





Crescent Steel and Allied Products Limited

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2024

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 June 30, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information.

In our opinion consolidated statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024 and of its consolidated financial performance and its consolidated cash flow 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, 6.16 and 22 to the Consolidated financial statements) As at June 30, 2024, included in the balance of deferred tax asset (net) are amounts of Rs 287.637 million, Rs 229.810 million and Rs 136.658 million representing deferred tax asset recognised on account of unabsorbed tax depreciation and amortization, excess of minimum tax over normal tax and excess of alternate corporate tax over corporate tax respectively.	Our audit procedures, amongst others, included the following: <ul style="list-style-type: none"> Obtained understanding of the management's process of preparation of forecast of tax profitability, tax liability and deferred tax calculation;

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>The Group has carried out an assessment to determine the recoverability of these balances by estimating future taxable profits of the Group and the expected rate applicable to those profits. The determination of future taxable profits is most sensitive to certain key assumptions such as sales volume, gross margin percentage, product pricing and inflation rates which have been considered in that determination.</p> <p>As preparing profitability forecast and assessment of realisability of recognised deferred tax asset requires significant management judgments, we considered this to be a key audit matter.</p>	<ul style="list-style-type: none"> • 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 Long Term Investments	
	<p>(Refer notes 4, 6.5, 20.2 and to the Consolidated financial statements)</p> <p>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 529,513 million and Rs 213.419 million respectively as at June 30, 2024.</p> <p>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 that involve the exercise of judgments over assumptions and estimates used by the management expert.</p> <p>Due to the level of judgements involved in determining fair values of these unquoted investments, we considered this to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • 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 the management's expert; • Discussed the rationale of the inputs to the valuation models and assessed their reasonableness; • Checked mathematical accuracy of the calculations; and • Assessed whether the related disclosures made in the 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 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 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.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

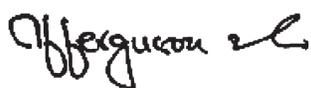
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



A. F. Ferguson & Co

Chartered Accountants

Karachi

Date: October 4, 2024

UDIN: AR202410056R4F5rUloh

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

Rupees in '000

Note

2024

2023

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

1,050,669

1,050,821

Revenue reserves

8

6,864,102

5,598,995

8,691,096

7,426,141

LIABILITIES

Non-current liabilities

Long term loans

9

157,163

424,748

Lease liabilities

10

212,702

62,424

Deferred income

11

3,300

3,837

Deferred liability - staff retirement benefits

46

67,937

279,790

441,102

770,799

Current liabilities

Trade and other payables

12

1,360,688

1,436,025

Unclaimed dividend

26,188

16,081

Mark-up accrued

13

61,577

79,061

Short term borrowings

14

778,487

1,289,519

Current portion of long term loans

9

270,303

270,228

Current portion of lease liabilities

10

42,285

14,249

Current portion of deferred income

11

537

538

2,540,065

3,105,701

2,981,167

3,876,500

Contingencies and commitments

15

Total equity and liabilities

11,672,263

11,302,641

Rupees in '000	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,194,965	2,437,713
Right-of-use-assets	16	228,869	82,852
Intangible assets	17	157,885	155,322
Investment properties	18	75,406	79,038
Investment in equity accounted investees	19	2,572,926	2,948,286
Other long term investments	20	849,507	762,807
Long term deposits	21	71,369	27,143
Deferred taxation - net	22	28,499	708,451
		6,179,426	7,201,612
Current assets			
Stores, spares and loose tools	23	404,968	339,707
Stock-in-trade	24	1,447,594	1,268,967
Trade debts	25	1,472,246	464,043
Advances	26	195,507	173,372
Trade deposits and short term prepayments	27	18,765	16,689
Short term investments	28	1,377,114	834,227
Other receivables	29	82,308	294,952
Taxation - net	30	157,646	672,824
Cash and bank balances	31	336,689	36,248
		5,492,837	4,101,029
Total assets		11,672,263	11,302,641

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 June 30, 2024

Rupees in '000	Note	2024	2023
Sales	32	10,752,196	5,282,780
Less: Sales tax		1,640,585	767,182
		9,111,611	4,515,598
Cost of sales	33	6,475,244	3,739,705
Gross profit		2,636,367	775,893
Income from investments - net	34	605,754	66,933
		3,242,121	842,826
Distribution and selling expenses	35	56,987	66,951
Administrative expenses	36	539,966	391,266
Other operating expenses	37	276,302	16,830
		873,255	475,047
		2,368,866	367,779
Other income	38	107,218	79,400
Operating profit before finance costs		2,476,084	447,179
Finance costs	39	497,442	364,779
Share of profit in equity accounted investees	40	421,030	616,258
Profit before taxation		2,399,672	698,658
Taxation	41	(1,128,014)	(108,081)
Profit for the year		1,271,658	590,577
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Proportionate share of other comprehensive loss			
of equity accounted investees		(152)	(159)
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		3,563	(35,314)
Gain / (loss) on remeasurement of staff retirement benefit plans - net of tax		145,151	(153,532)
Other comprehensive income / (loss) for the year		148,562	(189,005)
Total comprehensive income for the year		1,420,220	401,572
		(Rupees)	
Basic and diluted earnings per share	42	16.38	7.61

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 June 30, 2024

Rupees in '000	Note	2024	2023
Cash flows from operating activities			
Cash generated from operations	43	1,167,857	34,413
Tax paid		(69,801)	(59,905)
Finance costs paid		(467,503)	(309,603)
Contribution to gratuity and pension funds	46.1.3	(36,769)	(30,678)
Contribution to Workers' Profit Participation Fund		(16,134)	-
Long term deposits - net		(42,303)	(16,957)
Net cash generated from / (used in) operating activities		535,347	(382,730)
Cash flows from investing activities			
Capital expenditure		(247,845)	(535,488)
Acquisition of intangible assets		(3,990)	(3,374)
Proceeds from disposal of operating fixed assets		224,384	58,999
Investments - net		960	(213,738)
Dividend income received		914,456	96,951
Interest income received		29,937	23,354
Net cash generated from / (used in) investing activities		917,902	(573,296)
Cash flows from financing activities			
(Repayment of) / proceeds from long term loans - net		(269,370)	536,050
Payments against finance lease obligations - net		(77,248)	(44,407)
(Repayment of) / proceeds from short term loans obtained - net		(246,594)	429,549
Dividends paid		(145,158)	(9,533)
Net cash (used in) / generated from financing activities	43.2	(738,370)	911,659
Net increase in / (decrease) cash and cash equivalents		714,879	(44,367)
Cash and cash equivalents at beginning of the year		(427,406)	(383,039)
Cash and cash equivalents at end of the year	44	287,473	(427,406)

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



Chief Executive



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2024

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves		Total capital reserves	Revenue reserves			Total revenue reserves	Total
		Share premium	Others*		Fair value reserve	General reserve	Unappropriated profit		
Balance as at July 1, 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 June 30, 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 June 30, 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
Total comprehensive income for the year ended 30 June 2024									
Profit for the year	-	-	-	-	-	-	1,271,658	1,271,658	1,271,658
Other comprehensive income / (loss) for the year	-	-	(152)	(152)	3,563	-	145,151	148,714	148,562
Total comprehensive income for the year	-	-	(152)	(152)	3,563	-	1,416,809	1,420,372	1,420,220
Transactions with owners of the Holding Company									
- Interim dividend @ 20% (i.e. Rs. 2.00 per share) for the year ended June 30, 2024	-	-	-	-	-	-	(155,265)	(155,265)	(155,265)
Balance as at June 30, 2024	776,325	1,020,908	29,761	1,050,669	(23,018)	3,642,000	3,245,120	6,864,102	8,691,096

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

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



Chief Executive



Director



Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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 August 1, 1983 as a public limited company in Pakistan under the repealed Companies Act, 1913 (now the 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 November 16, 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 the Holding Company.

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 uses bagasse in the combustion process to produce power and processed steam. The plant of the Holding Company is located at Bhone, District Jhang, Punjab.

1.2 CS Capital (Private) Limited

CS Capital (Private) Limited was incorporated on November 5, 2010 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act 2017) located at principal office of the Holding Company. The principal activity of the Subsidiary Company is to effectively manage investment portfolios in shares, commodities and other securities (strategic as well as short term). On September 26, 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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as result of a Joint Venture (JV) agreement ('the JV Agreement') executed on October 8, 2013 between Management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

The Subsidiary Company had been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) on February 10, 2014. The Subsidiary Company has been allocated land from PPDB and the interconnectivity study report was vetted and approved by National Transmission & Dispatch Company (NTDC). Further, the Subsidiary Company has been granted electricity generation license from National Electric Power Regulatory Authority (NEPRA) for its 100MW Solar Power Plant on April 29, 2020. Further, the Subsidiary Company has submitted the tariff petition to NEPRA on September 25, 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. 9,111.611 million (2023: Rs. 4,515.598 million), out of which 99.39 percent was generated from Steel division and the rest 0.61 percent from Cotton division.

During the year, KSE-100 index benchmark increased by 89.24 percent closing at 78,444.96 points. The Group generated income from investment amounting to Rs. 605.754 million which includes dividend income amounting to Rs. 120.033 million and unrealized gain amounting to Rs. 419.905 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 June 30, 2024. 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 as otherwise specifically stated.

3.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional 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 and Right-of-use assets (refer note 6.2)
- Intangible assets (refer note 6.3)
- Investments (refer notes 6.5.2)
- Stores, spares and loose tools and stock-in-trade (refer notes 6.6 and 6.7)
- Employees benefits (refer note 6.10)
- Leases (refer note 6.12)
- Taxation (refer note 6.15)
- Provisions (refer note 6.18)
- Impairment (refer notes 6.2, 6.3, 6.4 and 6.5.2)
- Contingencies (refer note 6.23)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

There were certain amendments that became applicable for the Group during the year but are not considered to be relevant or did not have any significant effect on the Group's operations and have, therefore, not been disclosed in these consolidated financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Group which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these consolidated financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). However, the Guidance does not have any material impact on the Group's financial reporting.

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 new standards and amendments that will be applicable to the Group for its annual periods beginning on or after July 1, 2024. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Group's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Group's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

6. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies are consistently applied in the preparation of these consolidated financial statements and 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 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 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 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 measured at cost less impairment, if any.

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 profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Depreciation

Depreciation is charged to to the 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, useful lives and depreciation methods are reviewed at each reporting date, and adjusted, if material. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors' and is applied prospectively in the consolidated financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods.

Disposal

Disposal of an item of property, plant and equipment is recognized when significant risk and rewards, incidental to the ownership of that asset, have been transferred to the buyer. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the profit or loss.

Right-of-use assets (ROUA)

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

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

Capital work in progress

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

Impairment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized in the consolidated profit or loss 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 expenditures are expensed out as incurred.

Amortization

Amortization is charged to profit or loss on a straight line basis at the rates specified in note 17 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. The assets' residual values, useful lives and amortization methods are reviewed at each reporting date, and adjusted if material.

Research and development expenditures

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in 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 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 an asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists 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.

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

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date, and adjusted if material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 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

Disposal of an investment property is recognized when significant risk and rewards, incidental to the ownership of that asset, have been transferred to the buyer. The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the profit or loss.

6.5 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, respectively, on initial recognition.

6.5.2 Financial assets

Classification

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

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

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

Amortized cost

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

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

FVOCI - Debt investment

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

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

FVOCI - Equity investment

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in investment's fair value in Other Comprehensive Income (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 the profit or loss. Any gain or loss on derecognition is recognized in the 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 the profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to the profit or loss.

Equity investments classified as FVOCI are subsequently measured at fair value. Dividends are recognized as income in the 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 the 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 the profit or loss. Net gains and losses (unrealised and realised), including any interest or dividend income, are recognized in the profit or loss.

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The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 debts, cash and cash equivalents, and other receivables.

The Group applies the IFRS 9 simplified approach to measure 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 payments are 90 days past due.

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-tradings; or
- 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 the profit or loss.

Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the 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 currently has a legally enforceable right to offset the amounts and it intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

6.6 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 the 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.

6.7 Stock-in-trade

Stock-in-trade is stated at the lower of cost 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. 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.

