Crescent steel and allied products limited

UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 JUNE 2023

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Crescent Steel and Allied Products Limited
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Crescent Steel and Allied Products Limited (the Company) for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

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

UDIN: CR202310160XJjyBVi8Y

INDEPENDENT AUDITOR'S REPORT

To the members of Crescent Steel and Allied Products Limited
Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Crescent Steel and Allied Products Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2023, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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KARACHI LAHORE ISLAMABAD

Following are the Key audit matters:

<table>
<tr><th>S. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>(i)</td><td colspan="2">Deferred tax asset</td></tr>
<tr><td></td><td>(Refer notes 4, 6.17 and 21 to the annexed unconsolidated financial statements)

As at 30 June 2023, included in the balance of deferred tax asset (net) are amounts of Rs. 577.306 million and Rs. 331.600 million representing deferred tax asset recognised on account of tax losses and excess of minimum tax over normal tax respectively.

Recognition of deferred tax asset on account of tax losses and minimum turnover tax requires management to estimate the Company's future taxable income and tax liability. This process relies on the assessment of the Company's profitability forecast, which in turn is based on assumptions concerning future economic conditions and business performance.

As preparing of profitability forecast and assessment of realisability of recognized deferred tax asset requires significant management judgements, we considered this to be a key audit matter.</td><td>Our audit procedures, amongst others, included the following:

• Obtained understanding of the management's process of preparation of forecast of tax profitability, tax liability and deferred tax calculation;

• Discussed with the management, the significant assumptions used in preparing the tax profitability forecast and assessed its reasonableness;

• Checked the appropriateness of tax rates applied in view of the local tax legislation;

• Checked mathematical accuracy of the calculations; and

• Assessed whether the related disclosures made in the annexed unconsolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.</td></tr>
<tr><td>(ii)</td><td colspan="2">Valuation of the Company's investment in share of two companies</td></tr>
<tr><td></td><td>Refer note 4, 6.4 and 19.3 to the unconsolidated financial statements)

The 'other long term investments' include Company's investments in shares of Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs 341.764 million and Rs 204.216 million respectively as at 30 June 2023.

Fair values of these investments are not measured in an active market and are determined through the application of valuation techniques under accounting and reporting standards and use of unobservable inputs required for valuation that involve the exercise of judgment over assumptions and estimates used by the management expert.

Due to the level of judgments involved in determining fair values of these unquoted investments, we considered this to be a key audit matter.</td><td>Our audit procedures, amongst others, included the following:

• Obtained understanding of the management's process of valuation;

• Reviewed report of management's expert which included the methods of valuation and details about the inputs to the valuation models;

• Involved our internal valuation specialists to review the valuation methodologies and assumptions used by management's expert;

• Discussed the rationale of the inputs to the valuation models and assessed their reasonableness;

• Checked mathematical accuracy of the calculations; and

• Assessed whether the related disclosures made in the annexed unconsolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.</td></tr>
</table>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

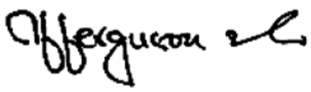
(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



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

UDIN: AR202310160yE1NvtVAh

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

Rupees in '000	Note	2023	2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	7	776,325	776,325
Capital reserve	8	1,020,908	1,020,908
Revenue reserves		4,322,199	4,301,178
		6,119,432	6,098,411
LIABILITIES			
Non-current liabilities			
Long term loans	9	424,748	50,382
Lease liabilities	10	62,424	66,759
Deferred income	11	3,837	686
Deferred liability - staff retirement benefits	44	279,790	73,562
		770,799	191,389
Current liabilities			
Trade and other payables	12	1,389,065	1,136,892
Unclaimed dividend		16,081	25,614
Mark-up accrued	13	78,369	37,134
Short term borrowings	14	1,289,519	812,647
Current portion of long term loans	9	270,228	112,785
Current portion of lease liabilities	10	14,249	22,222
Current portion of deferred income	11	538	8,042
		3,058,049	2,155,336
Total liabilities		3,828,848	2,346,725
Contingencies and commitments	15		
Total equity and liabilities		9,948,280	8,445,136

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

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

Rupees in '000	Note	**2023**	2022
Sales	31	5,282,780	8,300,430
Less: Sales tax		767,182	1,210,522
		4,515,598	7,089,908
Cost of sales	32	3,739,705	7,155,205
Gross profit / (loss)		775,893	(65,297)
Income from investments - net	33	207,526	970,003
		983,419	904,706
Distribution and selling expenses	34	66,951	15,553
Administrative expenses	35	384,699	325,829
Other operating expenses	36	16,830	63,502
		468,480	404,884
		514,939	499,822
Other income	37	79,302	61,451
Operating profit before finance costs		594,241	561,273
Finance costs	38	359,960	246,153
Profit before taxation		234,281	315,120
Taxation (charge) / reversal	39	(57,424)	51,568
Profit for the year		176,857	366,688
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI) - net of tax		(2,304)	(5,053)
Loss on remeasurement of staff retirement benefit plans - net of tax	44	(153,532)	(234,048)
Other comprehensive loss for the year		(155,836)	(239,101)
Total comprehensive income for the year		21,021	127,587
		(Rupees)	
Basic and diluted earnings per share	40	2.28	4.72

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

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

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive | Director | Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserve (note 8.1)	Revenue reserves (note 8.2)			Total revenue reserves	Total
		Share premium	Fair value reserve	General reserve	Unappropriated profit		
Balance as at 30 June 2021	776,325	1,020,908	8,966	3,642,000	522,625	4,173,591	5,970,824
Total comprehensive income for the year ended 30 June 2022							
Profit for the year	–	–	–	–	366,688	366,688	366,688
Other comprehensive loss for the year	–	–	(5,053)	–	(234,048)	(239,101)	(239,101)
Total comprehensive income for the year	–	–	(5,053)	–	132,640	127,587	127,587
Balance as at 30 June 2022	776,325	1,020,908	3,913	3,642,000	655,265	4,301,178	6,098,411
Total comprehensive income for the year ended 30 June 2023							
Profit for the year	–	–	–	–	176,857	176,857	176,857
Other comprehensive loss for the year	–	–	(2,304)	–	(153,532)	(155,836)	(155,836)
Total comprehensive income for the year	–	–	(2,304)	–	23,325	21,021	21,021
Balance as at 30 June 2023	776,325	1,020,908	1,609	3,642,000	678,590	4,322,199	6,119,432

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

1.1 Crescent Steel and Allied Products Limited ("the Company") was incorporated on 1 August 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Company is located at E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore. Whereas its principal office is situated at 9th floor Sidco Avenue Centre 264 R. A. Lines, Karachi.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

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

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

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

During the year, KSE-100 index benchmark decreased by 0.21 percent closing at 41,452.68 points. The Company generated dividend income amounting to Rs. 203.811 million including dividend income amounting to Rs. 150 million from the subsidiary company i.e. CS Capital (Private) limited.

3. BASIS OF PREPARATION

3.1 Unconsolidated financial statements

These are the unconsolidated financial statements of the Company in which investments in subsidiaries and associates are stated at cost. The consolidated financial statements of the Company are prepared and presented separately.

3.2 Statement of compliance

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

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

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

3.3 Basis of measurement

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

3.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees which is also the Company's functional currency. The amounts have been rounded to the nearest thousand of Pakistan Rupees.

4. USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

- Property, plant and equipment (refer note 6.1)
- Intangible assets (refer note 6.2)
- Investment properties (refer note 6.3)
- Investments (refer note 6.4)

- Stores, spares and loose tools and stock-in-trade (refer notes 6.8 and 6.9)
- Employee benefits (refer note 6.12)
- Leases (refer note 6.14)
- Taxation (refer note 6.17)
- Provisions (refer note 6.21)
- Impairment (refer notes 6.1, 6.2, 6.3, 6.4 and 6.22)
- Contingencies (refer note 6.27)

5. NEW STANDARDS AND AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS

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

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

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

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Property, plant and equipment

Owned assets

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

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

Subsequent expenditure

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

Depreciation

Depreciation is charged to profit or loss on a straight line basis at the rates specified in note 16.1 to these unconsolidated financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off or retained.
The assets' residual values and useful lives are reviewed at each financial year end and adjusted if appropriate.

Disposal

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

Right-of-use assets

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

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

Capital work-in-progress

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

Impairment

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

6.2 Intangible assets

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

Subsequent expenditure

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

Amortization

Amortization is charged to profit or loss on a straight line basis at the rates specified in note 17 to these unconsolidated financial statements, over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

Impairment

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

6.3 Investment properties

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

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

Depreciation

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

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

Impairment

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

Disposal

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

6.4 Financial instruments

6.4.1 Initial recognition and measurement

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

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

6.4.2 Financial asset

Classification

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

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

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

Amortized cost

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

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

FVOCI - Debt investment

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

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

FVOCI - Equity investment

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

FVTPL

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

Subsequent measurement and derecognition

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

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

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

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

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

Impairment of financial assets

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

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

Derivative financial instruments

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

6.4.3 Financial liabilities

Classification and subsequent measurement

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

– contingent consideration of an acquirer in a business combination;

– held-for-trading; or

– designated as at FVTPL.

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

Derecognition

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

Offsetting

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

6.5 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment, if any.

6.6 Investments in associates

Entities in which the Company has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Company are associates. Investments in associates are stated at cost less accumulated impairment, if any.

6.7 Non-current assets held for sale

Non-current assets or disposal groups comprising of assets or liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets or components of a disposal group, are remeasured at lower of their carrying amount and fair value less costs to sell.

