized during the year	38	(8,981)	(9,066)
		8,728	13,273
Less: Current portion shown under current liabilities		(8,042)	(8,823)
Closing balance		686	4,450

Rupees in '000	Note	2022	2021
12. TRADE AND OTHER PAYABLES			
Trade creditors		116,917	135,275
Bills payable		288,726	–
Commission payable		1,922	2,250
Accrued liabilities	12.1	405,949	323,729
Advances from customers	12.2	23,705	24,787
Infrastructure fee, sales tax and damages	12.3	272,530	253,264
Due to related parties	12.4	9,739	1,133
Payable to provident fund		2,313	2,199
Contribution payable to staff retirement benefit funds		2,296	2,057
Retention money		111	111
Sales tax payable		–	9,039
Withholding tax payable		1,738	2,974
Workers' Profit Participation Fund	12.5	2,395	2,904
Workers' Welfare Fund		6,944	6,944
Others	12.6	49,068	36,224
		1,184,353	802,890
12.1 Accrued liabilities			
Salaries, wages and other benefits		34,602	9,434
Accrual for 10-C bonus		4,179	6,222
Compensated absences		16,882	14,404
Liquidated damages	12.1.1	183,198	159,941
Others	12.1.2	167,088	133,728
		405,949	323,729

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

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

12.3 Movement in infrastructure fee, sales tax and damages

Rupees in '000	Infrastructure fee (Note 12.3.1)	Sales Tax (Note 12.3.2)	Liquidated damages (Note 12.3.3)	Total
Opening balance as at 1 July 2021	204,601	3,242	45,421	253,264
Accrual for the year	19,266	-	-	19,266
Closing balance as at 30 June 2022	223,867	3,242	45,421	272,530

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

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

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

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

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

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

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

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

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

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

Rupees in '000		Note	2022	2021
12.4	Due to related parties			
	Premier Insurance Company Limited		454	353
	CSAP - Staff Benevolent Fund		2	2
	Shakarganj Food Products Limited		–	778
	Shakarganj Limited		9,283	–
			9,739	1,133
12.5	Workers' Profit Participation Fund			
	Opening balance		2,904	2,061
	Allocation for the year	37	10,494	13,543
			13,398	15,604
	Amount paid to the trustees of the fund		(11,003)	(12,700)
	Closing balance		2,395	2,904

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

13. MARK-UP ACCRUED

Rupees in '000	Note	2022	2021
Mark-up accrued on :			
- Lease obligations		–	135
- Long term loans		3,385	4,409
- Running finance and short term loans	13.1	35,439	24,179
		38,824	28,723

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

14. SHORT TERM BORROWINGS

Rupees in '000	Note	2022	2021
Secured from banking companies			
Running finances under mark-up arrangements	14.1	464,846	690,865
Short term loans	14.2 &14.4	396,316	851,441
		861,162	1,542,306

14.1 Running finance facility / money market facilities are available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,350 million (2021: Rs. 1,300 million) out of which Rs. 300 million (2021: Rs. 300 million), Rs. 100 million (2021: Rs. 150 million) and Rs. 300 million (2021: Rs. 300 million) are interchangeable with letter of credit, letter of guarantee facility and short term loan, respectively. During the year, mark-up on such arrangements ranged between 8.31% to 16.31% (2021: 8.12% to 10.54%) per annum.

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

14.3 The facilities for opening letters of credit amounted to Rs. 4,750 million (2021: Rs. 4,750 million) out of which Rs. 300 million (2021: Rs. 300 million), Rs. 3,150 million (2021: Rs. 3,150 million) and Rs. 205 million (2021: Rs. 305 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 30 June 2022 amounted to Rs. 2,042.9 million (2021: Rs. 1,859 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2022 were Rs. 4,507.62 million and Rs. 470.032 million (2021: Rs. 3,884.903 million and Rs. 329.442 million), respectively.

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

14.5 The above facilities are expiring on various dates with maturity period upto 31 March 2023. These facilities are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares (refer note 28.2.2), and lien over import / export documents.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 During 2014-2015, a show cause notice was issued by the Deputy Director, Directorate of Post Clearance Audit (Customs) Karachi for payment of duties and taxes on import of certain raw materials. In response, the Holding Company had contested that the said imports were exempt under bilateral agreement between Government of Pakistan and Government of Japan for projects under grant and accordingly these were cleared by the customs. However, the collector customs has issued an order dated 22 May 2015 for recovery of the said duty and taxes and penalty thereon amounting to Rs. 35.773 million. The Holding Company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these consolidated financial statements as the case is under appeal and management considers that the same would be decided in the Holding Company's favour.

15.1.2 During 2015-2016, a show cause notice was received from Sindh Revenue Board (SRB) in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services was raised thereby. The Holding Company filed a constitutional writ in the SHC against the SRB and GoS in which SHC granted interim relief to the Holding Company.

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

Following closure of petition, the Holding Company received show cause notices and demands for Sindh Sales Tax payments amounting to Rs. 79 million, which were challenged in SHC in a civil suit as well as at the Appellate forums of the tax authority, where the cases are pending adjudication.

No provision has been recognized in these consolidated financial statements in this respect, since based on the opinions of tax consultant and the Holding Company's legal counsel, the management is confident of favorable outcome of litigation in relation to the said matter.

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

15.2 Commitments

15.2.1 During 2015-2016, the Holding Company entered into Ijarah financing arrangement amounting to Rs. 600 million with Bank Islami Pakistan Limited (BIPL) for acquisition of Spiral Pipe (SP) machine. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease. During the year ended 30 June 2020, BIPL deferred the principal payments of rentals for one year as per the directives issued by State Bank of Pakistan vide its circular no. 12 dated 26 March 2020 which ended during the month of March 2021.

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

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

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

15.2.2 Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated to Rs. 1,572.868 million (2021: Rs. 1,528.009 million). This includes guarantee issued by Islamic banks amounting to Rs. 214.58 million (2021: Rs. 219.58 million).

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

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

Rupees in '000	Note	**2022**	2021
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,922,295	1,810,826
Capital work-in-progress	16.4	185,339	117,225
		2,107,634	1,928,051
Right-of-use-assets	16.1	109,556	131,603
		2,217,190	2,059,654

16.1 Operating fixed assets and right-of-use assets

Description		Land		Buildings		Office premises	Plant and machinery owned*	Electrical/ office equipment and installation	Furniture and fittings	Computers	Motor vehicles owned	Total operating fixed assets	Right-of-use assets			Total
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land								Plant and machinery	Motor vehicles	Total right-of-use assets	
Net book value as at 30 June 2022																
Balance as at 01 July 2021 (NBV)		249,226	34,255	400,236	5,946	4,406	1,067,689	7,158	9,638	7,995	24,277	1,810,826	102,133	29,470	131,603	1,942,429
Additions / transfers		-	-	-	-	-	240,920	1,639	390	4,133	55,555	302,637	7,359	6,074	13,433	316,070
Disposals (at NBV)	16.5 & 16.1.1	-	-	-	-	-	(6,100)	(1,239)	-	(69)	(4,416)	(11,824)	-	(10,490)	(10,490)	(22,314)
Depreciation charge	16.1.2	-	(1,686)	(25,203)	(2,933)	(900)	(128,470)	(3,797)	(1,889)	(3,678)	(10,788)	(179,344)	(18,238)	(6,752)	(24,990)	(204,334)
Balance as at 30 June 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,174,039	3,761	8,139	8,381	64,628	1,922,295	91,254	18,302	109,556	2,031,851
Gross carrying value as at 30 June 2022																
Cost	16.2	249,226	43,065	663,290	96,545	27,481	3,000,352	72,162	35,384	70,997	119,794	4,378,296	182,136	68,621	250,757	4,629,053
Accumulated depreciation		-	(10,496)	(288,257)	(93,532)	(23,975)	(1,826,313)	(68,401)	(27,245)	(62,616)	(55,166)	(2,456,001)	(90,882)	(50,319)	(141,201)	(2,597,202)
Net book value		249,226	32,569	375,033	3,013	3,506	1,174,039	3,761	8,139	8,381	64,628	1,922,295	91,254	18,302	109,556	2,031,851
Net book value as at 30 June 2021																
Balance as at 01 July 2020 (NBV)		307,723	35,940	426,931	7,390	5,306	1,179,763	12,743	11,631	992	26,794	2,015,213	144,765	23,835	168,600	2,183,813
Additions / transfers		-	-	-	-	-	31,217	759	-	8,747	22,436	63,159	6,317	15,864	22,181	85,340
Disposals (at NBV)		-	-	-	-	-	(6,827)	-	-	(62)	(16,489)	(23,378)	(28,819)	(428)	(29,247)	(52,625)
Depreciation charge		-	(1,685)	(26,695)	(1,444)	(900)	(136,464)	(6,344)	(1,993)	(1,682)	(8,464)	(185,671)	(20,130)	(9,801)	(29,931)	(215,602)
Transfers to investment property		(58,497)	-	-	-	-	-	-	-	-	-	(58,497)	-	-	-	(58,497)
Balance as at 30 June 2021 (NBV)		249,226	34,255	400,236	5,946	4,406	1,067,689	7,158	9,638	7,995	24,277	1,810,826	102,133	29,470	131,603	1,942,429
Gross carrying value as at 30 June 2021																
Cost	16.2	249,226	43,066	663,289	96,545	27,481	2,772,070	74,041	34,993	67,236	75,547	4,103,494	174,776	73,037	247,813	4,351,307
Accumulated depreciation		-	(8,811)	(263,053)	(90,599)	(23,075)	(1,704,381)	(66,883)	(25,355)	(59,241)	(51,270)	(2,292,668)	(72,643)	(43,567)	(116,210)	(2,408,878)
Net book value		249,226	34,255	400,236	5,946	4,406	1,067,689	7,158	9,638	7,995	24,277	1,810,826	102,133	29,470	131,603	1,942,429
Depreciation rate (% per annum)		-	1 - 5	5 - 10	5 - 10	10	5 - 20	5 - 20	10	33.33	20		10	20		

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

Rupees in '000	Note	2022	2021
16.1.2 The depreciation charge for the year has been allocated as follows			
Cost of sales	33.1	185,388	194,812
Distribution and selling expenses	35	704	1,021
Administrative expenses	36	17,953	19,480
Intangible under development phase		289	289
		204,334	215,602

16.2 Property, plant and equipment as at 30 June 2022 include items having an aggregate cost of Rs. 1,430.009 million (2021: Rs. 1,500.528 million) that have been fully depreciated and are still in use by the Company.

