Crescent steel and allied products limited

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 JUNE 2023

DIRECTORS' REPORT CONSOLIDATED

The Directors of Crescent Steel and Allied Products Limited (CSAPL) have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended June 30, 2023. The Group comprises of CSAPL and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Solution de Energy (Private) Limited and Crescent Continental Gas Pipelines Limited (CCGPL). CCGPL is not carrying on any business operations and accordingly no financial statements are being prepared.

The Directors' Report giving commentary on the performance of CSAPL for the year ended June 30, 2023 has been presented separately.

GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000	**2023**	2022
Profit / (loss) for the year before taxation	698,658	(787,378)
Taxation (charge) / income	(108,081)	140,089
Profit / (loss) after taxation	590,577	(647,289)
Total other comprehensive loss for the year	(189,005)	(296,562)
Basic / diluted (loss) / earnings per share	Rs. 7.61	Rs. (8.34)

PATTERN OF SHAREHOLDING

The pattern of shareholding and additional information relating thereto is attached separately.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Group have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report.

CHIEF EXECUTIVE'S REVIEW

The Directors endorse the contents of the Chief Executive's Review for the year ended June 30, 2023, which gives information on the state of the Group's affairs, operational performance of CSAPL and its subsidiary companies, future prospects of profits along with other requisite information. The contents of the said review shall be read along with this report, Chairman's Review and our report on unconsolidated financial statements and shall form an integral part of the Director's Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Code of Corporate Governance under the Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board

Ahsan M. Saleem
Chief Executive Officer
August 09, 2023

Nadeem Maqbool
Director

ڈائریکٹرز رپورٹ - یکجا

کریسنٹ اسٹیل اورالائیڈ پروڈکٹس لمیٹڈ (CSAPL) کے ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2023 کو ختم ہونے والے مالی سال سے متعلق گروپ کی رپورٹ بمعہ آڈٹ شدہ یکجا مالیاتی دستاویزات آپ کی خدمت میں پیش کر رہے ہیں۔گروپ سی ایس اے پی ایل اور مکمل طور پر اس کی ملکیت میں شامل ذیلی کمپنیوں سی ایس کیپٹل (پرائیویٹ) لمیٹڈ، سولوشن ڈی انرجی (پرائیویٹ) لمیٹڈ اور کریسنٹ کانٹینینٹل گیس پائپ لائنز لمیٹڈ (سی سی جی پی ایل) پر مشتمل ہے۔سی سی جی پی ایل کی جانب سے کاروباری افعال سرانجام نہیں دیئے جا رہے ہیں اس لئے کسی بھی قسم کی مالیاتی دستاویزات بھی تیار نہیں کی گئیں۔

مالی سال اختتامیہ 30 جون 2023 کے دوران سی ایس اے پی ایل کی کارکردگی کے بارے میں ڈائریکٹرز رپورٹ علیحدہ سے پیش کی گئی ہے۔

گروپ کے نتائج

گروپ کے یکجا مالیاتی نتائج کا خلاصہ ذیل میں پیش کیا جا رہا ہے:

	2023	2022
		روپے ہزاروں میں
منافع/(نقصان) برائے سال قبل از ٹیکس	698,658	(787,378)
ٹیکس انکم/(چارج)	(108,081)	140,089
(نقصان)/منافع بعد از ٹیکس	590,577	(647,289)
کل دیگر جامع نقصان برائے مالی سال	(189,005)	(296,562)
بنیادی/ تحلیلی آمدن/(نقصان) فی حصص	7.61روپے	Rs. (8.34)

ترتیب حصص داری

ترتیب حصص داری اوراس سے متعلق اضافی معلومات رپورٹ ہذا کے ساتھ علیحدہ سے منسلک ہے۔

اہم تغیرات و وعدے

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

چیف ایگزیکیٹو کا جائزہ

ڈائریکٹروں کی جانب سے مالی سال 30 جون 2023 کی رپورٹ میں شامل موادکی توثیق کی جاتی ہے جس سے کمپنی کے معاملات، سی ایس اے پی ایل اور اس کی ذیلی کمپنیوں کی کاروباری کارکردگی، منافع سے متعلق پیشن گوئی اور دیگر اہم معلومات کا اظہار ہوتا ہے۔مزکوہ رجائزے کو رپورٹ ہذا، چیرمین کے جائزے اور غیر یکجا مالیاتی دستاویزات کی رپورٹ کے ساتھ ملا کر پڑھا جائے جو کہ کمپنیز ایکٹ 2017 کے دفعہ 227 اور پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی رول بک کے کوڈ آف کارپوریٹ گورننس کے تحت ڈائریکٹرز رپورٹ کا لازمی حصہ ہے۔

بحکم بورڈ

احسان ایم سلیم

چیف ایگزیکیٹو آفیسر

9 اگست 2023

ندیم مقبول

ڈائریکٹر

KEY PERFORMANCE INDICATORS

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

Sales Revenue	**Profit Before Tax**	**Gross Profit Ratio**	**Net Profit Margin**
4,515.6	698.7	17.2	13.1
(Rs. in million)	(Rs. in million)	Percentage	Percentage
EBITDA	**Earnings Per Share** (Basic and diluted)	**Total Assets**	**Shareholders' Equity**
1,297.8	7.61	11,302.6	7,426.1
(Rs. in million)	(Rs)	(Rs. in million)	(Rs. in million)
Capital Expenditure	**Break-up Value**	**Cash Dividend** (Including final proposed)	**Return on Capital Employed**
538.8	95.7	–	6.7
(Rs. in million)	Per share (Rs.)	(PKR per share)	Percentage
Gearing Ratio	**Current Ratio**	**Price Earnings Ratio**	**Share Price**
21.4	1.3: 1	2.8	21.5
Percentage	Ratio	Times	Per share (Rs.)

STATEMENT OF VALUE ADDITION

	2023 Rupees in '000	2023 %	2022 Rupees in '000	2022 %
WEALTH GENERATED				
Total revenue	6,045,371	100.0%	8,241,184	100%
Bought-in-material and services	(3,238,649)	53.6%	(6,587,668)	79.9%
	2,806,722	46.4%	1,653,516	20.1%
WEALTH DISTRIBUTED				
To Employees				
Salaries, wages and other benefits	517,396	18.4%	525,810	31.8%
To Government				
Income tax, sales tax, custom duties, WWF and WPPF	1,037,766	37.0%	1,630,649	98.6%
To Shareholders				
Dividend	-	0.0%	-	0.0%
To Providers of Finance				
Finance costs	364,779	13.0%	251,742	15.2%
To Society				
Donation towards education, health and environment	27,488	0.98%	59,014	3.6%
Retained within the business for future growth				
Depreciation, amortization and retained earnings	859,293	30.6%	(813,699)	-49.2%
	2,806,722	100.0%	1,653,516	100%

SUMMARY DATA AND PERFORMANCE INDICATORS

For The Current And Past Six Financial Years

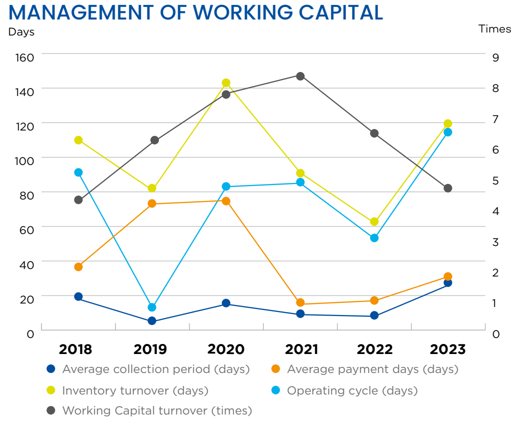
Performance Indicators	2023	2022	2021	2020	2019	2018	2017
A - Profitability Ratios							
Earnings / (loss) before interest, taxation, depreciation and amortization EBITDA / (LBITDA) (Rs. in millions)"	1,297.8	(325.6)	1,358.8	260.9	189.0	635.7	2,008.3
Profit / (loss) before taxation and deprecation (Rs. in millions)	930.8	(579.6)	1,144.5	(54.4)	(131.5)	368.1	1,798.5
Gross profit / (loss) ratio (%)	17.2	(0.9)	6.8	1.3	(1.8)	5.4	13.7
Operating profit / (loss) margin to sales (net) (%)	9.8	(8.9)	10.3	(3.7)	(6.5)	3.3	10.0
Net profit / (loss) margin to sales (net) (%)	13.1	(9.1)	10.9	(0.5)	(6.1)	(0.6)	9.7
EBITDA / (LBITDA) margin to sales (net) (%)	28.7	(4.6)	18.7	6.8	2.8	6.4	16.3
Earnings / (loss) before interest and taxation (EBIT) (Rs. in millions)	1,063.4	(535.7)	1,139.1	32.7	(46.7)	411.4	1,796.5
% change in EBIT	(298.5)	(147.0)	3,383.5	(170.0)	(111.4)	(77.1)	123.9
% change in Sales (net)	(36.3)	(2.3)	89.9	(44.2)	(31.0)	(19.2)	62.2
Operating leverage ratio	8.2	63.0	37.6	3.8	3.6	4.0	0.0
Return on equity (%)	8.0	(9.2)	9.9	(0.3)	(6.0)	(0.8)	13.8
Return on average equity (%)	8.2	(8.6)	10.6	(0.3)	(5.8)	(0.8)	14.9
Shareholders' funds (%)	65.7	74.2	73.9	62.0	69.6	63.1	58.1
Return on shareholders' funds (%)	8.0	(9.2)	9.9	(0.3)	(6.0)	(0.8)	13.8
Return on capital employed (RoCE) (%)	6.7	(7.2)	7.9	(0.2)	(4.4)	(0.6)	10.6
Return on average assets (%)	5.7	(6.4)	7.2	(0.2)	(3.8)	(0.5)	9.0
B - Liquidity Ratios							
Current ratio	1.3 : 1	1.4 : 1	1.5 : 1	1.1 : 1	1.2 : 1	1.4 : 1	1.5 : 1
Quick / Acid-test ratio	0.9 : 1	0.9 : 1	1 : 1	0.6 : 1	0.9 : 1	0.9 : 1	0.9 : 1
Cash to current liabilities (%)	(13.8)	(17.0)	(26.4)	(14.6)	(33.6)	(6.6)	(5.8)
Cash flows from operating activity (%)	(12.3)	3.3	39.8	(35.0)	(3.1)	38.1	(0.9)
Cash flows from operations to sales (%)	(8.5)	1.0	14.3	(36.6)	(1.2)	15.2	(0.4)
Working capital - Net current assets (Rs. in millions)	995.3	968.2	1,253.4	487.3	499.4	1,753.8	2,949.6
Working capital turnover (times)	4.6	6.4	8.3	7.7	6.1	4.2	4.9
Cashflow to capital expenditures (%)	1,570.0	70.0	10.0	0.0	30.0	10.0	40.0
Cashflow to coverage ratio (%)	0.0	0.2	1.0	(0.4)	0.4	1.2	0.3
C - Activity / Turnover Ratios							
Debtors turnover ratio (times)	14.1	45.4	40.0	23.7	76.7	20.4	18.0
No. of days in receivables / Average collection period (days)	26	8	9	15	5	18	20
Inventory turnover ratio (times)	3.0	5.9	4.0	2.6	4.5	3.3	3.6
No. of days in inventory (days)	120	62	91	143	81	110	102
Creditors turnover ratio (times)	11.9	21.6	24.8	14.1	10.1	6.7	11.2
No. of days in creditors / Average payment period (days)	31	17	15	26	36	54	33
Property, plant and equipment turnover (times)	1.8	3.2	3.5	1.7	2.7	3.8	4.8
Total assets turnover (times)	0.4	0.7	0.7	0.3	0.7	0.8	0.8
Operating cycle (days)	115	53	85	132	50	74	89
D - Investment / Market Ratios							
Basic and diluted earnings / (loss) per share (Rs.)	7.61	(8.34)	10.19	(0.26)	(5.40)	(0.79)	15.29
Price earnings ratio (times)	2.8	-	8.2	-	-	-	15.6
Price to book ratio (times)	0.1	0.3	0.6	0.3	0.3	0.6	1.3
Dividend yield (%) *	-	-	-	-	-	2.2	2.2
Dividend payout ratio (%) *	-	-	-	-	-	(252.5)	34.3
Dividend cover ratio (times) *	-	-	-	-	-	(0.4)	2.9
Cash dividend (Rs. in millions) *	-	-	-	-	-	155.3	407.6
Cash dividend per share (Rs.) *	-	-	-	-	-	2.0	5.3
Market value per share (at the end of the year) (Rs.)	21.5	41.7	84.0	45.5	37.8	91.2	238.6
- Lowest during the year (Rs.)	20.6	34.0	45.8	27.8	27.4	89.8	116.0
- Highest during the year (Rs.)	46.3	93.3	96.4	58.7	101.9	229.4	283.1
Break-up value per share (Rs.)	95.7	90.5	102.7	90.3	89.6	98.1	110.8
Break-up value per share including RP investment at MV (Rs.)	89.4	91.5	101.0	92.9	96.2	121.4	148.7
E - Capital Structure Ratios							
Financial leverage ratio (%)	27.8	15.8	24.3	43.6	29.9	32.2	40.4
Long term debt to equity ratio (%) - Book value	6.6	1.7	2.5	3.6	4.0	4.7	4.5
Long term debt to equity ratio (%) - Market value	29.2	3.6	3.1	7.2	9.6	5.0	2.1
Weighted average of cost of debt (%)	16.5	8.5	8.5	12.2	12.3	8.0	8.4
Long term debt : Equity ratio	6 : 94	2 : 98	2 : 98	4 : 96	4 : 96	4 : 96	4 : 96
Total liabilities to total assets (%)	34.3	25.8	26.0	37.9	29.4	36.8	41.9
Gearing ratio (%)	21.4	13.6	19.5	30.2	22.8	22.8	28.3
Interest coverage (times)	2.9	(2.1)	5.3	0.1	(0.1)	1.6	8.8
Net asset value per share	95.7	90.5	102.7	90.3	89.6	98.1	110.8
F - Employee Productivity Ratio							
Revenue per employee (Rs. in millions)	10.4	9.3	9.5	4.9	9.1	12.6	25.5
No. of employees	434	769	765	778	755	789	481
Staff turnover ratio (%) **	209.7	111.1	89.9	90.1	102.2	97.7	140.7
G - Others							
Spares inventorty as percentage of assets cost (%)	3.0	1.8	1.5	1.5	1.8	1.7	1.2
Maintenance cost as percentage of operating expenses (%)	15.2	8.3	7.6	6.9	8.2	14.5	15.4

Notes:

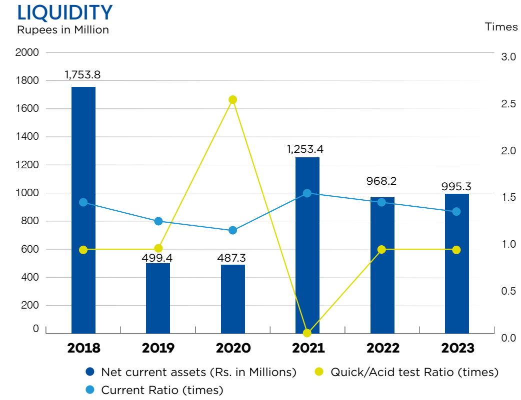
* This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