6.8 Stores, spares and loose tools

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

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

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

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

6.9 Stock-in-trade

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

6.10 Trade debts and other receivables

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

6.11 Cash and cash equivalents

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

6.12 Employee benefits

6.12.1 Compensated absences

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

6.12.2 Post retirement benefits

6.12.2.1 Defined contribution plan - Provident fund

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

Cotton segment

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

All employees except Cotton segment

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

6.12.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

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

6.12.2.3 Staff benevolent fund

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

6.13 Mark-up bearing borrowings

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

6.14 Leases liabilities

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

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

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

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

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

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

6.15 Asset held under Ijarah financing

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

6.16 Government grants

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

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

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

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

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

6.17 Taxation

Group taxation

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

Current

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

Deferred

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

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

6.18 Revenue recognition

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

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

6.19 Investment and other income

Interest income is recognized using the effective interest method.

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

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

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

6.20 Borrowing costs

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

6.21 Provisions

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

6.22 Impairment

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

6.23 Foreign currency translation

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

6.24 Segment reporting

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

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

6.25 Proposed dividend and transfer between reserves

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

6.26 Earnings per share

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

6.27 Contingencies

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

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

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

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

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

8. RESERVES

8.1 Capital Reserve

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

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

8.2 Revenue Reserves

Fair value reserve

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

General reserve

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

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

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

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

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

During the year, the mark-up on such arrangements was ranged between 15.28% to 19.38% (2022: 8.88% to 15.16%) per annum. These facilities are secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

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

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

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

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

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

10. LEASE LIABILITIES

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

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

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

Rupees in '000	Note	**2023**	2022
11. DEFERRED INCOME			
Opening balance		8,728	13,273
Additions during the year:			
- related to government grant (concessional rate loans)		–	4,436
Income recognized during the year	37	(4,353)	(8,981)
		4,375	8,728
Less: Current portion shown under current liabilities		(538)	(8,042)
Closing balance		3,837	686

Rupees in '000	Note	2023	2022
12. TRADE AND OTHER PAYABLES			
Trade creditors		44,058	90,943
Bills payable		38	288,726
Commission payable		522	1,922
Accrued liabilities	12.1	594,735	388,704
Advances from customers		350,464	22,433
Infrastructure fee, sales tax and damages	12.2	287,643	272,530
Due to related parties	12.3	19,534	9,739
Payable to provident fund		127	2,313
Contribution payable to staff retirement benefit funds		2,823	2,296
Retention money		2,980	111
Withholding tax payable		6,892	1,733
Workers' Profit Participation Fund	12.4	18,529	2,395
Workers' Welfare Fund		7,640	6,944
Others		53,080	46,103
		1,389,065	1,136,892

12.1 Accrued liabilities			
Salaries, wages and other benefits		23,536	34,532
Accrual for 10-C bonus		4,943	4,179
Compensated absences		20,811	16,882
Liquidated damages	12.1.1	223,955	183,198
Others	12.1.2	321,490	149,913
		594,735	388,704

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

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

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

12.2 Movement in infrastructure fee, sales tax and damages

Rupees in '000	Infrastructure fee (Note 12.2.1)	Sales Tax (Note 12.2.2)	Liquidated damages (Note 12.2.3)	Total
Opening balance as at 1 July 2022	223,867	3,242	45,421	272,530
Accrual for the year	15,113	–	–	15,113
Closing balance as at 30 June 2023	238,980	3,242	45,421	287,643

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

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

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

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

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

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

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

Rupees in '000	Note	2023	2022
12.3 Due to related parties			
Premier Insurance Company Limited		–	454
Staff Benevolent Fund		–	2
Shakarganj Limited		19,534	9,283
		19,534	9,739
12.4 Workers' Profit Participation Fund			
Opening balance		2,395	2,904
Allocation for the year	36	16,134	10,494
		18,529	13,398
Amount paid to the trustees of the fund		–	(11,003)
Closing balance		18,529	2,395

13. MARK-UP ACCRUED

Rupees in '000	Note	2023	2022
Mark-up accrued on:			
- Long term loans		37,309	3,385
- Short term borrowings	13.1	41,060	33,749
		78,369	37,134

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

Rupees in '000	Note	2023	2022
14. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	14.1	463,654	416,331
Short term loans	14.2 &14.4	825,865	396,316
		1,289,519	812,647

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

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

14.3 The facilities for opening letters of credit amounted to Rs. 4,750 million (2022: Rs. 4,750 million) out of which Rs. 300 million (2022: Rs. 300 million), Rs. 3,150 million (2022: Rs. 3,150 million) and Rs. 205 million (2022: Rs. 205 million) are interchangeable with short term running finance, short term loans and letter of guarantee, respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at 30 June 2023 amounted to Rs. 2,336.6 million (2022: Rs. 2,010.9 million). Amounts unutilized for letters of credit and guarantees as at 30 June 2023 were Rs. 4,251 million and Rs. 378.60 million (2022: Rs. 4,507.620 million and Rs. 468.480 million), respectively.

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

14.5 The above facilities are expiring on various dates with maturity period upto 31 December 2023. These facilities are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares (refer note 27.2.2), and lien over import / export documents. Further, these facilities (refer notes 14.1 to 14.3) are also secured against pledged of shares owned by CS Capital (Private) Limited - subsidiary company.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

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

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

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

Following closure of petition, the Company received show cause notices and demands for Sindh Sales Tax payments amounting to Rs. 79 million, which were challenged in SHC in a civil suit as well as at the Appellate forums of the tax authority, where the cases are pending adjudication. Furthermore, after the closure of the original petition, the SHC has decided the matter in the Company's favor, ruling against the SRB. However, the SRB has now filed a petition at the SCP, arguing that sales tax on toll manufacturing before 30th June 2022 should fall under their jurisdiction.

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

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

15.2 Commitments

15.2.1 Aggregate amount of guarantees issued on behalf of the Company against various contracts aggregated Rs. 1,958 million (2022: Rs. 1,542.418 million). This includes guarantees issued by Islamic banks amounting to Rs. 257.841 million (2022: Rs. 214.586 million).

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

15.2.3 Commitments under letters of credit (L/C) as at 30 June 2023 amounted to Rs. 498.924 million (2022: Rs. 242.385 million).

Rupees in '000	Note	**2023**	2022
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,934,813	1,921,861
Capital work-in-progress	16.4	502,755	185,339
		2,437,568	2,107,200
Right-of-use-assets	16.1	82,852	109,556
		2,520,420	2,216,756

16.1 Operating fixed assets and right-of-use assets

Description		Land		Buildings		Office premises	Plant and machinery owned*	Electrical/ office equipment and installation	Furniture and fittings	Computers	Motor vehicles owned	Total operating fixed assets	Right-of-use assets			Total
Rupees in '000	Note	Freehold	Leasehold including improvements	On freehold land	On leasehold land								Plant and machinery	Motor vehicles	Total right-of-use assets	
Net book value as at 30 June 2023																
Balance as at 01 July 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	7,704	8,376	64,627	1,921,861	91,254	18,302	109,556	2,031,417
Additions / transfers		-	-	4,472	1,081	-	131,869	9,072	-	3,928	114,870	265,292	-	43,046	43,046	308,338
Disposals / transfer (at NBV)	16.5 & 16.1.1	-	-	-	-	-	-	-	-	(34)	(45,802)	(45,836)	(48,060)	-	(48,060)	(93,896)
Depreciation charge	16.1.2	-	(1,685)	(26,810)	(1,530)	(900)	(139,691)	(2,138)	(1,597)	(4,902)	(27,251)	(206,504)	(16,626)	(5,064)	(21,690)	(228,194)
Balance as at 30 June 2023 (NBV)		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,107	7,368	106,444	1,934,813	26,568	56,284	82,852	2,017,665
Gross carrying value as at 30 June 2023																
Cost	16.2	249,226	43,065	667,762	97,626	27,481	3,145,663	81,473	32,491	73,727	168,523	4,587,037	81,382	111,668	193,050	4,780,087
Accumulated depreciation		-	(12,181)	(315,067)	(95,062)	(24,875)	(1,980,461)	(69,756)	(26,384)	(66,359)	(62,079)	(2,652,224)	(54,814)	(55,384)	(110,198)	(2,762,422)
Net book value		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,107	7,368	106,444	1,934,813	26,568	56,284	82,852	2,017,665
Net book value as at 30 June 2022																
Balance as at 01 July 2021 (NBV)		249,226	34,255	400,236	5,946	4,406	1,066,674	8,180	8,914	7,990	24,276	1,810,103	102,133	29,470	131,603	1,941,706
Additions / transfers		-	-	-	-	-	240,920	1,639	390	4,133	55,555	302,637	7,359	6,074	13,433	316,070
Disposals / transfers (at NBV)	16.5 & 16.1.1	-	-	-	-	-	(6,100)	(1,239)	-	(69)	(4,416)	(11,824)	-	(10,490)	(10,490)	(22,314)
Depreciation charge	16.1.2	-	(1,686)	(25,203)	(2,933)	(900)	(128,470)	(3,797)	(1,600)	(3,678)	(10,788)	(179,055)	(18,238)	(6,752)	(24,990)	(204,045)
Balance as at 30 June 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	7,704	8,376	64,627	1,921,861	91,254	18,302	109,556	2,031,417
Gross carrying value as at30 June 2022																
Cost	16.2	249,226	43,065	663,290	96,545	27,481	2,999,337	72,401	32,491	70,992	119,793	4,374,621	182,136	68,621	250,757	4,625,378
Accumulated depreciation		-	(10,496)	(288,257)	(93,532)	(23,975)	(1,826,313)	(67,618)	(24,787)	(62,616)	(55,166)	(2,452,760)	(90,882)	(50,319)	(141,201)	(2,593,961)
Net book value		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	7,704	8,376	64,627	1,921,861	91,254	18,302	109,556	2,031,417
Depreciation rates (% per annum)		-	1 - 5	5 - 10	5 - 10	10	5 - 20	5 - 20	10	33.33	20		10	20		

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

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

Rupees in '000	Note	2023	2022
16.1.2 The depreciation charge for the year has been allocated as follows :			
Cost of sales	32.1	204,062	185,388
Distribution and selling expenses	34	490	704
Administrative expenses	35	23,642	17,953
		228,194	204,045

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

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

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

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

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

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

16.4.2 This includes transfer from trade deposits amounting to Rs. 28.625 million (2022: Rs. 28.625 million).

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

16.4.4 This has been netted off against a provision amounting to Rs. 20.619 million (2022: Rs. 20.619 million) relating to construction work at a site which has been halted.