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

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504.4	Sq feet
Building	Nooriabad, District Jamshoro	261,257.1	Sq feet
Building	Jaranwala, District Faisalabad	340,455.0	Sq feet
Building	Dalowal, District Faisalabad	30,484.0	Sq feet
Building	Bhone, District Jhang	78,098.0	Sq feet
Building	Bhone, District Jhang	7,515.0	Sq feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Dalowal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre
Freehold land	Bhone, District Jhang	19.1	Acre

16.3.1 The fair value and forced sale value of land, building, plant and machinery approximates to Rs. 6,407.19 million and Rs. 5,137.32 million, respectively, which is determined by external valuer on the basis of market value.

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

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

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

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

16.4.3 This includes an amount of Rs. 26.4 million (2021: Rs. 26.4 million) paid by the Holding Company to Pakistan Steel Mills Limited (PSML) against allotment of plot located in Karachi measuring 24,200 square yards, currently in possession of third party. However, third party has filed a case in SHC for declaration and injunction against said property. The Holding Company has filed a suit in SHC for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The SHC vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. Based on consultation with its legal advisor, management believes that it has a reasonable ground in the case and expects a favorable outcome.

16.4.4 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2021: Rs. 20.619) against construction work at a site which has been halted.

16.5 The following assets were disposed off during the year:

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

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

17. INTANGIBLE ASSETS

The intangible assets under use includes various computer software. Movement during the year is as follows:

Rupees in '000	Note	2022	2021
- Under use	17.1	3,580	5,848
- Under project development	17.2	150,521	147,407
		154,101	153,255

17.1 Intangible assets - under use	Note	2022	2021
Net book value as at 1 July		5,848	888
Additions		–	5,896
Amortization	17.1.1	(2,268)	(936)
Net book value as at 30 June	17.1.2	3,580	5,848
Gross carrying value as at 30 June			
Cost		82,099	82,099
Accumulated amortization		(75,879)	(73,611)
Accumulated impairment loss		(2,640)	(2,640)
Net book value as at 30 June		3,580	5,848
Amortization rate (% per annum)		33.33	33.33

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

17.1.2 Intangible assets as at 30 June 2022 include items having an aggregate cost of Rs. 72.948 million (2021: Rs. 75.008 million) that have been fully amortized and are still in use of the Holding Company.

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

18. INVESTMENT PROPERTIES

Description		Land		Buildings			
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land	Office premises	Total
Net book value as at 30 June 2022							
Balance as at 01 July 2021 (NBV)		45,497	27,860	12,133	1,050	–	86,540
Depreciation charge	18.1	–	(2,369)	(1,300)	(82)	–	(3,751)
Balance as at 30 June 2022 (NBV)		45,497	25,491	10,833	968	–	82,789
Gross carrying value as at 30 June 2022							
Cost	18.2	45,497	44,836	13,000	1,758	29,830	134,921
Accumulated depreciation		–	(19,345)	(2,167)	(790)	(29,830)	(52,132)
Net book value		45,497	25,491	10,833	968	–	82,789

Description Rupees in '000	Note	Land Freehold	 Leasehold including improvements	Buildings On freehold land	 On leasehold land	Office premises	Total
Net book value as at 30 June 2021							
Balance as at 01 July 2020 (NBV)		1,740	30,627	-	18,694	-	51,061
Additions / transfer		43,757	1,740	13,000	-	-	58,497
Disposals (at NBV)		-	(2,131)	-	(17,171)	-	(19,302)
Depreciation charge		-	(2,376)	(867)	(473)	-	(3,716)
Balance as at 30 June 2021 (NBV)		45,497	27,860	12,133	1,050	-	86,540
Gross carrying value as at 30 June 2021							
Cost		45,497	44,836	13,000	1,758	29,830	134,921
Accumulated depreciation		-	(16,976)	(867)	(708)	(29,830)	(48,381)
Net book value		45,497	27,860	12,133	1,050	-	86,540
Depreciation rate (% per annum)		-	1 & 10	5 - 10	10 - 20	5 - 10	

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

18.2 Fair value of the investment properties located in Karachi and Lahore, valued amounting to Rs. 404.06 million (2021: Rs. 370 million), which is determined by external valuer on the basis of market value.

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

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

19. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2022 Number of shares	2021		Note	**2022** Rupees in '000	2021
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	19.1	2,332,187	3,429,031
35,011,347	35,011,347	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	19.1	-	-
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shahryar Mazhar)	19.1	-	-
				2,332,187	3,429,031

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

Description Rupees in '000	Note	30 June 2022 Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
Opening balance as at 1 July 2021		3,429,031	–	–	3,429,031
Share of profit	19.1.1	85,739	–	–	85,739
Share of equity	19.1.1	816	–	–	816
Dividend received		(1,183,399)	–	–	(1,183,399)
Closing balance as at 30 June 2022		2,332,187	–	–	2,332,187

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

19.1.1 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2022. The latest financial statements / condensed interim financial information of these companies as at 30 June 2022 are not presently available.

19.1.2 The Holding Company has assessed the recoverable amount of the investment in Altern Energy Limited based on value in use. The value in use has been determined on basis of Free Cash Flows to Firm method (FCFF) which assumes discount rate of 13.03% (2021: 9.84%). Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

Rupees in '000	**2022**	2021
19.2 Market value of investments in associates is as follows:		
Quoted		
Altern Energy Limited	1,010,047	1,631,171
Shakarganj Limited	1,400,454	1,663,739
	2,410,501	3,294,910

Percentage of holding	Note	**2022**	2021
19.3 Percentage of holding of equity in associates is as follows			
Altern Energy Limited	19.3.1	17.60	17.60
Shakarganj Limited		28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

19.3.1 The Holding Company and the subsidiary companies hold 16.69% and 0.91% (2021: 16.69% and 0.91%) respectively i.e. aggregate holding of 17.6% (2021: 17.6%) in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

19.4 The latest financial statements / condensed interim financial information of these associated companies as at 30 June 2022 are not presently available. The following is summarized financial information of material associated companies as at 31 March 2022 and for the twelve months ended 31 March 2022 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting, modified for fair value and other adjustments and differences in Group's accounting policies:

	Altern Energy Limited		Shakarganj Limited	
Rupees in '000	**2022**	2021	**2022**	2021
For the twelve months ended 31 March				
Revenues	14,730,032	9,013,855	28,517,311	25,203,082
Profit / (loss) after tax	1,928,368	4,637,112	(703,426)	(1,429,376)
Other comprehensive income / (loss)	7,725	2,329	5,865,059	(146,376)
Total comprehensive income / (loss)	1,936,093	4,639,441	5,161,633	(1,575,752)
Attributable to non-controlling interests of associates	1,444,309	1,493,859	49,930	(184,330)
Attributable to owners of the investee company	491,784	3,145,582	5,111,703	(1,391,422)
	1,936,093	4,639,441	5,161,633	(1,575,752)
As at 31 March				
Non current assets	13,365,738	14,878,119	23,099,370	16,602,360
Current assets	13,328,189	20,736,624	5,230,081	4,453,075
Non current liabilities	(1,083,423)	(22,667)	(4,200,827)	(2,654,513)
Current liabilities	(3,141,369)	(3,506,489)	(11,475,121)	(10,785,509)
Net assets	22,469,135	32,085,587	12,653,503	7,615,413
Attributable to non-controlling interests of associates	9,035,471	12,421,177	1,517,007	1,467,077
Attributable to owners of the investee company	13,433,664	19,664,410	11,136,496	6,148,336
	22,469,135	32,085,587	12,653,503	7,615,413
Reconciliation to Carrying amounts:				
Opening net assets	32,085,587	27,446,146	7,615,413	7,478,815
Impact of net asset of associate' subsidiary	-	-	-	1,579,214
Profit / (loss) after tax	1,928,368	4,637,112	(703,426)	(1,429,376)
Other comprehensive income / (loss)	7,725	2,329	5,865,059	(146,376)
Reserves	-	-	(123,543)	133,136
Dividend paid	(11,552,545)	-	-	-
Closing net assets	22,469,135	32,085,587	12,653,503	7,615,413
Group's interest in net assets of investee at end of the period	2,364,092	3,460,936	3,119,232	1,722,094
Fair value and other adjustments	(31,905)	(31,905)	(8,832)	(8,832)
Effect of difference in Group's accounting policy	-	-	(3,226,283)	(1,812,437)
Losses in excess of investment	-	-	115,883	99,175
Carrying amount of interest in equity accounted investees at end of the year	2,332,187	3,429,031	-	-

19.4.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2022 of these associated companies including its subsidiary companies, in case of Altern Energy Limited, its wholly owned subsidiary company i.e. Power Management Company (Private) Limited and Rousch (Pakistan) Power Limited, subsidiary of Power Management Company (Private) Limited holding 59.98% shares and in case of Shakarganj Limited, its subsidiary company Shakarganj Food Products Limited where it holds 52.3%.