** Major contributor to high turnover rate is staff at the Cotton division's spinning unit.

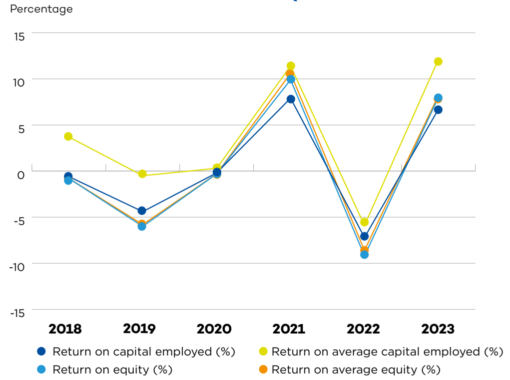
MANAGEMENT OF WORKING CAPITAL



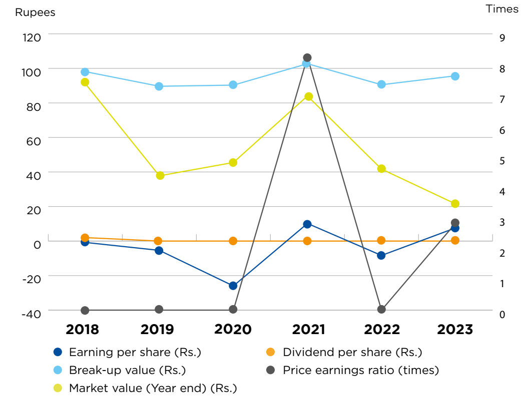
LIQUIDITY



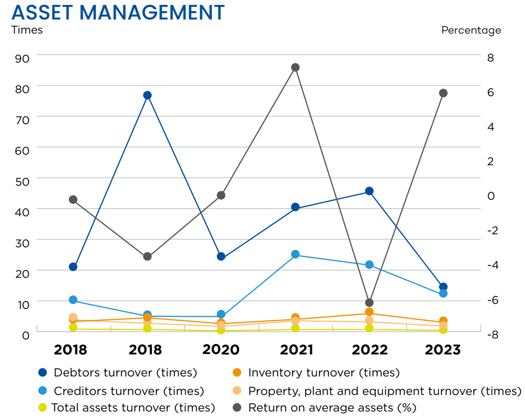
RETURN ON CAPITAL AND EQUITY



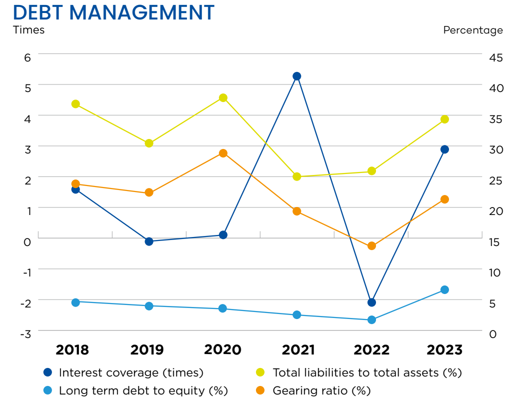
PER SHARE RESULT



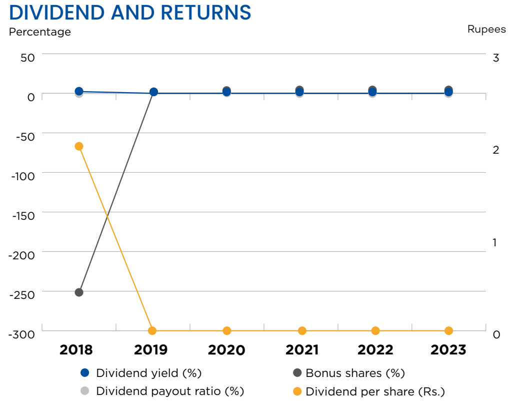
ASSET MANAGEMENT



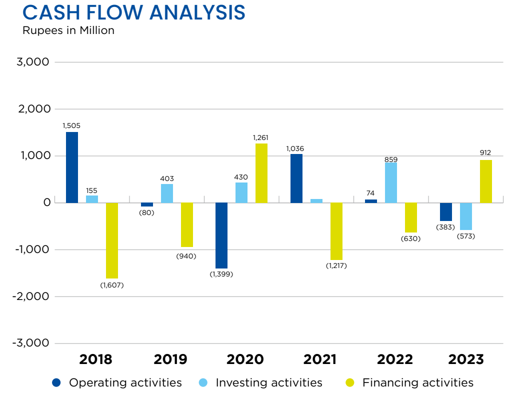
DEBT MANAGEMENT



DIVIDEND AND RETURNS



CASH FLOW ANALYSIS



VERTICAL ANALYSIS

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

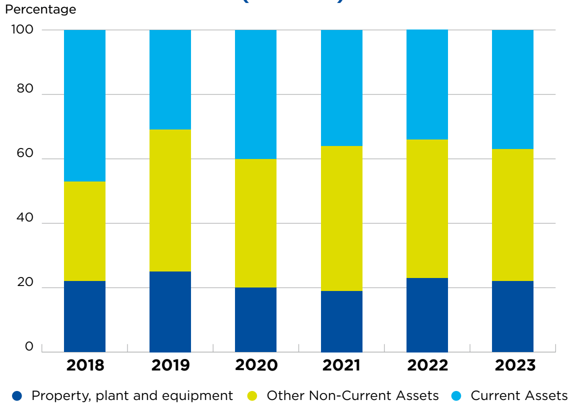
Rupees in million	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Consolidated Statement of financial position												
Property, plant and equipment	2,438	21.6	2,108	22.4	1,928	17.9	2,107	18.7	2,495	24.9	2,596	21.5
Right-of-use-assets	83	0.7	110	1.2	132	1.2	169	1.4	-	-	-	-
Intangible assets	155	1.4	154	1.6	153	1.4	146	1.3	144	1.4	137	1.1
Investment properties	79	0.7	83	0.9	87	0.8	51	0.5	55	0.5	49	0.4
Investment in equity accounted investees	2,948	26.1	2,332	24.6	3,429	31.8	3,087	27.3	3,267	32.7	3,088	25.6
Other long term investments	763	6.8	756	8.0	976	9.1	731	6.5	689	6.9	263	2.2
Long term deposits	27	0.2	29	0.3	24	0.2	225	2.0	236	2.4	217	1.8
Deferred taxation - net	709	6.3	676	7.1	193	1.8	291	2.6	-	-	-	-
Stores, spares and loose tools	340	3.0	171	1.8	163	1.5	169	1.5	186	1.9	212	1.8
Stock-in-trade	1,269	11.2	1,190	12.5	1,237	11.6	2,131	18.9	821	8.2	2,268	18.8
Trade debts	464	4.1	175	1.8	137	1.3	226	2.0	96	1.0	82	0.7
Advances	173	1.5	68	0.7	42	0.4	54	0.5	34	0.3	30	0.2
Trade deposits and short term prepayments	17	0.2	28	0.3	293	2.7	66	0.6	50	0.5	72	0.6
Short term investments	834	7.4	780	8.2	522	4.8	340	3.0	405	4.0	1,055	8.7
Other receivables	295	2.6	112	1.2	345	3.2	207	1.8	233	2.4	631	5.3
Taxation - net	673	6.0	690	7.3	1,114	10.3	1,272	11.3	1,260	12.6	1,165	9.7
Cash and bank balances	36	0.3	7	0.1	4	-	24	0.2	30	0.3	194	1.6
Total assets	**11,303**	**100**	9,469	100	10,779	100	11,296	100	10,001	100	12,059	100
	-	0	-									
Issued, subscribed and paid-up capital	776	6.9	776	8.2	776	7.2	776	6.9	776	7.8	776	6.4
Capital reserves	1,051	9.3	1,051	11.1	1,050	9.7	1,092	9.7	1,083	10.8	1,159	9.6
Revenue reserves	5,599	49.5	5,197	55.0	6,142	57.0	5,140	45.5	5,097	51.0	5,678	47.1
Shareholders' equity	**7,426**	**65.7**	7,024	74.3	7,968	73.9	7,008	62.1	6,956	69.6	7,613	63.1
Long term loans	425	3.8	50	0.5	128	1.2	190	1.7	177	1.8	227	1.9
Lease liabilities	62	0.5	67	0.7	75	0.7	65	0.6	103	1.0	127	1.1
Deferred income	4	-	1	-	4	-	7	0.1	7	0.1	8	0.1
Deferred taxation	-	-	-	-	-	-	-	-	42	0.4	129	1.1
Deferred liability - staff retirement benefits	280	2.5	74	0.8	-	-	24	0.1	101	1.0	-	-
Trade and other payables	1,436	12.7	1,184	12.4	803	7.4	1,115	9.9	739	7.4	1,805	14.9
Unclaimed dividend	16	0.1	26	0.3	26	0.2	26	0.2	27	0.3	22	0.2
Mark-up accrued	79	0.7	39	0.4	29	0.3	55	0.5	44	0.4	24	0.2
Short term borrowings	1,290	11.4	861	9.1	1,542	14.4	2,704	23.9	1,638	16.4	1,956	16.2
Current portion of long term loans	270	2.4	113	1.2	159	1.5	49	0.4	110	1.1	97	0.8
Current portion of lease liabilities	14	0.1	22	0.2	36	0.3	47	0.4	51	0.5	46	0.4
Current portion of deferred income	1	-	8	0.1	9	0.1	6	0.1	6	0.1	5	-
Total equity and liabilities	**11,303**	**100**	9,469	100	10,779	100	11,296	100	10,001	100	12,059	100
Consolidated statement of profit or loss Account												
Sales - net	4,516	100.0	7,090	100	7,259	100	3,822	100.0	6,854	100	9,930	100
Cost of sales	3,740	82.8	7,155	100.9	6,763	93.2	3,771	98.7	6,978	101.8	9,390	94.6
Gross profit / (loss)	**776**	**17.2**	(65)	(0.9)	496	6.8	51	1.3	(124)	(1.8)	540	5.4
Income / (loss) from investments - net	67	1.5	(206)	(2.9)	356	4.9	62	1.6	(68)	(1.0)	(41)	(0.4)
Distribution and selling expenses	67	1.5	16	0.2	15	0.2	13	0.3	16	0.2	19	0.2
Administrative expenses	391	8.7	332	4.7	251	3.5	250	6.5	212	3.1	199	2.0
Other operating expenses	17	0.4	64	0.9	27	0.4	26	0.7	71	1.0	107	1.1
Other income	79	1.7	61	0.9	196	2.7	35	0.9	48	0.7	153	1.5
Operating profit / (loss) before finance costs	**447**	**9.8**	(622)	(8.7)	755	10.3	(141)	(3.7)	(443)	(6.4)	327	3.2
Finance costs	365	8.1	252	3.6	213	2.9	315	8.2	318	4.6	264	2.7
Share of profit in equity accounted investees - net of taxation	616	13.6	86	1.2	383	5.3	173	4.5	397	5.8	85	0.9
Profit / (loss) before taxation	**698**	**15.3**	(788)	(11.1)	925	12.7	(283)	(7.4)	(364)	(5.2)	148	1.4
Taxation	(108)	(2.4)	140	2.0	(134)	(1.8)	263	6.9	(55)	(0.8)	(209)	(2.1)
Profit / (loss) for the year	**590**	**12.9**	(648)	(9.1)	791	10.9	(20)	(0.5)	(419)	(6.0)	(61)	(0.7)

HORIZONTAL ANALYSIS

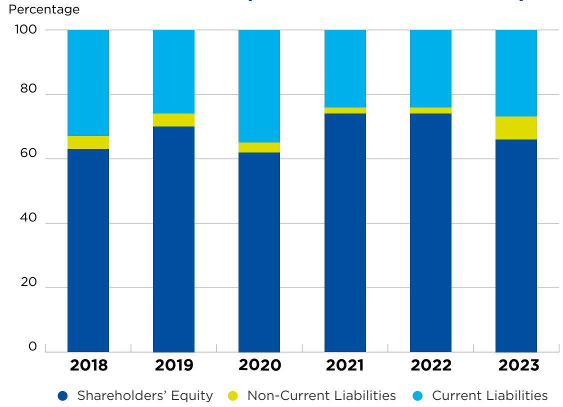
of Consolidated Statement of Financial Position and Profit or Loss For The Last Six Financial Years

Rupees in million	2023	%	2022	%	2021	%	2020	%	2019	%	2018	%
Consolidated Statement of financial position												
Property, plant and equipment	2,438	15.7	2,108	9.3	1,928	(8.5)	2,107	(15.6)	2,495	(3.9)	2,596	1.2
Right-of-use-assets	83	(24.5)	110	(16.7)	132	(21.9)	169	100.0	-	-	-	-
Intangible assets	155	0.6	154	0.7	153	4.8	146	1.4	144	5.1	137	6.2
Investment properties	79	(4.8)	83	(4.6)	87	70.6	51	(7.3)	55	12.2	49	(9.3)
Investment in equity accounted investees	2,948	26.4	2,332	(32.0)	3,429	11.1	3,087	(5.5)	3,267	5.8	3,088	(6.2)
Other long term investments	763	0.9	756	(22.5)	976	33.5	731	6.1	689	162.0	263	19.0
Long term deposits	27	(6.9)	29	20.8	24	(89.3)	225	(4.7)	236	8.8	217	11.9
Deferred taxation - net	709	4.9	676	250.3	193	(33.7)	291	100.0	-	-	-	-
Stores, spares and loose tools	340	98.8	171	4.9	163	(3.6)	169	(9.1)	186	(12.3)	212	11.0
Stock-in-trade	1,269	6.6	1,190	(3.8)	1,237	(42.0)	2,131	159.6	821	(63.8)	2,268	(33.0)
Trade debts	464	165.1	175	27.7	137	(39.4)	226	135.4	96	17.1	82	(90.8)
Advances	173	154.4	68	61.9	42	(22.2)	54	58.8	34	13.3	30	42.9
Trade deposits and short term prepayments	17	(39.3)	28	(90.4)	293	343.9	66	32.0	50	(30.6)	72	26.3
Short term investments	834	6.9	780	49.4	522	53.5	340	(16.0)	405	(61.6)	1,055	(12.2)
Other receivables	295	163.4	112	(67.5)	345	66.7	207	(11.2)	233	(63.1)	631	(64.4)
Taxation - net	673	(2.5)	690	(38.1)	1,114	(12.4)	1,272	1.0	1,260	8.2	1,165	55.5
Cash and bank balances	36	414.3	7	75.0	4	(83.3)	24	(20.0)	30	(84.5)	194	125.6
Total assets	**11,303**	**19.4**	9,469	(12.2)	10,779	(4.6)	11,296	12.9	10,001	(17.1)	12,059	(18.6)
Issued, subscribed and paid-up capital	776	-	776	-	776	-	776	-	776	-	776	-
Capital reserves	1,051	-	1,051	0.1	1,050	(3.8)	1,092	0.8	1,083	(6.6)	1,159	(6.8)
Revenue reserves	5,599	7.7	5,197	(15.4)	6,142	19.5	5,140	0.8	5,097	(10.2)	5,678	(13.7)
Shareholders' equity	7,426	5.7	7,024	(11.8)	7,968	13.7	7,008	0.7	6,956	(8.6)	7,613	(11.5)
Long term loans	425	750.0	50	(60.9)	128	(32.6)	190	7.3	177	(22.0)	227	(29.5)
Lease liabilities	62	(7.5)	67	(10.7)	75	15.4	65	(36.9)	103	(18.9)	127	98.4
Deferred income	4	300.0	1	(75.0)	4	(42.9)	7	-	7	(12.5)	8	14.3
Deferred taxation - net	-	-	-	-	-	-	-	(100.0)	42	(67.4)	129	(68.5)
Deferred liability - staff retirement benefits	280	278.4	74	100.0	-	(100.0)	24	(76.2)	101	100.0	-	-
Trade and other payables	1,436	21.3	1,184	47.4	803	(28.0)	1,115	50.9	739	(59.1)	1,805	(15.9)
Unpaid dividend	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Unclaimed dividend	16	(38.5)	26	-	26	-	26	(3.7)	27	22.7	22	-
Mark-up accrued	79	102.6	39	34.5	29	(47.3)	55	25.0	44	83.3	24	(25.0)
Short term borrowings	1,290	49.8	861	(44.2)	1,542	(43.0)	2,704	65.1	1,638	(16.3)	1,956	(32.6)
Current portion of long term loans	270	138.9	113	(28.9)	159	224.5	49	(55.5)	110	13.4	97	(31.2)
Current portion of lease liabilities	14	(36.4)	22	(38.9)	36	(23.4)	47	(7.8)	51	10.9	46	9.5
Current portion of deferred income	1	(87.5)	8	(11.1)	9	50.0	6	-	6	20.0	5	25.0
Total equity and liabilities	**11,303**	**19.4**	9,469	(12.2)	10,779	(4.6)	11,296	12.9	10,001	(17.1)	12,059	(18.6)
Consolidated statement of profit or loss Account												
Sales - net	4,516	(36.3)	7,090	(2.3)	7,259	89.9	3,822	(44.2)	6,854	(31.0)	9,930	(19.2)
Cost of sales	3,740	(47.7)	7,155	5.8	6,763	79.3	3,771	(46.0)	6,978	(25.7)	9,390	(11.4)
Gross profit / (loss)	**776**	**1,293.8**	(65)	(113.1)	496	872.5	51	141.1	(124)	(123.0)	540	(68.0)
Income / (loss) from investments - net	67	132.5	(206)	(157.9)	356	474.2	62	191.2	(68)	(65.9)	(41)	(120.0)
Distribution and selling expenses	67	318.8	16	6.7	15	15.4	13	(18.8)	16	(15.8)	19	(40.6)
Administrative expenses	391	17.8	332	32.3	251	0.4	250	17.9	212	6.5	199	(35.2)
Other operating expenses	17	(73.4)	64	137.0	27	3.8	26	(63.4)	71	(33.6)	107	(75.1)
Other income	79	29.5	61	(68.9)	196	460.0	35	(27.1)	48	(68.6)	153	47.1
Operating profit / (loss) before finance costs	**447**	**171.9**	(622)	(182.4)	755	635.5	(141)	68.2	(443)	(235.5)	327	(73.4)
Finance costs	365	44.8	252	18.3	213	(32.4)	315	(0.9)	318	20.5	264	28.8
Share of profit in equity accounted investees - net of taxation	616	616.3	86	(77.5)	383	121.4	173	(56.4)	397	367.1	85	(85.1)
Profit / (loss) before taxation	**698**	**188.6**	(788)	(185.2)	925	426.9	(283)	22.3	(364)	(345.9)	148	(90.7)
Taxation	(108)	(177.1)	140	204.5	(134)	(151.0)	263	578.2	(55)	73.7	(209)	48.4
Profit / (loss) for the year	**590**	**191.0**	(648)	(181.9)	791	4,055.0	(20)	95.2	(419)	(586.9)	(61)	(105.0)

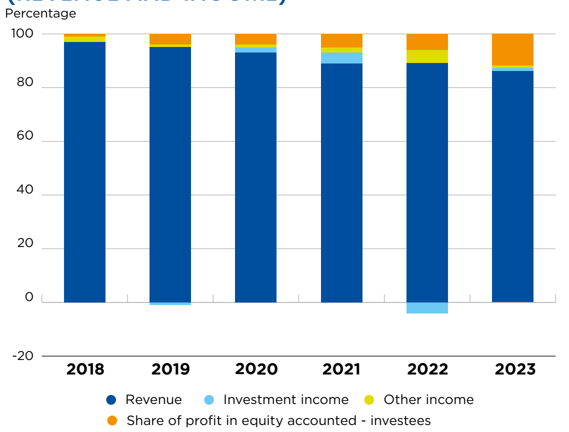
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (ASSETS)



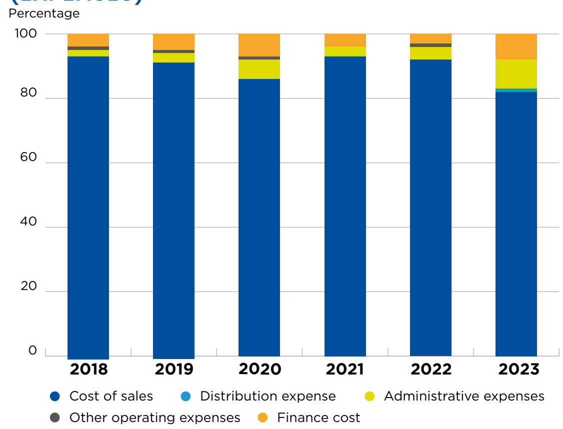
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (EQUITY AND LIABILITIES)



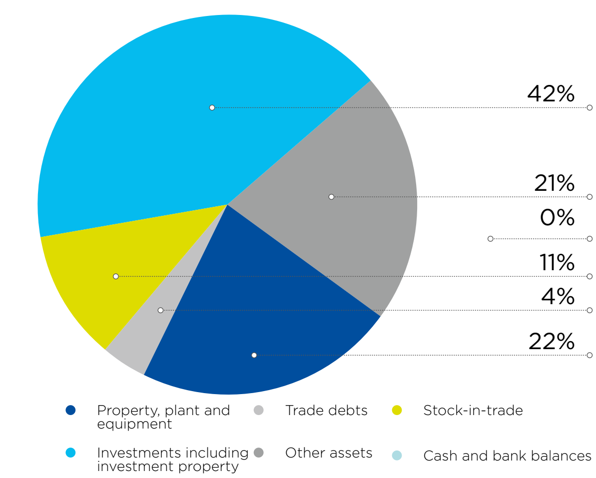
CONSOLIDATED PROFIT OR LOSS ANALYSIS (REVENUE AND INCOME)