Net realizable value is the estimated selling prices of the products in the ordinary course of business less estimated cost of completion and cost necessary to be incurred in order to make the sale.

6.8 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortized cost. Trade debts and other receivables are recognized and carried at original invoice amount (unless there is a significant financing component) less an estimated allowance made for doubtful debts and receivables based on 'Expected Credit Loss' model. Balances considered bad and irrecoverable are written off when identified. Subsequent recoveries of amounts previously written off are credited in the profit or loss.

6.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost and 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 statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

6.10 Employee benefits

6.10.1 Compensated absences

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

6.10.2 Post retirement benefits

6.10.2.1 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 the profit or loss when they are due.

Cotton segment

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

All employees except Cotton segment

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

6.10.2.2 Defined benefit plans

Pension and gratuity fund schemes

The Holding Company provides gratuity benefits to all its permanent eligible employees who have completed their minimum qualifying period as per the terms of employment. The pension scheme provides life time pension to retired employees or to their spouses. The liability recognized in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

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 other comprehensive income. The Holding Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense, current service costs and any past service costs are recognized in the 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.

6.10.3 Staff benevolent fund

The Holding Company has established staff benevolent fund as a separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of this fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired

employees and other hardship cases of extraordinary nature of existing employees of the Holding Company. Contributions to the fund are recognized as an expense in the profit or loss when they are incurred.

6.11 Mark-up bearing borrowings

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

6.12 Leases liabilities

Leases 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. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method i.e. it is 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. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

6.13 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.

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

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

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

6.14 Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost, which approximate to the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

6.15 Taxation

The tax expense comprises current and deferred tax. Tax is recognized in the profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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.

Current tax assets and tax liabilities are offset where the Group has the legally enforceable right to offset and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

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 or substantially 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

6.16 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. The Group has generally concluded that it is the principal in its revenue arrangements.

The Group manufactures and contracts with customers for the sale of bare pipes, coated pipes, billets, cotton and electricity products which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when 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.

6.17 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.

Sale of investments are accounted for when the commitment (trade date) for sale of security is made.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

6.18 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying 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.

6.19 Foreign currency translation

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

6.20 Segment reporting

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

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets. Transactions between reportable segments are reported at cost.

Segment results that are reported for review and performance evaluation include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, income tax assets / liabilities and related income and expenditure.

6.21 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. Transfers 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.

6.22 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 profit or loss attributable to ordinary shareholders of Holding Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.23 Contingencies

Contingencies are disclosed when Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognized because it is not probable that an outflow of resources embodying economic benefits 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

2024		2023	2024		2023
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:

	2024		2023	
	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	2.50%	1,938,354
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
Pak Qatar Family Takaful Limited	8.76%	6,800,000	8.74%	6,787,000
Shakarganj Limited	0.23%	180,000	0.23%	180,000

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

8. RESERVES

8.1 Capital Reserves

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

8.2 Revenue Reserves

Fair value reserve

This reserve has been maintained by the Group 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 an yearly basis.

Rupees in '000	Note	2024	2023
9. LONG TERM LOANS			
Secured - Under shariah arrangement			
Long Term Sukuk Certificates	9.1	400,000	666,667
Less: Transaction cost	9.1.1	(2,381)	(4,241)
		397,619	662,426
Secured - Under non-shariah arrangement			
JS Bank Limited	9.2	29,847	32,550
		427,466	694,976
Less: Current portion shown under current liabilities		270,303	270,228
		157,163	424,748

9.1 During the year ended June 30, 2023, the Holding Company issued 8,000 unlisted, privately placed and secured Sukuk certificates (SUKUK-AI-Istisna) on October 11, 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 was received on October 11, 2022. The Sukuk certificates carry 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 of installment had commenced from April 2023. During the year, the Holding Company has made repayments of Rs. 133.33 million and profit on such arrangement ranged from 24.08% to 24.76% (June 30, 2023: 17.78%) per annum.

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 June 30, 2021, the Holding Company entered into a loan arrangement with JS Bank Limited in which 5 tranches were received. The tranches were converted into the State Bank of Pakistan's (SBP) "SBP Financing scheme for Renewable Energy". The term of the loan is 10 years from the date of disbursement with a grace period of 3 months, repayable in monthly installments starting from June 2021. Mark-up was payable quarterly at the rate of 1 month KIBOR plus 1% per annum up till approval of refinance from the SBP and after approval from the SBP, mark-up is payable at the concessional rate of 6% per annum.

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

10. LEASE LIABILITIES

Rupees in '000	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2024	2023	2024	2023	2024	2023
Not later than one year	89,736	24,328	47,451	10,079	42,285	14,249
Later than one year and not later than five years	286,753	71,809	74,051	9,385	212,702	62,424
	376,489	96,137	121,502	19,464	254,987	76,673
Less: Current portion shown under current liabilities					42,285	14,249
					212,702	62,424

10.1 The Holding Company has entered into lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is from three to five years (2023: three to five years) and the liability is payable by the month ranging from six to sixty months (2023: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 17.04% to 31.12% (2023: 11.51% to 25.61%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 193.331 million (2023: Rs. 57.512 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	2024	2023
11. DEFERRED INCOME			
Opening balance		4,375	8,728
Income recognized during the year	38	(538)	(4,353)
		3,837	4,375
Less: Current portion shown under current liabilities		(537)	(538)
Closing balance		3,300	3,837
12. TRADE AND OTHER PAYABLES			
Trade creditors		69,589	72,355
Bills payable		38	38
Commission payable		385	522
Accrued liabilities	12.1	703,215	611,814
Advances from customers		12,926	348,951
Infrastructure fee, sales tax and damages	12.2	323,752	287,643
Due to related parties	12.3	26,234	19,534
Payable to provident fund		47	127
Payable to staff retirement benefit funds		102	2,823
Retention money		110	2,980
Withholding tax payable		3,272	6,897
Workers' Profit Participation Fund	12.4	94,975	18,529
Workers' Welfare Fund		41,562	7,640
Others		84,481	56,172
		1,360,688	1,436,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
12.1 Accrued liabilities			
Salaries, wages and other benefits		62,467	23,536
Accrual for 10-C bonus		6,668	4,943
Compensated absences		24,824	20,811
Liquidated damages	12.1.1	170,096	223,955
Others	12.1.2	439,160	338,569
		703,215	611,814

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 (2023: Rs. 29.451 million).

12.1.3 The contract liabilities amounting to Rs. 341.417 million at the beginning of year are recognized as revenue in the ordinary course of business.

12.2 Movement in infrastructure fee, sales tax and damages

Rupees in '000	Infrastructure fee (Note 12.2.1)	Sales Tax (Note 12.2.2)	Liquidated damages (Note 12.2.3)	Total
Opening balance as at July 1, 2023	238,980	3,242	45,421	287,643
Charge for the year	36,109	-	-	36,109
Closing balance as at June 30, 2024	275,089	3,242	45,421	323,752

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 June 4, 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 December 28, 2006, through the subsequent versions of the law. The Honourable Division Bench of the SHC suspended its judgment till September 3, 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 September 1, 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. During the year, the Holding company had opted to pay 100% payments to the ETO on certain imports.

As of June 30, 2024, the Holding company has provided bank guarantees amounting to Rs. 196.83 million (2023: Rs. 191.96 million) in favour of Excise and Taxation Department, GoS.

The current year charge has been estimated on the value of imports during the year and forms a component of cost of such imported items. Any subsequent adjustment with respect to increase or decrease in the estimate has been recognized in the profit or loss. Based on the opinion of the 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 provision has been recognized.

Rupees in '000	Note	2024	2023
12.3 Due to related parties			
Premier Insurance Company Limited		1,445	–
Shakarganj Limited		24,789	19,534
		26,234	19,534
12.4 Workers' Profit Participation Fund			
Opening balance		18,529	2,395
Allocation for the year	37	92,580	16,134
		111,109	18,529
Amount paid to the Trustees of the fund		(16,134)	–
Closing balance		94,975	18,529
13. MARK-UP ACCRUED			
Mark-up accrued on :			
– Finance lease obligations		241	–
– Long term loans		20,739	37,309
– Short term borrowing	13.1	40,597	41,752
		61,577	79,061

13.1 This includes mark-up accrued amounting to Rs. 24.823 million (2023: Rs. 4.787 million) on shariah based finance arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
14. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	14.1	199,216	463,654
Short term loans	14.2 & 14.4	579,271	825,865
		778,487	1,289,519

14.1 Running finance facility available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (2023: Rs. 1,150 million) out of which Rs. 400 million (2023: Rs. 300 million), Rs. 100 million (2023: Rs. 100 million) and Rs. 400 million (2023: 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 22.23% to 24.91% (2023: 16.91% to 23.98%) per annum.

14.2 Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 4,500 million (2023: Rs. 3,950 million) out of which Rs. 4,000 million (2023: Rs. 3,150 million), Rs. 205 million (2023: Rs. 205 million) and Rs. 400 million (2023: Rs. 350 million) are interchangeable with letters of credit, letter of guarantee and short term running finance facilities, respectively. During the year, mark-up on such arrangements ranged between 21.91% to 25.22% (2023: 13.66% to 24.14%) per annum.

14.3 The facilities for opening letters of credit amounted to Rs. 4,650 million (2023: Rs. 4,750 million) out of which Rs. 400 million (2023: Rs. 300 million), Rs. 4,000 million (2023: Rs. 3,150 million) and Rs. 2 million (2023: Rs. 205 million) are interchangeable with short term running finance, short term loans and letter of guarantee, respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at June 30, 2024 amounted to Rs. 2,713.28 million (2023: Rs. 2,368.6 million). Amounts unutilized for letters of credit and guarantees as at June 30, 2024 were Rs. 3,489.6 million and Rs. 996.58 million (2023: Rs. 4,251 million and Rs. 380.15 million), respectively.

14.4 This includes an amount of Rs. 579.28 million (2023: Rs. 438 million) outstanding against Islamic mode of financing. The Holding Company is currently availing Islamic mode of financing from the Al Baraka Bank Limited, Habib Metropolitan Bank Limited and Dubai Islamic Bank Limited. Facilities availed during the year include letters of credit, bank guarantees, Wakala, FIM (Foreign Currency against Import Merchandise), Murabaha and Istisna.

14.5 The above facilities are expiring on various dates with maturity period upto March 31, 2025. These facilities are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares (refer note 28.4), and lien over import / export documents. Further, these facilities (refer notes 14.1 to 14.3) are also secured against pledge of shares amounting to Rs. 184.38 million owned by CS Capital (Private) Limited (subsidiary company).

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 During 2014-2015, a show cause notice was issued by the Deputy Director, Directorate of Post Clearance Audit (Customs) Karachi for payment of duties and taxes on import of certain raw materials. In response the Company had contested that the said imports were exempt under bilateral agreement between Government of Pakistan and Government of Japan for projects under grant and accordingly these were cleared by the customs. However, the collector customs issued

an order dated May 22, 2015 for recovery of the said duty and taxes and penalty thereon amounting to Rs. 35.773 million. The Holding company has filed an appeal with Appellate Tribunal (Customs) against the order. No provision has been recognized in these consolidated financial statements as the case is under appeal and management considers that the same would be decided in the Holding company's favour.

- 15.1.2 During 2015–2016, a show cause notice was received from Sindh Revenue Board (SRB) in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services was raised thereby. The 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's 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 June 30, 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.

15.2 Commitments

- 15.2.1 Aggregate amount of guarantees issued on behalf of the Group against various contracts aggregated to Rs. 1,717.65 million (2023: Rs. 1,988.45 million). This includes guarantee issued by Islamic banks amounting to Rs. 204.346 million (2023: Rs. 257.84 million).

- 15.2.2 Commitments in respect of capital expenditure contracted for as at June 30, 2024 amounted to Rs. 46.084 million (2023: Rs. 34.659 million).

- 15.2.3 Commitments under letters of credit as at June 30, 2024 amounted to Rs. 434.97 million (2023: Rs. 498.92 million).

