



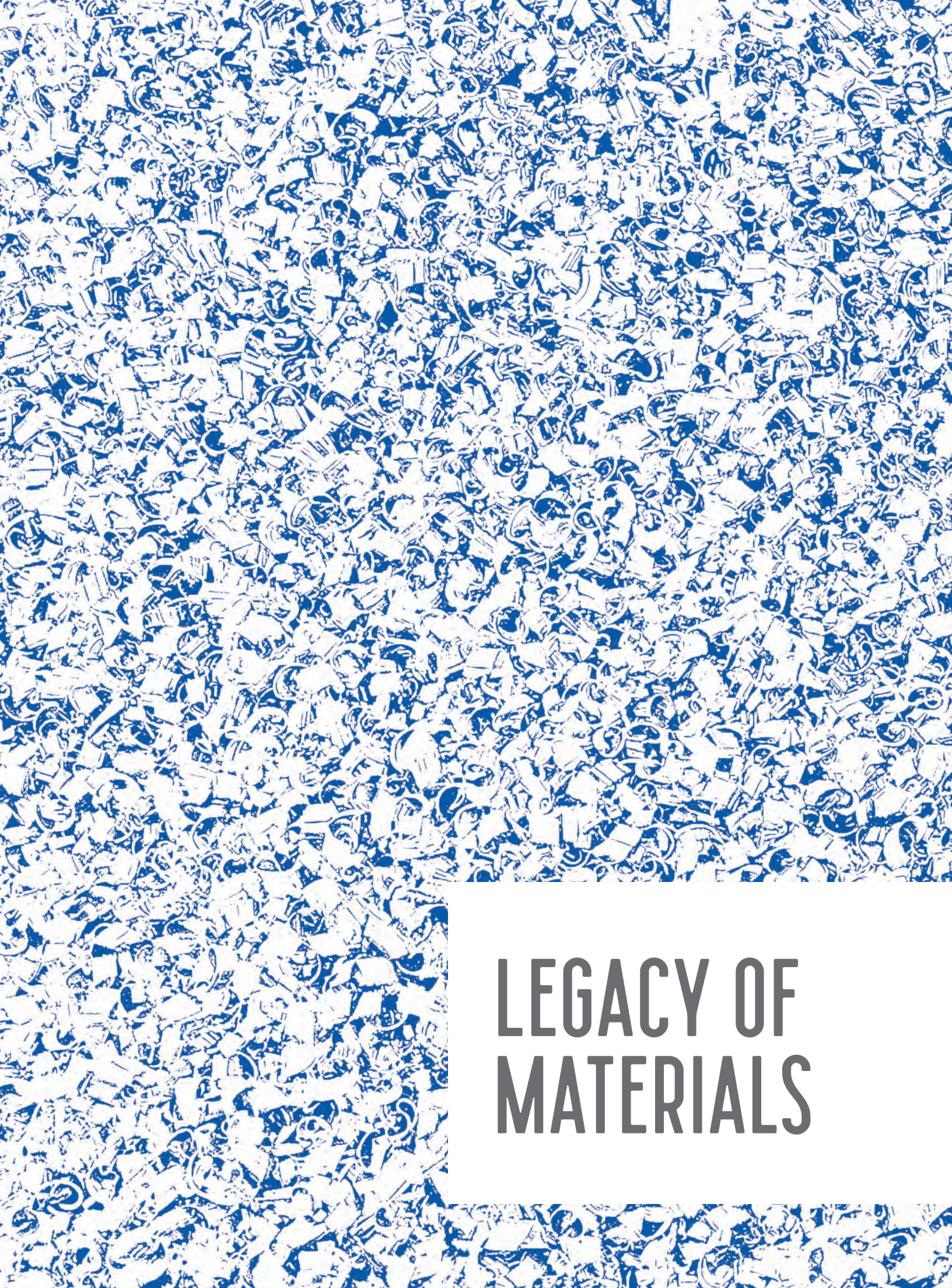
Crescent Steel and  
Allied Products Limited

# LEGACY OF MATERIALS

UNFOLDING SCULPTURE  
ART THROUGH TIME

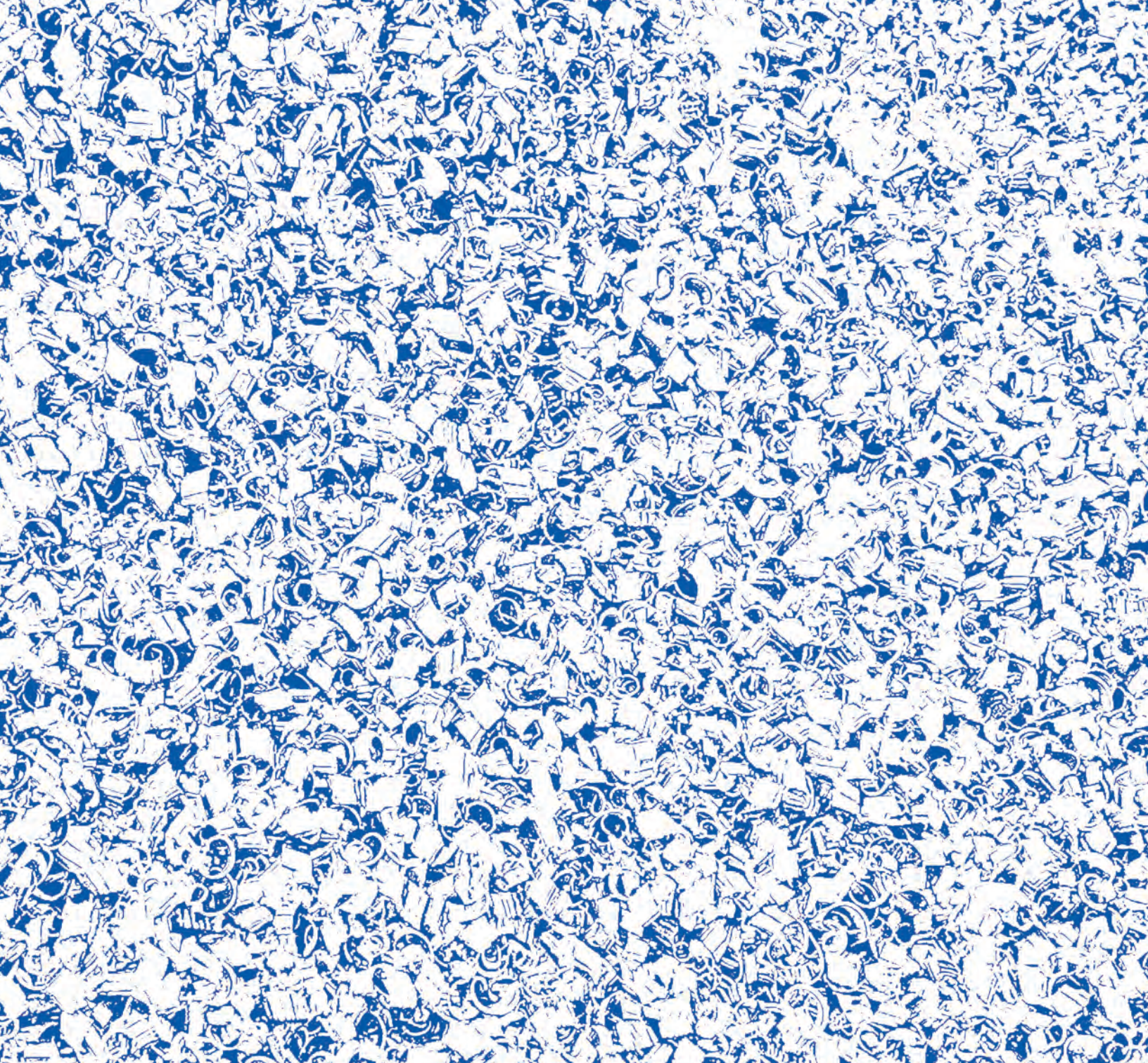
ANNUAL  
REPORT 2024





# LEGACY OF MATERIALS





The theme “Legacy of Materials – Unfolding Sculpture Art Through Time” captures the enduring connection between materials and human creativity.

From ancient stone carvings to contemporary steel structures, the journey of materials reflects the evolution of civilizations, mirroring our dedication to innovation, durability, and sustainable growth. By transforming raw elements into essential infrastructure components, we contribute to a legacy that balances functional utility with artistic craftsmanship.

This report highlights our achievements, challenges, and forward-looking strategies, emphasizing how our work continues to contribute to a more durable future, much like the timeless art of sculpture that leaves a lasting mark on history.

With this perspective, we the role of materials in human development and reaffirm our commitment to creating a sustainable and resilient tomorrow.





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# ABOUT THE REPORT

This report is the second edition of our merged financial and corporate responsibility reporting, published separately up until FY22. The FY24 annual report provides a detailed and focused overview of our operational performance across all key areas of our business, alongside the detailed annual financial reporting.

## OUR PRIORITIES AND LEARNING FROM STAKEHOLDERS

We are responsible corporate citizens and strive to build and enhance value across all stakeholder groups. This includes maximizing returns for our shareholders and practicing our business in a manner that delivers long lasting value for all stakeholders.

We regularly collect key stakeholder feedback, both formally and informally, to determine where we stand and to ensure that we build a sustainable business with lasting positive impacts in all areas of our operations.

## SCOPE AND BOUNDARY

This report covers the performance of all business operations across five distinct Business Units and two wholly owned subsidiaries, for both financial and non-financial information. Audited standalone financial statements present a detailed overview of all Business Units while consolidated financial statements present detailed Group level financial information that includes two wholly owned subsidiaries and the impacts of equity accounted associate companies.

## REPORTING PERIOD COVERED

This report covers the fiscal year 2024 unless otherwise mentioned.

## REPORTING FRAMEWORK

The report follows the IFAC International Financial Reporting Standards (IFRS), reporting requirements of the Companies Act (2017) and, the Global Reporting Initiative (GRI) Universal Standards 2021.

The report also draws from guidelines of the Integrated Reporting Framework, ICAP Best Corporate and Sustainability Report Evaluation Criteria, PSX Reporting Criteria and, the SECP ESG Disclosures Road Map. It also maps our contribution to the UN Sustainable Development Goals.

For areas where disclosure standards have not been defined, they have been reported on management approach and benchmarked on globally accepted methodologies and assumptions.

## DATA COLLECTION

While we started formally reporting on our corporate responsibility performance in 2013, we have always been reporting detailed financial performance alongside voluntary disclosures on corporate responsibility performance since we commenced commercial production in 1987.

We have a robust enterprise level accounting system, and our financials are closed every month. A monthly management report covering financial and operational performance is circulated to key management. Every quarter the Board meets to review performance along with quarterly financial information which is also circulated to shareholders through the stock exchange as per applicable rules. Financial Statements and quarterly reports are also available on the Company's website for all stakeholders. Financial Statements are reviewed by an external auditor at half-year and, annually.



For non-financial/sustainability reporting related data collection, we operate an in-house data gathering portal which is based on a comprehensive sustainability manual developed by external consultants. The manual draws guidelines on disclosures from Global Reporting Initiatives reporting framework, which we augment periodically to remain updated with GRI's latest guidelines as well as to strengthen our internal and external reporting mechanisms.

All material topics, which are of interest to various stakeholders, and which reflect significant impacts of our activities on the economy, environment, and society are included in this report.

To ensure accuracy and transparency in reporting, we are working with our Internal Auditors to have corporate responsibility disclosures reviewed; however, this remains outstanding on account of capacity gaps in sustainability reporting consulting and assurance landscape in Pakistan; as such at times there are errors in reporting which are duly restated with requisite disclaimers as they come to our attention.

Editorial Policy	Our Annual Report is a way for us to share information on our financial, operational and sustainability related activities and performance with our stakeholders. This year's report covers the efforts and performance of fiscal year 2024.
Organization	Crescent Steel and Allied Products Limited and its subsidiary companies. The significant locations of operations are Nooriabad, Jaranwala, Bhone and Dalowal in Pakistan, with the head office situated in Karachi.
Referenced Reporting Guidelines	<ul style="list-style-type: none"> <li>• IFAC's International Financial Reporting Standards (IFRS)</li> <li>• Global Reporting Initiative (GRI) Standards 2021</li> </ul>
Reporting Cycle	Annual; (July 01, 2023 to June 30, 2024)
Reporting Period	Financial year 2024 (July 01, 2023 to June 30, 2024)
Date of the Previous Reports	Annual Report 2023, issued on October 06, 2023.
Date of Previous Report Audit (Internal/ External)	The Company's financial statements are audited by the appointed external auditors A.F. Ferguson & Co; GRI and other sustainability/non-financial disclosures have not been audited internally or externally; these have however undergone management review. Any restatements are duly disclosed.
Point of Contact and Feedback	For queries and clarifications on this report, please contact us at: <a href="mailto:info@crescent.com.pk">info@crescent.com.pk</a>
Available Online	The report is available online at <a href="https://crescent.com.pk/uploads/media/annual-report-2024">https://crescent.com.pk/uploads/media/annual-report-2024</a>



# COMPANY INFORMATION

## BOARD OF DIRECTORS

**Ahmad Waqar**  
Chairman, Non-Executive Director

**Ahsan M. Saleem**  
Chief Executive Officer

**Ahmad Shafi**  
Non-Executive Director

**Muhammad Kamran Saleem**  
Non-Executive Director (Independent)

**Nadeem Maqbool**  
Non-Executive Director (Independent)

**Nausheen Ahmad**  
Non-Executive Director (Independent)

**Nihal Cassim**  
Non-Executive Director (Independent)

**S.M. Ehtishamullah**  
Non-Executive Director

## COMPANY SECRETARY

**Azeem Sarwar**

## AUDIT COMMITTEE

**Nihal Cassim**  
Chairman, Non-Executive Director (Independent)

**Ahmad Shafi**  
Member, Non-Executive Director

**Nadeem Maqbool**  
Member, Non-Executive Director (Independent)

**S.M. Ehtishamullah**  
Member, Non-Executive Director

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

**Nadeem Maqbool**  
Chairman, Non-Executive Director (Independent)

**Ahmad Shafi**  
Member, Non-Executive Director (Independent)

**Ahmad Waqar**  
Member, Non-Executive Director

**Nausheen Ahmad**  
Member, Non-Executive Director

## GOVERNANCE AND NOMINATION COMMITTEE

**Ahmad Waqar**  
Chairman, Non-Executive Director

**Ahsan M. Saleem**  
Member, Chief Executive Officer

**Muhammad Kamran Saleem**  
Member, Non-Executive Director (Independent)

**Nausheen Ahmad**  
Non-Executive Director (Independent)

## RISK MANAGEMENT COMMITTEE

**S.M. Ehtishamullah**  
Chairman, Non-Executive Director

**Muhammad Kamran Saleem**  
Member, Non-Executive Director (Independent)

**Nihal Cassim**  
Non-Executive Director (Independent)

Disclaimer: Other than the position of Chairman and CEO, listings are in alphabetical order



## MANAGEMENT TEAM

**Ahsan M. Saleem – 1983\***  
Chief Executive Officer

**Muhammad Saad Thaniana – 2007\***  
Chief Financial Officer and CEO Solution De Energy (Private) Limited

**Abdul Rouf – 2000\***  
Business Unit Head – Cotton Division

**Hajerah A. Saleem – 2012\***  
Business Unit Head – Investments and Infrastructure Development Division and Head of Corporate Affairs and CEO CS Capital (Private) Limited

**Hasan Altaf Saleem – 2010\***  
Business Unit Head – Crescent Hadeed

**Abdullah A. Saleem – 2017\***  
Business Unit Head – Steel Division and Head of Commercial Operations

**Owais Ahmed – 2024\***  
IT Advisor

**Mushtaque Ahmed – 1985\***  
Head of Manufacturing – Steel Division

## HEAD OF INTERNAL AUDIT

**Muhammad Shakeeb Ullah Khan – 2021\***

## AUDITORS

### EXTERNAL AUDITORS

A.F. Ferguson & Co  
Chartered Accountants

### INTERNAL AUDITORS

BDO Ebrahim & Co  
Chartered Accountants

## LEGAL ADVISOR

Hassan and Hassan, Advocates, Lahore  
A.K. Brohi & Co., Advocates, Karachi

## BANKERS

### CONVENTIONAL

Allied Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
United Bank Limited

\* Year of Joining



## SHARIAH COMPLIANT

Al-Baraka Bank Pakistan Limited  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan  
Faysal Bank Limited

## SUBSIDIARIES\*\*

CS Capital (Private) Limited  
Solution de Energy (Private) Limited

## REGISTERED OFFICE

E-Floor, IT Tower, 73-E/I, Hali Road,  
Gulberg-III, Lahore.  
Tel: +92 42 3578 3801-03  
Fax: +92 42 3578 3811

## LIAISON OFFICE LAHORE

E-Floor, IT Tower, 73-E/I, Hali Road,  
Gulberg-III, Lahore.  
Tel: +92 42 3578 3801-03  
Fax: +92 42 3578 3811  
Email: asif.randhawa@crescent.com.pk

## PRINCIPAL OFFICE

9th Floor, Sidco Avenue Centre, 264 R.A. Lines,  
Karachi-74200.  
Tel: +92 21 3567 4881-85  
Fax: +92 21 3568 0476  
Email: info@crescent.com.pk

## PRODUCTION SITES

### STEEL DIVISION PIPE AND COATING PLANTS

A/25, S.I.T.E., Nooriabad, District  
Jamshoro, Sindh-73090.  
Tel: +92 25 4670 020-22, +92 25 4670 055  
Email: abdullah.saleem@crescent.com.pk

### ENGINEERING UNIT

(Shakarganj Engineering)  
17 Kilometer Summundri Road, Dalowal,  
District Faisalabad, Punjab.  
Tel: +92 41 2569 825-26  
Fax: +92 41 2679 825

\*\*Registered Office and Principal office are same as Holding Company



## COTTON DIVISION

CRESCENT COTTON PRODUCTS  
1st Mile, Lahore Road, Jaranwala,  
District Faisalabad.  
Tel: +92 41 4318 061-65  
Fax: +92 41 4318 066  
Email: [abdul.rouf@crecident.com.pk](mailto:abdul.rouf@crecident.com.pk)

## CRESCENT HADEED DIVISION BILLET MANUFACTURING UNIT

59 Kilometer, Jhang Sargodha Road,  
Bhone, District Jhang  
Tel: +92 48 6889 210 - 12  
Email: [hasan@crecident.com.pk](mailto:hasan@crecident.com.pk)

## CS ENERGY DIVISION POWER GENERATION UNIT

57 Kilometer, Jhang Sargodha Road, Bhone,  
District Jhang.  
Tel: +92 48 6889 210 - 12

## PUBLIC INFORMATION

Financial analysts, stock brokers, interested investors  
and financial media desiring information regarding  
the Company can contact.

Mr. Azeem Sarwar  
Company Secretary  
9<sup>th</sup> Floor, Sidco Avenue Centre, 264  
R.A. Lines, Karachi-74200.  
Tel: +92 21 3567 4881-85  
Email: [company.secretary@crecident.com.pk](mailto:company.secretary@crecident.com.pk)

## SHARE REGISTRAR

Enquiries concerning lost share certificates, dividend  
payments, change of address, verification of transfer  
deeds and share transfers should be directed to  
Company's Share Registrar.

M/s CorpTec Associates (Private) Limited,  
503-E Johar Town, Lahore.  
Tel: +92 42 3517 0336-37  
Fax: +92 42 3517 0338  
Email: [info@corptec.com.pk](mailto:info@corptec.com.pk)

## CORPORATE WEBSITE

To visit our website, go to [www.crescent.com.pk](http://www.crescent.com.pk)



## ANNUAL REPORT

For Annual Report 2024 go to:  
<https://www.crescent.com.pk/uploads/media/annual-report-2024>





# OUR PERFORMANCE OVER THE YEARS



## ECONOMIC

### 2024

- EPS: Rs.16.38
- ROE: 14.6%
- Total sales of Rs. 9,112 million at a gross margin of 28.9%
- Profit before taxation, Rs. 2,399 million at a margin of 26.4%
- Taxes stood at Rs. 920 million, 12.4% of PBT
- Income from investments Rs. 606.0 million and ROI on weighted average investments of 46.3%
- Remuneration to employees constitutes 11.0 % of net wealth generated
- Goods and services purchased constitute 64.0% of Sales
- Bare Pipe Production: 59,453.3 MT
- Line Pipe Coating: 230,275 meters
- Dividend from strategic Investment: Rs 804 million
- Supplied 301 km of high-quality line pipes on time, including 246 km for national energy infrastructure projects and 55 km for the Greater Karachi Bulk Water Supply project.

### 2023

- EPS: Rs. 2.28
- ROE: 2.9%
- Total sales of Rs. 4,516 million at a gross margin of 17.2%
- Profit before taxation, Rs. 234.3 million at a margin of 5.2%
- Taxes of Rs. 57.4 million, 24.3% of PBT
- Income from investments Rs. 208 million and ROI on weighted average investments is 6.7 %
- Remuneration to employees constitutes 18% of net wealth generated
- Goods and services purchased constitute 71.7% of Sales
- Bare Pipe Production: 42,888 MT
- Line Pipe Coating: 51,795 meters
- Yarn Production: 1,726 MT
- Dividend from strategic Investment: 163.4 million
- 133.44 km of quality line pipes supplied on time, for national energy infrastructure projects



## PEOPLE

### 2024

- 19 students supported through tertiary education sponsorships in Pakistan
- 2,327 hours volunteered
- 432 employees across locations where we operate
- 56% employees in formal training programs; average training of 4.52 hours per employee across all tiers
- 3,010+ local, 572+ foreign contractors, service providers and suppliers engaged

### 2023

- 16 students supported through tertiary education sponsorships in Pakistan
- 1,831 hours volunteered
- 434 employees across locations where we operate
- 50% employees in formal training programs; average training of 5.42 hours per employee across all tiers
- 333+ local, 43+ foreign contractors, service providers and suppliers engaged



## COMMUNITY

### 2024

- Rs. 86.11 million donated to support causes working in education during the year
- Rs. 102.82 million in community investments, a 3.7x increase over the prior year. However, as a percentage of PBT it was lower at 4.1%
- 23,500 ml of blood collected from donors during the year. 47 employees participated in the blood drive held at the Head Office

### 2023

- Rs. 13.89 million donated to support causes working in education during the year
- Rs. 27.49 million in community investments, a decrease of 53% from the prior year, constituting 11.74% of PBT.
- 16,500 ml of blood collected from donors during the year. 33 employees participated in the blood drive held at the Head Office





## ENVIRONMENT

### 2024

- Energy consumption:(GJ) 89,443; Self-generated:(GJ) 81,823 National grid: (GJ) 7,620
- GHG emission decreased by 1,047 tonnes of CO<sub>2</sub> against an increase of 103.5% in sales
- Emissions intensity ratio 0.0006MT CO<sub>2</sub> / sales
- 3,629 trees planted to reduce our carbon footprint by an incremental 33.68 tons annually

### 2023

- Energy consumption:(GJ) 73,390; Self-generated:(GJ) 50,543 National grid: (GJ) 22,487
- GHG emission decreased by 6,936 tonnes of CO<sub>2</sub> against a decrease of 36% in sales
- Emissions intensity ratio 0.0014 MT CO<sub>2</sub> / sales
- 9,891 trees planted to reduce our carbon footprint by 58.45 tons annually

- Rs. 470.54 million donated to support The Citizens Foundation since 1995 at an average of Rs. 17.37 million per year. This translates to an average of 3.7% of PBT for the period. During the year our education segment giving stood at Rs. 86.1 million or 3.7% of FY24 PBT.
- ROE over 10 years is 4.9%
- Sales growth of 14.8% over the last 10 years
- 56,900+ trees have been planted since 2008, reducing 336 tonnes of CO<sub>2</sub>, which is equivalent to burning approximately 44,341 gallons of gasoline.



## RECOGNITION

### 2024

Our Company was presented with a Silver Award in the category of Diversified Holdings by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards' for 2022.

Our Company was presented with a Certificate of Merit in the Engineering and Autos Sector by ICAP and ICMAP under the 'Best Corporate Report Awards' for 2022

### 2023

- Our Company ranked first in the category of Diversified Holdings by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards' for 2020.
- The Annual Report of the Company for the year 2021 secured a certificate of merit in the Engineering and Autos Sector.



## MEMBERSHIP OF ASSOCIATIONS

- Pakistan Centre for Philanthropy
- Management Association of Pakistan
- Pakistan Engineering Council
- Pakistan Steel Line Pipe Industry Association
- International Cotton Association Limited
- Employer's Federation of Pakistan
- Pakistan Steel Melter's Association
- The Federation of Pakistan Chambers of Commerce & Industry
- Karachi Chamber of Commerce and Industry
- All Pakistan Textile Mills Associations
- Pakistan Institute of Corporate Governance



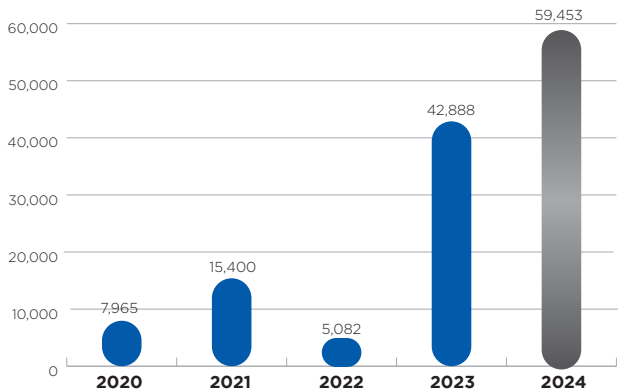
## EXTERNAL INITIATIVES

- API Specification Q1 and API 5L
- ISO 9001:2015, 14001:2015, ISO 45001:2018
- Global Reporting Initiative (GRI) and Sustainability Reporting Standards

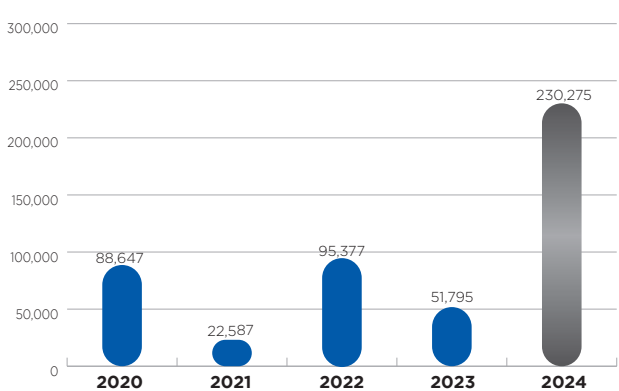


# OPERATIONAL PERFORMANCE

Steel Pipes (MT)

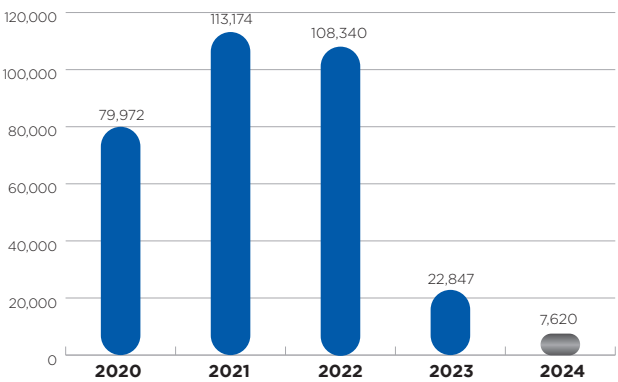


Line Pipe Coating (Meters)

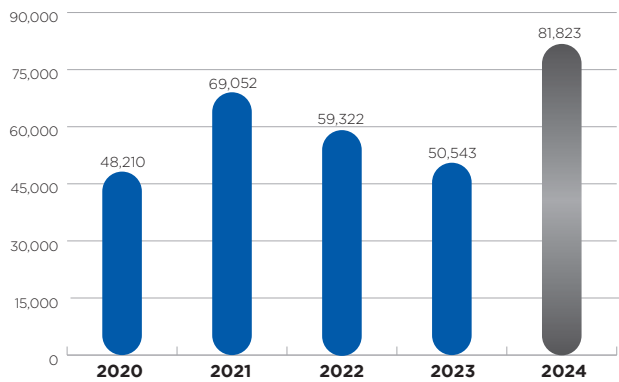


# ENVIRONMENT PERFORMANCE HIGHLIGHT

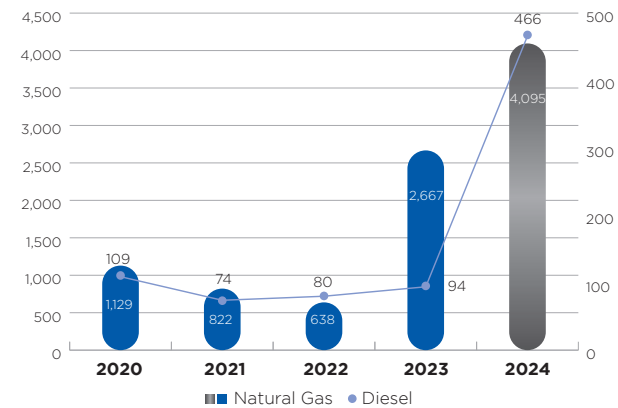
National Grid (GJ)



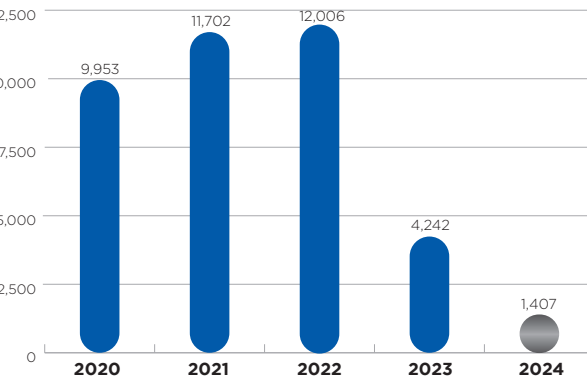
Self Generated Energy (GJ)



Direct GHG Emissions in CO<sub>2</sub> Equivalent (MT)



Indirect GHG Emissions in CO<sub>2</sub> Equivalent (tonnes)

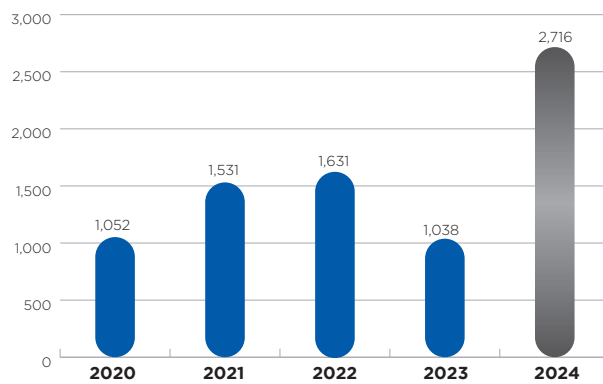




## WEALTH GENERATED AND DISTRIBUTED

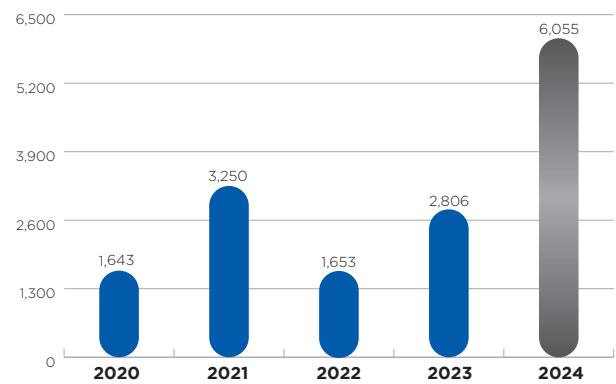
### Contribution to Exchequer

Rs. in million



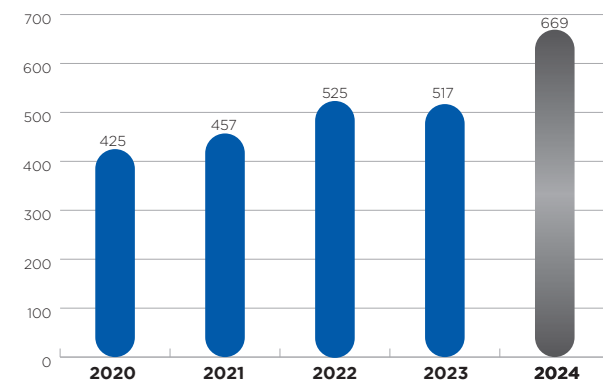
### Net Wealth Generated

Rs. in million



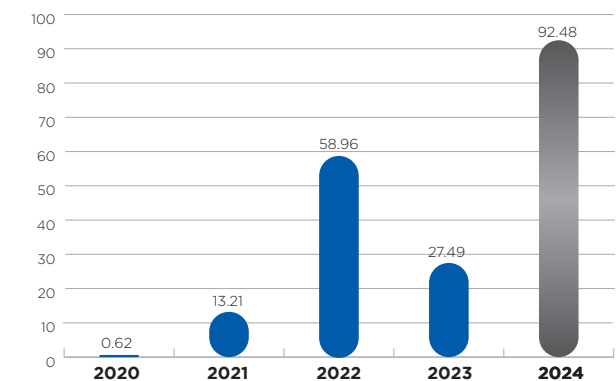
### Contribution to Employees

Rs. in million



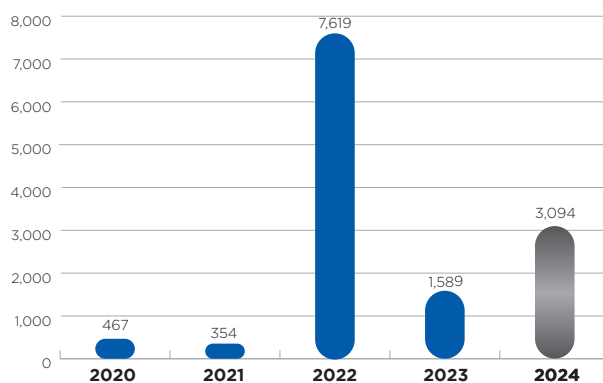
### Social Investments

Rs. in million



### Training Expense

Rs. in thousands







# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

## DEAR SHAREHOLDERS,

It is my pleasure to present the annual report for Fiscal Year 2024, which covers our annual sustainability, statutory and financial reporting. The report is supplemented with audited Financial Statements (Separate and Consolidated) for the year ended June 30, 2024.

I am proud of our team's strong performance in the outgoing fiscal year, delivering the best year in our 36-year operating history. It was a year marked by strong financial performance, excellent operating results, valuable product penetration, greater collaboration across our teams and with our customers, and larger commitments to our community partners.

The global economy remains resilient even though the world today is fragmented and uncertain. Globally, businesses are navigating challenges presented by the two ongoing wars, the polarization of politics, energy transition, and a divergence in inflation and monetary policy. Domestically, in addition to these factors, Pakistan is faced with slow growth/low demand, a weak infrastructure and human capital base and a weak economy.

Despite this, I am optimistic about the future generally and our company specifically. I'm hopeful because I still believe in the engineering sector being the engine for growth in Pakistan and, because Pakistan corporates have shown resilience over a long arc and during extremely challenging times.

During the outgoing fiscal year, Pakistan began inching out of the crisis spiral. FX reserves remained low, dipping to USD 2.9 billion in February 2023 however, pressures began to ease on the back of the IMF program. The PKR remained stable against the

greenback on PKR 283.24/USD average throughout the year. Although inflation remained high, it is on a downward trend; both fiscal and external positions also indicate increased stability. Projections for FY25 GDP indicate modest/gradual growth – this makes sense given local industry reliance on imports.

Despite these challenges, the past fiscal year was a rewarding one for Crescent Steel. Crisis tested our resilience as a business and enabled us to see more clearly, the important role we play in contributing to development throughout Pakistan.

2024 was a year of high performance for our line pipe manufacturing business; we achieved organic volume growth in both line pipe manufacturing and line pipe coatings, up 38.6% and 81.6% from FY23, respectively. The modifications and upgrades from the last fiscal year and our contribution to the KIV project, positions us among leaders in the API, large diameter line pipe manufacturing segment.

At the close of the outgoing fiscal year, we had delivered more than 98 KMs (80,926 tons) against the total project requirement of 210 KMs of line pipe for the K-IV Project Phase-I. I am happy to share that we have also secured additional order quantities of more than 65 KMs, valued at PKR 2.7 billion (total project value: PKR 8.6 billion) taking our contribution to Phase I of this project to 203KMs i.e. 96.7% of total line pipe requirement. Production on this project is expected to conclude during Q1FY26.

The Company posted sales of Rs. 9,112 million (FY23: Rs. 4,516 million), up 101.8% YoY; 99.4% constitutes sales attributable to the Steel Division; the revenue figures include line pipe sales on conversion basis as the steel raw material (HRC) for line pipe orders for the KIV project was client supplied – as such, deemed revenue (incl. of raw material value) stands



at Rs. 18,160 million. Rs. 5,831 million or 49.1% of sales constitute payments to suppliers while Rs. 666 million or 7.3% of sales was distributed to employees as compensation and benefits.

It gives me great pleasure that we were able to distribute profits to shareholders after a six-year hiatus – we distributed Rs. 155.3 million or 9.7% of PAT as interim dividend during the year. Including the final dividend our profit distribution to shareholders for FY24 will stand at 427 million or 26.6% of PAT. Rs. 92.5 million or 3.7% of PBT was donated towards various causes that we support. Of the community investments we made, c.94% was for education.