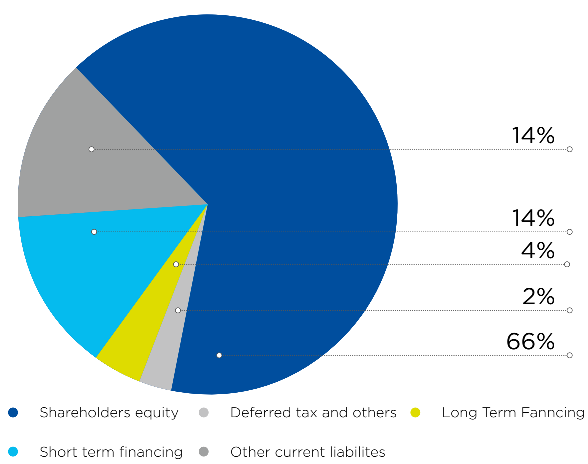
CONSOLIDATED PROFIT OR LOSS ANALYSIS (EXPENSES)



TOTAL ASSETS AS OF 30 JUNE 2023



TOTAL EQUITY AND LIABILITIES AS OF 30 JUNE 2023



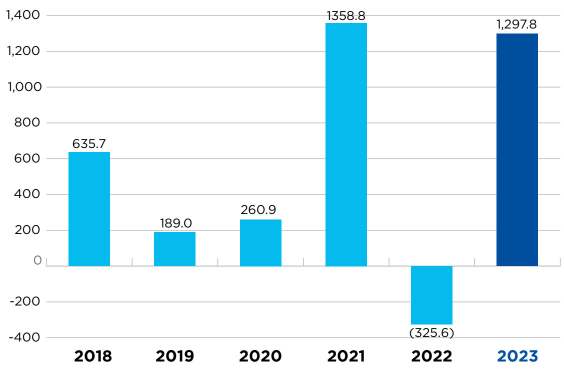
KEY OPERATING AND FINANCIAL DATA

For The Current And Past Six Financial Years

Rupees in millions	2023	2022	2021	2020	2019	2018	2017
A - Summary of Consolidated statement of profit or loss Account							
Sales - net	4,515.6	7,089.9	7,259.3	3,822.0	6,853.6	9,929.8	12,285.5
Cost of sales	3,739.8	7,155.3	6,762.5	3,771.1	6,977.7	9,390.1	10,598.0
Gross profit / (loss)	**775.8**	(65.4)	496.8	50.9	(124.1)	539.7	1,687.5
Income / (loss) from investments - net	66.9	(206.4)	356.4	62.1	(68.0)	(41.1)	204.8
Distribution, selling and administrative expenses	458.2	347.6	266.4	263.3	228.2	218.2	339.5
Other operating expenses	16.8	63.5	27.3	25.9	71.2	107.3	429.3
Other income	79.4	61.5	196.3	35.4	48.0	153.3	103.7
Operating profit / (loss) before finance costs	**447.1**	(621.4)	755.8	(140.8)	(443.5)	326.4	1,227.2
Finance costs	364.8	251.7	213.4	315.1	317.8	264.0	204.6
Share of profit in equity accounted investees - net of taxation	616.3	85.7	383.3	173.5	396.8	85.0	569.3
Profit / (loss) before taxation	**698.6**	(787.4)	925.7	(282.4)	(364.5)	147.4	1,591.9
Taxation	(108.1)	140.1	(134.3)	262.6	(54.7)	(208.9)	(404.9)
Profit / (loss) for the year	**590.5**	(647.3)	791.4	(19.8)	(419.2)	(61.5)	1,187.0
B - Summary of Consolidated Statement of Financial Position							
Current assets	4,101.0	3,221.2	3,857.2	4,489.1	3,115.0	5,708.2	8,354.7
Stock-in-trade	1,269.0	1,190.1	1,236.5	2,130.7	821.4	2,268.1	3,384.8
Trade debts	464.0	175.2	137.1	225.8	96.4	82.3	890.8
Current liabilities	3,105.7	2,253.0	2,603.8	4,001.8	2,615.6	3,954.4	5,405.1
Trade and other payables	1,436.0	1,184.4	802.9	1,115.3	739.1	1,805.2	2,144.8
Unpaid dividend	-	-	-	-	-	-	116.4
Unclaimed dividend	16.1	25.6	25.6	26.4	26.5	21.5	21.6
Property, plant and equipment	2,520.6	2,217.2	2,059.7	2,275.3	2,495.0	2,596.0	2,565.4
Total assets	11,302.6	9,469.0	10,778.9	11,296.0	10,000.9	12,059.0	14,810.2
Total Debt	1,597.3	648.2	1,249.1	2,445.2	1,171.7	1,999.0	3,074.3
Long term financing (excluding current maturity)	487.2	117.1	202.2	255.2	280.2	354.2	386.1
Deferred income (including current maturity)	4.4	8.7	13.3	13.3	13.3	13.5	11.6
Deferred liabilities	279.8	73.6	-	23.7	142.1	128.7	410.3
"Short term financing (including current maturity of long-term financing) "	1,574.0	996.2	1,737.7	2,798.7	1,799.7	2,098.7	3,086.4
Reserves	6,649.8	6,248.2	7,192.1	6,231.9	6,179.8	6,837.4	7,825.0
Shareholders' equity	7,426.1	7,024.6	7,968.4	7,008.3	6,956.1	7,613.7	8,601.4
C - Summary of Consolidated Cash Flow Statement							
Cash and cash equivalents at the beginning of the year	(382.9)	(686.5)	(586.0)	(877.6)	(260.3)	(313.0)	(233.4)
Cash from Operations	34.4	144.6	1,232.5	(993.9)	428.2	2,421.6	808.5
Net cash (used in) / generated from operating activities	(382.8)	74.2	1,035.6	(1,399.4)	(79.9)	1,505.1	(48.8)
Net cash (used in) / generated from investing activities	(573.3)	858.9	80.6	429.9	402.8	154.6	(69.4)
Net cash generated from / (used in) financing activities	911.7	(629.5)	(1,216.7)	1,261.1	(940.2)	(1,607.0)	38.6
Net (decrease) / increase in cash and cash equivalents	(44.4)	303.6	(100.5)	291.6	(617.3)	52.7	(79.6)
Cash and cash equivalents at the end of the year	(427.3)	(382.9)	(686.5)	(586.0)	(877.6)	(260.3)	(313.0)
D - Other Data							
Cash and Bank balances	36.2	6.8	29.6	193.7	85.6	73.9	101.4
Depreciation and amortization	234.4	210.1	219.9	228.2	235.7	224.3	211.8
Capital expenditure	538.8	94.4	67.9	10.6	145.4	261.1	320.1
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Payments to National Exchequer	1,037.8	1,630.6	1,530.6	1,051.9	645.7	2,610.7	3,018.3

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

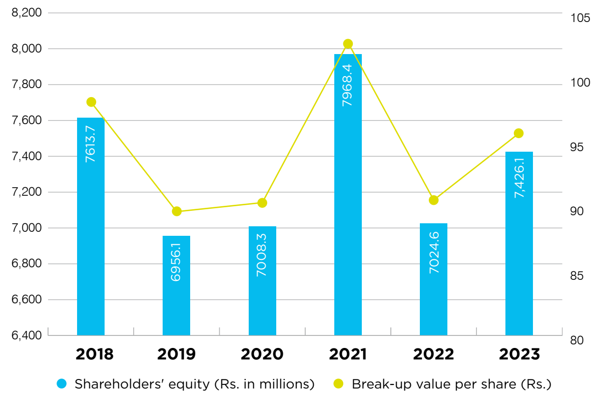
Rupees in Million



SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE

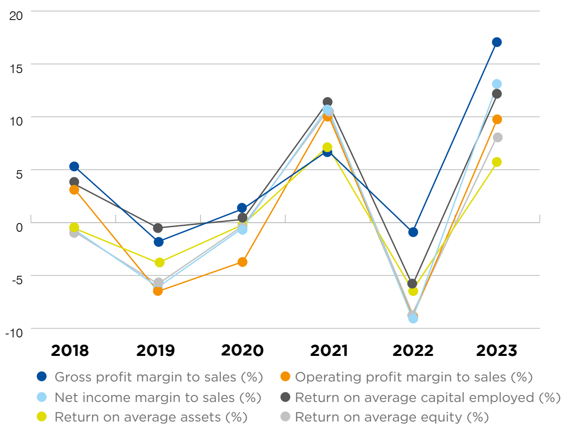
Rupees in Million

Rs. per share



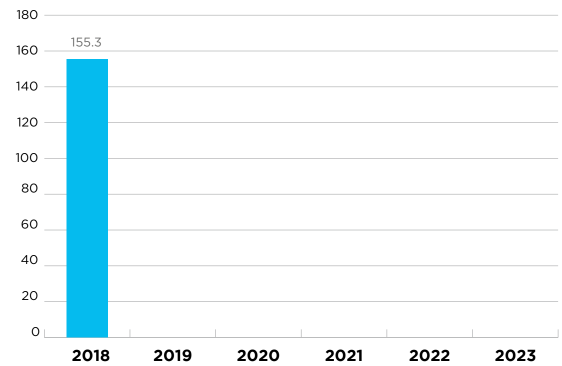
PROFITABILITY AND RETURN

Percentage



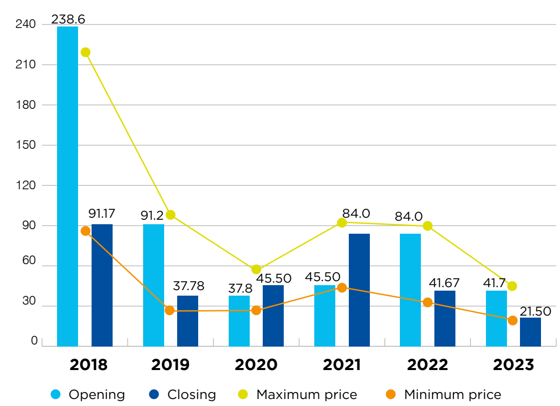
DIVIDEND (INCLUDING FINAL PROPOSED)

Rupees in Million



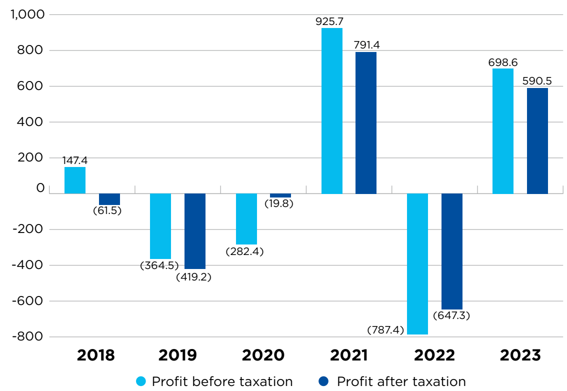
MOVEMENT IN STOCK PRICES

Price



PROFIT BEFORE AND AFTER TAXATION

Rupees in Million



OTHER PERFORMANCE INDICATORS

for the current and past financial year

	2023	2022
Production per employee		
- Steel Division (Rs. in tons per employee)	144.4	46.0
- Cotton Division (Rs. in Kgs per employee)	64,627.8	17,695.4
Plant availability (%)		
Steel division	95.0	47.7
CS Hadeed division	-	126.5
Cotton division	26.0	97.8
CS Energy division	-	106.5
Customer satisfaction index (%)	93.2	95.7

COMMENTS ON CONSOLIDATED ANALYSIS SIX YEARS

The Group comprise of CSAPL and wholly owned subsidiaries i.e. CS Capital (Private) Limited (CSCL) and Solution de Energy (Private) Limited (SdeE).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS:

The significant difference between the results of unconsolidated and consolidated financial statements mainly represents an unrecorded amount of share of profits from equity accounted investments.

The Group recorded Rs. 616 million as Share of profit, which has increased from the share of profit recorded in 2018 amounted to Rs. 85 million. In comparing 6 years result, Sales have decreased from Rs. 9,930 million in 2018 to Rs. 4,516 million in 2023, which includes sales amounting to Rs. 1,951 million (deemed revenue: Rs. 10,565.4 million) in which Hot Rolled Coil was supplied by the client. However, the Gross Profit increased by 44%, from Rs. 540 million in 2018 to Rs. 776 million in 2023. The Group reported Profit before tax (PBT) of Rs. 698 million, which is the 2nd highest profit in the preceding 6 years.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION:

With respect to statement of financial position, the investment in equity accounted investments was reduced from Rs. 3,088 million in 2018 to Rs. 2,948 million mainly due to receipt of dividend amounting to Rs. 1,183 million from associated company in 2022 and recognition of share of profit amounting to Rs. 616 million in 2023.

Furthermore, Current assets have decreased from Rs. 5,708.2 million in 2018 to Rs. 4,101.0 million in 2023, mainly due to significant decrease in stock-in trade and Taxation. Total assets of the group decreased from Rs. 12,059 million in 2018 to Rs. 11,303 million in 2023.

The decrease in total assets was compensated by decrease in trade and other payables and short-term borrowings from Rs. 3,761 million in 2018 to Rs. 2,726 million in 2023.

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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 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Deferred tax asset**	
	(Refer notes 4, 6.17 and 22 to the annexed consolidated financial statements) As at 30 June 2023, included in the balance of deferred tax asset (net) are amounts of Rs. 577.306 million and Rs. 331.600 million representing deferred tax asset recognised on account of tax losses and excess of minimum tax over normal tax respectively.	Our audit procedures, amongst others, included the following: • Obtained an understanding of the management's process of preparation of forecast of tax profitability, tax liability and deferred tax calculation;

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

KARACHI LAHORE ISLAMABAD

S. No.	Key audit matters	How the matter was addressed in our audit
	Recognition of deferred tax asset on account of tax losses and minimum tax over normal tax requires management to estimate the Holding Company's future taxable income and tax liability. This process relies on the assessment of the Holding Company's profitability forecast, which in turn is based on certain assumptions. As preparing of profitability forecast and assessment of the realisability of recognised deferred tax asset requires significant management judgments, we considered this to be a key audit matter.	• Discussed with the management, the significant assumptions used in preparing the tax profitability forecast and assessed its reasonableness; • Checked the appropriateness of tax rates applied in view of the local tax legislation; • Checked mathematical accuracy of the calculations; and • Assessed whether the related disclosures made in the annexed consolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.
(ii)	**Valuation of the Group's investment in share of two companies**	
	(Refer note 4, 6.5 and 20.2 to the annexed consolidated financial statements) The 'other long term investments' include Group's investments in shares of Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs 455.685 million and Rs 204.216 million respectively as at 30 June 2023. Fair values of these investments are not measured in an active market and are determined through the application of valuation techniques under accounting and reporting standards and use of unobservable inputs required for valuation that involve the exercise of judgment over assumptions and estimates used by the management expert. Due to the level of judgments involved in determining fair values of these unquoted investments, we considered this to be a key audit matter.	Our audit procedures, amongst others, included the following: • Obtained understanding of the management's process of valuation; • Reviewed report of management's expert which included the methods of valuation and details about the inputs to the valuation models; • Involved our internal valuation specialists to review the valuation methodologies and assumptions used by management's expert; • Discussed the rationale of the inputs to the valuation models and assessed its reasonableness; • Checked mathematical accuracy of the calculations; and • Assessed whether the related disclosures made in the annexed consolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

UDIN: AR202310160tOdziwbMK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

Rupees in '000	Note	2023	2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	7	776,325	776,325
Capital reserves	8	1,050,821	1,050,980
Revenue reserves	8	5,598,995	5,197,264
		7,426,141	7,024,569
LIABILITIES			
Non-current liabilities			
Long term loans	9	424,748	50,382
Lease liabilities	10	62,424	66,759
Deferred income	11	3,837	686
Deferred liability - staff retirement benefits	46	279,790	73,562
		770,799	191,389
Current liabilities			
Trade and other payables	12	1,436,025	1,184,353
Unclaimed dividend		16,081	25,614
Mark-up accrued	13	79,061	38,824
Short term borrowings	14	1,289,519	861,162
Current portion of long term loans	9	270,228	112,785
Current portion of lease liabilities	10	14,249	22,222
Current portion of deferred income	11	538	8,042
		3,105,701	2,253,002
		3,876,500	2,444,391
Contingencies and commitments	15		
Total equity and liabilities		11,302,641	9,468,960

Rupees in '000	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,437,713	2,107,634
Right-of-use-assets	16	82,852	109,556
Intangible assets	17	155,322	154,101
Investment properties	18	79,038	82,789
Investment in equity accounted investees	19	2,948,286	2,332,187
Other long term investments	20	762,807	756,132
Long term deposits	21	27,143	29,100
Deferred taxation - net	22	708,451	676,230
		7,201,612	6,247,729
Current assets			
Stores, spares and loose tools	23	339,707	170,746
Stock-in-trade	24	1,268,967	1,190,096
Trade debts	25	464,043	175,214
Advances	26	173,372	68,409
Trade deposits and short term prepayments	27	16,689	28,280
Short term investments	28	834,227	779,945
Other receivables	29	294,952	111,934
Taxation - net	30	672,824	689,800
Cash and bank balances	31	36,248	6,807
		4,101,029	3,221,231
Total assets		11,302,641	9,468,960

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

Rupees in '000	Note	2023	2022
Sales	32	5,282,780	8,300,430
Less: Sales tax		767,182	1,210,522
		4,515,598	7,089,908
Cost of sales	33	3,739,705	7,155,205
Gross profit / (loss)		775,893	(65,297)
Income / (loss) from investments - net	34	66,933	(206,436)
		842,826	(271,733)
Distribution and selling expenses	35	66,951	15,553
Administrative expenses	36	391,266	332,038
Other operating expenses	37	16,830	63,502
		475,047	411,093
		367,779	(682,826)
Other income	38	79,400	61,451
Operating profit / (loss) before finance costs		447,179	(621,375)
Finance costs	39	364,779	251,742
Share of profit in equity accounted investees - net of taxation	40	616,258	85,739
Profit / (loss) before taxation		698,658	(787,378)
Taxation	41	(108,081)	140,089
Profit / (loss) for the year		590,577	(647,289)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Proportionate share of other comprehensive loss			
of equity accounted investees		(159)	816
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair			
value through other comprehensive income (FVOCI) - net of tax		(35,314)	(63,330)
Loss on remeasurement of staff retirement benefit plans - net of tax		(153,532)	(234,048)
Other comprehensive loss for the year		(189,005)	(296,562)
Total comprehensive income / (loss) for the year		401,572	(943,851)
		(Rupees)	
Basic and diluted earnings / (loss) per share	42	7.61	(8.34)