19.4.2 As at 30 June 2022, investment in Shakarganj Limited is carried at Rs. Nil (2021: Rs Nil) due to the fact that losses incurred by Shakarganj Limited in its consolidated statement of profit or loss and comprehensive income from the prior periods that resulted in Group's share of losses in investment in Shakarganj Limited exceeds the carrying value of investment. Therefore, carrying value of investment is restricted to Nil value as at 30 June 2022.

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

Rupees in '000	Note	**2022**	2021
20. OTHER LONG TERM INVESTMENTS			
Fair value through other comprehensive income (FVOCI)	20.1	143,510	183,283
Fair value through profit or loss (FVTPL)	20.2	612,622	793,306
		756,132	976,589

20.1 Fair value through other comprehensive income (FVOCI)

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

2022	2021		Note	**2022**	2021
Number of shares		Name of investee company		Rupees in '000	
		Quoted			
7,977,178	6,381,743	The Crescent Textile Mills Limited	20.1.1	143,510	174,157
–	1,595,435	The Crescent Textile Mills Limited - Letter of rights		–	9,126
				143,510	183,283

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

20.2 Fair value through profit or loss (FVTPL)

2022	2021		Note	2022	2021
Number of shares				Rupees in '000	
		Unquoted			
18,814,423	18,814,423	Shakarganj Food Products Limited		406,372	595,100
8,250,000	6,875,000	Central Depository Company of Pakistan Limited (CDC)		206,250	198,206
2,403,725	2,403,725	Crescent Bahuman Limited - Related party	20.2.1	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	20.2.2	10,470	10,470
				647,129	827,813
		Less: Provision for impairment		(34,507)	(34,507)
				612,622	793,306

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

20.2.2 This investment had been fully charged to consolidated statement of profit or loss in earlier periods.

21. LONG TERM DEPOSITS

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

Rupees in '000	Note	2022	2021
22. DEFERRED TAXATION - NET			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		225,351	192,255
Lease obligations		9,732	5,997
Fair value adjustment in unquoted investment through reserves		45,006	30,119
Employee benefits - Defined benefit plan		–	21,622
Fair value adjustment in quoted investment through reserves		–	9,024
Unrealized gain on fair value through profit or loss investments		34,907	78,887
Share of profit from equity accounted investees		124,744	206,990
		439,740	544,894
Deductible temporary differences			
Employee benefits - Defined benefit plan		(73,975)	–
Provision for slow moving stores, spares and loose tools		(29,626)	(24,497)
Provisions for doubtful trade debts, doubtful advances and others		(95,331)	(79,405)
Discounting on long term deposit		(1,735)	(7,726)
Realized losses on fair value through profit or loss investments		(3,562)	–
Unrealized gain on fair value through OCI		(14,198)	–
Deferred income		(226)	(3,849)
Provisions for impairment of fixed assets		(6,804)	(5,980)
Provision of Gas Infrastructure Development Cess		(5,344)	(4,696)
Excess of minimum tax over normal tax	22.2	(286,289)	(200,480)
Tax loss	22.2	(586,168)	(403,801)
Provision for diminution in the value of investments		(12,712)	(7,505)
		(1,115,970)	(737,939)
		(676,230)	(193,045)

22.1 Break up of deferred tax (reversal) / charge is as following:			
Profit and loss		(380,189)	22,331
Other comprehensive income		(103,932)	75,376
Set-off of temporary differences with the Subsidiay Company		936	737
		(483,185)	98,444

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

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

Rupees in '000	Note	2022	2021
23. STORES, SPARES AND LOOSE TOOLS			
Stores		29,056	29,410
Spare parts		227,913	214,899
Loose tools		3,557	3,615
		260,526	247,924
Less: Provision for slow moving items	23.1	(89,780)	(84,472)
		170,746	163,452
23.1 Movement in provision for slow moving items			
Opening balance		84,472	73,472
Provision made during the year		5,308	11,000
Closing balance		89,780	84,472
24. STOCK-IN-TRADE			
Raw materials - net			
Hot rolled steel coils (HR Coil)		261,583	303,715
Coating materials		46,205	96,903
Steel scrap		43,308	174,883
Others		132,806	85,261
Raw cotton		230,531	241,380
Stock-in-transit		280,917	168,850
	24.2	995,350	1,070,992
Work-in-process	24.2 & 33.1	19,076	25,797
Finished goods - net	24.2 & 33.1	167,556	135,235
Scrap / cotton waste		8,114	4,505
		194,746	165,537
		1,190,096	1,236,529

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

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

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

Rupees in '000	Note	2022	2021
25. TRADE DEBTS			
Secured			
Considered good		40,867	24,826
Unsecured			
Considered good	25.1	134,347	112,247
Considered doubtful		19,553	23,214
		153,900	135,461
Impairment loss on trade debts	25.3	(19,553)	(23,214)
		175,214	137,073

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

Rupees in '000	2022	2021
25.2 The aging of amount due from related parties:		
Past due 30 - 180 days	–	3,682
Past due 180 days	–	30,029
	–	33,711
25.3 Movement in impairment loss on trade debts		
Opening balance	23,214	30,706
(Reversal) / charge of impairment made during the year	(3,661)	74
Written off during the year against provision	–	(7,566)
Closing balance	19,553	23,214
26. ADVANCES		
Unsecured		
Advances - considered good		
Staff	1,684	516
Suppliers for goods and services	65,409	40,182
Others	1,316	1,366
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	–	–
	68,409	42,064

Rupees in '000	Note	2022	2021
27. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
- leasing companies		3,494	11,406
- Ijarah financing arrangement		–	219,364
Security deposits - others	27.1	14,799	51,487
Prepayments		9,987	10,606
		28,280	292,863

27.1 These include cash margin on bank guarantees issued in favour of Punjab Power Development Board (PPDB) amounting to Rs. 3.045 million (2021: Rs. 3.045 million).

Rupees in '000	Note	2022	2021
28. SHORT TERM INVESTMENTS			
Amortised cost	28.1	159,360	–
Fair value through profit or loss (FVTPL)	28.2	620,585	521,641
		779,945	521,641

28.1 These represent investment in term deposit receipt by Holding Company, carrying markup of 10% to 15% maturing upto 23 february 2023.

28.2 Fair value through profit or loss (FVTPL)

The Group holds investments in ordinary shares of Rs. 10 each in the following listed investee company.

2022	2021		Note	2022	2021
Number of shares		Name of investee company		Rupees in '000	
9,284,553	8,258,747	Quoted - Investments	28.2.1	620,585	521,641
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
			28.2.3	620,585	521,641

28.2.1 Quoted - Investments

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

2022	2021	Name of investee company	**2022**	2021
Number of shares / units			Rupees in '000	
8,600	2,000	Attock Refinery Limited	2,763	512
438,750	200,400	Avanceon Limited	34,183	18,372
-	88,000	Byco Petroleum Limited	-	1,022
201,000	358,000	D.G. Khan Cement Company Limited	12,563	42,215
-	500	Engro Corporation Limited	-	147
470,000	255,550	Engro Fertilizer Limited	41,661	17,958
155,000	-	Engro Polymer and Chemical Limited	12,343	-
202,500	69,000	Fauji Cement Company Limited	1,417	1,587
100,000	199,000	Fauji Fertilizer Company Limited	22,320	21,114
12,000	15,000	Ferozsons Laboratories Limited	3,227	5,292
-	1,200	Glaxo SmithKline Pakistan Limited	-	300
2,405,000	2,405,000	HBL Growth Fund - Class A	12,386	19,962
764,673	764,673	HBL Investment Fund - Class A	1,529	2,370
-	200,000	Image Pakistan Limited	-	5,350
224,100	170,000	Interloop Limited	13,670	11,905
202,700	202,680	International Industries Limited	21,026	42,769
361,000	289,000	International Steels Limited	21,428	26,996
26,490	26,490	Jubilee Spinning and Weaving Mills Limited	81	90
400,000	-	Kot Addu Power Company Limited	11,012	-
500,000	500,000	Kohinoor Energy Limited	19,150	18,000
-	212,000	Loads Limited	-	4,581
34,000	19,000	Lucky Cement Limited	15,608	16,405
32,000	8,400	Mari Petroleum Company Limited	55,672	12,805
350,000	151,500	Meezan Bank Limited	39,542	17,485
22,800	5,062	Millat Tractors Limited	19,895	5,465
-	155,500	Nishat Mills Limited	-	14,508
-	205,000	Nishat Power Limited	-	4,028
-	8,000	National Refinery Limited	-	4,186
275,700	275,700	Oil and Gas Development Company Limited	21,689	26,200
-	18,000	Pak Elektron Limited	-	632
130,000	105,500	Pakistan Oilfields Limited	52,755	41,552
426,840	426,840	Pakistan Petroleum Limited	28,816	37,062
301,800	281,752	Pakistan State Oil Company Limited	51,861	63,183
-	200,000	Power Cement Limited	-	1,922
12,600	-	Systems Limited	4,355	-
243,000	10,000	Tariq Glass Industries Limited	25,225	1,064
25,000	-	Thal Limited	6,741	-
700,000	425,000	The Hub Power Company Limited	47,719	33,860
259,000	5,000	TRG Pakistan Limited	20,029	832
			620,666	521,731
		Less: Provision for impairment	(81)	(90)
9,284,553	8,258,747		620,585	521,641