Rupees in '000	Note	2024	2023
16. PROPERTY, PLANT AND EQUIPMENT & RIGHT OF USE ASSETS			
Operating fixed assets	16.1	2,064,089	1,934,958
Capital work-in-progress	16.4	130,876	502,755
		2,194,965	2,437,713
Right-of-use assets	16.1	228,869	82,852
		2,423,834	2,520,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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	Right-of-use assets		Total		
	Freehold	Leasehold including improvements	On freehold land	On leasehold land							Plant and machinery	Motor vehicles			
Rupees in '000															
Net book value as at June 30, 2024															
Balance as at July 1, 2023 (NBV)	249,226	30,884	352,695	2,564	2,606	1,165,202	1,177	6,252	7,368	105,444	1,934,958	28,568	56,284	82,852	2,017,810
Additions / transfers	-	17,839	75,225	17,541	-	314,150	15,492	-	5,794	118,761	564,802	210,000	-	210,000	774,802
Disposals / transfers (at NBV)	-	-	-	-	-	(210,000)	-	-	(326)	(9,064)	(219,390)	(16,092)	(778)	(16,870)	(236,260)
Depreciation charge	-	(6,275)	(28,447)	(1,627)	(881)	(143,677)	(2,668)	(1,812)	(5,218)	(25,476)	(216,281)	(30,363)	(16,750)	(47,113)	(263,394)
Balance as at June 30, 2024 (NBV)	249,226	42,448	399,473	18,478	1,725	1,125,675	24,341	4,440	7,618	190,665	2,064,089	190,113	38,756	228,869	2,292,958
Gross carrying value as at June 30, 2024															
Cost	249,226	60,906	760,526	97,627	27,481	3,323,591	93,637	35,379	76,097	306,261	5,030,731	235,586	60,566	296,152	5,326,883
Accumulated depreciation	-	(18,458)	(361,053)	(79,149)	(25,756)	(2,197,916)	(69,296)	(30,939)	(68,479)	(115,596)	(2,966,642)	(45,473)	(21,810)	(67,283)	(3,033,925)
Net book value	249,226	42,448	399,473	18,478	1,725	1,125,675	24,341	4,440	7,618	190,665	2,064,089	190,113	38,756	228,869	2,292,958
Net book value as at June 30, 2023															
Balance as at July 1, 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)	-	-	-	-	-	-	-	-	(34)	(45,802)	(45,836)	(48,060)	-	(48,060)	(93,896)
Depreciation charge	-	(1,685)	(26,810)	(1,530)	(900)	(139,691)	(2,388)	(1,886)	(4,902)	(27,251)	(206,793)	(16,626)	(5,064)	(21,690)	(228,483)
Balance as at June 30, 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	28,568	56,284	82,852	2,017,810
Gross carrying value as at June 30, 2023															
Cost	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	28,568	56,284	82,852	2,017,810
Depreciation rate (% per annum)	-	1 - 5	5 - 10	5 - 10	10	5 - 20	5 - 20	10	33.33	20	10	10	20		

* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 114.805 million (2023: Rs. 23.354 million) representing net book value of capitalized spares.

16.1.1 During the year, asset having net book value Rs. 16.092 million (2023: Rs. 45.226 million) were transferred from right-of-use assets to own assets due to maturity of lease term.

Rupees in '000	Note	2024	2023
16.1.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	33.1	240,502	204,062
Distribution and selling expenses	35	902	490
Administrative expenses	36	21,845	23,642
Intangible under development phase		145	289
		263,394	228,483

16.2 Property, plant and equipment as at June 30, 2024 include items having an aggregate cost of Rs. 1,572.246 (2023: Rs. 1,489.545 million) that have been fully depreciated and are still in use by the Group.

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

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504.4	Sq feet
Building	Nooriabad, District Jamshoro	261,257.1	Sq feet
Building	Jaranwala, District Faisalabad	340,455	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	19.1	Acre

Rupees in '000	Note	2024	2023
16.4 Capital work-in-progress			
Advances to contractors		22,135	78,795
Civil work		4,579	91,767
Plant and machinery		104,162	322,048
Others		–	10,145
	16.4.1	130,876	502,755

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

Rupees in '000	Note	Land	Building	Plant and machinery	Others	Total
Balance as at July 1, 2023		48,580	91,767	322,408	40,000	502,755
Additions		–	6,696	65,229	–	71,925
Impairment	16.4.2 & 16.4.3	(26,445)	–	–	(40,000)	(66,445)
Transfers to operating fixed assets		–	(93,884)	(283,475)	–	(377,359)
Balance as at June 30, 2024		22,135	4,579	104,162	–	130,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

16.4.2 This includes an amount of Rs. 26.4 million (2023: 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 the said property. The Holding Company has filed a suit in SHC for specific performance and declaration against the 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. During the year, on prudent basis, full provision of the amount has been recorded.

16.4.3 This has been netted off against a provision amounting to Rs. 60.619 million (2023: Rs. 20.619 million) relating to construction work which has been halted.

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particular of buyers
Rupees in '000							
Motor Vehicle	2,391	1,873	518	1,047	529	Sold under buyback option	Mr. Abdullah Saleem
Motor Vehicle	1,743	1,133	610	610	–	Sold under buyback option	Mr. Mohammad umar
Motor Vehicle	1,213	435	778	381	(397)	Sold under buyback option	Mr. Altaf Ali
Motor Vehicle	1,743	1,133	610	610	–	Sold under buyback option	Mr. Hasnain abbas
Motor Vehicle	2,926	1,024	1,902	2,516	614	Sold under buyback option	Mr. Arif Raza
Motor Vehicle	3,546	901	2,645	2,908	263	Sold under buyback option	Mr. Mohammad Afzal Kamboh
Motor Vehicle	1,391	641	750	750	–	Sold under buyback option	Mr. Shaukat Ali
Plant and Machinery	210,000	–	210,000	210,000	–	Sale and Leased back	Pak Gulf Leasing Company
Others	20,933	19,356	1,577	5,562	3,985	Various	Various
2024	245,886	26,496	219,390	224,384	4,994		
2023	96,299	50,463	45,836	58,999	13,163		

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

Rupees in '000	Note	2023	2022
17. INTANGIBLE ASSETS			
The intangible assets represent:			
– Under use (Computer software)	17.1	–	1,427
– Under project development	17.2	157,885	153,895
		157,885	155,322
17.1 Intangible assets – under use (Computer software)			
Net book value as at July 1		1,427	3,580
Amortization	17.1.1	(1,427)	(2,153)
Net book value as at June 30	17.1.2	–	1,427
Gross carrying value as at June 30			
Cost		82,099	82,099
Accumulated amortization		(79,459)	(78,032)
Accumulated impairment loss		(2,640)	(2,640)
		(82,099)	(80,672)
Net book value as at June 30		–	1,427
Amortization rate (% per annum)		33.33	33.33

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

17.1.2 Intangible assets as at June 30, 2024 include items having an aggregate cost of Rs. 82.099 million (2023: Rs. 73.563 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. The subsidiary company has estimated that at present condition the project has a market value over USD 1.5 million.

18. INVESTMENT PROPERTIES

Description	Note	Land		Buildings		Office premises	Total
		Freehold	Leasehold including improvements	On freehold land	On leasehold land		
Rupees in '000							
Net book value as at June 30, 2024							
Opening balance		45,497	23,122	9,533	886	–	79,038
Depreciation charge	18.1	–	(2,250)	(1,300)	(82)	–	(3,632)
		45,497	20,872	8,233	804	–	75,406
Gross carrying value as at June 30, 2024							
Cost	18.2	45,497	44,836	13,000	1,758	29,830	134,921
Accumulated depreciation		–	(23,964)	(4,767)	(954)	(29,830)	(59,515)
Net book value		45,497	20,872	8,233	804	–	75,406

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Description	Note	Land		Buildings		Office premises	Total
		Freehold	Leasehold including improvements	On freehold land	On leasehold land		
Rupees in '000							
Net book value as at June 30, 2023							
Opening balance		45,497	25,491	10,833	968	-	82,789
Depreciation charge		-	(2,369)	(1,300)	(82)	-	(3,751)
		45,497	23,122	9,533	886	-	79,038
Gross carrying value as at June 30, 2023							
Cost		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
Depreciation rate (% per annum)							
		-	3.11 & 10	10 - 20	5 - 20	5 - 10	

- 18.1 Depreciation for the year has been charged to administrative expenses (Note 36).
- 18.2 Fair value of the investment properties located in Karachi, Lahore and Gwadar valued amounting to Rs. 405 million (2023: Rs. 380 million), which is determined by external valuer on the basis of market value.
- 18.3 Particulars of Group's immovable investment properties are as follows:

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

19. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

2024	2023	Note	2024	2023
Number of shares			Rupees in '000	
Quoted				
63,967,500	63,967,500	19.1	2,572,926	2,918,012
35,011,347	35,011,347	19.1	-	30,274
Unquoted				
3,430,000	3,430,000	19.1	-	-
			2,572,926	2,948,286

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

Description	Note	June 30, 2024			Total
		Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	
Rupees in '000					
Balance as at July 1, 2023		2,918,012	30,274	–	2,948,286
Share of profit	19.1.1	450,963	(29,933)	–	421,030
Share of equity	19.1.1	189	(341)	–	(152)
Dividend received		(796,238)	–	–	(796,238)
Balance as at June 30, 2024		2,572,926	–	–	2,572,926

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

19.1.1 These figures are based on unaudited condensed interim financial information of these companies as at March 31, 2024. The latest financial statements / condensed interim financial information of these companies as at June 30, 2024 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 14.07% (2023: 15.31%). Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment has been recorded.

Rupees in '000	2024	2023
19.2 Market value of investments in associates is as follows:		
Quoted		
Altern Energy Limited	1,498,759	926,249
Shakarganj Limited	1,392,051	1,534,197
	2,890,810	2,460,446

Rupees in '000	Note	2024	2023
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% (2023: 17.6%) in the investee company. The Group directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

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For the year ended June 30, 2024

19.4 The latest financial statements / condensed interim financial information of these companies as at June 30, 2024 are not presently available. The following is summarized financial information of associated companies as at March 31, 2024 and for the twelve months ended March 31, 2024 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:

Rupees in '000	Altern Energy Limited		Shakarganj Limited	
	2024	2023	2024	2023
For the period ended March 31				
Revenues	14,271,966	19,380,376	21,850,669	30,737,388
Profit after tax	5,210,235	5,981,758	(2,161,090)	241,702
Other comprehensive income / (loss)	1,790	(1,511)	(271,555)	133,294
Total comprehensive income / (loss)	5,212,025	5,980,247	(2,432,645)	374,996
Attributable to non-controlling interests	2,287,454	2,653,019	(85,722)	327,170
Attributable to owners of the investee company	2,924,571	3,327,228	(2,346,923)	47,826
	5,212,025	5,980,247	(2,432,645)	374,996
As at March 31				
Non current assets	10,863,081	12,569,024	20,121,661	21,944,379
Current assets	22,646,915	20,512,381	7,759,901	6,616,408
Non current liabilities	(1,047,602)	(1,332,316)	(4,724,383)	(4,474,383)
Current liabilities	(4,982,446)	(3,299,707)	(13,096,428)	(11,566,483)
Dividend and other adjustment	(1,447,632)	-	-	-
Net assets	26,032,316	28,449,382	10,060,751	12,519,921
Attributable to non-controlling interests	11,232,140	11,688,490	1,768,736	1,833,605
Attributable to owners of the investee company	14,800,176	16,760,892	8,292,015	10,686,316
	26,032,316	28,449,382	10,060,751	12,519,921
Reconciliation to carrying amounts:				
Opening net assets	28,449,382	22,469,135	12,519,921	12,653,503
Profit / (loss) after tax	5,210,235	5,981,758	(2,161,090)	241,702
Other comprehensive income / (loss)	1,790	(1,511)	(298,080)	133,294
Reserves	-	-	-	(508,578)
Dividend paid	(7,629,091)	-	-	-
Closing net assets	26,032,316	28,449,382	10,060,751	12,519,921
Group's interest in net assets of investee at end of the period	2,604,831	2,949,917	2,322,519	2,993,141
Fair value and other adjustments	(31,905)	(31,905)	(8,832)	(8,832)
Effect of difference in Group's accounting policy	-	-	(2,313,687)	(2,954,035)
Losses in excess of investment	-	-	-	-
Carrying amount of interest in equity accounted investees at end of the year	2,572,926	2,918,012	-	30,274

19.4.1 These figures are based on unaudited condensed interim financial information of these companies as at March 31, 2024. The latest financial statements / condensed interim financial information of these companies as at June 30, 2024 are not presently available.