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

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

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

17. INTANGIBLE ASSETS

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

Rupees in '000	Note	2023	2022
Net book value as at 1 July		3,580	5,848
Amortization	17.1	(2,153)	(2,268)
Net book value as at 30 June	17.2	1,427	3,580
Gross carrying value as at 30 June			
Cost		82,099	82,099
Accumulated amortization		(78,032)	(75,879)
Accumulated impairment loss		(2,640)	(2,640)
		(80,672)	(78,519)
Net book value		1,427	3,580
Amortization rate (% per annum)		33.33	33.33

17.1 The amortization charge for the year has been allocated to administrative expenses (Note 35).

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

18. INVESTMENT PROPERTIES

Description Rupees in '000	Note	Freehold Land	Freehold Building	Office Premises	Total
Net book value as at 30 June 2023					
Opening Balance		45,497	10,833	-	56,330
Depreciation charge	18.1	-	(1,300)	-	(1,300)
Balance as at 30 June 2023 (NBV)		45,497	9,533	-	55,030
Gross carrying value as at 30 June 2023					
Cost	18.2	45,497	13,000	29,830	88,327
Accumulated depreciation		-	(3,467)	(29,830)	(33,297)
Net book value		45,497	9,533	-	55,030
Net book value as at 30 June 2022					
Balance as at 01 July 2021 (NBV)					
Opening net book value (NBV)		45,497	12,133	-	57,630
Depreciation charge		-	(1300)	-	(1,300)
Balance as at 30 June 2022 (NBV)		45,497	10,833	-	56,330
Gross carrying value as at 30 June 2022					
Cost		45,497	13,000	29,830	88,327
Accumulated depreciation		-	(2,167)	(29,830)	(31,997)
Net book value		45,497	10,833	-	56,330
Depreciation rates (% per annum)		-	10 - 20	5 - 10	

18.1 Depreciation charged for the year has been allocated to administrative expenses (Note 35).

18.2 Fair value of the investment properties located in Karachi and Lahore, valued amounting to Rs. 199.92 million (2022: Rs. 204.06 million), which is determined by external valuer on the basis of market value.

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

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

Rupees in '000	Note	**2023**	2022
19. LONG TERM INVESTMENTS			
Subsidiary companies - at cost	19.1	705,001	555,001
Associated companies - at cost	19.2	1,286,401	1,286,401
Other long term investments	19.3	553,275	521,202
		2,544,677	2,362,604

19.1 Subsidiary companies - at cost

2023	2022		Note	**2023**	2022
Number of shares				Rupees in '000	
		Unquoted			
70,500,000	55,500,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	19.1.1	705,000	555,000
2	2	Crescent Continental Gas Pipelines Limited (US $ 1 each)	19.1.2	–	–
100	100	Solution de Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	19.1.3	1	1
				705,001	555,001

19.1.1 This represents the Company's investment in 100% ordinary shares of CS Capital (Private) Limited. The Company has acquired CS Capital (Private) Limited on 26 September 2011.

19.1.2 This represents investment in subsidiary of Rs. 90 only. The subsidiary company has not commenced operation and accordingly no financial statements have been prepared.

19.1.3 This represents the Company's investment in 100% ordinary shares of Solution de Energy (Private) Limited that was acquired through amalgamation on 30 June 2019.

19.2 Associated companies - at cost

2023	2022		Note	2023	2022
Number of shares				Rupees in '000	
		Quoted			
60,663,775	60,663,775	Altern Energy Limited	19.2.1	595,293	595,293
		(Chief Executive Officer -			
		Mr . Umer Shehzad Sheikh)			
27,409,075	27,409,075	Shakarganj Limited	19.2.2	691,108	691,108
		(Chief Executive Officer -			
		Mr. Muhammad Saif Ullah)			
				1,286,401	1,286,401

19.2.1 The Company holds 16.69% (2022: 16.69%) shareholding in Altern Energy Limited and has representation on its Board of Directors. The Company directly and / or indirectly has significant influence as per requirement of IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

19.2.2 The Company holds 21.93% (2022: 21.93%) shareholding in Shakarganj Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

Rupees in '000	2023	2022
19.2.3 Market value of investments in associates is as follows :		
Altern Energy Limited	878,411	957,881
Shakarganj Limited	1,201,066	1,096,363
	2,079,477	2,054,244

Percentage of holding	2023	2022
19.2.4 Percentage of holding of equity in associates is as follows :		
Altern Energy Limited	16.69	16.69
Shakarganj Limited	21.93	21.93

19.2.5 The latest financial statements / condensed interim financial information of associated companies as at 30 June 2023 are not presently available. The following is summarized financial information of associated companies as at 31 March 2023 and for the period ended 31 March 2023 based on respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting:

		Statement of financial position						Profit of loss			
		Non current assets	Current assets	Non current liabilities	Current liabilities	Attributable to NCI	Attributable to owners of the investee company	Revenues	Profit/(loss) after tax	Other comprehensive income/(loss)	Total comprehensive income/(loss)
Rupees in '000	Note	(As at 31 March)						(For the twelve months period ended 31 March)			
2023											
Altern Energy Limited	19.2.5.1	12,569,024	20,512,381	1,332,316	3,299,707	11,688,490	16,760,892	19,380,376	5,981,758	(1,511)	5,980,247
Shakarganj Limited		21,944,379	6,616,408	4,474,383	11,566,483	1,833,605	10,686,316	30,737,388	241,702	133,294	374,996
2022											
Altern Energy Limited		13,365,738	13,328,189	1,083,423	3,141,369	9,035,471	13,433,664	14,730,032	1,928,368	7,725	1,936,093
Shakarganj Limited		23,099,370	5,230,081	4,200,827	11,475,121	1,517,007	11,136,496	28,517,311	(703,426)	5,865,059	5,161,633

19.2.5.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at 31 March 2023 of Altern Energy Limited including its wholly owned subsidiary company Power Management (Private) Limited and Rousch (Pakistan) Power Limited, subsidiary of Power Management Company holding 59.98% shares.

Rupees in '000	Note	**2023**	2022
19.3 Other long term investments			
Fair value through other comprehensive income (FVOCI)	19.3.1	7,295	10,173
Fair value through profit or loss (FVTPL)	19.3.2	545,980	511,029
		553,275	521,202

19.3.1 Fair value through other comprehensive income (FVOCI)

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

2023	2022	Name of investee company	**2023**	2022
Number of shares			Rupees in '000	
		Quoted		
565,473	565,473	The Crescent Textile Mills Limited	7,295	10,173

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

19.3.2 Fair value through profit or loss (FVTPL)

2023	2022		Note	2023	2022
Number of shares				Rupees in '000	
		Unquoted			
14,110,817	14,110,817	Shakarganj Food Products Limited		341,764	304,779
9,625,000	8,250,000	Central Depository Company of Pakistan Limited (CDC)		204,216	206,250
2,403,725	2,403,725	Crescent Bahuman Limited - Related party	19.3.2.1	24,037	24,037
1,047,000	1,047,000	Crescent Industrial Chemicals Limited	19.3.2.2	10,470	10,470
				580,487	545,536
		Less: Provision for impairment		(34,507)	(34,507)
				545,980	511,029

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

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

Rupees in '000	2023	2022
20. LONG TERM DEPOSITS		
Security deposits		
- leasing companies	11,357	18,119
- others	15,786	10,981
	27,143	29,100

Rupees in '000	Note	2023	2022

21. DEFERRED TAXATION - NET

Deferred tax credits / (debits) arising in respect of :			
Taxable temporary differences			
Accelerated tax depreciation / amortization		216,681	225,351
Lease obligations - net		1,900	9,750
Fair value adjustment in unquoted investment through reserves		30,119	30,119
Discounting on long term deposit		3,407	–
Unrealized gain on fair value through profit or loss investments		55,675	27,746
		307,782	292,966
Deductible temporary differences			
Employee benefits - Defined benefit plan		(136,685)	(73,975)
Provision for slow moving stores, spares and loose tools		(24,097)	(29,626)
Provisions for doubtful trade debts, doubtful advances and others		(90,854)	(95,331)
Discounting on long term deposit		–	(1,735)
Realized loss on fair value through profit or loss investments		(1,605)	(3,562)
Unrealized loss on fair value through OCI		(602)	(28)
Deferred income		–	(226)
Provisions for impairment of fixed assets		(6,186)	(6,804)
Provision of Gas Infrastructure Development Cess		(4,858)	(5,344)
Excess of minimum tax over corporate tax	21.2	(331,600)	(286,289)
Tax losses	21.2	(577,306)	(586,168)
Provision for diminution in the value of investments		(10,347)	(8,540)
		(1,184,140)	(1,097,628)
		(876,358)	(804,662)