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

Rupees in '000	2022	2021
Name of investee company		
Altern Energy Limited (Long term investment)	833,633	1,564,935
The Crescent Textile Mills Limited (Long term investment)	114,279	173,356
Avanceon Limited	27,346	11,598
D.G. Khan Cement Company Limited	9,375	17,688
Engro Fertilizer Limited	39,179	15,108
Engro Polymer and Chemicals Limited	12,342	-
Fauji Cement Company Limited	978	-
Ferozsons Laboratories Limited	3,227	-
Fauji Fertilizer Company Limited	22,320	13,581
HBL Growth Fund - Class A	4,390	2,368
HBL Investment Fund - Class A	1,528	7,076
Interloop Limited	10,864	-
International Industries Limited	21,026	39,393
International Steel Limited	5,343	26,902
Lucky Cement Limited	10,604	-
Kohat Cement Limited	-	-
Kohinoor Energy Limited	-	-
Mari Petroleum Company Limited	38,275	1,090
Meezan Bank Limited	35,501	13,358
Millat Tractors Limited	10,471	4,858
Nishat Mills Limited	-	13,995
Nishat Power Limited	-	4,028
Oil and Gas Development Company Limited	21,689	26,200
Pakistan Oilfields Limited	35,769	32,769
Pakistan Petroleum Limited	28,816	35,499
Pakistan State Oil Company Limited	48,416	62,958
Thal Limited	2,696	-
Tariq Glass Industries Limited	20,762	-
The Hub Power Company Limited	39,197	13,942
	1,398,026	2,080,702

28.2.3 This represents investment in ordinary shares of listed companies and certificates of mutual funds. Under IAS 39, these were classified as held for trading whereas under IFRS 9 these have been classified and held as FVTPL. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (2021: Rs. Nil per share). Under IAS 39, these were classified as available for sale and reclassified to FVTPL on initial application of IFRS 9 as management has not designated it as FVOCI.

29. OTHER RECEIVABLES

Rupees in '000	Note	2022	2021
Dividend receivable		886	892
Provision there against		(886)	(886)
Dividend receivable		–	6
Receivable against investments	29.1	17,723	18,243
Provision there against		(17,723)	(17,723)
Receivable against sale of investments		–	520
Receivable against rent from investment property		–	643
Claim receivable		461	843
Due from related parties	29.2	5,179	5,251
Sales tax refundable	29.3	75,589	80,767
Margin on letter of guarantee		15,350	15,359
Receivable from staff retirement benefits funds	46.1.3	12,242	239,843
Others		3,113	2,190
		111,934	345,422

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

Rupees in '000	2022	2021
29.2 Due from related parties		
Shakarganj Limited	–	1,376
The Crescent Textile Mills Limited	386	244
Shakarganj Food Products Limited	3,893	2,631
Crescent Socks (Private) Limited	900	1,000
	5,179	5,251

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

Rupees in '000	2022	2021
Shakarganj Limited	–	1,376
The Crescent Textile Mills Limited	386	337
Shakarganj Food Products Limited	3,893	9,172
Crescent Socks (Private) Limited	1,500	1,000
	5,779	11,885
29.2.2 The aging of amount due from related parties:		
Not yet due	990	2,252
Past due 1 - 30 days	722	756
Past due 30 - 180 days	2,398	2,241
Past due 180 days	1,069	2
	5,179	5,251

29.3 Sales tax refundable

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

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

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

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

Rupees in '000	**2022**	2021
30. TAXATION - NET		
Advance taxation	3,625,110	3,809,195
Provision for taxation	(2,935,310)	(2,695,210)
	689,800	1,113,985

30.1 The income tax assessments of the Holding Company have been finalized up to and including Tax Year 2021, except for pending appeal effect orders in respect of tax years 2002 and 2003. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained below:

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

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

(c) The ACIR amended the deemed assessment of the Holding Company for Tax Year 2009 and Tax Year 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million, respectively. The Holding Company filed appeals with the Commissioner Inland Revenue (appeals) in which majority of the issues were decided in the Holding Company's favour in case of Tax Year 2009 and the case was remanded back to the assessing officer for Tax Year 2011. The Holding Company filed appeal with the Appellate Tribunal for Tax Year 2009 which is pending adjudication where as for Tax Year 2011, set aside proceedings have been initiated which have been duly responded to.

(d) Orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 8.691 million (inclusive of default surcharge) has been raised in respect of tax year 2014 and Rs. 5.794 million in respect of tax year 2010. Majority of the matters have decided in favour of the company at the Commissioner (Appeals) level, whereas appeals have been preferred in ATIR for remaining issues.

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

(f) During the year ended 30 June 2018, Orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 4.253 million (inclusive of default surcharge) has been raised in respect of tax year 2017. Appeal was preferred with the Commissioner Inland Revenue Appeals where majority of issues were decided in Holding Company's favour along with rectification of original order. Appeal has been preferred with the ATIR for remaining issues which is pending adjudication.

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

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

No provision has been made in these consolidated financial statements in respect of demands raised by tax authorities for tax years as mentioned above, since based on the tax consultant's opinion the management is confident of favourable outcome of these appeals.

Rupees in '000	Note	**2022**	2021

31. CASH AND BANK BALANCES

	Note	2022	2021
With banks			
- in saving account	31.1	1,951	1,128
- in current accounts		4,366	2,720
	31.2	6,317	3,848
Cash in hand		490	365
		6,807	4,213

31.1 Mark-up rate on saving account ranged between 6.00% to 12.25% (2021: 5.00% to 5.20%) per annum.

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

Rupees in '000	Note	**2022**	2021

32. SALES - NET

	Note	2022	2021
Local sales			
Bare pipes	32.1	1,241,016	2,949,164
Steel billets		2,857,534	2,249,718
Pipe coating		50,920	36,671
Coated pipe		82,003	36,131
Cotton yarn / raw cotton / polyester		3,125,181	2,315,465
Electricity sales		278,794	188,758
Steam sales		349,853	348,468
Others	32.2	225,872	126,532
Scrap / waste		89,257	243,892
		8,300,430	8,494,799
Sales tax		(1,210,522)	(1,235,543)
		7,089,908	7,259,256

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

32.2 This includes revenue earned from manufacturing of metal structures by cutting, bending and assembling process.

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

Rupees in '000	Note	**2022**	2021

33. COST OF SALES

	Note	2022	2021
Steel segment	33.1	1,526,159	2,314,735
Cotton segment	33.1	2,419,791	1,788,529
Energy segment	33.1	747,986	636,722
Hadeed (Billet) segment	33.1	2,461,269	2,022,537
		7,155,205	6,762,523

Rupees in '000	Note	Steel segment 2022	Steel segment 2021	Cotton segment 2022	Cotton segment 2021	Energy segment 2022	Energy segment 2021	Hadeed (Billet) segment 2022	Hadeed (Billet) segment 2021	Total 2022	Total 2021
33.1 Cost of sales											
Raw materials consumed		1,123,799	1,837,425	1,901,415	1,249,261	669,680	564,343	2,155,464	1,668,773	5,850,358	5,319,802
Cost of raw cotton / polyster sold		-	-	36,765	50,860	-	-	-	-	36,765	50,860
Packing materials consumed		-	-	24,152	20,804	-	-	-	-	24,152	20,804
Stores and spares consumed		36,097	39,655	24,141	23,655	6,518	6,115	53,024	46,396	119,780	115,821
Fuel, power and electricity		36,636	51,119	242,171	236,935	340	79	2,592	1,810	281,739	289,943
Salaries, wages and other benefits	33.2	140,984	128,920	176,068	145,451	7,760	3,116	36,235	38,378	361,047	315,865
Insurance		5,772	4,185	2,813	2,767	1,317	1,170	1,561	1,412	11,463	9,534
Commission		-	-	7,952	7,702	-	-	-	-	7,952	7,702
Repairs and maintenance		4,700	3,696	3,789	2,888	557	34	1,067	1,381	10,113	7,999
Depreciation	16.1.2	55,417	56,544	20,365	26,374	60,270	60,348	49,336	51,546	185,388	194,812
Rental under Ijarah financing		87,985	33,707	-	-	-	-	-	-	87,985	33,707
Other expenses		32,323	75,216	8,909	5,706	1,544	1,517	161,287	213,544	204,063	295,983
		1,523,713	2,230,467	2,448,540	1,772,403	747,986	636,722	2,460,566	2,023,240	7,180,805	6,662,832
Opening stock of work-in-process		15,591	39,329	10,206	7,179	-	-	-	-	25,797	46,508
Closing stock of work-in-process	24	(5,171)	(15,591)	(13,905)	(10,206)	-	-	-	-	(19,076)	(25,797)
		10,420	23,738	(3,699)	(3,027)	-	-	-	-	6,721	20,711
Cost of goods manufactured		1,534,133	2,254,205	2,444,841	1,769,376	747,986	636,722	2,460,566	2,023,240	7,187,526	6,683,543
Opening stock of finished goods		109,291	169,821	25,241	44,394	-	-	703	-	135,235	214,215
Closing stock of finished goods - net	24	(117,265)	(109,291)	(50,291)	(25,241)	-	-	-	(703)	(167,556)	(135,235)
		(7,974)	60,530	(25,050)	19,153	-	-	703	(703)	(32,321)	78,980
		1,526,159	2,314,735	2,419,791	1,788,529	747,986	636,722	2,461,269	2,022,537	7,155,205	6,762,523
33.2 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits	33.2.1	128,365	117,009	172,276	142,041	7,760	3,099	35,562	37,748	343,963	299,897
Pension fund	33.2.2	5,965	5,682	1,312	1,190	-	-	-	-	7,277	6,872
Gratuity fund	33.2.2	2,485	2,365	90	78	-	-	-	-	2,575	2,443
Provident fund contributions		4,169	3,864	2,390	2,142	-	17	673	630	7,232	6,653
		140,984	128,920	176,068	145,451	7,760	3,116	36,235	38,378	361,047	315,865