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

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

Rupees in '000	Note	**2023**	2022
Cash flows from operating activities			
Cash generated from operations	43	34,413	144,556
Tax (paid) / refund received		(59,905)	185,021
Finance costs paid		(309,603)	(221,397)
Contribution to gratuity and pension funds	46.1.3	(30,678)	(26,033)
Contribution to Workers' Profit Participation Fund		–	(11,003)
Long term deposits - net		(16,957)	3,082
Net cash (used in) / generated from operating activities		(382,730)	74,226
Cash flows from investing activities			
Capital expenditure		(535,488)	(91,637)
Acquisition of intangible assets		(3,374)	(2,825)
Proceeds from disposal of operating fixed assets		58,999	15,026
Investments - net		(213,738)	(317,438)
Dividend income received		96,951	1,252,132
Interest income received		23,354	3,623
Net cash (used in) / generated from investing activities		(573,296)	858,881
Cash flows from financing activities			
Proceeds from / (repayment of) long term loans - net		536,050	(129,460)
Payments against finance lease obligations - net		(44,407)	(44,895)
Proceeds from / (repayment of) short term loans obtained - net		429,549	(455,125)
Dividends paid		(9,533)	(14)
Net cash generated from / (used in) financing activities	43.2	911,659	(629,494)
Net (decrease) / increase in cash and cash equivalents		(44,367)	303,613
Cash and cash equivalents at beginning of the year		(383,039)	(686,652)
Cash and cash equivalents at end of the year	44	(427,406)	(383,039)

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

Chief Executive | Director | Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves		Total capital reserves	Revenue reserves			Total revenue reserves	Total
		Share premium	Others*		Fair value reserve	General reserve	Unappropriated (loss) / profit		
Balance as at 30 June 2021	776,325	1,020,908	29,256	1,050,164	72,063	3,642,000	2,427,868	6,141,931	7,968,420
Total comprehensive loss for the year ended 30 June 2022									
Loss for the year	–	–	–	–	–	–	(647,289)	(647,289)	(647,289)
Other comprehensive income / (loss) for the year	–	–	816	816	(63,330)	-	(234,048)	(297,378)	(296,562)
Total comprehensive loss for the year	–	–	816	816	(63,330)	–	(881,337)	(944,667)	(943,851)
Balance as at 30 June 2022	776,325	1,020,908	30,072	1,050,980	8,733	3,642,000	1,546,531	5,197,264	7,024,569
Total comprehensive income for the year ended 30 June 2023									
Profit for the year	–	–	–	–	–	–	590,577	590,577	590,577
Other comprehensive loss for the year	–	–	(159)	(159)	(35,314)	–	(153,532)	(188,846)	(189,005)
Total comprehensive income for the year	–	–	(159)	(159)	(35,314)	–	437,045	401,731	401,572
Balance as at 30 June 2023	776,325	1,020,908	29,913	1,050,821	(26,581)	3,642,000	1,983,576	5,598,995	7,426,141

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

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

Chief Executive | Director | Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

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

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

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

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

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

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

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

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

1.2 CS Capital (Private) Limited

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

1.3 Solution de Energy (Private) Limited

Solution de Energy (Private) Limited was incorporated as a private limited company in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as result of a Joint Venture (JV) agreement ('the agreement') executed on 8 October 2013 between Management de Consortium Capital (MdeCC), a partnership concern and the Holding Company. During the year ended 30 June 2019, the Agreement was dissolved and the Holding Company and MdeCC entered into a management contract, whereby MdeCC is responsible for managing the project.

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

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

1.4 Crescent Continental Gas Pipelines Limited

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

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The Holding Company's net sales aggregated to Rs. 4,515.598 million (2022: Rs. 7,089.908 million), out of which 75.20% was generated from Steel division, 22.37% percent from Cotton division and rest 2.43% percent i.e. Rs. 109.62 million were from other divisions.

Steel division net sales for 2023 amounted to Rs. 3,395.752 million (2022: Rs. 1,391.681 million), which includes sale of bare pipe orders to CHEC with respect to K-IV project.

Cotton division net sales for 2023 amounted to Rs. 1,010.226 million (2022: Rs. 2,695.372 million). Cotton division plant was shut down from March 31, 2023 till date.

During the year, KSE-100 index benchmark decreased by 0.21 percent closing at 41,452.68 points. The Group generated Income from Investment amounting to Rs. 66.933 million which includes dividend income amounting to Rs. 96.951 million and unrealized loss amounting to Rs. 44.801 million.

3. BASIS OF PREPARATION

3.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the unconsolidated financial statements of the Holding Company, CS Capital (Private) Limited and Solution de Energy (Private) Limited for the year ended 30 June 2023. Crescent Continental Gas Pipelines Limited is not carrying on any business operations and accordingly no financial statements are being prepared. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 19 to these consolidated financial statements.

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

3.2 Statement of compliance

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

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

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

3.3 Basis of measurement

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

3.4 Functional and presentation currency

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

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

- Property, plant and equipment (refer note 6.2)
- Intangible assets (refer note 6.3)
- Investment property (refer note 6.4)
- Investments (refer notes 6.5.2 and 6.6)
- Stores, spares and loose tools and stock-in-trade (refer notes 6.8 and 6.9)
- Employees benefits (refer note 6.12)
- Leases (refer note 6.14)
- Taxation (refer note 6.17)
- Provisions (refer note 6.21)
- Impairment (refer notes 6.2, 6.3, 6.4, 6.5.2 and 6.22)
- Contingencies (refer note 6.27)

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

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

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

5.2 Standards and amendments to published accounting and reporting standards that are not yet effective and have not been early adopted by the Group:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after 1 July 2023. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Basis of consolidation

Subsidiaries

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

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

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

Investments in associates

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

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

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

6.2 Property, plant and equipment

Owned assets

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

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

Subsequent expenditure

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

Depreciation

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

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

Disposal

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

Right-of-use assets

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

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

Capital work in progress

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

Impairment

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

6.3 Intangible assets

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

Subsequent expenditure

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

Amortization

Amortization is charged to consolidated statement of profit or loss on a straight line basis, at the rates specified in note 17.1 to these consolidated financial statements over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

Research and development expenditures

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

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

Impairment

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

6.4 Investment properties

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

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

Depreciation

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

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

Impairment

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

Disposal

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

6.5 Financial instruments

6.5.1 Initial recognition and measurement

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

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

6.5.2 Financial assets

Classification

On initial recognition, a financial asset is classified as:

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

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

Amortized cost

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

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

FVOCI - Debt investment

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

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

FVOCI - Equity investment

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

FVTPL

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

Subsequent measurement and derecognition

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

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

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

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

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

Impairment of financial assets

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

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

Derivative financial instruments

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

6.5.3 Financial liabilities

Classification and subsequent measurement

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

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

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

Derecognition

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

Offsetting

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

6.6 Investment in commodities

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

6.7 Non-current assets held for sale

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

6.8 Stores, spares and loose tools

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

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

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

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

6.9 Stock-in-trade

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

6.10 Trade debts and other receivables

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

6.11 Cash and cash equivalents

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

6.12 Employee benefits

6.12.1 Compensated absences

The Holding Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences. No actuarial valuation of the compensated absences is carried out as management considers it's financial impact would be immaterial.

6.12.2 Post retirement benefits

6.12.2.1 Defined contribution plan - Provident fund

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

Cotton segment

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

All employees except Cotton segment

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

6.12.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

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

6.12.3 Staff benevolent fund

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

6.13 Mark-up bearing borrowings

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

6.14 Leases

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

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

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

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

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

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

6.15 Asset held under Ijarah financing

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

6.16 Government grants

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

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

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

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

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

6.17 Taxation

Group taxation

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

Current

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

Deferred

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

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

6.18 Revenue recognition

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

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

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

6.19 Investment and other income

Interest income is recognized using the effective interest method.

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

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

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

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

6.20 Borrowing costs

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

6.21 Provisions

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

6.22 Impairment

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

6.23 Foreign currency translation

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

6.24 Segment reporting

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

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

6.25 Proposed dividend and transfer between reserves

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

6.26 Earnings per share

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

6.27 Contingencies

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

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		**2023**	2022
Number of shares			Rupees in '000	
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567	377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758	398,758
77,632,491	77,632,491		776,325	776,325

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

	2023		2022	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.50%	1,938,354	2.48%	1,921,832
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,038,578	5.20%	4,038,578
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	0.16%	124,200
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAPL - Staff Benevolent Fund	0.05%	36,178	0.05%	36,178
Premier Insurance Limited	0.18%	141,500	0.18%	141,500
The Crescent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Suraj Cotton Mills Limited	1.57%	1,222,000	1.57%	1,222,000
Shakarganj Limited	0.23%	180,000	0.23%	180,000

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

8. RESERVE

8.1 Capital Reserve

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

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

8.2 Revenue Reserves

Fair value reserve

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

General reserve

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

Rupees in '000	Note	**2023**	2022
9. LONG TERM LOANS			
Secured - Under shariah arrangement			
Long Term Sukuk Certificates	9.1	666,667	–
Less: Transaction Cost	9.1.1	(4,241)	–
		662,426	–
Secured - Under non-shariah arrangement			
Allied Bank Limited	9.2	–	72,350
Habib Metropolitan Bank Limited	9.3 & 9.5	–	55,945
JS Bank Limited	9.4 & 9.5	32,550	34,872
		694,976	163,167
Less: Current portion shown under current liabilities		270,228	112,785
		424,748	50,382

9.1 During the year, the Holding company issued 8,000 unlisted, privately placed & secured Sukuk certificates (SUKUK-Al-Istisna) on 11 October 2022, having face value of Rs. 100,000 each, amounting to Rs. 800 million. Aggregate amount of Rs. 800 million in connection with issuance of Sukuk-al-istisna were received on 11 October 2022. The Sukuk certificates carries profit at the rate of 6-months KIBOR + 2% per annum with semi-annual rental payments having tenure of three years from the issue date on arrear basis. Principal repayment installment will commence from April 2023.

9.1.1 This represents the cost incurred with respect to issuance of SUKUK certificates, amortized using effective interest rate.

9.2 During the year ended 30 June 2018, the Holding Company entered into loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which amount aggregating of Rs. 217.050 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year; however, due to COVID-19 the bank has allowed one year more grace period, repayable in 12 equal quarterly installments starting after twenty four months from date of disbursement. During the year, the Holding Company has made repayment of Rs. 72.350 million (2022: Rs. 72.350 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2023, mark-up on such arrangements was ranged between 15.28% to 19.38% (2022: 8.88% to 15.16%). The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

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

The effective interest on such arrangement was 8.68% to 10.16% (30 June 2022: 8.68% to 10.16%) per annum.

9.4 During the year ended 30 June 2021, the Holding company entered into a loan arrangement with JS Bank Limited in which five tranches; two tranches in March 2021 and one tranche in April 2021, one in July 2021 and one in December 2021. The term of the loan is 10 years from the date of disbursement with a grace period of 3 months, repayable in monthly installments starting from June 2021. Mark-up is payable at the rate of 1 month KIBOR plus 1% per annum till approval of refinance from the SBP and after approval form the SBP, mark-up is payable at the concessional rate of 6% per annum.

The effective interest on such arrangement was 8.49% (30 June 2022: 8.49%) per annum.

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

10. LEASE LIABILITIES

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
Rupees in '000	**2023**	2022	**2023**	2022	**2023**	2022
Not later than one year	24,328	26,189	10,079	3,967	14,249	22,222
Later than one year and not later than five years	71,809	73,517	9,385	6,758	62,424	66,759
	96,137	99,706	19,464	10,725	76,673	88,981
Less: Current portion shown under current liabilities					14,249	22,222
					62,424	66,759

10.1 The Holding Company has entered into lease arrangements with leasing companies for lease of plant and machinery, and motor vehicles. The lease term of these arrangments is from three to five years (2022: three to five years) and the liability is payable by the month ranging from six to sixty months (2022: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 11.51% to 25.61% (2022: 11.51% to 18.87%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 57.512 million (2022: Rs. 71.715 million) which pertains to obligations arising from sale and leaseback of assets.

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

Rupees in '000	Note	**2023**	2022
11. DEFERRED INCOME			
Opening balance		8,728	13,273
Addition during the year:			
- related to government grant (concessional rate loan)		–	4,436
Income recognized during the year	38	(4,353)	(8,981)
		4,375	8,728
Less: Current portion shown under current liabilities		(538)	(8,042)
Closing balance		3,837	686

Rupees in '000	Note	2023	2022
12. TRADE AND OTHER PAYABLES			
Trade creditors		72,355	116,917
Bills payable		38	288,726
Commission payable		522	1,922
Accrued liabilities	12.1	611,814	405,949
Advances from customers		348,951	23,705
Infrastructure fee, sales tax and damages	12.2	287,643	272,530
Due to related parties	12.3	19,534	9,739
Payable to provident fund		127	2,313
Payable to staff retirement benefit funds		2,823	2,296
Retention money		2,980	111
Withholding tax payable		6,897	1,738
Workers' Profit Participation Fund	12.4	18,529	2,395
Workers' Welfare Fund		7,640	6,944
Others		56,172	49,068
		1,436,025	1,184,353
12.1 Accrued liabilities			
Salaries, wages and other benefits		23,536	34,602
Accrual for 10-C bonus		4,943	4,179
Compensated absences		20,811	16,882
Liquidated damages	12.1.1	223,955	183,198
Others	12.1.2	338,569	167,088
		611,814	405,949

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

12.1.2 This includes liability against Gas Infrastructure Development Cess of Rs. 29.451 million (2022: Rs. 29.451 million).

12.1.3 The contract liabilities amounting to Rs. 15.445 million at the beginning of the year was recognized as revenue in the ordinary course of business.

12.2 Movement in infrastructure fee, sales tax and damages

Rupees in '000	Infrastructure fee (Note 12.3.1)	Sales Tax (Note 12.3.2)	Liquidated damages (Note 12.3.3)	Total
Opening balance as at 01 July 2022	223,867	3,242	45,421	272,530
Charge for the year	15,113	–	–	15,113
Closing balance as at 30 June 2023	238,980	3,242	45,421	287,643

12.2.1 This provision has been recognized against the continuing charge of infrastructure fee/cess on the value of goods imported at a rate of up to one-point-two-five percent (1.25%), levied by the Government of Sindh through Sindh Finance Act, 1994, and its subsequent versions including the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act). The Act validates the fees/cess levied through the earlier versions of the law and continues the levy. The imposition of an Infrastructure Cess by the Government of Sindh was challenged by the Holding company in the Sindh High Court (SHC).

The petitions pending against all the versions of the law have been decided by the consolidated judgment dated 4 June 2021 whereby the Court has declared that the first four versions of the law up to the Sindh Finance (Second Amendment) Ordinance, 2001, and their applicability on the petitioners who litigated and were appellants in the earlier round has attained finality and is a past and closed transaction. The SHC judgement validated the recovery of cess/fee effective from 28 December 2006, through the subsequent versions of the law. The Honourable Division Bench of the SHC suspended its judgment till 3 September 2021 and interim arrangement of payment of fifty percent (50%) of the amount of cess and furnishing of bank guarantees for remaining 50% would continue, after which guarantees provided would be en-cashed and 100% of infrastructure cess would be payable.

The Holding company challenged the judgement of the SHC in the Honorable Supreme Court of Pakistan (SCP); the SCP granted a stay against the judgement of the SHC on 01 September 2021 and instructed that the amount equal to the levy shall be deposited with the Sindh Excise and Taxation Office (ETO) in the form of a Bank Guarantee, until such time that a detailed order is issued by the Court. A final judgement on the appeal filed remains pending. The Holding company continued to use the option of a 50% Bank Guarantee and 50% payment to the ETO until December 2022, at which point the Holding company has provided the ETO with Bank Guarantees covering full value of the levy.

As of 30 June 2023, the Holding company has provided bank guarantees amounting to Rs. 191.96 million (2022: Rs. 183.04 million) in favour of Excise and Taxation Department, GoS.

Current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported items. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in the consolidated statment of profit or loss. Based on the opinion of the Holding company's legal counsel, the management is confident of favourable outcome of litigation, however, on a prudent basis, full provision has been recognized.

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

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

Rupees in '000	Note	2023	2022
12.3 Due to related parties			
Premier Insurance Company Limited		–	454
Staff Benevolent Fund		–	2
Shakarganj Limited		19,534	9,283
		19,534	9,739
12.4 Workers' Profit Participation Fund			
Opening balance		2,395	2,904
Allocation for the year	37	16,134	10,494
		18,529	13,398
Amount paid to the trustees of the fund		–	(11,003)
Closing balance		18,529	2,395

13. MARK-UP ACCRUED

Rupees in '000	Note	2023	2022
Mark-up accrued on:			
- Long term loans		37,309	3,385
- Short term borrowings	13.1	41,752	35,439
		79,061	38,824

13.1 This includes mark-up accrued amounting to Rs. 4.787 million (2022.: Rs. 13.484 million) on shariah based finance arrangement.

Rupees in '000	Note	2023	2022

14. SHORT TERM BORROWINGS

Rupees in '000	Note	2023	2022
Secured from banking companies			
Running finances under mark-up arrangements	14.1	463,654	464,846
Short term loans	14.2	825,865	396,316
		1,289,519	861,162

14.1 Running finance / money market facility available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,150 million (2022: Rs. 1,350 million) out of which Rs. 300 million (2022: Rs. 300 million), Rs. 100 million (2022: Rs. 100 million) and Rs. 300 million (2022: Rs. 300 million) are interchangeable with letter of credit, letter of guarantee facility and short term loan, respectively. During the year, mark-up on such arrangements ranged between 16.91% to 23.98% (2022: 8.31% to 16.31%) per annum.

14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 3,950 million (2022: Rs. 3,950 million) out of which Rs. 3,150 million (2022: Rs. 3,150 million), Rs. 350 million (2022: Rs. 350 million) and Rs. 205 million (2022: Rs. 205 million) are interchangeable with letters of credit, short term running finance facilities and letter of guarantee facility respectively. During the year, mark-up on such arrangements ranged between 13.66% to 24.14% (2022: 8.31% to 16.31%) per annum.

14.3 The facilities for opening letters of credit amounted to Rs. 4,750 million (2022: Rs. 4,750 million) out of which Rs. 300 million (2022: Rs. 300 million), Rs. 3,150 million (2022: Rs. 3,150 million) and Rs. 205 million (2022: Rs. 205 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 30 June 2023 amounted to Rs. 2,368.6 million (2022: Rs. 2,042.9 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2023 were Rs. 4,251.0 million and Rs. 380.15 million (2022: Rs. 4,507.62 million and Rs. 470.032 million), respectively.

14.4 This includes an amount of Rs. 438 million (2022: Rs. 396.316 million) outstanding against Islamic mode of financing. The Holding company is currently availing Islamic mode of financing from the Al Baraka Bank Limited, Dubai Islamic Bank Limited and Bank Islami Pakistan Limited. Facilities availed during the year includes letter of credit, bank guarantee, Wakala, Murabaha, Istisna and Ijarah financing.

14.5 The above facilities are expiring on various dates with maturity period upto 31 December 2023. These facility are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and lien over import / export document (refer note 28.4).