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

19.4.3 The auditors of Shakarganj Limited had expressed an adverse opinion on the financial statements for the year ended September 30, 2023. The Group has assessed the impact and concluded that it does not significantly affect the consolidated financial statements.

Rupees in '000	Note	2024	2023
20. OTHER LONG TERM INVESTMENTS			
Fair value through other comprehensive income (FVOCI)	20.1	106,575	102,906
Fair value through profit or loss (FVTPL)	20.2	742,932	659,901
		849,507	762,807

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.

2024	2023		Note	2024	2023
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	106,575	102,906

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 June 30, 2018, these investments were classified as available for sale under IAS 39. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.

20.2 Fair value through profit or loss (FVTPL)

2024	2023		Note	2024	2023
Number of shares	Name of investee company			Rupees in '000	
Unquoted					
18,814,423	18,814,423	Shakarganj Food Products Limited		529,513	455,685
9,625,000	9,625,000	Central Depository Company of Pakistan Limited (CDC)		213,419	204,216
2,403,725	2,403,725	Crescent Bahuman Limited	20.2.1	–	–
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	20.2.1	–	–
				742,932	659,901

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

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Rupees in '000	Note	2023	2022
21. LONG TERM DEPOSITS			
Security deposits			
– leasing companies		55,099	11,357
– others		16,270	15,786
		71,369	27,143
22. DEFERRED TAXATION – NET			
Deferred tax credits / (debits) arising in respect of:			
Taxable temporary differences			
Accelerated tax depreciation / amortization		331,802	216,681
Lease obligations – net		–	1,900
Fair value adjustment in unquoted investment through reserves		30,119	30,119
Discounting on long term deposits		–	3,407
Unrealized gain on held for trading investments		187,222	63,024
Share of profit from equity accounted investees		333,157	168,663
		882,300	483,794
Deductible temporary differences			
Employee benefits – Defined benefit plan		(7,468)	(136,685)
Lease obligations – net		(10,186)	–
Provision for slow moving stores, spares and loose tools		(39,971)	(24,097)
Provisions for doubtful trade debts, doubtful advances and others		(134,271)	(90,854)
Discounting on long term deposit		(2,262)	–
Realized losses on fair value through profit or loss		(4,505)	(5,777)
Unrealized gain on fair value through OCI		(4,303)	(4,535)
Provisions for impairment of fixed assets		(33,954)	(6,186)
Provision of Gas Infrastructure Development Cess		(6,316)	(4,858)
Excess of minimum tax over corporate tax	22.2	(229,810)	(331,600)
Excess of alternate corporate tax over minimum tax	22.2	(136,658)	–
Tax losses	22.2	(287,637)	(577,306)
Provision for diminution in the value of investments		(13,458)	(10,347)
		(910,799)	(1,192,245)
		(28,499)	(708,451)
22.1 Break up of deferred tax charge / (reversal) is as following:			
Profit or loss		539,817	34,618
Other comprehensive income		136,917	(67,946)
Set-off of temporary differences with the Subsidiary Company		3,218	1,107
		679,952	(32,221)

22.2 The accumulated tax losses, excess of minimum tax over corporate tax and excess of alternate corporate tax (ACT) over minimum tax of the Holding Company as at June 30, 2024 aggregated Rs. 1,363.893 million (2023: Rs. 2,322.311 million) in respect of which the Holding Company has recognized deferred tax asset amounting to Rs. 654.105 million (2023: Rs. 908.906 million). The existing unutilized tax losses solely represents tax depreciation and tax amortization which can be utilized for an indefinite period against future taxable profits. The Holding Company carries out periodic assessment to determine the benefit of the loss, minimum tax and ACT 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 future taxable profits are most sensitive to certain key assumptions such as sales volume, gross margin percentage, product pricing and inflation rates which have been considered in that determination.

Rupees in '000	Note	2023	2022
23. STORES, SPARES AND LOOSE TOOLS			
Stores		132,941	59,762
Spare parts		369,758	354,552
Loose tools		4,759	5,718
		507,458	420,032
Less: Provision for slow moving items	23.1	102,490	80,325
		404,968	339,707
23.1 Movement in provision for slow moving items			
Opening balance		80,325	89,780
Provision / (reversal) made during the year		22,165	(9,455)
Closing balance		102,490	80,325
24. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coil)		441,151	284,762
Coating materials		480,129	328,884
Steel scrap		11,999	11,999
Others		331,071	331,829
Stock-in-transit		–	129,198
		1,264,350	1,086,672
Work-in-process	24.2 & 33.1	60,546	70,993
Finished goods - net	24.2 & 33.1	99,278	111,099
Scrap / cotton waste		23,420	203
		183,244	182,295
		1,447,594	1,268,967

24.1 Stock amounting to Rs. 0.158 million (2023: Rs. 0.158 million) is held by third party.

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24.2 Stock-in-trade as at June 30, 2024 includes items valued at net realisable value (NRV). Charge in respect of stock written down to NRV amounting to Rs. 11.293 million (2023: Reversal of Rs. 7.414 million) has been recognized in cost of goods sold.

Rupees in '000	Note	2024	2023
25. TRADE DEBTS			
Secured			
Considered good		437,386	–
Unsecured			
Considered good	25.1	1,034,860	464,043
Considered doubtful		23,774	18,401
		1,058,634	482,444
Impairment loss on trade debts	25.3	(23,774)	(18,401)
		1,472,246	464,043

25.1 This includes an amount due from Pak Elektron Limited (related party) amounting to Rs. 45.546 million (June 30, 2023: 40.101 million). Maximum aggregate amount outstanding at any time during the year calculated by reference to month end balance was Rs. 74.168 million (2023: Rs. 56.364 million).

Rupees in '000	Note	2024	2023
25.2 The aging of amount due from related party:			
Not past due		40,484	40,039
Past due 1 – 30 days		5,000	–
Past due 31 – 180 days		–	–
Past due 181 days		62	62
		45,546	40,101
25.3 Movement in impairment loss on trade debts			
Opening balance		18,401	19,553
Charge / (reversal) of impairment made	37 & 38	5,373	(1,152)
Closing balance		23,774	18,401

26. ADVANCES

Unsecured			
Advances – considered good			
Staff		3	830
Suppliers for goods and services		193,725	170,592
Others		1,779	1,950
Advances – considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		195,507	173,372

Rupees in '000	Note	2024	2023
27. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits	27.1	6,999	6,037
Prepayments		11,766	10,652
		18,765	16,689

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 (2023: Rs. 3.045 million).

Rupees in '000	Note	2024	2023
28. SHORT TERM INVESTMENTS			
Amortized cost	28.1	244,360	84,360
Fair value through profit or loss (FVTPL)	28.2	1,132,754	749,867
		1,377,114	834,227

28.1 This represents investment in term deposit receipt, carrying markup of 18% to 18.75% (2023: 15.75%) per annum maturing upto March 26, 2025.

28.2 Fair value through profit or loss (FVTPL)

2024	2023		Note	2024	2023
Number of shares	Name of investee company			Rupees in '000	
11,919,074	11,481,938	Quoted – investments	28.3	1,132,754	749,867
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				-	-
			28.5	1,132,754	749,867

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28.3 Quoted – investments

The Group holds investments in ordinary shares / units of mutual funds of the following investee entities:

2024	2023	Name of investees	2024	2023
Number of shares / units			Rupees in '000	
75,000	–	Agritech Limited	1,534	–
409,500	450,437	Avanceon Limited	22,121	19,839
30,000	–	Cherat Cement Limited	4,894	–
100,000	–	Dewan Cement Limited	854	–
41,000	–	Engro Corporation Limited	13,641	–
–	201,000	D.G. Khan Cement Company Limited	–	10,311
413,000	470,000	Engro Fertilizer Limited	68,649	38,790
360,000	173,000	Engro Polymer and Chemical Limited	16,171	7,309
176,944	–	Fast Cables Limited	4,231	–
202,500	202,500	Fauji Fertilizer Company Limited	33,084	19,934
2,500	–	Gandhara Industries Limited	683	–
1,533,500	2,405,000	HBL Growth Fund – Class A	10,688	11,255
725,000	764,673	HBL Investment Fund – Class A	2,016	1,185
1,040,424	1,000,000	Pak Qatar Asset Management Company	104,043	100,146
–	1,478,378	MCB Arif Habib Savings and Investment Limited	–	150,249
225,700	202,700	International Industries Limited	44,172	14,846
200,000	213,000	International Steels Limited	16,910	8,633
322,100	349,596	Interloop Limited	22,814	12,327
200,000	400,000	Kot Addu Power Company Limited	6,622	8,320
500,000	500,000	Kohinoor Energy Limited	20,355	15,375
14,000	37,700	Lucky Cement Limited	12,694	19,683
20,000	32,520	Mari Petroleum Company Limited	54,247	49,256
289,225	378,000	Meezan Bank Limited	69,238	32,647
42,000	39,144	Millat Tractors Limited	26,715	15,278
10,000	–	Nishat Mills Limited	708	–
277,700	275,700	Oil and Gas Development Company Limited	37,592	21,505
1,000,000	–	Pakistan International Bulk Terminal Limited	6,170	–
164,000	123,400	Pakistan Oilfields Limited	80,351	49,579
538,840	426,840	Pakistan Petroleum Limited	63,104	25,243
351,800	301,800	Pakistan State Oil Company Limited	58,473	33,503
100,000	–	Pakistan Refinery Limited	2,320	–
35,000	27,800	Systems Limited	14,641	11,213
292,000	303,750	Tariq Glass Industries Limited	34,033	20,685
18,000	–	Sui Northern Gas Pipelines Limited	1,142	–
25,000	–	The Organic Meat Company Limited	880	–
37,000	25,000	Thal Limited	17,884	4,050
675,000	700,000	The Hub Power Company Limited	110,079	48,706
1,472,341	–	Pak Qatar Income Plan	149,001	–
11,919,074	11,481,938		1,132,754	749,867

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	2024	2023
Name of investees		
Altern Energy Limited (Long term investment)	1,491,643	836,148
The Crescent Textile Mills Limited (Long term investment)	84,868	81,946
Avanceon Limited	9,994	6,386
Engro Fertilizer Limited	68,649	33,297
Engro Polymer and Chemicals Limited	4,133	3,887
Fauji Fertilizer Company Limited	33,084	19,934
HBL Investment Fund – Class A	1,390	775
HBL Growth Fund – Class A	5,942	3,990
Interloop Limited	5,107	2,542
International Industries Limited	44,171	9,206
International Steels Limited	16,910	1,094
Lucky Cement Limited	12,694	7,309
Mari Petroleum Company Limited	54,247	17,615
Meezan Bank Limited	63,253	27,140
Oil and Gas Development Company Limited	36,915	5,671
Pakistan Oilfields Limited	58,862	35,412
Pakistan Petroleum Limited	57,618	14,312
Pakistan State Oil Company Limited	51,386	13,983
Tariq Glass Industries Limited	5,827	3,405
The Hub Power Company Limited	110,079	48,706
	2,216,772	1,172,758

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. Under IAS 39, these were classified as available for sale and reclassified to FVTPL on initial application of IFRS 9 as management has not designated it as FVOCI.

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Rupees in '000	Note	2024	2023
29. OTHER RECEIVABLES			
Dividend receivable		2,701	886
Provision there against		(886)	(886)
		1,815	-
Receivable against sale of shares		1,651	1,223
Receivable against commodity	29.1	16,500	16,500
		18,151	17,723
Provision there against		(17,723)	(17,723)
		428	-
Receivable against rent from investment property		345	45
Claim receivable		461	461
Due from related parties	29.2	4,459	4,920
Sales tax refundable	29.3	20,867	106,973
Margin on letter of credit and guarantee		21,464	179,482
Receivable from staff retirement benefits funds	46.1.2	29,640	-
Others		2,829	3,071
		82,308	294,952

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 the provision there against has been made.