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

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

Rupees in '000	Note	2022	2021

34. (LOSS) / INCOME FROM INVESTMENTS - NET

Rupees in '000	Note	2022	2021
Dividend income	34.1	68,727	37,335
Realized (loss) / income on sale of FVTPL investments - net	34.1	(13,160)	13,637
Unrealized (loss) / gain on FVTPL investments - net	34.1	(269,766)	296,258
Rent from investment properties	34.2	7,763	9,150
		(206,436)	356,380

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

Rupees in '000	Dividend income	Unrealized loss	Realized loss
Shariah compliant investee companies	50,873	(11,579)	(122,813)
Non - Shariah compliant investee companies	17,854	(1,581)	(146,953)
	68,727	(13,160)	(269,766)

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

34.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 4.6 million (2021: Rs. 9.2 million).

35. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Salaries, wages and other benefits	35.1	5,300	4,639	1,933	1,529	947	390	8,180	6,558
Travelling, conveyance and entertainment		137	112	16	36	5	24	158	172
Depreciation	16.1.2	704	872	-	-	-	149	704	1,021
Insurance		14	7	-	-	-	8	14	15
Postage, telephone and telegram		75	98	63	48	18	14	156	160
Advertisement		439	216	-	-	-	-	439	216
Bid bond expenses		517	323	-	-	-	-	517	323
Legal and professional charges		578	3,157	-	-	-	-	578	3,157
Others		2,826	1,562	1,617	1,498	364	298	4,807	3,358
		10,590	10,986	3,629	3,111	1,334	883	15,553	14,980

35.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Salaries, wages and other benefits		4,480	3,974	1,635	1,493	798	357	6,913	5,824
Pension fund	35.1.1	437	425	155	24	79	12	671	461
Gratuity fund	35.1.1	182	39	65	10	32	5	279	54
Provident fund contributions		201	201	78	2	38	16	317	219
		5,300	4,639	1,933	1,529	947	390	8,180	6,558

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

36. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2022	Steel segment 2021	Cotton segment 2022	Cotton segment 2021	Energy segment 2022	Energy segment 2021	Hadeed (Billet) segment 2022	Hadeed (Billet) segment 2021	IID segment 2022	IID segment 2021	Total 2022	Total 2021
Salaries, wages and other benefits	36.1	102,268	91,753	25,139	20,784	3,464	2,537	13,993	10,352	11,809	9,259	156,673	134,685
Rents, rates and taxes		2,815	2,399	683	457	92	94	574	667	726	3,535	4,890	7,152
Travelling, conveyance and entertainment		3,646	2,111	780	449	96	54	594	420	232	140	5,348	3,174
Fuel and power		11,069	9,056	1,732	1,332	668	632	3,752	2,323	602	491	17,823	13,834
Postage, telephone and telegram		1,677	2,057	308	434	42	61	122	130	112	130	2,261	2,812
Insurance		1,607	1,732	311	314	42	36	113	70	125	192	2,198	2,344
Repairs and maintenance		9,582	7,402	959	598	178	122	1,097	418	791	398	12,607	8,938
Auditors' remuneration	36.2	3,658	3,201	724	614	145	141	137	132	525	398	5,189	4,486
Legal, professional and corporate service charges		15,119	17,129	3,740	4,152	440	171	762	248	2,914	4,394	22,975	26,094
Advertisement		1,586	619	10	26	22	15	33	20	86	34	1,737	714
Donations	36.3	54,104	10,876	128	58	758	203	1,116	295	2,908	581	59,014	12,013
Depreciation	16.1.2 & 18.1	13,005	14,102	2,085	2,296	298	322	1,773	1,912	4,543	4,563	21,704	23,195
Amortization of intangible assets	17.1.1	1,722	707	363	150	46	21	46	21	91	37	2,268	936
Printing, stationery and office supplies		2,593	1,895	623	463	46	13	94	23	234	165	3,590	2,559
Newspapers, subscriptions and periodicals		366	253	791	644	635	593	11	14	33	27	1,836	1,531
Others		7,479	4,150	2,021	863	290	88	1,334	804	801	1,038	11,925	6,943
		232,296	169,442	40,397	33,634	7,262	5,103	25,551	17,849	26,532	25,382	332,038	251,410
36.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		110,941	81,046	25,859	18,404	3,003	2,135	13,064	9,583	11,459	8,158	164,326	119,326
Pension fund	36.1.1	(5,385)	7,161	(1,099)	1,493	242	211	429	373	92	699	(5,721)	9,937
Gratuity fund	36.1.1	(7,196)	40	(494)	122	101	88	179	155	(120)	73	(7,530)	478
Provident fund contributions		3,908	3,506	873	765	118	103	321	241	378	329	5,598	4,944
		102,268	91,753	25,139	20,784	3,464	2,537	13,993	10,352	11,809	9,259	156,673	134,685

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

Rupees in '000	Note	**2022**	2021
36.2 Auditors' remuneration			
Audit fee	36.2.1	2,851	2,415
Certifications and other assurance services		1,429	1,330
		4,280	3,745
Out of pocket expenses		549	436
Sales tax		360	305
		5,189	4,486

36.2.1 Audit fee includes services for audit of annual unconsolidated and consolidated financial statements including audit of annual individual financial statements of the subsidiary companies of the Group, audit of annual consolidated financial statements for group taxation purpose, limited review of unconsolidated condensed interim financial information for the six months period, review report on statement of compliance with best practices of the Code of Corporate Governance, taxation services and certification of reconciliation statement of nominee shareholding of Central Depository Company.

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

36.3 Donations

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

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

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

Rupees in '000	Note	**2022**	2021

37. OTHER OPERATING EXPENSES

Exchange loss		47,700	–
Impairment loss on trade debts		–	74
Provision for:			
- Workers' Profit Participation Fund	12.5	10,494	13,543
- Workers' Welfare Fund		–	2,830
- slow moving stores, spares and loose tools - net		5,308	11,000
		63,502	27,447

38. OTHER INCOME

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

39. FINANCE COSTS

Mark-up on short term loans - Shariah arrangement		58,122	41,986
Interest on - Non - Shariah arrangement			
- lease obligations		9,385	7,665
- long term loans		21,840	27,432
- running finances		102,910	87,533
- short term loans		53,716	41,724
Discounting on long term deposit		375	2,392
Bank charges		5,394	4,675
		251,742	213,407

Rupees in '000	2022	2021
40. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION		
Altern Energy Limited	85,739	553,376
Shakarganj Limited	–	(170,028)
	85,739	383,348
41. TAXATION		
Current		
- for the year	242,818	117,735
- for prior years	(2,718)	(5,742)
	240,100	111,993
Deferred	(380,189)	22,331
	(140,089)	134,324
41.1 Relationship between taxation expense and accounting (loss) / profit		
(Loss) / profit before taxation	(787,378)	925,545
Tax at the applicable rate of 29% (2021: 29%)	(228,340)	268,408
Tax effect of inadmissible expenses / losses	19,753	(96,327)
Tax effect of income taxed at a lower rate	5,946	(32,015)
Tax effect arising due to super tax	65,270	–
Prior year tax effect	(2,718)	(5,742)
	(140,089)	134,324

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

Rupees in '000	2021	2020	2019
Tax provision including effects of prior years	115,017	84,907	63,513
Tax assessed / return filed	115,017	84,907	63,513

Rupees in '000	**2022**	2021

42. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

(Loss) / profit for the year	(647,289)	791,221
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
	(Rupees)	
Basic and diluted (loss) / earnings per share	(8.34)	10.19