Our contribution to the exchequer and economy stood at Rs. 2,716 million (FY23: Rs. 1,038 million, up 161.8%), while Rs. 497 million represents payments to lenders. The Company's gearing ratio remained conservative at 11.6%, decreasing YoY on the back of better cashflows. During the year net payment in financing activities stood at Rs. 738 million or 8.1% of sales, as compared to financing received of Rs. 912 million 20% YoY while the weighted average cost of borrowing stood at 21.50% up 3.4% YoY.

During the year, we produced 59,453MTs / 301KMs of quality steel line pipe and applied coatings on 553,906 sq. meters or 230.3KMs. We supplied 301KMs / 59,453 MT of high-quality bare line pipes on time, including 246 KMs for national energy infrastructure projects and 55 KMs for the Greater Karachi Bulk Water Supply project.

Standalone EBIT at Rs. 3,024 million (FY23: Rs. 594 million) represents a margin on net sales of 33.2% (FY23: 13.2%) while underlying EBITDA stood at Rs. 3,367 million (FY23: Rs. 826 million); a margin of 36.9% (FY23: 18.3%). RoCE increased significantly to 18.6% (FY23: 2.3%).

On a standalone basis, Crescent Steel closed the year with a profit after tax of Rs. 1,607 million (FY23: Rs. 177 million), up 8 times YoY. Gross profit margins improved to 28.9% at Rs. 2,636 million (FY23: 17.2%; Rs. 776 million) while operating profit margins stood at Rs. 2,841 million or 31.2%.

On a consolidated basis, the Group posted a profit after tax of Rs. 1,272 million (FY 23: Rs. 591 million). The consolidated PBT is primarily attributable Steel Division profitability and a Rs. 421 million share-

of-profit from equity accounted investees. On a consolidated basis underlying EBIT stood at Rs. 2,476 million (FY23: EBIT of Rs. 447 million) representing a margin on net sales of 27.2 %, while EBITDA stood at Rs. 2,744 million – a margin of 33.2% on net sales. Consolidated ROCE stood at 12.9%, compared to 6.7% last year. Similarly, the consolidated ROE of 14.6% was higher than last year's return of 8.0%.

Consequently, Standalone Earnings per share (EPS) for FY24 stood at Rs. 20.69 as against EPS of Rs. 2.28 in FY23 while on a consolidated basis FY24 EPS stood at Rs. 16.38 (FY23: EPS of Rs. 7.61).

Our balance sheet footing of Rs. 10,498 million (FY23: Rs. 9,948 million) continues to support business operations. Despite extremely volatile conditions over the last few years, our book value has grown at a CAGR of 7.4% since 1987 from Rs. 7.11 to Rs. 99.4 per share (when adjusted for gains on strategic investments held at cost, the indicative break-up value today is Rs. 115.2 per share) as on June 30, 2024. The share continues to trade at a discount; the price as on June 30, 2024 stood at Rs. 54.0 per share at an earnings multiple of 2.6 and a price to book value ratio of 0.54.

The flexibility and strength of our operating model, and the efforts of our leadership and teams, enabled us to end the year with strong performance despite continued idling at other business divisions and a huge increase in input costs. A key focus for us going forward will be to maintain a strong topline/revenues and keep the Company on a growth trajectory.

## HAVING STATED SOME FISCAL FACTS, I WOULD NOW LIKE TO MOVE TO OPERATIONS

Incorporated in 1983, we commenced commercial production in 1987 with an API licensed line pipe manufacturing unit about 100 KMs from Karachi, in Nooriabad. Today, we operate four distinct businesses, in the engineering, textile, power, and capital markets sectors.

Our flagship operations manufacture and coat large diameter steel line pipes, used for hydrocarbons transportation in the energy cycle. Pipes transport oil and gas, safely across rivers and mountains, through towns and villages. Communities and the environment rely on long-term integrity of pipelines,



to ensure their well-being. Large diameter steel pipes are also used for transportation of water and wastewater systems, and for piling in the construction of ports, jetties and buildings.

Our yarn business contributes to the agricultural economy by generating demand for cotton and empowering farmers across Pakistan; investments in alternate power enable us to be energy independent and support the national grid; capital market investments reflect our conviction in the growth of Pakistan's corporate sector and, our billet manufacturing unit is well positioned to provide sustainable sources of steel to Pakistan's engineering sector.

Our purpose – **to contribute to sustainable national development and growth while maintaining our commitment to deliver value across all stakeholder groups** – serves as the link between our business strategy and our responsibility as a corporate citizen. It underpins our commitment to remaining competitive while contributing to greater economic, environmental, and social prosperity.

## **OUR BUSINESSES CONTINUE TO PROVIDE EQUAL OPPORTUNITY EMPLOYMENT TO HUNDREDS OF PEOPLE IN PAKISTAN.**

We have made a clear prioritization of where we want to grow and remained focused on business where we can leverage inherent strengths. Our strategic thrust continues to remain in the engineering sector. Specifically, challenges of the last few years have helped us prioritize and refocus our efforts in this segment and at the same time pushed us to make difficult decisions on liberalizing value stuck in unproductive assets.

The engineering sector remains a key driver for growth in Pakistan; building the national energy and water infrastructure, leveraging pipelines as logistics solutions (for fluids) and for specialized construction (piling etc.) will trigger line pipe demand which Crescent Steel is well positioned to tap in the future.

We made a conscious decision to allocate capital to our pipe manufacturing unit for optimal asset utilization. Consequently, our manufacturing operations in textile spinning and steel billet

production remained closed during the fiscal year – this was a strategic decision as capital was allocated to core operations in steel line pipe manufacturing.

## **WE UNDERSTAND THAT OUR INDUSTRY AND COMPANY CAN HAVE A PROFOUND IMPACT ON PEOPLE'S LIVES.**

Energy and water security are essential to economic and social development and have a profound impact on lives everywhere. These projects have been the single most important contributor to growth and hiring for us in the past and, remain material to business sustainability for us today. Our Company has contributed 35.0% of the national gas transmission infrastructure, contributing significantly to infrastructure development in Pakistan.

Our pipe manufacturing business caters to local demand for steel line pipes; which is imported at very high freight costs as final products to meet local demand-supply gaps.

Planned projects to augment the country's pipeline infrastructure – particularly for the transportation of imported fuels – and much-needed water and sanitation projects are, therefore, material for both, our business as well as for sustained growth and development in Pakistan.

## **OUR SUCCESSES MEAN A DURABLE AND SUSTAINABLE, ENERGY AND WATER INFRASTRUCTURE FOR PAKISTAN.**

During the year produced and supplied 59,453 tons of steel line pipe in diameter sizes ranging from 16 inches to 96 inches, as against 42,888 tons in FY23. On a notional basis, this works out to 97,543 tons on an installed notional capacity of 200,000 tons. Line pipe coatings saw a significant increase at 553,906 sq. meters on an installed notional capacity of 600,000 sq. meters and as against 305,098 sq. meters in FY23. A total of 301 KMs of line pipe was dispatched during FY24.

Much of this (45,006 tons i.e., 75.7% of Steel Division Production) was produced on conversion basis for China Harbour Engineering Company (CHEC), the JV contractor for the K-IV pipeline project.



Partnering with CHEC on this project has been extremely rewarding for us as it allowed us to showcase our engineering capability, and the strength and quality of our teams – we have executed approximately 52.5% of the order placed on us with a 0% rejection rate. This is a testament to quality being fundamental to how we do business at Crescent Steel. The project enabled us to keep our pipe and coating plant operational at a utilization rate 48.8% and 92.3%. The grid tied 561.2 KWh solar plant we installed in FY23, generated Rs. 61.9 million in energy savings till date and helped reduce 985 tons of Co2 emissions when compared with grid supplied power. We plan to double capacity of renewable energy production during FY25 to capture savings and further reduce our impact on the environment.

Revenues from the Steel Division stood at Rs. 9,056 million (FY23: Rs. 3,396 million) – generating gross profit of Rs. 2,868 million i.e. 28.9% (FY23: GP of Rs. 776 million i.e. -17.2%). Adjusting for deemed revenue of approximately Rs. 9,049 million, sales are estimated at Rs. 18,105 million, representing a gross margin of 15.8%. The Division posted a profit before tax (PBT) of Rs. 1,758 million (FY23: PBT of Rs. 307 million), contributing 109.5% to the EPS of Rs. 20.69/share, which was eroded by operating losses from other business units.

Our line pipe business is tightly linked with development; as with all development, it goes through cycles of feast and famine. To buffer the periods of famine, we have built a strong corporate structure, including ancillary revenue wallets and cash flow buffers.

Through our portfolio management division, we remain active investors in Pakistan capital markets. On the back of improving macroeconomic indicators the KSE-100 posted record gains of 89.2% during FY24. In USD terms returns stood at 92% during the fiscal year, on the back of a 3% PKR appreciation. All-Share Market capitalization increased 62.88% to PKR 10.37 trillion; up 67.4% in USD terms to USD 37.27 billion. The PSX was ranked the top performing equity market globally for FY24.

The investments division continued to provide working capital and cashflow support to our core business, generating Rs. 895 million in cash flow support through investment income (mainly from

dividend income flows) and Rs. 1,919 million through the pledge of assets for funded and non-funded limits.

The portfolio (on a consolidated basis including CS Capital) holds Rs. 1,133 million or 22.1% in trading investments while Rs. 2,997 million or 58.6% make up strategic investments that include a 17.6% stake in Altern Energy Limited. Portfolio dividend yield stood at 11.1% against the KSE-100 dividend yield of 11.9%. The division posted a PBT of Rs. 988 million, including Rs. 421 million in share of profits from equity accounted investee, contributing 77.7% to the consolidated EPS of Rs. 16.38.

The KSE-100 is currently trading at a forward P/E of 4.2 – compared to regional market averages of 12.1x. Similarly, in terms of price-to-book (P/B) ratio of 0.8x vis-à-vis regional P/B average of 1.6x. FY24 saw significant earnings growth up 25% and 10% YoY on a PKR and USD basis respectively. Similarly, dividend payouts were up 30% YoY. This is indicative of the resilience of Pakistan corporates – we remain bullish on Pakistan and will continue to remain invested in top Companies in high performing sectors through the PSX.

We also operate a 19,680 spindle yarn manufacturing unit that goes by Crescent Cotton Products. The unit has a capacity to produce 9.2 million Kgs of high quality yarn per annum. As mentioned above the unit remained inoperative during the year and consequently posted a loss before tax of Rs. 196.7 million.

Our business unit in secondary steel manufacturing, operating as Crescent Hadeed, manufactures high quality steel billets by processing steel scrap through induction melting and continuous casting process. Our billets are used as inputs by steel re-rolling operations to produce a range of steel construction products. We feel there is ample room for growth in this sector as Pakistan's per capita consumption of steel ~ 49 Kgs is significantly lower than the world average and regional peers; of this Pakistan produces only ~ 17 Kgs per capita indicating significant room for growth in this segment.



Adjacent to this unit is a 16.5 MW bagasse-fired thermal co-generation plant, that generates and supplies energy and steam; the plant is augmented with a 15 MW condensing turbine that converts low pressure steam to power.

Both, the steel long products and bagasse fired thermal co-generation unit remained closed during the entirety of fiscal year 2024. Collectively, the units posted a gross loss of Rs. 122 million. The aggregate losses from all three units for the year stood at Rs. 318.7 million.

The Company also holds investments in a 100 MW solar park through a wholly owned subsidiary, Solution de Energy (Private) Limited. The project aims to develop, own, operate, and maintain a 100 MW solar power project in Solar Power Park, established by the Government of Punjab in the Cholistan desert. The Company has been granted an electricity generation license from the National Electric Power Regulatory Authority (NEPRA) for its 100MW Solar Power Plant.

We employ a diverse workforce with varying skill sets across 6 locations; on average, we had 434 people in employment during the outgoing fiscal year, receiving compensation and benefits of Rs. 669 million during the year. We closed the fiscal year with a workforce of 433 (FY23: 434).

From our earliest beginnings, our commitment has always been to deliver quality products responsibly, efficiently, and economically, and in doing so to make positive contributions to our community, provide fair returns to our shareholders and a desirable workplace for employees.

As a long-term industrial concern, our values are rooted in sustainable principles. Since we opened our first mill in Nooriabad in the 1980s to the start-up of our state-of-the-art steel melt shop in Bhone in 2016, with all our acquisitions and expansions during this time, we have grown with the communities where we work and live, have remained invested in the overall well-being of Pakistan, minimizing our environmental footprint and being a reliable partner for suppliers and customers.

I am proud that our entire leadership team displays an unwavering commitment to ethical business practices that are insisted upon by managers and the leadership team. Our Core Values and Governing Principles articulate our collective belief that all aspects of our Company's business should be conducted based on standards of honesty, openness, fair play, and decency. These principles were adopted before any Code of Corporate Governance was mandated on a publicly listed Company and before the Company was listed in 1987. They still serve as Crescent Steel's North Star, informing our thinking, behaviors, and expectations around doing what is right and responsible for our business and for all Crescent Steel stakeholders.

This demands the highest ethical standards, a culture of care embodied by safety first, a commitment to environmental stewardship, strong relationships with all our stakeholders, and the discipline and focus to stay the course in good times and bad. At Crescent Steel, we are proud of what we have been able to accomplish over the last 40 years, and we look forward to the opportunities in front of us to continue to make a lasting difference.



## LOOKING AHEAD

In the upcoming fiscal year, we expect to execute the additional quantities we have secured against the K-IV project. We also have orders in hand from both gas utilities that will keep us busy during FY25.

We expect tendering of up to 100 KM for assorted sizes large diameter pipes within the first half of FY25, with expected execution to begin Q1FY26. In the water sector we expect that projects allied with K-IV will continue to keep us occupied over the next three years, including the K-IV Augmentation Project and the K-IV Project, Phase-II.

We remain bullish on Pakistan and expect strong returns from our investments division in the medium term. Our investment portfolio is strong and supports our cashflow and financing needs – this fiscal year as the government moves to rationalize anomalies in the power sector, we expect healthy payouts from this sector to add to our bottom line and cashflows.

I know that Crescent Steel is a strong Company – one that can absorb shocks and deliver in difficult times, from a long-term viewpoint.

We have faced some extraordinary challenges across our all-business segments; however, as a Group we stayed true to our mission and guiding principles. We put in place the building blocks to ensure that we emerged from these challenges a stronger and more focused business, able to respond to the changing dynamics of the markets and world we operate in.

We have a clear strategy and our focus for the year ahead remains on strengthening our position in the engineering sector and on reviewing our existing asset base to get leaner and more agile as we continue to build pathways towards future sustainable and long-term gains and growth.

I would like to thank the Board and its committees for their proactive role in guiding us, and to all our employees and my management team for their strong commitment and their outstanding contribution in challenging times.

Finally, I would like to recognize and thank our other key stakeholders – our customers, the communities in which we operate, our business partners and particularly you, our shareholders for your ongoing support.

I look forward to your continued support in our collective journey to build a sustainable and value creating enterprise.



**Ahsan M. Saleem**

Chief Executive Officer

August 07, 2024



# OUR FOOTPRINT

## CS Energy Division

Jhang, Sargodha Road,  
Bhone, District Jhang, Punjab

## Crescent Hadeed Division

Jhang, Sargodha Road, Bhone,  
District Jhang, Punjab

## Head Office

Karachi, Sindh

## Registered Office

Lahore, Punjab

## Cotton Division

(Crescent Cotton Products)  
Jaranwala District,  
Faisalabad, Punjab.

## Engineering Unit

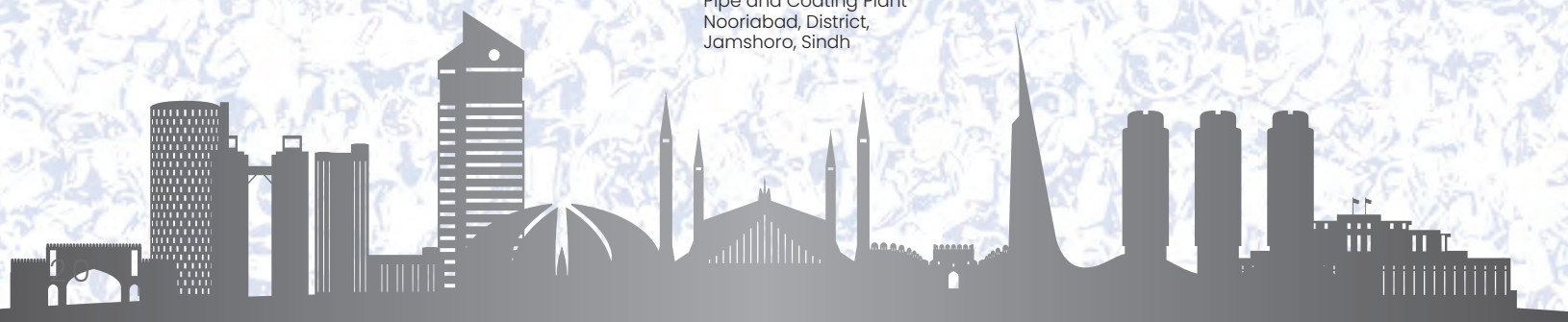
(Shakarganj Engineering)  
Summundri Road, Dalawal, District  
Faisalabad, Punjab

## Solution de Energy (Private) Limited

Cholistan, Bahawalpur, Punjab

## Steel Division

Pipe and Coating Plant  
Nooriabad, District,  
Jamshoro, Sindh





# AWARDS AND ACCOLADES

## 2016

- 1st Position in the Diversified Holdings Sector – Best Presented Annual Report Award 2014 (SAFA)
- 3rd Position in the Engineering Sector – Best Corporate Report Award 2014 (ICAP and ICMAP)
- 2nd Position – Best Sustainability Report Award 2014 (ICAP and ICMAP)
- 2nd Position in the Human Resource Development Category – Employer of the Year Award 2014 (EFP)

## 2017

- 1st Position in the Diversified Holdings Sector – Best Presented Annual Report Award 2015 (SAFA)
- 3rd Position in the Engineering Sector – Best Corporate Report Award 2015 (ICAP and ICMAP)
- 3rd Position – Best Sustainability Report Award 2015 (ICAP and ICMAP)
- 1st Position in the Engineering and Autos Sector – Best Corporate Report Award 2016 (ICAP and ICMAP)
- 3rd Position – Best Sustainability Report Award 2016 (ICAP and ICMAP)

## 2018

- Listed among PSX – Top 25 Companies 2016
- 1st Position in the Diversified Holdings Sector – Best Presented Annual Report Award 2016 (SAFA)
- 3rd Position in the Integrated Reporting Category – Best Presented Annual Report Award 2016 (SAFA)
- 5th Position – Best Sustainability Report Award 2017 (ICAP and ICMAP)

## 2019

- Certificate of Merit in the Engineering and Autos Sector – Best Corporate Report Award 2018 (ICAP and ICMAP)
- 1st Position in the Diversified Holdings Sector – Best Presented Annual Report Award 2017 (SAFA)

## 2020

- 3rd Position – Corporate Philanthropy Award 2018 (PCP)

## 2021

- 1st in the Diversified Holdings Sector – Best Presented Annual Report Award 2019 (SAFA)
- Certificate of Merit in the Engineering and Autos Sector – Best Corporate Report Award 2019 (ICAP and ICMAP)
- Certificate of Merit in the Engineering and Autos Sector – Best Corporate Report Award 2020 (ICAP and ICMAP)

## 2022

- 1st in the Diversified Holdings Sector – Best Presented Annual Report Award 2020 (SAFA)
- Certificate of Merit in the Engineering and Autos Sector – Best Corporate Report Award 2021 (ICAP and ICMAP)

## 2023

- Joint Gold award in the category of Diversified Holdings by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards' for 2021

## 2024

- Silver Award in the category of Diversified Holdings by South Asian Federation of Accountants (SAFA) under the 'Best Presented Annual Report Awards' for 2022.
- Certificate of Merit in the Engineering and Autos Sector – Best Corporate Report Award 2022 (ICAP and ICMAP).





# OUR HISTORY (1983-2024)

## 1983-2000

### 1983

- Incorporation of Crescent Steel and Allied Products Limited\*

### 1987

- Started commercial production
- Listed on Pakistan Stock Exchange
- API Certification accreditation

### 1989-90

- Modification of pipe plant to produce line pipes up to 90 inches in outside diameter

### 1991

- Exported line pipes
- Investment made in 3-layered polyolefin coating facility

### 1992

- Executed first ever 3LPE coating project in Pakistan

### 1995-96

- Change of reporting period from December to June
- Introduced new logo of the Company

### 1997

- First company in its sector to obtain ISO 9001 accreditation
- Started reporting on Environment and Social Responsibility

### 2000

- Diversified into the textile sector by acquiring

Crescent Cotton Products consisting of 19,680 spindles\*

## 2001-2010

### 2001-02

- BMR at Crescent Cotton Products

### 2003

- Adaptation of the Code of Corporate Governance

### 2004

- Implementation of ERP and other IT related initiatives
- Acquired testing facilities for our service line pipes

### 2005

- Installed fine count unit at Crescent Cotton Products consisting of 25,344 spindles\*

### 2006

- Pipe manufacturing and coating plant significantly upgraded to produce pipes for cross country pipelines
- Completion and commencement of production on the new spinning mill
- Acknowledged among KSE - Top 25 Companies 2005
- First Pakistani Company to acquire oil and gas industry specifics ISO/TS 29001, QMS Certification from API
- 1st Position - Best Corporate Report Awards 2005 (ICAP and ICMAP)

### 2007

- Initiated the implementation of Oracle E-Business suite
- The Investment and Infrastructure Development

Division (IID) was carved out as a separate business unit

### 2008

- Executed port piles work
- 1st Position - Best Corporate Report Award 2007 (ICAP and ICMAP)

### 2009

- Oracle E-Business Suite go - live
- Merit certificate - Best Presented Accounts and Corporate Governance Disclosure Award 2009 (SAFA)
- Acknowledged among KSE - Top 25 Companies 2008
- 2nd Position - Best Corporate Report Award 2008 (ICAP and ICMAP)

### 2010

- Acquired a 100% stake in Shakarganj Energy (Private) Limited, a bagasse fired thermal generation power plant\*
- Adapted horizontal and vertical integration in the steel business
- Complied with ISO 14001 and OHSAS 18001 requirements for the first time
- 2nd Position - Best Corporate Report Award 2009 (ICAP and ICMAP)

## 2011-2020

### 2011

- Upgraded coating plant capacity to 60" making it the only coating plant of this capacity in Pakistan\*
- Migrated entire ERP system to cloud infrastructure
- Acknowledged among KSE - Top 25 Companies 2010



- Machinery enhancement at Crescent Cotton Products
- 2nd Position – Best Corporate Report Award 2010 (ICAP and ICMAP)

## 2012

- Acquired a 100% stake in CS Capital (Private) Limited\*
- Steel Division upgraded with state-of-the-art digital control systems and HMI (Human Machine Interface) capabilities
- Acknowledged among KSE – Top 25 Companies 2011
- BMR at Crescent Cotton Products
- 1st Position – Best Management and Decent Work Practices Award (EFP)
- 2nd Position – Best Practices Award on OSH&E (Occupational Safety, Health and Environment) (EFP)
- 2nd Position – Best Corporate Report Award 2011 (ICAP and ICMAP)

## 2013

- Incorporated a wholly owned subsidiary Crescent Hadeed (Private) Limited to manufacture steel billets\*
- High energy efficient motors installed for reducing consumption of energy during production
- Defined Crescent Core Values\*
- Launched Crescent Communications – an internal communication platform
- Developed a sustainability reporting framework\*
- 1st Position – Best Corporate Report Award 2012 (ICAP and ICMAP)
- 2nd Position – Corporate Excellence Award (MAP)

## 2014

- 1st Position – Employer of the Year Award 2012 (EFP)
- 1st Position – Best Practice Award on OHSAS 2013 (EFP)

- 2nd Position – Best Corporate Report Award 2013 (ICAP and ICMAP)
- 3rd Position – Best CEO Award 2013 (Mass HRS)
- 4th Position – Best Sustainability Report Award 2013 (ICAP and ICMAP)
- 5th Position – Corporate Philanthropy Award 2012 (PCP)

## 2015

- Land allocated by Punjab Power Development Board to Solution de Energy (Private) Limited to establish solar power generation plant
- Installation of 7,680 compact attachments to enhance efficiency\*
- Received KSE – Top 25 Companies Award for the years 2010, 2011 and 2013
- 2nd Position – Best Presented Annual Report Award 2013 (SAFA)
- 3rd Position – Best Practice Award on OSH&E (Occupational Safety, Health and Environment) 2014 (EFP)

## 2016

- Rights issued to finance expansion in the line pipe manufacturing unit by adding another SP Line
- Installation and commencement of operation on the second SP Line, enhancing the installed capacity and product offering\*
- Production of 58,202 tons of mixed dia bare pipe and coating of 590,738 square meter

## 2017

- Record production of 88,110 tons of Mixed-Dia Bare Pipe\*

## 2019

- Amalgamation of Crescent Hadeed (Private) Limited and CS Energy (Private) Limited – wholly owned subsidiaries
- Enhanced hydro-tester machine capacity to meet new industry requirements\*

## 2020

- Issuance of electricity generation license of Solution de Energy
- Tested and implemented IT infrastructure for work from home.
- Implementation of Covid-19 protocols and work instructions

# 2021-2024

## 2023

- Enhanced pipe hydrostatic testing capacity to up to 100" in pipe diameters\*
- Enhanced coating capability of pipe from 64" to 84" diameters\*
- Installed Solar Power system at Nooriabad having 561.2 KW\*

# 2024

- EPS of Rs. 20.69 per share.
- Production of 59,453MTons of mixed dia bare pipe, including 43,347MTons of 84 inch OD API [mention spec is it API 5L, X42/PL2]
- Coating application on 84 inch OD pipe\*



# IMPRESSIONISM

## 1860.....

Term generally applied to a movement in art in France in the late 19th century. The movement gave rise to such ancillaries as American Impressionism. The primary use of the term Impressionist is for a group of French painters who worked between around 1860 and 1900, especially to describe their works of the later 1860s to mid-1880s. These artists include Frédéric Bazille, Paul Cézanne, Edgar Degas, Edouard Manet, Claude Monet, Berthe Morisot, Camille Pissarro, Auguste Renoir and Alfred Sisley, as well as Mary Cassatt, Gustave Caillebotte (who was also an important early collector), Eva Gonzalès, Armand Guillaumin and Stanislas Lépine. The movement was anti-academic in its formal aspects and involved the establishment of venues other than the official Salon for showing and selling paintings.

### Auguste Rodin

Title: The Thinker  
Medium: Bronze

Source: <https://artsandculture.google.com/asset/the-thinker-auguste-rodin/SQHd3hUiljBw>







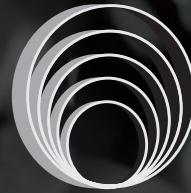


# GROUP STRUCTURE

Our Business Operations are structured as separate Business Units and as subsidiary units within Crescent Steel.

The Company operates five divisions: Steel and Engineering, Crescent Cotton Products, Investment and Infrastructure Development (IID), CS Energy and Crescent Hadeed. The Company also has two wholly owned subsidiaries: CS Capital (Private) Limited and Solution De Energy (Private) Limited. CS Capital forms part of the IID Division as a standalone investment holding company while Solution De Energy holds strategic investments in a 100 MW Solar Park Project and forms part of the CS Energy Division.

The Company holds strategic investments in Shakarganj Limited (28.1%), Shakarganj Food Products Limited (10.1%) and in Altern Energy Limited (17.6%).



Crescent Steel and  
Allied Products Limited

## BUSINESS DIVISIONS

- Steel and Engineering
- Crescent Cotton Products
- Investment and Infrastructure Development Division
- CS Energy
- Crescent Hadeed

## SUBSIDIARIES

- CS Capital (Private) Limited  
100% Owned
- Solution de Energy (Private) Limited  
100% Owned

## STRATEGIC INVESTMENT

- Shakarganj Limited
- Altern Energy Limited
- Shakarganj Food Products Limited



# VISION, MISSION AND, CORE VALUES

Our Mission, Vision and Core Values are the driving force of the strategy setting process.

## VISION

To excel across all our operations and deliver sustainable value to all stakeholders.

## MISSION

- Grow and enhance company value, and pursue new growth opportunities
- Maintain cost and quality leadership in an internationally competitive environment
- Promote best use of human talent in a safe environment, as an equal opportunity employer
- Conduct business as a responsible corporate citizen and support local communities in areas where we operate

## CORE VALUES

Our core values are at the heart of our business – they define who we are, how we work, what we believe in, what we stand for, how we act and how we expect to be treated as part of Crescent Steel.



### INTEGRITY

Consistently doing the right thing

Being ethically unyielding and honest in the way we conduct business.



### OWNERSHIP

Acting with stewardship

Building a better, stronger and more dynamic organization.



### CUSTOMER FOCUS

Leveraging relationships for out-performance

Delivering value through responsiveness to internal and external customers.



### CONTINUOUS IMPROVEMENT

Continuous improvement gives us competitive advantage

Fostering collaboration, innovation and, creativity as individuals and as teams.



### COMMUNITY CARE

Social responsibility is at the heart of our business

Facilitating social equity in communities where we operate.



Capitals Engaged	
Financial Capital <small>The financial assets available to Crescent Steel</small>	
Owner's Equity	Rs.8,691.0 million
Investments	Rs.4,874.9 million
Net Worth	Rs.8,691.0 million
Total Debt	Rs.1,260.8 million
Manufactured Capital <small>The raw materials, plant and machinery and infrastructure required to manufacture goods</small>	
5 Manufacturing Facilities	Capacity
2HSAW Steel Pipe manufacturing lines	200,000 Tonnes (Notional) Core Raw Material: Hot Rolled Coils
Coating Plant	600,000 square meters (Notional) of various line pipe coatings Core Raw Material: Epoxy, HDPE
Billet Manufacturing Plant and Steel Meltshop	85,000 tonnes Core Raw Material:Steel Scrap
Yarn Spinning Unit	19,680 spindles Core Raw Material: Cotton & polyester
Power Plant	15MW (Co-generation, thermal generation power plant) 16.5MW (condensing and extraction turbine) Core Raw Material: Bagasse
1 Container Yard	8,093.7 sq meter
Intellectual Capital <small>Organisational knowledge, licenses, systems, brand equity</small>	
Systems and Processes	Strong management systems, detailed procedures and a strong Internal Audit function
Tacit Knowledge and Knowledge Sharing	Strong knowledge base, legacy staff, sharing personal and professional experiences
Brand Value and Reputation	Customer focus, reliability and product quality
Company Culture and Values	Workplace environment, strong performance culture, open door policy, high levels of employee engagement and focus on core values in day to day work
Corporate Governance	Transparency, focus on corporate governance beyond regulatory requirements
Strategies	Ability to position ourselves in industry, strong management team
Human Capital <small>The Knowledge, skills and expertise of our people.</small>	
Number of Employees	432 (140 in management and 292 shop floor personnel)
Strong Leadership	Highly qualified management team
Highly Skilled Engineers Technical Staff	Technically strong team at manufacturing sites
Positive Employee Relations	<div><div>- High performance culture</div><div>- Regular communication</div><div>- Open door policy</div><div>- Annual Employee Opinion Survey</div></div> <div><div>- Annual engagement sessions with community partners</div><div>- Reward programs</div><div>- Competitive pay and benefits</div></div>
Complex Supply Chain	<div>- Strong supplier relationship management</div> <div>- Sourcing technically complex API grade steel and managing inland logistics</div> <div>- Quality Assurance and customer focus</div>
Social and Relationship Capital <small>Crescent Steel's relationships with stakeholder groups</small>	
Collaborative Partnership	<div><div>1. The Citizens Foundation</div><div>2. Indus Valley School of Arts and Architecture (IVS)</div><div>3. National University of Sciences and Technology (NUST)</div><div>4. Institute of Business Administration (IBA)</div><div>5. Habib University</div><div>6. Patients Aid Foundation</div><div>7. The Health Foundation</div><div>8. Indus Hospital</div><div>9. World Wide Fund for Nature – Pakistan</div><div>10. Daachi Foundation</div></div> <div><div>11. Ayesha Chundrigar Foundation</div><div>12. Karachi Down Syndrome Program</div><div>13. Citizens Police Liaison Committee</div><div>14. Shaukat Khanum Memorial Cancer Hospital and Research Centre</div><div>15. Sindh Institute of Urology and Transplantation</div><div>16. Layton Rahmatullah Benevolent Trust</div><div>17. The Robin Hood Army</div><div>18. Old Grammarians Society</div><div>19. Buddy Club Pakistan</div><div>20.SOS Village</div><div>21. Deaf Reach</div></div>
Strong Customer and Industry Partnership	<div>- Annual Voice of Customer Survey</div> <div>- Regular engagement with Engineering Development Board (EDB)</div> <div>- NSAC and other industry bodies</div> <div>- Strong partnership with Employers' Federation of Pakistan (EFP)</div>
Engagement with Govt and Regulators	<div>- Full compliance towards all legal and regulatory asks</div> <div>- Strong engagement with SECP</div> <div>- Engagement with relevant ministries and government bodies when needed</div>
Natural Capital <small>Natural resources used in the value chain</small>	
Energy and Fuel through Conventional and Renewable Resources	<div>1. National Grid</div> <div>2. Bagasse</div> <div>3. Gas</div> <div>4. Steam</div> <div>5. Solar</div>
Energy Efficiency	<div>- Energy efficient machinery, motors and electronics(including inverter HVAC and LED lighting)</div> <div>- Natural lighting interventions for conservation</div>
Water	<div>- Water treatment before discharge</div> <div>- Reusing water where possible</div> <div>- Sources include groundwater and municipal supply</div>

▲

Revenue

102% to Rs. 9.11bn

-

▲

Cost of Sales

73% to Rs. 6.48bn

=

▲

Gross profit

240% to PKR 2.64bn

+

▲

Income from investments – net

805% to PKR 0.61bn

# OUR BUSINESS MODEL

## Crescent Steel Competitive Advantage

### BUSINESS CONTEXT

#### EXTERNAL VARIABLES IMPACTING VALUE

- Exchange rate volatility: PKR/USD
- Increasing inflationary pressures
- Rising cost of funds
- Volatility in the Pakistan Stock Exchange (PSX)
- CPEC associated energy and infrastructure projects
- National water and energy infrastructure projects and, infrastructure development in general
- Fluctuation in global commodities markets, especially steel (raw material) and political instability

#### OUR MATERIAL RISKS

- Rupee devaluation
- High inflation and high interest rate environment
- Policy hurdles in critical raw material imports
- Increase in raw material costs and other input costs
- Disruptions in planned infrastructure projects
- Geo political instability



### MARKETING AND SALES

- Relationship Management and Sales
- Participation in Tenders
- Market
- Demand Planning
- Development and Needs Assessment



### PROCUREMENT

- Raw Material Imports
- Inbound Logistics
- Relationship Management
- Demand Planning

### OUR PROFIT BLUEPRINT

#### REVENUES

- Sales of bare and coated line pipes
- Coating of customer supplied line pipes
- Manufacturing pipes with customer supplied HRC
- Sales of cotton and synthetic yarns
- Sale of power to steel melt shop and steam outside the company
- Sale of billets to distributors and to rerolling mills
- Portfolio gains on trading, dividend income and returns from strategic investments
- Rental income and gains on real estate appreciation

#### COSTS

- Procurement of raw materials, consumables, machinery, spares and parts
- Purchase and maintenance of equipment and facilities
- Investments in management and employees
- Costs of financial capital
- Negative exchange rate impacts
- Taxation
- Supplier and support services costs
- Regulatory and compliance costs

▲

Revenue

102% to Rs. 9.11bn

-

▲

Cost of Sales

73% to Rs. 6.48bn

=

▲

Gross profit

240% to PKR 2.64bn

+

▲

Income from investments – net

805% to PKR 0.61bn

▼

Distribution cost

-15% to PKR 0.06bn

-

▲

Administrative expenses

38% to PKR 0.54bn

-

▲

Other operating expenses

1542% to PKR 0.28bn

+

▲

Other income

35% to PKR 0.11bn

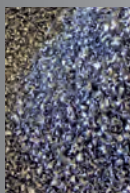


Our business operates five divisions in four distinct industry segments. The flagship unit manufactures and coats steel line pipes primarily for Oil and Gas transmission and as a result sales in this segment are subject to volatility in line with the pace of development projects – our businesses in other areas provide us buffer to periods of low business in our flagship operations.