Rupees in '000	2024	2023
29.2 Due from related parties		
The Crescent Textile Mills Limited	552	249
Premier Insurance Limited	-	1
Shakarganj Food Products Limited	3,907	4,070
Crescent Socks (Private) Limited	-	600
	4,459	4,920

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

Rupees in '000	2024	2023
The Crescent Textile Mills Limited	996	613
Premier Insurance Limited	-	1
Shakarganj Food Products Limited	4,437	4,578
Crescent Socks (Private) Limited	-	600
	5,433	5,792

29.2.2 The aging of amount due from related parties:

Not yet due	1,137	349
Past due 1 – 30 days	454	100
Past due 31 – 180 days	983	577
Past due 181 days	1,885	3,894
	4,459	4,920

29.3 Sales tax refundable

- 29.3.1 This includes payment made to Punjab Revenue Authority (PRA) against order received for non withholding of Punjab sales tax on services and its deposit with Punjab Revenue Authority. Currently, the appeal is pending adjudication at the Appellate Tribunal Inland Revenue – PRA. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding Company's favour.
- 29.3.2 During the year ended June 30, 2020, order under section 11 of the Sales Tax Act, 1990 has been issued and a demand of Rs. 1.83 million was raised in respect of alleged short deposit of sales tax to Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited)]. An appeal was preferred with the Commissioner Appeals which was decided in the Holding Company's favour. The Tax Department has filed an appeal before the Appellate Tribunal against the order of commissioner appeals which is pending adjudication.
- 29.3.3 During the year ended June 30, 2021, sales tax audit under section 11 of the Sales Tax Act, 1990 has been conducted and a demand order of Rs. 1.01 million has been issued in respect of Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited)]. An appeal has been preferred with the Commissioner Appeals which is pending adjudication.
- 29.3.4 During the year ended June 30, 2022, orders have been issued under the Sales Tax Act, 1990, where demands aggregating Rs. 8.477 million have been raised in respect of Steel (Pipe) division. 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 default 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 (LHC) in writ petition no. 243530/2018 instead of ad valorem basis. Subsequently, the department filed Intra Code Appeal (ICA) wide no. 23517/2019 before High Court which is sub-judice. No proceedings have been held till date.

Rupees in '000	2024	2023
30. TAXATION – NET		
Advance taxation	3,727,225	3,654,206
Provision for taxation	(3,569,579)	(2,981,382)
	157,646	672,824

- 30.1 The income tax assessments of the Holding Company have been finalized up to and including Tax Year 2023, 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

- (a) Income tax assessment for Tax Year 2006 has been amended by the Additional Commissioner Inland Revenue (ACIR) by making amendments to reassess loss from Rs 410.588 million to Rs 296.866 million. The Holding Company being dissatisfied, contested the same before Commissioner Inland Revenue Appeals (CIRA), filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which was dismissed in entirety. Department has now filed case in the LHC challenging the tribunal's decision, which pending to be heard.
- (b) Income tax assessments of the Holding Company for the Tax Years 2013 and 2016 have been amended by the Commissioner Inland Revenue (CIR) whereby, tax demands of Rs. 95.94 million and Rs. 143.8 million respectively have been raised. 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 ATIR by both FBR and the Holding Company. ATIR decided the appeal in the favor of the Holding Company. Department has filed references in LHC against the decisions of ATIR in respect of both years. A cross appeal in Tax Year 2016 was filed by the tax department at the ATIR which awaits adjudication.
- (c) The ACIR amended the deemed assessment of the Holding Company for Tax Year 2009 and 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million, respectively. The Holding Company filed appeals with the CIRA 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 ACIR, 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 been decided in favour of the Holding Company at the Commissioner (Appeals) level, whereas appeals have been preferred in ATIR for remaining issues.
- (e) During the year ended June 30, 2021, order under section 122(5A) has been passed by the CIR in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the Holding Company) where expenses to the tune of Rs. 9.5 million have been disallowed. Appeal was preferred with the Commissioner Appeals which was decided against the Holding Company. The Holding Company has now preferred appeal with the ATIR which is pending adjudication.
- (f) During the year ended June 30, 2018, Orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the ACIR, whereby demand aggregating to Rs. 4.253 million (inclusive of default surcharge) has been raised in respect of tax year 2017. Appeal was preferred with the 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 June 30, 2021, Orders under section 161/205 of the Income Tax Ordinance 2001 were issued by the ACIR in respect of Tax Years 2016 through 2019 whereby demands aggregating Rs. 1 million (approximately) were raised for CS Energy (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the Holding Company). Associated expense has been recognized accordingly in these consolidated financial statements.
- (i) During the year ended June 30, 2022, Orders under section 4C of the Income Tax Ordinance 2001 were issued by the ACIR in respect of Tax Year 2022 whereby demand aggregating Rs. 126.462 million (approximately) was raised against the Holding Company. An expense of Rs. 54 million related to these demands has been recognized in these Consolidated financial statements. For remaining, the Holding Company has obtained stay from LHC through writ petition. Currently, the appeal is pending adjudication at the CIRA for remaining issue. After consultation with legal advisor, the management considers that the appeal would be decided in the the Holding Company's favour.
- (j) During the year ended June 30, 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 the Holding Company claimed significant initial allowance and depreciation allowance whereas minimal amount added back as accounting depreciation. 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 June 30, 2022, the Holding Company has been selected by the tax department for an audit under section 177 for the tax year 2020. A Pre Audit Report has been issued, highlighting observations and requesting data and supporting documentation. The 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	2024	2023
31. CASH AND BANK BALANCES			
With banks			
– in saving accounts	31.1	32,215	31,177
– in current accounts		304,474	5,071
	31.2	336,689	36,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

31.1 Mark-up rate on saving account ranged between 19.5% to 20.5% (2023: 14.5% to 19.5%) per annum.

31.2 This includes balances amounting to Rs. 203.555 million (2023: Rs. 1.227 million) with Shariah compliant banks.

Rupees in '000	Note	2024	2023
32. SALES – NET			
Local sales			
Bare pipes	32.1	6,415,711	1,569,411
Pipe coating		440,750	16,331
Coated pipes	32.2	3,423,193	2,201,088
Cotton yarn / raw cotton / polyester		65,291	1,153,309
Others	32.3	165,788	147,187
Scrap / waste		241,463	195,454
		10,752,196	5,282,780
Sales tax		(1,640,585)	(767,182)
		9,111,611	4,515,598

32.1 This is presented net of liquidated damages amounting to Rs. Nil (2023: Rs. 40.757 million).

32.2 This includes revenue amounting to Rs. 2,461.642 million (2023: 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.

Rupees in '000	Note	2024	2023
33. COST OF SALES			
Steel segment	33.1	6,188,178	2,458,454
Cotton segment	33.1	164,972	1,074,020
Energy segment	33.1	61,193	62,209
Hadeed (Billet) segment	33.1	60,901	145,022
		6,475,244	3,739,705

Rupees in '000	Note	Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		Total		
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
33.1	Cost of sales											
	Raw materials consumed	4,987,916	1,844,278	-	703,578	-	-	-	79,880	4,987,916	2,627,736	
	Cost of raw cotton / polyster sold	-	-	90,989	46,137	-	-	-	-	90,989	46,137	
	Packing materials consumed	-	-	-	8,443	-	-	-	-	-	8,443	
	Stores and spares consumed	239,140	197,740	458	9,042	317	1,184	4	323	239,919	208,289	
	Fuel, power and electricity	222,741	95,806	22,707	138,266	40	40	683	996	246,171	235,108	
	Salaries, wages and other benefits	33.2	338,500	209,245	32,250	87,505	-	(139)	6,718	15,286	377,468	311,897
	Insurance		6,367	7,583	1,953	2,614	1,124	1,169	820	1,138	10,264	12,504
	Commission		-	-	277	3,759	-	-	-	-	277	3,759
	Repairs and maintenance		27,266	18,365	1,028	2,202	-	-	235	78	28,529	20,645
	Depreciation	16.12	116,814	75,138	14,307	19,358	59,713	59,949	49,668	49,617	240,502	204,062
	Rental under Ijarah financing		-	3,169	-	-	-	-	-	-	-	3,169
	Other expenses		227,165	55,747	1,004	(41)	(1)	6	2,773	(2,296)	230,941	53,416
			6,165,909	2,507,071	164,973	1,020,863	61,193	62,209	60,901	145,022	6,452,976	3,735,165
	Opening stock of work-in-process		59,954	5,171	11,039	13,905	-	-	-	-	70,993	19,076
	Closing stock of work-in-process	24	(49,506)	(59,954)	(11,040)	(11,039)	-	-	-	-	(60,546)	(70,993)
			10,448	(54,783)	(1)	2,866	-	-	-	-	10,447	(51,917)
	Cost of goods manufactured		6,176,357	2,452,288	164,972	1,023,729	61,193	62,209	60,901	145,022	6,463,423	3,683,248
	Opening stock of finished goods		111,099	117,265	-	50,291	-	-	-	-	111,099	167,556
	Closing stock of finished goods - net	24	(99,278)	(111,099)	-	-	-	-	-	-	(99,278)	(111,099)
			11,821	6,166	-	50,291	-	-	-	-	11,821	56,457
			6,188,178	2,458,454	164,972	1,074,020	61,193	62,209	60,901	145,022	6,475,244	3,739,705
33.2	Detail of salaries, wages and other benefits											
	Salaries, wages and other benefits	33.2.1	303,465	193,633	29,834	84,425	-	(139)	6,473	14,617	339,772	292,536
	Pension fund	33.2.2	23,637	7,439	1,475	1,529	-	-	-	-	25,112	8,968
	Gratuity fund	33.2.2	5,067	3,009	72	113	-	-	-	-	5,139	3,122
	Provident fund contributions		6,331	5,164	869	1,438	-	-	245	669	7,445	7,271
			338,500	209,245	32,250	87,505	-	(139)	6,718	15,286	377,468	311,897

33.2.1 This includes contribution amounting to Rs. 10 million (2023: Rs. 0.003 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees in '000	2024		2023	
	Pension	Gratuity	Pension	Gratuity
33.2.2 Staff retirement benefits				
Current service costs	10,458	3,031	6,356	4,652
Interest costs	45,300	8,637	23,546	11,755
Expected return on plan assets, excluding interest income	(30,646)	(6,529)	(20,934)	(13,285)
	25,112	5,139	8,968	3,122

Rupees in '000	Note	2024	2023
34. INCOME FROM INVESTMENTS – NET			
Dividend income	34.1	120,033	96,951
Realized gain on sale of FVTPL investments – net	34.1	56,847	7,050
Unrealized gain / (loss) on FVTPL investments – net	34.1	419,905	(44,801)
Income from Treasury Bills		1,846	–
Other income		317	–
Rent from investment properties	34.2	6,806	7,733
		605,754	66,933

34.1 Break up of dividend income, realised gain / (loss) and unrealised gain is as follows:

Rupees in '000	Dividend income	Realized gain / (loss)	Unrealized gain
Shariah compliant investee companies	78,652	58,095	281,947
Non – Shariah compliant investee companies	41,381	(1,248)	137,958
	120,033	56,847	419,905

34.1.1 Unrealised gain amounting to Rs. 3.563 million was recognized in other comprehensive income during the year.

34.1.2 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. 4.614 million (2023: Rs. 4.542 million).

35. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Salaries, wages and other benefits	35.1	10,403	5,960	2,471	2,510	1,222	1,235	14,096	9,705
Consultant Fee		23,963	40,677	-	-	-	-	23,963	40,677
Travelling, conveyance and entertainment		1,116	619	32	27	21	11	1,169	657
Depreciation	16.1.2	902	490	-	-	-	-	902	490
Insurance		75	47	-	-	-	-	75	47
Postage, telephone and telegram		70	93	69	76	12	19	151	188
Advertisement		4,206	214	-	-	-	-	4,206	214
Bid bond expenses		43	576	-	-	-	-	43	576
Legal and professional charges		5,357	4,403	-	-	-	-	5,357	4,403
Others		4,971	8,103	1,524	1,467	530	424	7,025	9,994
		51,106	61,182	4,096	4,080	1,785	1,689	56,987	66,951

35.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Salaries, wages and other benefits		9,041	4,803	2,014	2,133	1,162	1,186	12,217	8,122
Pension fund	35.1.1	721	637	239	197	-	-	960	834
Gratuity fund	35.1.1	300	255	99	82	-	-	399	337
Provident fund contributions		341	265	119	98	60	49	520	412
		10,403	5,960	2,471	2,510	1,222	1,235	14,096	9,705

Rupees in '000	2024		2023	
	Pension	Gratuity	Pension	Gratuity
35.1.1 Staff retirement benefits				
Current service costs	400	235	591	502
Interest costs	1,732	671	2,191	1,268
Expected return on plan assets excluding interest income	(1,172)	(507)	(1,948)	(1,433)
	960	399	834	337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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36. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		IID segment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Salaries, wages and other benefits	36.1	218,387	147,719	29,300	26,480	-	-	8,312	8,642	21,402	13,066	277,401	195,907
Rents, rates and taxes		9,158	3,235	583	814	-	-	584	584	822	627	11,147	5,260
Travelling, conveyance and entertainment		13,648	5,043	880	910	-	-	115	150	663	301	15,306	6,404
Fuel and power		20,366	16,553	1,689	2,398	-	-	4,309	4,294	1,052	888	27,416	24,133
Postage, telephone and telegram		5,809	2,528	778	422	-	-	47	56	303	152	6,937	3,158
Insurance		2,468	1,389	209	254	1	1	82	80	186	133	2,946	1,857
Repairs and maintenance		15,525	11,195	888	824	-	-	120	726	802	576	17,335	13,321
Auditors' remuneration	36.2	5,389	4,358	503	851	119	87	-	-	753	524	6,764	5,820
Legal, professional and corporate service charges		29,376	51,969	3,133	9,054	1,701	12	-	-	1,784	2,379	35,994	63,414
Advertisement		2,527	2,168	14	38	-	-	-	-	129	114	2,670	2,320
Donations	36.3	87,159	25,986	200	170	-	-	-	-	5,124	1,332	92,483	27,488
Depreciation	16.1.2 & 18.1	17,178	17,543	1,464	3,042	8	2	1,840	1,950	4,988	4,856	25,478	27,393
Amortization of intangible assets	17.1.1	1,214	1,722	157	345	-	-	-	-	56	86	1,427	2,153
Printing, stationery and office supplies		4,909	2,472	369	456	-	-	1	1	373	232	5,652	3,161
Newspapers, subscriptions and periodicals		765	810	769	927	987	763	-	-	52	80	2,573	2,580
Others		5,711	4,461	560	942	-	(1)	714	899	1,452	596	8,437	6,897
		439,589	299,151	41,496	47,927	2,816	864	16,124	17,382	39,941	25,942	539,966	391,266
36.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		177,273	127,763	21,029	22,353	-	-	8,178	8,496	17,699	11,264	224,179	169,876
Pension fund	36.1.1	27,411	14,531	6,460	2,920	-	-	-	-	2,637	1,181	36,508	18,632
Gratuity fund	36.1.1	7,280	623	1,195	214	-	-	-	-	518	176	8,993	1,013
Provident fund contributions		6,423	4,802	616	993	-	-	134	146	548	445	7,721	6,386
		218,387	147,719	29,300	26,480	-	-	8,312	8,642	21,402	13,066	277,401	195,907

Rupees in '000	2024		2023	
	Pension	Gratuity	Pension	Gratuity
36.1.1 Staff retirement benefits				
Current service costs	15,204	5,304	13,203	1,510
Interest costs	65,858	15,115	48,917	3,815
Expected return on plan assets	(44,554)	(11,426)	(43,488)	(4,312)
	36,508	8,993	18,632	1,013

Rupees in '000	Note	2024	2023
36.2 Auditors' remuneration			
Audit fee		4,293	3,036
Certifications, tax and other assurance services		1,118	1,421
Out of pocket expenses		913	950
Sales tax		440	413
	36.2.1	6,764	5,820

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 scope 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.

36.3 Donations

Donations include the following in which a director is interested:

Name of director	Interest in donee	Name and address of the donee	Amount donated	
Rupees in '000			2024	2023
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector - 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi	73,631	24,860
--do--	Chairman	Indus Valley School of Arts and Architecture St-33, Block 2, Scheme 5, Clifton, Karachi.	3,142	-
			76,773	24,860

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
37. OTHER OPERATING EXPENSES			
Impairment of capital work in progress	16.4.1	66,445	–
Impairment loss on trade debts	25.3	5,373	–
Provision for:			
– Workers' Profit Participation Fund	12.4	92,580	16,134
– Workers' Welfare Fund		33,922	696
– Doubtful advances		40,892	–
– Slow moving stores, spares and loose tools – net	23.1	22,165	–
Fixed assets written off		5,346	–
Others		9,579	–
		276,302	16,830
38. OTHER INCOME			
<i>Income from financial assets / liabilities</i>			
Return on deposits – from conventional banking		29,937	23,354
Exchange gain		25,397	1,132
Liabilities written-back		989	236
Reversal of impairment loss on trade debts	25.3	–	1,152
Unwinding of discount on long term deposit		1,923	2,638
		58,246	28,512
<i>Income from non-financial assets / liabilities</i>			
Gain on disposal of operating fixed assets	16.5	4,994	13,163
Deferred income amortized	11	538	4,353
Land licensing fee		36,000	18,000
Reversal of provision for slow moving stores, spares and loose tools	23.1	–	9,455
Rent income		7,440	5,591
Others		–	326
		48,972	50,888
		107,218	79,400
39. FINANCE COSTS			
Mark-up on short term loans – Shariah arrangement		76,905	42,283
Interest on Non-Shariah arrangement:			
– finance lease obligations		45,803	9,117
– long term loans		136,716	119,236
– running finances		113,811	133,792
– short term loans		114,249	52,435
Discounting on long term deposit		–	5,822
Bank charges		9,958	2,094
		497,442	364,779
40. SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEEES			
Altern Energy Limited	19.1	450,963	585,984
Shakarganj Limited	19.1	(29,933)	30,274
		421,030	616,258

Rupees in '000	2024	2023
41. TAXATION		
Current		
– for the year	589,532	74,245
– for prior years	(1,335)	(782)
	588,197	73,463
Deferred	539,817	34,618
	1,128,014	108,081
41.1 Relationship between taxation expense and accounting profit		
Profit before taxation	2,399,672	698,658
Tax at the applicable rate of 29% (2023: 29%)	695,905	202,611
Tax effect of inadmissible expenses / losses	89,685	33,438
Tax effect of income taxed at a lower rate	(134,664)	(131,716)
Tax effect arising due to change in effective rate	289,493	–
Tax effect arising due to super tax	188,930	4,530
Prior year tax effect	(1,335)	(782)
	1,128,014	108,081

41.2 The Federal Government, through the Finance Act, 2023, introduced new slab rates for super tax as a result of which rate of 10% is applicable on all sectors having income in excess of Rs. 500 million. Due to increased profitability of the Group, the applicable tax rate of the Group has increased from 30% to 39%. Accordingly, the Group has recorded deferred tax at 39% in these consolidated financial statements. 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 return filed and deemed assessed for last three years are as follows:

Rupees in '000	2023	2022	2021
Tax provision including effects of prior years	72,910	242,036	115,017
Tax assessed / return filed	72,910	242,036	115,017

Rupees in '000	2024	2023
42. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (loss) for the year	1,271,658	590,577
	(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	16.38	7.61

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
43. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,399,672	698,658
<i>Adjustments for non cash charges and other items</i>			
Depreciation on operating fixed assets, right-of-use assets and investment properties		267,027	232,234
Amortization of intangible assets	17.1	1,427	2,153
Charge for the year on staff retirement benefit funds	46.1.7	77,111	32,906
Dividend income	34.1	(120,033)	(96,951)
Unrealized (gain) / loss on FVTPL investments – net	34.1	(419,905)	44,801
Realized gain on FVTPL investments – net	34.1	(56,847)	(7,050)
Provision / (reversal) for slow moving stores, spares and loose tools	23.1	22,165	(9,455)
Charge / (reversal) of impairment loss on trade debts – net	25.3	5,373	(1,152)
Provision for Workers' Welfare Fund	37	33,922	696
Provision for Workers' Profit Participation Fund	37	92,580	16,134
Fixed assets written off	37	5,346	–
Return on deposits	38	(29,937)	(23,354)
Gain on disposal of operating fixed assets	38	(4,994)	(13,163)
Deferred income amortized	38	(538)	(4,353)
Discounting of long term deposit	39	–	5,822
Provision for doubtful advances	37	40,892	–
Unwinding of discount on long term deposit	38	(1,923)	(2,638)
Liabilities written-back	38	(989)	(236)
Impairment of capital work in process	37	66,445	–
Finance costs	39	497,442	358,957
Share of profit from equity accounted investees	40	(421,030)	(616,258)
Working capital changes	43.1	(1,285,349)	(583,338)
		1,167,857	34,413
43.1 Changes in:			
Stores, spares and loose tools		(87,426)	(159,506)
Stock-in-trade		(178,627)	(78,871)
Trade debts		(1,013,576)	(287,677)
Advances		(63,027)	(104,963)
Trade deposits and short term prepayments		(2,076)	8,097
Other receivables		244,099	(195,260)
Trade and other payables		(184,716)	234,842
		(1,285,349)	(583,338)

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

		Long term loans	Lease liabilities (Including mark-up accrued)	Short term borrowings	Unclaimed dividend	Total
Rupees in '000						
	Note	9	10 & 13	14		
Opening balance as at July 1, 2023		694,976	76,673	825,865	16,081	1,613,595
Repayment of long term loans		(269,370)	-	-	-	(269,370)
Proceeds short term borrowings		-	-	5,366,856	-	5,366,856
Repayment of short term borrowings		-	-	(5,613,450)	-	(5,613,450)
Dividend paid		-	-	-	(145,158)	(145,158)
Lease payments		-	(77,248)	-	-	(77,248)
		(269,370)	(77,248)	(246,594)	(145,158)	(738,370)
Dividend declared		-	-	-	155,265	155,265
Lease liabilities entered during the year		-	210,000	-	-	210,000
Amortization of transaction cost		1,860	-	-	-	1,860
Interest accrued on lease obligation		-	45,803	-	-	45,803
		1,860	255,803	-	155,265	412,928
Closing balance as at June 30, 2024		427,466	255,228	579,271	26,188	1,288,153
Opening balance as at July 1, 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 June 30, 2023		694,976	76,673	825,865	16,081	1,613,595

Rupees in '000

44. CASH AND CASH EQUIVALENTS

	Note	2024	2023
Running finances under mark-up arrangements	14	(199,216)	(463,654)
Term deposits receipt		150,000	-
Cash and bank balances	31	336,689	36,248
		287,473	(427,406)

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For the year ended June 30, 2024

45. SEGMENT REPORTING

45.1 Reportable segments

The Group's reportable segments are as follows:

- Steel segment – It comprises of manufacturing and coating of steel pipes (note 1.1.2);
- Cotton segment – It comprises of manufacturing of yarn (note 1.1.3);
- Investment and Infrastructure Development (IID) segment – To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment properties (held for rentals as well as long term appreciation) (note 1.1.4);
- Hadeed (Billet) segment – It comprises of manufacturing billets (note 1.1.5); and
- Energy segment – It comprises of generating and supply of 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 2024

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	Total
Sales	9,056,280	55,331	-	-	-	-	9,111,611
Cost of sales	6,188,178	164,972	61,193	60,901	-	-	6,475,244
Gross profit / (loss)	2,868,102	(109,641)	(61,193)	(60,901)	-	-	2,636,367
Income from investments – net	-	-	-	-	605,754	-	605,754
	2,868,102	(109,641)	(61,193)	(60,901)	605,754	-	3,242,121
Distribution and selling expenses	51,106	4,096	-	1,785	-	-	56,987
Administrative expenses	439,589	41,496	2,816	16,124	39,941	-	539,966
Other operating expenses	220,296	46,573	4,433	5,000	-	-	276,302
	710,991	92,165	7,249	22,909	39,941	-	873,255
	2,157,111	(201,806)	(68,442)	(83,810)	565,813	-	2,368,866
Other income	92,665	11,029	-	-	3,524	-	107,218
Operating profit / (loss) before							
finance costs	2,249,776	(190,777)	(68,442)	(83,810)	569,337	-	2,476,084
Finance costs	488,561	5,881	2	156	2,842	-	497,442
Share of profit in equity accounted							
investees	-	-	-	-	421,030	-	421,030
Profit / (loss) before taxation	1,761,215	(196,658)	(68,444)	(83,966)	987,525	-	2,399,672
Taxation							1,128,014
Profit for the year							1,271,658