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

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

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

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

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

Furthermore, after the closure of the original petition, the SHC has decided the matter in the holding company favor, ruling against the SRB. However, the SRB has now filed a petition at the Supreme Court of Pakistan, arguing that sales tax on toll manufacturing before 30th June 2022 should fall under their jurisdiction.

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

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

15.2 Commitments

15.2.1 Aggregate amount of guarantees issued on behalf of the Group against various contracts aggregated to Rs. 1,988.45 million (2022: Rs. 1,572.868 million). This includes guarantee issued by Islamic banks amounting to Rs. 257.84 million (2022: Rs. 214.58 million).

15.2.2 Commitments in respect of capital expenditure contracted for as at 30 June 2023 amounted to Rs. 34.659 million (2022: Rs. 14.619 million).

15.2.3 Commitments under letters of credit as at 30 June 2023 amounted to Rs. 498.92 million (2022: Rs. 242.385 million).

Rupees in '000	Note	**2023**	2022
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,934,958	1,922,295
Capital work-in-progress	16.4	502,755	185,339
		2,437,713	2,107,634
Right-of-use assets	16.1	82,852	109,556
		2,520,565	2,217,190

16.1 Operating fixed assets and right-of-use assets

Description		Land		Buildings		Office premises	Plant and machinery owned*	Electrical/ office equipment and installation	Furniture and fittings	Computers	Motor vehicles owned	Total operating fixed assets	Right-of-use assets			Total
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land								Plant and machinery	Motor vehicles	Total right-of-use assets	
Net book value as at 30 June 2023																
Balance as at 01 July 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	8,138	8,376	64,627	1,922,295	91,254	18,302	109,556	2,031,851
Additions / transfers		-	-	4,472	1,081	-	131,869	9,072	-	3,928	114,870	265,292	-	43,046	43,046	308,338
Disposals / transfers (at NBV)	16.5 & 16.11	-	-	-	-	-	-	-	-	(34)	(45,802)	(45,836)	(48,060)	-	(48,060)	(93,896)
Depreciation charge	16.1.2	-	(1,685)	(26,810)	(1,530)	(900)	(139,691)	(2,138)	(1,886)	(4,902)	(27,251)	(206,793)	(16,626)	(5,064)	(21,690)	(228,483)
Balance as at 30 June 2023 (NBV)		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,252	7,368	106,444	1,934,958	26,568	56,284	82,852	2,017,810
Gross carrying value as at 30 June 2023																
Cost	16.3.1	249,226	43,065	667,762	97,626	27,481	3,145,663	81,473	35,383	73,727	168,523	4,589,929	81,382	111,668	193,050	4,782,979
Accumulated depreciation		-	(12,181)	(315,067)	(95,062)	(24,875)	(1,980,461)	(69,756)	(29,131)	(66,359)	(62,079)	(2,654,971)	(54,814)	(55,384)	(110,198)	(2,765,169)
Net book value		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,252	7,368	106,444	1,934,958	26,568	56,284	82,852	2,017,810
Net book value as at 30 June 2022																
Balance as at 01 July 2021 (NBV)		249,226	34,255	400,236	5,946	4,406	1,066,674	8,180	9,637	7,990	24,276	1,810,826	102,133	29,470	131,603	1,942,429
Additions / transfers		-	-	-	-	-	240,920	1,639	390	4,133	55,555	302,637	7,359	6,074	13,433	316,070
Disposals (at NBV)		-	-	-	-	-	(6,100)	(1,239)	-	(69)	(4,416)	(11,824)	-	(10,490)	(10,490)	(22,314)
Depreciation charge		-	(1,686)	(25,203)	(2,933)	(900)	(128,470)	(3,797)	(1,889)	(3,678)	(10,788)	(179,344)	(18,238)	(6,752)	(24,990)	(204,334)
Balance as at 30 June 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	8,138	8,376	64,627	1,922,295	91,254	18,302	109,556	2,031,851
Gross carrying value as at 30 June 2022																
Cost		249,226	43,065	663,290	96,545	27,481	2,999,337	72,401	35,383	70,992	119,793	4,377,513	182,136	68,621	250,757	4,628,270
Accumulated depreciation		-	(10,496)	(288,257)	(93,532)	(23,975)	(1,826,313)	(67,618)	(27,245)	(62,616)	(55,166)	(2,455,218)	(90,882)	(50,319)	(141,201)	(2,596,419)
Net book value		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	8,138	8,376	64,627	1,922,295	91,254	18,302	109,556	2,031,851
Depreciation rate (% per annum)		-	1 - 5	5 - 10	5 - 10	10	5 - 20	10	5 - 20	10	33.33	10	20			

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 23.354 million (2022: Rs. 0.215 million) representing net book value of capitalized spares.

16.1.1 During the year asset having net book value Rs. 45.226 million (2022: Rs. 10.49 million) transferred from lease assets to own assets due to maturity of lease term.

Rupees in '000	Note	**2023**	2022
16.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	33.1	204,062	185,388
Distribution and selling expenses	35	490	704
Administrative expenses	36	23,642	17,953
Intangible under development phase		289	289
		228,483	204,334

16.2 Property, plant and equipment as at 30 June 2023 include items having an aggregate cost of Rs. 1,489.545 (2022: Rs. 1,430.009 million) that have been fully depreciated and are still in use by the Holding Company.

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

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504.44	Sq feet
Building	Nooriabad, District Jamshoro	261,257.07	Sq feet
Building	Jaranwala, District Faisalabad	340,455	Sq feet
Building	Dalowal, District Faisalabad	30,484	Sq feet
Building	Bhone, District Jhang	78,098	Sq feet
Building	Bhone, District Jhang	7,515	Sq feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Dalowal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre
Freehold land	Bhone, District Jhang	19.11	Acre

Rupees in '000	Note	**2023**	2022
16.4 Capital work-in-progress			
Advances to suppliers		78,795	62,135
Civil work	16.4.3 & 16.4.4	91,767	29,172
Plant and machinery	16.4.2	322,048	44,353
Others		10,145	49,679
	16.4.1	502,755	185,339

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

Rupees in '000	Land	Building	Plant	Others	Total
Balance as at 1 July 2022	48,580	2,727	94,032	40,000	185,339
Additions - net	–	89,040	312,857	–	401,897
Transfers to operating fixed assets	–	–	(84,481)	–	(84,481)
Balance as at 30 June 2023	48,580	91,767	322,408	40,000	502,755

16.4.2 This includes an amount of Rs. 26.4 million (2022: Rs. 26.4 million) paid by the Holding Company to Pakistan Steel Mills Limited (PSML) against allotment of plot located in Karachi measuring 24,200 square yards, currently in possession of third party. However, third party has filed a case in SHC for declaration and injunction against said property. The Holding Company has filed a suit in SHC for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The SHC vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. Based on consultation with its legal advisor, management believes that it has a reasonable ground in the case and expects a favorable outcome.

16.4.3 The Holding Company has recognized a provision for an amount of Rs. 20.619 million (2022: Rs. 20.619) against construction work at a site which has been halted.

16.5 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particular of buyers
Rupees in '000							
Motor Vehicle	1,985	423	1,562	1,684	122	Sold under buyback option	Mr.Mohammad Hayat
Motor Vehicle	1,655	455	1,200	1,150	(50)	Sold under buyback option	Mr.Talha Siddiqui
Motor Vehicle	16,439	548	15,891	15,891	-	Sale and Leased back	Pak Gulf leasing company
Motor Vehicle	17,590	586	17,004	17,004	-	Sale and Leased back	Pak Gulf leasing company
Motor Vehicle	4,570	76	4,494	4,494	-	Sale and Leased back	Pak Gulf leasing company
Motor Vehicle	4,570	76	4,494	4,494	-	Sale and Leased back	Pak Gulf leasing company
Others	49,490	48,299	1,191	14,282	13,091	Various	Various
2023	96,299	50,463	45,836	58,999	13,163		
2022	32,053	20,229	11,824	15,026	3,202		

16.5.1 There is no relationship between the buyer with the group or any of its directors.

17. INTANGIBLE ASSETS

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

Rupees in '000	Note	2023	2022
- Under use	17.1	1,427	3,580
- Under project development	17.2	153,895	150,521
		155,322	154,101

17.1 Intangible assets - under use (Computer Software)			
Net book value			
Net book value as at 1 July		3,580	5,848
Amortization	17.1.1	(2,153)	(2,268)
Net book value as at 30 June	17.1.2	1,427	3,580
Gross book value			
Cost		82,099	82,099
Accumulated amortization		(78,032)	(75,879)
Accumulated impairment loss		(2,640)	(2,640)
Net book value as at 30 June		1,427	3,580
Amortization rate (% per annum)		33.33	33.33

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

17.1.2 Intangible assets as at 30 June 2023 include items having an aggregate cost of Rs. 73.563 million (2022: Rs. 72.948 million) that have been fully amortized and are still in use of the Holding Company.

17.2 These include costs incurred by the subsidiary company - Solution de Energy (Private) Limited through its managing partner 'MDeCC' and other consultants on preliminary activities of the project including preparation of feasibility study reports, environmental study reports, interconnection study approvals and obtaining of electricity generation license from NEPRA. The costs incurred have been capitalized as project development expenditure (intangible asset) in these consolidated financial statements in accordance with the requirements of IAS 38.

18. INVESTMENT PROPERTIES

		Land		Buildings			
Description Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land	Office premises	Total
Net carrying value as at 30 June 2023							
Balance as at 01 July 2022 (NBV)		45,497	25,491	10,833	968	–	82,789
Depreciation charge	18.1	–	(2,369)	(1,300)	(82)	–	(3,751)
Balance as at 30 June 2023 (NBV)		45,497	23,122	9,533	886	–	79,038
Gross carrying value as at 30 June 2023							
Cost	18.2	45,497	44,835	13,000	1,758	29,830	134,920
Accumulated depreciation		–	(21,713)	(3,467)	(872)	(29,830)	(55,882)
Net book value		45,497	23,122	9,533	886	–	79,038

Description Rupees in '000	Note	Land: Freehold	Land: Leasehold including improvements	Buildings: On freehold land	Buildings: On leasehold land	Office premises	Total
Net book value as at 30 June 2022							
Balance as at 01 July 2021 (NBV)		45,497	27,860	12,133	1,050	–	86,540
Depreciation charge		–	(2,369)	(1,300)	(82)	–	(3,751)
Balance as at 30 June 2022 (NBV)		45,497	25,491	10,833	968	–	82,789
Gross carrying value as at 30 June 2022							
Cost		45,497	44,836	13,000	1,758	29,830	134,921
Accumulated depreciation		–	(19,345)	(2,167)	(790)	(29,830)	(52,132)
Net book value		45,497	25,491	10,833	968	–	82,789
Depreciation rate (% per annum)		–	3.11 - 10	10 - 20	5 - 10	5 - 10	

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

18.2 Fair value of the investment properties situated in Karachi and Lahore as at 30 June 2023 is Rs. 380 million (2022: Rs. 404 million), which is determined by independent valuer on the basis of market value.

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

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	4,854.17	Sq feet
Building	Port Qasim Authority, Karachi	415.60	Sq feet
Building	Ferozpur, Lahore	35,840	Sq feet
Land			
Freehold land	Ferozpur, Lahore	5.14	Acre
Freehold land	Gawadar	3	Acre

19. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

2023 Number of shares	2022 Number of shares		Note	2023 Rupees in '000	2022 Rupees in '000
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	19.1	2,918,012	2,332,187
35,011,347	35,011,347	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	19.1	30,274	–
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shahryar Mazhar)	19.1	–	–
				2,948,286	2,332,187

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

Description Rupees in '000	Note	30 June 2023 Altern Energy Limited	 Shakarganj Limited	 Crescent Socks (Private) Limited	 Total
Opening balance as at 1 July 2022		2,332,187	–	–	2,332,187
Share of profit	19.1.1	585,984	67,073	–	653,057
Share of equity	19.1.1	(159)	(36,799)	–	(36,958)
Closing balance as at 30 June 2023		2,918,012	30,274	–	2,948,286

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

19.1.1 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2023. The latest financial statements / condensed interim financial information of these companies as at 30 June 2023 are not presently available.

19.1.2 The Holding Company has assessed the recoverable amount of the investment in Altern Energy Limited based on value in use. The value in use has been determined on basis of Free Cash Flows to Firm method (FCFF) which assumes discount rate of 15.31% (2022: 13.03%). Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

Rupees in '000	**2023**	2022
19.2 Market value of investments in associates is as follows:		
Quoted		
Altern Energy Limited	926,249	1,010,047
Shakarganj Limited	1,534,197	1,400,454
	2,460,446	2,410,501

Percentage of holding	Note	**2023**	2022
19.3 Percentage of holding of equity in associates is as follows:			
Altern Energy Limited	19.3.1	17.60	17.60
Shakarganj Limited		28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

19.3.1 The Holding Company and the subsidiary company hold 16.69% and 0.91% respectively i.e. aggregate holding of 17.6% (2022: 17.6%) in the investee company. There is no common directorship in the investee company. However, the Group directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

19.4 The latest financial statements / condensed interim financial information of these companies as at 30 June 2023 are not presently available. The following is summarized financial information of material associated companies as at 31 March 2023 and for the twelve months ended 31 March 2023 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan, modified for fair value and other adjustments and differences in Group's accounting policies:

	Altern Energy Limited		Shakarganj Limited	
Rupees in '000	**2023**	2022	**2023**	2022
For the period ended 31 March				
Revenues	19,380,376	14,730,032	30,737,388	28,517,311
Profit after tax	5,981,758	1,928,368	241,702	(703,426)
Other comprehensive (loss) / income	(1,511)	7,725	133,294	5,865,059
Total comprehensive income	5,980,247	1,936,093	374,996	5,161,633
Attributable to non-controlling interests of associates	2,653,019	1,444,309	327,170	49,930
Attributable to owners of the investee company	3,327,228	491,784	47,826	5,111,703
	5,980,247	1,936,093	374,996	5,161,633
As at 31 March				
Non current assets	12,569,024	13,365,738	21,944,379	23,099,370
Current assets	20,512,381	13,328,189	6,616,408	5,230,081
Non current liabilities	(1,332,316)	(1,083,423)	(4,474,383)	(4,200,827)
Current liabilities	(3,299,707)	(3,141,369)	(11,566,483)	(11,475,121)
Net assets	28,449,382	22,469,135	12,519,921	12,653,503
Attributable to non-controlling interests of associates	11,688,490	9,035,471	1,833,605	1,517,007
Attributable to owners of the investee company	16,760,892	13,433,664	10,686,316	11,136,496
	28,449,382	22,469,135	12,519,921	12,653,503
Reconciliation to Carrying amounts:				
Opening net assets	22,469,135	32,085,587	12,653,503	7,615,413
Profit / (loss) after tax	5,981,758	1,928,368	241,702	(703,426)
Other comprehensive (loss) / income	(1,511)	7,725	133,294	5,865,059
Reserves	-	-	(123,543)	
Dividend paid	-	(11,552,545)	-	-
Closing net assets	28,449,382	22,469,135	13,028,499	12,653,503
Group's interest in net assets of investee at end of the period	2,949,917	2,364,092	2,993,141	3,119,232
Fair value and other adjustments	(31,905)	(31,905)	(8,832)	(8,832)
Effect of difference in Group's accounting policy	-	-	(2,954,035)	(3,226,283)
Losses in excess of investment	-	-	-	115,883
Carrying amount of interest in equity accounted investees at end of the year	2,918,012	2,332,187	30,274	-

19.4.1 These figures are based on unaudited condensed interim financial information of these companies as at 31 March 2023. The latest financial statements / condensed interim financial information of these companies as at 30 June 2023 are not presently available.

19.4.2 The Holding Company has assessed the recoverable amount of the investment in Altern Energy Limited based on value in use. The value in use has been determined on basis of Free Cash Flows to Firm method (FCFF) which assumes discount rate of 15.31% (2022: 13.03%). Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment was recorded.

Rupees in '000	Note	**2023**	2022
20. OTHER LONG TERM INVESTMENTS			
Fair value through other comprehensive income (FVOCI)	20.1	102,906	143,510
Fair value through profit or loss (FVTPL)	20.2	659,901	612,622
		762,807	756,132

20.1 Fair value through other comprehensive income (FVOCI)

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

2023	2022		Note	**2023**	2022
Number of shares		Name of investee company		Rupees in '000	
		Quoted			
7,977,178	7,977,178	The Crescent Textile Mills Limited	20.1.1	102,906	143,510

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

20.2 Fair value through profit or loss (FVTPL)

2023	2022		Note	**2023**	2022
Number of shares		Name of investee company		Rupees in '000	
		Unquoted			
18,814,423	18,814,423	Shakarganj Food Products Limited	20.2.1	455,685	406,372
9,625,000	8,250,000	Central Depository Company of Pakistan Limited (CDC)	20.2.1	204,216	206,250
2,403,725	2,403,725	Crescent Bahuman Limited - Related party	20.2.1	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	20.2.2	10,470	10,470
				694,408	647,129
		Less: Provision for impairment		(34,507)	(34,507)
				659,901	612,622

20.2.1 The chief executive of Crescent Bahuman Limited is Mr. Nasir Shafi. The break-up value of shares of the investee company is Rs. Rs. 13.27 per share (2022: Rs. 11.28 per share), calculated on the basis of audited annual financial statements for the year ended 30 June 2022. This investment had been fully charged to consolidated statement of profit or loss in earlier periods.

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

Rupees in '000	Note	2023	2022
21. LONG TERM DEPOSITS			
Security deposits			
- leasing companies		11,357	18,119
- others		15,786	10,981
		27,143	29,100
22. DEFERRED TAXATION - NET			
Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		216,681	225,351
Lease obligations - net		1,900	9,732
Fair value adjustment in unquoted investment through reserves		30,119	45,006
Discounting on long term deposit		3,407	–
Unrealized gain on fair value through profit or loss investments		63,024	34,907
Share of profit from equity accounted investees		168,663	124,744
		483,794	439,740
Deductible temporary differences			
Employee benefits - Defined benefit plan		(136,685)	(73,975)
Provision for slow moving stores, spares and loose tools		(24,097)	(29,626)
Provisions for doubtful trade debts, doubtful advances and others		(90,854)	(95,331)
Discounting on long term deposit		–	(1,735)
Realized losses on fair value through profit or loss		(5,777)	(3,562)
Unrealized gain on fair value through OCI		(4,535)	(14,198)
Deferred income		–	(226)
Provisions for impairment of fixed assets		(6,186)	(6,804)
Provision of Gas Infrastructure Development Cess		(4,858)	(5,344)
Excess of minimum tax over corporate tax	22.2	(331,600)	(286,289)
Tax loss	22.2	(577,306)	(586,168)
Provision for diminution in the value of investments		(10,347)	(12,712)
		(1,191,245)	(1,115,970)
		(708,451)	(676,230)

22.1 Break up of deferred tax reversal is as following:

		2023	2022
Profit and loss		34,618	(380,189)
Other comprehensive income		(67,946)	(103,932)
Set-off of temporary differences with the Subsidiary Company		1,107	936
		(32,221)	(483,185)

22.2 The accumulated tax losses and excess minimum tax over corporate tax of the Holding Company as at 30 June 2023 aggregated Rs. 2,322.311 million (2022: 2,307.557 million) in respect of which the Holding Company has recognized deferred tax asset amounting to Rs. 908.906 million (2022: Rs. 872.457 million). The existing unutilized tax loss mainly attributable to tax depreciation which can be utilized for an indefinite period and unadjusted business losses which can be utilized for maximum six years against future taxable profits. The Holding Company carries out periodic assessment to determine the benefit of the loss and minimum tax that the Holding Company would be able to set off against the taxable profits and tax liability in future years. The amount of this benefit has been determined based on the projected taxable profits of the Holding Company for future years and the expected applicable tax rate. The determination of projected taxable profits are most sensitive to key assumptions such as volume of bare pipe sales and availability of uninterrupted electricity connection for billet segment throughout the year.