## OUR PRODUCTS AND OUTPUTS



**Spiral Welded Line Pipes and Line Pipe Coatings**  
**Sectors Served:** Oil, gas, (transmission) energy, water and sanitation



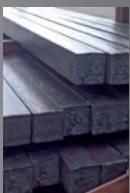
**Steel scrap**  
**Sectors served:** Engineering Steel remelting units



**Quality Assurance Laboratory**  
**Outputs:** Quality Reduced turnaround times



**Bio-energy/ Renewable Energy and Steam**  
**Sectors Served:** Manufacturing units



**Steel Billets and Ancillary Waste**  
**Sectors served:** Engineering, Steel Product manufacturers, metal recycling and consumption



**PV and PC Yarn**  
**Sectors served:** Textile Manufactures

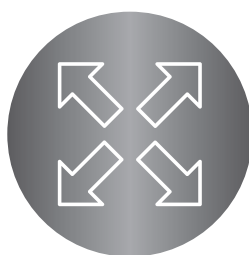


## MANUFACTURING AND PROCESSING

Production

Quality Control

Quality Assurance



## DISTRIBUTION

Inspection

Outbound Logistics

### CUSTOMER AND SUPPLIERS

- Reliable partner for quality line pipes and line pipe coatings for the oil, gas and water transportation and construction segments
- Supply of quality polyester cotton yarn to weaving and knitting units
- Income stream and strong partnerships with suppliers
- Supply of energy and steam to businesses including our own units
- Supply of quality steel billets for re-rolling/rebars
- Active investor in Pakistan

### SHAREHOLDERS

- Consistently deliver value
- Reasonable returns from well managed operations, through acquisitions and organic growth

### VALUE PROPOSITIONS

### EMPLOYEES

- Comprehensive compensation and benefit plans
- Employee development
- Innovate and grow
- Employee Engagement

### SOCIETY

- Contributing towards development through the supply of quality line pipes for energy and water infrastructure projects, billets for construction materials
- Contributing to an educated and skilled Pakistan
- Supporting healthcare access
- Advocating for environmental protection, conservation and climate action

## Capitals Engaged

## Impacts and Outcomes

### Financial Capital

- Delivering sustainable returns
- 10 Year ROE: 4.9%
  - 6,055 million wealth distributed
  - Turnover: Rs. 9,111.6 million
  - Supplier payments: Rs. 5,831.2 million
  - Finance Costs: Rs. 497.4 million

### Manufactured Capital

Generating long-term returns through investments in plant, machinery and equipment to maintain and enhance capacity and quality of output

- Bare Pipes produced: 97,543 tonnes at capacity utilisation of 48.8% and 301.06 KM of quality line pipes delivered to customers
- Coating application: 583,542 sq meters at a capacity utilisation of 97.26%
- 1,515 units of various machinery and related fabrication

### Natural Capital

Protecting the environment through reduced impacts  
Our manufacturing operations produce air and other pollutants including waste which may lead to negative environmental impacts. Similarly, energy is consumed in the sourcing, manufacturing and delivery of goods

- we seek to reduce our impacts and have:
- Installed energy-efficient machinery and equipment
- Installed air pollution controls
- Reused 262.93 M litres of water
- Generated 81,823 GJ of own source power
- Planted 3,629 + trees and mangrove saplings
- Installed 584.2 KWH of solar power capacity

### Human Capital

17% female representation across our corporate offices

- Paid Rs 386.7 m in salaries and wages, 15% of PBT
- Provided 1,954 hours of training to enhance workforce skills
- A thriving culture for our people
- Generating value through skilled, motivated and well cared for employees; ensuring fair labor practices
- A safe working environment and conducive human resource management and compensation policies.
- Investing in targeted training and development for technical and management personnel

### Social and Relationship Capital

- Creating value for the communities we operate in through investments in education, health and the environment
- Spent Rs 102.8 m in donations to causes we support
  - 23,500 ml blood donated
  - 2,327 hours of volunteering time contributed by employees
  - 21 community partners engaged during the year
  - Continued to support an educated Pakistan by supporting 2,643 TCF students and providing 19 higher education scholarships for TCF grads and children of our employees.
  - 1,805 people vaccinated against Hepatitis

Maintaining positive and productive relationships with employees, suppliers, shareholders and other stakeholders

- Employee Satisfaction Score: 3.78
- Customer Satisfaction Score: 92.5%
- Key Suppliers Evaluated: 100%

### Intellectual Capital

Investments in innovative systems and resources; ensuring effective resource allocation i.e. placing the right roles by leveraging management systems and corporate culture

=	▲	▲	▼	▲	▲	▲	▲	▲			
	Operating profit before finance costs	–	Finance costs	+	Share of profit in equity accounted investees – net of taxation	=	Profit before taxation	–	Taxation	=	Profit for the year
	454% to PKR 2.48bn		36% to PKR 0.50bn		–32% to PKR 0.42bn		243% to PKR 2.40bn		944% to PKR –1.13bn		115% to PKR 1.27bn



# OUR BUSINESSES

The success and growth of our business benefits all along the value chain: the government, our suppliers, our customers, their customers, service providers, utilities, infrastructure owners, investors, and more.

Incorporated in 1983 as a steel line pipe manufacturer, Crescent Steel has grown into a diversified conglomerate, listed on the Pakistan Stock Exchange, with business units across four key sectors: engineering, textiles, capital markets, and power. Our operations are spread across six campuses in Sindh and Punjab, with headquarters in Karachi and a liaison office in Lahore.

## STEEL DIVISION

The Steel Division operates three plants across two campuses, a Pipe Manufacturing and Coating Plant in Nooriabad, Sindh and, a Machinery Fabrication Plant (Shakarganj Engineering) in Dalowal, Punjab. The pipe plant operates two Spiral Pipe (SP) production lines, specializing in large-diameter spiral submerged arc welded steel line pipes. The Coating Plant applies flow-efficient and anti-corrosion, external and internal pipe coatings on steel line pipes. The unit is also capable of applying weight coatings. Shakarganj Engineering fabricates machinery and equipment for the Sugar, Cement, Power and Engineering industries, including our own manufacturing units.

## Line Pipe Manufacturing

The Spiral Pipe (SP) Plant has the capability of manufacturing high-quality steel pipes in the diameter range of 8 inches –120 inches (219 mm – 3,048 mm) with wall thickness up to 25 mm and material grades up to API 5L X-100. The unit's pipe production capacity is 200,000 MT per annum.

The notional annual capacity for production based on a single shift of eight hours is 66,700 MT of bare pipe per annum. Both SP lines are capable of operating for 24 hours at an annual plant capacity of 200,000 MT per annum. The notional pipe size is taken as a diameter size of 30 inches with 1/2 inch thickness for SP-1600 and a diameter of 40 inches with 5/8 inch thickness for SP-2003.

The actual production achieved during the year was 59,453.3MT (FY23: 42,888 MT) of line pipes in varied sizes and thicknesses, in 786 extended shifts i.e. total production of 6,288 hours. Actual production is equivalent to 97,542.9MT [FY23: 68,095 MT] when translated to the notional pipe sizes or a capacity utilization of 48.8% on a notional basis. In the manufacturing process Hot-rolled coils (HRC) are processed and converted into Submerged Arc Welded Helical Seam Line Pipes. If required, internal and/or external coatings of high-density polyethylene are applied and line pipes are supplied primarily to public utility companies for use in the national oil and gas transmission network and, to other customers.

## SUPPLY CHAIN BARE LINE PIPES



HR Coils and consumables are imported from steel manufacturers and inspected for specs and quality parameters.



Crescent Steel procures and processes HR Coils that pass quality testing, to manufacture steel line pipes



Bare steel line pipes are tested for quality and are either dispatched to customers or processed for coating.



Steel line pipes are primarily used in transmission pipelines in the oil, gas, and water sectors. These line pipes are also used in construction, usually as piles at ports and jetties.



## Line Pipe Coatings

Crescent Steel is one of the first in the country to introduce anti-corrosion and flow efficiency internal and external pipe coatings with a state-of-the-art external coating line in 1992.

External coatings include Multi-Layer Polyolefin and Polypropylene Coating, Single layer Fusion Bonded Epoxy Coating, Tape Coating, and Liquid Epoxy Coating while internal coatings include Anti-Corrosion Epoxy Coatings, Flow Efficiency Coating (FEC) and Cement Lining.

We carry the capability to coat steel line pipes ranging from 4 inches – 84 inches (114 mm – 2,134 mm), tape coatings on pipe diameters above 60 inches (1,524 mm) and internal epoxy coatings on diameters ranging from 8 inches – 60 inches (219 mm – 1,524 mm).

The annual notional capacity of the plant works out to 600,000 square meters based on 14-inch diameter pipes operating single ten-hour shifts. We coated 230,275 meters [FY23: 51,795 meters] of pipes in varying sizes. 553,906 (583,906 notional) square meters surface area [FY23: 305,098 square meters surface area] was achieved during the year over 2,907 hours of production, translating into a capacity utilisation of 97.3%.

## ENGINEERING UNIT

The Engineering Unit established in 2005 and located in Dalowal, Punjab was acquired by Crescent Steel in 2009.

The workshop fabricates machinery and spare parts on design specifications it owns, or as provided by the customers, for various local industries especially in the food and cement sectors. The raw material, mainly metal sheets, is procured and converted into industrial equipment.

This unit was leveraged in the commissioning of our steel melting, billet manufacturing unit, and supplied key infrastructure and equipment to the plant including the fabricated components of the continuous casting



The engineering unit workshop fabricates and mills industrial machinery and equipment as per design specifications

## Supply Chain Internal and External Pipe Coatings



Crescent Steel receives bare pipes from clients/Crescent Steel's line pipe manufacturing unit.

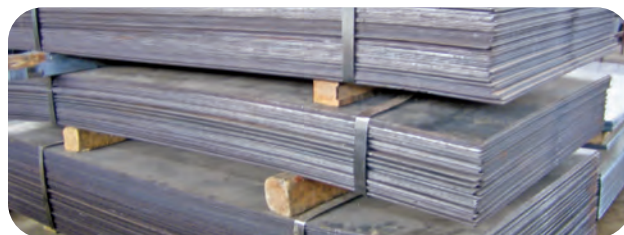


External and/or internal coating is applied to bare pipes and pipes are tested for quality.



Coated pipes help improve flow efficiency, reduce material and energy use, enhance durability, and help manage future costs better.

## Supply Chain Industrial Equipment



Metal sheets and other raw material is procured



Fabricated equipment is used by customers in the sugar, cement, and other industries.



machine, overhead cranes, vibro-feeders, and furnace hoods. Most recently, the unit has fabricated and supplied key components to our line pipe coating and manufacturing units enabling us to augment capacity

for higher diameter sizes. The following table shows the product range of our engineering unit:

Cane Shredders	Juice Heaters, Vapour Juice Heaters	Centrifugal Machines
Batch and Continuous Vacuum Pans	Crystallizer "U" shape & Vertical	Hydraulic Tilting Trolleys for Cane Harvesting
Stainless Steel Spray Clusters for Spray Pond	Stainless Steel Deep Bed Filters	High-Pressure Boilers
Perforated Plates and Vibro Screens for Paper Plants	High Voltage Transformer Tanks	Fabrication and Erection of Steel Structure of Hood Duct Line with Chimney for Air Pollution Control
Fabrication and Erection of Steel Structure of Hood Duct Line with Chimney for Air Pollution Control	Fabrication and Erection of Steel Structure of Continuous Casting Machine with Ladle and Tundish	Fabrication of Furnaces for Pipe Coating Plants Diabolo Rollers with structure for Pipe Plant.
Compact Imported Type Vibratory Scrap Feeders for Steel Plants	Fabrication and Erection of Steel Furnace with Structure and Chimney having 275 Feet Height for Glass Factory.	Evaporators with Stainless Steel Multi jet Condensers

## CRESCENT HADEED DIVISION – BILLET MANUFACTURING UNIT

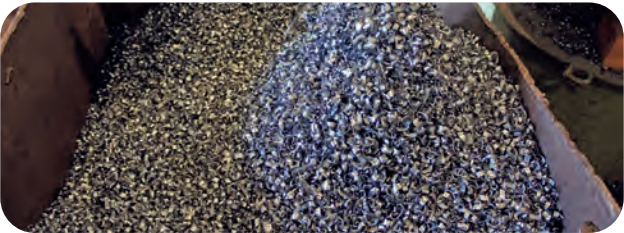
The unit manufactures G-40 and G-60 steel billets in ASTM 615 standards specifications, through a steel induction melting and continuous casting process.

Re-rolling mills use our billets to manufacture reinforced steel bars, angles, channels, sections, and other steel products for use in the construction and engineering sectors. The unit was set up with the mission to provide high-quality, sustainable steel construction materials for national infrastructure development requirements.

The plant operates in two shifts of 12 hours each with an annual production capacity of 85,000 MT in various widths and a standard length of 6 meters.

The unit remained in operative during FY 2024.

## Supply Chain Steel Long Products



Steel scrap and alloys are imported/procured locally for melting and processing



Secure reliable power sourced from CS Energy



Billets are produced through a steel melting and ladle refining process. These billets are sold to rerolling mills and converted to rebar





Re-rollers convert the billets into rebar and other long products.



Rebar/long, products are used in the construction of buildings, dams, bridges, housing, and other infrastructure development projects.

## CRESCENT COTTON PRODUCTS

Crescent Cotton Products, acquired in 2000, is the textile division of the Company, located in Jaranwala, Punjab. The unit is registered with the Ministry of Textile Industry Pakistan and is a member of the All Pakistan Textile Mills Association (APTMA).

Specializing in producing high-quality cotton/synthetic and blended carded yarn equipped with Slub, Siro and Compact attachments CCP operates 19,680 spindles and has a production capacity of 385 bags per day.

The unit is equipped with modern high-tech European and Japanese machinery ensuring high-quality yarn processing, in counts from 10s to 31s.

The plant capacity converted to 20s count polyester cotton yarn based on three 8-hour shifts per day, for 1,092 shifts is 9,197,007 kilogram.

The Supply chain for cotton apparel is complex. Farmers grow and harvest cotton. Raw cotton is sold by farmers to the ginning industry where cotton lint is separated from seeds and trash. Ginned Cotton is sold through agents in the local and international markets to spinning mills. We obtain cotton lint in bulk from cotton agents and convert it to yarn based on global standards and purchase synthetic polyester staple fibre (PSF) from local and foreign producers. The fibre is produced through a continuous polymerization process and is available in different cut lengths from 32 mm to 51 mm, procured as per requirements. Viscose is imported from different countries including Indonesia, China, and India or purchased from local producers and stockists.

The yarn we produce at Crescent Cotton Products is sold to fabric Manufacturers who weave or knit the yarn into the fabric and sell it for further processing to garment manufacturers. The unit remained inoperative during FY24.

## Supply Chain Cotton Yarn



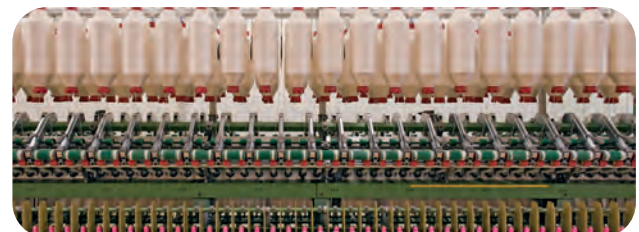
Farmers grow and harvest cotton crop. Raw cotton balls are picked and sold to ginners



Ginners separate lint from seeds and other materials



Middle market of lint cotton (agents / intermediaries)



Crescent Cotton Products procures cotton and synthetic fiber from local agents/manufacturers and international suppliers. The cotton and synthetic fiber is mixed and spun into various counts





Yarn is sold to weaving and knitting units that convert yarn into fabric



Fabric is dyed or printed for finishing



Crescent Cotton Products purchases fabric for onward exports to garment manufacturers



Garment manufacturers design and manufacture the fabric into finished product



Retailers / whole sellers sell garments



Consumers use final product



## CS ENERGY – ENERGY DIVISION

The primary function of this unit is to generate and supply electricity for own source consumption and to customers and distribution companies, as permitted. Initially equipped with a 15 MW co-generation, thermal generation power plant at Bhone, Punjab, the unit commenced commercial operations in December 2014. The unit also employs a 16.5 MW condensing and extraction turbine to process steam during off-season periods to ensure uninterrupted supply to our billet-manufacturing unit throughout the year. The thermal co-gen plant uses bagasse in the combustion process to produce power and process steam. Bagasse, a by-product of sugar cane processing, is an alternate and renewable source of power. CS Energy purchases bagasse and uses it as a fuel to generate electricity and steam. The condensing turbine processes surplus steam to generate energy.

The primary function of the unit is to produce, distribute, sell, and supply electricity to the billet manufacturing unit and to Shakargang Limited. The unit remained inoperative during FY24.



Sugar mills procure and process sugarcane



Bagasse is produced as a by-product



CS Energy buys bagasse and produces electricity and steam

### Supply Chain Energy



Sugarcane grown and harvested by local farmers



Steam is supplied to Shakarganj and power is supplied to Crescent Hadeed, Shakarganj, and FESCO

## SOLAR ENERGY INVESTMENTS

Solution de Energy is a wholly owned subsidiary of Crescent Steel.

The principal activity of the Company is to build, own, operate and maintain a 100MW solar power project in Solar Power Park, being established by the Government of Punjab in the Cholistan desert.

The project aims to generate, accumulate, distribute, sell and supply electricity/power to Pakistan Electric Power Company (PEPCO) / Distribution Companies (DISCOS) under the agreement with the Government of Pakistan or to any other consumer as permitted.

The Company has been granted an electricity generation license from National Electric Power Regulatory Authority (NEPRA) for its 100MW Solar Power Plant.



# APPROACH TO MATERIALITY AND MATERIAL MATTERS

## METHODOLOGY

We review our materiality assessment every year alongside our business strategy review, to refresh sustainability-related risks and opportunities and to determine our material sustainability focus areas.

Our materiality process considers Crescent Steel's actual and potential impacts on the economy, environment and people. We also consider the potential impacts on our business and operations. We draw on stakeholder engagement events and surveys, and internal assessments. Key to the materiality process is taking into account the views of Crescent Steel stakeholders, such as investors, lenders, customers and employees, local communities, government, non-governmental organizations, and suppliers.

We engage with our stakeholders in various ways throughout the year to listen, learn from and respond to their needs and expectations. We summarize our stakeholder engagement for FY24 on page 107.

This engagement informs the materiality process. We survey key stakeholder groups each year, including employees, investors and customers and align the feedback to rank the list of material topics. We have plans to refine our assessment and reporting in this area going forward.

Our list of material sustainability focus areas is reviewed by our risk team and senior management and provides the basis for the content of this report. Information on our overarching sustainability approach and processes is available in the respective sections of this report: Economic Performance, Natural Capital, Human Capital, Occupational Health and Safety, Product Stewardship, Supply Chain and Material Consumption.

We use the Global Reporting Initiative (GRI) Universal Standards 2021 framework to inform our definition of sustainability and materiality and to identify issues material to our business. We welcome the introduction of ESG governance recommendations through the Securities and Exchange Commission of Pakistan and are preparing to cover this through the Board's Governance and Nomination Committee.

We also plan to seek professional consultation on relevant IFRS standards and other sustainability reporting frameworks. The plan is to incorporate these to our reporting suite from FY26. In the meantime, we continue to report without climate-related financial disclosures, in our FY24 financial statements

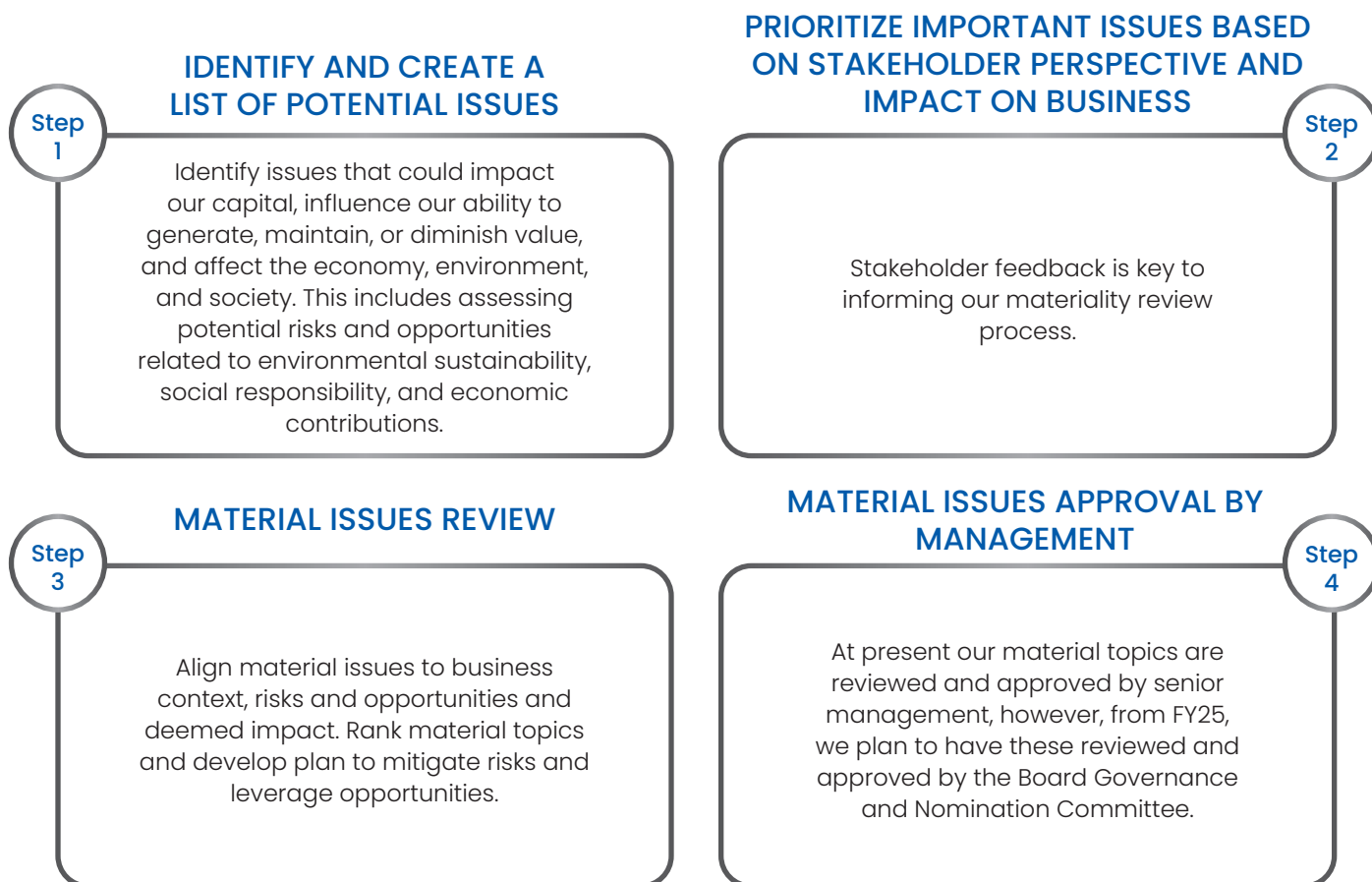
We rank the list of sustainability issues which have been derived in terms of relevance and significance to Crescent Steel and its stakeholder groups (ranking for stakeholder groups is based on management's best estimates and is informed by stakeholder engagement activities, both formal and informal), assess Crescent Steel's performance and strategy plan on these issues and, estimate the impact of non-performance in these areas.

As a Company operating multiple business units across four distinct sectors, impact is financially linked to Company sales. Consolidated scores on each aspect form a materiality matrix. The matrix provides an initial understanding of issues of primary importance today and those that Crescent Steel considers an opportunity and a responsibility in the future.

## MATERIALITY IDENTIFICATION PROCESS

Our value creation strategy aims to benefit all stakeholders by promptly identifying and prioritizing risks and opportunities, while defining a clear approach to managing our contributions and impacts.





## REVIEW AND IDENTIFICATION

We last reviewed our materiality assessment formally in FY24 alongside our business strategy review; the exercise evaluates changing economic, environmental, and social impacts to new business risks and stakeholder expectations.

We have prioritized the following material sustainability issues for 2025–2027.





# MATERIAL FOCUS AREAS 2025–2027

Area	Material Topics	Material Issue	Impact	Indicators
Economic	Economic Performance	<ul style="list-style-type: none"> <li>- Revenue generation through sales</li> <li>- Profit protection</li> <li>- Distribution of wealth</li> <li>- Economic value creation</li> </ul>	<ul style="list-style-type: none"> <li>- Contribution to national exchequer</li> <li>- Shareholder returns</li> <li>- Import Substitution</li> <li>- Infrastructure Development</li> <li>- Employment and benefits</li> <li>- Charitable contributions</li> </ul>	<ul style="list-style-type: none"> <li>- Economic value generated and distributed</li> </ul>
	Sustainable Value Chain	<ul style="list-style-type: none"> <li>- Reliable and competitive value chains</li> <li>- Capacity of local suppliers</li> <li>- Meeting customer needs and entering new markets</li> <li>- Customer Experience</li> <li>- Quality</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthens local suppliers which in turn narrows lead times</li> <li>- Expands supplier capacity</li> <li>- Enhances local economic growth and resilience</li> <li>- Market development</li> </ul>	<ul style="list-style-type: none"> <li>- % of local suppliers</li> <li>- No. of supplier audits/evaluations</li> <li>- Value addition/ Import Substitution</li> <li>- Customer Satisfaction Index</li> <li>- Rejection rates</li> </ul>
	Local Communities	<ul style="list-style-type: none"> <li>- inclusive growth and development</li> <li>- Promote a culture that rewards merit and encourages academic and personal effort</li> <li>- access to education for Pakistani students</li> <li>- Innovation / tech value addition</li> </ul>	<ul style="list-style-type: none"> <li>- Education support programs and contributions</li> <li>- Volunteer activities</li> <li>- Contribution to sports and the arts</li> </ul>	<ul style="list-style-type: none"> <li>- No. of students benefiting from education support</li> <li>- Blood Donations</li> <li>- No. of awareness programs</li> <li>- No of tertiary scholars</li> </ul>
Environmental	Climate Change	<ul style="list-style-type: none"> <li>- Energy consumption/Energy efficiency</li> <li>- Emissions</li> <li>- Monitoring and Reporting</li> </ul>	<ul style="list-style-type: none"> <li>- Emissions intensity over the years</li> <li>- Energy efficiency at our operations and the use of renewable energy sources</li> <li>- Reporting practices</li> </ul>	<ul style="list-style-type: none"> <li>- CO2 emissions intensity</li> <li>- Energy intensity</li> <li>- % of renewables use</li> <li>- Investments in energy efficiency</li> </ul>
	Water	<ul style="list-style-type: none"> <li>- Water management practices</li> </ul>	<ul style="list-style-type: none"> <li>- Reuse and recycling</li> <li>- Proper treatment and disposal</li> </ul>	<ul style="list-style-type: none"> <li>- % of water reused in manufacturing process</li> <li>- Water withdrawal</li> <li>- % of water treated before discharge</li> </ul>
	Consumption	<ul style="list-style-type: none"> <li>- Materials consumed and reused</li> </ul>	<ul style="list-style-type: none"> <li>- Recycling rates at our facilities</li> <li>- Material efficiency</li> <li>- Waste/Treatment and disposal</li> </ul>	<ul style="list-style-type: none"> <li>- Steel sold for reuse</li> <li>- Material efficiency</li> </ul>
People	Health and Safety	<ul style="list-style-type: none"> <li>- Safety culture</li> <li>- Working environment</li> <li>- Reporting practices</li> <li>- Standards benchmarking/ compliance</li> </ul>	<ul style="list-style-type: none"> <li>- Workplace injuries and fatalities</li> </ul>	<ul style="list-style-type: none"> <li>- Injury rates</li> <li>- Audit performance</li> <li>- No. of drills/post drill evaluation</li> <li>- No. of incident reports</li> </ul>
	Ethical and Transparent Operations	<ul style="list-style-type: none"> <li>- transparency and integrity</li> <li>- ethical behavior</li> <li>- compliance with the law</li> </ul>	<ul style="list-style-type: none"> <li>- Board oversight</li> <li>- Code of Conduct and Ethics</li> <li>- Risk Committee</li> </ul>	<ul style="list-style-type: none"> <li>- No of meetings</li> <li>- Availability of risk register and materiality assessment</li> </ul>
	Culture of Excellence	<ul style="list-style-type: none"> <li>- Career development</li> <li>- Diversity and inclusion</li> <li>- Analytics</li> <li>- AI knowledge/Tech skills</li> <li>- Training and development</li> <li>- Strategic alignment</li> </ul>	<ul style="list-style-type: none"> <li>- Identification of Hi-Potentials</li> <li>- Succession readiness</li> <li>- Quality</li> </ul>	<ul style="list-style-type: none"> <li>- Ability to replace key positions</li> <li>- Hi-Po retention</li> <li>- Average age of managers</li> <li>- Investment in people</li> </ul>



# CORPORATE STRATEGY

Each year, the Company's Business Strategy Committee reviews and updates the rolling Corporate Strategic Plan in line with significant changes in the business and operating environment. This ensures that our core strategic direction remains relevant and updated.

As part of our planned annual business strategy reviews, we reviewed the corporate strategy FY2025 – FY2027 to new business and environmental challenges. Overall, the economic conditions, although improved, remain challenging in the short-term but do not necessitate any radical change to our long-term business targets or corporate strategy which remains centered on growth in the engineering sector. The core business targets remain unchanged.



**Agility**



**Creativity**



**Tenacity**

Our theme, **ACT-H3**—Agility, Creativity, Tenacity through Head, Hands, and Heart—continues to guide how we work, emphasizing innovation and a people-centered approach.

We have conviction that the engineering sector will drive growth in Pakistan in the medium-long term horizon – with low per capita steel consumption and given the population dynamics, there is a massive space for growth. Our strategic focus therefore, is to develop a robust, high impact engineering sector portfolio, to strengthen our position in Pakistan's engineering sector, and to maintain our position as a leading steel line pipe producer for the Pakistan market.

In cascading our strategic objectives across the organization, we have formulated strategic perspectives for different time frames, to aid us in developing strategic actions across various functions of the organization, and to monitor outcomes. The basis of these is our purpose. Supported by our vision, mission, and guided by our Core Values, we steer the Company with a medium-term strategy, focused on the following priorities:

- Improving returns and delivering sustainable growth.
- Delivering growth by strengthening existing, and adding to, our product offerings, while remaining focused on investing in high impact/sectors offering high returns.
- A strong, high performance corporate culture.
- Increasing efficiency and adaptability.
- Exploring the role of generative AI and technological advancements
- Prudent capital and liquidity management.
- A resilient corporate structure to withstand periods of inactivity in core businesses.

The operational objectives of our strategy, which are based on four perspectives, are a balanced product offering, strong corporate structure, technology leadership, skills adequacy, a leading position in the market segments relevant to us, agility, customer focus and community care.

To advance our objectives, we plan to pursue the following business strategies:

- Enhance leading position in Pakistan line pipe market and provide value added solutions to help deliver growth in LNG and natural gas transmission upcountry.
- Support the national security objective of delivering a sustainable national water transmission / management network.
- Work to develop innovative construction practices locally; create a market for piling solutions.
- Develop demand and facilities for internal flow efficiency and anti-corrosion coating business.
- Leverage technical expertise and know how to provide pipeline services, solutions and consultancy.
- Target opportunities for participating in regional pipeline projects.
- Review our asset base for asset optimization strategies at our disposal in the immediate term.
- Develop strong social and relationship capital and provide meaningful inputs to regulators, legislators, policy makers, shareholders, customers, government bodies such as the Engineering Development Board and, more.
- Manage our impacts on the community and environment, remain invested in a stronger Pakistan through high impact community investments, strong governance, and good business practices.
- Reducing our energy dependence by investing in renewable energy systems.
- Enable our customers in offering better value and improving their positioning with their own customers.
- Engage employees in corporate responsibility for collective action.
- Encouraging innovation and strengthening communication.
- Utilize generative artificial intelligence for business and process innovations.
- Aligning our people to live with our Core Values and guiding principles.
- Strengthen and develop a future leadership pipeline through investment at the middle management level.
- Reporting to management by each Business Unit on sustainability factors and KPIs.

**FULFILLMENT**  
(SHORT TERM – CONTINUOUS)  
Practices for delivering on current sustainability commitments.

**NURTURING  
COMMITMENT**

**OUTLINING THE  
PLAN**

**FORMAL**  
Practices that establish rules and procedures

**INFORMAL**  
Practices that affect value and behaviors

**DRIVING  
FOR  
TRANSFORMATION**

**INTEGRATING  
CAPACITY TO  
TRANSFORM**

**INNOVATION  
(LONG TERM)**  
Practices that move the company further along the path to sustainability by doing things differently or better



Objective	Timeline	Rating	Strategy	
<b>Enhance shareholders' value and offer consistent, competitive returns, by delivering sustainable growth.</b>	<b>Long term</b>	<b>High</b>	<ul style="list-style-type: none"> <li>- Maximize revenues by supplementing product portfolios and pursuing new markets development.</li> <li>- Cost and quality leadership.</li> <li>- Enhance market share.</li> <li>- Effective Supply Chain management.</li> <li>- Strengthen stakeholder engagement.</li> <li>- Deliver a leading customer /business partner experience.</li> </ul>	
<b>Build and maintain a strong corporate structure to withstand periods of inactivity in core businesses and to effectively manage business risks.</b>	<b>Long term</b>	<b>High</b>	<ul style="list-style-type: none"> <li>- Develop strong relationship capital and provide meaningful inputs to regulators, legislators, policy makers, shareholders, customers, government bodies.</li> <li>- Growing responsibly through acquisitions and organic growth in engineering, energy, real estate, and food sectors</li> <li>- Moderate risk exposure and strong, regularly monitored controls.</li> <li>- Remain invested in blue chip Pakistan corporates through capital market investments for capital appreciation and dividend yields</li> </ul>	
<b>Build operational agility, be responsive to changing business environment and customer needs.</b>	<b>Short to Medium term</b>	<b>High</b>	<ul style="list-style-type: none"> <li>- Foster a culture of collaboration, learning and creativity.</li> <li>- Secure competitive advantage through professional procurement structures</li> <li>- Expand in the steel long products segment / secondary steel markets.</li> <li>- Leverage technical / engineering expertise to provide pipeline services, solutions and consultancy and develop market for construction/piling and line pipe coatings.</li> <li>- Leveraging information systems for decision support and connectivity across locations and hybrid work environments</li> <li>- Target opportunities for participating in regional pipeline projects.</li> <li>- Disciplined liquidity management</li> <li>- Embrace a decentralized and digital future</li> </ul>	



	Resource Allocation Plan	Key Performance Indicators (KPI)	Status / Actual Results
	All forms of Capitals	<ul style="list-style-type: none"> <li>- Earnings per Share</li> <li>- Dividend per share</li> <li>- Return on Equity</li> <li>- Net Margins</li> <li>- Market price per share</li> <li>- Book value per share</li> </ul>	<ul style="list-style-type: none"> <li>- 5 years average: <ul style="list-style-type: none"> <li>• Earnings per share Rs. 6.4</li> <li>• Dividend per share Rs. 1.1</li> <li>• Return on Equity 7.1%</li> </ul> </li> <li>- Net margin of 17.6%</li> <li>- Market price per share Rs. 54.0</li> <li>- Book value per share Rs. 99.4</li> <li>- Stakeholder engagement sessions</li> <li>- Development of new/alternative suppliers for main imported raw materials</li> <li>- Customer engagement by regular customer meetings, customer visits, and technical advice to further strengthen business relationships.</li> </ul>
	Human Capital Financial Capital Manufactured Capital Social & Relationship Capital	<ul style="list-style-type: none"> <li>- Diversified streams of revenue</li> <li>- Enhancing focus on unit level performance</li> <li>- Ease of access to capital and effective fiscal management</li> <li>- Regulatory compliance, strong monitoring, and controls through independent audit functions</li> <li>- Imposition of any fines or penalties</li> </ul>	<ul style="list-style-type: none"> <li>- Diversified revenue wallets and focused division level accounting</li> <li>- Achieved new synergies by diversification within Company.</li> <li>- Variance Analysis and Budgetary Controls</li> <li>- Independent Internal Audit system and monitoring of controls at divisional levels.</li> <li>- 5-year average gearing ratio 22.2%</li> <li>- There were no non-compliances reported by any Government body or institution during the year.</li> </ul>
	All forms of Capitals	<ul style="list-style-type: none"> <li>- Relationships with business partners including investors, lenders, suppliers, customers and regulatory bodies.</li> <li>- Plant availability</li> <li>- Capacity utilization of plant and machinery</li> <li>- Customer Satisfaction Scores</li> </ul>	<ul style="list-style-type: none"> <li>- Make to order specialized products to meet customer needs.</li> <li>- With its high-class team and management support, Crescent Steel continues to maintain quality management certification under API Q1 and ISO 9001 and closed the audit with no non-compliance.</li> <li>- Plant availability (planned vs. actual) <ul style="list-style-type: none"> <li>• Steel division: 74.1%</li> <li>• CS Hadeed (Billet) division: Nil</li> <li>• Cotton division: Nil</li> <li>• CS Energy division: Nil</li> </ul> </li> <li>- Capacity Utilization <ul style="list-style-type: none"> <li>• Steel division: <ul style="list-style-type: none"> <li>• Pipe plant – 48.8%</li> <li>• Coating plant – 92.3%</li> </ul> </li> <li>• Hadeed (Billet) division: Nil</li> <li>• Cotton division: Nil</li> <li>• CS Energy division: Nil</li> </ul> </li> <li>- Customer Satisfaction Score: 92.5%</li> </ul>



Objective	Timeline	Rating	Strategy	
<b>To manage our impacts and to support local communities where we operate.</b>	<b>Long term</b>	<b>High</b>	<ul style="list-style-type: none"> <li>- Focused on workplace safety with a ZERO major accident/incident target.</li> <li>- Contribute towards an educated Pakistan.</li> <li>- Support employees seeking further education.</li> <li>- Sponsor education for the children of Employees</li> <li>- Emergency medical and affordable healthcare – emergency fund for employee hardship cases</li> <li>- Targeted investments towards prevention of endemic diseases – Hepatitis Free Pakistan</li> <li>- Environmental stewardship – minimize the environmental impact of our operations and advocate for environment protection</li> </ul>	
<b>Enhance skilled workforce and maintain highly ethical environment for employees.</b>	<b>Medium term</b>	<b>High</b>	<ul style="list-style-type: none"> <li>- Talent Reviews and targeted development plans for high potential resources</li> <li>- Identify and target to close on skill gaps.</li> <li>- Providing a performance culture and safe environment where people can learn and are assessed with fairness.</li> </ul>	
<b>Ensure health and safety of employees in workplaces.</b>	<b>Short to Medium term</b>	<b>High</b>	<ul style="list-style-type: none"> <li>- Deliver leading HSE practices by going beyond local environmental protection requirements and benchmark on global best practices and standards.</li> <li>- Build a strong culture of safety by regularly engaging staff at all levels in safe practices and wellbeing.</li> </ul>	



	Resource Allocation Plan	Key Performance Indicators (KPI)	Status / Actual Results
	Human Capital Financial Capital Social & Relationship Capital Manufactured Capital	<ul style="list-style-type: none"> <li>- 2- 5% of profit before tax allocated towards causes, we support.</li> <li>- Number of Crescent Scholars and their progress</li> <li>- Impact evaluations for discretionary giving</li> <li>- Endorsement and recognition from regulators and other authorities</li> </ul>	<ul style="list-style-type: none"> <li>- Distributed 3.7% of profits before tax in donations and community investments.</li> <li>- Ranked third in the category of donations by public limited companies as a percentage of profit before tax by the Pakistan Centre for Philanthropy (PCP) for the year 2018.</li> <li>- Our people have volunteered 2,327 hours (FY23: 1,831hours) to structured community programs throughout the year.</li> <li>- Supported nineteen students at universities in Pakistan including five under the Scholarship Plan for the Children of our Employees. Thirty-seven students have been supported in full or in part for tertiary programs.</li> <li>- Built 22 TCF schooling units (17 primary and 5 secondary school units) and continues to support fifteen schooling units (12 primary and three secondary school units).</li> </ul>
	Human Capital Social & Relationship Capital	<ul style="list-style-type: none"> <li>- Internal &amp; External Training</li> <li>- Education programs for employees</li> <li>- Employee turnover ratio</li> <li>- Employees Satisfaction Survey</li> </ul>	<ul style="list-style-type: none"> <li>- More than 60% of management staff at the Company was reviewed in the Organization Talent Review exercise to identify Hi-Potential people.</li> <li>- 240 employees have been trained for a total of 1,954 hours during the year.</li> <li>- Employees turnover ratio of 23.1%. High overall turnover is due to temporary shut down at the spinning unit alongside industry dynamics with seasonal hiring.</li> <li>- Employees' Satisfaction Index of 3.78/5</li> </ul>
	Human Capital Manufactured Capital Financial Capital Social & Relationship Capital	<ul style="list-style-type: none"> <li>- Number of accidents and injuries reported with a ZERO Accident, ZERO injury target.</li> <li>- Preventive Actions: Hazard Identification Reports</li> <li>- Breaches in HSE protocols</li> </ul>	<ul style="list-style-type: none"> <li>- The Company retained standards certification for ISO 45001 and ISO 14001</li> <li>- No major accidents occurred during the year at any of the Company's facilities.</li> </ul>



Resources	Resource Allocation Plans
<b>Financial Capital</b>	<ul style="list-style-type: none"> <li>Financial allocation strategy is driven by a steadfast commitment to maximizing returns through strategic investments in growth projects.</li> <li>Our approach prioritizes long-term sustainability, aligning with our vision to create enduring value for our stakeholders through prudent financial management and targeted resource allocation.</li> <li>Allocate capital for infrastructure development, including upgrading manufacturing facilities and implementing advanced technologies.</li> </ul>
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>Invest in talent acquisition and development programs to attract and retain skilled manpower.</li> <li>Our merit-based performance reviews ensure that excellence is rewarded, fostering a culture of continuous improvement and high achievement.</li> <li>Improve Talent Management and Succession Planning.</li> </ul>
<b>Manufactured Capital</b>	<ul style="list-style-type: none"> <li>Expand and upgrade manufacturing facilities to enhance production capacity and efficiency.</li> <li>Prioritize asset maintenance, recognizing its critical importance to our business operations and overall safety.</li> <li>Ensure the reliability and efficiency of our infrastructure, supporting our commitment to sustaining operational excellence.</li> </ul>
<b>Social and Relationship Capital</b>	<ul style="list-style-type: none"> <li>We approach CSR in four perspectives: our economic, legal, ethical, and philanthropic or discretionary responsibilities to our stakeholders.</li> <li>CSR policy allocates between 2% to 5% of our annual profits before tax towards donations for select social causes we support.</li> </ul>
<b>Intellectual Capital</b>	<ul style="list-style-type: none"> <li>Develop digital literacy and data management training programs.</li> <li>Utilize generative artificial intelligence for business and process innovations.</li> <li>Foster a culture of innovation, knowledge sharing, and collaboration to leverage the intellectual capital within Crescent Steel.</li> </ul>
<b>Natural Capital</b>	<ul style="list-style-type: none"> <li>A strong commitment to natural capital management is integral to our operations, emphasizing the importance of Health, Safety and Environment (HSE) practices.</li> <li>Reduce carbon footprint through green initiatives in line with sustainability objectives.</li> <li>Implement initiatives to reduce waste and improve energy efficiency in operations.</li> </ul>

The strategic objectives of the company are closely linked to its vision, mission and objectives as follows:

## VISION CONNECTION

These objectives are crafted to achieve the long-term vision of the Company, ensuring all actions contribute towards the future state the Company aspires to reach.