Rupees in '000	Note	**2022**	2021

43. CASH GENERATED FROM OPERATIONS

(Loss) / profit before taxation		(787,378)	925,545
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment properties		207,796	219,028
Amortization of intangible assets	17.1	2,268	936
(Reversal) / Charge for the year on staff retirement benefit funds	46.1.7	(2,448)	20,245
Dividend income	34.1	(68,727)	(37,335)
Unrealized loss / (gain) on FVTPL investments - net	34.1	269,766	(296,258)
Loss / (gain) on sale of FVTPL investments - net	34.1	13,160	(13,637)
Provision for stores, spares and loose tools - net	23.1	5,308	11,000
Reversal of impairment loss on trade debts - net	37	(3,661)	74
Provision for Workers' Welfare Fund	37	–	2,830
Provision for Workers' Profit Participation Fund	37	10,494	13,543
Return on deposits	38	(3,623)	(532)
Gain on disposal of operating fixed assets	38	(3,202)	(6,447)
Deferred income	38	(8,981)	(9,066)
Discounting of long term deposit	39	375	2,392
Unwinding of discount on long term deposit	38	(21,760)	(22,528)
Liabilities written off	38	(9,397)	(3,465)
Finance costs	39	251,367	211,015
Share of profit from equity accounted investees - net of taxation	40	(85,739)	(383,348)
Working capital changes		378,938	726,713
		144,556	1,232,504
Change in:			
- Stores, spares and loose tools		(12,602)	(5,220)
- Stock-in-trade		46,433	894,212
- Trade debts		(34,480)	88,652
- Advances		(26,345)	11,953
- Trade deposits and short term prepayments		8,682	(27,067)
- Other receivables		5,881	76,836
- Trade and other payables		391,369	(312,653)
		378,938	726,713

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

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

44. CASH AND CASH EQUIVALENTS

Rupees in '000	Note	2022	2021
Running finances under mark-up arrangements	14	(464,846)	(690,865)
Term deposits receipt	28	75,000	-
Cash and bank balances	31	6,807	4,213
		(383,039)	(686,652)

45. SEGMENT REPORTING

45.1 Reportable segments

The Group's reportable segments are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.1.3).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment property (held for rentals as well as long term appreciation) (note 1.1.4).
- Hadeed (Billet) segment - It comprises of manufacturing billets (note 1.1.5).
- Energy segment - It comprises generation and supply of electricity (note 1.1.6).

The Company's all segments are engaged in shariah complaint businesses except mentioned in note 34 to these consolidated financial statements. Information regarding the Group's reportable segments is presented below:

45.2 Segment revenues and results

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

For the year ended 30 June 2022

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	Total
Sales	1,391,681	2,695,372	705,488	2,465,550	-	(168,183)	7,089,908
Cost of sales	1,526,159	2,419,791	747,986	2,629,452	-	(168,183)	7,155,205
Gross (loss) / profit	(134,478)	275,581	(42,498)	(163,902)	-	-	(65,297)
Loss from investments - net	-	-	-	-	(206,436)	-	(206,436)
	(134,478)	275,581	(42,498)	(163,902)	(206,436)	-	(271,733)
Distribution and selling expenses	10,590	3,629	-	1,334	-	-	15,553
Administrative expenses	232,296	40,397	7,262	25,551	26,532	-	332,038
Other operating expenses	34,718	17,027	(247)	12,004	-	-	63,502
	277,604	61,053	7,015	38,889	26,532	-	411,093
	(412,082)	214,528	(49,513)	(202,791)	(232,968)	-	(682,826)
Other income	40,092	15,626	761	4,972	-	-	61,451
Operating (loss) / profit before finance costs	(371,990)	230,154	(48,752)	(197,819)	(232,968)	-	(621,375)
Finance costs	177,916	30,764	1	37,473	5,588	-	251,742
Share of profit in equity accounted investees - net of taxation	-	-	-	-	85,739	-	85,739
(Loss) / profit before taxation	(549,906)	199,390	(48,753)	(235,292)	(152,817)	-	(787,378)
Taxation							(140,089)
Loss for the year							(647,289)

For the year ended 30 June 2021

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

45.2.1 Revenue reported above represents revenue generated from external customers and inter-segment sales of electricity by Energy Segment to Hadeed (Billet) Segment of Rs. 168.182 million (2021: Rs. 181.185 million), Rs. Nil (2021: Rs. 5.213 million) of scrap sales by Steel Segment to Hadeed (Billet) Segment and Rs. Nil (2021: Rs. 0.044 million) of scrap sales by Steel Segment to Cotton Segment.

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

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

45.3 Revenue from major products and services

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

45.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 1,176.179 million (2021: Rs. 2,666.242 million) of total Steel segment revenue of Rs. 1,391.681 million (2021: Rs. 2,740.146 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 1,101.296 million (2021: Rs. 742.924 million) of total Cotton segment revenue of Rs. 2,695 million (2021: Rs. 2,000.060 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. 534.017 million (2021: Rs. 534.017 million) of total Energy segment revenue of Rs. 705.488 million (2021: Rs. 640.353 million). Revenue from major customers of Hadeed (Billet) segment represent an aggregate amount of Rs. 2,440.542 million (2021: 2,033.240 million) of total Hadeed (Billet) segment revenue of Rs. 2,465.550 million (2021: Rs. 2,065.139 million).

45.5 Geographical information

45.5.1 All Group's revenue from external customers by geographical location is within Pakistan.

45.5.2 All non-current assets of the Group as at 30 June 2022 and 2021 were located and operating in Pakistan.

45.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2022						
Segment assets for reportable segments	1,799,290	511,016	680,524	913,292	1,483,003	5,387,125
Investment in equity accounted investees	-	-	-	-	2,332,187	2,332,187
Unallocated corporate assets						1,749,649
Total assets as per consolidated statement of financial position						9,468,960
Segment liabilities for reportable segments	877,422	185,161	88,067	152,113	55,847	1,358,609
Unallocated corporate liabilities and deferred income						1,085,782
Total liabilities as per consolidated statement of financial position						2,444,391

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2021						
Segment assets for reportable segments	1,982,178	539,559	775,478	927,419	1,613,018	5,837,652
Investment in equity accounted investees	-	-	-	-	3,429,031	3,429,031
Unallocated corporate assets						1,512,194
Total assets as per consolidated statement of financial position						10,778,877
Segment liabilities for reportable segments	568,762	164,977	77,680	52,840	33,614	897,873
Unallocated corporate liabilities and deferred income						1,912,584
Total liabilities as per consolidated statement of financial position						2,810,457

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

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

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

45.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
For the year ended 30 June 2022						
Capital expenditure	298,862	5,916	-	800	-	305,578
Depreciation and amortization	70,848	22,813	60,614	51,155	4,634	210,064
Non-cash items other than depreciation and amortization	144,046	29,705	(664)	43,147	134,020	350,254
For the year ended 30 June 2021						
Capital expenditure	52,549	13,440	-	1,850	-	67,839
Depreciation and amortization	72,225	28,820	60,691	53,628	4,600	219,964
Non-cash items other than depreciation and amortization	172,999	16,664	(2,183)	28,184	(855,382)	(639,718)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

46. STAFF RETIREMENT BENEFITS

46.1 Defined benefit plans

46.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2022. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2022		2021	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost in profit or loss charge	10.00%	10.00%	9.25%	8.50%
- Discount rate used for year end obligation	13.25%	13.25%	10.00%	10.00%
- Expected rate of increase in salaries	13.25%	13.25%	10.00%	10.00%
Demographic assumptions				
- Retirement assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

46.1.2 The amounts recognized in consolidated statement of financial position are as follows:

		2022			2021		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	46.1.4	569,457	127,084	696,541	500,963	111,286	612,249
Fair value of plan assets	46.1.5	(495,895)	(139,326)	(635,221)	(640,770)	(211,322)	(852,092)
Liability / (asset) recognized in consolidated statement of financial position		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
46.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		(139,807)	(100,036)	(239,843)	23,713	(24,995)	(1,282)
Net benefit cost / (income) charged to consolidated profit or loss	46.1.7	2,227	(4,676)	(2,449)	17,270	2,975	20,245
Remeasurements recognized in consolidated other comprehensive income	46.1.8	229,822	99,823	329,645	(163,939)	(71,417)	(235,356)
Contributions by the Holding Company	46.1.5	(18,680)	(7,353)	(26,033)	(16,851)	(6,599)	(23,450)
Closing balance		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
46.1.4 Movement in the present value of defined benefit obligations							
Opening balance		500,963	111,286	612,249	477,700	107,085	584,785
Current service costs		17,142	5,695	22,837	15,855	5,380	21,235
Interest costs		49,512	11,016	60,528	43,661	8,894	52,555
Benefits paid during the year		(11,692)	(2,256)	(13,948)	(11,390)	(4,903)	(16,293)
Remeasurement:							
Actuarial losses from changes in financial assumptions		12,351	59	12,410	8,577	25	8,602
Experience adjustments		1,181	1,284	2,465	(33,440)	(5,195)	(38,635)
Closing balance		569,457	127,084	696,541	500,963	111,286	612,249