21.1 Break up of deferred tax reversal is as following:

Profit or loss	(9,489)	(281,586)
Other comprehensive income	(63,314)	(95,625)
Set-off of losses with the Subsidiary Company	1,107	936
	(71,696)	(376,275)

21.2 The accumulated tax losses and excess minimum tax over corporate tax of the Company as at 30 June 2023 aggregated Rs. 2,322.311 million (2022: 2,307.557 million) in respect of which the Company has recognized deferred tax asset amounting to Rs. 908.906 million (2022: Rs. 872.458 million). The existing unutilised tax loss mainly attributable to tax depreciation which can be utilised for an indefinite period and unadjusted business losses which can be utilised for maximum six years against future taxable profits. The Company carries out periodic assessment to determine the benefit of the loss and minimum tax that the Company would be able to set off against the taxable profits and tax liability in future years. The amount of this benefit has been determined based on the projected taxable profits of the Company for future years and the expected applicable tax rate. The determination of projected taxable profits are most sensitive to key assumptions such as volume of bare pipe sales and availability of uninterrupted electricity connection for billet segment throughout the year.

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

Rupees in '000	Note	2023	2022
22. STORES, SPARES AND LOOSE TOOLS			
Stores		59,762	29,056
Spare parts		354,552	227,913
Loose tools		5,718	3,557
		420,032	260,526
Less: Provision for slow moving items	22.1	(80,325)	(89,780)
		339,707	170,746
22.1 Movement in provision for slow moving items			
Opening balance		89,780	84,472
(Reversal) / provision made during the year		(9,455)	5,308
Closing balance		80,325	89,780
23. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coils)		284,762	261,583
Coating materials		328,884	46,205
Steel scrap		11,999	43,308
Others		331,829	132,806
Raw cotton		–	230,531
Stock-in-transit		129,198	280,917
		1,086,672	995,350
Work-in-process	23.2 & 32.1	70,993	19,076
Finished goods - net	23.2 & 32.1	111,099	167,556
Scrap / cotton waste		203	8,114
		182,295	194,746
		1,268,967	1,190,096

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

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

Rupees in '000	Note	**2023**	2022

24. TRADE DEBTS

	Note	2023	2022
Secured			
Considered good		–	40,867
Unsecured			
Considered good	24.1	464,043	134,347
Considered doubtful		18,401	19,553
		482,444	153,900
Impairment loss on trade debts	24.3	(18,401)	(19,553)
		464,043	175,214

24.1 This includes amount due from Pak Elektron Limited (related party) amounting to Rs. 40.101 million (2022: Rs. 45.306 million). Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 56.364 million (2022: Rs. 205.983 million).

Rupees in '000	Note	**2023**	2022
24.2 The aging of amount due from related party:			
Not past due		16,771	19,564
Past due 1 - 30 days		12,599	19,485
Past due 30 - 180 days		10,669	6,195
Past due 180 days		62	62
		40,101	45,306
24.3 Movement in impairment loss on trade debts			
Opening balance		19,553	23,214
Reversal of impairment made during the year	37	(1,152)	(3,661)
Closing balance		18,401	19,553

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

Rupees in '000	Note	**2023**	2022

25. LOANS AND ADVANCES

	Note	2023	2022
Unsecured			
Loan to related party - considered good			
Solution de Energy (Private) Limited	25.1	111,914	96,793
Advances - considered good			
Staff		830	1,684
Suppliers for goods and services		170,592	65,409
Others		1,950	1,316
Advances - considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		285,286	165,202

25.1 The Company has provided short term interest free loan to the Subsidiary Company in order to meet its requirements for the purposes of feasibility, legal approvals and other related activities in respect of its project of 100 MW Solar Power Plant in Solar Power Park being established by the Government of Punjab in the Cholistan desert. Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 111.914 million (2022: Rs. 96.793 million). The loan is repayable on demand.

Rupees in '000	Note	**2023**	2022
26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
- leasing companies		–	3,494
- others		2,992	11,754
Prepayments		10,652	9,987
		13,644	25,235
27. SHORT TERM INVESTMENTS			
Amortised cost	27.1	84,360	159,360
Fair value through profit or loss (FVTPL)	27.2	468,022	259,873
		552,382	419,233

27.1 This represents investment in term deposit receipt carrying markup of 15.75% maturing on March 26, 2024.

27.2 Fair value through profit or loss (FVTPL)

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

2023	2022		Note	**2023**	2022
Number of shares/units		Name of investee company		Rupees in '000	
7,159,384	4,720,613	Quoted - Investments	27.2.1	468,022	259,873
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				–	–
			27.2.3	468,022	259,873

27.2.1 Quoted - Investments

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

2023	2022	Name of investee company	2023	2022
Number of shares / units			Rupees in '000	
208,437	181,250	Avanceon Limited	9,180	14,121
201,000	201,000	D.G. Khan Cement Company Limited	10,312	12,563
350,000	350,000	Engro Fertilizer Limited	28,886	31,024
102,500	102,500	Fauji Fertilizer Company Limited	10,090	11,298
–	8,000	Ferozsons Laboratories Limited	–	2,151
1,705,000	1,705,000	HBL Growth Fund - Class A	7,980	8,781
500,673	500,673	HBL Investment Fund - Class A	776	1,001
1,000,000	–	Pak Qatar Asset Management Company	100,146	–
1,478,378	–	MCB Arif Habib Savings and Investment Limited	150,249	–
137,700	137,700	International Industries Limited	10,085	14,284
63,000	63,000	International Steels Limited	2,553	3,740
115,596	74,100	Interloop Limited	4,076	4,520
–	26,490	Jubilee Spinning and Weaving Mills Limited	–	81
200,000	200,000	Kot Addu Power Company Limited	4,160	5,506
14,000	14,000	Lucky Cement Limited	7,309	6,427
15,000	15,000	Mari Petroleum Company Limited	22,720	26,096
220,000	200,000	Meezan Bank Limited	19,001	22,594
72,700	72,700	Oil and Gas Development Company Limited	5,671	5,719
50,800	50,000	Pakistan Oilfields Limited	20,410	20,291
155,800	155,800	Pakistan Petroleum Limited	9,214	10,518
101,800	101,800	Pakistan State Oil Company Limited	11,301	17,493
4,500	2,600	Systems Limited	1,815	858
62,500	50,000	Tariq Glass Limited	4,256	5,191
400,000	400,000	The Hub Power Company Limited	27,832	27,268
–	109,000	TRG Pakistan Limited - Class 'A'	–	8,429
			468,022	259,954
		Less: Provision for impairment	–	(81)
7,159,384	4,720,613		468,022	259,873

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

Rupees in '000	**2023**	2022
Name of investees		
Altern Energy Limited (Long term investment)	792,708	786,263
The Crescent Textile Mills Limited (Long term investment)	5,836	8,138
Avanceon Limited	6,386	11,297
D.G. Khan Cement Company Limited	-	9,375
Engro Fertilizer Limited	27,895	28,542
Fauji Fertilizer Company Limited	10,090	11,298
Ferozsons Laboratories Limited	-	2,151
HBL Investment Fund - Class A	775	1,000
HBL Growth Fund - Class A	3,990	4,390
Interloop Limited	2,542	4,398
International Industries Limited	9,206	14,284
International Steels Limited	-	3,740
Lucky Cement Limited	7,309	6,427
Mari Petroleum Company Limited	7,573	8,699
Meezan Bank Limited	14,184	18,554
Oil and Gas Development Company Limited	5,671	5,719
Pakistan Oilfields Limited	15,669	15,827
Pakistan Petroleum Limited	9,214	10,518
Pakistan State Oil Company Limited	11,301	17,493
Tariq Glass Industries Limited	3,405	5,190
The Hub Power Company Limited	27,832	18,747
	961,586	992,050

27.2.3 This represents investment in ordinary shares of listed companies and units of mutual funds. Under IAS 39, these were classified as held for trading whereas under IFRS 9 these have been classified and held as FVTPL. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2022: Rs. Nil). Under IAS 39, these were classified as available for sale and reclassified to FVTPL on initial application of IFRS 9 as management has not designated it as FVOCI.