22.3 Current tax charge is based on current tax rate of 29% and super tax at 1% for the year ended 30 June 2023. Accordingly, the Company has recorded deferred tax at 30%.

Rupees in '000	Note	2023	2022
23. STORES, SPARES AND LOOSE TOOLS			
Stores		59,762	29,056
Spare parts		354,552	227,913
Loose tools		5,718	3,557
		420,032	260,526
Less: Provision for slow moving items	23.1	80,325	89,780
		339,707	170,746
23.1 Movement in provision for slow moving items			
Opening balance		89,780	84,472
(Reversal) / provision made during the year - net		(9,455)	5,308
Closing balance		80,325	89,780
24. STOCK-IN-TRADE			
Raw materials - net			
Hot rolled steel coils (HR Coil)		284,762	261,583
Coating materials		328,884	46,205
Remelting scrap		11,999	43,308
Others		331,829	132,806
Raw cotton		–	230,531
Stock-in-transit		129,198	280,917
		1,086,672	995,350
Work-in-process	24.2 & 33.1	70,993	19,076
Finished goods - net	24.2 & 33.1	111,099	167,556
Scrap / cotton waste		203	8,114
		182,295	194,746
		1,268,967	1,190,096

24.1 Stock amounting to Rs. 0.158 million (2022: Rs. 0.158 million) is held by third party.

24.2 Stock-in-trade as at 30 June 2023 includes items valued at net realisable value (NRV). Reversal in respect of stock written down to NRV was amounting to Rs. 7.414 million (2022: Reversal of Rs. 14.897 million) has been recognized in cost of goods sold.

Rupees in '000	Note	2023	2022
25. TRADE DEBTS			
Secured			
Considered good		–	40,867
Unsecured			
Considered good	25.1	464,043	134,347
Considered doubtful		18,401	19,553
		482,444	153,900
Impairment loss on trade debts	25.2	(18,401)	(19,553)
		464,043	175,214

25.1 This includes an amount due from Pak Elektron Limited (related party) amounting to Rs. 40.101 million (30 June 2022: 45.306 million). Maximum aggregate amount outstanding at any time during the year calculated by reference to month end balances is Rs. 56.364 million (2022: Rs. 205.983 million).

Rupees in '000	Note	2023	2022
25.2 The aging of amount due from related parties:			
Not past due		16,771	19,564
Past due 1 - 30 days		12,599	19,485
Past due 30 - 180 days		10,669	6,195
Past due 180 days		62	62
		40,101	45,306
25.3 Movement in impairment loss on trade debts			
Opening balance		19,553	23,214
Reversal of impairment made during the year	38	(1,152)	(3,661)
Closing balance		18,401	19,553

25.4 The reversal in impairment loss on trade debts is due to recovery of credit impaired balance.

Rupees in '000	2023	2022
26. ADVANCES		
Unsecured		
Advances - considered good		
Staff	830	1,684
Suppliers for goods and services	170,592	65,409
Others	1,950	1,316
Advances - considered doubtful		
Suppliers for goods and services	47	47
Provision for doubtful advances	(47)	(47)
	–	–
	173,372	68,409

Rupees in '000	Note	**2023**	2022
27. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
- leasing companies		–	3,494
- others	27.1	6,037	14,799
Prepayments		10,652	9,987
		16,689	28,280

27.1 These include cash margin on bank guarantees issued in favour of Punjab Power Development Board (PPDB) by the subsidiary company i.e. Solution De Energy (Private) Limited, amounting to Rs. 3.045 million (2022: Rs. 3.045 million).

Rupees in '000	Note	**2023**	2022
28. SHORT TERM INVESTMENTS			
Amortized cost	28.1	84,360	159,360
Fair value through profit or loss (FVTPL)	28.2	749,867	620,585
		834,227	779,945

28.1 This represents investment in term deposit receipt by Holding Company, carrying markup of 15.75 % per annum maturing upto March 26, 2024.

28.2 Fair value through profit or loss (FVTPL)

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

2023	2022		Note	**2023**	2022
Number of shares		Name of investee company		Rupees in '000	
11,481,938	9,284,553	Quoted - Investments	28.3	749,867	620,585
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
				749,867	620,585

28.3 Quoted - Investments

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

2023	2022	Name of investees	**2023**	2022
Number of shares / units			Rupees in '000	
–	8,600	Attock Refinery Limited	–	2,763
450,437	438,750	Avanceon Limited	19,839	34,183
201,000	201,000	D.G. Khan Cement Company Limited	10,311	12,563
470,000	470,000	Engro Fertilizer Limited	38,790	41,661
173,000	155,000	Engro Polymer and Chemical Limited	7,309	12,343
–	202,500	Fauji Cement Company Limited	–	1,417
202,500	100,000	Fauji Fertilizer Company Limited	19,934	22,320
–	12,000	Ferozsons Laboratories Limited	–	3,227
2,405,000	2,405,000	HBL Growth Fund - Class A	11,255	12,386
764,673	764,673	HBL Investment Fund - Class A	1,185	1,529
1,000,000	–	Pak Qatar Asset Management Company	100,146	–
1,478,378	–	MCB Arif Habib Savings and Investment Limited	150,249	–
202,700	202,700	International Industries Limited	14,846	21,026
213,000	361,000	International Steels Limited	8,633	21,428
349,596	224,100	Interloop Limited	12,327	13,670
–	26,490	Jubilee Spinning and Weaving Mills Limited	–	81
400,000	400,000	Kot Addu Power Company Limited	8,320	11,012
500,000	500,000	Kohinoor Energy Limited	15,375	19,150
37,700	34,000	Lucky Cement Limited	19,683	15,608
32,520	32,000	Mari Petroleum Company Limited	49,256	55,672
378,000	350,000	Meezan Bank Limited	32,647	39,542
39,144	22,800	Millat Tractors Limited	15,278	19,895
275,700	275,700	Oil and Gas Development Company Limited	21,505	21,689
123,400	130,000	Pakistan Oilfields Limited	49,579	52,755
426,840	426,840	Pakistan Petroleum Limited	25,243	28,816
301,800	301,800	Pakistan State Oil Company Limited	33,503	51,861
27,800	12,600	Systems Limited	11,213	4,355
303,750	243,000	Tariq Glass Limited	20,685	25,225
25,000	25,000	Thal Limited	4,050	6,741
700,000	700,000	The Hub Power Company Limited	48,706	47,719
	259,000	TRG Pakistan Limited		20,029
			749,867	620,666
		Less: Provision for impairment	–	(81)
11,481,938	9,284,553		749,867	620,585

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

Rupees in '000	**2023**	2022
Name of investees		
Altern Energy Limited (Long term investment)	836,148	833,633
The Crescent Textile Mills Limited (Long term investment)	81,946	114,279
Avanceon Limited	6,386	27,346
D.G. Khan Cement Company Limited	–	9,375
Engro Fertilizer Limited	33,297	39,179
Engro Polymer and Chemicals Limited	3,887	12,342
Fauji Cement Company Limited	–	978
Fauji Fertilizer Company Limited	19,934	22,320
Ferozsons Laboratories Limited	–	3,227
HBL Investment Fund - Class A	775	1,528
HBL Growth Fund - Class A	3,990	4,390
Interloop Limited	2,542	10,864
International Industries Limited	9,206	21,026
International Steel Limited	1,094	5,343
Lucky Cement Limited	7,309	10,604
Mari Petroleum Company Limited	17,615	38,275
Meezan Bank Limited	27,140	35,501
Millat Tractors Limited	–	10,471
Oil and Gas Development Company Limited	5,671	21,689
Pakistan Oilfields Limited	35,412	35,769
Pakistan Petroleum Limited	14,312	28,816
Pakistan State Oil Company Limited	13,983	48,416
Tariq Glass Industries Limited	3,405	20,762
The Hub Power Company Limited	48,706	39,197
Thal Limited	–	2,696
	1,172,758	1,398,026

28.5 This represents investment in ordinary shares of listed companies and units of mutual funds. Under IAS 39, these were classified as held for trading whereas under IFRS 9 these have been classified and held as FVTPL. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (2022: Rs. Nil per share). Under IAS 39, these were classified as available for sale and reclassified to FVTPL on initial application of IFRS 9 as management has not designated it as FVOCI.

Rupees in '000	Note	**2023**	2022
29. OTHER RECEIVABLES			
Dividend receivable		886	886
Provision there against		(886)	(886)
		–	–
Rent receivable		45	–
Claim receivable		461	461
Due from related parties	29.2	4,920	5,179
Sales tax refundable	29.3	106,973	75,589
Margin on letter of credit and guarantee		179,482	15,350
Receivable from staff retirement benefits funds	46.1.3	–	12,242
Others		3,071	3,113
		294,952	111,934

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

Rupees in '000	**2023**	2022
29.2 Due from related parties		
The Crescent Textile Mills Limited	249	386
Premier Insurance Limited	1	–
Shakarganj Food Products Limited	4,070	3,893
Crescent Socks (Private) Limited	600	900
	4,920	5,179

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

Rupees in '000	**2023**	2022
The Crescent Textile Mills Limited	613	386
Premier Insurance Limited	1	–
Shakarganj Food Products Limited	4,578	3,893
Crescent Socks (Private) Limited	600	1,500
	5,792	5,779
29.2.2 The aging of amount due from related parties:		
Not yet due	349	990
Past due 1 - 30 days	100	722
Past due 30 - 180 days	577	2,398
Past due 180 days	3,894	1,069
	4,920	5,179

29.3 Sales tax refundable

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

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

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

29.3.4 During the year ended 30 June 2022, orders were issued under the Sales Tax Act, 1990, where demands aggregating Rs. 8.477 million have been raised in respect of Steel (Pipe). The Holding company has paid the amount to the Government Treasury, as disclosed in the Monthly Sales Tax Return for June 2023. Currently, the appeal is pending adjudication at the Commissioner Appeal Inland Revenue - FBR regarding the penalty and defauld surcharge. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding company's favour.

29.3.5 In the previous years, the Holding company adopted fixed regime of sales tax for Hadeed (Billet) division whereby sales tax liability was discharged on the basis of units of electricity consumed at Rs. 13 per unit supported by judgement of the Lahore High Court in writ petition no. 243530/2018 instead of ad valorem basis. Subsequently, the department filed Intra Code Appeal (ICA) No. 23517/2019 before High Court which is sub-judice. No proceedings have been held since.

Rupees in '000	**2023**	2022
30. TAXATION - NET		
Advance taxation	3,654,206	3,625,110
Provision for taxation	(2,981,382)	(2,935,310)
	672,824	689,800

30.1 The income tax assessments of the Holding company have been finalized up to and including Tax Year 2022, except for pending appeal effect orders in respect of tax years 2002 and 2003. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained below:

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

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

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

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

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

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

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

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

(i) During the year ended 30 June 2022, Orders under section 4C of the Income Tax Ordinance 2001 were issued by the A(CIR) in respect of Tax Years 2022 whereby demands aggregating Rs. 126.462 million (approximately) were raised for Crescent against the Holding Company Limited. An expense of Rs. 54 million related to these demands has been recognized in the consolidated financial statements. For remaining, the holding company has obtained stay from LHC through writ petition. Currently, the appeal is pending adjudication at the Commissioner Appeal Inland Revenue (CAIR) - FBR for remaining issue. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding Company's favour.

(j) During the year ended 30 June 2022,The tax department has revised the assessment due to an objection raised regarding the incorrect add-back of normal depreciation on the addition made in plant and machinery for the tax year 2016 for Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited). The assessment order alleges that we claimed significant initial allowance and depreciation allowance whereas minimal amount added back as accounting depreciation. Appeal has been filed with CIRA and it is pending adjudicating. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding Company's favour.

(k) During the year ended 30 June 2022, the Holding Company Ltd has been selected by the tax department for an audit under section 177 for the tax year 2020. A Pre Audit Report has been issued, highlighting observations and requesting data and supporting documentation. The holding company has submitted the required information to the Assistant/Deputy Commissioner of the Federal Board of Revenue (FBR) in response to the report. The case is pending at department level for hearing.

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

Rupees in '000	Note	**2023**	2022
31. CASH AND BANK BALANCES			
With banks			
- in saving account	31.1	31,177	1,951
- in current accounts		5,071	4,366
	31.2	36,248	6,317
Cash in hand		–	490
		36,248	6,807

31.1 Mark-up rate on saving account ranged between 14.5% to 19.5% (2022: 6% to 12.25%) per annum.

31.2 This includes balances amounting to Rs. 1.227 million (2022: Rs. 0.067 million) with Shariah compliant banks.

Rupees in '000	Note	**2023**	2022
32. SALES - NET			
Local sales			
Bare pipes	32.1	1,569,411	1,241,016
Pipe coating		16,331	50,920
Coated pipes	32.2	2,201,088	82,003
Cotton yarn / raw cotton / polyester		1,153,309	3,125,181
Electricity sales		–	278,794
Steam sales		–	349,853
Steel billets		–	2,857,534
Others	32.3	147,187	225,872
Scrap / waste		195,454	89,257
		5,282,780	8,300,430
Sales tax		(767,182)	(1,210,522)
		4,515,598	7,089,908

32.1 This is presented net of liquidated damages amounting to Rs. 40.757 million (2022: 25.232 million).

32.2 This includes revenue amounting to Rs. 1,981.948 million, where HRC (Hot Rolled Coil) was supplied by the customer.

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

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

Rupees in '000	Note	**2023**	2022
33. COST OF SALES			
Steel segment	33.1	2,458,454	1,526,159
Cotton segment	33.1	1,074,020	2,419,791
Energy segment	33.1	62,209	747,986
Hadeed (Billet) segment	33.1	145,022	2,461,269
		3,739,705	7,155,205

		Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
33.1 Cost of sales											
Raw materials consumed		1,844,278	1,123,799	703,578	1,901,415	-	669,680	79,880	2,155,464	2,627,736	5,850,358
Cost of raw cotton / polyester sold		-	-	46,137	36,765	-	-	-	-	46,137	36,765
Packing materials consumed		-	-	8,443	24,152	-	-	-	-	8,443	24,152
Stores and spares consumed		197,740	36,097	9,042	24,141	1,184	6,518	323	53,024	208,289	119,780
Fuel, power and electricity		95,806	36,636	138,266	242,171	40	340	996	2,592	235,108	281,739
Salaries, wages and other benefits	33.2	209,245	140,984	87,505	176,068	(139)	7,760	15,286	36,235	311,897	361,047
Insurance		7,583	5,772	2,614	2,813	1,169	1,317	1,138	1,561	12,504	11,463
Commission		-	-	3,759	7,952	-	-	-	-	3,759	7,952
Repairs and maintenance		18,365	4,700	2,202	3,789	-	557	78	1,067	20,645	10,113
Depreciation	16.1.2	75,138	55,417	19,358	20,365	59,949	60,270	49,617	49,336	204,062	185,388
Rental under Ijarah financing		3,169	87,985	-	-	-	-	-	-	3,169	87,985
Other expenses		55,747	32,323	(41)	8,909	6	1,544	(2,296)	161,287	53,416	204,063
		2,507,071	1,523,713	1,020,863	2,448,540	62,209	747,986	145,022	2,460,566	3,735,165	7,180,805
Opening stock of work-in-process		5,171	15,591	13,905	10,206	-	-	-	-	19,076	25,797
Closing stock of work-in-process	24	(59,954)	(5,171)	(11,039)	(13,905)	-	-	-	-	(70,993)	(19,076)
		(54,783)	10,420	2,866	(3,699)	-	-	-	-	(51,917)	6,721
Cost of goods manufactured		2,452,288	1,534,133	1,023,729	2,444,841	62,209	747,986	145,022	2,460,566	3,683,248	7,187,526
Opening stock of finished goods		117,265	109,291	50,291	25,241	-	-	-	703	167,556	135,235
Closing stock of finished goods - net	24	(111,099)	(117,265)	-	(50,291)	-	-	-	-	(111,099)	(167,556)
		6,166	(7,974)	50,291	(25,050)	-	-	-	703	56,457	(32,321)
		2,458,454	1,526,159	1,074,020	2,419,791	62,209	747,986	145,022	2,461,269	3,739,705	7,155,205
33.2 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits	33.2.1	193,633	128,365	84,425	172,276	(139)	7,760	14,617	35,562	292,536	343,963
Pension fund	33.2.2	7,439	5,965	1,529	1,312	-	-	-	-	8,968	7,277
Gratuity fund	33.2.2	3,009	2,485	113	90	-	-	-	-	3,122	2,575
Provident fund contributions		5,164	4,169	1,438	2,390	-	-	669	673	7,271	7,232
		209,245	140,984	87,505	176,068	(139)	7,760	15,286	36,235	311,897	361,047

33.2.1 This includes contribution amounting to Rs. 0.003 million (2022: Rs. 0.024 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Holding Company. The Holding Company does not have any right in the residual interest of the Fund.

Rupees in '000	2023 Pension	2023 Gratuity	2022 Pension	2022 Gratuity
33.2.2 Staff retirement benefits				
Current service costs	6,356	4,652	55,996	(3,136)
Interest costs	23,546	11,755	161,736	(6,066)
Return on plan assets, excluding interest income	(20,934)	(13,285)	(210,455)	11,777
	8,968	3,122	7,277	2,575

34. INCOME / (LOSS) FROM INVESTMENTS - NET

Rupees in '000	Note	2023	2022
Dividend income	34.1	96,951	68,727
Realized gain / (loss) on sale of FVTPL investments - net	34.1	7,050	(13,160)
Unrealized loss on FVTPL investments - net	34.1	(44,801)	(269,766)
Rental income from investment properties	34.2	7,733	7,763
		66,933	(206,436)

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

Rupees in '000	Dividend income	Realized gain	Unrealized loss
Shariah compliant investee companies	69,077	(5,592)	(85,031)
Non - Shariah compliant investee companies	27,874	12,642	42,230
	96,951	7,050	(44,801)

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

34.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 4.542 million (2022: Rs. 4.633 million).

35. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Salaries, wages and other benefits	35.1	5,960	5,300	2,510	1,933	1,235	947	9,705	8,180
Consultant Fee		40,677	-	-	-	-	-	40,677	
Travelling, conveyance and entertainment		- 619	137	27	16	11	5	657	158
Depreciation	16.1.2	490	704	-	-	-	-	490	704
Insurance		47	14	-	-	-	-	47	14
Postage, telephone and telegram		93	75	76	63	19	18	188	156
Advertisement		214	439	-	-	-	-	214	439
Bid bond expenses		576	517	-	-	-	-	576	517
Legal and professional charges		4,403	578	-	-	-	-	4,403	578
Others		8,103	2,826	1,467	1,617	424	364	9,994	4,807
		61,182	10,590	4,080	3,629	1,689	1,334	66,951	15,553

35.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Salaries, wages and other benefits		4,803	4,480	2,133	1,635	1,186	798	8,122	6,913
Pension fund	35.1.1	637	437	197	155	-	79	834	671
Gratuity fund	35.1.1	255	182	82	65	-	32	337	279
Provident fund contributions		265	201	98	78	49	38	412	317
		5,960	5,300	2,510	1,933	1,235	947	9,705	8,180

	2023		2022	
Rupees in '000	Pension	Gratuity	Pension	Gratuity
35.1.1 Staff retirement benefits				
Current service costs	591	502	5,163	(340)
Interest costs	2,191	1,268	14,911	(657)
Return on plan assets, excluding interest income	(1,948)	(1,433)	(19,403)	1,276
	834	337	671	279

36. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2023	Steel segment 2022	Cotton segment 2023	Cotton segment 2022	Energy segment 2023	Energy segment 2022	Hadeed (Billet) segment 2023	Hadeed (Billet) segment 2022	IID segment 2023	IID segment 2022	Total 2023	Total 2022
Salaries, wages and other benefits	36.1	147,719	102,268	26,480	25,139	-	3,464	8,642	13,993	13,066	11,809	195,907	156,673
Rents, rates and taxes		3,235	2,815	814	683	-	92	584	574	627	726	5,260	4,890
Travelling, conveyance													
and entertainment		5,043	3,646	910	780	-	96	150	594	301	232	6,404	5,348
Fuel and power		16,553	11,069	2,398	1,732	-	668	4,294	3,752	888	602	24,133	17,823
Postage, telephone and telegram		2,528	1,677	422	308	-	42	56	122	152	112	3,158	2,261
Insurance		1,389	1,607	254	311	1	42	80	113	133	125	1,857	2,198
Repairs and maintenance		11,195	9,582	824	959	-	178	726	1,097	576	791	13,321	12,607
Auditors' remuneration	36.2	4,358	3,658	851	724	87	145	-	137	524	525	5,820	5,189
Legal, professional and		-											
corporate service charges		51,969	15,119	9,054	3,740	12	440	-	762	2,379	2,914	63,414	22,975
Advertisement		2,168	1,586	38	10	-	22	-	33	114	86	2,320	1,737
Donations	36.3	25,986	54,104	170	128	-	758	-	1,116	1,332	2,908	27,488	59,014
Depreciation	16.1.2 & 18.1	17,543	13,005	3,042	2,085	2	298	1,950	1,773	4,856	4,543	27,393	21,704
Amortization of intangible assets	17.1.1	1,722	1,722	345	363	-	46	-	46	86	91	2,153	2,268
Printing, stationery and		-											
office supplies		2,472	2,593	456	623	-	46	1	94	232	234	3,161	3,590
Newspapers, subscriptions		-											
and periodicals		810	366	927	791	763	635	-	11	80	33	2,580	1,836
Others		4,461	7,479	942	2,021	(1)	290	899	1,334	596	801	6,897	11,925
		299,151	232,296	47,927	40,397	864	7,262	17,382	25,551	25,942	26,532	391,266	332,038
36.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		127,763	110,941	22,353	25,859	-	3,003	8,496	13,064	11,264	11,459	169,876	164,326
Pension fund	36.1.1	14,531	(5,385)	2,920	(1,099)	-	242	-	429	1,181	92	18,632	(5,721)
Gratuity fund	36.1.1	623	(7,196)	214	(494)	-	101	-	179	176	(120)	1,013	(7,530)
Provident fund contributions		4,802	3,908	993	873	-	118	146	321	445	378	6,386	5,598
		147,719	102,268	26,480	25,139	-	3,464	8,642	13,993	13,066	11,809	195,907	156,673

Rupees in '000	2023 Pension	2023 Gratuity	2022 Pension	2022 Gratuity
36.1.1 Staff retirement benefits				
Current service costs	13,203	1,510	(44,017)	9,171
Interest costs	48,917	3,815	(127,136)	17,740
Return on plan assets, excluding interest income	(43,488)	(4,312)	165,432	(34,441)
	18,632	1,013	(5,721)	(7,530)

Rupees in '000	Note	2023	2022
36.2 Auditors' remuneration			
Audit fee	36.2.1	3,036	2,851
Certifications, tax and other assurance services		1,421	1,429
		4,457	4,280
Out of pocket expenses		950	549
Sales tax		413	360
		5,820	5,189

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

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

36.3 Donations

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

Name of director	Interest in donee	Name and address of the donee	Amount donated 2023	Amount donated 2022
Rupees in '000				
Mr. Ahsan M. Saleem	Director	The Citizens Foundation		
		Plot No. 20, Sector - 14,		
		New Brookes Chowrangi,		
		Korangi Industrial Area, Karachi	24,860	44,401
	Chairman	Indus Valley School of Arts and		
		Architecture		
		St-33, Block 2, Scheme 5, Clifton,		
		Karachi.	-	2,500
	Director	Pakistan Centre for Philanthropy	-	3,000
		RDF Centre, 31 mauve area		
		G9/1, Islamabad		
			24,860	49,901

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

Rupees in '000	Note	2023	2022

37. OTHER OPERATING EXPENSES

Exchange loss		–	47,700
Provision for:			
- Workers' Profit Participation Fund	12.4	16,134	10,494
- Workers' Welfare Fund		696	–
- slow moving stores, spares and loose tools - net	23.1	–	5,308
		16,830	63,502

38. OTHER INCOME

Income from financial assets			
Return on deposits - from conventional banking		23,354	3,623
Unwinding of discount on long term deposit		2,638	21,760
		25,992	25,383
Income from non-financial assets			
Exchange gain		1,132	–
Gain on disposal of operating fixed assets		13,163	3,202
Deferred income amortized	11	4,353	8,981
Insurance commission		–	2,072
Land licensing fee		18,000	–
Liabilities written back		236	9,397
Reversal of impairment of trade debts	25.3	1,152	3,661
Reversal of provision for slow moving stores, spares and loose tools	23.1	9,455	–
Rent income		5,591	8,075
Others		326	680
		53,408	36,068
		79,400	61,451

39. FINANCE COSTS

Mark-up on short term loans - Shariah arrangement		42,283	58,122
Interest on Non-Shariah arrangement:			
- finance lease obligations		9,117	9,385
- long term loans		119,236	21,840
- running finances		133,792	102,910
- short term loans		52,435	53,716
Discounting on long term deposit		5,822	375
Bank charges		2,094	5,394
		364,779	251,742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2023

Rupees in '000	2023	2022
40. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEES - NET OF TAXATION		
Altern Energy Limited	585,984	85,739
Shakarganj Limited	30,274	–
	616,258	85,739
41. TAXATION		
Current		
- for the year	74,245	242,818
- for prior years	(782)	(2,718)
	73,463	240,100
Deferred	34,618	(380,189)
	108,081	(140,089)
41.1 Relationship between taxation expense and accounting profit / (loss)		
Profit / (Loss) before taxation	698,658	(787,378)
Tax at the applicable rate of 29% (2022: 29%)	202,611	(228,340)
Tax effect of inadmissible expenses / losses	33,438	19,753
Tax effect of income taxed at a lower rate	(131,716)	5,946
Tax effect arising due to super tax	4,530	65,270
Prior year tax effect	(782)	(2,718)
	108,081	(140,089)

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

Rupees in '000	2022	2021	2020
Tax provision including effects of prior years	242,036	115,017	84,907
Tax assessed / return filed	242,036	115,017	84,907

Rupees in '000	2023	2022
42. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (loss) for the year	590,577	(647,289)
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
	(Rupees)	
Basic and diluted earnings / (loss) per share	7.61	(8.34)

Rupees in '000	Note	2023	2022
43. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		698,658	(787,378)
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and			
investment properties		232,234	207,796
Amortization of intangible assets	17.1	2,153	2,268
Charge / (reversal) for the year on staff retirement			
benefit funds	46.1.7	32,906	(2,448)
Dividend income	34.1	(96,951)	(68,727)
Unrealized loss on FVTPL investments - net	34.1	44,801	269,766
(Gain) / loss on sale of FVTPL investments - net	34.1	(7,050)	13,160
(Reversal of) / provision for slow moving stores,			
spares and loose tools		(9,455)	5,308
Reversal of impairment loss on trade debts - net	38	(1,152)	(3,661)
Provision for Workers' Welfare Fund	37	696	-
Provision for Workers' Profit Participation Fund	37	16,134	10,494
Return on deposits	38	(23,354)	(3,623)
Gain on disposal of operating fixed assets	38	(13,163)	(3,202)
Deferred income amortized	38	(4,353)	(8,981)
Discounting of long term deposit	39	5,822	375
Unwinding of discount on long term deposit	38	(2,638)	(21,760)
Liabilities written off	38	(236)	(9,397)
Finance costs	39	358,957	251,367
Share of profit from equity accounted investees -			
net of taxation	40	(616,258)	(85,739)
Working capital changes	43.1	(583,338)	378,938
		34,413	144,556

43.1 Working capital changes:			
Changes in:			
Stores, spares and loose tools		(159,506)	(12,602)
Stock-in-trade		(78,871)	46,433
Trade debts		(287,677)	(34,480)
Advances		(104,963)	(26,345)
Trade deposits and short term prepayments		8,097	8,682
Other receivables		(195,260)	5,881
(Decrease) / increase in current liabilities			
Trade and other payables		234,842	391,369
		(583,338)	378,938

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

Rupees in '000	Note	Long term loans	Lease liabilities (Including mark-up accrued)	Short term borrowings	Unclaimed dividend	Total
		9	10 & 13	14		
Opening balance as at 1 July 2022		163,167	88,981	396,316	25,614	674,078
Proceeds from long term loans		800,000	–	–	–	800,000
Repayment of long term loans		(263,950)	–	–	–	(263,950)
Proceeds short term borrowings		–	–	4,193,739	–	4,193,739
Repayment of short term borrowings		–	–	(3,764,190)	–	(3,764,190)
Dividend paid		–	–	–	(9,533)	(9,533)
Lease payments		-	(44,407)	–	–	(44,407)
		536,050	(44,407)	429,549	(9,533)	911,659
Lease liabilities entered during the year		–	42,206	–	–	42,206
Transaction cost on long term loan		(4,241)	–	–	–	(4,241)
Deposit adjusted with lease liability		–	(19,224)	–	–	(19,224)
Interest accrued on lease obligation		–	9,117	–	–	9,117
		(4,241)	32,099	–	–	27,858
Closing balance as at 30 June 2023		694,976	76,673	825,865	16,081	1,613,595

44. CASH AND CASH EQUIVALENTS

Rupees in '000	Note	2023	2022
Running finances under mark-up arrangements	14	(463,654)	(464,846)
Term deposits receipt		–	75,000
Cash and bank balances	31	36,248	6,807
		(427,406)	(383,039)

45. SEGMENT REPORTING

45.1 Reportable segments

The Group's reportable segments under are as follows:

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

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

45.2 Segment revenues and results

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

For the year ended 30 June 2023

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	Total
Sales	3,395,752	1,010,226	-	109,620	-	-	4,515,598
Cost of sales	2,458,454	1,074,020	62,209	145,022	-	-	3,739,705
Gross profit / (loss)	937,298	(63,794)	(62,209)	(35,402)	-	-	775,893
Income from investments - net	4,053	-	-	-	62,880	-	66,933
	941,351	(63,794)	(62,209)	(35,402)	62,880	-	842,826
Distribution and selling expenses	61,182	4,080	-	1,689	-	-	66,951
Administrative expenses	299,151	47,927	864	17,382	25,942	-	391,266
Other operating expenses	16,830	-	-	-	-	-	16,830
	377,163	52,007	864	19,071	25,942	-	475,047
	564,188	(115,801)	(63,073)	(54,473)	36,938	-	367,779
Other income	76,117	8,503	66	(5,384)	98	-	79,400
Operating profit / (loss) before finance costs	640,305	(107,298)	(63,007)	(59,857)	37,036	-	447,179
Finance costs	333,790	19,842	1	6,328	4,818	-	364,779
Share of profit in equity accounted investees - net of taxation	-	-	-	-	616,258	-	616,258
Profit / (loss) before taxation	306,515	(127,140)	(63,008)	(66,185)	648,476	-	698,658
Taxation							108,081
Profit for the year							590,577

For the year ended 30 June 2022

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

45.2.1 Revenue reported above represents revenue generated from external customers and inter-segment sales of electricity by Energy Segment to Hadeed (Billet) Segment of Rs. Nil (2022: Rs. 168.183 million).

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

45.3 Revenue from major products and services

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

45.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 1,959.605 million (2022: Rs. 1,176.179 million) of total Steel segment revenue of Rs. 3,395.752 million (2022: Rs. 1,391.681 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 408.966 million (2022: Rs. 1,101.296 million) of total Cotton segment revenue of Rs. 1,010.226 million (2022: Rs. 2,695.372 million). Revenue from major customers of Energy segment represent an aggregate amount of Rs. Nil. (2022: Rs. 537.305 million) of total Energy segment revenue of Rs. Nil. (2022: Rs. 705.488 million). Revenue from major customers of Hadeed (Billet) segment represent an aggregate amount of Rs. 104.778 million (2022: 2,440.542 million) of total Hadeed (Billet) segment revenue of Rs. 109.62 million (2022: Rs. 2,465.55 million).

45.5 Geographical information

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

45.5.2 All non-current assets of the Group as at 30 June 2023 and 2022 were located and operating in Pakistan.

45.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2023						
Segment assets for reportable segments	3,685,849	230,380	630,821	677,091	1,617,029	6,841,170
Investment in equity accounted investees	-	-	-	-	2,948,286	2,948,286
Unallocated corporate assets						1,763,582
Total assets as per consolidated statement of financial position						11,553,038
Segment liabilities for reportable segments	1,417,450	130,373	81,238	78,752	13,559	1,721,372
Unallocated corporate liabilities and deferred income						2,155,128
Total liabilities as per consolidated statement of financial position						3,876,500

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2022						
Segment assets for reportable segments	1,799,290	511,016	680,524	913,292	1,483,003	5,387,125
Investment in equity accounted investees	-	-	-	-	2,332,187	2,332,187
Unallocated corporate assets						1,749,649
Total assets as per consolidated statement of financial position						9,468,961
Segment liabilities for reportable segments	877,422	185,161	88,067	152,113	55,847	1,358,610
Unallocated corporate liabilities and deferred income						1,085,782
Total liabilities as per consolidated statement of financial position						2,444,392

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

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

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

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

45.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
For the year ended 30 June 2023						
Capital expenditure	533,188	2,250	-	-	50	535,488
Depreciation and amortization	94,893	22,745	60,240	51,567	4,942	234,387
Non-cash items other than depreciation and amortization	318,530	24,991	(65)	8,882	(665,328)	(312,990)
For the year ended 30 June 2022						
Capital expenditure	298,862	5,916	-	800	-	305,578
Depreciation and amortization	70,848	22,813	60,614	51,155	2,183	207,613
Non-cash items other than depreciation and amortization	144,046	19,211	3,947	38,535	(956,274)	(750,535)

46. STAFF RETIREMENT BENEFITS

46.1 Defined benefit plans

46.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at 30 June 2023. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2023		2022	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost in profit or loss charge	13.25%	13.25%	10.00%	10.00%
- Discount rate used for year end obligation	16.25%	16.25%	13.25%	13.25%
- Expected rate of increase in salaries	16.25%	16.25%	13.25%	13.25%
Demographic assumptions				
- Retirement assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

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

Rupees in '000	Note	2023 Pension	2023 Gratuity	2023 Total	2022 Pension	2022 Gratuity	2022 Total
Present value of defined benefit obligations	46.1.4	701,907	160,692	862,599	569,457	127,084	696,541
Fair value of plan assets	46.1.5	(464,006)	(118,803)	(582,809)	(495,895)	(139,326)	(635,221)
Liability / asset recognized in consolidated statement of financial position		237,901	41,889	279,790	73,562	(12,242)	61,320
46.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
Net benefit cost / (income) charged to consolidated statement of profit or loss	46.1.7	28,434	4,472	32,906	2,227	(4,676)	(2,449)
Remeasurements recognized in consolidated other comprehensive income	46.1.8	157,992	58,250	216,242	229,822	99,823	329,645
Contributions by the Holding Company	46.1.5	(22,087)	(8,591)	(30,678)	(18,680)	(7,353)	(26,033)
Closing balance		237,901	41,889	279,790	73,562	(12,242)	61,320
46.1.4 Movement in the present value of defined benefit obligations							
Opening balance		569,457	127,084	696,541	500,963	111,286	612,249
Current service costs		20,150	6,664	26,814	17,142	5,695	22,837
Interest costs		74,654	16,838	91,492	49,512	11,016	60,528
Benefits paid during the year		(12,063)	-	(12,063)	(11,692)	(2,256)	(13,948)
Remeasurement:							
Actuarial losses from changes in financial assumptions		13,364	63	13,427	12,351	59	12,410
Experience adjustments		36,345	10,043	46,388	1,181	1,284	2,465
Closing balance		701,907	160,692	862,599	569,457	127,084	696,541