## MISSION ALIGNMENT

These objectives are designed to fulfill the Company's mission by focusing on core values and goals that define the Company's purpose and direction.

## OBJECTIVE INTEGRATION

These objectives are integrated with the Company's overall objectives after detailed analysis and consideration which includes numerous factors such as market conditions, economic affairs of local and international markets, prevailing industry norms, operations, available resources, financial capacity, liquidity, historical experiences and customer demand.



# KEY RESOURCES AND CAPABILITIES PROVIDING CSAPL SUSTAINABLE COMPETITIVE ADVANTAGE

Crescent Steel & Allied Products Limited (CSAPL) is a leading Pakistani steel manufacturing company. Following are some of the key resources and capabilities, which provide CSAPL sustainable competitive advantage:

**API Monogram Authorization:** CSAPL is country's only large diameter submerged arc welded helical seam (SAWH) steel pipe manufacturer having authorization from American Petroleum Institute (API) to apply API monogram on CSAPL's gas, oil and water line pipes.

**Diverse Product Range:** CSAPL offers a very wide range of diameters (from 8inches to 120inches); thicknesses (from 4mm to 25.4mm) and material grades (up to X100), that enables it to satisfy needs of almost all segments of steel line pipes consumers in Pakistan, not limited to gas, oil, water, piling, construction etc.

**Quality Assurance:** The company adheres to international quality standards API Q1, ISO 9001 and ISO 45001, ensuring high-grade products.

**State-of-the-Art Facilities:** CSAPL has modern manufacturing facilities, equipped with advanced technology.

**Experienced Management:** The company benefits from experienced leadership and a skilled workforce.

**Customer-Centric Approach:** The company prioritizes customer satisfaction through tailored solutions.

# EFFECTS OF KEY FACTORS ON COMPANY STRATEGY AND RESOURCE ALLOCATION

Key Factors	Effects on Company Strategy	Effects on Resource Allocation
Technological changes	<ul style="list-style-type: none"> <li><b>Innovation Focus</b> Continuous investment in research and development (R&amp;D) is essential to keep pace with rapid technological advancements and stay ahead of industry trends. Our priority is adopting and integrating emerging technologies to improve both our product offerings and operational efficiency.”.</li> <li><b>Digital Transformation</b> Our digital transformation strategy is driven by technological advancements, incorporating advanced data analytics, automation, and digital tools to enhance decision-making and streamline processes.</li> </ul>	<ul style="list-style-type: none"> <li><b>Capital Investment</b> We dedicate significant financial resources to technology upgrades, R&amp;D, and digital tools, including investments in advanced manufacturing technologies and IT infrastructure.</li> <li><b>Talent Acquisition</b> To foster technological advancements, we invest in recruiting skilled professionals who specialize in emerging technologies and digital tools.</li> <li><b>Training and Development:</b> We invest resources in upskilling our workforce on new technologies and systems to ensure effective implementation and utilization.</li> </ul>

Key Factors	Effects on Company Strategy	Effects on Resource Allocation
<b>Sustainability reporting and challenges</b>	<ul style="list-style-type: none"> <li>- <b>Enhanced Transparency</b> We have integrated sustainability objectives into our broader strategic framework.</li> <li>- <b>Regulatory Compliance:</b> Tackling sustainability challenges ensures compliance with evolving regulations and standards, shaping both our operational practices and product development strategies.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Investment in Sustainable Practices</b> We invest capital in implementing sustainable practices, including energy-efficient technologies, waste reduction initiatives, and green energy investments.</li> <li>- <b>Reporting</b> Resources are allocated to monitor performance, ensure compliance, and communicate our sustainability initiatives to stakeholders.</li> </ul>
<b>Initiatives Taken by the Company in promoting and enabling innovation</b>	<ul style="list-style-type: none"> <li>- <b>Innovation Leadership</b> Our commitment to innovation strengthens our competitive advantage and fuels strategic initiatives aimed at developing new products and enhancing existing ones. We cultivate a culture of creativity and continuous improvement.</li> <li>- <b>Strategic Partnerships</b> We collaborate with technology providers, research institutions, and industry experts to foster innovation and gain access to cutting-edge technologies.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>R&amp;D Funding</b> Innovation tends to allocate more resources towards R&amp;D, fostering a culture of continuous improvement and adaptability. This approach helps organizations stay competitive and responsive to market changes.</li> <li>- <b>Collaboration Investments</b> We engage in strategic partnerships and collaborations to leverage external expertise and resources that drive innovation.</li> <li>- <b>Talent and Infrastructure</b> Resources are dedicated to enhancing innovation capabilities, which includes hiring skilled personnel and developing infrastructure that supports creative processes and technology development.</li> </ul>



Key Factors	Effects on Company Strategy	Effects on Resource Allocation
<b>Resource shortages</b>	<ul style="list-style-type: none"> <li>- <b>Operational Adjustments:</b> Resource shortages, whether in raw materials or skilled labor, necessitate adjustments to our operational strategies. These adjustments may include diversifying suppliers, optimizing inventory management, or modifying production schedules.</li> <li>- <b>Cost Management:</b> Resource shortages affect our cost structures, prompting the implementation of cost-saving measures and efficiency enhancements to reduce financial impacts.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Supply Chain Management</b> <ul style="list-style-type: none"> <li>• Establish relationships with multiple suppliers to avoid dependency on a single source.</li> <li>• Maintain higher inventory levels of critical materials to buffer against shortages.</li> <li>• Use digital tools for better visibility and predictive analytics to anticipate and mitigate disruptions.</li> <li>• Work closely with suppliers to improve communication and coordination.</li> </ul> </li> <li>- <b>Skilled labour shortages</b> <ul style="list-style-type: none"> <li>• Invest in upskilling and reskilling current employees</li> <li>• Adapt recruiting practices to attract a diverse talent pool.</li> <li>• Implement technology to automate tasks and improve efficiency.</li> <li>• Focus on retaining existing talent through competitive benefits and a positive work environment</li> </ul> </li> <li>- <b>Efficiency Improvements</b> Funds and operational assets are allocated to process enhancements and technology upgrades to improve efficiency and lower resource usage.</li> </ul>

## RELATIONSHIP BETWEEN ENTITY'S RESULTS AND MANAGEMENT'S OBJECTIVES

Financial and non-financial results are the reflection of the achievement of management's objective which are placed strategically to increase the long-term wealth of each stakeholder. The said results are rigorously evaluated against the respective strategic objectives to confirm the achievement. The KPIs used will continue to be relevant in the future.

## SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PREVIOUS PERIOD

Based on dynamic business environment, strategic objectives and their implementation strategies are developed and executed professionally. There has been no material change in the Company's objective, strategies, and critical performance indicators from the previous year. Also, there are no significant plans for corporate restructuring, business expansion or discontinuance of operations.

# SWOT ANALYSIS

Our strengths, weaknesses, opportunities and threats to analyze and respond to them; and to set our strategic goals by exploiting our strengths and opportunities and mitigating our weaknesses and threats.



## STRENGTHS

- Relationship capital with all value chain partners – customers, suppliers, financial institutions, the community where we operate, etc.
- Resilience, reliability and integrity.
- Quality focused approach.
- Environment Social Governance – Brand Image / Equity.
- Strong balance sheet footing.
- Strong management systems provide for governance and transparency.
- Culture of ownership.



## WEAKNESSES

- Economies of scale
- Transitioning to digitization
- Limited value addition in product suite of cotton and billet segments.
- Choked access to debt capital on account of heavily skewed non funded exposures on past sales.
- Capacity utilization constraints – limited customer base and project-based sales.





## OPPORTUNITIES

- Expanded SD manufacturing capacity (Finish Line modifications) – water transmission projects.
- Pipeline construction, testing and ancillary works.
- High Density Polyethylene Pipes for Gas and Water distribution sectors.
- Export of pipe opportunities to other countries like GCC and EU.
- Developing markets for internal anti-corrosion and flow efficiency pipeline coatings.



## THREATS

- Increasing production costs (utility charges / exchange rate and taxation impacts).
- Eroding supplier trust due to domestic challenges in imports.
- Foreign competition in local API line pipe market.
- Reduction in cascading impact of customs duties between inputs and finished goods.

# CHALLENGES AND INITIATIVES

## CHALLENGES

On the domestic front, a range of challenges—including government dysfunction, extreme weather events, unprecedented inflation, growing food insecurity, high unemployment, and low industrial output—have heavily disrupted business operations and hindered productivity. Global dynamics including inflationary pressures in Europe, slower growth in China and a general slowdown in industrial growth, as well as lingering impacts of the COVID-19 pandemic (in terms of supply chain agility) have impacted the ability of businesses to plan and respond to evolving trends. This has been pronounced by the ongoing Russia-Ukraine conflict and geopolitical tensions, which are increasing across the globe. The conflict in the Middle East presents a significant risk to supply chains, especially for oil, which may result in commodity market volatility – the crisis may engulf a large part of the region; the Red Sea shipping lane is not available which is causing significant supply chain disruptions as well. Technology is rapidly evolving, and is making it difficult for businesses to compete globally as the costs and lead times of implementation are high. Despite these external pressures, which have affected our business to varying degrees, we have strengthened our performance in key areas and remain dedicated to our corporate strategy, with the goal of delivering long-term, sustainable value to our stakeholders.

## SUPPLY CHAIN

Global inflationary pressure and geopolitical challenges continue to impact supply chains; higher energy costs across Europe because of the continuing Russia-Ukraine conflict have triggered an increase in costs of importing consumables and spares/equipment as well as lead times. At the same time a decrease in demand for commodities such as iron and steel, cotton, and petrochemical products led to a steep and fast fall in commodity prices. This downward trend worked against businesses as the spread between input materials and finished goods pricing narrowed significantly.

These combined with domestic challenges including political uncertainty, devaluation of the Rupee, and regulations by the State Bank to restrict imports have significantly impacted supply chain resilience, specifically in terms of availability of supplies, both local and imported. Demand planning and forecasting challenges persisted due to uncertainty on procurement lead times as a direct consequence of import curbs. Our domestic suppliers were equally

affected by import curbs, currency devaluation and low demand and this led to increased pricing as well as significantly longer lead times.

## CURRENCY DEVALUATION AND FX VOLATILITY

The Company imports most of its inventory in the form of raw materials, consumables, and spares; therefore, we are exposed to fluctuations in foreign currencies. The economic challenges facing the country, including depleting foreign exchange reserves, soaring current account deficits, higher inflation and increasing interest rates all contributed towards the steep devaluation of Pak Rupee.

The Company's centralized treasury function closely monitors and manages exposure to foreign currency risk and uses various mechanisms, such as locking forward contracts, recommending transactions in other currencies (such as the Chinese Yuan for supplies from China) where possible. There are frequent cross functional assessments of the economic situation as well as forecasts on critical commodities, to enable informed decision making.

## TARIFF ANOMALIES AND TARIFF STRUCTURE CERTAINTY

Tariff rates typically increase with the degree of processing of a product and are meant to incentivize import substitution and discourage commercial imports that are draining foreign exchange.

Our line pipe unit competes for business against mostly foreign bidders, and excessive duties on critical raw materials and consumables impacts our ability to remain competitive; in order to ensure a level playing field and to develop the local engineering sector, it is necessary that tariffs are rationalized with cascading duties. While anomalies in the tariff structure of Hot Rolled Coils (HRC) and Steel Line Pipes have been rationalized, foreign suppliers with predatory pricing, export rebates and artificially depressed cost levels are able to price local line pipe manufacturers out of market. Therefore, countervailing duties and regulatory duties must be reviewed and imposed only on products that are manufactured in sufficient quantity locally; policies on import substitution should have a clear objective to support local value addition.







The absence of an import substitution policy or effective cascading tariff structures hinders investment and innovation. The tariff concessions available to importers of value-added steel products for projects under the Fifth Schedule of the Customs Act is concerning, as it favours imports of steel line pipes, steel billets and steel reinforced bars for various projects of national importance, at the expense of the domestic industry.

## IMPORT COMPRESSION REGULATIONS

To control the outflow of FX, the State Bank of Pakistan has restricted commercial banks from processing import transactions. In FY23 various policies were enacted to curb imports; cash margin restrictions, import priority protocols, prior approvals for imports of plant, machinery, equipment and spares, extreme and regressive scrutiny requirements for imports from select origins, and others. While most of these policies were phased out during the FY24, the SBP continued to curb imports through instructions to commercial banks and by setting arbitrary limits on the value of FX transactions a bank could process within a specified period. These unofficial and arbitrary measures have remained in place and operating letters of credit or advance payments for imports of critical materials remains a significant and serious challenge. Due to these curbs many European, North American and Japanese suppliers have refused to supply to Pakistan or demand advance payments, which are not possible. Many businesses, including our own, have suffered due to the absence of critical materials and equipment on account of these curbs. Furthermore, such policies have amplified black market transactions and smuggling; counter to the objective of these policies.

## REGIONAL COMPETITION

Regional players in the local line pipe industry, specifically Chinese manufacturers have a competitive edge and easily beat local prices on the back of export rebates and depressed input costs. Local manufacturers on the other hand face rising input costs in addition to the tariff anomalies mentioned above. Furthermore, evaluation frameworks and draconian procedures in public sector procurement are skewed to favour foreign bidders – local manufacturers are unable to compete effectively without significant erosion to margins.

## CAPITAL MANAGEMENT AND LIQUIDITY

The working capital and financing needs of the Company are managed through a robust treasury management system which ensures effective cash

flow management while safeguarding against any related risks. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

## CYCLICAL NATURE OF STEEL PIPE INDUSTRY

Cyclical nature in sales is a significant challenge particularly for large diameter pipe manufacturers. Given the reliance of large diameter pipe manufacturers on public sector and pipeline augmentation projects of gas utility companies. This was particularly felt as the order pipeline for line pipes dried up completely on the back of cuts in government spending and a review of the national energy infrastructure strategy. Additionally, domestic water infrastructure development projects and construction projects are highly price sensitive and have an opaque procurement process; it remains a challenge to penetrate these segments.

## SPINNING OPERATIONS

Higher input costs, especially raw material and energy have made it difficult to remain competitive with other export-oriented countries in the region. This is compounded by the additional advantage available to regional counterparts in the form of export rebates and other incentives. Lack of availability of quality raw cotton locally has increased reliance on imports and has increased our inventory management costs as well as financial exposure.

## HUMAN CAPITAL

With the serious cost of living crisis in Pakistan, attracting and retaining high performing talent has become a major challenge. The cost of human capital for the Company has increased by 29.3%, year on year due to unprecedented inflationary pressure during FY23 & first half of FY24, businesses across the country will have to continue to increase salaries and wages even as revenue stagnates, and margins erode. This is further compounded by people from all walks of life emigrating for better opportunities; over the past one and half year over 1.2 million Pakistanis emigrated for work.

## TECHNOLOGY

Rapidly evolving technology in composite materials have increased the viability of materials such as polyethylene and glass reinforced plastic as an



alternate to steel. As the strength of these materials have increased, and considering that they already offer a much longer service life, and a significantly easier and cheaper method of installation as pipelines, our customers have gradually begun to shift at least low pressure pipelines to such composite materials. Globally, especially in water pipeline networks, GRP and PE pipes are widely used; in gas distribution systems PE pipes are now the new norm domestically.

Manufacturing and information systems technology is changing even faster, and while Advanced Intelligence based equipment and processes provide higher efficiency and productivity, these solutions have excessive costs and high lead times, which makes implementation challenging, to remain competitive.

## INITIATIVES

Innovation, machinery optimization and process improvement initiatives are of great value to us at Crescent Steel. We remain persistent in our quest to increase efficiency and productivity by investing in technology to optimize and enhance our equipment, infrastructure and by updating our procedures and framework. We firmly believe that consistent and meaningful innovation leads to increased productivity, enhanced uptime, better quality products, good service, and environmental conservation.

## STEEL DIVISION

To meet customer demand for large diameter heavy wall thickness pipes, we have upgraded our manufacturing facilities with the latest technology, with an emphasis on employee training, to meet the product quality requirements as defined by the customer and the American Petroleum Institute (API). To cater to demand for large diameter line pipes, specifically for the Water transmission sector, we have upgraded our finishing and coating lines. Furthermore, to minimize energy costs, especially in idling periods, we have a grid-tied Solar Power System and plan to enhance our capacity to up to 1 mWh in FY25, to offset our energy costs and have planned capacity enhancements.

We leverage our long-standing relationships with leading suppliers to minimize disruptions at our facilities. Through dynamic sourcing and logistics strategies we strive to ensure quality and mitigate

costs wherever possible; we have a high reliance on Chinese supplies to take advantage of favorable Free Trade Agreement Tariffs, shorter lead times, and to manage foreign exchange exposure. We use our long-standing relationships with our key suppliers to gather credible data and leverage the best possible deals. We are proud of our relationship capital with our foreign and local suppliers; this enables us to buy at the right time, from the right place, at the right price.

We remain connected with relevant stakeholders, including the Engineering Development Board (EDB), the Ministry of Industries and Production, the Ministry of Petroleum and the Tariff anomaly committee to share our reservations and proposals on the need to introduce effective cascading duties and import substitution policies.

## COTTON DIVISION

We are investing in modern technology to meet the challenges of the future and enhancing spindle capacity to minimize the cost of production by lowering per spindle shift cost. In order to maximize our income we have rented out space within our facility that was not utilized by us, including warehouse space; we are also evaluating options for a high capacity solar power system with net metering, and opportunities in the value added textile sector.

## INFORMATION SYSTEMS

The function continues to provide up to 99% uptime for all critical systems and at the same time keep focused on business continuity and disaster management. We have introduced applications and platforms to enable remote working, streamline and upgrade our approvals mechanism, and to enhance the visibility of business intelligence, through programs such as Microsoft Teams, Adobe Sign and through the upgrade of our Enterprise Resource Management (ERP) system to the latest available on-site version. The manual process of Organizations Talent Review (OTR) which traditionally involved a lot of paperwork and precious work hours, is now digitalized and available on the app with a click of a button. Infrastructure robustness was also enhanced with improved network management and security measures. Sustainability Reporting continued to improve during the year. Retention of skilled resources remains a challenge and we expect this to persist. Mitigation of this threat is being managed through induction of new resources and continuous training programs.

# POST-IMPRESSIONISM

## 1886-1905

Paul Gauguin purposefully displayed his *„Père Paillard“* and its female companion piece, *Thérèse*, in front of his Polynesian home (which he named the House of Pleasure), so that islanders passing by could appreciate the two carved works. Their meaning was evident to everyone. From *„Père Paillard“* (Father Lechery or Debauchery) inscribed on its base, they recognized the local Catholic bishop, Monseigneur Martin, who entreated Gauguin to stop his liaisons with local women, while pursuing them himself (with *Thérèse* and others) despite his vows of celibacy.

### Paul Gauguin

Title: *Père Paillard*

Medium: painted miro wood

Source: <https://artsandculture.google.com/asset/p%C3%A8re-paillard-paul-gauguin/iwFGZCYjCGmcBw>





# RISK AND OPPORTUNITY REPORT

The Company's Board of Directors holds the responsibility for establishing and overseeing an effective risk management framework. The Board, supported by the Board Risk Management Committee, oversees the entire risk management process. They are also tasked with developing and monitoring the company's risk management policy, which defines the organization's risk tolerance and provides guidance on managing identified risks.

We believe that taking risks is essential for driving business growth, fostering innovation, and delivering value. Given the complexity and challenges of our operating environment, the Company is exposed to various internal and external risks that may impact our success and profitability. However, we approach risk with a clear understanding of our appetite and tolerance levels.

In making business decisions, we carefully evaluate the potential risks alongside the opportunities. By taking calculated risks, we aim to capitalize on opportunities that align with our long-term vision and support sustainable growth.

## RISK MANAGEMENT POLICY

CSAPL is committed to implement an organizational philosophy that ensures risk management is an integral part of corporate objectives, plans and management systems.

Compliance with legislative requirements underpin the risk management policy.

Risk management objectives are as follows:

- To ensure risk management is adopted throughout the Company as a prudent management practice.
- To ensure that all employees are made aware of the need to manage risk and to promote a

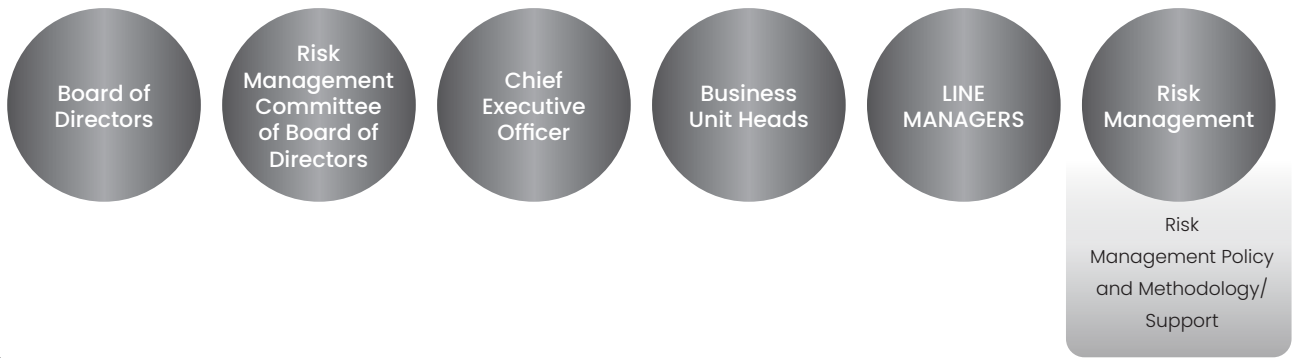
culture of participation in that process.

- To protect the Company from adverse incidents, to reduce its exposure to loss and to mitigate and control loss should it occur.
- To ensure the ongoing unimpeded capacity of the Company to fulfil its mission, perform its key functions, meet its objectives and serve its customers.
- To reduce the costs of risk to both the Company and its stakeholders.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

## RISK AND OPPORTUNITY FRAMEWORK

Crescent Steel's well-defined risk management framework establishes clear ownership of risks, evaluates their significance, and assesses the adequacy of controls implemented to mitigate them. This framework prioritizes risks that may impact the achievement of strategic, operational, financial, and compliance objectives based on their likelihood and potential impact, with appropriate remedial actions devised accordingly.

By promoting greater accountability, this framework enables the identification of opportunities and effective risk management at all levels of the organization.





## RISK AND OPPORTUNITY MANAGEMENT PROCESS

As part of our annual strategic planning cycle, we actively identify opportunities by analyzing internal and external factors that may positively or negatively influence business development. These factors can be social, economic, or environmental in nature. The core phase of our strategic planning typically occurs prior to the start of the new fiscal year, ensuring we are well-positioned to seize opportunities and address potential challenges.

## OPERATIONAL RISK IDENTIFICATION, MANAGEMENT, AND REPORTING: BOTTOM-UP APPROACH

### 1. Business Process Owners

Identifies risks, maintains risk registers, and devises mitigation plans. Prioritizes the implementation of action plans based on risk exposure.

### 2. Internal Audit

Provides assurance on the exposure of risks, assesses the adequacy of internal controls and provides recommendations for enhancing the level of controls needed to mitigate the risks.

### 3. Executive Management Team

Reviews the Company wide risks, assesses the extent of its exposure and finalizes the action plans for implementation.

### 4. Board Risk Management Committee (RMC)

Reviews the effectiveness of the ERM framework and assesses the significance of risks and their mitigation plans. Interim updates are provided to RMC on emerging/new risks and the implementation status of mitigation plans.

### 5. Board of Directors

Overall responsibility for overseeing the risk management processes.

## ROBUST ASSESSMENT OF PRINCIPAL RISKS

The Board of Directors have carried out a robust assessment of the principal risks faced by the Company, including those that would threaten the business model, future performance, solvency and liquidity. RMC oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Crescent Steel. The Audit Committee is assisted in its oversight role by the Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The Human Resource and Remuneration Committee focuses on risks in its area of oversight. This includes succession planning with a view to ensure availability of talented functionaries in each area of critical company operations as well as assessment of compensation programs to ensure that they do not escalate corporate risk.



Principal risks facing the business and mitigating strategies are covered separately in this report.

## MAJOR BUSINESS RISKS AND THEIR MITIGATION

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
<b>Macro-Economic Situation and Political Instability</b>			
<p>In recent years, a significant portion of our revenue has been driven by the Steel Division, primarily through the sale of line pipes to state-owned utilities. These companies award contracts through a tendering process. However, political instability and fiscal constraints can slow the progress of energy and water infrastructure projects, which may negatively impact our revenue growth.</p> <p><b>Assessment:</b> Likelihood: 4 out of 5 Magnitude: 4 out of 5 Impact: High Timeline: Short to Medium-term</p>	External /Strategic - Financial	<p>Financial Capital</p> <p>Manufactured Capital</p> <p>Social and Relationship Capital</p>	<p>The Company has established a strong and resilient corporate structure capable of absorbing external shocks, as evidenced in past years when revenues from the Steel Division were minimal.</p> <p>We continuously monitor the economic and legal implications of government policies and political developments on both the Company and the steel industry at large.</p> <p>In addition, our Investments Division offers a unique opportunity to hedge against potential downturns in core business areas by investing in high-performing sectors, providing a crucial liquidity buffer during challenging periods.</p>
<b>Currency Risk</b>			
<p>Exchange rate fluctuations or local currency devaluation may affect our financial results, primarily due to our reliance on imported raw materials.</p> <p><b>Assessment:</b> Likelihood: 4 out of 5 Magnitude: 5 out of 5 Impact: High Timeline: Short-term</p>	External /Financial	Financial Capital	<p>The Company imports a significant portion of its raw materials and, where feasible, secures forward cover on these imports. However, due to restrictions imposed by the State Bank of Pakistan (SBP), forward cover may not always be available, increasing the Company's exposure to currency fluctuations.</p> <p>The Company also regularly updates its pricing models to reflect changes in exchange rates.</p> <p>The Company's centralized treasury function closely monitors and manages the exposure to foreign currency risk.</p> <p>The Company uses various available means, including dollar-based bidding for international tenders.</p>



MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
<b>Interest Rate Risks</b>			
<p>A fluctuation in interest rates will affect the Company's cost and profitability.</p> <p><b>Assessment:</b> Likelihood: 3 out of 5 Magnitude: 4 out of 5 Impact: Medium Timeline: Short to Medium-term</p>	External / Financial	Financial Capital	<p>The company avails financing/place deposits at competitive rates from varying financial institutions. Also, borrowings/deposits are based on floating rates to minimize interest rate risks.</p>
<b>Raw Material Sourcing / Pricing</b>			
<p>As the majority of our core business is tendered for, there is a lag between bidding for the works and sourcing the required raw material for the order. The lack of locally available raw material exposes us to a 60 – 90 day raw material price risk as raw material sourcing is only secured once a tender has been awarded. In periods of high price volatility this exposure can lead to an erosion of margins or having to fulfill orders at losses.</p> <p><b>Assessment:</b> Likelihood: 4 out of 5 Magnitude: 5 out of 5 Impact: Medium to High Timeline: Short term</p>	External / Operational – Commercial / Financial	Financial Capital Manufactured Capital	<p>The Company regularly monitors major raw material price trends to stay informed of market fluctuations. We leverage our purchasing power and maintain long-term relationships with suppliers to secure raw materials, ensuring timely delivery under the best possible terms and minimizing the lag between order receipt and procurement.</p> <p>To mitigate the impact of higher landed costs, we actively evaluate various sourcing options and continuously expand our supplier base. This approach helps ensure uninterrupted procurement and reduces lead times.</p> <p>Additionally, the Company employs various strategies to minimize potential losses resulting from adverse price movements.</p>
<b>Policy Induced Import Restriction</b>			
<p>The majority of our raw materials are imported and with the import reduction measures by Government to manage foreign exchange reserves of the Country, we are exposed to risk of sourcing required raw materials for the orders and potential late delivery penalties.</p> <p><b>Assessment:</b> Likelihood: 4 out of 5 Magnitude: 5 out of 5 Impact: Medium to High Timeline: Short-term</p>	External / Operational – Commercial	Financial Capital Manufactured Capital	<p>We actively engage with the Ministry of Industries and Production, the State Bank of Pakistan, and the Engineering Development Board to express our concerns regarding business continuity challenges arising from policy-induced measures.</p> <p>To minimize our dependency on imports, the Company prioritizes local sourcing whenever feasible.</p> <p>Additionally, we explore available options for discussions with customers to mitigate late delivery penalties that may arise from situations beyond our control, including invoking force majeure clauses when applicable.</p>

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
<b>Dependence On Suppliers / Customers</b>			
<p>Failing to identify alternative suppliers for key raw materials poses a risk to our business operations, particularly in our core segments. Additionally, reliance on a limited number of customers, especially within the Steel Division, increases the potential for business interruptions and financial losses.</p> <p><b>Assessment:</b> Likelihood: 3 out of 5 Magnitude: 3 out of 5 Impact: Medium Timeline: Long-term</p>	Internal – External /Operational – Commercial	<p>Financial Capital</p> <p>Manufactured Capital</p> <p>Social and Relationship Capital</p>	<p>The Company actively seeks competitive suppliers for all its raw materials in both local and international markets. The Company constantly seeks to increase its customer base and product offering to maintain and grow its revenues.</p>
<b>Investment Risk</b>			
<p>Adverse stock market developments may affect the profitability and valuation of assets.</p> <p><b>Assessment:</b> Likelihood: 3 out of 5 Magnitude: 5 out of 5 Impact: High Timeline: Short to Medium-term</p>	External /Strategic –Financial	Financial Capital	<p>The Company has significant investments in marketable securities. To reduce this risk to an acceptably low level, it follows a diversified investment policy and actively manages its portfolio to match the required risk profiles.</p>
<b>Credit Risk</b>			
<p>Credit risk refers to the potential financial loss the Company may incur if a customer or counterparty to a financial instrument does not fulfill their contractual obligations. This risk primarily arises from trade receivables, bank balances, security deposits, accrued mark-up, and investments in debt securities.</p> <p><b>Assessment:</b> Likelihood: 2 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Medium to long-term</p>	Internal /Financial	Financial Capital	<p>To manage credit risk exposure related to trade receivables, management conducts credit assessments by evaluating the customer's financial position, past experience, and other relevant factors. Sales tenders and credit terms are approved by the tender approval committee. When deemed necessary, advance payments are required from certain customers, while sales to major clients are safeguarded through letters of credit.</p>



MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
<b>Health, Safety and Environment</b>			
<p>Risks related to health, safety and environment can adversely affect our operations. These can be associated with personal health and safety, product quality and safety and environmental efficiency. An unfavourable incident can have a major impact on our Company and communities and may cause reputational damage and business disruption.</p> <p><b>Assessment:</b> Likelihood: 2 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Long-term</p>	Internal – External / Reputational / Regulatory / Health and Safety	Human Capital  Social and Relationship Capital  Natural Capital	Our business operations are run in compliance with international Quality, Health, Safety and Environmental standards. Moreover, we consistently make efforts to minimize our environmental impact by energy conservation and other measures with community partners.
<b>Cost and Availability of Funds</b>			
<p>A depletion in the steady availability of funds, coupled with rising interest rates, can negatively impact liquidity and the Company's overall financial health. This risk is further intensified by assets and funds pledged to secure long-term Performance Bond Guarantees, which remain in effect for several years, thereby limiting access to available funds.</p> <p><b>Assessment:</b> Likelihood: 3 out of 5 Magnitude: 3 out of 5 Impact: Medium Timeline: Short term</p>	External / Financial	Financial Capital	<p>The Company continuously evaluates its financial (funded and non-funded) needs against its borrowing capacity. When financing requirements exceed this capacity, the Company explores alternative funding options, including engaging shareholders to support business and operational needs. A substantial portion of the Company's working capital is met through short-term financing.</p> <p>To mitigate these risks effectively, the Company has secured adequate financing facilities to cover its requirements. Additionally, the Company manages its held-for-trading investment portfolio to address working capital needs, if necessary. Borrowing is primarily based on floating rates to reduce the impact of interest rate volatility.</p>

MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
<b>Internal Controls</b>			
<p>In the absence of effective internal controls, the Company may be exposed to financial irregularities and resultant losses.</p> <p><b>Assessment:</b> Likelihood: 2 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Medium to long-term</p>	Internal / Financial - Compliance	Financial Capital  Social and Relationship Capital	<p>The Company has established a robust internal control system that is continuously monitored by the Internal Audit Function and other oversight procedures. Monitoring of these internal controls is an ongoing effort aimed at strengthening the system and implementing improvements. The controls in place address various areas, including asset protection, compliance with laws and regulations, and the accuracy and reliability of records and financial reporting.</p>
<b>Regulatory Compliance</b>			
<p>Non-compliance with laws and regulations may result in penalties, reputational damage and business interruptions.</p> <p><b>Assessment:</b> Likelihood: 2 out of 5 Magnitude: 3 out of 5 Impact: Medium Timeline: Long-term</p>	Internal /Reputational / Finance -Compliance	Financial Capital  Social and Relationship Capital	<p>The Company closely monitors changes in the regulatory environment and adapts to all significant changes in a timely manner to prevent any breach of law. External experts are also engaged for consultations.</p> <p>Apart from external compliance we put emphasis on compliance with our 'Code of Conduct' and 'Governing Principles' which are in line with best practices.</p>
<b>Increase in Competition Through Leveraging of Technological Changes</b>			
<p>Competitors may recognize and adopt significant technological advancements, enabling them to substitute products, enhance production efficiency, and reduce costs. If the company fails to implement similar advancements, it could struggle to remain competitive.</p> <p><b>Assessment:</b> Likelihood: 2 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Medium to long-term</p>	External /Strategic	Financial Capital  Intellectual Capital	<p>The Company's management prioritizes automation and technological advancements.</p> <p>Through corporate agility and strong market awareness, the Company stays informed about product trends, demand shifts, and advancements in manufacturing processes. This ensures the Company not only meets but strives to surpass the quality and service performance of its competitors. In addition, the Company continuously enhances its product and service offerings while expanding its capacity to meet increasing demands and address specific product requirements.</p> <p>Significant investments have been made in modernizing production facilities, leveraging the latest technologies to optimize costs and output.</p>



MAJOR BUSINESS RISKS	SOURCE / Type	CAPITAL AFFECTED	MITIGATING FACTORS / ACTIONS IN PLACE
<b>Retention of Employees in Critical Position</b>			
<p>Failure to attract and retain the right people may adversely affect the achievement of the Company's growth plans.</p> <p><b>Assessment:</b> Likelihood: 3 out of 5 Magnitude: 2 out of 5 Impact: Low Timeline: Medium to long-term</p>	Internal / Strategic	<p>Human Capital</p> <p>Financial Capital</p> <p>Social and Relationship Capital</p> <p>Intellectual Capital</p>	<p>The Company is dedicated to training and developing its intellectual capital, aiming to create meaningful opportunities that promote a thriving work environment and a high-performance culture.</p> <p>Additionally, the Company has implemented a formal succession planning process supported by competitive compensation packages.</p>
<p>Increased regulatory pressure and compliance costs related to Environmental and social sustainability.</p> <p><b>Assessment:</b> Likelihood: 3 out of 5 Magnitude: 3 out of 5 Impact: Medium Timeline: Short to long-term</p>	External / Reputational / Finance - Compliance	<p>Financial Capital</p> <p>Social and Relationship Capital</p>	<p>The Company has established formal policies and processes to ensure compliance with regulatory requirements concerning sustainability and ESG (Environmental, Social, and Governance) practices. Additionally, it has implemented a comprehensive risk management framework to identify, assess, and address sustainability-related risks.</p> <p>Create a dedicated team responsible for overseeing sustainability reporting.</p> <p>Identify training needs for Capacity building.</p> <p>Monitoring and continuous improvement</p>

## OPPORTUNITIES:

In the short term, we aim to leverage our organizational strengths, while in the long term, we focus on modernization by creating new business opportunities that align with the Company's vision.