Rupees in '000	Note	**2023**	2022
28. OTHER RECEIVABLES			
Dividend receivable		886	886
Provision there against		(886)	(886)
		–	–
Claim receivable		461	461
Due from related parties	28.1	5,999	21,906
Sales tax refundable	28.2	106,973	75,589
Margin on letter of credit		4,137	–
Margin on letter of guarantees		175,345	15,350
Receivable from staff retirement benefits funds	44	–	12,242
Others		2,815	2,977
		295,730	128,525
28.1.1 Due from related parties			
CS Capital (Private) Limited		1,079	4,780
Solution de Energy (Private) Limited		–	11,947
The Crescent Textile Mills Limited		249	386
Premier Insurance Limited		1	–
Shakarganj Food Products Limited		4,070	3,893
Crescent Socks (Private) Limited		600	900
		5,999	21,906

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

Rupees in '000	**2023**	2022
CS Capital (Private) Limited	5,201	4,780
Solution de Energy (Private) Limited	11,947	11,947
The Crescent Textile Mills Limited	613	386
Premier Insurance Limited	1	–
Shakarganj Food Products Limited	4,578	3,893
Crescent Socks (Private) Limited	600	1,500
	22,940	22,506
28.1.2 The aging of amount due from related parties:		
Not yet due	1,428	990
Past due 1 - 30 days	100	840
Past due 30 - 180 days	577	3,603
Past due 180 days	3,894	16,473
	5,999	21,906

28.2 Sales tax refundable

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

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

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

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

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

Rupees in '000	2023	2022
29 TAXATION - NET		
Advance taxation	3,626,837	3,577,907
Provision for taxation	(2,953,637)	(2,886,724)
	673,200	691,183

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

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

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

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

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

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

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

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

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

(i) During the year ended 30 June 2023, Orders under section 4C of the Income Tax Ordinance 2001 were issued by the ACIR in respect of Tax Years 2022 whereby demands aggregating Rs. 126.462 million (approximately) were raised against the Company. An expense of Rs. 54 million related to these demands has been recognized in these unconsolidated financial statements. For remaining, the Company has obtained stay from LHC through writ petition. Currently, the appeal is pending adjudication at the CIR Appeal - FBR for remaining issue. After consultation with legal advisor, the management considers that the appeal would be decided in the Company's favour.

(j) During the year ended 30 June 2023, the tax department has revised the assessment due to an objection raised regarding the incorrect add-back of normal depreciation on the addition made in plant and machinery for the tax year 2016 for Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited. The assessment order alleges that we claimed significant initial allowance and depreciation allowance whereas minimal amount added back as accounting depreciation. The Commissioner of Inland Revenue and it is pending adjudication. After consultation with legal advisor, the management considers that the appeal would be decided in the Company's favour.

(k) During the year ended 30 June 2023, the Company has been selected by the tax department for an audit under section 177 for the tax year 2020. A Pre Audit Report has been issued, highlighting observations and requesting data and supporting documentation. The company has submitted the required information to the Assistant/Deputy Commissioner of the Federal Board of Revenue (FBR) in response to the report. The case is pending at department level for hearing.

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

Rupees in '000	Note	**2023**	2022
30. CASH AND BANK BALANCES			
With banks			
- in savings account	30.1	25,233	1,951
- in current accounts		5,033	4,229
	30.2	30,266	6,180
Cash in hand		–	490
		30,266	6,670

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

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

Rupees in '000	Note	**2023**	2022
31. SALES - NET			
Local sales			
Bare pipes	31.1	1,569,411	1,241,016
Pipe coating		16,331	50,920
Coated pipe	31.2	2,201,088	82,003
Cotton yarn / raw cotton / polyster		1,153,309	3,125,181
Electricity sales		–	278,794
Steam sales		–	349,853
Steel Billets		–	2,857,534
Others	31.3	147,187	225,872
Scrap / waste		195,454	89,257
		5,282,780	8,300,430
Sales tax		(767,182)	(1,210,522)
		4,515,598	7,089,908

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

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

31.3 This represents revenue earned from manufacturing of metal structures by cutting, bending and assembling processes.

31.4 Revenue is disaggregated by operating segments under note 43. Additionally revenue by major customers is disclosed in note 43.4.

Rupees in '000	Note	**2023**	2022
32. COST OF SALES			
Steel segment	32.1	2,458,454	1,526,159
Cotton segment	32.1	1,074,020	2,419,791
Energy segment	32.1	62,209	747,986
Hadeed (Billet) segment	32.1	145,022	2,461,269
		3,739,705	7,155,205

		Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
32.1 Cost of sales											
Raw materials consumed		1,844,278	1,123,799	703,578	1,901,415	-	669,680	79,880	2,155,464	2,627,736	5,850,358
Cost of raw cotton / polyester sold		-	-	46,137	36,765	-	-	-	-	46,137	36,765
Packing materials consumed		-	-	8,443	24,152	-	-	-	-	8,443	24,152
Store and spares consumed		197,740	36,097	9,042	24,141	1,184	6,518	323	53,024	208,289	119,780
Fuel, power and electricity		95,806	36,636	138,266	242,171	40	340	996	2,592	235,108	281,739
Salaries, wages and other benefits	32.2	209,245	140,984	87,505	176,068	(139)	7,760	15,286	36,235	311,897	361,047
Insurance		7,583	5,772	2,614	2,813	1,169	1,317	1,138	1,561	12,504	11,463
Commission		-	-	3,759	7,952	-	-	-	-	3,759	7,952
Repairs and maintenance		18,365	4,700	2,202	3,789	-	557	78	1,067	20,645	10,113
Depreciation	16.1.2	75,138	55,417	19,358	20,365	59,949	60,270	49,617	49,336	204,062	185,388
Rental under Ijarah financing		3,169	87,985	-	-	-	-	-	-	3,169	87,985
Other expenses		55,747	32,323	(41)	8,909	6	1,544	(2,296)	161,287	53,416	204,063
		2,507,071	1,523,713	1,020,863	2,448,540	62,209	747,986	145,022	2,460,566	3,735,165	7,180,805
Opening stock of work-in-process		5,171	15,591	13,905	10,206	-	-	-	-	19,076	25,797
Closing stock of work-in-process	23	(59,954)	(5,171)	(11,039)	(13,905)	-	-	-	-	(70,993)	(19,076)
		(54,783)	10,420	2,866	(3,699)	-	-	-	-	(51,917)	6,721
Cost of goods manufactured		2,452,288	1,534,133	1,023,729	2,444,841	62,209	747,986	145,022	2,460,566	3,683,248	7,187,526
Opening stock of finished goods		117,265	109,291	50,291	25,241	-	-	-	703	167,556	135,235
Closing stock of finished goods - net	23	(111,099)	(117,265)	-	(50,291)	-	-	-	-	(111,099)	(167,556)
		6,166	(7,974)	50,291	(25,050)	-	-	-	703	56,457	(32,321)
		2,458,454	1,526,159	1,074,020	2,419,791	62,209	747,986	145,022	2,461,269	3,739,705	7,155,205
32.2 Detail of salaries, wages and other benefits											
Salaries, wages and other benefits	32.2.1	193,633	128,365	84,425	172,276	(139)	7,760	14,617	35,562	292,536	343,963
Pension fund	32.2.2	7,439	5,965	1,529	1,312	-	-	-	-	8,968	7,277
Gratuity fund	32.2.2	3,009	2,485	113	90	-	-	-	-	3,122	2,575
Provident fund contributions		5,164	4,169	1,438	2,390	-	-	669	673	7,271	7,232
		209,245	140,984	87,505	176,068	(139)	7,760	15,286	36,235	311,897	361,047

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

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

Rupees in '000	Note	2023	2022

33. INCOME FROM INVESTMENTS - NET

	Note	2023	2022
Dividend income	33.1	203,811	1,155,840
Realized gain / (loss) on sale of FVTPL investments - net	33.1	4,359	(2,472)
Unrealized loss on FVTPL investments - net	33.1	(4,777)	(186,628)
Rental income from investment properties	33.2	4,133	3,263
		207,526	970,003

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

Rupees in '000	Dividend income	Unrealized loss	Realized loss
Shariah compliant investee companies	34,307	(35,944)	(746)
Non - Shariah compliant investee companies	169,504	31,167	5,105
	203,811	(4,777)	4,359

33.1.1 Unrealized loss amounting to Rs. 2.304 million on this investment was recognized in the other comprehensive income during the year.

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

33.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 1.496 million (2022: Rs. 1.587 million).

34. DISTRIBUTION AND SELLING EXPENSES

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Salaries, wages and other benefits	34.1	5,960	5,300	2,510	1,933	1,235	947	9,705	8,180
Consultant fee		40,677	-	-	-	-	-	40,677	-
Travelling, conveyance and entertainment		619	137	27	16	11	5	657	158
Depreciation	16.1.2	490	704	-	-	-	-	490	704
Insurance		47	14	-	-	-	-	47	14
Postage, telephone and telegram		93	75	76	63	19	18	188	156
Advertisement		214	439	-	-	-	-	214	439
Bid bond expenses		576	517	-	-	-	-	576	517
Legal and professional charges		4,403	578	-	-	-	-	4,403	578
Others		8,103	2,826	1,467	1,617	424	364	9,994	4,807
		61,182	10,590	4,080	3,629	1,689	1,334	66,951	15,553

34.1 Detail of salaries, wages and other benefits

		Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
Rupees in '000	Note	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Salaries, wages and other benefits		4,803	4,480	2,133	1,635	1,186	798	8,122	6,913
Pension fund	34.1.1	637	437	197	155	-	79	834	671
Gratuity fund	34.1.1	255	182	82	65	-	32	337	279
Provident fund contributions		265	201	98	78	49	38	412	317
		5,960	5,300	2,510	1,933	1,235	947	9,705	8,180