Rupees in '000	2022 Pension	2022 Gratuity	2022 Total	2021 Pension	2021 Gratuity	2021 Total
46.1.5 Movement in the fair value of plan assets are as follows:						
Opening balance	640,770	211,322	852,092	453,987	132,080	586,067
Contributions by the Holding Company	18,680	7,353	26,033	16,851	6,599	23,450
Interest income on plan assets	64,427	21,387	85,814	42,246	11,299	53,545
Benefits paid during the year	(11,692)	(2,256)	(13,948)	(11,390)	(4,903)	(16,293)
Return on plan assets, excluding interest income	(216,290)	(98,480)	(314,770)	139,076	66,247	205,323
Closing balance	495,895	139,326	635,221	640,770	211,322	852,092
46.1.6 Actual return on plan assets	(151,865)	(77,093)	(228,958)	181,322	77,546	258,868

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

Rupees in '000	2022 Pension	2022 Gratuity	2022 Total	2021 Pension	2021 Gratuity	2021 Total
Current service costs	17,142	5,695	22,837	15,855	5,380	21,235
Interest costs	49,512	11,016	60,528	43,661	8,894	52,555
Expected return on plan assets	(64,427)	(21,387)	(85,814)	(42,246)	(11,299)	(53,545)
Charge / (income) recognized in consolidated profit or loss	2,227	(4,676)	(2,449)	17,270	2,975	20,245

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

Rupees in '000	2022 Pension	2022 Gratuity	2022 Total	2021 Pension	2021 Gratuity	2021 Total
Remeasurement loss / (gain) of experience adjustments	1,181	1,284	2,465	(33,440)	(5,195)	(38,635)
Remeasurement:						
Actuarial losses from changes in financial assumption	12,351	59	12,410	8,577	25	8,602
Experience adjustments	1,181	1,284	2,465	(33,440)	(5,195)	(38,635)
Remeasurement loss / (gain) of defined benefit obligation	13,532	1,343	14,875	(24,863)	(5,170)	(30,033)
Return on plan assets, excluding interest income	216,290	98,480	314,770	(139,076)	(66,247)	(205,323)
Remeasurement loss / (income) charged in consolidated other comprehensive income	229,822	99,823	329,645	(163,939)	(71,417)	(235,356)

	2022			2021		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
46.1.9 Total defined benefit cost recognized in consolidated profit or loss / income) and other comprehensive income	232,049	95,147	327,196	(146,669)	(68,442)	(215,111)
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	35	-		33	-	
Beneficiaries	74	75		75	75	
Vested / Non-Vested						
Vested benefits	521,274	111,770	633,044	464,034	93,382	557,416
Non - vested benefits	48,183	15,314	63,497	36,930	17,904	54,834
	569,457	127,084	696,541	500,964	111,286	612,250
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	86,721	7,717	94,438	62,455	4,756	67,211
Debt instruments						
AA+	170,539	36,692	207,231	62,974	28,302	91,276
A+	-	-	-	-	-	-
A1+	3,061	-	3,061	96,343	-	96,343
	173,600	36,692	210,292	159,317	28,302	187,619
Equity instruments						
Automobile Assembling	-	-	-	205	-	205
Automobile Parts and Accessories	-	-	-	96	-	96
Cement	6,467	-	6,467	9,555	-	9,555
Chemicals	782	-	782	235	-	235
Commercial Banks	955	-	955	444	-	444
Engineering	168,706	80,083	248,789	339,480	161,395	500,875
Fertilizer	6,188	325	6,513	7,270	316	7,586
Insurance	55	-	55	69	-	69
Oil and Gas Exploration Companies	8,185	2,886	11,071	9,438	2,931	12,369
Oil and Gas Marketing Companies	777	-	777	83	-	83
Paper and Board	-	-	9	-	9	
Pharmaceuticals	35	-	35	177	-	177
Power Generation and Distribution	17,171	6,817	23,988	20,638	7,931	28,569
Sugar and Allied Industries	4,639	1,366	6,005	5,511	1,589	7,100
Technology and Communication	1,041	-	1,041	301	-	301
Textile Composite	2,148	-	2,148	3,086	-	3,086
	217,149	91,477	308,626	396,597	174,162	570,759
Mutual funds						
Income Fund	18,424	3,441	21,865	22,401	4,102	26,503
	495,894	139,327	635,221	640,770	211,322	852,092

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Rupees in '000	Pension	Gratuity
Discount rate +1%	512,648	123,902
Discount rate -1%	638,485	130,806
Long term pension / salary increase +1%	581,796	130,790
Long term pension / salary decrease -1%	558,736	123,859
Long term pension increase +1%	630,673	–
Long term pension decrease -1%	516,879	–

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

46.2 Defined contribution plan

The Group has set up provident fund for its permanent employees. The total charge against provident fund for the year ended 30 June 2022 was Rs. 13.147 million (2021: Rs. 11.816 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division, and Cotton & Hadeed Division, respectively.

Investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

47. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Rupees in '000	30 June 2022								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	620,585	143,510	-	-	764,095	764,095	-	-	764,095
- Unlisted equity securities	612,622	-	-	-	612,622	-	206,250	406,372	612,622
	1,233,207	143,510	-	-	1,376,717	764,095	206,250	406,372	1,376,717
Financial assets not measured at fair value									
Deposits	-	-	-	47,393	-	47,393	-	-	-
Trade debts		-	-	175,214	-	175,214	-	-	
Other receivables	-	-	-	24,103	-	24,103	-	-	-
Term deposit receipt	-	-	-	159,360	-	159,360	-	-	-
Bank balance	-	-	-	6,317	-	6,317	-	-	-
Cash balance	-	-	-	490	-	490	-	-	-
	-	-	-	412,877	-	412,877	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	163,167	163,167	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	88,981	88,981	-	-	-	-
Trade and other payables	-	-	-	877,041	877,041	-	-	-	-
Unclaimed dividend	-	-	-	25,614	25,614				
Mark-up accrued	-	-	-	38,824	38,824	-	-	-	-
Short term borrowings	-	-	-	861,162	861,162	-	-	-	-
	-	-	-	2,054,789	2,054,789	-	-	-	-

Rupees in '000	30 June 2021								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	521,642	183,283	-	-	704,925	704,925	-	-	704,925
- Unlisted equity securities	793,306	-	-	-	793,306	-	-	793,306	793,306
	1,314,948	183,283	-	-	1,498,231	704,925	-	793,306	1,498,231
Financial assets not measured at fair value									
Deposits	-	-	305,778	-	305,778	-	-	-	-
Trade debts	-	-	137,073	-	137,073	-	-	-	-
Other receivables	-	-	24,812	-	24,812	-	-	-	-
Bank Balances	-	-	3,848	-	3,848	-	-	-	-
Cash	-	-	365	-	365	-	-	-	-
	-	-	471,876	-	471,876	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	286,714	286,714	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	110,923	110,923	-	-	-	-
Trade and other payables	-	-	-	498,722	498,722	-	-	-	-
Unclaimed dividend	-	-	-	25,628	25,628	-	-	-	-
Mark-up accrued	-	-	-	28,723	28,723	-	-	-	-
Short term borrowings	-	-	-	1,542,306	1,542,306	-	-	-	-
	-	-	-	2,493,016	2,493,016	-	-	-	-

The Group has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Investment properties' fair values have been determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 18.2. The valuations are conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

47.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 30 June 2022 for unquoted equity investment measured at fair value in these consolidated statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Shakarganj Food Products Limited	Discounted free cash flows with terminal growth:	- Expected free cash flows	The estimated fair value would increase / (decrease) if:
	The valuation model considers the present value of expected free cash flows, discounted	- Terminal growth rate	- The expected free cash flows were higher / (lower)
	using Weighted Average Cost of Capital.	- Weighted Average Cost of Capital	- The terminal growth rate were higher / (lower)
			- The Weighted Average Cost of Capital were lower / (higher).

47.2 Level 3 fair values

Reconciliation of Level 3 fair values

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

Rupees in '000	
Balance at 30 June 2021	
- Shakarganj Food Products Limited	595,100
- Central Depository Company of Pakistan Limited	198,206
	793,306
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	(141,546)
- CDC - Transfer from level 3 to level 2	(198,206)
	(339,752)
Balance at 30 June 2022	
- Shakarganj Food Products Limited	453,554
	453,554

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2022 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
Rupees in '000	Increase	Decrease
Shakarganj Food Products Limited		
- Expected cash flows (10% movement)	71,115	(71,115)
- Terminal growth rate (100 bps)	48,361	(41,930)
- Weighted Average Cost of Capital (100 bps)	(67,779)	78,407

Transfer out of level 3

As at 30 June 2022, FVTPL unlisted equity security held by Holding Company with a carrying amount of Rs. 206.25 million was transferred from level 3 to level 2 because of recent transactions for sale / purchase of share by other shareholders. Although the price is not quoted in active market, the sale / purchase transactions were reported to Pakistan Stock Exchange (PSX). Therefore, it was used as level 2 fair value measurement.

48. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board of Directors is also responsible for developing and monitoring the Group's risk management policies.

48.1 Credit risk

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

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

Rupees in '000	2022	2021
Deposits	47,393	305,778
Trade debts	175,214	137,073
Other receivables	24,103	24,812
Bank balances	6,317	3,848
	253,027	471,511

Trade and other receivables

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

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

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

Rupees in '000	2022	2021
Steel segment	81,044	67,015
Cotton segment	4,296	12,981
Energy segment	4,636	41,083
Hadeed (Billet) segment	85,238	15,994
	175,214	137,073
The aging of trade debts at balance sheet date is		
Not past due	38,937	35,697
Past due 1 - 30 days	81,878	50,682
Past due 30 - 180 days	34,915	6,802
Past due 180 days	39,037	67,106
	194,767	160,287
Less: Impaired	19,553	23,214
	175,214	137,073

The movement in the allowances for impairment in respect of trade debts and advances is given in note 25.3 and note 26 respectively.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Holding Company has identified the GDP and the unemployment rate of Pakistan in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

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

Settlement risk

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

Bank balances

The Group kept its surplus funds with banks having good credit rating. Currently, the surplus funds are kept with banks having rating from AAA to A-1.