We are committed to building supply chain resilience by strengthening existing supplier relationships and exploring new sources from previously untapped regions. Additionally, we aim to enhance the capabilities of local suppliers to ensure future sustainability.

We are the only functioning large dia pipe manufacturer in Pakistan with a notional capacity of 200,000 metric tons annually (66,667 metric tons annually per shift). With this strategic edge, the Company actively participates in gas infrastructure and water sector pipe projects to fully utilize its potential. With the expected upcoming gas infrastructure and waterworks projects, we are fully poised to capture this opportunity and grow in this area.

We are dedicated to meeting the development needs of the country and are committed to exploring all possible avenues to accelerate the Company's growth and enhance shareholder wealth.

# LIQUIDITY AND CASH FLOW MANAGEMENT

## LIQUIDITY POSITION

The Company's liquid assets, primarily made up of short-term investments and nominal cash and bank balances, totaled Rs. 970.9 million at the end of 2024.

## STRATEGY TO OVERCOME LIQUIDITY PROBLEMS

The Company manages its working capital and financing needs through a robust treasury management system that ensures effective cash flow management and mitigates related risks.

The Company's approach to liquidity risk management is to ensure sufficient liquidity is always available to meet liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to its reputation.

Cash flow requirements are monitored closely, and both short- and long-term projections are produced. The Company ensures it has enough cash on hand to meet operational needs, including servicing financial obligations. This strategy includes maintaining balance sheet liquidity ratios and managing debtor and creditor concentrations to avoid over-reliance on debt.

Medium-term cash flow projections indicate sufficient funds will be available to repay external debt on time while retaining resources to sustain profitability.

## LIQUIDITY GENERATION

The Company's liquidity needs are primarily met through internal cash generation from revenue, dividend income, and the disposal of trading investments, with minimal reliance on external funding to reduce financial costs. Preference is given to short-term debt over long-term debt.

The Company also maintains a significant unused borrowing capacity for any future funding needs.

## INVESTMENTS AND PLACEMENT OF FUNDS

The Company maintains a diversified, high-yield investment portfolio aimed at maximizing returns and providing a strong asset base for debt raising, all within prudent risk and exposure limits.

This portfolio includes investments in blue-chip company shares, mutual fund units, and term deposits with banks and financial institutions to enhance profitability and shareholder returns. Periodic evaluations of these investments ensure the best opportunities are consistently pursued.

## REPAYMENTS OF DEBTS

Total borrowings, including short-term loans and the current maturity of long-term borrowings, decreased by 36.3% to Rs. 1,312.0 million from Rs. 2,061.2 million in the previous year. Banks have issued corporate guarantees of Rs. 1,687.2 million and letters of credit worth Rs. 435.0 million, secured by liens on shipping/title documents and charges on Crescent Steel's assets.

This decrease in borrowings was driven by debt repayments, record profit from operations and optimal management of cashflows. The Company maintains a sizeable unused borrowing capacity to meet future funding needs. All debt obligations due during the year were repaid on time, and the Company has no history of defaults.



## CAPITAL STRUCTURE AND ASSESSMENT OF ITS ADEQUACY

Crescent Steel's capital structure consists of Rs. 776.3 million in ordinary share capital, net worth of Rs. 4,192.1 million, reserves totaling Rs. 6,939.7 million, and long-term debt (including current maturity) of Rs. 682.4 million as of 2024.

The long-term debt-to-equity ratio improved to 5:95, compared to 7:93 in 2023, while the gearing ratio dropped to 11.6 on June 30, 2024, from 24.9 in the previous year. The Company believes its capital structure aligns with internal benchmarks.

## BUSINESS RATIONALE FOR MAJOR CAPITAL EXPENDITURE

We create value for our stakeholders through business diversification and investments in our manufacturing facilities. We focus on optimizing production infrastructure and adjusting our cost base.

To support Crescent Steel's diversification strategy, planned capital expenditures provide significant operating leverage, increasing profitability through diversified revenue and profit streams. Disciplined management of working capital and capital expenditure enhances cash generation, which is reinvested for growth.

The Board of Directors have reviewed and approved the Company's capital expenditure plans for the year 2025.

# THE CAPITALS

## AND VALUE CREATION

**We strive to develop a sustainable value chain by maximizing outputs from all forms of capital we deploy in our business process.**

At Crescent, we focus on everything from the lens of value creation; we believe it enhances our financial health and competitive edge. We leverage capitals at our disposal to deliver sustainable performance and augment value for all stakeholders. In addition to the economic value we generate, it captures our inputs, outputs and impacts across the value chain which includes our customers, suppliers, employees, the community at large and the environment.

A detailed business model that illustrates how we leverage our capitals for value creation immediately follows this section.

### THE CAPITALS

Guided by the International Integrated Reporting Framework, we use the following forms of capitals to assess our position in industry, map the value creation in our business cycle and, the sustainability of our business operations.



#### FINANCIAL CAPITAL

**Generating Funds**

We generate our financial capital from current business operations and through financing from lending partners to support our working capital needs and, to finance growth and investments in other forms of capital.



#### MANUFACTURED CAPITAL

**Leveraging Infrastructure to ensure Quality Delivery**

We continuously invest in our production units, our corporate offices and operational processes to ensure operational efficiency, workplace safety, product quality and reliability and, to grow responsibly



#### HUMAN CAPITAL

**Our Differentiator Strengthening Skill**

We invest in skills development, collective knowledge, training, and organization health to drive performance excellence. Our operating ethos is focused on the safety, health, fair pay, competency enhancement and overall well-being of our employees.



#### SOCIAL AND RELATIONSHIP CAPITAL

**Our Legacy as a Responsible Corporate Citizen**

We believe in building long-term high impact relationships with stakeholders and ensure the impact of our operations is minimized in communities where we operate. We remain fully compliant with all applicable regulations, treat people fairly, are transparent in how we work, and actively invest in causes we support.



#### INTELLECTUAL CAPITAL

**Knowledge-Based Intangibles that Make us Competitive**

We have a strong culture guided by our values that fosters learning and values performance. Our management and information systems are robust; we gather and incorporate regular feedback from stakeholder groups to position ourselves better and meet stakeholder needs; our internal controls and monitoring systems ensure the relevance and strength of our management systems.



#### NATURAL CAPITAL

**Voluntary Commitment for Environmental Stewardship**

We use raw materials, water and energy, and track our consumption and our contributions to GHG emissions. We seek to minimize the environmental impacts of our operations, such as discharge of emissions, wastewater, and effluents. We also actively advocate for environmental protection and care.



## OUR APPROACH TO BUSINESS— CREATING VALUE

As a conglomerate with businesses diversified into four defined sectors; engineering, textiles, capital markets, and power, we are committed to offering high-quality, value-added products and to providing equal employment opportunities that contribute to sustainable economic and social value.

## DRIVERS FOR SUSTAINABLE VALUE CREATION

Our priorities are areas where our business intersects most closely with society, and where we can create the most value and make the most difference. Our business model is structurally strong; we focus on operational quality and strive to create value by maintaining our leadership position, through innovation in production and processes, by leveraging the technical expertise of our people and the diversity of our portfolio of businesses. We have

a strong corporate culture that underpins a strong commitment to the wellbeing of our people and the environment, institutional learning and continuous improvement through best practice benchmarking, knowledge sharing and technology. Our position as responsible corporate citizens with a demonstrated ability to deliver consistent returns and a healthy balance sheet strengthens our access to capital and to markets.

## CREATING VALUE FOR SUSTAINABLE DEVELOPMENT

As a responsible corporate citizen, we map contribution to the following SDGs, with particular focus on SDG 4, 8 and 12.



# OUR CONTRIBUTION TO THE UNITED NATIONS

## SUSTAINABLE DEVELOPMENT GOALS



PKR **4,130**  
million in wealth distribution to Stakeholders



**23,500** ml  
of blood donated

**Health Insurance Policies**  
PKR **5,717** million  
Premium and Strength **628**

**Life Insurance Policies**  
PKR **1,007**  
Premium and Strength **346**



PKR **3,094**

million for Employee development

PKR **60,555**  
million to support **2,643** TCF students



**17%**

female representation across our corporate offices



**262.93**

million Liters of water reused



**89,823** GJ

Total Energy Consumption

**2,527** GJ  
Renewable Solar Power Produced



PKR **11,886**  
million Revenue

PKR **6,055**  
million in Wealth Generated  
**246**  
KM Pipe for national energy infrastructure  
**55**  
KM pipe for the Water project



Driving forward with our Company Sponsored Vehicles program – 4 cars and 3 motorcycles allotted to eligible employees

Keeping our employees moving – company-arranged transportation for our factory employees



**12,000**

Plastic bags Sold for recycling/ reuse

**2,370** kg of paper for recycling  
**90** Kg tube lights and sodium discharge bulbs incinerated.  
**32** bulbs were disposed



**5,700**

mangroves which have reduced our carbon footprint by

**112.88** tonnes



**3,629**

Trees

**1,000** mangrove saplings planted.  
Minimize our yearly carbon footprint by  
**336** metric tonnes










# MAPPING WITH SUSTAINABLE DEVELOPMENT GOALS (SDGS)



**We support the United Nations Sustainable Development Goals (SDGs) in their mission to create a better and more sustainable world for everyone.**



From the commencement of our operations in 1987 our commitment has always been to deliver quality products efficiently and economically minimizing the negative impacts of our operations, contributing to the communities where we operate, providing fair and consistent returns to shareholders and a desirable workplace for our employees where they are assessed and rewarded with fairness.

While our contributions span a range of UN SDGs, our primary focus remains on SDGs 4 (Quality Education), 8 (Decent Work and Economic Growth), and 12 (Responsible Consumption and Production).

SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEAR 2024
 <p>End poverty in all its forms everywhere</p>	<p>To promote social entrepreneurship and tertiary education to enhance the employability of our people and of Pakistanis at large.</p> <p>Empowering through education.</p> <p>Contributing to social safety nets such as education for all, healthcare access and relief.</p>	<p>Donated Rs. 86,110,400 to community partners in education, namely TCF, IVS, NUST, IBA and Habib University.</p> <p>Donated Rs. 3,911,750 to community partners in health for free healthcare access.</p> <p>Provided hardship support to our employees through the Benevolent Fund of Rs. 70,000.</p> <p>Collaborated with NUST to promote social entrepreneurship by sponsoring their initiative – Finding Innovative and Creative Solutions for Society (FICS).</p> <p>Collaborated with IVS to foster innovation and address local community needs by sponsoring their Critical Futures Creative Labs initiative.</p>
 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p>Contribute towards food security and distribution programs/centers.</p>	<p>Our employees volunteered for iftar distribution drives organized by The Robin Hood Army. Through the drive, we were able to feed approximately 266 individuals at old age homes.</p> <p>All excess food from the Head Office Mess is distributed to the underprivileged in the surrounding area. During the year, a total of approximately 738 food packs were distributed.</p>
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>Promote a healthy Pakistan by catering to the basic healthcare needs of the people through awareness campaigns and initiatives while contributing financial support leading to a hepatitis-free Pakistan.</p>	<p>Sponsored Hepatitis B and C vaccinations in collaboration with The Health Foundation.</p> <p>With the help of the Health Foundation, 15,522 people were screened for hepatitis B and C and 986 new cases of hepatitis C were registered during the year.</p> <p>In collaboration with The Health Foundation, we organized an informative session on Hepatitis B and C, followed by a vaccination drive for our Nooriabad employees.</p> <p>Donated 21,000 ml of blood through the Indus Hospital Blood Drive held during the year. Our employees from the Jaranwala factory donated a total of 2,500 ml of blood to the Social Security Hospital, Jaranwala</p> <p>Supported Indus Hospital in acquiring a Cryofuge machine and two pressure booster kits.</p> <p>In collaboration with the Indus Hospital and Health Network, an awareness session on breast cancer was organized for Crescent Steel employees.</p> <p>Sponsored ward beds at the Jinnah Postgraduate Medical Centre (JPMC) in collaboration with the Patients' Aid Foundation.</p>



SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEAR 2024
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Our mandate is to build an educated Pakistan through a focus on primary education.</p> <p>We selectively support programs for tertiary education, especially when those resources may be absorbed into our businesses.</p>	<p>Contributed Rs. 60,130,000 as operational support for 15 school units built by us. The contribution helped educate 2,630 students.</p> <p>Provided financial support towards building a TCF Primary Morning Campus, which currently enrolls 55 students and has a total capacity of 180 students.</p> <p>Helped educate 13 students by sponsoring the STCF Chaand Raat Bazaar.</p> <p>Provided counselling to TCF students during Crescent Cares Week.</p> <p>Manage a scholarship scheme for children of employees with 5 active scholars.</p> <p>Continue to provide tertiary scholarships to 13 TCF alumni, including 2 students at Habib University, supported through the Crescent Steel Scholarship Fund.</p> <p>Established the Crescent Steel Scholarship Fund at IVS to support one student.</p> <p>Sponsored the OGS-KGS Bike Ride, an event whose proceeds will help achieve the OGS Trust's mission to empower deserving students across Pakistan with scholarships.</p>
 <p>Achieve gender equality and empower all women and girls</p>	<p>We are committed to providing equal opportunities and are gender-blind in our recruitment. We ensure that the workplace is rewarding, safe and comfortable for all employees and go beyond the norm to provide flexibility to female employees as required.</p>	<p>In 2024, 17% of our employees across our corporate offices were females. 12.5% of the Executive Management Team and 6% of the management roles were filled by women.</p> <p>We have a dedicated space for mothers even though we do not have the depth that would require a full-scale day-care center with only one new mother in the Head Office.</p> <p>We offer equal pay and positively discriminate in favour of female employees, going beyond the norm to offer flexibility in work schedules and paid time off.</p>
 <p>Ensure availability and sustainable management of water and sanitation for all</p>	<p>We aim to conserve, reuse and recycle water at every opportunity.</p>	<p>We reused 565.2 % of water consumed in 2024 across all our campuses.</p>
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>To manage our energy consumption, reduce our dependency on the national grid and mitigate the risk of recurring power outages.</p>	<p>We continue to conserve energy through various means and advocate to development of a culture of energy conservation in the organization. 582.4kWh Solar power installed at the steel plant in Nooriabad.</p>

SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEAR 2024
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>We aim to provide equal growth opportunities to our people and encourage them to innovate, discuss and present new ideas.</p>	<p>We employ a staff of 432 people across our locations and strive to provide the right resources and an environment that supports their growth and development needs.</p> <p>We continue to retain standard certifications (ISO 14001:2015 and ISO 45001:2018) and encourage a strong safety-first culture with a mission-zero goal alignment.</p> <p>We hold sessions to inform employees about better financial planning, savings and more.</p> <p>The average pay increase to eligible employees for FY23 stood at 24.54%, while variable payouts to management averaged 18.37% of annual gross salary. During the year, 4% of our total payroll comprised of overtime payments to workers.</p>
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p>We support sustainability advancement and transformational change across our business and strive to leverage best in class technology to make operations efficient and agile. We work with industry partners, trade bodies and universities and strive to contribute to meaningful dialogue on industry innovation.</p>	<p>All our emissions and discharges are compliant and within the prescribed limits set by the National Environmental Quality Standards (NEQS).</p> <p>As a part of our continued commitment to our stakeholders, we work hard to mitigate the environmental impact of our operations.</p>
 <p>Reduce inequality within and among countries</p>	<p>We provide equal opportunities to grow and encourage innovation, discuss, and suggest new ideas.</p>	<p>Our businesses continue to provide equal-opportunity employment to hundreds of citizens across Pakistan. Our priority towards society and people are effectively integrated with our business offering and how we work on a day-to-day basis.</p> <p>In 2024, 4% of our workforce consisted of minorities and for the Head Office minorities constitute 8% of the workforce.</p> <p>Sponsored the Daachi Foundation annual exhibition. The exhibition provided local Artisans an opportunity to showcase their work and opened entrepreneurship opportunities.</p> <p>Supported KDSP in providing living and vocational skills training for one child/adult with down syndrome for five months.</p> <p>Sponsored Buddy Club Pakistan's Paintathon at IVS, an initiative focused on neurodivergent children and teens, promoting creativity, color, design, and diversity.</p> <p>Organized a sign language session for employees in collaboration with Deaf Reach and, in partnership with NOWPDP, hired a deaf employee to promote workplace inclusion.</p>
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<p>We strive to make a meaningful impact in the communities where we operate.</p>	<p>The line pipes we supply are used in hydrocarbon transmission to businesses and households across the country. We successfully supplied 301 km of high-quality line pipes on time, including 246 km for national energy infrastructure projects and 55 km for the Greater Karachi Bulk Water Supply project.</p> <p>We also ensure that we hire people from localities near our operations, as far as reasonably possible and in line with business requirements. Over the last year, 70% of new entrants represent rural communities and 70% of our total workforce is from rural Pakistan.</p> <p>Provided operational support to TCF for running 10 CSAPL-sponsored TCF campuses.</p> <p>Supported IBA in publication of the book titled "Towards a Better Future: Promoting Child Wellbeing in Pakistan." The book addresses critical issues affecting children, including child marriage, smoking, drug abuse, air pollution, climate change, and various diseases.</p>



SUSTAINABLE DEVELOPMENT GOALS	OUR (GOALS)/STRATEGY	HOW WE HAVE CONTRIBUTED OVER FISCAL YEAR 2024
 <p>Ensure sustainable consumption and production patterns</p>	To minimize wastage resulting by reducing material consumption as far as reasonably possible.	<p>Our products contribute significantly towards import substitution and towards a sustainable energy and water infrastructure for Pakistan. 35% of the natural gas transmission infrastructure have been produced by us.</p> <p>We seek to ensure that as far as possible we practice reuse, where reuse is not possible, we ensure proper disposal of waste matter in accordance with local regulations imposed on us and international best practices. Disposal methods include landfilling, recycling, and incineration.</p> <p>12,000 plastic bags were sold for recycling. 90Kg tube lights and sodium discharge bulbs incinerated. 32 bulbs were disposed.</p> <p>At our Nooriabad plant, we successfully reduced energy consumption by a total of 3.42 kW by making several upgrades. We replaced 40W tube lights with 15W and 18W LED bulbs, further swapped 40W tube lights with 15W, 18W, and 25W LED saver lights, and replaced 400W sodium bulbs with 200W LED lights.</p> <p>All lights bulbs in Head Office are LED.</p> <p>Cutting off logistic requirements by 50 resulting in reduction in consumption and emissions</p> <p>Integration of sustainability reporting with annual reporting cycle.</p>
 <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	We strive to conserve natural resources by partnering with WWF.	Mangrove forests serve as a valuable nursery for fish and other invertebrates. To date, we have planted 5,700 mangroves which have reduced our carbon footprint by 112.88 tonnes.
 <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	We strive to support marine conservation and environmental advocacy activities.	<p>During the year, we planted 3,629 trees. Over the years our plantation size has increased to over 56,900+ trees. These trees will help reduce our carbon footprint by 336 tonnes annually.</p> <p>Continued sponsorship of Mr. Saad Munawar in the Seven Summits project. One of his objectives for this project is to save the environment.</p> <p>Sponsored a donkey camp in collaboration with the Ayesha Chundrigar Foundation.</p>
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	We strive to promote sustainable business practices throughout our value chain.	<p>Through our business, we increase stability, improve economic prospects, and contribute socially and economically towards the community.</p> <p>Close collaboration with Citizens-Police Liaison Committee (CPLC) in our efforts towards a peaceful and safe society.</p>

# FUTURISM

## 1909–1914

Italian movement, literary in origin, that grew to embrace painting, sculpture, photography and architecture, which was launched by the publication on 20 February 1909 of 'Le Futurisme' by Filippo Tommaso Marinetti in the Paris newspaper Le Figaro. Marinetti's intention was to reject the past, to revolutionize culture and make it more modern. The new ideology of Futurism set itself with violent enthusiasm against the weighty inheritance of an art tied to the Italian cultural tradition and exalted the idea of an aesthetic generated by the modern myth of the machine and of speed.

### Umberto Boccioni

Title: Unique forms of continuity in space

Medium: Bronze

Source: <https://artsandculture.google.com/asset/unique-forms-of-continuity-in-space-umberto-boccioni/jAHAQTsYPpJQpA>





# BOARD OF DIRECTORS



## AHMAD WAQAR

75

Masters in English Literature, MBA (Finance)

Joined Board: January 30, 2012

Chairman (Non-Executive Director)

### MAJOR ENGAGEMENTS

#### Past:

Principal Advisor to Chairman, Petroleum Exploration Limited (PEL),

#### Public Sector:

Chairman FBR  
Secretary, Investment Division,  
Secretary, Ministry of Petroleum and Natural Resources,  
Secretary, Privatization Commission.  
Additional Secretary In-charge, Ministry of Privatization.  
Deputy Secretary, Cabinet Division

#### Chairman:

Saindak Metals (Private) Limited,  
Pakistan Mineral Development Corporation,  
Government Holdings (Private) Limited.

#### Director/Member (Nominee – Government of Pakistan):

State Bank of Pakistan,  
United Bank Limited,  
Habib Bank Limited,  
Pak-Kuwait Investment Company,  
Pakistan Telecommunication Company Limited,  
Pakistan International Airlines,  
Hydrocarbon Development Institute of Pakistan,  
Pakistan Electronic Media Regulatory Authority,  
Private Power Infrastructure Board,  
Overseas Pakistanis Foundation,  
Ufone.



## AHSAN M. SALEEM

71

Masters in Economics

Joined Board: August 1, 1983

Chief Executive Officer and Managing Director

### Other current engagements:

1. Co-Founder and Chairman, The Citizens Foundation,
2. Founding Director, Pakistan Centre for Philanthropy
3. Trustee, Commeccs Educational Trust





## **Nausheen Ahmad**

**64**

LLM, LLB & a Degree in Philosophy of Religion

Joined Board: January 29, 2024

Director (Non-Executive, Independent),

### **Other Current Engagements**

#### **Director**

Meezan Bank Limited  
International Steels Limited  
Jubilee General Insurance Company Limited  
Engro Powergen Qadirpur Limited  
Descon Engineering Limited  
ILink (Pvt) Ltd  
CCL Pharmaceuticals (Pvt.) Limited  
Founder, Dispute Resolution Forum, Institute of Business Administration  
Visiting Faculty, Institute of Business Management & Karachi School of Business & Leadership

#### **Member**

The Pay and Pension Commission, Government of Pakistan

### **Past Engagements**

First Women Bank Limited  
Pakistan Stock Exchange  
Altern Energy Limited



## **Nihal Cassim**

**49**

MBA (Finance & MIS)

Joined Board: January 29, 2024

Director (Non-Executive, Independent),

### **Other Current Engagements**

#### **Chairman**

The Organic Meat Company Limited

#### **Director:**

Pakistan Stock Exchange  
International Steels Limited  
Ubiquity Trading Limited  
National Institutional Facilitation Technologies (Pvt.) Limited and its subsidiaries

### **Past Engagements**

#### **Vice President:**

Small-cap Investment Banking for First Associates (now Blackmont Capital, a CI Financial Company)

#### **Director:**

Pakistan Oilfields Limited  
Ferozsons Laboratories Limited  
Mutual Fund Association of Pakistan



# BOARD OF DIRECTORS



## MUHAMMAD KAMRAN SALEEM

52

M.Com., LL.B., LL.M., ACA (Eng. And Wales), FCA (Pak.), FCMA, FCIS, PGD

Joined Board: January 30, 2021

Director (Non-Executive, Independent)

### Other Current Engagements

#### Chief Executive Officer/Managing Director:

Pak Qatar Investment (Private) Limited  
AK Advisors LLP

#### Executive Director and Company Secretary:

Pak Qatar Takaful Group

#### Chairman/Convener:

FPCCI's Standing Committee on Takaful & Window Operations.

#### Director:

Pak Elektron Limited,  
Pak Qatar Asset Management Company Limited  
Pak Qatar Family Takaful Limited  
Pak Qatar General Takaful Limited  
MPQ Developers (Private) Limited  
Sharq Trading and Merchandising (Private) Limited

#### Member:

Sindh High Court Bar Association  
Sindh Bar Council  
Karachi Bar Association  
Karachi Tax Bar Association  
Karachi Press Club  
Karachi Chamber of Commerce & Industry



## NADEEM MAQBOOL

65

A.B Eco.

Joined Board: March 25, 2020

Director (Non-Executive, Independent)

### Other Current Engagements

#### Chairman

Crescent Fiber Limited

#### Chief Executive Officer:

Suraj Cotton Mills Limited  
Premier Insurance Limited

#### Director:

Premier Financial Services (Pvt.) Ltd.

### Past Engagements

#### Director/Chairman:

Karachi Cotton Association  
National Textile Foundation  
All Pakistan Textile Mills Association – APTMA

#### Trustee:

Old Grammarian Society





**Ahmad Shafi**  
**46**

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Bachelors in Commerce, American University

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Bachelor In Commerce (Marketing), Concordia University

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Joined Board: January 29, 2024

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Director (Non-Executive)

**Other Current engagements:**

Chief Executive Officer, Crescent Textile Mills Limited



**S.M. EHTISHAMULLAH**  
**85**

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FCA

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Joined Board: January 30, 2000

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Director (Non-Executive)

**Past engagements:**

**Director:**

Agriauto Industries Limited,  
Al-Ghazi Tractors Limited,  
Crescent Leasing Corporation Limited,  
Hinopak Motors Limited



# CORPORATE GOVERNANCE

Crescent Steel conducts its business in a responsible manner and with honesty, integrity and in line with best practices. We also have the same expectations from all those with whom we have relationships. We insist on doing what is right, which sets the tone of our actions and underpins the functioning of our employees. We also insist that all transactions be open, transparent and within the legal framework culminating in responsible financial reporting.

## OUR GOVERNING PRINCIPLES

At Crescent Steel, we uphold the highest standards of safety, governance, environmental stewardship, and ethical business conduct; we strive to ensure that every individual and partner associated with our company embodies these values.

As a responsible corporate Crescent Steel conducts business with honesty, transparency and integrity and expects the same from all partners and stakeholders. Our Core Values – Integrity, Ownership, Customer Focus, Continuous Improvement and Community Care – are embedded in every decision we make.

Crescent Steel complies with the Pakistan Code of Corporate Governance and other applicable regulations of the Securities and Exchange Commission as well as the listing regulations of the Pakistan Stock Exchange.

### ANTI-BRIBERY/CORRUPTION AND FACILITATION PAYMENTS

Crescent Steel does not use bribery as an instrument for any business or financial gain and prohibits the offer, payment, solicitation or acceptance of bribes, improper benefits, and facilitation payments in any form. This includes the use of third parties, including agents and representatives. Crescent Steel also has adequate controls on giving and receiving gifts and gratuities to and from customers, suppliers, public officials, or relatives or associates of public officials. The giving or receiving of gifts or hospitality is prohibited in all circumstances that may be regarded as compromising personal judgement or the judgement of others, or conflicts in any way with Crescent Steel's purpose, values, and behaviors.

### SERVICE TO SOCIETY

We are committed to being active as responsible corporate citizens. We believe in "giving something back" by addressing gaps in targeted areas including education, healthcare, public safety, environmental

protection, and stewardship – with a particular focus on education. As such a majority of our giving is allocated to primary and secondary schooling for less privileged children.

We believe that individual entities when working together can create powerful synergies and help to improve quality of life in the areas where they operate. We actively strive to promote issues of education, health, and environment.

### HEALTH, SAFETY AND ENVIRONMENT

At Crescent Steel, compliance with workplace health and safety standards is of critical importance across all our locations. We are committed to actively managing health and safety risks associated with our business and are working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. All activities at all our campuses are required to conform to international standards for health and safety certified by ISO 45001 and ISO 14001.

We also ensure that our products are shipped in a safe manner complying with all safety standards and legal requirements.

### SHAREHOLDERS

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to the shareholders in the annual report, interim quarterly reports and through information portal of Pakistan Stock Exchange as and when required. The Board encourages shareholder participation at the Annual General Meetings to ensure a high level of accountability. The Company's financial statements are available on the Company's website and an officer is designated to answer all shareholders' enquiries.



# EQUAL OPPORTUNITY, DIVERSITY, AND ANTI-HARASSMENT

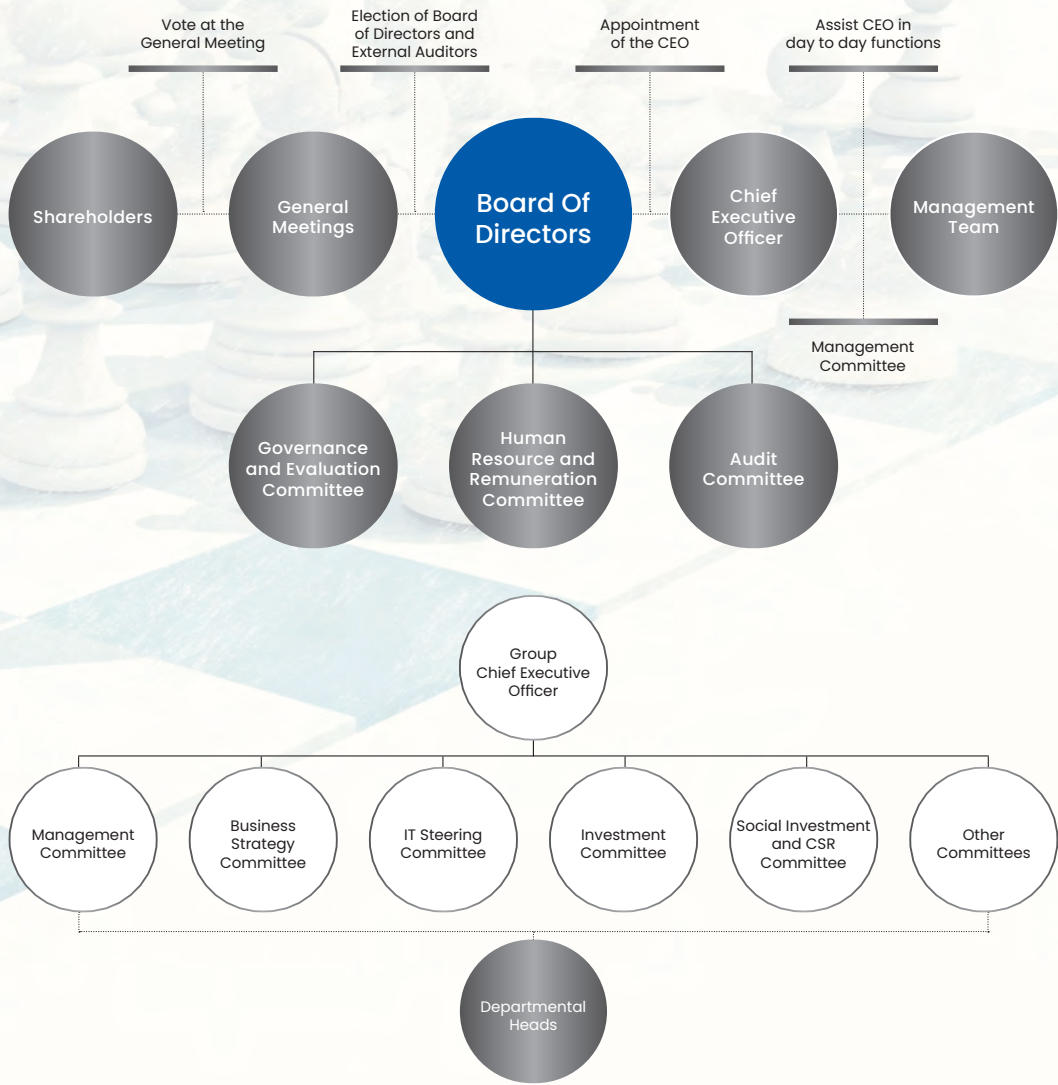
At Crescent Steel, we are committed to building a work environment where every individual is valued, respected, and empowered to contribute to their full potential. We believe diversity is a strength that fuels innovation, and inclusion is fundamental to building a culture of collaboration and shared success.

We provide equal opportunity in all aspects of employment, ensuring that decisions related to hiring, promotion, and career development are based on merit. We strive to create a workplace where differences in gender, ethnicity, age, disability, and background are embraced, and everyone feels a sense of belonging.

Our zero-tolerance policy towards any form of harassment or discrimination ensures that all employees can work in a safe and respectful environment, free from intimidation, harassment, or bias.

The Company has clear procedures in place for reporting incidents of harassment, and all reports are handled with strict confidentiality and thorough investigation. We believe that a respectful and safe workplace is essential to our business success and is integral to our commitment to our employees and stakeholders.

## OUR GOVERNANCE STRUCTURE



## FUNCTIONING OF THE BOARD THE BOARD

The Company has a unitary board structure consisting of eight directors (including the CEO) of which four are independent. Crescent Steel gives due consideration to the qualifications and expertise of individuals when deciding on the Board's composition. This ensures that a vast range of expertise and experience is represented on the Board in the best interest of stakeholders and the Company.

The Board has formulated policies which it reviews on a periodic basis including risk management, procurement of fixed assets, goods and services, investments, borrowings, donations, charitable giving and contributions, whistle blowing, delegation of financial authority, transactions with related parties and transfer pricing, provision for slow moving stores and spares and impairment of assets, Board charter etc. and such policies are implemented and monitored through delegation of duties to four standing committees of the Board: The Audit, Risk Management, Human Resource and Remuneration, and Governance and Nomination Committees.

## ROLE OF THE BOARD OF DIRECTORS

The Board has fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and transparent reporting to shareholders. The Board accepts its primary responsibility for the overall control architecture of the Company; however, it recognizes that the internal control system must be cost effective, and that no cost-effective system will preclude all errors or irregularities.

The system is based on written procedures, policies, guidelines, an organogram that provides an appropriate division of responsibility, a program of internal audit, manning of all key functions by qualified personnel and constant skills development.