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

35. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment 2023	Steel segment 2022	Cotton segment 2023	Cotton segment 2022	Energy segment 2023	Energy segment 2022	Hadeed (Billet) segment 2023	Hadeed (Billet) segment 2022	IID segment 2023	IID segment 2022	Total 2023	Total 2022
Salaries, wages and other benefits	35.1	147,719	102,268	26,480	25,139	-	3,464	8,642	13,993	11,016	10,068	193,857	154,932
Rents, rates and taxes		3,235	2,815	814	683	-	92	584	574	315	418	4,948	4,582
Travelling, conveyance and entertainment		5,043	3,646	910	780	-	96	150	594	301	232	6,404	5,348
Fuel and power		16,553	11,069	2,398	1,732	-	668	4,294	3,752	888	602	24,133	17,823
Postage, telephone and telegram		2,528	1,677	422	308	-	42	56	122	152	112	3,158	2,261
Insurance		1,389	1,607	254	311	1	42	80	113	129	124	1,853	2,197
Repairs and maintenance		11,195	9,582	824	959	-	178	726	1,097	576	522	13,321	12,338
Auditor's remuneration	35.2	4,358	3,658	851	724	6	75	-	137	365	313	5,580	4,907
Legal, professional and corporate service charges		51,969	15,119	9,054	3,740	-	427	-	762	988	2,052	62,011	22,100
Advertisement		2,168	1,586	38	10	-	22	-	33	114	86	2,320	1,737
Donations	35.3	25,986	54,104	170	128	-	758	-	1,116	1,332	2,908	27,488	59,014
Depreciation	16.1.2 & 18.1	17,543	13,005	3,042	2,085	2	298	1,950	1,773	2,405	2,092	24,942	19,253
Amortization of intangible assets	17.1	1,722	1,722	345	363	-	46	-	46	86	91	2,153	2,268
Printing, stationery and office supplies		2,472	2,593	456	623	-	46	1	94	232	234	3,161	3,590
Newspapers, subscriptions and periodicals		810	366	927	791	763	635	-	11	80	33	2,580	1,836
Others		4,461	7,479	942	2,021	(1)	290	899	1,334	489	519	6,790	11,643
		299,151	232,296	47,927	40,397	771	7,179	17,382	25,551	19,468	20,406	384,699	325,829

Rupees in '000	Note	Steel segment 2023	Steel segment 2022	Cotton segment 2023	Cotton segment 2022	Energy segment 2023	Energy segment 2022	Hadeed (Billet) segment 2023	Hadeed (Billet) segment 2022	IID segment 2023	IID segment 2022	Total 2023	Total 2022
35.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		127,763	110,941	22,353	25,859	-	3,003	8,496	13,064	9,214	9,718	167,826	162,585
Pension fund	35.1.1	14,531	(5,385)	2,920	(1,099)	-	242	-	429	1,181	92	18,632	(5,721)
Gratuity fund	35.1.1	623	(7,196)	214	(494)	-	101	-	179	176	(120)	1,013	(7,530)
Provident fund contributions		4,802	3,908	993	873	-	118	146	321	445	378	6,386	5,598
		147,719	102,268	26,480	25,139	-	3,464	8,642	13,993	11,016	10,068	193,857	154,932

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

Rupees in '000	Note	2023	2022
35.2 Auditor's remuneration			
Audit fee		2,854	2,674
Certifications, tax and other assurance services		1,421	1,385
Out of pocket expenses		909	505
Sales tax		396	343
	35.2.1	5,580	4,907

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

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

35.3 Donations

Donations include the following in which a director is interested:

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

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

Rupees in '000	Note	2023	2022
36. OTHER OPERATING EXPENSES			
Exchange loss		–	47,700
Provision for:			
- Workers' Profit Participation Fund	12.4	16,134	10,494
- Workers' Welfare Fund		696	–
- Slow moving stores, spares and loose tools - net	22.1	–	5,308
		16,830	63,502

Rupees in '000	Note	2023	2022

37. OTHER INCOME

Income from financial assets			
Return on deposits - from conventional banking		23,256	3,623
Unwinding of discount on long term deposit		2,638	21,760
		25,894	25,383
Income from non-financial assets			
Exchange gain		1,132	–
Gain on disposal of operating fixed assets		13,163	3,202
Deferred income amortized	11	4,353	8,981
Insurance commission		–	2,072
Land licensing fee		18,000	–
Liabilities written-back		236	9,397
Reversal of impairment of trade debts	24.3	1,152	3,661
Reversal of provision for slow moving stores, spares and loose tools	22.1	9,455	–
Rent income		5,591	8,075
Others		326	680
		53,408	36,068
		79,302	61,451

38. FINANCE COSTS

Mark - up on short term loans - Shariah arrangement		42,283	58,122
Interest on Non - Shariah arrangement			
- finance lease obligations		9,117	9,385
- long term loans		119,236	21,840
- running finances		128,977	97,358
- short term loans		52,435	53,716
Discounting of long term deposit		5,822	375
Bank charges		2,090	5,357
		359,960	246,153

39. TAXATION (CHARGE) / REVERSAL

Current			
- for the year		67,695	232,736
- for prior years		(782)	(2,718)
		66,913	230,018
Deferred		(9,489)	(281,586)
		57,424	(51,568)

39.1 Relationship between taxation expense and accounting profit

Profit before taxation		234,281	315,120
Tax at the applicable rate of 29% (2022: 29%)		67,941	91,385
Tax effect of inadmissible expenses / losses		30,387	16,593
Tax effect of income taxed at a lower rate		(44,652)	(222,098)
Tax effect arising due to super tax		4,530	65,270
Prior year tax effect		(782)	(2,718)
		57,424	(51,568)

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

Rupees in '000	2022	2021	2020
Tax provision including effects of prior years	231,954	111,738	81,427
Tax assessed / return filed	231,954	111,738	81,427

Rupees in '000		**2023**	2022
40. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		176,857	366,688
		(Number of shares)	
Weighted average number of ordinary shares in issue during the year		77,632,491	77,632,491
		(Rupees)	
Basic and diluted earnings per share		2.28	4.72
41. CASH GENERATED FROM OPERATIONS			
Profit before taxation		234,281	315,120
Adjustments for non cash charges and other items:			
Depreciation on operating fixed assets and investment properties	16.1.2 & 18	229,494	205,345
Amortization of intangible assets	17	2,153	2,268
Charge / (reversal) for the year on staff retirement benefit funds	44.1.7	32,906	(2,448)
Dividend income	33.1	(203,811)	(1,155,840)
Unrealized loss on FVTPL investments - net	33.1	4,777	186,628
(Gain) / Loss on sale of FVTPL investments - net	33.1	(4,359)	2,472
(Reversal) / provision for slow moving stores, spares and loose tools	37	(9,455)	5,308
Reversal of impairment loss on trade debts - net	37	(1,152)	(3,661)
Provision for Workers' Welfare Fund	36	696	–
Provision for Workers' Profit Participation Fund	36	16,134	10,494
Return on deposits	37	(23,256)	(3,623)
Gain on disposal of operating fixed assets	37	(13,163)	(3,202)
Deferred income amortized	37	(4,353)	(8,981)
Discounting of long term deposit	38	5,822	375
Unwinding of discount on long term deposit	37	(2,638)	(21,760)
Liabilities written off	37	(236)	(9,397)
Finance costs	38	354,138	245,778
Working capital changes		(582,145)	372,848
		35,833	137,724
Changes in:			
- Stores, spares and loose tools		(159,506)	(12,602)
- Stock-in-trade		(78,871)	46,433
- Trade debts		(287,677)	(34,480)
- Advances		(120,084)	(28,932)
- Trade deposits and short term prepayments		8,097	8,682
- Other receivables		(179,447)	2,137
- Trade and other payables		235,343	391,610
		(582,145)	372,848

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

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

Rupees in '000	Note	**2023**	2022
42. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	14.1	(463,654)	(416,331)
Term deposit receipt	27	–	75,000
Cash and bank balances	30	30,266	6,670
		(433,388)	(334,661)

43. SEGMENT REPORTING

43.1 Reportable segments

The Company's reportable segments are as follows :

- Steel segment - It comprises of manufacturing and coating of steel pipes (note 1.2).
- Cotton segment - It comprises of manufacturing of yarn (note 1.3).
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment properties (held for rentals as well as long term appreciation) (Note 1.4).
- Hadeed segment - It comprises of manufacturing billets (note 1.5).
- Energy segment - It comprises of generating and supplying electricity / power (note 1.6).

The Company's all segments are engaged in shariah compliant businesses except mentioned in note 33 to these unconsolidated financial statements. Information regarding the Company's reportable segments is presented below:

43.2 Segment revenues and results

Following is an analysis of the Company's revenue and results by reportable segments:

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	Total
For the year ended 30 June 2023							
Sales	3,395,752	1,010,226	-	109,620	-	-	4,515,598
Cost of sales	2,458,454	1,074,020	62,209	145,022	-	-	3,739,705
Gross profit / (loss)	937,298	(63,794)	(62,209)	(35,402)	-	-	775,893
Income from investments - net	4,053	-	-	-	203,473	-	207,526
	941,351	(63,794)	(62,209)	(35,402)	203,473	-	983,419
Distribution and selling expenses	61,182	4,080	-	1,689	-	-	66,951
Administrative expenses	299,151	47,927	771	17,382	19,468	-	384,699
Other operating expenses	16,830	-	-	-	-	-	16,830
	377,163	52,007	771	19,071	19,468	-	468,480
	564,188	(115,801)	(62,980)	(54,473)	184,005	-	514,939
Other income	76,117	8,503	66	(5,384)	-	-	79,302
Operating profit / (loss) before finance costs	640,305	(107,298)	(62,914)	(59,857)	184,005	-	594,241
Finance costs	333,790	19,842	-	6,328	-	-	359,960
Profit / (loss) before taxation	306,515	(127,140)	(62,914)	(66,185)	184,005	-	234,281
Taxation							(57,424)
Profit for the year							176,857
For the year ended 30 June 2022							
Sales	1,391,681	2,695,372	705,488	2,465,550	-	(168,183)	7,089,908
Cost of sales	1,526,159	2,419,791	747,986	2,629,452	-	(168,183)	7,155,205
Gross (loss) / profit	(134,478)	275,581	(42,498)	(163,902)	-	-	(65,297)
Income from investments - net	-	-	-	-	970,003	-	970,003
	(134,478)	275,581	(42,498)	(163,902)	970,003	-	904,706
Distribution and selling expenses	10,590	3,629	-	1,334	-	-	15,553
Administrative expenses	232,296	40,397	7,179	25,551	20,406	-	325,829
Other operating expenses	34,718	17,027	(247)	12,004	-	-	63,502
	277,604	61,053	6,932	38,889	20,406	-	404,884
	(412,082)	214,528	(49,430)	(202,791)	949,597	-	499,822
Other income	40,092	15,626	761	4,972	-	-	61,451
Operating (loss) / profit before finance costs	(371,990)	230,154	(48,669)	(197,819)	949,597	-	561,273
Finance costs	177,916	30,764	-	37,473	-	-	246,153
(Loss) / profit before taxation	(549,906)	199,390	(48,669)	(235,292)	949,597	-	315,120
Taxation							51,568
Profit for the year							366,688

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

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

43.3 Revenue from major products and services

The analysis of the Company's revenue from external customers for major products and services is given in note 31 to these unconsolidated financial statements.