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	-	-	-	-	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

45.2.1 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 (Billet) and IID segments. In addition, finance costs between Steel, Cotton and Hadeed segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

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. 8,694.828 million (2023: Rs. 1,959.605 million) of total Steel segment revenue of Rs. 9,056.28 million (2023: Rs. 3,395.752 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 55.331 million (2023: Rs. 408.966 million) of total Cotton segment revenue of Rs. 55.331 million (2023: Rs. 1,010.226 million). Revenue from major customers of Hadeed (Billet) segment represent an aggregate amount of Rs. Nil (2023: Rs. 104.778 million) of total Hadeed (Billet) segment revenue of Rs. Nil (2023: Rs. 109.62 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 June 30, 2024 and 2023 were located and operating in Pakistan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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 June 30, 2024						
Segment assets for reportable segments	4,747,273	182,806	572,814	621,933	2,072,518	8,197,344
Investment in equity accounted investees	-	-	-	-	2,572,926	2,572,926
Unallocated corporate assets						901,993
Total assets as per consolidated statement of financial position						11,672,263
Segment liabilities for reportable segments	1,265,608	97,287	81,191	86,102	157,936	1,688,124
Unallocated corporate liabilities and deferred income						1,293,043
Total liabilities as per consolidated statement of financial position						2,981,167

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at June 30, 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						1,513,185
Total assets as per consolidated statement of financial position						11,302,641
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

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 June 30, 2024						
Capital expenditure	247,155	–	–	690	–	247,845
Depreciation and amortization	136,108	15,928	59,866	51,508	5,044	268,454
Non-cash items other than depreciation and amortization	660,237	17,513	(202)	5,556	(1,015,342)	(332,238)
For the year ended June 30, 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)

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 June 30, 2024. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

	2024		2023	
	Pension	Gratuity	Pension	Gratuity
Financial assumptions				
- Discount rate used for interest cost in profit or loss charge	16.25%	16.25%	13.25%	13.25%
- Discount rate used for year end obligation	15.25%	15.25%	16.25%	16.25%
- Expected rate of increase in salaries	15.25%	15.25%	16.25%	16.25%
Demographic assumptions				
- Retirement assumption	Age 58		Age 58	
- Expected mortality for active members	SLIC (2001-05)		SLIC (2001-05)	

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

Rupees in '000	Note	2024			2023		
		Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	46.1.4	804,399	173,925	978,324	701,907	160,692	862,599
Fair value of plan assets	46.1.5	(736,462)	(203,565)	(940,027)	(464,006)	(118,803)	(582,809)
Liability / (asset) recognized in statement of financial position		67,937	(29,640)	38,297	237,901	41,889	279,790
46.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		237,901	41,889	279,790	73,563	(12,242)	61,321
Net benefit cost charged to profit or loss	46.1.7	62,580	14,531	77,111	28,434	4,472	32,906
Remeasurements recognized in other comprehensive income	46.1.8	(206,190)	(75,645)	(281,835)	157,992	58,250	216,242
Contributions by the Holding Company	46.1.5	(26,354)	(10,415)	(36,769)	(22,088)	(8,591)	(30,679)
Closing balance		67,937	(29,640)	38,297	237,901	41,889	279,790
46.1.4 Movement in the present value of defined benefit obligations							
Opening balance		701,907	160,692	862,599	569,457	127,084	696,541
Current service costs		26,062	8,570	34,632	20,150	6,664	26,814
Interest costs		112,890	24,423	137,313	74,654	16,838	91,492
Benefits paid during the year		(14,399)	(20,788)	(35,187)	(12,063)	-	(12,063)
Remeasurement:							
Actuarial (gain) / loss from changes in financial assumptions		(5,275)	(21)	(5,296)	13,364	63	13,427
Experience adjustments		(16,786)	1,049	(15,737)	36,345	10,043	46,388
Closing balance		804,399	173,925	978,324	701,907	160,692	862,599
46.1.5 Movement in the fair value of plan assets							
Opening balance		464,006	118,803	582,809	495,895	139,326	635,221
Contributions by the Holding Company		26,354	10,415	36,769	22,087	8,591	30,678
Interest income on plan assets		76,372	18,462	94,834	66,370	19,030	85,400
Benefits paid during the year		(14,399)	(20,788)	(35,187)	(12,063)	-	(12,063)
Return on plan assets, excluding interest income		184,129	76,673	260,802	(108,283)	(48,144)	(156,427)
Closing balance		736,462	203,565	940,027	464,006	118,803	582,809
46.1.6 Actual return on plan assets		260,501	95,135	355,636	(41,913)	(29,114)	(71,027)

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

Rupees in '000	2024			2023		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Current service costs	26,062	8,570	34,632	20,150	6,664	26,814
Interest costs	112,890	24,423	137,313	74,654	16,838	91,492
Expected return on plan assets	(76,372)	(18,462)	(94,834)	(66,370)	(19,030)	(85,400)
Charge recognized in profit or loss	62,580	14,531	77,111	28,434	4,472	32,906

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

Rupees in '000	2024			2023		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement:						
Actuarial (gain) / loss from changes in financial assumptions	(5,275)	(21)	(5,296)	13,364	63	13,427
Experience adjustments	(16,786)	1,049	(15,737)	36,345	10,043	46,388
Return on plan assets, excluding interest income	(184,129)	(76,673)	(260,802)	108,283	48,144	156,427
Remeasurement (gain) / loss recognized in other comprehensive income	(206,190)	(75,645)	(281,835)	157,992	58,250	216,242
46.1.9 Total defined benefit cost recognized in profit or loss and other comprehensive income	(143,610)	(61,114)	(204,724)	186,426	62,722	249,148
Weighted average duration of the defined benefit obligation (years)	11	2		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	34	-		33	-	
Beneficiaries	82	82		78	78	
Vested / Non-Vested						
Vested benefits	737,566	149,183	886,749	636,521	139,274	775,795
Non - vested benefits	66,833	24,742	91,575	65,386	21,418	86,804
	804,399	173,925	978,324	701,907	160,692	862,599

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Rupees in '000	2024			2023		
	Pension	Gratuity	Total	Pension	Gratuity	Total
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)	10,765	5,097	15,862	4,118	446	4,564
Debt instruments						
AA+	-	-	-	15,000	15,000	30,000
AA-	-	-	-	3,060	-	3,060
AAA	2,500	2,500	5,000	2,500	2,500	5,000
A+	3,017	-	3,017	-	-	-
CCC+	-	-	-	118,397	2,614	121,011
CCC	282,452	55,701	338,153	-	-	-
C	-	-	-	117,648	45,000	162,648
	287,969	58,201	346,170	256,605	65,114	321,719
Equity instruments						
Cement	8,818	-	8,818	4,860	-	4,860
Chemicals	256	-	256	583	-	583
Commercial Banks	1,952	-	1,952	536	-	536
Engineering	218,692	104,690	323,382	86,829	41,675	128,504
Fertilizer	10,421	482	10,903	4,132	291	4,423
Insurance	74	-	74	63	-	63
Oil and Gas Exploration Companies	12,509	3,644	16,153	8,889	2,822	11,711
Oil and Gas Marketing Companies	218	-	218	498	-	498
Investment Company	629	-	629	-	-	-
Gas Distribution Companies	424	-	424	245	-	245
Pharmaceuticals	684	-	684	91	-	91
Power Generation and Distribution	42,014	16,308	58,322	17,980	6,958	24,938
Sugar and Allied Industries	4,611	1,358	5,969	5,082	1,497	6,579
Technology and Communication	661	-	661	1,124	-	1,124
Textile Composite	1,771	-	1,771	1,419	-	1,419
	303,734	126,482	430,216	132,331	53,243	185,574
Mutual funds						
Income Fund	131,148	13,785	144,933	66,258	-	66,258
Equity Fund	2,846	-	2,846	4,694	-	4,694
	736,462	203,565	940,027	464,006	118,803	582,809

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%	(78,491)	(3,997)
Discount rate -1%	94,979	4,676
Salary increase +1%	16,173	4,656
Salary decrease -1%	(14,039)	(4,049)
Pension indexation rate increase +1%	85,190	-
Pension indexation rate decrease -1%	(73,360)	-

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 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below :

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to the long-term nature of the fund's liabilities and the strength of the Holding Company's support, the current investment strategy manages this risk adequately.

Inflation risk

The majority of the plan's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities. However, the Fund manages plan assets to offset inflationary impacts.

Life expectancy / withdrawal rate

The majority of the plan's obligations are to provide benefits on severance with the Holding Company or on achieving retirement. Any change in life expectancy / withdrawal rate would impact fund's liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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46.1.11 Expected future expense to be charged in consolidated statement of profit or loss for the year ending June 30, 2025:

Rupees in '000	Pension	Gratuity
Current service cost	28,508	9,359
Interest cost on defined benefit obligation	121,524	17,542
Interest income on plan assets	(113,043)	(23,951)
	36,989	2,950

46.2 Defined contribution plan

The Holding Company has set up provident fund for its permanent employees. The total charge against provident fund for the year ended June 30, 2024 was Rs. 15.686 million (2023: Rs. 14.069 million). Reporting year ends of Provident Fund Financial Statements are December 31 and June 30 for Steel & IID Division, and Cotton & Hadeed Division, respectively.

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

47. FINANCIAL RISK MANAGEMENT

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

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

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

Rupees in '000

30 June 2024

	Carrying amount				Fair Value				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	1,132,754	106,575	-	-	1,239,329	1,239,329	-	-	1,239,329
- Unlisted equity securities	742,932	-	-	-	742,932	-	-	742,932	742,932
	1,875,686	106,575	-	-	1,982,261	1,239,329	-	742,932	1,982,261
Financial assets not measured at fair value									
Deposits	-	-	78,368	-	78,368	-	-	-	-
Term deposit receipt	-	-	244,360	-	244,360	-	-	-	-
Trade debts	-	-	1,472,246	-	1,472,246	-	-	-	-
Other receivables	-	-	31,801	-	31,801	-	-	-	-
Bank balance	-	-	336,689	-	336,689	-	-	-	-
	-	-	2,163,464	-	2,163,464	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	427,466	427,466	-	-	-	-
Lease liabilities	-	-	-	254,987	254,987	-	-	-	-
Trade and other payables	-	-	-	884,201	884,201	-	-	-	-
Mark-up accrued	-	-	-	61,577	61,577	-	-	-	-
Short term borrowings	-	-	-	778,487	778,487	-	-	-	-
Unclaimed dividend	-	-	-	26,188	26,188	-	-	-	-
	-	-	-	2,432,906	2,432,906	-	-	-	-

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For the year ended June 30, 2024

Rupees in '000

30 June 2023

	Carrying amount				Fair Value				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	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									
Deposits	-	-	33,180	-	33,180	-	-	-	-
Term deposit receipt	-	-	84,360	-	84,360	-	-	-	-
Trade debts	-	-	464,043	-	464,043	-	-	-	-
Other receivables	-	-	187,979	-	187,979	-	-	-	-
Bank Balances	-	-	36,248	-	36,248	-	-	-	-
	-	-	805,810	-	805,810	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	694,976	694,976	-	-	-	-
Lease liabilities	-	-	-	76,673	76,673	-	-	-	-
Trade and other payables	-	-	-	766,365	766,365	-	-	-	-
Mark-up accrued	-	-	-	79,061	79,061	-	-	-	-
Short term borrowings	-	-	-	1,289,519	1,289,519	-	-	-	-
Unclaimed dividend	-	-	-	16,081	16,081	-	-	-	-
	-	-	-	2,922,675	2,922,675	-	-	-	-