## REMUNERATION OF BOARD OF DIRECTORS AND CHAIRMAN

All directors of the Company are Non-Executive except for the Chief Executive Officer (CEO). The CEO is paid a fixed salary as determined by the Board; the

performance of CEO is evaluated against approved criteria by the HR & R Committee and recommended to the Board for approval. All the other directors are paid the Director's fee for attending Board meetings which is also fixed considering applicable laws and regulations. The Chairman of the Board is paid honorarium for his services to the Company as approved by the Board.

## CODE OF CONDUCT

The Board has adopted a code of conduct for its members, executives, and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers, and regulators
- Confidentiality of information
- Trading in Company's shares
- Environmental responsibilities

## BOARD COMMITTEES

The Board has constituted the following committees:

- Audit Committee
- Risk Management Committee
- Human Resource and Remuneration Committee
- Governance and Nomination Committee

All board committees operate under an approved charter. Through its committees, the Board provides proactive oversight in key areas of business and the performance of the Company. The Board regularly reviews the respective charters of these committees.

## AUDIT COMMITTEE

The Committee comprises of four members who all are Non - Executive Directors, including two Independent Directors, as Chairman and two members.

The terms of reference of the Audit Committee include the following:

- To provide the Board of Directors ("the Board") with an independent and objective evaluation of the operations, policies, procedures and controls implemented within the Company.



- To provide supplemental assistance and resources to the internal audit department of the Company in order for them to provide the Management and the Board of the Company with an independent, objective evaluation of their operations, policies, procedures and controls.
- To provide the Board with an oversight of the internal audit department in the Company to assure that an effective internal audit function is in place, which includes a risk based annual and long range audit plan, a reporting mechanism and a quality control plan.
- To provide assistance to the Board in fulfilling their oversight responsibility relating to integrity of the financial statements and financial reporting.
- To review and evaluate procedures established to comply with laws and regulations and to monitor compliance thereof.
- To assess the Company's risk management process including risk related to Financial Statements and Financial Reporting.
- To recommend the appointment of the Internal and External Auditor for the Board's approval.

## RISK MANAGEMENT COMMITTEE

The Committee comprises three members who all are Non-Executive Directors, including two Independent Directors. The Committee has been constituted to address and improve risk oversight and risk management within the Company.

The terms of reference of the Risk Management Committee include the following:

- Oversee and recommend the risk management policies and procedures of the Company.
- Review and recommend changes as needed to ensure that the Company has in place at all times a Risk Management policy which addresses the strategic, operational, financial and compliance risks.
- Implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Company's business risks.
- Set reporting guidelines for management to report to the Committee on the effectiveness of the Company's management of its business risks.
- Review the Company and its subsidiaries' risk profiles and evaluate the measures taken to mitigate the business risks (Risk Register).

## HUMAN RESOURCE AND REMUNERATION COMMITTEE (HRR)

The Committee comprises of four members who are all Non-Executive Directors, including two Independent Directors. The Committee has been constituted to address and improve the area of Human Resource Development. The main aim of the committee is to assist the Board and guide the Management in the formulation of market driven HR policies regarding performance management, HR staffing, compensation and benefits, that are compliant with the laws and regulations.

The terms of reference of the Human Resource and Remuneration Committee include the following:

- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of the CEO, CFO, Company Secretary and Head of Internal Audit.
- Ensure a proper system of succession planning for top management is in place and the adequacy of the same in the rest of the organization.
- Review the organizational structure and recommend changes, if any, to increase the effectiveness and efficiency of reporting lines and the division of authority and responsibility.
- Review the effectiveness of the recruitment and recommend changes, if any.
- Guide management in development/revision of all employees benefits, policies and rewards.
- Oversee employee development by monitoring HR aspects of organizational learning and development.
- Ensure that the performance management system is achieving its objectives of fairly rewarding employees' performance and is in line with company objectives.

## GOVERNANCE AND NOMINATION COMMITTEE

The Committee comprises two Non-Executive Directors (One Independent) and Executive Director (CEO) of the Board. The role of the Committee is to assist the Board in the discharge of its function as well as compliance with the Company's governing principles. The Committee takes a leadership role in shaping the Company's governing principles in order

to keep them in line with International best practices.

The terms of reference of the Governance and Nomination Committee include the following:

- Monitoring compliance with the Code of Corporate Governance (SECP's and Company's Governing Principles) other than those areas which fall under the oversight of the Audit Committee.
- Advising Directors on Governance principles periodically and changes in the requirements of the Code of Corporate Governance whenever required.
- Reviewing that the key functions of the Company and assignment/responsibilities of main functionaries are consistent with the business objectives.
- Advising the CEO on the adequacy of available skills and expertise for achieving the business objectives.
- Examining the need for additional Board Committees and recommending changes/modifications in the structure/functions of the existing Board Committees.
- Evaluating the performance of the Board and its committees.

## ATTENDANCE IN BOARD AND COMMITTEE MEETINGS

Attendance in Meetings	Board		Audit Committee		Human Resource and Remuneration Committee*		Governance and Evaluation Committee*		Risk Management Committee	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended	Required	Attended
<b>Non- Executive Directors</b>										
Mr. Ahmad Waqar	7	7	-	-	1	1	1	1	-	-
Mr. Ahmad Shafi	4	3	2	2	-	-	-	-	-	-
Mr. Muhammad Kamran Saleem	7	6	-	-	-	-	1	1	-	-
Mr. Nadeem Maqbool	7	7	4	3	1	1	-	-	-	-
Ms. Nausheen Ahmad	4	4	-	-	-	-	1	1	-	-
Mr. Nihal Cassim	4	4	2	2	-	-	-	-	-	-
Mr. S. M Ehtishamullah	7	7	4	4	-	-	-	-	-	-
Mrs. Farah Ayub Tarin (Retired on: January 29, 2024)	3	3	-	-	1	1	-	-	-	-
Mr. Farrukh Viqaruddin Junaidy (Retired on: January 29, 2024)	3	2	2	2	-	-	-	-	-	-
Mr. Nasir Shafi (Retired on: January 29, 2024)	3	3	2	2	1	1	-	-	-	-
<b>Chief Executive Officer</b>										
Mr. Ahsan M. Saleem	7	7	-	-	-	-	1	1	-	-





# SURREALISM

## 1920.....

International intellectual movement, which was centred mainly in Paris and occupied with the problems of thought and expression in all their forms. The Surrealists perceived a deep crisis in Western culture and responded with a revision of values at every level, inspired by the psychoanalytical discoveries of Freud and the political ideology of Marxism. In both poetry and the visual arts this revision was undertaken through the development of unconventional techniques, of which Automatism was paramount. The Parisian poets who formulated Surrealist theory and orientation were officially identified by André Breton's *Manifeste du surréalisme* (1924), the essay 'Une Vague de rêves' (October 1924) by Louis Aragon and the periodical *La Révolution surréaliste*, published two months later. Under Breton's guidance, the movement remained potent up to World War II, surviving until his death in 1966.

## Alberto Giacometti

Title: Spoon Woman

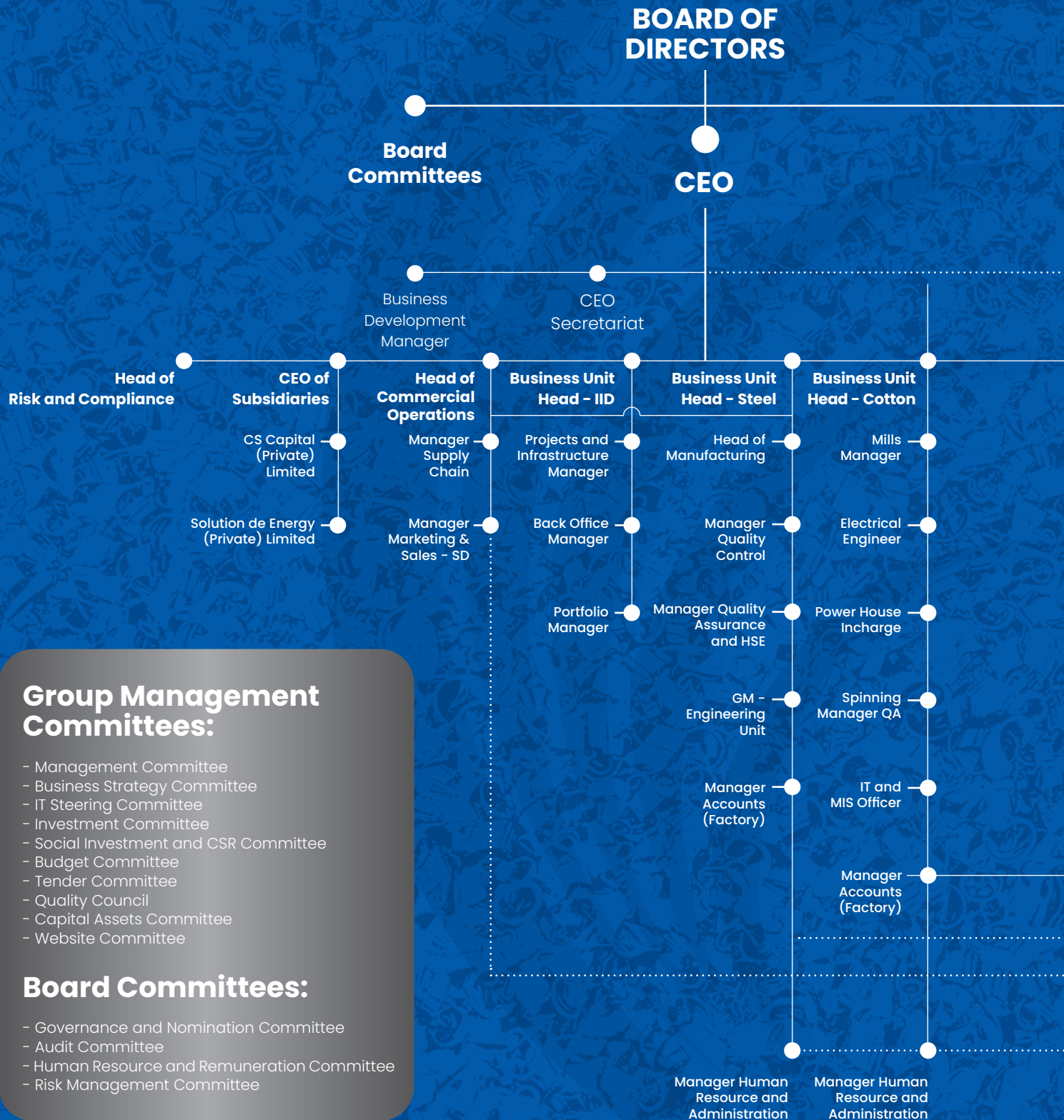
Medium: Bronze

Source: [https://artsandculture.google.com/asset/the-wounded-bunkie-frederic-remington/\\_QFP3K6-uGACzg](https://artsandculture.google.com/asset/the-wounded-bunkie-frederic-remington/_QFP3K6-uGACzg)

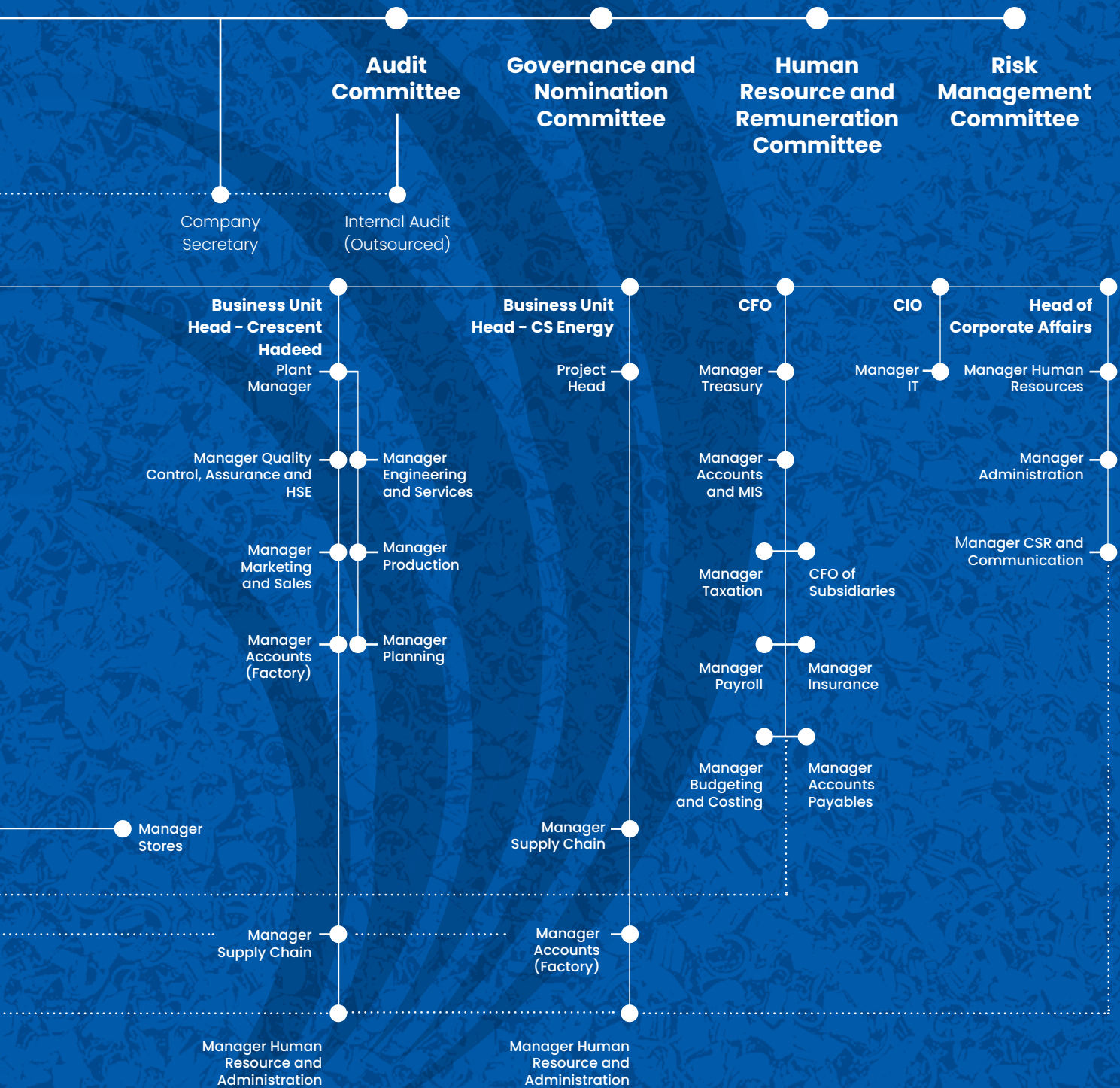




# MANAGEMENT STRUCTURE OF THE COMPANY







# MANAGEMENT COMMITTEES

## MANAGEMENT COMMITTEE

Ahsan M. Saleem	Chairperson
Abdullah A. Saleem	Member
Hajerah A. Saleem	Member
Muhammad Saad Thaniana	Member
Mushtaque Ahmad	Member

The Committee devises long-term policies and vision for the Company with the sole objective of providing the best returns to shareholders by optimally allocating existing resources. The Committee is also responsible for reviewing the Company's operations on a regular basis, establishing and ensuring adequacy of internal controls and, monitoring compliance of key policies. The Management Committee meets on a quarterly basis. Terms of reference of the committee include the following:

- To prepare, approve and keep an updated long-term plan,
- Provide guidelines to the Business Strategy Committee for medium and short-term tactics,
- Discuss new ideas, new business lines, new product lines, new markets, and / or refer new opportunities and feasible ideas to another committee for refinement,
- Analyze current market situation with a view to maintain sustainable competitive advantage,
- To discuss in detail the plans of the Group and accordingly adjust the policies of the Company to avoid any conflict, and
- Analyze group investment opportunities and refer to the investment committee, if required.

## BUSINESS STRATEGY COMMITTEE

Ahsan M. Saleem	Chairperson
Abdullah A. Saleem	Member
Abdul Rouf	Member
Hajerah A. Saleem	Member
Muhammad Saad Thaniana	Member
Mushtaque Ahmad	Member
Azeem Sarwar	Secretary

The Committee is responsible for formulation of business strategy, review of risks and their mitigation plan. Further, the Committee is also responsible for staying abreast of developments and trends in the Industry to assist the Board in planning for future capital-intensive investments and growth of the Company.

The Committee meets at least twice a year. The terms of reference include the following:

- To prepare, approve and recommend to the Board a framework for business strategy,
- Develop and approve medium term plan(s) to meet interim objectives and milestones for any long-term project approved by the Executive Committee,
- Review the progress of different new projects of the Company,
- Approve short term goals, both qualitative and quantitative, for different segments of the Company,
- Review periodically the targets achieved and revise the operational targets, if required,
- Review allocation of resources to different segments such as investments, core business, etc., and
- Gather information of the competitors' business and prepare an updated SWOT analysis of the Company, to be submitted to the Executive Committee.

## IT STEERING COMMITTEE

Ahsan M. Saleem	Chairperson
Abdullah A. Saleem	Member
Hajerah A. Saleem	Member
Muhammad Saad Thaniana	Member
Owais Ahmed	Member
Osama Mansoor	Secretary

The Committee monitors the implementation of IT Strategy on a regular basis. It ensures that Crescent Steel stays current with the evolving new technologies and Information System Processes.



The Committee prepares a long-term IT plan, which includes fostering an IT Culture at all levels. Terms of reference of the committee include the following:

- To guide the IT Department and Management in preparing the IT Strategy of the Company in a cost-effective manner,
- Monitor the implementation of the IT Strategy on a regular basis,
- Ensure that Crescent Steel stays current with the evolving new technologies and the latest Information System Processes as applicable to the business and growth of the company,
- Provide the basis for preparing long-term IT plans while not losing sight of the immediate goals and objectives,
- Facilitate the promotion of an IT Culture in the Company at all levels. This has been done by traditional training interventions including company-wide workshops at all levels, and
- Assist the Board to ensure that the IT vision provided by the Board is manifested in the IT Strategy and its subsequent implementation.

## INVESTMENT COMMITTEE

Ahsan M. Saleem	Chairperson
Hajerah A. Saleem	Member
Muhammad Saad Thaniana	Member

The Committee helps in maintaining a balanced portfolio of investments and maximize returns while keeping risk at a desirable low level. Terms of reference of the committee include the following:

- To determine the sector wise weightage of the portfolio based on market conditions,
- Assess and monitor the risk associated to the portfolio, and
- Review the performance of the investments and take decisions relating to scrip wise entry and exit.

## SOCIAL INVESTMENT AND CSR COMMITTEE

Abdullah A. Saleem	Chairperson
Hajerah A. Saleem	Member
Muhammad Saad Thaniana	Member
Mushtaque Ahmad	Member
Sarah Zubair	Secretary

The Committee reviews the distribution of charitable contribution in line with Company's policy for donations, charities and contributions. Terms of reference of the committee include the following:

- To review and recommend any changes to the Company's policy relating to Corporate Social Responsibility for the approval of BOD,
- Review and recommend the distribution of charitable contribution in line with the Corporate Social Responsibility policy,
- Review and monitor CSR activities, and
- Measure social investments to evaluate their impact.

## OTHER COMMITTEES

In addition to the above committees, the Company has also constituted the following committees which work in their respective domains as per approved terms of reference:

• <b>Budget Committee</b>
• <b>Tender Committee</b>
• <b>Quality Council</b>
• <b>Capital Assets Committee</b>
• <b>Website Committee</b>



# REVIEW REPORT BY THE CHAIRMAN

**I am pleased to present this report to the shareholders of Crescent Steel and Allied Products Limited on the overall performance of the Board and its effectiveness in achieving the Company's objectives.**

This Annual Report provides information on our financial performance and non-financial metrics during the year.

## BOARD PERFORMANCE

Crescent Steel has implemented a strong governance framework that supports effective and prudent management which is regarded as instrumental in achieving long-term success.

The Board strives to ensure that the management remains agile in responding to the constantly evolving operating environment especially when faced with crisis and long-term challenges. The Board actively analyses the Company's operating environment and provides meaningful guidance and advice to support the management to deal with and overcome difficult situations and evolving global and national challenges.

The Board of Directors approves the Company's strategic plan and ensures alignment with its long-term vision. The Board maintain a clear outlook on the Company's evolution over the next three to five years, staying informed about financial performance and goal achievement. The Board provides timely oversight and direction, monitors management performance, and focuses on key risk areas.

As Chairman, I will continue to lead the Board, promote a culture of openness and constructive debate where all perspectives are considered, and ensure the Board engages with a diverse range of senior management. I remain committed to ensuring the Company adheres to all relevant codes and regulations, while guiding the management team in making decisions that create value for you in the short, medium, and long term.

The Board of Directors has reviewed the Annual Report and Financial Statements, and are pleased to confirm that in its view, the Annual Report and the Financial Statements, taken as a whole, are fair, balanced and comprehensive.

The Board of directors met seven times during the year to review the overall performance, appraise financial results, corporate strategy and annual budget, and the overall effectiveness of the role played by the Board in achieving the company's objectives. Meeting agendas and supporting papers were received in a timely manner for the Board meetings.

## EVALUATION OF THE BOARD AND IT'S COMMITTEES

After the end of each fiscal year, the Board evaluates its effectiveness and performance through a self-assessment process conducted by the Governance and Nomination Committee. Since 2013, the Board has regularly performed these evaluations. The recent assessment of the Board and its committees was deemed highly satisfactory, with noted areas for improvement and corresponding action plans developed. The next evaluation is planned in FY 2025.

The overall assessment is based on an evaluation of the following integral components:

- Vision, mission and values
- Engagement in strategic planning
- Formulation of policies
- Monitoring the organization's business activities
- Adequacy of financial resources management
- Providing effective fiscal oversight
- Acting as a responsible employer
- Relationship between Board and Staff
- Organization's public image and our societal impact
- Review of the CEO's performance
- Board structure and dynamics

## BOARD COMPOSITION AND DIVERSITY

On January 31, 2024, a new Board consisting of seven (7) Directors was elected for a term of three (3) years. Four (4) of the seven retiring Directors were re-elected, unopposed to a new three-year term on the Board of Crescent Steel. I am grateful to the Board for reposing their confidence in me once again by nominating me as Chairman of the Board. The Board appointed Mr. Ahsan Muhammad Saleem as Chief Executive Officer for the period of the Board term.



The Company's Board of Directors is diverse and highly capable, consisting of a balanced mix of independent and non-executive directors, including a female director, all aligned with the Company's vision and mission to serve stakeholder interests.

On behalf of the Board, I would like to recognize the valuable contributions of our outgoing directors and extend a warm welcome to our new directors, who bring diverse expertise in governance, strategy, and business acumen.

Our persistent dedication to the Company's core values; Integrity, Ownership, Customer Focus, Continuous Improvement, and Community Care, cultivates a positive and productive work environment for employees. We are committed to attracting top talent from diverse backgrounds to drive growth and innovation. Across the organization, there is a shared effort to take pride in our work, grounded in the belief that the Company will always maintain its trustworthiness and uncompromising standards.

## BOARD COMMITTEES AND THEIR CONTRIBUTION

The Board and its committees have diligently fulfilled their duties and responsibilities, playing a key role in guiding the Company on strategic matters. The terms of reference (TORs) for these committees have been set by the Board in line with best corporate practices and the requirements of the Code of Corporate Governance. These TORs are regularly reviewed to ensure compliance with laws and regulations, as well as to maintain high standards of corporate governance.

The Governance and Nomination Committee evaluated the skills and experience of Board members and provided recommendations regarding the composition of other Board committees, which were duly considered by the Board.

Further, as required by the updated Code of Corporate Governance, the Board had decided to assign additional responsibilities of sustainability related matters to the Governance and Nomination Committee. The sub-committee shall monitor and review sustainability related risks and opportunities of the Company, ensure Diversity, Equity and Inclusion (DE&I) practices at various board committees, oversee compliance of relevant laws pertaining to relevant sustainability related considerations and its appropriate disclosures.

The Company outsourced Internal Audit function that employs a risk-based audit approach. Internal Audit reports are quarterly submitted to the Board Audit Committee, where areas for improvement are discussed and monitored to ensure continuous enhancement. The Audit Committee is chaired by Mr. Nihal Cassim, an independent director.

The Human Resource and Remuneration Committee (HRR) has ensured that the HR policies (i.e. performance

management, HR staffing, compensation and benefits) are market driven and aligned with the Company's performance, shareholders' interests and long-term success of the Company. The HRR Committee reviewed and recommended remunerations for key positions as required by the COCG. The HRR Committee also reviewed the CEO's self-assessment document and conducted a joint evaluation for onward review of the Board.

The Risk Management Committee has been constituted to assist the Board in identifying various risks associated with the Company's businesses and its operations and in developing appropriate strategies for the same.

## GOVERNANCE AND CONTROL ENVIRONMENT

The Board acknowledges the importance of robust corporate governance and has implemented a strong framework to ensure effective and prudent business management, driving the Company's long-term success. This framework also ensures accountability while safeguarding and enhancing stakeholder value.

To uphold these principles, the Board has adopted a code of conduct for its members, executives, and staff, outlining business standards and ethical guidelines. This commitment is reflected through the establishment of a strong control environment, adherence to best corporate governance practices, and the promotion of ethical and fair behavior throughout Crescent Steel.

Despite an extremely difficult operating environment including unprecedented inflationary headwinds, low foreign exchange reserves, import restrictions, an unprecedented surge in energy prices, a devaluing currency, and record-high policy rates, I believe that the strategic direction of the Company for the next three years is on a sound footing. The processes adopted in developing and reviewing the overall corporate strategy for achievement of Company's objectives is appropriate in the current circumstances where it ensures readiness for upcoming business opportunities.

In closing, on behalf of the Board, I wish to acknowledge the contribution of all our stakeholders, including shareholders, employees, customers, suppliers, lenders and others. I believe in the strategic direction of the Company, and I am confident that our management will be able to successfully steer our businesses despite the likely challenges in the year ahead.



**Ahmad Waqar**

Chairman

August 07, 2024

# DIRECTORS' REPORT

The Directors of the Company are pleased to submit their report, together with audited unconsolidated financial statements of the Company for the year ended June 30, 2024.

## OPERATING RESULTS

The financial results of the Company are summarized below:

(Rupees in '000)	2024	2023
Profit for the year before taxation	2,526,575	234,281
Taxation	(920,072)	(57,424)
Profit after taxation	1,606,503	176,857
Total other comprehensive income / (loss) for the year	145,379	(155,836)
	1,751,882	21,021
Appropriations:		
-First interim dividend 2024 @ 20%	(155,265)	–
-Final dividend 2024 @ 35%	(271,714)	–
Basic and diluted earnings per share	Rs. 20.69	Rs. 2.28

## STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- These unconsolidated financial statements, prepared by the management of the Company, present fairly, its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of unconsolidated financial statements.
- The system of internal controls is sound in design and has been effectively implemented. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls shall continue as an ongoing process with the objective to strengthen controls and improve the system.
- There are no significant doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Code of Corporate Governance, 2019.
- Details of significant changes in the Company's operations during the current year as compared to last year and significant plans and decisions for the future prospects of profits are stated in the Chief Executive's Review as endorsed by the Board of Directors.
- Key operating and financial data for last six years in summarized form is annexed.
- Information about taxes and levies is given in the notes to the financial statements.
- The number of employees as of June 30, 2024 is 433 (2023: 434)



Value of Investment of the following funds based on the audited accounts are as follows:

Name of Fund	Value of Investment	Period of latest audited accounts
Provident Fund	Rs. 263.965 million	December 31, 2020
Gratuity Fund	Rs. 152.223 million	December 31, 2021
Pension Fund	Rs. 417.637 million	December 31, 2018
CCP Provident Fund	Rs. 34.968 million	June 30, 2023

- During the year seven (7) meetings of the Board of Directors, four (4) meetings of the Audit Committee were held, one (1) meeting of the Human Resource and Remuneration Committee and one (1) meeting of Governance and Nomination Committee were convened. Attendance of each director is attached separately.

## PATTERN OF SHAREHOLDING AND SHARES TRADED

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

No trading in the shares of the Company was carried out by any Director, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, Executives and their spouses and minor children.

## DIRECTORS

Details of the composition of the Board of Directors and their committees are provided in the Statement of Compliance with the Code of Corporate Governance.

No casual vacancies occurred on the Board during the current year. The present board including the

Chief Executive Officer will hold office till January 30, 2027.

For the purposes of various clauses of the PSX Rule Book, the Board has defined that Functional Heads of all departments of the Company shall be considered as "Executives". This has been reviewed and found satisfactory keeping in view the management structure of the Company.

## PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND ITS COMMITTEES

The Governance and Nomination Committee assessed the performance of the Board of Directors and its Committees according to the established mechanism of self-assessment.

Performance evaluations were approved by the Board on the recommendations of the Governance and Nomination Committee.

## CEO'S PERFORMANCE EVALUATION

During the year, the Human Resource and Remuneration Committee of the Board carried out the CEO's performance evaluation, which was approved by the Board.

The evaluation was reviewed against the following criteria:

- Leadership
- Policy and strategy
- People Management
- Business Processes/Excellence
- Governance and Compliance
- Financial Performance
- Impact on Society

## REMUNERATION OF DIRECTORS

The Chairman and other directors are entitled to remuneration in terms of Section 170 of the Companies Act, 2017. The scale of remunerations is determined by the Board as provided in the Articles of Association of the Company.

Details of remuneration paid to Chairman, Chief Executive and non-executive directors (including independent directors) are disclosed in note 47 to the enclosed unconsolidated financial statements.

## ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer have separate and distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over the Board meetings. The principal role of the Chairman is to manage and to provide leadership to the Board of Directors of

the Company. The Chairman is accountable to the Board and is a direct liaison between the Board and the management of the Company through the Chief Executive Officer. The Chairman is independent from management and free from any interest and any business or other relationship which could conflict with the Chairman's independent judgement.

The Chief Executive Officer performs his duties in accordance with the related laws. The Board recommends and oversees implementation of the business strategies, and is responsible for overall control, operations and perpetuation of the enterprise.

## UNCONSOLIDATED FINANCIAL STATEMENTS

As required under regulation 25 of Code of Corporate Governance 2019, the Chief Executive Officer and Chief Financial Officer presented the unconsolidated financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors. The Board, after consideration, based on the recommendations of the Audit Committee, approved and authorized the Financial Statements for issuance and circulation.

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year to which this Statement of Financial position relates and the date of Directors' Report.

## AUDITORS

The auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, are due to retire in the forthcoming Annual General Meeting of the Company and



being eligible, have offered themselves for reappointment. The Audit Committee and the Board have recommended their appointment as external auditors for the next financial year, for shareholders' consideration and approval at the upcoming annual general meeting.

## OUTLOOK

Over the last four years or so the country has navigated a pandemic crisis, a climate catastrophe that wiped off approximately 5% of GDP, political upheaval, a near default event, continued security challenges alongside exogenous market and geo-political shocks.

The outgoing fiscal year has seen a difficult and painful recovery from some of these challenges – this was possible because of extreme policy induced measures taken in 2023 to contain spending and demand where it became difficult for many to operate as business as usual.

Efforts to complete the 2023 Stand-By Arrangement (SBA) helped restore economic stability, leading to moderate growth and reduced external account pressures. GDP growth is estimated at 2.38% for FY24, from a 0.2% contraction in FY23.

We step into FY25 with moderate growth estimations

from economic experts (3.2%); while there is stabilization, growth will be slower to catch up as industry is so dependent on imports and, slower is better; there is consensus on easing inflationary pressures and some stability on both the fiscal and external front.

The Company's core business is dependent on infrastructure projects – in particular energy and water infrastructure. The Company has a healthy order book where some orders are in hand, and we have participated in tenders of gas pipeline capacity augmentation which are in finalization stages and if these materialize manufacturing is expected to commence in Q3FY25.

I would like to thank all stakeholders for their patronage and look for their continued support.

For and behalf of the Board of Directors.