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

	Rankings		Ranking	**2022**	2021
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
HBL Growth Fund (A)	MFR 2-Star	-	VIS	12,386	19,962
HBL Investment Fund (A)	MFR 2-Star	-	VIS	1,529	2,370
				13,915	22,332

Deposits

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

Investment in debt securities

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

Concentration of credit risk

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

48.2 Liquidity risk

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

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

Rupees in '000	2022							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loans	163,167	-	163,167	78,671	61,081	3,136	10,264	10,015
Lease liabilities	88,981	-	99,706	18,490	15,864	17,331	48,021	-
Trade and other payables	877,041	-	877,041	877,041	-	-	-	-
Unclaimed dividend	25,614	25,614	-	-	-	-	-	-
Mark-up accrued	38,824	-	38,824	38,824	-	-	-	-
Short term borrowings	861,162	861,162	-	-	-	-	-	-
	2,054,789	886,776	1,178,738	1,013,026	76,945	20,467	58,285	10,015

Rupees in '000	2021							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loan	286,714	-	321,089	93,037	86,767	119,095	9,722	12,468
Lease liabilities	110,923	-	128,775	20,419	23,829	46,302	38,225	-
Trade and other payables	498,722	-	498,722	498,722	-	-	-	-
Unclaimed dividend	25,628	25,628	-	-	-	-	-	-
Mark-up accrued	28,723	-	28,723	28,723	-	-	-	-
Short term borrowings	1,542,306	1,542,306	-	-	-	-	-	-
	2,493,016	1,567,934	977,309	640,901	110,596	165,397	47,947	12,468

48.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Investment Committee monitors the portfolio of its investments and adjust the portfolio in light of changing circumstances.

48.3.1 Currency risk

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

	2022	
Rupees in '000	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	1,243,850	68,064
Net exposure	1,243,850	68,064

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

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2022	2021	**2022**	2021
USD to PKR	178.93	160.30	204.85	157.54
Euro to PKR	236.35	191.13	213.81	187.27

Sensitivity analysis

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

Effect on consolidated profit or loss

Rupees in '000	**2022**	2021
USD	22,257	87,614
Euro	1,609	403
	23,866	88,017

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

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

48.3.2 Interest rate risk

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

	2022	2021	2022	2021
	Effective interest (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loan	8.49 - 15.16	8.19 - 10.16	163,167	171,280
Lease liabilities	11.51 - 18.87	6.16 - 17.6	88,981	110,923
Short term borrowings	8.31 - 16.31	8.12 - 10.54	861,162	1,542,306

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased the consolidated loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2022		
Cash flow sensitivity - Variable rate financial liabilities	(11,133)	11,133
As at 30 June 2021		
Cash flow sensitivity - Variable rate financial liabilities	(19,399)	19,399

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

48.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Company's gain / loss in case of Fair value through profit or loss and increase / decrease surplus on re-measurement of investments in case of Fair Value through other comprehensive income investments as follows:

Rupees in '000	**2022**	2021
Effect on profit	62,059	43,697
Effect on equity	14,351	18,328
Effect on investments	76,410	62,025

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

49. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Managerial remuneration	34,085	27,006	-	-	91,705	79,367	125,790	106,373
Fees	-	-	4,375	4,380	-	-	4,375	4,380
Contributions to								
- Gratuity fund	1,483	1,379	-	-	2,941	2,660	4,424	4,039
- Pension fund	3,560	3,312	-	-	8,158	7,390	11,718	10,702
- Provident fund	1,695	1,656	-	-	3,678	3,695	5,373	5,351
Others	7,383	8,281	-	-	3,467	4,822	10,850	13,103
	48,206	41,634	4,375	4,380	109,949	97,934	162,530	143,948
Number of persons	1	1	7	7	17	19	25	27

49.1 During the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.8 million (2021: Rs. 1.625 million).

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

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

50. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors of the Holding Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transaction with related parties are under agreed terms / contractual arrangements. Transactions between the Holding Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

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

Rupees in '000				2022	2021
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Altern Energy Limited	Associated company	17.60% holding	Dividend Income	1,183,165	-
			Dividend received	1,183,165	-
Shakarganj Limited	Associated company	28.01% holding	Payments received	130,916	41,109
			Payments made against services received	23,762	18,528
			Sales of electricity and steam	537,305	459,167
			Sales of finished goods	-	352
			Sales of raw cotton / polyester	45,201	59,611
			Purchase of raw material	608,946	483,977
			Advance against purchase of raw material	138,320	36,000
			Reimbursable expenses	12,284	13,586
Crescent Socks (Private) Limited	Related party	Subsidiary Company's associate	Rental income	900	1,400
			Payments received against services rendered	800	400
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	2,484	-
			Services rendered	3,031	2,642
			Rent	3,494	3,901
			Payments received	2,000	11,170
The Crescent Textile Mills Limited	Related party	Major Shareholder	Rent	4,580	2,286
			Payments received against services rendered	6,214	2,491
			Reimbursable expenses	1,776	449
Premier Insurance Limited	Related party	Common directorship	Insurance premium	8,217	9,582
			Insurance premium paid	8,116	9,519
The Citizens' Foundation	Related party	Common directorship	Donation given	44,401	10,668
Indus Valley School of Arts and Architecture	Related party	Common directorship	Donation given	2,500	-
Pakistan Centre For Philanthropy	Related party	Common directorship	Donation given	3,000	-
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	2,397	2,314
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	7,353	6,623

Rupees in '000				2022	2021
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	18,680	16,906
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	9,976	8,846
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	772	656
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	24	66
Key management personnel	Related parties	Executives	Remuneration and benefits	157,720	135,868
Chairman of the Board	Related party	Chairman	Honorarium	1,800	1,625
Directors and their spouses	Related parties	Directors	Meeting fee	2,575	2,750

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

50.2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.

50.3 Outstanding balances and other information with respect to related parties as at 30 June 2022 and 2021 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12.4), investment in equity accounted investees (note 19), other receivables (note 29.2), administrative expenses (note 36.3) and staff retirement benefits (note 46).

51. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from year 2021.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders or issue new shares. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and bank balances. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

51.1 Gearing ratio

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

Rupees in '000	Note	**2022**	2021
Total debt	51.1.1	1,113,310	1,939,943
Less: Cash and bank balances		6,807	4,213
Net debt		1,106,503	1,935,730
Total equity	51.1.2	7,024,569	7,968,420
Total capital		8,131,072	9,904,150
Gearing ratio		13.6%	19.5%

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

51.1.2 Total equity includes all capital and reserves of the Holding Company that are managed as capital.

52. PLANT CAPACITY AND PRODUCTION

52.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2021: 66,667 tons) annually on the basis of notional pipe size (Where as the notional pipe size is taken as 30" dia x ½" thickness for SP1600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 5,082 tons (2021: 15,400 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 28,205 tons (2021: 52,113 tons) when translated to the notional pipe size of 30" diameter. Reason for underutilization was delay in materialization of orders for different projects.

Coating plant

The coating plant has a capacity of shot blasting and coating of line pipes with single layer FBE and multilayer polyolefin coatings on pipe sizes ranging from 114 mm to 1,524 mm outside diameter, which is being upgraded to coat pipe sizes up to 2,134 mm.

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 95,377 meters (2021: 30,451 meters) of different diameter pipes and 96,677 square meters surface area was achieved during the year (2021: 23,138 square meters surface area). Reason for underutilization was lack of coating work orders in hand.

52.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,092 shifts is 9,197,007 kilogram (2021: 9,197,007 kilograms). Actual production converted into 20s count was 8,546,895 kilograms for 1,092 shifts (2021: 8,790,199 kilograms for 921 shifts).

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2021: 118,856 MWh) and the actual production achieved during the year was 23,679 MWh (2021: 26,207 MWh). Reason for underutilization was that no power was supplied to FESCO and power generation was restricted to actual demand of the two customers, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

52.4 Hadeed segment

The designed capacity of Plant is 85,000 mtons (2021: 85,000 mtons) of billets per annum, but the total production during FY21-22 was 17,707.08 mtons (2021: 20,949.62 mtons) of billets. Unit operated only for about five months on self-generated (Inter division) power supply that was only compatible during crushing season of three months and two months on bagasse (purchased) on off and on basis. Production was suspended for rest eight months period because of no alternative power supply arranagments.

53. COMPARATIVE INFORMATION

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of better presentation.

54. GENERAL

54.1 Number of employees

The total number of employees including contractual employees of the Group as at 30 June 2022 were 769 (2021: 765) and weighted average number of employees were 767 (2021: 766).

The number of factory employees including contractual employees of the Group as at 30 June 2022 were 691 (2021: 683) and weighted average number of employees were 688 (2021: 685).

55. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on 24 August 2022.

Chief Executive　　　　Director　　　　Chief Financial Officer