43.4 Information about major customers

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

43.5 Geographical information

43.5.1 All Company's revenue from external customers by geographical location is within Pakistan.

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

43.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2023						
Segment assets for reportable segments	3,685,849	230,380	474,161	677,091	2,836,318	7,903,800
Unallocated corporate assets						2,044,480
Total assets as per unconsolidated statement of financial position						9,948,280
Segment liabilities for reportable segments	1,417,450	130,373	35,812	78,752	11,333	1,673,721
Unallocated corporate liabilities and deferred income						2,155,127
Total liabilities as per unconsolidated statement of financial position						3,828,848

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at 30 June 2022						
Segment assets for reportable segments	1,799,290	511,016	526,950	913,292	2,702,988	6,453,536
Unallocated corporate assets						1,991,600
Total assets as per unconsolidated statement of financial position						8,445,136
Segment liabilities for reportable segments	877,422	185,161	42,645	152,113	3,603	1,260,944
Unallocated corporate liabilities and deferred income						1,085,781
Total liabilities as per unconsolidated statement of financial position						2,346,725

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

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

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

43.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
For the year ended 30 June 2023						
Capital expenditure	533,188	2,250	–	50	–	535,488
Depreciation and amortization	94,893	22,745	59,951	51,567	2,491	231,647
Non-cash items other than depreciation and amortization - net	318,530	24,991	(66)	8,882	(197,983)	154,354
For the year ended 30 June 2022						
Capital expenditure	298,862	5,916	–	800	–	305,578
Depreciation and amortization	70,848	22,813	60,614	51,155	2,183	207,613
Non-cash items other than depreciation and amortization - net	144,046	19,211	3,947	38,535	956,274	(750,535)

44. STAFF RETIREMENT BENEFITS

44.1 Defined benefit plans

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

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

44.1.2 The amounts recognized in unconsolidated statement of financial position are as follows:

		2023			2022		
Rupees in '000	Note	Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	701,907	160,692	862,599	569,457	127,084	696,541
Fair value of plan assets	44.1.5	(464,006)	(118,803)	(582,809)	(495,895)	(139,326)	(635,221)
Liability / (asset) recognized in unconsolidated statement of financial position		237,901	41,889	279,790	73,562	(12,242)	61,320
44.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		73,562	(12,242)	61,320	(139,807)	(100,036)	(239,843)
Net benefit cost charged to profit or loss	44.1.7	28,434	4,472	32,906	2,227	(4,676)	(2,449)
Remeasurements recognized in other comprehensive income	44.1.8	157,992	58,250	216,242	229,822	99,823	329,645
Contributions by the Company	44.1.5	(22,087)	(8,591)	(30,678)	(18,680)	(7,353)	(26,033)
Closing balance		237,901	41,889	279,790	73,562	(12,242)	61,320
44.1.4 Movement in the present value of defined benefit obligations							
Opening balance		569,457	127,084	696,541	500,963	111,286	612,249
Current service cost		20,150	6,664	26,814	17,142	5,695	22,837
Interest cost		74,654	16,838	91,492	49,512	11,016	60,528
Benefits paid during the year		(12,063)	-	(12,063)	(11,692)	(2,256)	(13,948)
Remeasurement:							
Actuarial loss from change in financial assumption		13,364	63	13,427	12,351	59	12,410
Experience adjustments		36,345	10,043	46,388	1,181	1,284	2,465
Closing balance		701,907	160,692	862,599	569,457	127,084	696,541

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

44.1.7 Following amounts have been charged in the unconsolidated statement of profit or loss in respect of these benefits

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

44.1.8 Following amounts of remeasurements have been charged in the other comprehensive income in respect of these benefits

	2023			2021		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement:						
Actuarial losses from change in financial assumption	13,364	63	13,427	12,351	59	12,410
Experience adjustments	36,345	10,043	46,388	1,181	1,284	2,465
Return on plan assets, excluding interest income	108,283	48,144	156,427	216,290	98,480	314,770
Remeasurement loss recognized in the other comprehensive income	157,992	58,250	216,242	216,290	98,480	314,770

	2023			2022		
Rupees in '000	Pension	Gratuity	Total	Pension	Gratuity	Total
44.1.9 Total defined benefit cost recognized in profit or loss and other comprehensive income	186,426	62,722	249,148	218,517	93,804	312,321
Weighted average duration of the defined benefit obligation (years)	11	3		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	33	–		35	–	
Beneficiaries	78	78		74	75	
Vested / Non-Vested						
Vested benefits	636,521	139,274	775,795	521,274	111,770	633,044
Non - vested benefits	65,386	21,418	86,804	48,183	15,314	63,497
	701,907	160,692	862,599	569,457	127,084	696,541
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	4,118	446	4,564	86,721	7,717	94,438
Debt instruments						
AA+	15,000	15,000	30,000	170,539	36,692	207,231
AA-	3,060	–	3,060	–	–	–
AAA	2,500	2,500	5,000	–	–	–
A1+	–	–	–	3,061	–	3,061
CCC+	118,397	2,614	121,011	–	–	–
C	117,648	45,000	162,648	–	–	–
	256,605	65,114	321,719	173,600	36,692	210,292
Equity instruments						
Cement	4,860	–	4,860	6,467	–	6,467
Chemicals	583	–	583	782	–	782
Commercial Banks	536	–	536	955	–	955
Engineering	86,829	41,675	128,504	168,706	80,083	248,789
Fertilizer	4,132	291	4,423	6,188	325	6,513
Insurance	63	–	63	55	–	55
Oil and Gas Exploration Companies	8,889	2,822	11,711	8,185	2,886	11,071
Oil and Gas Marketing Companies	498	–	498	777	–	777
Gas Distribution Companies	245	–	245	–	–	–
Pharmaceuticals	91	–	91	35	–	35
Power Generation and Distribution	17,980	6,958	24,938	17,171	6,817	23,988
Sugar and Allied Industries	5,082	1,497	6,579	4,639	1,366	6,005
Technology and Communication	1,124	–	1,124	1,043	–	1,043
Textile Composite	1,419	–	1,419	2,148	–	2,148
	132,331	53,243	185,574	217,151	91,477	308,628
Mutual funds						
Income Fund	66,258	–	66,258	18,423	3,440	21,863
Equity Fund	4,694	–	4,694	–	–	–
	464,006	118,803	582,809	495,895	139,326	635,221

Sensitivity analysis

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

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

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

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

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

44.2 Defined contribution plan

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

The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

45. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

45. FINANCIAL RISK MANAGEMENT (continued)

Rupees in '000	30 June 2023								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	468,022	7,295	-	-	475,317	475,317	-	-	475,317
- unlisted equity securities	545,980	-	-	-	545,980	-	-	545,980	545,980
	1,014,002	7,295	1,021,297	475,317	-	-	545,980	-	1,021,297
Financial assets not measured at fair value									
Deposits	-	-	30,135	-	30,135	-	-	-	-
Term deposit receipt	-	-	84,360	-	84,360	-	-	-	-
Trade debts	-	-	464,043	-	464,043	-	-	-	-
Loan to subsidiary	-	-	111,914	-	111,914	-	-	-	-
Other receivables	-	-	188,757	-	188,757	-	-	-	-
Bank balances	-	-	30,266	-	30,266	-	-	-	-
	-	-	909,475	-	909,475	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	694,976	694,976	-	-	-	-
Lease liability	-	-	-	76,673	76,673	-	-	-	-
Trade and other payables	-	-	-	717,897	717,897	-	-	-	-
Mark-up accrued	-	-	-	78,369	78,369	-	-	-	-
Short term borrowings	-	-	-	1,289,519	1,289,519	-	-	-	-
Unclaimed dividend	-	-	-	16,081	16,081	-	-	-	-
	-	-	-	2,873,515	2,873,515	-	-	-	-

45. FINANCIAL RISK MANAGEMENT (continued)

Rupees in '000	30 June 2022								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	259,873	10,173	-	-	270,046	270,046	-	-	270,046
- unlisted equity securities	511,029	-	-	-	511,029	-	206,250	304,779	511,029
	770,902	10,173	781,075	270,046	206,250	-	304,779	-	781,075
Financial assets not measured at fair value									
Deposits	-	-	44,348	-	44,348	-	-	-	-
Term deposit receipt	-	-	159,360	-	159,360	-	-	-	-
Trade debts	-	-	175,214	-	175,214	-	-	-	-
Loan to subsidiaries	-	-	96,793	-	96,793	-	-	-	-
Other receivables	-	-	40,694	-	40,694	-	-	-	-
Bank balances	-	-	6,180	-	6,180	-	-	-	-
	-	-	522,589	-	522,589	-	-	-	-
Financial liabilities not measured at fair value									
Long term loan	-	-	163,167	163,167	-	-	-	-	-
Lease liability	-	-	88,981	88,981	-	-	-	-	-
Trade and other payables	-	-	830,857	830,857	-	-	-	-	-
Mark-up accrued	-	-	37,134	37,134	-	-	-	-	-
Short term borrowings	-	-	812,647	812,647	-	-	-	-	-
Unclaimed dividend	-	-	25,614	25,614	-	-	-	-	-
	-	-	1,958,400	1,958,400	-	-	-	-	-

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

The unquoted investments and investments in subsidiaries and associates are stated at cost.