Rupees in '000	2023 Pension	2023 Gratuity	2023 Total	2022 Pension	2022 Gratuity	2022 Total
46.1.5 Movement in the fair value of plan assets are as follows:						
Opening balance	495,895	139,326	635,221	640,770	211,322	852,092
Contributions by the Holding Company	22,087	8,591	30,678	18,680	7,353	26,033
Interest income on plan assets	66,370	19,030	85,400	64,427	21,387	85,814
Benefits paid during the year	(12,063)	-	(12,063)	(11,692)	(2,256)	(13,948)
Return on plan assets, excluding interest income	(108,283)	(48,144)	(156,427)	(216,290)	(98,480)	(314,770)
Closing balance	464,006	118,803	582,809	495,895	139,326	635,221
46.1.6 Actual return on plan assets	(41,913)	(29,114)	(71,027)	(151,863)	(77,093)	(228,956)

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

Rupees in '000	2023 Pension	2023 Gratuity	2023 Total	2022 Pension	2022 Gratuity	2022 Total
Current service costs	20,150	6,664	26,814	17,142	5,695	22,837
Interest costs	74,654	16,838	91,492	49,512	11,016	60,528
Expected return on plan assets	(66,370)	(19,030)	(85,400)	(64,427)	(21,387)	(85,814)
Charge recognized in consolidated profit or loss	28,434	4,472	32,906	2,227	(4,676)	(2,449)

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

Rupees in '000	2023 Pension	2023 Gratuity	2023 Total	2022 Pension	2022 Gratuity	2022 Total
Remeasurement:						
Actuarial losses from changes in financial assumptions	13,364	63	13,427	12,351	59	12,410
Experience adjustments	36,345	10,043	46,388	1,181	1,284	2,465
Return on plan assets, excluding interest income	108,283	48,144	156,427	216,290	98,480	314,770
Remeasurement loss charged in consolidated other comprehensive income	157,992	58,250	216,242	229,822	99,823	329,645

	2023			2022		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
46.1.9 Total defined benefit cost recognized in consolidated statement of profit or loss and other comprehensive income	186,426	62,722	249,148	232,049	95,147	327,196
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	33	-		35	-	
Beneficiaries	78	78		74	75	
Vested / Non-Vested						
Vested benefits	636,521	139,274	775,795	521,274	111,770	633,044
Non - vested benefits	65,386	21,418	86,804	48,183	15,314	63,497
	701,907	160,692	862,599	569,457	127,084	696,541
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	4,118	446	4,564	86,721	7,717	94,438
Debt instruments						
AA+	15,000	15,000	30,000	170,539	36,692	207,231
AA-	3,060	-	3,060	-	-	-
AAA	2,500	2,500	5,000	-	-	-
A1+	-	-	-	3,061	-	3,061
CCC+	118,397	2,614	121,011	-	-	-
C	117,648	45,000	162,648	-	-	-
	256,605	65,114	321,719	173,600	36,692	210,292
Equity instruments						
Cement	4,860	-	4,860	6,467	-	6,467
Chemicals	583	-	583	782	-	782
Commercial Banks	536	-	536	955	-	955
Engineering	86,829	41,675	128,504	168,706	80,083	248,789
Fertilizer	4,132	291	4,423	6,188	325	6,513
Insurance	63	-	63	55	-	55
Oil and Gas Exploration Companies	8,889	2,822	11,711	8,185	2,886	11,071
Oil and Gas Marketing Companies	498	-	498	777	-	777
Gas Distribution Companies	245	-	245	-	-	-
Pharmaceuticals	91	-	91	35	-	35
Power Generation and Distribution	17,980	6,958	24,938	17,171	6,817	23,988
Sugar and Allied Industries	5,082	1,497	6,579	4,639	1,366	6,005
Technology and Communication	1,124	-	1,124	1,042	-	1,042
Textile Composite	1,419	-	1,419	2,148	-	2,148
	132,331	53,243	185,574	217,150	91,477	308,627
Mutual funds						
Income Fund	66,258	-	66,258	18,423	3,440	21,863
Equity Fund	4,694	-	4,694	-	-	-
	464,006	118,803	582,809	495,895	139,326	635,221

Sensitivity analysis

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

Rupees in '000	Pension	Gratuity
Discount rate +1%	632,721	156,837
Discount rate -1%	785,726	165,198
Long term pension / salary increase +1%	717,054	165,179
Long term pension / salary decrease -1%	688,738	156,787
Long term pension increase +1%	775,974	–
Long term pension decrease -1%	638,105	–

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

46.1.10 Expected future expense to be charged in unconsolidated statement of profit or loss for the year ending 30 June 2024:

Rupees in '000	Pension	Gratuity
Current service cost	26,062	8,570
Interest cost on defined benefit obligation	113,036	17,206
Interest income on plan assets	(76,588)	(11,272)
	62,510	14,504

46.2 Defined contribution plan

The Group has set up provident fund for its permanent employees. The total charge against provident fund for the year ended 30 June 2023 was Rs. 14.069 million (2022: Rs. 13.147 million). Reporting year end of Provident Fund Financial Statements is 31 December and 30 June for Steel & IID Division, and Cotton & Hadeed Division, respectively.

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

47. FINANCIAL RISK MANAGEMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

Rupees in '000	30 June 2023								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	749,867	102,906	-	-	852,773	852,773	-	-	852,773
- Unlisted equity securities	659,901	-	-	-	659,901	-	-	659,901	659,901
	1,409,768	102,906	-	-	1,512,674	852,773	-	659,901	1,512,674
Financial assets not measured at fair value									
Term deposit receipt	-	-	84,360	-	84,360	-	-	-	-
Deposits	-	-	33,180	-	33,180	-	-	-	-
Trade debts	-	-	464,043	-	464,043	-	-	-	-
Other receivables	-	-	187,979	-	187,979	-	-	-	-
Bank balance	-	-	36,248	-	36,248	-	-	-	-
	-	-	805,810	-	805,810	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	694,976	694,976	-	-	-	-
Lease Liability	-	-	-	76,673	76,673	-	-	-	-
Trade and other payables	-	-	-	766,365	766,365	-	-	-	-
Unclaimed dividend	-	-	-	16,081	16,081	-	-	-	-
Mark-up accrued	-	-	-	79,061	79,061	-	-	-	-
Short term borrowings	-	-	-	1,289,519	1,289,519	-	-	-	-
	-	-	-	2,922,675	2,922,675	-	-	-	-

Rupees in '000	30 June 2022								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	620,585	143,510	-	-	764,095	764,095	-	-	764,095
- Unlisted equity securities	612,622	-	-	-	612,622	-	206,250	406,372	612,622
	1,233,207	143,510	-	-	1,376,717	764,095	206,250	406,372	1,376,717
Financial assets not measured at fair value									
Deposits	-	-	47,393	-	47,393	-	-	-	-
Term deposit receipt	-	-	159,360	-	159,360	-	-	-	-
Trade debts	-	-	175,214	-	175,214	-	-	-	-
Other receivables	-	-	24,103	-	24,103	-	-	-	-
Bank Balances	-	-	6,317	-	6,317	-	-	-	-
	-	-	412,387	-	412,387	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	163,167	163,167	-	-	-	-
Lease liability	-	-	-	88,981	88,981	-	-	-	-
Trade and other payables	-	-	-	877,041	877,041	-	-	-	-
Mark-up accrued	-	-	-	38,824	38,824	-	-	-	-
Short term borrowings	-	-	-	861,162	861,162	-	-	-	-
Unclaimed dividend	-	-	-	25,614	25,614	-	-	-	-
	-	-	-	2,054,789	2,054,789	-	-	-	-

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

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

47.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used by professional valuer in measuring Level 3 fair values at 30 June 2023 for unquoted equity investment measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
- Shakarganj Food Products Limited	- Discounted free cash flows with terminal growth:	- Expected free cash flows	The estimated fair value would increase / (decrease) if:
	The valuation model considers the present value of expected free cash flows, discounted using Weighted Average Cost of Capital.	- Terminal growth rate	- The expected free cash flows were higher / (lower)
		- Weighted Average Cost of Capital	- The terminal growth rate were higher / (lower)
			- The Weighted Average Cost of Capital were lower / (higher).
- Central Depository Company of Pakistan Limited	-Dividend growth model:	- Dividend growth rate	The estimated fair value would increase / (decrease) if:
	The valuation model considers the present value of future dividends, discounted using Weighted Average Cost of Capital.	- Weighted Average Cost of Capital	- The dividend growth rate were higher / (lower)
			- The Weighted Average Cost of Capital were lower / (higher)
	The method has been changed from Net Asset Value method to Dividend Valuation method for better fair value measurement.		

47.2 Level 3 fair values

Reconciliation of Level 3 fair values

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

Rupees in '000	
Balance at 30 June 2022	
- Shakarganj Food Products Limited	406,372
- Central Depository Company of Pakistan Limited (CDC)	–
	406,372

Rupees in '000	
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	49,313
- Transfer from level 2 to level 3	206,250
- Central Depository Company of Pakistan Limited (CDC)	(2,034)
	253,529
Balance at 30 June 2023	
- Shakarganj Food Products Limited	455,685
- Central Depository Company of Pakistan Limited (CDC)	204,216
	659,901

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 30 June 2023 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Profit or loss	
Rupees in '000	Increase	Decrease
Shakarganj Food Products Limited		
- Expected cash flows (10% movement)	54,296	(54,288)
- Terminal growth rate (100 bps)	32,859	(28,481)
- Weighted Average Cost of Capital (100 bps)	(43,989)	51,084
Central Depository Company of Pakistan Limited		
- Dividend growth rate (100 bps)	9,918	(8,346)
- Weighted Average Cost of Capital (100 bps)	(7,525)	8,943

Transfer out of level 2

As at 30 June 2023, FVTPL unlisted equity security with a carrying amount of Rs. 206.25 million was transferred from level 2 to level 3 because during the year, no recent transactions for sale / purchase of share by other shareholders were performed. Therefore, it is used as level 3 fair value measurement.

48. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

48.1 Credit risk

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

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

Rupees in '000	**2023**	2022
Deposits	33,180	47,393
Term deposit receipt	84,360	159,360
Trade debts	464,043	175,214
Other receivables	187,979	24,103
Bank balances	36,248	6,317
	805,810	412,387

Trade and other receivables

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

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

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

Rupees in '000	**2023**	2022
Steel segment	459,154	81,044
Cotton segment	59	4,296
Energy segment	4,636	4,636
Hadeed (Billet) segment	194	85,238
	464,043	175,214
The aging of trade debts at reporting date is		
Not past due	329,986	38,937
Past due 1 - 30 days	35,031	81,878
Past due 30 - 180 days	62,697	34,915
Past due 180 days	54,730	39,037
	482,444	194,767
Less: Impaired	18,401	19,553
	464,043	175,214

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

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Holding Company has identified the GDP and the unemployment rate of Pakistan in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

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

Settlement risk

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

Bank balances

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

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

	Rankings		Ranking	**2023**	2022
	Short term	Long term	Agency	Rupee in '000	
Mutual Funds					
HBL Growth Fund (A)	MFR 2-Star	-	VIS	11,255	12,386
HBL Investment Fund (A)	MFR 1-Star	-	VIS	1,185	1,529
Pak Qatar Cash Plan	AA	-	Pacra	100,146	-
MCB Cash Management Optimizer	AA+	-	Pacra	150,249	-
				262,835	13,915

Deposits

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

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. The Group have debt security amounting to Rs. 84.360 million as at reporting date.

Concentration of credit risk

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

48.2 Liquidity risk

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

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

Rupees in '000	2023							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loans	694,976	-	694,976	136,526	136,458	195,731	207,504	18,758
Lease liabilities	76,673	-	96,137	21,295	20,806	31,012	22,176	-
Trade and other payables	766,365	-	766,365	766,365	-	-	-	-
Unclaimed dividend	16,081	16,081	-	-	-	-	-	-
Mark-up accrued	79,061	-	79,061	79,061	-	-	-	-
Short term borrowings	1,289,519	463,654	825,865	825,865	-	-	-	-
	2,922,675	479,735	2,462,404	1,829,112	157,264	226,744	230,527	18,758

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

48.3 Market risk

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

48.3.1 Currency risk

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

	2023	
	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	1,398,513	26,720
Net exposure	1,398,513	26,720

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

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2023	2022	**2023**	2022
USD to PKR	248.04	178.93	286.58	204.85
Euro to PKR	260.52	236.35	310.06	213.81

Sensitivity analysis

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

Effect on consolidated statement of profit or loss

	2023	2022
USD	34,689	22,257
Euro	696	1,609
	35,385	23,866

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

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

48.3.2 Interest rate risk

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

	2023	2022	2023	2022
	Effective interest (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loan	16.66 - 24.08	8.49 - 15.16	694,976	163,167
Lease liabilities	11.51 - 25.61	11.51 - 18.87	76,673	88,981
Short term borrowings	16.91 - 24.14	8.31 - 16.31	1,289,519	812,647

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased the consolidated profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

	Profit and loss 100 bp	
Rupees in '000	Increase	Decrease
As at 30 June 2023		
Cash flow sensitivity - Variable rate financial liabilities	(20,612)	20,612
As at 30 June 2022		
Cash flow sensitivity - Variable rate financial liabilities	(11,133)	11,133

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

48.3.3 Other price risk

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

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

Rupees in '000	**2023**	2022
Effect on profit	74,987	62,059
Effect on equity	10,291	14,351
Effect on investments	85,278	76,410

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

49. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives		Total	
Rupees in '000	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Managerial remuneration	36,117	34,085	-	-	118,368	91,705	154,485	125,790
Fees	-	-	4,625	4,375	-	-	4,625	4,375
Contributions to								
- Gratuity fund	1,688	1,483	-	-	3,480	2,941	5,168	4,424
- Pension fund	4,053	3,560	-	-	10,872	8,158	14,925	11,718
- Provident fund	2,027	1,695	-	-	5,244	3,678	7,271	5,373
Others	8,820	7,383	-	-	3,725	3,467	12,545	10,850
	52,705	48,206	4,625	4,375	141,689	109,949	199,019	162,530
Number of persons	1	1	7	7	17	17	25	25

49.1 During the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 1.8 million (2022: Rs. 1.8 million).

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

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

50. TRANSACTIONS WITH RELATED PARTIES

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

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

Name	Nature of relationship	Basis of relationship	Nature of transaction	2023	2022
Rupees in '000					
Altern Energy Limited	Associated company	17.60% holding	Dividend Income	-	1,183,165
			Dividend received	-	1,183,165
Shakarganj Limited	Associated company	28.01% holding	Payments received	-	130,916
			Payments made against services received	-	23,762
			Sales of electricity and steam	-	537,305
			Sales of raw cotton / polyester	-	45,207
			Purchase of raw material	-	608,946
			Advance against purchase of raw material	-	138,320
			Reimbursable expenses	9,982	12,284
Crescent Socks (Private) Limited	Related party associate	Subsidiary Company's	Rental income	1,200	900
			Payments received against services rendered	1,500	800
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	2,711	2,484
			Services rendered	3,059	3,031
			Rent	2,829	3,494
			Payments received	3,000	2,000
The Crescent Textile Mills Limited	Related party	Major Shareholder	Rent	1,970	4,580
			Payments received against services rendered	3,544	6,214
			Reimbursable expenses	1,436	1,776
			Dividend received	14,824	-
Premier Insurance Limited	Related party	Common directorship	Insurance premium	7,772	8,217
			Insurance premium paid	8,178	8,116
The Citizens' Foundation	Related party	Common directorship	Donation given	24,860	44,401
Indus Valley School of Arts and Architecture	Related party	Common directorship	Donation given	-	2,500
Pakistan Centre For Philanthropy	Related party	Common directorship	Donation given	-	3,000
Pak Elektron Limited	Related party	Common directorship	Sales made	159,666	179,746
			payment received	164,872	205,983
Pak Qatar Asset Management Company	Related party	Common directorship	Units in Cash plan	100,146	-
			Participated in SUKUK certificates	120,000	-
			Loan repayment	20,000	-
			Profit repayment	13,298	-

Rupees in '000				2023	2022
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	1,392	2,397
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,590	7,533
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	22,087	18,680
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	11,734	9,976
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	772	772
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	5	24
Key management personnel	Related parties	Executives	Remuneration and benefits	194,394	157,720
Chairman of the Board	Related party	Chairman	Honorarium	1,800	1,800
Directors and their spouses	Related parties	Directors	Meeting fee	2,825	2,575

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

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

50.3 Outstanding balances and other information with respect to related parties as at 30 June 2023 and 2022 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12.3), investment in equity accounted investees (note 19), other receivables (note 29.2), administrative expenses (note 36.3) and staff retirement benefits (note 46).

51. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from year 2022.

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

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

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

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

51.1 Gearing ratio

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

Rupees in '000	Note	**2023**	2022
Total debt	51.1.1	2,061,168	1,113,310
Less: Cash and bank balances		36,248	6,807
Net debt		2,024,920	1,106,503
Total equity	51.1.2	7,426,141	7,024,569
Total capital		9,451,061	8,131,072
Gearing ratio		21.4%	13.6%

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

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

52. PLANT CAPACITY AND PRODUCTION

52.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2022: 66,667 tons) annually on the basis of notional pipe size (whereas the notional pipe size is taken as 30" dia x ½" thickness for SP1600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 42,888 tons (2022: 5,082 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 68,095 tons (2022: 28,205 tons) when translated to the notional pipe size of 30" diameter.

Coating plant

The coating plant has a capacity of shot blasting and coating of line pipes with single layer FBE and multilayer polyolefin coatings on pipe sizes ranging from 114 mm to 2134 mm outside diameter.

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 51,795 meters (2022: 95,377 meters) of different diameter pipes and 305,098 square meters surface area was achieved during the year (2022: 96,677 square meters surface area). Reason for underutilization was lack of coating work orders in hand.

52.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,092 shifts is 9,197,007 kilogram (2022: 9,197,007 kilograms). Actual production converted into 20s count was 2,391,228 kilograms for 310 shifts (2022: 8,546,895 kilograms for 1,092 shifts).

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2022: 118,856 MWh) and the actual production achieved during the year was Nil (2022: 23,679 MWh). Reason for underutilization was that no power was supplied to FESCO, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

52.4 Hadeed segment

The designed capacity of Plant is 85,000 mtons (2022: 85,000 mtons) of billets per annum, but the total production during the year was NIL (2022: 17,707.08 mtons) of billets. Unit would not be operated on self-generated (Inter division) power supply that was only compatible during crushing season of three months and two months on bagasse (purchased) on off and on basis. Production was suspended for the whole year because of no alternative power supply arrangements.

53 COMPARATIVE INFORMATION

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

54 GENERAL

54.1 Number of employees

The total number of employees, including contractual employees, of the Group as at 30 June 2023 were 434 (2022: 769) and weighted average number of employees were 602 (2022: 767).

The number of factory employees, including contractual employees, of the Group as at 30 June 2023 were 317 (2022: 691) and weighted average number of employees were 523 (2022: 688).

55 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on August 09, 2023.

Chief Executive	Director	Chief Financial Officer