**Ahsan M. Saleem**

Chief Executive Officer

August 7, 2024



**Nadeem Maqbool**

Director

اقتصادی ماہرین کے مطابق، ہم مالی سال 2025 میں شرح نمو کے معتدل تخمینوں (3.2%) کے ساتھ میں قدم رکھنے جا رہے ہیں۔ استحکام تو آئے گا لیکن ترقی کی رفتار سست ہوگی کیونکہ صنعت کا انحصار درآمدات پر ہے اور سست رفتار ہی بہتر ہوگی۔ مہنگائی کے دباؤ کو کم کرنے اور مالی اور بیرونی دونوں محاذوں پر کچھ استحکام لانے پر اتفاق رائے پایا جاتا ہے۔

کمپنی کا کاروبار بنیادی طور پر انفراسٹرکچر کے منصوبوں پر منحصر ہے، بالخصوص توانائی اور پانی کے بنیادی ڈھانچے پر۔ کمپنی کی آرڈر بک میں کافی کام ہے، جہاں کچھ آرڈرز ہاتھ میں ہیں، ہماری جانب سے گیس پائپ لائن کی گنجائش میں اضافے کے ٹینڈرز میں حصہ لیا گیا ہے جو کہ حتمی مراحل میں ہے۔ اگر یہ آرڈرز مل جاتے ہیں تو امید ہے کہ مالی سال 2025 کی تیسری سہ ماہی میں اس پر کام شروع ہو جائے گا۔

میں تمام شراکت داروں کی سرپرستی کے لیے ان کا شکریہ ادا کرنا چاہتا ہوں اور امید کرتا ہوں کہ انکی حمایت مسلسل ہمیں حاصل رہے گی۔

برائے و مخائب بورڈ آف ڈائریکٹرز



ندیم مقبول

ڈائریکٹر



احسان ایم سلیم

چیف ایگزیکٹو آفیسر

7 اگست 2024



## ڈائریکٹرز کا معاوضہ

چیئر مین اور دیگر ڈائریکٹر کمپنیز ایکٹ 2017 کے سیکشن 170 کے مطابق مشاہرے کے حقدار ہیں۔ مشاہرے کے پیمانے کا تعین بورڈ کے ذریعے کیا جاتا ہے جیسا کہ کمپنی کی ایسوسی ایشن کے آرٹیکلز میں فراہم کیا گیا ہے۔

چیئر مین، چیف ایگزیکٹو اور غیر انتظامی ڈائریکٹر (بشمول غیر جانبدار ڈائریکٹر) کو ادا کیے گئے مشاہرے کی تفصیلات غیر مربوط مسئلہ مالیاتی گوشواروں کے نوٹ 47 میں ظاہر کی گئی ہیں۔

## چیئر مین اور چیف ایگزیکٹو آفیسر کا کردار

چیئر مین اور چیف ایگزیکٹو آفیسر کے کردار واضح طور پر جدا جدا ہیں۔ ضابطہ کار پوریٹ گورننس کے تحت، چیئر مین کے پاس تمام اختیارات ہیں اور وہ بورڈ کے اجلاسوں کی صدارت بھی کرتے ہیں۔ چیئر مین کا بنیادی کردار کمپنی کے بورڈ آف ڈائریکٹر کو انتظام اور قیادت فراہم کرنا ہے۔ چیئر مین بورڈ کے سامنے جوابدہ ہے اور چیف ایگزیکٹو آفیسر کے ذریعے بورڈ اور کمپنی کی انتظامیہ کے درمیان براہ راست رابطہ کا کام سرانجام دیتا ہے۔ چیئر مین انتظامیہ سے آزاد ہے اور چیئر مین کے آزادانہ فیصلوں سے متصادم ہونے والے ہر قسم کے مفاد اور کسی بھی کاروباری یا دیگر تعلقات سے آزاد ہے۔

چیف ایگزیکٹو آفیسر متعلقہ قوانین کے مطابق اپنے فرائض سرانجام دیتا ہے۔ بورڈ کی جانب سے تجارتی حکمت عملیوں کے نفاذ کی سفارش اور نگرانی کی جاتی ہے، اور کاروباری امور کے مجموعی کنٹرول، کاروباری افعال اور انھیں برقرار رکھنے کا ذمہ دار ہے۔

## غیر مربوط مالی گوشورے

جیسا کہ ضابطہ کار پوریٹ گورننس 2019 کے ضابطہ 25 کے تحت ضروری ہے، چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر نے بورڈ آف ڈائریکٹر کے غور و خوض اور منظوری کے لیے غیر مربوط مالیاتی گوشواروں کو اپنے اپنے دستخطوں اور توثیق کے ساتھ پیش کیا۔ بورڈ نے غور و خوض کے بعد، آڈٹ کمیٹی کی سفارشات کی بنیاد پر، ان مالیاتی گوشواروں کی جاری کرنے اور تقسیم کرنے کی منظوری اور اجازت دی۔

مالی سال کے اختتام اور ڈائریکٹر کی رپورٹ کی تاریخ کے درمیان کوئی اہم تبدیلیاں یا وعدے نہیں کئے گئے جس سے کمپنی کی مالی پوزیشن کو متاثر ہوئی ہو۔

## آڈیٹرز

آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئینڈ سالانہ اجلاس عام میں ریٹائر ہونے والے ہیں اور اپنی اہلیت کی بنیاد پر انہوں نے اپنی خدمات ایک مرتبہ پھر پیش کی ہیں۔ آڈٹ کمیٹی اور بورڈ نے اگلے مالی سال کے لیے بیرونی آڈیٹرز کے طور پر ان کی تقرری کی سفارش کی ہے، حصص یافتگان کے آئینڈ سالانہ اجلاس عام میں ان کی تقرری کو زیر غور لانے اور منظوری کیلئے پیش کیا جائے گا۔

## معاشی منظر نامہ

پچھلے چار سالوں یا اس سے زائد عرصے کے دوران ملک کئی بحرانوں کا شکار رہا ہے جن میں ایک وبائی مرض، تقریباً 5% جی ڈی پی کا کھانچا جانے والی موسمیاتی تباہی، سیاسی الجھل، ناہندگی کا خطرہ، بین الاقوامی مارکیٹ کے مسائل، جغرافیائی سیاسی مسائل اور سلامتی سے متعلق مسائل شامل ہیں۔

گزرنے والے مالی سال نے ان مسائل کا سامنا بھی کیا ہے اور مسائل میں چند ایک کی تکلیف دہ بحالی دیکھی ہے۔ ان اقدامات کے تحت اخراجات اور طلب میں کمی لانے کیلئے مالی سال 2023 میں انتہائی پالیسیاں اپنائی گئیں اور بہت سے لوگوں کے لیے معمول کے مطابق کاروبار چلانا مشکل ہو گیا۔

مالی سال 2023 میں اسٹینڈ بائی اریجنٹ (SBA) کو مکمل کرنے کی کوششوں کی وجہ سے معاشی استحکام کو بحال کرنے میں مدد ملی، جس کے نتیجے میں معتدل نوعیت کی ترقی ممکن ہو پائی اور بیرونی اکاؤنٹس کے دباؤ میں کمی آئی۔ مالی سال 2024 کے لیے جی ڈی پی کی شرح نمو کا تخمینہ 2.38 فیصد لگایا گیا ہے، جو کہ مالی سال 2023 میں 0.2 فیصد کی حد تک گری ہوئی تھی۔

فند کا نام	سرمایہ کاری کی قدر	تازہ ترین آڈٹ شدہ کھاتوں کی مدت
پراویڈنٹ فنڈ	روپے 263.965 ملین	31 دسمبر 2020
گریجویٹ فنڈ	روپے 152.223 ملین	31 دسمبر 2021
پنشن فنڈ	روپے 417.637 ملین	31 دسمبر 2018
سی سی پی پراویڈنٹ فنڈ	روپے 34.968 ملین	30 جون 2023

- زیر نظر مالی سال کے دوران بورڈ آف ڈائریکٹرز کے سات (7) اجلاس، آڈٹ کمیٹی کے چار (4) اجلاس، انسانی وسائل و ادائیگیوں کی کمیٹی کا ایک (1) اجلاس اور گورننس اور نامزدگی کمیٹی کا ایک (1) اجلاس ہوا۔ اجلاسوں میں شرکت سے متعلق تمام ڈائریکٹرز کی حاضری الگ سے منسلک ہے۔

### شیر ہولڈنگ اور حصص کی تجارت کا بیان

گورننس اور نامزدگی کمیٹی کی سفارشات پر بورڈ نے مالی سال کے لیے کارکردگی کے جائزوں کی منظوری دی تھی۔

ترتیب حصص داری اور ترتیب حصص داری سے متعلق اضافی معلومات علیحدہ سے منسلک کی گئی ہیں۔

### سی ای او کی کارکردگی کا جائزہ

زیر نظر مالی سال کے دوران، بورڈ کی انسانی وسائل و ادائیگیوں کی کمیٹی کی جانب سے سی ای او کی کارکردگی کا جائزہ لیا، جسے بورڈ نے منظور کیا۔

### ڈائریکٹرز

بورڈ آف ڈائریکٹرز اور ان کی کمیٹیوں کی تشکیل کی تفصیلات کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان میں فراہم کی گئی ہیں۔

رواں سال کے دوران بورڈ میں کوئی بھی اتفاقی اسامی خالی نہیں ہوئی۔ موجودہ بورڈ بشمول چیف ایگزیکٹو آفیسر 30 جنوری 2027 تک اپنے عہدے پر فائز رہے گا۔

پاکستان اسٹاک ایکسچینج (PSX) رول بک کی مختلف شکلوں کے مطابق، بورڈ آف ڈائریکٹرز کی جانب سے وضاحت کی گئی ہے کہ کمپنی کے تمام محکموں کے فنکشنل ہیڈز کو "ایگزیکٹو" سمجھا جائے گا۔ کمپنی کے انتظامی ڈھانچے کو مد نظر رکھتے ہوئے اس بات کا جائزہ لیا گیا ہے اور اسے تسلی بخش پایا گیا ہے۔



## ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈٹ شدہ غیر مربوط مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کر رہے ہیں۔

### کاروباری نتائج

کمپنی کے مالی نتائج کا خلاصہ ذیل میں دیا جا رہا ہے:

2023	2024	
روپے '000 میں		
234,281	2,526,575	منافع قبل از ٹیکس
(57,424)	(920,072)	ٹیکس
176,857	1,606,503	منافع بعد از ٹیکس
(155,836)	145,379	سال کے لیے کل دیگر جامع آمدنی / (نقصان)
21,021	1,751,882	
		تخصیصات:
-	(155,265)	پہلا عبوری منافع 2024@20%
-	(271,714)	حتی منافع 2024@35%
2.28 روپے	20.69 روپے	نی حصص بنیادی اور تخمیلی آمدن

### کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق بیان

- کمپنی کے کاروبار کو ہیٹنگ کی بنیاد پر جاری رکھنے میں کوئی شک نہیں ہے۔
- کوڈ آف کارپوریٹ گورننس 2019 میں مذکور، کارپوریٹ گورننس کے سنہری اصولوں سے کوئی قابل ذکر وگروڈانی نہیں کی گئی۔
- گزشتہ سال کے مقابلے رواں مالی سال کے دوران کمپنی کے کاروباری افعال میں نمایاں تبدیلیوں اور مستقبل میں منافع کے امکانات اور اہم منصوبوں اور فیصلوں کی تفصیلات کو چیف ایگزیکٹو کے جائزے میں بیان کیا جا چکا ہے، جس کی توثیق بورڈ آف ڈائریکٹرز کی جانب سے کی گئی ہے۔
- گزشتہ چھ سالوں سے متعلق کلیدی کاروباری افعال اور مالیاتی امور کے ڈیٹا کا خلاصہ رپورٹ ہذا کے ساتھ منسلک ہے۔
- ٹیکس اور لیویز کے بارے میں معلومات مالیاتی گوشواروں میں دی گئی ہیں۔
- 30 جون 2024 تک ملازمین کی تعداد 433 (2023: 434) ہے۔
- کمپنی کی انتظامیہ کی جانب سے تیار کردہ یہ غیر مربوط مالی گوشواروں، کمپنی کے کاروباری افعال کے نتائج، نقد رقوم کی ترسیل اور ایکویٹی میں ہونے والی تبدیلیوں کو شفاف انداز سے پیش کرتے ہیں۔
- کمپنی کی جانب سے محاسبی کے باقاعدہ کھاتے مرتب کئے جاتے ہیں۔
- مالیاتی گوشواروں کی تیاری میں محاسبی کی مناسب پالیسیوں کا تسلسل کے ساتھ اطلاق کیا گیا ہے اور محاسبی کے تخمینے معقول اور قرین از قیاس ہیں۔
- پاکستان میں مروجہ بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی روشنی میں غیر مربوط مالیاتی گوشوارے تیار کئے گئے ہیں۔
- اندرونی کنٹرول کا نظام اپنی وضع اور نفاذ میں انتہائی مؤثر ہے۔ اندرونی آڈٹ اور دیگر طریقہ کار کی مدد سے اندرونی کنٹرول کے نظام کی مسلسل نگرانی کی جاتی ہے۔ اندرونی کنٹرول کی نگرانی کا یہ عمل ہمہ وقت جاری رہتا ہے جس کا مقصد اندرونی کنٹرول کو مضبوط کرنا اور نظام کو بہتر بنانا ہے۔

# MECHANISM FOR PROVIDING INFORMATION AND RECOMMENDATION TO THE BOARD

Information regarding any matter of concern or any recommendation is put forward by the CEO to the Board Chairman or to the respective committees of the Board.

## FORMAL REPORTING LINE

The current operational structure of the Company consists of shared services such as Finance, Human Resources, Information Technology, Supply Chain, etc. and Corporate Divisions, each of which is headed by a Business Unit Head (BUH).

The BUHs act as CEOs for the respective units and are responsible for the day-to-day management and performance of their division. Board Committees have access to BUHs to obtain any information they require pertaining to their respective division.

Further information regarding any matter of concern or recommendation is also put forward by the CEO to the respective committees of the Board.

## EMPLOYEES

Our employees are encouraged to express their views and share their suggestions with the management and the Board. We have established several formal and informal avenues for our people through which they can share feedback and ideas regarding the business and the Company as a place of work. Physical suggestion boxes have been placed at all corporate offices and factory locations and a virtual suggestion box with direct access to the CEO is available on our internal SharePoint portal. In addition to this, we organize an annual Open House with the CEO where employees may drop in to meet the CEO one on one to express their concerns and share their feedback directly with him. These meetings are aimed at capturing free and firsthand suggestions that are useful in refining operations and in improving the work environment.

The formal mechanisms in place provide our people with avenues to share suggestions and raise grievances and concerns on matters relating to the Company. Suggestions and grievances are reviewed and monitored directly by the CEO or the Head of Corporate Affairs. In case the matter is of a significant nature, the same is addressed in the meetings of the Management Committee, the relevant Board Committee or Board of Directors.

The Company also has a Whistle Blowing Policy to enable employees to raise serious concerns to the management regarding the business or Company, anonymously, without fear of repercussions.

## SHAREHOLDERS

Every year the Annual General Meeting of shareholders is called in accordance with the requirements of the Companies Act, 2017. This meeting is attended by the CEO, Chairman, Board of Directors and the Company Secretary. The interactive session

between the Company's management and shareholders allows the shareholders to ask questions on financial, economic, and social matters and provide recommendations. The CEO responds to all such queries and takes necessary actions accordingly.

Moreover, the Company has provided contact details of relevant personnel who should be contacted for general and specific queries on its website: <https://crescent.com.pk/contact-us>

## MANAGING CONFLICT OF INTEREST

The Company, in compliance with the Code of Corporate Governance, annually circulates and obtains a signed copy of the Code of Conduct from all its employees and directors. The Code of Conduct covers matters relating to conflict of interest. Further, the directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of "insider information".

As per the provisions of the Companies Act, 2017, every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested director(s) do not participate in the discussion, nor do they vote on such matters.

All transactions with related parties are made under agreed terms / contractual arrangement basis and complete details are provided to the Board Audit Committee and then Board for their approval. Moreover, Independence form is circulated to all the directors to confirm their directorship in other entities in order to determine the relationship of related party with such entity based on common directorship. Further all the transactions with the related parties are fully disclosed in the annual financial statements of the Company.

## MONITORING AND EVALUATION

We have consciously chosen not to introduce an independent monitoring process to evaluate performance on sustainability objectives because our sustainability objectives and corporate strategies are essentially the same. The way we manage our business helps to ensure performance on sustainability objectives is monitored through various systems already in place. These systems monitor performance at a Corporate, BUH, team and at an individual level.



# REPORT OF THE AUDIT COMMITTEE

The Audit Committee (the Committee) is comprised of four Non-Executive Directors out of which two are independent directors. Further, two of the members of the committee qualify as financially literate. Details of the Directors are set out in the Board of Directors section of this report. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Internal Auditors and the External Auditors attended the Committee meetings by invitation. The Head of Internal Audit is the secretary of the Committee. Senior Management Officers are invited to attend the Committee's meetings as and when the business of the Committee requires their presence. The Committee meets with the Internal Auditors and the External Auditors with and without the presence of the CEO, CFO and Head of Internal Audit.

The Committee has concluded its annual review of the conduct and operations of the Company during the financial year ended June 30, 2024, and reports that:

- Four meetings of the Committee were held during the financial year ended June 30, 2024, in which all meetings were presided by the Chairman, Audit Committee.
- The Committee reviewed the quarterly, half-yearly and annual financial statements of the Company and recommended them for approval of the Board. It has reviewed the preliminary announcement of results prior to their publication.
- The Board has issued a "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulation, 2019" which was duly reviewed by the external auditors of the Company.
- Understanding and compliance with Company Code of Business Practice and Ethics has been affirmed by the members of the Board, the Management and employees of the Company, individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements for the financial year ended June 30, 2024, which present fairly the state of affairs, results of operations, cash flows and change in equity of the Company and its subsidiaries.
- The CEO and the CFO have endorsed the unconsolidated and consolidated financial statements of the company along with the Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of the internal control system of the Company.
- Accounting estimates are based on reasonable and prudent judgment.
- Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with Management processes and adequate for shareholder needs.
- The Committee has reviewed all the related party transactions and recommended the same for inclusion on notes to the financial statements and for approval of the Board.
- No cases of complaints regarding accounting, internal controls, audit matters or whistle blowing events were received by the Committee.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- The Committee ensured that their statutory obligations and requirements of best practices of governance have been met through a toolkit developed by the management.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of the Company, along with maintenance of confidentiality of all business information.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

## Internal Audit

- The Committee has effectively monitored the internal control framework. The internal audit function has been outsourced to BDO Ebrahim and Co., Chartered Accountants who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- Internal auditors independently reviewed the risks and control processes operated by the management. The Internal Audit function has carried out its duties under the charter approved by the Committee. It carried out independent audits in accordance with an internal audit plan which was approved by the Committee before the start of the financial year.
- The internal audit plan provided a high degree of financial and business segment wise coverage and devoted significant effort to the review of the risk management framework surrounding the major business risks.
- Internal audit reports include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised. Internal audit follows up the implementation of recommendations and reports progress to senior management and the Committee.
- The Committee has reviewed the findings of the internal audits completed during the year, taking appropriate actions or bringing the matters to the Board's attention where required.
- The effectiveness of the internal audit function was reviewed and discussed by the Committee on an annual basis. Based on the Committee's review of the performance of the internal audit function, the committee has recommended to the Board the appointment of BDO Ebrahim & Co., Chartered Accountants for the financial year 2024-25.

## External Audit

- The statutory Auditors of the Company, A.F. Ferguson & Co., Chartered Accountants, have completed their Audit engagement of the "Unconsolidated Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulation, 2019" for the financial year ended June 30, 2024.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured.
- The Committee has reviewed and discussed with the external auditors and management, all the key audit matters and other issues identified during the external audit along with the methods used to address the same. Moreover, during the year Management letter for year ended June 30, 2023, was received within 45 days of the date of the Auditors' Report on financial statements as required under the PSX Rule Book; and the Committee reviewed and discussed the Management letter with external auditors and the management.
- The performance, cost and independence of the external auditor is reviewed annually by the Committee.

Based on the Committee's review of the performance of external auditors, the Committee has recommended to the Board reappointment of A. F. Ferguson & Co., Chartered Accountants, as statutory auditors for the year 2024-25 at the forthcoming Annual General Meeting.

By order of the Audit Committee



**Nihal Cassim**

Chairman, Audit Committee

August 6, 2024



# STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019

## CRESCENT STEEL AND ALLIED PRODUCTS LIMITED

For the year ended June 30, 2024

Crescent Steel and Allied Products Limited (hereinafter referred to as "the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

- The Board is comprised of eight (8) Directors including the Chief Executive Officer (a deemed director, as per Section 188 of the Companies Act, 2017) as per the following:

Male Directors:	7
Female Directors:	1

- The composition of the Board is as follows:

Categories	Number of Directors	Names of Directors
Independent Directors	4	Mr. Muhammad Kamran Saleem Mr. Nadeem Maqbool Ms. Nausheen Ahmad Mr. Nihal Cassim
Non-Executive Directors	7	Mr. Ahmad Waqar Mr. Ahmad Shafi Mr. Muhammad Kamran Saleem Mr. Nadeem Maqbool Ms. Nausheen Ahmad Mr. Nihal Cassim Mr. S.M. Ehtishamullah
Female Director	1	Ms. Nausheen Ahmad
Executive Director	1	Mr. Ahsan M. Saleem

- All directors have confirmed that they do not serve as a director on more than seven (7) listed companies, including this Company;

- The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies, along with their date of approval and / or updates are maintained by the Company;
- All powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and the Regulations;
- All meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;
- Four (4) Directors of the Company have a minimum of 14 years of education and 15 years of experience as directors of a listed Company. Four (4) directors of the Company have completed certification under the DTP;
- The Board has approved appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- Board committees as at June 30, 2024 are structured as follows:

Committees	Members
<b>Audit Committee</b>	Mr. Nihal Cassim (Chairman) Mr. Ahmad Shafi Mr. Nadeem Maqbool Mr. S. M. Ehtishamullah
<b>HR and Remuneration Committee</b>	Mr. Nadeem Maqbool (Chairman) Mr. Ahmad Shafi Mr. Ahmad Waqar Ms. Nausheen Ahmad
<b>Governance and Nomination Committee</b>	Mr. Ahmad Waqar (Chairman) Mr. Ahsan M. Saleem Mr. Kamran Saleem Ms. Nausheen Ahmad
<b>Risk Management Committee</b>	Mr. S. M. Ehtishamullah (Chairman) Mr. Muhammad Kamran Saleem Mr. Nihal Cassim

13. The number of meetings held for each committee during the year were as follows:

Committees	Frequency of meetings
<b>Audit Committee</b>	Held four (4) times during the year once every quarter; prior to approval of interim and final results of the Company and as required by the Code.
<b>HR and Remuneration Committee</b>	Held once (1) during the year as required by the Code.
<b>Governance and Nomination Committee</b>	Held one (1) meeting of the Governance and Nomination Committee during the year.
<b>Risk Management Committee</b>	No meeting of the Risk Management Committee was held during the year.

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
15. The Board has outsourced the internal audit function to qualified and experienced resources, conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that: they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for requirements recently introduced by SECP through notification dated June 12, 2024 are as follows:

- (i) the Company's Code of Conduct broadly covers elements of workplace harassment;
- (ii) the Board provides governance and oversight in relation to the Company's initiatives on Environmental, Social and Governance (ESG) matters.

However, the specific requirements of the aforesaid notification will be complied with in due course.



**AHMAD WAQAR**

Chairman



**Ahsan M. Saleem**

Chief Executive Officer

August 07, 2024



# STAKEHOLDER ENGAGEMENT



**Stakeholders play an essential role in Crescent Steel's continued success, especially in determining opportunities to collaborate towards common goals.**

We seek to align corporate actions with stakeholder expectations. To achieve this, we collect feedback through both formal and informal channels.

Shareholders and investors provide financial capital to run the business; our employees drive and manage the business; our suppliers provide necessary products and services for our business and our customers are the source of revenue for our business. Similarly, financial institutions, regulators, auditors, and other strategic partners are essential stakeholders and managing their expectations is important for our future as a sustainable business.

We strive to identify opportunities and risks early on and offer various platforms for dialogue with stakeholders. These interactions typically occur at our Head Office in Karachi and through other forums across Pakistan.

While engagement with our employees, suppliers, customers, shareholders, and investors is stronger, we recognise that we need to strengthen engagement with other stakeholders that include the communities where we operate and, government and regulatory authorities.

## STAKEHOLDERS NEEDS AND EXPECTATIONS

**Understanding and addressing the needs and expectations of our stakeholders is a sustainability imperative.**

We work to strengthen our engagement across key stakeholder groups and maintain regular and honest communication with these stakeholder groups. Addressing the needs of these interconnected groups helps us ensure commercial success and strengthens our ability to deliver on sustainability priorities.

Here are some ways we engage with key stakeholder groups to meet their needs and expectations:



# ENGAGEMENT BY STAKEHOLDER GROUP

We have consulted<sup>2</sup> stakeholder groups and identified the following areas of importance:

Stakeholder Group	Areas Identified	Our Response
<b>1. Shareholders and Investors</b> Self-assessed through informal consultations	<ul style="list-style-type: none"> <li>Stable economic performance and returns.</li> <li>Capital allocations</li> <li>Effective management of the company's major business operations</li> <li>Making sustainable decisions for enhanced enterprise value in the long run</li> </ul>	<ul style="list-style-type: none"> <li>Periodic technological advancement of processes of plant and machinery at manufacturing sites to augment sustainable revenues while pursuing opportunities for business development through strategic annual objectives</li> <li>Annual General Meetings</li> <li>On time, quality reporting on financial and non-financial performance</li> <li>On time material information circulations to investors through the Stock exchange</li> <li>Formal investor briefings</li> <li>Annual Corporate Briefing by the CEO</li> </ul>
<b>2. Customers</b>	<ul style="list-style-type: none"> <li>Producing and delivering high quality, reliable products on time</li> <li>Customer satisfaction; improving through product offerings and aiming to meet needs of customer base, including remaining in touch with needs and expectations.</li> <li>Educating customers about new products such as Fusion Bonded Epoxy coatings etc.</li> <li>Enabling better execution of national projects by engaging customers at design phase</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing production capacity and adhering to international standards and best practice</li> <li>Customer satisfaction surveys</li> <li>Ensuring quality control and remaining up to date with the latest market trends and requirements</li> </ul>
<b>3. Employees</b>	<ul style="list-style-type: none"> <li>Our impact on communities</li> <li>Working ethically</li> <li>Resilience of our business</li> <li>Career development opportunities</li> <li>Safe workplace</li> <li>Diversity and inclusion</li> <li>Skillset enhancement</li> <li>Strong organizational culture</li> <li>High performance culture and fair remuneration</li> <li>Our response during crisis</li> </ul>	<ul style="list-style-type: none"> <li>Annual Employee Opinion Survey and Open House to gather feedback</li> <li>Engagement surveys (HR Services, Event surveys etc.)</li> <li>Employee Run Committees and initiatives</li> <li>HSE briefing and emergency drills to observe safety measures</li> <li>Female representation at corporate offices at 17% and minorities at 5%</li> <li>Participation in employee engagement activities</li> <li>1,954 hours of training in FY24 [FY23: 2,354 hours]</li> <li>Support for further education of employees and their children</li> <li>Enabling mobility and capital formation through annual subsidized vehicle acquisition scheme</li> <li>Awareness sessions around financial planning, wellbeing etc.</li> <li>Awareness sessions on social issues relevant to the Pakistani community</li> </ul>
<b>4. Suppliers</b>	<ul style="list-style-type: none"> <li>Growth through sharing information and expertise</li> <li>Improvement of formal and informal mechanisms to assess supplier-business relationships</li> <li>Improving HSE practices for a sustainable supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Regular evaluations of all suppliers for better business conduct</li> <li>Environmental assessments ensure trust and quality between the business and its suppliers</li> </ul>
<b>5. Local Community</b> Self-assessed through informal consultations	<ul style="list-style-type: none"> <li>The need for heavy investments in the education, health and societal sectors</li> </ul>	<ul style="list-style-type: none"> <li>Supported various community partners such as TCF, Indus Hospital, The Health Foundation and WWF</li> <li>Provided scholarship support to 4 students bringing total scholars to 44, of which 15 are children of employees</li> <li>Contributed 2,327 hours in time towards various causes.</li> <li>47 employees donated total of 23,500 ml of blood to the Indus Hospital Blood Centre and Social Security Hospital Jaranwala.</li> <li>Planted 1,000 mangroves at WWF wetland center</li> </ul>

<sup>2</sup>Formal consultations only took place with employees, customers and suppliers; formal consultation with investors and the local community segment was not sought. The assessment is based on discussions with investors, the brokerage community and partner NGOs that we work with.



## INTERNAL STAKEHOLDERS

### EMPLOYEES AND CONTRACTORS

We work hard to establish a safe, diverse and inclusive working environment for all our employees and third-party contractors working on our site. Safety and equal opportunity are not just a priority; they form an integral part of our approach to sustainability. We continue to focus on and monitor our safety performance and reinforce safe behaviors and our Mission Zero goal at all our offices and manufacturing sites. Our goal is to maintain a strong and vibrant organizational culture that supports the expertise of our people, enabling and developing high-performance teams. This is covered in more detail in the Human Capital section of this report (Page 124-125).



# EXTERNAL STAKEHOLDERS

## CUSTOMERS

We are proud to be a leading engineering company in Pakistan, specializing in the manufacturing of large-diameter line pipes. Our primary focus is on helping customers optimize their oil, gas, and water transmission pipeline systems, while also promoting the use of sustainable structures for ports.

To meet the increasing demands of our customers, we have substantially expanded our manufacturing capacity, boosting it by more than 100%. This strategic decision, together with our API licensing, has allowed us to secure a toll manufacturing order for the K-IV project. This project involves the production of 106,144 metric tons of coated API PSL-2-line pipes, with diameters reaching up to 84 inches and 68 inches.

We maintain ongoing collaborations with key stakeholders to cultivate a market for flow-efficient and protective internal line pipe coatings. The rationale behind this initiative is compelling: internal coatings improve gas flow efficiency, leading to reduced energy consumption at a given flow capacity and the use of smaller pipe diameters, resulting in reduced material usage.

Customer satisfaction remains our top priority. We actively seek and value customer feedback and expectations, which drive us to continuously enhance our product offerings and address quality and service concerns. We employ a variety of communication channels to engage with our customers and gain insights into their needs and expectations.

### Market Visits (Continuous)

Our marketing team frequently interacts with customers to ensure that we keep abreast of the latest development and market trends. We also work with supply chain and project teams to ensure we are aligned with customer needs and better able to manage expectations.

### Customer Offering And Support Desk (Continuous)

The Quality Control Department also serves as a helpdesk ensuring that customized offerings are being delivered and any product related issues are addressed on time.

### Customer Satisfaction Feedback (Continuous)

Feedback is sought to ensure that the products are according to the needs and specifications of customers. Surveys about our products are regularly conducted formally and informally. They help us in assessing our customer focus performance through feedback on product.

## SUPPLIERS

Our supply chain is integral to our sustainable procurement management strategy. We hold our supply chain partners to high standards that align with our principles and values. We actively support their growth by sharing information and expertise. Our relationships with key suppliers extend to collaboration in planning, logistics, and the introduction of new products and services.

While we prioritize local suppliers whenever possible, we also maintain robust ties with foreign suppliers for key raw materials essential to meeting customer demands. All our critical suppliers adhere to ISO certification standards, in line with our policy.

Our supply chain is categorized into two segments: critical and non-critical. Our supplier management system includes well-defined protocols for supplier induction, evaluation, and re-evaluation. These protocols underscore our commitment to sustainable and safe practices.

To ensure sustainability across our supply chain, we engage new suppliers through both formal and informal channels, assessing their business viability, conduct, as well as health, safety, and environmental practices. In cases where assessments reveal potential risks, we establish revised procurement protocols to address these concerns.

### Suppliers Screened Using Environmental Criteria

We evaluate 100% of our suppliers through desktop research and our vendor questionnaire form with regular onsite visits and inspections for key raw material suppliers.

### Significant Environmental Impacts In The Supply Chain

Our foreign suppliers are in different countries and are subject to environmental impact assessments. They are certified by ISO and other credible international certification companies.



# SHAREHOLDERS AND INVESTORS

We take seriously the immense responsibilities associated with making complex choices and responsibly evaluate the impact of all our actions, as we try to meet the expectations of our stakeholders. We approach these challenges with confidence, knowing that our guiding principles and values enable sound decision-making today, and every day.

Our financial performance and outlook are discussed in detail in the Message from the Chief Executive Officer and in relevant sections of this report.

Some of the ways in which we engage our shareholders and investors include:

## Annual and Extra Ordinary General Meetings

This meeting provides a platform for stakeholder engagement.

## Quarterly, Half-Yearly and Annual Reports

Reports are uploaded on the website and are available in print on request.

## Press Releases (As Required)

Updates of potential interests are published for our stakeholders via press release.

## Investor Interactions (As Required)

We participate in various investor conferences and broker briefing sessions to interact with existing and potential investors.

## Material Information (As Required)

Information is transmitted to Pakistan Stock Exchange Limited (PSX) on timely basis as per the requirement of PSX rule book.

## COMMUNITY

We adhere to self-assessment guidelines to measure the impacts of our community investments, conducting regular reviews.

Our evolving commitment to communities now encompasses increased engagement with people and our employees.

We actively contribute to various gas infrastructure and energy development projects, striving to share the substantial economic benefits. This includes providing employment opportunities and collaborating with local suppliers.

Recognizing the potential adverse impacts of our operations on communities, we work to minimize and offset them whenever possible. Details of our initiatives and contributions for fiscal year 2024 are available in the Social and Relationship Capital section of this report.

All our units have both formal and informal community engagement programs. Additionally, we prioritize hiring from local communities whenever feasible, aligning with business requirements. We acknowledge the need for improvement in gathering community feedback to better understand their needs.

Importantly, none of our operations have significant actual or potential negative impacts on local communities.

## REGULATORS AND GOVERNMENT BODIES

Regulators and government bodies are key drivers for future business sustainability, specifically in terms of the engineering sector businesses that we operate that need special trade protection as we compete against international suppliers.

# ENGINEERING DEVELOPMENT BOARD, BOARD OF INVESTMENT AND FEDERAL BOARD OF REVENUE

We remain engaged with the Engineering Development Board (EDB), the Ministry of Industries and Production, the Ministry of Petroleum, and the Tariff Anomaly Committee. We share our concerns and proposals for the implementation of effective cascading duties and import substitution policies. These measures can promote local industry growth, reduce production costs, ensure access to quality goods and services at reasonable prices, and protect domestic producers from unfair competition, ultimately safeguarding consumer interests.

# ENGAGEMENT ACTIVITIES

Various engagement activities were organized throughout the year. These include ongoing formal and informal office rituals, formal CSR activities with community partners and other internal events. Our people also volunteer to conduct impact assessment visits to select community partners. These activities also form a part of how we engage the people who work with us. These are covered in detail in this report.

# EMPLOYEE AND COMMUNITY ENGAGEMENT

Stakeholders – Community and Employees

Activity	Month
Breast Cancer Awareness Session – Indus Hospital	October 2023
Employee Wellbeing and Mental Health Awareness Week	October – November 2023
Mangrove Plantation and Trip to Balochistan – World Wide Fund for Nature Pakistan	December 2023
Crescent Cares Week	February 2024
Visit to SOS Village	February 2024
Session on Hepatitis B and C – The Health Foundation	February 2024
TCF Students visit to Head Office, Nooriabad, Jaranwala and Bhone Factories	February 2024
Session on Indus Shakireen – Indus Hospital	February 2024
Blood Drive – Indus Hospital	February 2024
Session on Sign Language – Deaf Reach	February 2024
Cycling and Beach Cleaning	February 2024
Earth Hour	March 2024
Iftar Distribution Drive – The Robin Hood Army	March – April 2024
Earth Day	April 2024
Visit to Karachi Down Syndrome Program( KDSP)	June 2024



# ECONOMIC PERFORMANCE



## ECONOMIC VALUE CREATION

Our economic performance has a direct influence on the local community because we procure goods and services and provide employment to a diverse workforce in the production of our goods. We are motivated to undertake carefully considered risks to generate value across all stakeholder groups.

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2024	2023	2022	2021	2020
<b>Economic value generated</b>	(Rs. in millions)				
Total Revenues	11,886,198	6,045,371	8,241,184	9,430,855	4,744,061
Bought-in-material and services	(5,831,182)	(3,238,649)	(6,587,632)	(6,180,580)	(3,101,110)
Value generated	6,055,016	2,806,722	1,653,552	3,250,275	1,642,951

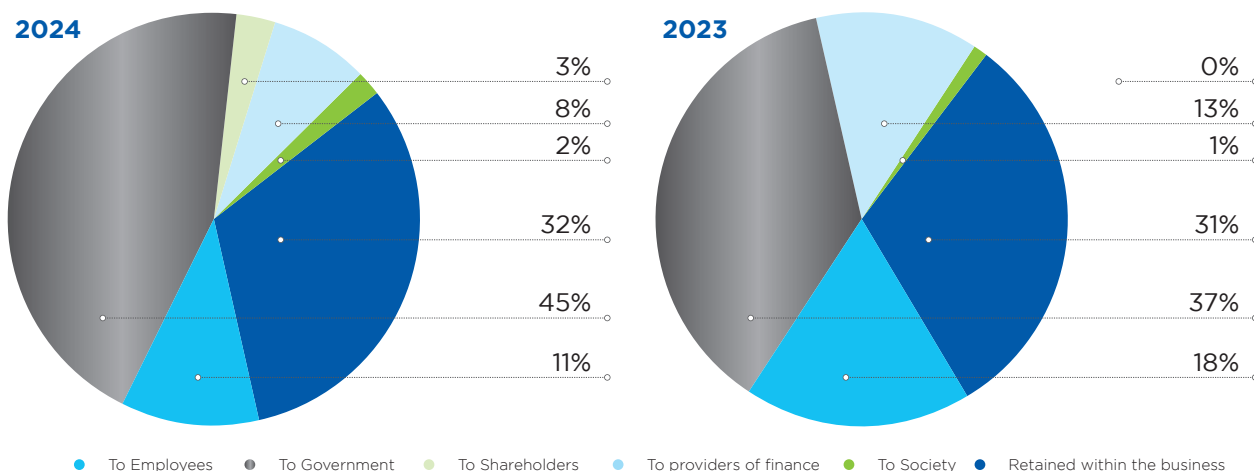
### Economic value distributed

<b>Employees</b>	668,893	517,396	525,810	457,030	425,442
Salaries, wage, and other benefits					
Value per Share	8.62	6.66	6.77	5.89	5.48
<b>Government</b>	2,716,415	1,037,766	1,630,649	1,530,593	1,051,944
Income tax, sales tax, customs duties, WWF and WPPF					
Value per Share	34.99	13.37	21.00	19.72	13.55
<b>Shareholders</b>	155,265	-	-	-	-
Value per Share	2.0	-	-	-	-
<b>Provider of Finance</b>	497,442	364,779	251,742	213,407	315,109
Finance cost					
Value per Share	6.41	4.70	32.43	27.49	40.59
<b>Society</b>	92,483	27,488	59,014	12,013	618
Donations towards education, health, and the environment					
Value per Share	1.19	0.35	7.60	1.55	0.08

<b>Economic value retained</b>	2024	2023	2022	2021	2020
Depreciation, amortization and retained earnings	1,924,518	859,293	(813,663)	1,037,232	(150,162)

	2024	2023	2022	2021	2020
Value distributed per share	53.21	25.09	31.78	28.51	23.10
Value generated per share	78.00	36.15	21.30	41.87	21.16

In 2024, Crescent Steel did not receive any direct or indirect financial assistance from the government except for certain tax concessions as per applicable laws.





# REPORTING ON TAX

## CONTRIBUTION TO NATIONAL EXCHEQUER AND ECONOMY

We ensure the sustainable and responsible management of our business through compliance with all obligations imposed on us as well as those we choose to impose on ourselves. Detailed financial and operational performance is covered in this annual report; a summary of the economic value generated and distributed is given below.

- Our revenues were Rs 11.89 billion [FY23: Rs. 6.05 billion] of which Rs. 5.8 billion [FY23: Rs. 3.2 billion] constitute payments to suppliers, representing a net value addition of 50.9 % or Rs. 6.1 billion [FY23: 46% or Rs.2.8 billion].
- We distributed a significant part of the value we created through the payment of taxes and levies to provincial and federal governments and, for the year these stood at Rs. 2.7 billion [FY23: Rs. 1.0 billion]. Our profit before tax, account for 26.3 % total sales after tax.
- We have defined Benefits and Contribution Plans for our employees and during the year we distributed Rs. 669 million or 11% of net wealth created, in wages and benefits to our average workforce of 432 employees [FY23: 517 million or 18% of net wealth in wages and benefits to our workforce averaging 602 employees].
- We distributed Rs. 92.5 million in the form of community investments [FY23: Rs. 27.5 million] and, Rs. 497.4 million to providers of finance as interest payments [FY23: Rs. 365.0 million]; these being allowable expenses, helped us save Rs. 134.3 million in taxes.
- Consolidated net Sales were Rs. 9,112 million as compared to Rs. 4,516 million last year, increasing 104% YoY. Gross Profit margins increased by 29% [FY23: 17.2 %].

## APPROACH TO TAX

**Our operations generate revenue through taxes and levies for the Pakistan government. These payments are used by the government to fund essential public and welfare services like education, roads and bridges, healthcare, cash support programs such as the Ehsaas/BISP programs and more.**

Taxes are a vital source of revenue for all governments and a major outflow for businesses – when planned and managed effectively, it leads to significant cost savings. Our current tax plan is designed to optimize available tax credits. We consistently advocate for tax regulations that foster advantages for local businesses. Our tax approach is an integral component of our finance strategy which has a two-part focus: remaining compliant with all relevant tax laws and regulations and, optimising tax rate. Our finance function house a separate tax team that reports directly to the CFO who is closely involved in all tax planning and optimisation.

Our internal audit function reviews to reviewing our tax practices and reports periodically to the board audit committee. We also enlist the expertise of tax consultants to provide guidance, deal with tax authorities and when necessary, we engage legal professionals. Our tax obligations encompass various business transactions, including income taxes, sales taxes and customs duties.

## TAX GOVERNANCE, CONTROL, AND RISK MANAGEMENT

Key people on the finance team attend tax-focused seminars annually to update understanding of taxation. All our transactions are systematically handled through the ERP system, with tax rates integrated and promptly updated to reflect any changes. Risk registers are formulated to pinpoint potential risks at the managerial level for each Business Unit and Department. These registers undergo evaluation at the Executive Team level and are subsequently approved and governed by the Board Risk Management Committee.