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 fair value of unquoted equity investments have been determined by the valuation expert. The following table shows the valuation techniques used in measuring Level 3 fair values at June 30, 2024 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	Key input used	Inter-relationship between significant unobservable inputs and fair value measurement
- Shakarganj Food Products Limited	Discounted free cash flows with terminal growth: The valuation model considers the present value of expected free cash flows, discounted using Weighted Average Cost of Capital.	- Expected free cash flows		The estimated fair value would increase / (decrease) if: - The expected free cash flows were higher / (lower) - The terminal growth rate were higher / (lower) - The Weighted Average Cost of Capital were lower / (higher)
		- Terminal growth rate	5.00%	
		- Weighted Average Cost of Capital	23.01%	
- Central Depository Company of Pakistan Limited	-Dividend growth model: The valuation model considers the present value of future dividends, discounted using Weighted Average Cost of Capital. The method has been changed from Net Asset Value method to Dividend Valuation method for better fair value measurement.	- Dividend growth rate	6.50%	The estimated fair value would increase / (decrease) if: - The dividend growth rate were higher / (lower) - The Weighted Average Cost of Capital were lower / (higher)
		- Weighted Average Cost of Capital	16.76%	

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For the year ended June 30, 2024

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 July 1, 2023	
– Shakarganj Food Products Limited	455,685
– Central Depository Company of Pakistan Limited	204,216
	659,901
Fair value recognized in profit or loss during the year	
– Shakarganj Food Products Limited	73,828
– Central Depository Company Limited	9,203
	83,031
Balance at June 30, 2024	
– Shakarganj Food Products Limited	529,513
– Central Depository Company of Pakistan Limited	213,419
	742,932

Sensitivity analysis

For the fair value of unquoted equity investments, reasonably possible changes at June 30, 2024 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Rupees in '000	Profit or loss	
	Increase	Decrease
Shakarganj Food Products Limited		
– Expected cash flows (10% movement)	55,098	(55,098)
– Terminal growth rate (100 bps)	13,197	(11,812)
– Weighted Average Cost of Capital (100 bps)	(26,557)	29,310
Central Depository Company of Pakistan Limited		
– Dividend growth rate (100 bps)	10,918	(8,977)
– Weighted Average Cost of Capital (100 bps)	(8,189)	9,959

48. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

48.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Group. It arises principally from trade debts, 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	2024	2023
Deposits	78,368	33,180
Term deposit receipts	244,360	84,360
Trade debts	1,472,246	464,043
Other receivables	31,801	187,979
Bank balances	336,689	36,248
	2,163,464	805,810

Trade and other receivables

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

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

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

Rupees in '000	2024	2023
Steel segment	1,472,052	459,154
Cotton segment	–	59
Energy segment	–	4,636
Hadeed (Billet) segment	194	194
	1,472,246	464,043

The aging of trade debts at reporting date is as follows:

Not past due	1,171,633	329,986
Past due 1 – 30 days	6,328	35,031
Past due 31 – 180 days	252,514	62,697
Past due 181 days	65,545	54,730
	1,496,020	482,444
Less: Impairment loss	23,774	18,401
	1,472,246	464,043

The movement in the allowances for impairment in respect of trade debts is given in note 25.3. The expected loss rates are based on the payment profiles of sales over a period of 60 months before June 30, 2024 and the corresponding historical credit losses experienced within this

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period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Holding Company has identified the GDP and the unemployment rate of Pakistan in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

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

Settlement risk

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

Bank balances

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

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

Rupee in '000	Rankings		Ranking	2024	2023
	Short term	Long term	Agency		
Mutual Funds					
HBL Growth Fund (A)	MFR 1-Star	–	VIS	10,688	11,255
HBL Investment Fund (A)	MFR 1-Star	–	VIS	2,016	1,185
Pak Qatar Asset Management					
Company	AA	–	Pacra	253,043	100,146
MCB Arif Habib Saving and Investments Limited	AA+	–	Pacra	–	150,249
				265,747	262,835

Deposits

The Group has provided security deposits 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 has debt security amounting to Rs. 244.360 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:

	2024							
	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	427,466	-	427,466	134,826	135,170	137,139	11,304	9,027
Lease liabilities	254,987	-	376,489	45,713	43,856	79,629	208,136	-
Trade and other payables	884,201	-	884,201	884,201	-	-	-	-
Unclaimed dividend	26,188	26,188	-	-	-	-	-	-
Mark-up accrued	61,577	-	61,577	61,577	-	-	-	-
Short term borrowings	778,487	199,216	579,271	579,271	-	-	-	-
	2,432,906	225,404	2,329,004	1,705,588	179,026	216,768	219,440	9,027

	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	-	96,673	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	2,462,940	1,829,112	157,264	226,743	229,680	18,758

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For the year ended June 30, 2024

48.3 Market risk

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

48.3.1 Currency risk

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

Rupees in '000	2024	
	USD	Euro
Outstanding letters of credit	1,418,260	–

Rupees in '000	2023	
	USD	Euro
Outstanding letters of credit	1,398,513	26,720

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2024	2023	2024	2023
USD to PKR	283.17	248.04	278.34	286.58
Euro to PKR	306.01	260.52	297.69	310.06

Sensitivity analysis

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

Effect on profit or loss

Rupees in '000	2024	2023
USD	40,161	34,689
Euro	–	696
	40,161	35,385

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 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:

	2024	2023	2024	2023
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	24.08 – 24.76	16.66 – 24.08	427,466	694,976
Lease liabilities	17.04 – 31.12	11.51 – 25.61	254,987	76,673
Short term borrowings	21.91 – 25.22	16.91 – 24.14	778,487	1,289,519

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 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 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 2023.

Rupees in '000	Profit and loss 100 bp	
	Increase	Decrease
As at June 30, 2024		
Cash flow sensitivity – Variable rate financial liabilities	(14,609)	14,609
As at June 30, 2023		
Cash flow sensitivity – Variable rate financial liabilities	(20,612)	20,612

The sensitivity analysis prepared is not necessarily indicative of the effects on the 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 share prices at year end would have increased / decreased 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 (available for sale) investments as follows:

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For the year ended June 30, 2024

Rupees in '000	2024	2023
Effect on profit	113,275	74,987
Effect on equity	10,658	10,291
Effect on investments	123,933	85,278

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

49. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Rupees in '000	Chief Executive		Director		Executives		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Managerial remuneration (including incentives)	48,164	36,117	-	-	106,732	118,368	154,896	154,485
Fees	-	-	5,560	4,625	-	-	5,560	4,625
Contributions to								
- Gratuity fund	2,007	1,688	-	-	3,789	3,480	5,796	5,168
- Pension fund	4,818	4,053	-	-	10,546	10,872	15,364	14,925
- Provident fund	2,409	2,027	-	-	5,157	5,244	7,566	7,271
Others	21,129	8,820	-	-	18,261	3,725	39,390	12,545
	78,527	52,705	5,560	4,625	144,485	141,689	228,572	199,019
Number of persons	1	1	7	7	16	17	24	25

49.1 During the year remuneration paid to the non-executive Chairman of the Board of Directors amounted to Rs. 2.05 million (2023: Rs. 1.8 million).

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

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

50. TRANSACTIONS WITH RELATED PARTIES

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

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

Rupees in '000				2024	2023
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Altern Energy Limited	Associated company	17.60% holding	Dividend income	796,238	-
			Dividend received	796,238	-
Shakarganj Limited	Associated company	28.01% holding	Services rendered	1,629	-
			Dividend paid	360	-
			Reimbursable expenses	6,884	9,982
Crescent Socks (Private) Limited	Associated company	48.99% holding	Rental income	-	1,200
			Payments received against services rendered	600	1,500
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	4,269	2,711
			Services rendered	3,187	3,059
			Rent	2,755	2,829
			Payments received	4,000	3,000
The Crescent Textile Mills Limited	Related party	Major Shareholder	Rent	3,940	1,970
			Payments received against services rendered	7,656	3,544
			Reimbursable expenses	4,019	1,436
			Dividend paid	17,077	-
			Dividend income	7,977	7,412
			Dividend received	7,977	7,412
Premier Insurance Company	Related party	Common directorship	Insurance premium	8,602	7,772
			Insurance premium paid	7,162	8,178
			Dividend paid	283	-
The Citizens' Foundation	Related party	Common directorship	Donation given	73,631	24,860
Indus Valley School of Arts and Architecture	Related party	Common directorship	Donation given	3,142	-
Pakistan Centre for Philanthropy	Related party	Common directorship	Annual membership fee	360	-
			Payment annual membership fee	360	-

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Rupees in '000

				2024	2023
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Pak Elektron Limited	Related party	Common directorship	Sales made	152,014	159,666
			Payment received	146,569	164,872
Pak Qatar Asset Management Company	Related party	Common directorship	Investment in units of mutual fund	649,000	100,146
			Redemption of Investment in units of mutual fund	501,582	-
			Participated in SUKUK certificates	-	150,000
			Loan repayment	40,000	20,000
			Profit repayment	26,970	13,298
			Sale of investment	15,271	-
			Purchase of investment	164,000	-
Pak Qatar Family Takaful Limited	Related party	Common directorship	Dividend paid	15,450	-
Meezan Bank Limited	Related party	Common directorship	Dividend income	4,668	-
			Dividend received	4,668	-
			Sale of investment	23,190	-
International Steels Limited	Related party	Common directorship	Dividend income	1,090	-
			Dividend received	1,090	-
			Sale of investment	4,918	-
Crescent Cotton Products – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	1,342	1,392
			Dividend paid	-	-
Crescent Steel and Allied Products Limited – Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	10,518	8,590
			Dividend paid	3,877	-
Crescent Steel and Allied Products Limited – Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	26,601	18,680
			Dividend paid	8,077	-
Crescent Steel and Allied Products Limited – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	14,426	9,976
			Dividend paid	248	-
Crescent Hadeed (Private) Limited – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	356	772
CSAP – Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	10,000	5
			Dividend paid	72	-
Key management personnel	Related parties	Executives	Remuneration and benefits	223,012	194,394
			Dividend paid	9,662	-
Chairman of the Board	Related party	Chairman	Honorarium	2,050	1,800
Directors and their spouses	Related parties	Directors	Meeting fee	3,510	2,825
			Dividend paid	4,488	-

- 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 June 30, 2024 and 2023 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12), investment in equity accounted investees (note 19), other receivables (note 29.2), trade debts (note 25.1), 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 2023.

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 sheet plus net debt.

51.1 Gearing ratio

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

Rupees in '000	Note	2024	2023
Total debt	51.1	1,460,940	2,061,168
Less: Cash and bank balances		336,689	36,248
Net debt		1,124,251	2,024,920
Total equity	51.2	8,691,096	7,426,141
Total capital		9,815,347	9,451,061
Gearing ratio		11.5%	21.4%

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

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

52. PLANT CAPACITY AND PRODUCTION

52.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2023: 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 SPI600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 59,543.3 tons (2023: 42,888 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 97,542.0 tons (2023: 68,095 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 230,275 meters (2023: 51,795 meters) of different diameter pipes and 553,906 square meters surface area was achieved during the year (2023: 305,098 square meters surface area). Actual production is in line with market demand.

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 (2023: 9,197,007 kilograms). Actual production converted into 20s count was Nil kilograms for Nil shifts (2023: 2,391,228 kilograms for 310 shifts).

52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2023: 118,856 MWh) and the actual production achieved during the year was Nil (2023: Nil). 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 (2023: 85,000 mtons) of billets per annum, but the total production during the year was Nil (2023: Nil) 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. However, there are no material reclassifications to report.

54 GENERAL

54.1 Number of employees

The total number of employees, including contractual employees, of the Group as at June 30, 2024 were 433 (2023: 434) and weighted average number of employees were 434 (2023: 432).

The number of factory employees, including contractual employees, of the Group as at June 30, 2024 were 353 (2023: 317) and weighted average number of employees were 354 (2023: 523).

54.2 Subsequent event

The Board of Directors of the Holding Company in its meeting held on August 7, 2024 has recommended a final cash dividend of Rs. 3.5 per share for the year ended June 30, 2024. This is in addition to the interim cash dividend of Rs. 2 per share. These consolidated financial statements do not reflect the effect of final cash dividend payable as recommended by the Board of Directors.

55 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue in the Board of Directors meeting held on August 7, 2024.



Chief Executive



Director



Chief Financial Officer