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

45.1 Valuation techniques and significant unobservable inputs

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

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

45.2 Level 3 fair values

Reconciliation of Level 3 fair values

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

Rupees in '000	
Balance at 30 June 2022	
- Shakarganj Food Products Limited	304,779
- Central Depository Company of Pakistan Limited (CDC)	–
	304,779
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	36,985
- CDC - Transfer in from level 2 to level 3	206,250
- Central Depository Company of Pakistan Limited (CDC)	(2,034)
	241,201

Rupees in '000	
Balance at 30 June 2023	
- Shakarganj Food Products Limited	341,764
- Central Depository Company of Pakistan Limited (CDC)	204,216
	545,980

Sensitivity analysis

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

	Profit or loss	
Rupees in '000	Increase	Decrease
Shakarganj Food Products Limited		
- Expected cash flows (10% movement)	40,722	(40,716)
- Terminal growth rate (100 bps)	24,644	(21,361)
- Weighted Average Cost of Capital (100 bps)	(32,992)	38,313
Central Depository Company of Pakistan Limited		
- Dividend growth rate (100 bps)	9,918	(8,346)
- Weighted Average Cost of Capital (100 bps)	(7,525)	8,943

Transfer in from level 2

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

46. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

46.1 Credit risk

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

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

Rupees in '000	**2023**	2022
Deposits	30,135	44,348
Term deposit receipt	84,360	159,360
Trade debts	464,043	175,214
Loan to subsidiary	111,914	96,793
Other receivables	188,757	40,694
Bank balances	30,266	6,180
	909,475	522,589

Trade and receivables

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

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

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

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

The movement in the allowance for impairment in respect of trade debts is given in note 24.3.

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

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

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

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

Settlement risk

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

Bank balances

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

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

	Rankings		Ranking	**2023**	2022
Rupee in '000	Short term	Long term	Agency		
Mutual Funds					
HBL Growth Fund (A)	MFR 2-Star	-	VIS	7,980	8,781
HBL Investment Fund (A)	MFR 1-Star	-	VIS	776	1,001
Pak Qatar Cash Plan	AA	-	Pacra	100,146	–
MCB Cash Management Optimizer	AA+	-	Pacra	150,249	–
				259,151	9,782

Deposits

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

Investment in debt securities

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

Concentration of credit risk

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

46.2 Liquidity risk

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

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

Rupees in '000	2023							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loans	694,976	–	694,976	136,526	136,458	195,731	207,504	18,758
Lease liabilities	76,673	–	96,137	21,295	20,806	31,013	22,177	–
Trade and other payables	717,897	–	717,897	717,897	–	–	–	–
Unclaimed dividend	16,081	16,081	–	–	–	–	–	–
Mark-up accrued	78,369	–	78,369	78,369	–	–	–	–
Short term borrowings	1,289,519	463,654	825,865	825,865	–	–	–	–
	2,873,515	479,735	2,413,244	1,779,951	157,264	226,743	229,680	18,758

Rupees in '000	2022							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loan	163,167	–	163,167	78,671	61,081	3,136	10,264	10,015
Lease liabilities	88,981	–	99,706	18,490	15,864	17,331	–	–
Trade and other payables	830,857	–	830,857	830,857	–	–	–	-
Unclaimed dividend	25,614	25,614	-	–	–	–	–	–
Mark-up accrued	37,134	–	37,134	37,134	–	–	–	–
Short term borrowings	812,647	416,331	396,316	396,316	–	–	–	–
	1,958,400	441,945	1,527,180	1,361,468	76,945	20,467	10,264	10,015

46.3 Market risk

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

46.3.1 Currency risk

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

	2023	
Rupees in '000	USD	Euro
Foreign creditors	–	–
Outstanding letters of credit	1,398,513	26,720
Net exposure	1,398,513	26,720

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

The following significant exchange rate has been applied:

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

Sensitivity analysis

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

Effect on profit or loss

Rupees in '000	**2023**	2022
USD	34,689	22,257
Euro	696	1,609
	35,385	23,866

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

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

46.3.2 Interest rate risk

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

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

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

Rupees in '000	Profit and loss 100 bp Increase	Profit and loss 100 bp Decrease
As at 30 June 2023		
Cash flow sensitivity - Variable rate financial liabilities	(20,612)	20,612
As at 30 June 2022		
Cash flow sensitivity - Variable rate financial liabilities	(10,648)	10,648

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

46.3.3 Other price risk

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

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

Rupees in '000	2023	2022
Effect on profit	46,802	25,987
Effect on equity	730	1,017
Effect on investments	47,532	27,004

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

47. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

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

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

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

48. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries and associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transactions with related parties are under agreed terms / contractual arrangements.

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

Rupees in '000				2023	2022
Name	Nature of relationship	Basis of relationship	Nature of transaction		
CS Capital (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	3,113	2,006
			Payment received	8,076	-
			Right shares subscribed	150,000	30,000
			Dividend received	150,000	-

Name	Nature of relationship	Basis of relationship	Nature of transaction	2023	2022
			Rupees in '000		
Solution de Energy (Private) Limited	Subsidiary company	100% holding	Reimbursable expenses	48	95
			Loan given	15,122	2,585
Altern Energy Limited	Associated company	16.69% holding	Dividend Income	-	1,122,280
			Dividend received	-	1,122,280
Shakarganj Limited	Associated company	21.93% holding	Payments received	-	130,916
			Payments made against services received	-	23,762
			Sales of electricity and steam	-	537,305
			Sales of raw cotton / polyester	-	45,270
			Purchase of raw material	-	608,946
			Advance against purchase of raw material	-	138,320
			Reimbursable expenses	9,982	12,284
Crescent Socks (Private) Limited	Related party	Subsidiary Company's associate	Rental income	1,200	900
			Payments received against services rendered	1,500	800
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	2,711	2,484
			Services rendered	3,059	3,031
			Rent	2,829	3,494
			Payments received	3,000	2,000
The Crescent Textile Mills Limited	Related party	Major Shareholder	Rent	1,970	4,580
			Payments received against services rendered	3,544	6,214
			Reimbursable expenses	1,436	1,776
			Dividend received	7,412	-
Premier Insurance Company	Related party	Common directorship	Insurance premium	7,772	8,217
			Insurance premium paid	8,178	8,116
The Citizens' Foundation	Related party	Common directorship	Donation given	24,860	44,401
Indus Valley School of Arts and Architecture	Related party	Common directorship	Donation given	-	2,500
Pakistan Centre For Philanthropy	Related party	Common directorship	Donation given	-	3,000
Pak Elektron Limited	Related party	Common directorship	Sales made	159,666	179,746
			Payments received	164,872	205,983

Rupees in '000				2023	2022
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Pak Qatar Asset Management Company	Related party	Common directorship	Units in Cash plan	100,146	-
			Participated in SUKUK certificates	120,000	-
			Loan repayment	20,000	-
			Profit repayment	13,298	-
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	1,392	2,397
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	8,590	7,353
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	22,087	18,680
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	11,734	9,976
Crescent Hadeed (Private) Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	772	772
CSAP - Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	5	24
Key management personnel	Related parties	Executives	Remuneration and benefits	194,394	158,155
Chairman of the Board	Related party	Chairman	Honorarium	1,800	1,800
Directors and their spouse	Related parties	Directors	Meeting fee	2,825	2,575

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

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

48.3 Outstanding balances and other information with respect to related parties as at 30 June 2023 and 2022 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12), long term investments (notes 19.1, 19.2 and 19.3.2), other receivables (note 28.1), administrative expenses (note 35), trade debts (note 24.1) and staff retirement benefits (note 44).

49. CAPITAL RISK MANAGEMENT

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

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

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

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

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

49.1 Gearing ratio

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

Rupees in '000	Note	**2023**	2022
Total debt	49.1.1	2,061,168	1,064,795
Less: Cash and bank balances		30,266	6,670
Net debt		2,030,902	1,058,125
Total equity	49.1.2	6,119,432	6,072,811
Total capital		8,150,334	7,130,936
Gearing ratio		24.9%	14.8%

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

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

50. PLANT CAPACITY AND PRODUCTION

50.1 Steel segment

Pipe plant

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

Coating plant

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

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

50.2 Cotton segment

Spinning unit 1

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

50.3 Energy segment

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

50.4 Hadeed segment

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

51. COMPARATIVE INFORMATION

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

52. GENERAL

52.1 Number of employees

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

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

53. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive | Director | Chief Financial Officer