An external auditor assesses our general tax compliance status, and we prepare Group Tax Financial Statements annually to supplement our returns. We maintain a comprehensive whistleblower policy that serves as a channel for reporting any instances of misconduct, including those related to taxation.

## STAKEHOLDER ENGAGEMENT AND MANAGEMENT OF CONCERNS RELATED TO TAX.

Engaging in discussions with tax authorities to obtain clarifications on taxation matters. Convening meetings to address unresolved tax cases. CSAPL actively promotes tax policies by collaborating with the Pakistan Engineering Board, and various other platforms. This includes presenting recommendations to the budget committee to bolster local manufacturers. The company website features an email address for registering complaints regarding any concerns from stakeholders including external stakeholders.

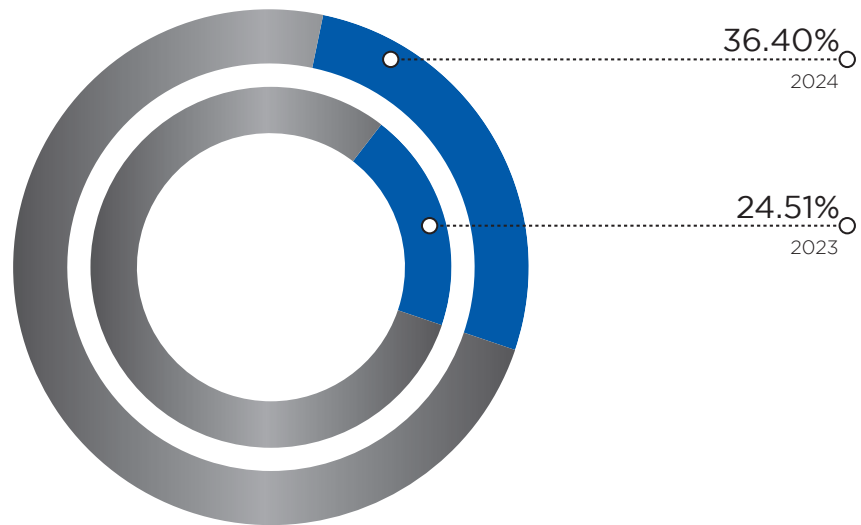
## TAX JURISDICTION

We are not exposed to any tax jurisdiction other than Pakistan and do not hold any business interests abroad. Our tax and other payments to the government are illustrated below:

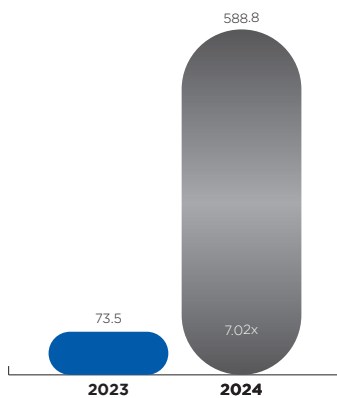


## OVERVIEW OF TAX AND OTHER PAYMENTS TO THE GOVERNMENT:

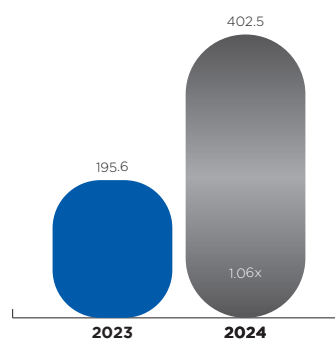
### Effective rate of tax All figures are in PKR, millions



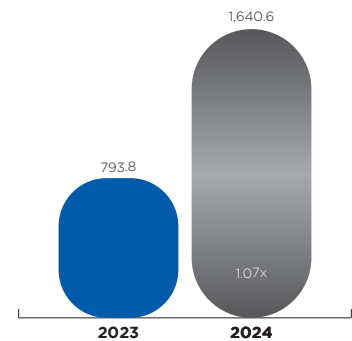
#### Corporate income tax



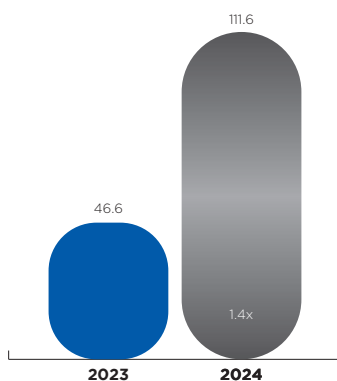
#### Custom Duties and Other Levies



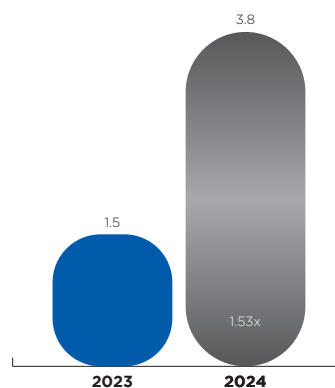
#### Sales Tax



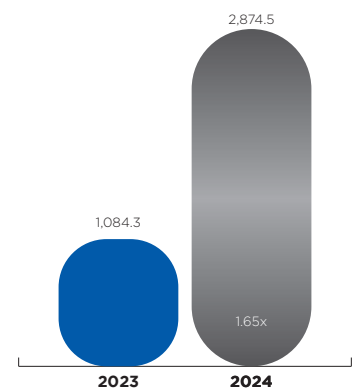
#### Withholding tax deducted and submitted to government



#### Fees



#### Taxes collected and paid



# DE STIJL

## 1917–1931

Term derived from the Classical concept of forms created by the power of natural life, applied to the use of organic shapes in 20th-century art, particularly within Surrealism. It was first used in this sense by Alfred H. Barr jr in 1936. The tendency to favour ambiguous and organic shapes in apparent movement, with hints of the shapeless and vaguely spherical forms of germs, amoebas and embryos, can be traced to the plant morphology of Art Nouveau at the end of the 19th century; the works of Henry Van de Velde, Victor Horta and Hector Guimard are particularly important in this respect.

### Gerrit Thomas Rietveld

Title: Red/Blue Chair (Rood Blauwe Stoel)

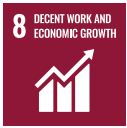
Medium: Beech plywood

Source: <https://artsandculture.google.com/asset/red-blue-chair-rood-blauwe-stoel-gerrit-thomas-rietveld/hgHsRdkhFINrkg>





# HUMAN CAPITAL



**At Crescent Steel, our primary goal is to create a workplace grounded in equity and respect. We are committed to building an inclusive environment that supports personal growth, recognizes outstanding performance, and provides equal opportunities for all employees.**

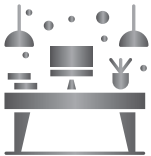
In an economy where knowledge and intangible assets, particularly human and intellectual capital, are increasingly valuable, we understand the pivotal role our workforce plays in our success. As we continue producing steel pipes of an unprecedented size in the country — a task that demands specialized skills and expertise — it is vital that our internal team remains highly motivated and engaged.

With Pakistan's median age at 20.4 years, we anticipate a significant increase in the working-age population. This demographic shift emphasizes the importance of effective management strategies to leverage this potential and drive our organization's growth.

**As a family managed enterprise, we strive to ensure that we maintain a professional environment, and are able to provide ample growth opportunities for high potential talent.**

We are dedicated to attracting, developing, and retaining top talent to meet the evolving needs and goals of our business. To achieve this, we have a comprehensive HR strategy and extensive policies in place to support our strategic human and intellectual capital objectives. Our strategy is to strengthen our human capital asset, develop a culture of excellence, provide a welcome, inclusive and healthy work environment, and uphold our core values.

Our business structure limits the number of people we can hire, requiring innovative talent management, especially in key positions. In all our operations, we prioritize the fundamental needs of our employees and contractors, which include:



**A safe and healthy workplace**



**Fair and Equitable Remuneration**



**Career development and training for personal development**



**A Diverse and Inclusive Work Environment with Equal Opportunities**

At Crescent Steel, fostering a culture of transparency and open communication is a top priority. We actively encourage employees to share feedback and voice their concerns, ensuring their input is heard and valued. To maintain a high level of employee engagement, we closely monitor the results of our initiatives and satisfaction surveys, promptly addressing any issues that arise. Our human resource's function is regularly reviewed by an independent internal audit unit to identify and address any policy or implementation gaps.





# STRATEGIC FOCUS ON HR





# GOALS AND OBJECTIVES FOR 2024 – 2026

Goal / Objective	Supporting Initiatives / Actions
<b>Enhance Employee Engagement Levels</b>	Achieve an Employee Satisfaction Index (ESI) of 4 and increase participation to 90%.
	Conduct focus groups to address key issues from the Employee Opinion Survey and Open House Sessions.
	Deploy an AI-powered HR chatbot to facilitate real-time employee interactions, ensuring concerns are addressed proactively.
	Engage employees in co-designing and implementing solutions to key engagement challenges.
	Leverage gamification and microlearning techniques to enhance participation in internal training programs.
<b>Create a High-Performance Culture</b>	Conduct 360-degree assessments for key management and executive roles, ensuring 100% participation among departmental managers up for promotion.
	Enhance the implementation and effectiveness of the performance management system.
	Continuously update the skills inventory and develop targeted upskilling programs aligned with evolving business needs.
	Introduce e-learning modules for standardized roles and induction programs.
	Establish mentorship and coaching frameworks to encourage self-directed learning and leadership development.
	Strengthen key operational areas by acquiring and retaining top talent in mid-management roles.
	Embed a culture of trust and fairness through transparent performance evaluations with clear, measurable criteria and regular feedback loops.
<b>Foster an Inclusive and Enabling Workplace Culture</b>	Track and increase the percentage of female applicants for vacant roles through targeted recruitment programs.
	Maintain pay equity across gender, ensuring equal pay for men and women in comparable roles and job grades.
	Develop partnerships to recruit differently abled individuals and create pathways for their integration into the workforce.
	Reduce the average age of the organization by recruiting younger talent and fostering generational diversity.
	Facilitate knowledge transfer through mentorship programs, encouraging collaboration between younger employees and experienced team members.
<b>Achieve HR Process Excellence</b>	Leverage data from the Human Resource Information System (HRIS) and explore advanced HRIS solutions to enhance decision-making and streamline HR operations.
	Develop Power BI dashboards
	Conduct regular HR performance surveys and use findings to address areas for improvement.
	Build HR competency across the organization by training managers to act as HR leaders for their teams, fostering a people-first approach.
	Introduce analytics-driven recruitment, training, and engagement processes to monitor trends, predict outcomes, and inform strategy.
	Implement competency-based interviews and assessment tools to improve the accuracy of hiring decisions and enhance talent acquisition.



# WE AIM TO ACHIEVE



HIGH PERFORMANCE  
HUMAN CAPITAL



COMPETITIVE  
REMUNERATION



SIMPLIFIED HR



HR AGILITY



COMMUNITY  
INVOLVEMENT



ENHANCED  
EMPLOYEE  
ENGAGEMENT



HAPPY  
WORKPLACE



COMPLIANCE  
AND PRODUCT  
RESPONSIBILITY



## EMPLOYEE ENGAGEMENT

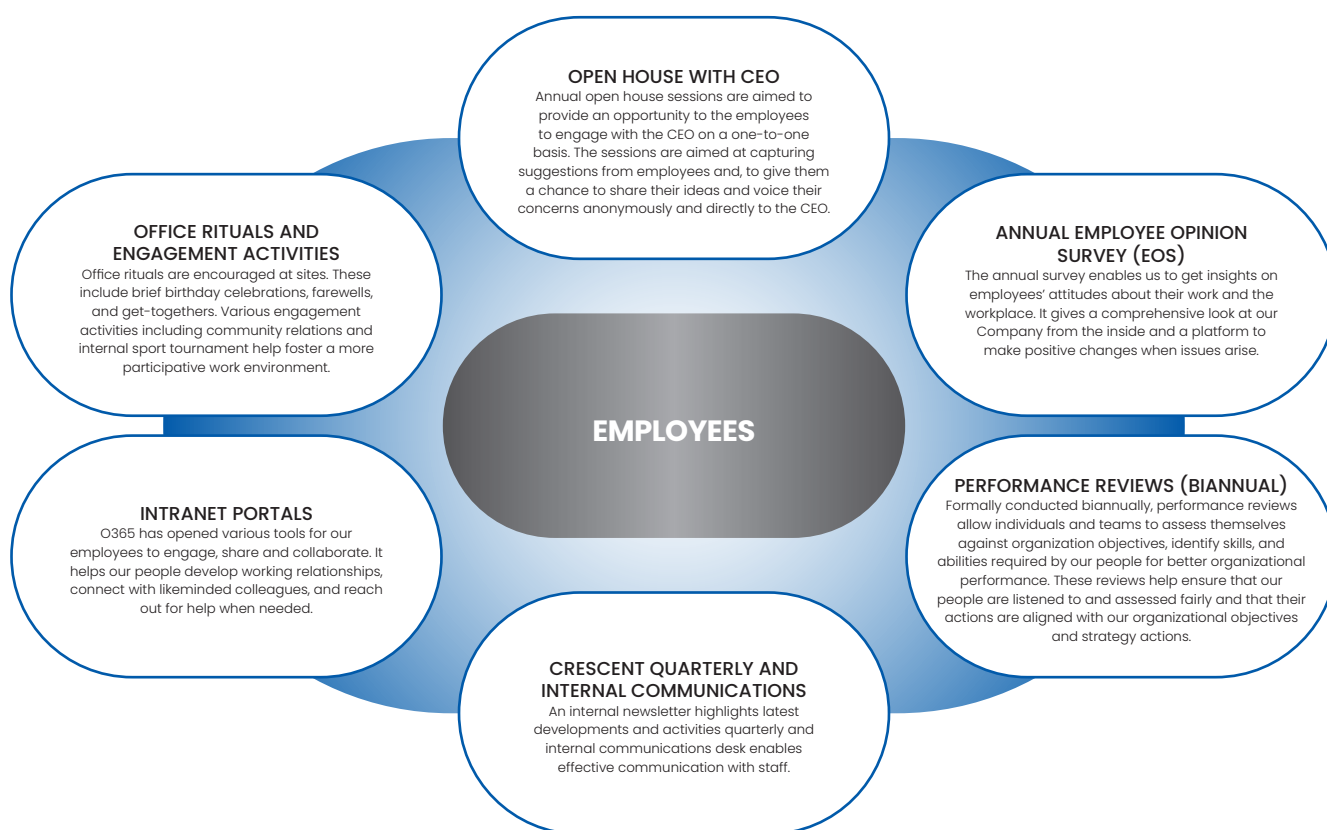
**Our committed and engaged workforce is one of the key reasons behind the Company's ability to consistently deliver top-tier performance for its stakeholders even when faced with challenges. Crescent Steel has continued to deliver lasting value, a testament to the dedication and hard work of our employees.**

Our employees are passionate about their roles and consistently go above and beyond to achieve our organization's goals.

We accelerate the development of our people, grow and strengthen our leadership capabilities and enhance employee performance through strong engagement. We aim to be an employer of choice, attracting and retaining top talent with the skills and dedication needed to build strategic national infrastructure and drive progress.

We believe each one of us has the power to make a difference, and our company has a long history of investing in programs and activities that improve lives.

Some formal methods of employee engagement include:



## OPEN DIALOGUE AND REGULAR FEEDBACK ARE FUNDAMENTAL TO OUR EMPLOYEE ENGAGEMENT STRATEGY.

We place a strong emphasis on keeping our employees well-informed and engaged through a variety of channels and programs. Our Communications Desk and SharePoint portal serve as a tool for one-way communication, ensuring that employees are kept up to date on important information such as the company calendar, events, policies, birthdays, and even the daily menu. The daily lunch and dining facilities at our office and manufacturing sites provide an opportunity for staff at all levels to connect, fostering interdepartmental collaboration, mentoring, and the reinforcement of our core values.

To further encourage employee participation, we have both physical and digital suggestion boxes at all locations, inviting staff to share their ideas, concerns and suggestions in a safe environment. Employee insights are particularly valuable in enhancing workplace facilities, IT services, and human resources.

The CEO Open House provides a platform for employees to engage directly with our CEO in one-on-one discussions. This allows them to voice concerns, provide feedback, and share suggestions. These sessions often lead to significant process improvements. For example, our scholarship program for the children of employees emerged from one such Open House session, demonstrating the tangible impact of employee-employer initiatives.



The Crescent Steel Employee Opinion Survey is a key instrument for gauging employee engagement, motivation, affiliation, and commitment, offering insights into the perspectives of our workforce. In 2024, the survey saw a response rate of 67%, a decrease from 72% in 2023. However, the overall employee engagement score showed a positive increase, rising by 1.34% to 3.78 out of 5. To ensure we address any concerns highlighted in the survey, we conduct follow-up focus groups as needed, fostering a responsive and supportive work environment.

Strong scores were registered in several key areas, including our vision, mission, strategy, values, organizational structure, and work environment. As with every survey in the past, a major area of concern included compensation. While we recognize that this topic will likely continue to appear in future surveys, it's important to note that the **average salary increase in the outgoing year was 24.54%, with performance incentive payouts averaging 18.37% of annual gross salaries.**

To uphold the standards of transparency and foster an environment of integrity and accountability, the organization has implemented a robust whistleblowing policy. This policy allows employees to confidentially report any violations of the Code of Conduct, including suspected unethical behavior, fraud, bribery, conflicts of interest, discrimination, or harassment. Reports can be made directly to the Head of Internal Audit, Human Resources, and/or the CEO.

We are committed to protecting the confidentiality of whistleblowers and ensuring that all grievances are addressed promptly and impartially, in accordance with our policies. This approach empowers employees to report concerns with confidence, knowing they can do so without fear of retaliation.

We aim to reach out to diverse talent, valuing the different skills, cultures, perspectives, and experiences they bring. Regular opportunities are provided for employees to step outside their daily routines and volunteer to make a positive impact.

Additionally, feedback mechanisms are integrated into all HR processes, whether this relates to events, performance management, trainings, hiring related feedback, or other topics of concern (HSE and wellbeing, cost of living related surveys, transport etc.).

## LABOR MANAGEMENT RELATIONS AND GRIEVANCE MECHANISM

As a labor-intensive company, our manufacturing sites rely significantly on worker-grade employees, comprising 77% of the total workforce at these sites. Building strong engagement between this workforce segment and management is crucial. Joint committees comprising workers, supervisors, and managers serve as essential channels for achieving targets, gaining insights into worker needs, and creating opportunities to address concerns collaboratively.

At Crescent Steel, fostering open dialogue is a management-driven priority. We actively engage in discussions with workers to address their challenges beyond typical circumstances. The company provides transportation, food, and housing facilities where applicable, prioritizing worker well-being.

Furthermore, workers are encouraged to report grievances and concerns, particularly related to health, safety, and the workplace, to their respective supervisors or managers.

There are no collective bargaining agreements or labor unions associated with our Company.

## DIVERSITY AND INCLUSION



With the growing pace of change, achieving diversity in the workplace is an ongoing priority. Increasing female representation, especially in management level roles, is an ongoing priority.

As on June 30th 2024, 17% of our employees at corporate offices were female. 12.5% of the executive team roles and 6% of our management roles are occupied by women.

It is important to note that while female representation in our corporate offices and executive management roles is relatively low, we are actively working to increase the number of female applicants. However, for the current roles we are hiring for, only 6% of the applicant pool is female.

Our workforce comprises 4% minorities, well above the minorities representation in the national demographic. Over the last year, 70% of new entrants represent rural communities and 70% of our total workforce is from rural Pakistan.

We believe that a diverse workforce is a valuable asset that drives creativity and innovation. Recognizing the unique strengths and potential each employee brings and embracing these differences is what unites us and is the key to building a successful, thriving workplace and a fair, inclusive work culture.

Other ways that we contribute to DEI goals is through our philanthropic interventions which are discussed in detail in section Social and Relationship Capital.

No incidents of discrimination were reported during FY24.

## AS ON JUNE 30, 2024:



## EQUAL OPPORTUNITY EMPLOYMENT

During FY24, the ratio of Median Entry-level Wage compared to Local Minimum Wage (for Workers) stood at 1.03:1 across all locations of operations. As a dedicated equal opportunity employer, the Company is committed to safeguarding the rights of all its employees across all types of work. The ratio of wages for management, workers and all staff against minimum wage are as follows:

RATIOS	MALE	FEMALE
Ratio of Median Wage of Management without Variable Allowances: Minimum Wage	2.49 : 1	2.55 : 1
Ratio of Median Wage of Management with Variable Allowances: Minimum Wage	2.88 : 1	2.90 : 1
Ratio of Median Wage of All Workers without Overtime: Minimum Wage	1.11 : 1	-
Ratio of Median Wage of All Workers with Overtime: Minimum Wage	1.43 : 1	-
Ratio of Median Wage of All Staff without Variable: Minimum Wage	1.21 : 1	2.55 : 1
Ratio of Median Wage of All Staff with Variable: Minimum Wage	1.56 : 1	2.90 : 1

100% of our senior operational management employees, including functional heads are residents of local areas/ regions.

## EMPLOYEE DEVELOPMENT

We believe our employees are our greatest assets, and by investing in their growth and development, we empower them to reach their full potential and ensure long-term returns that benefit both our people and the organization.

The Company has a comprehensive and well-structured on the job training program for engineers at our line pipe manufacturing units, as well as for select management hires in shared services, marketing and sales functions at our Head Office.

During the fiscal year we invested Rs. 3.09 million, or 0.12% of profits before tax [FY23: Rs. 1.58 million, 0.68% of profit before tax] in training 18 high potential employees through targeted programs at LUMS, ICAP, and Carnelian. Other training investments include PSTD, EFP, SGS Academy, PIM, PNRA and Sherdil Academy. This investment enabled our employees to develop their skills, fulfill their potential, and make valuable contributions to the success of the Company. On average, each employee in the management category received 27.30 hours of formal training in FY24, a slight increase from 27.16 hours in FY23.



23

Average training hours planned for every employee in 2025

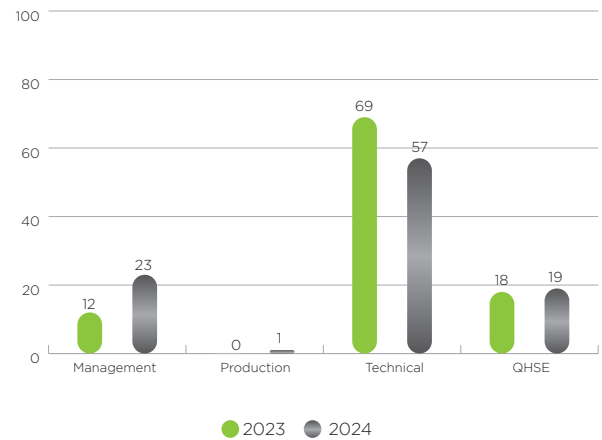
100%

Percentage of eligible employees for whom performance reviews and career development plans have been prepared in 2024

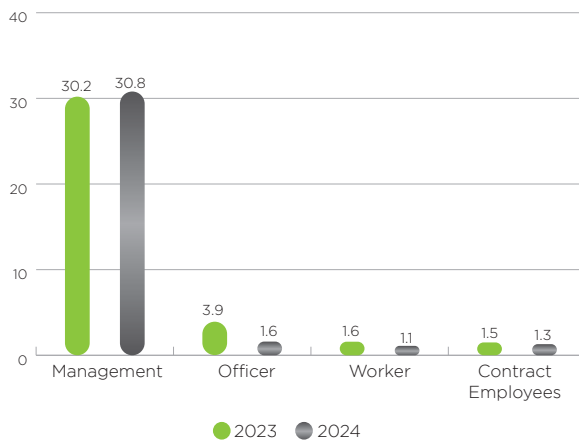
76%

Percentage of management grade employees for whom training need analysis has been conducted and training plans prepared in 2025

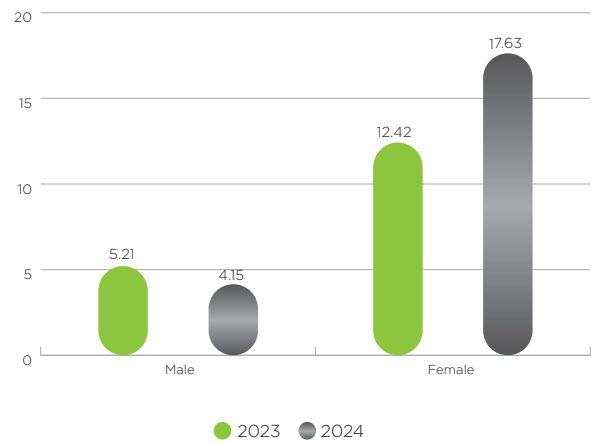
Training Hours by Mode of Training %



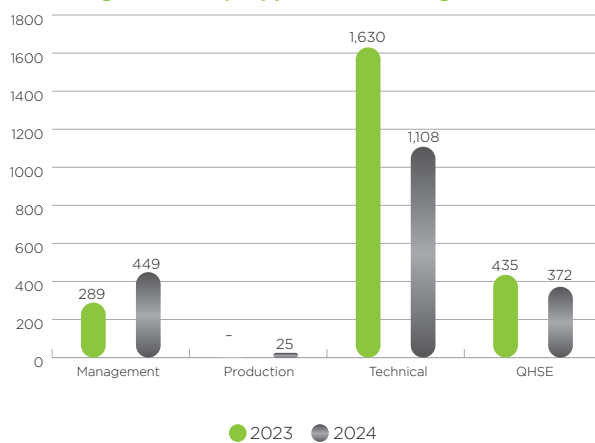
Average Training Hours / Employee by Category



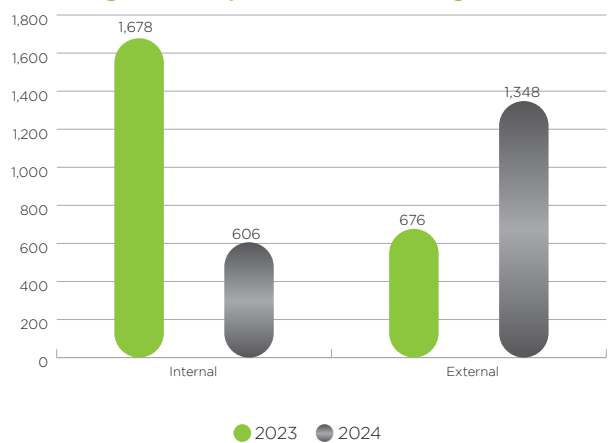
Average Training Hours / Employee by Gender



Training Hours by Type of Training



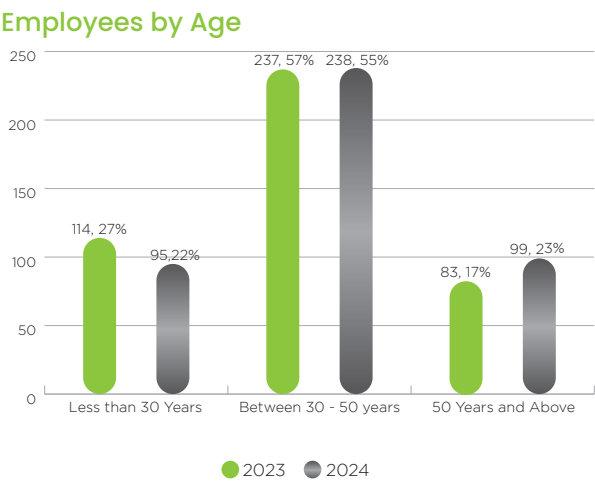
Training Hours by Mode of Training



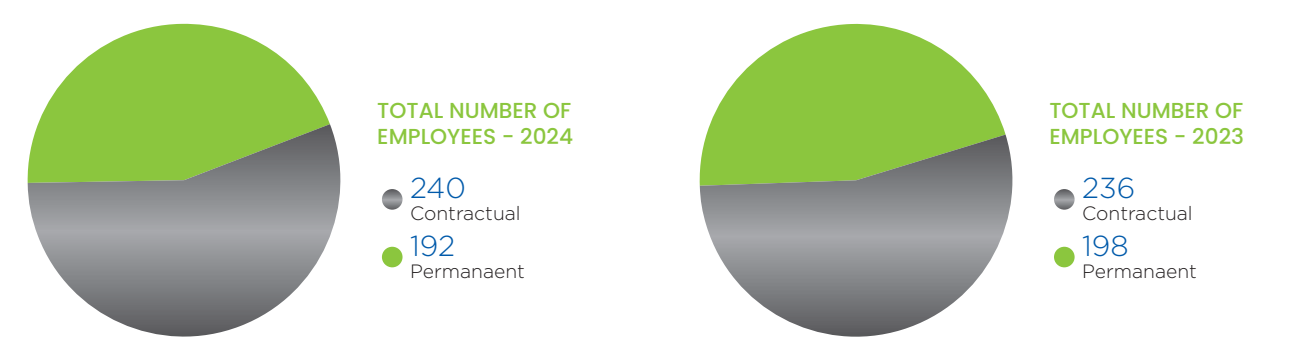
# EMPLOYEE DEMOGRAPHICS

As an employer of over 400 individuals across Pakistan, Crescent Steel plays a crucial role in supporting livelihoods, creating opportunities, and enhancing growth prospects for our employees. Here is a look at our demographic break-up:

Total Workforce – Region Wise		
	2024	2023
Bhone	13	20
Jaranwala	37	37
Karachi	72	73
Lahore	6	5
Nooriabad	261	258
Dalowal	41	39
Islamabad	2	2
Total	432	434

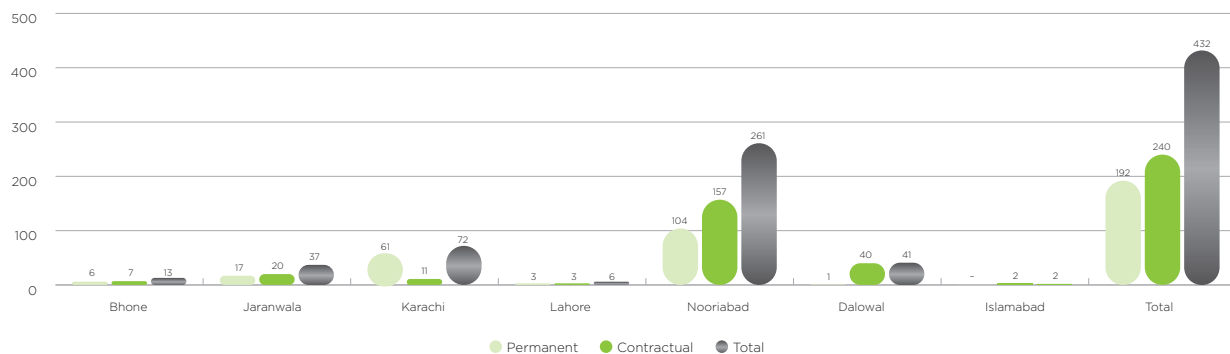


# AVERAGE AGE OF EMPLOYEES – BY EMPLOYEE CATEGORY

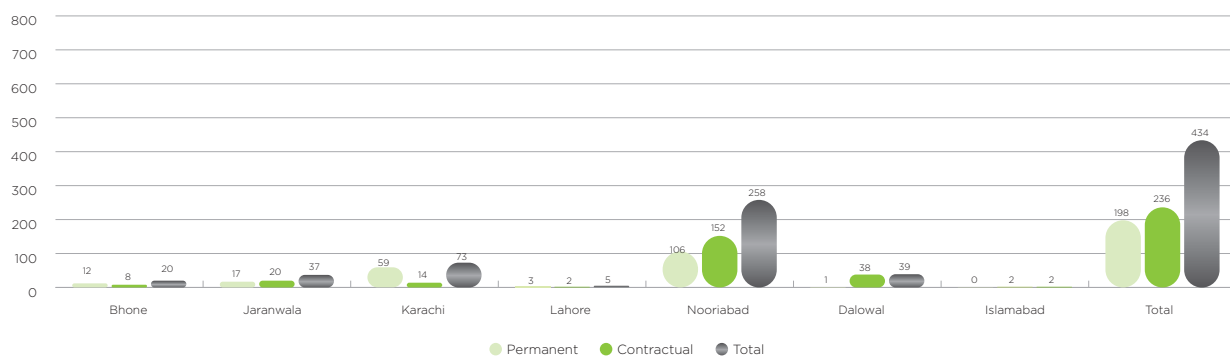




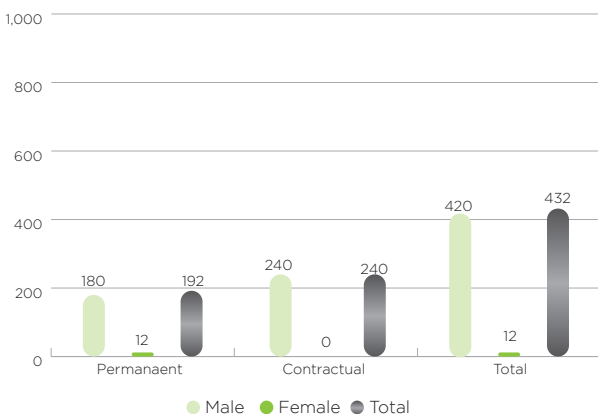
Total Number of Employees by Employment Contract and Region - 2024



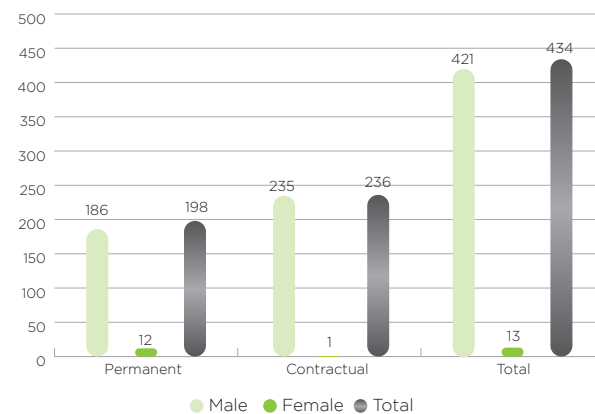
Total Number of Employees by Employment Contract and Region - 2023



Total Number of Employees by Employment Contract and Gender - 2024



Total Number of Employees by Employment Contract and Gender - 2023



New Hires	Opening No. of Employees (Jul 1)	Incoming employees	Outgoing employees	Closing No. of Employees (June 30)	Average No. of Employees	Outgoing Rate	Incoming Rate	Turnover Rate
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By Age

Less than 30 years	96	51	40	107	102	39.41%	50.25%	-10.84%
Between 30 – 50 years	240	38	42	236	238	17.65%	15.97%	1.68%
51 years and above	98	9	18	89	94	19.25%	9.63%	9.63%
<b>Total</b>	<b>434</b>	<b>98</b>	<b>100</b>	<b>432</b>	<b>433</b>	<b>23.09%</b>	<b>22.63%</b>	<b>0.46%</b>

By Gender

Male	421	96	97	420	421	23.07%	22.83%	0.24%
Female	13	2	3	12	13	24.00%	16.00%	8.00%
<b>Total</b>	<b>434</b>	<b>98</b>	<b>100</b>	<b>432</b>	<b>433</b>	<b>23.09%</b>	<b>22.63%</b>	<b>0.46%</b>

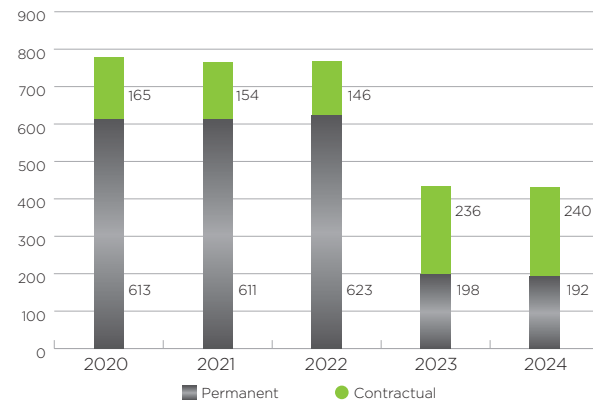
By Location

Head office (Karachi)	73	14	15	72	73	20.69%	19.31%	1.38%
Nooriabad	261	68	68	261	261	26.05%	26.05%	0.00%
Jaranwala	38	6	7	37	38	18.67%	16.00%	2.67%
Dalawal	39	9	7	41	40	17.50%	22.50%	-5.00%
Bhone	16	0	3	13	15	20.69%	0.00%	20.69%
Lahore	5	1	0	6	6	0.00%	18.18%	-18.18%
Islamabad	2	0	0	2	2	0.00%	0.00%	0.00%
<b>Total</b>	<b>434</b>	<b>98</b>	<b>100</b>	<b>432</b>	<b>433</b>	<b>23.09%</b>	<b>22.63%</b>	<b>0.46%</b>

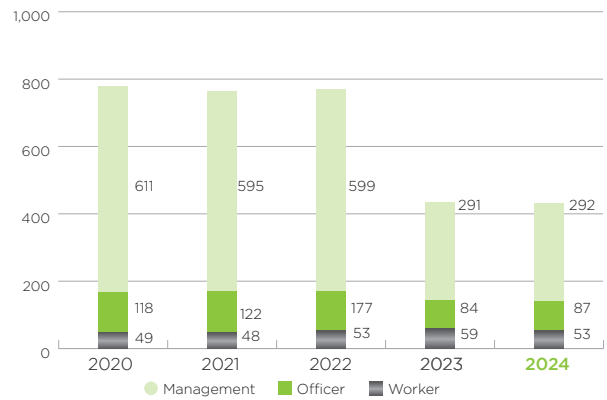


## WORKFORCE INFORMATION

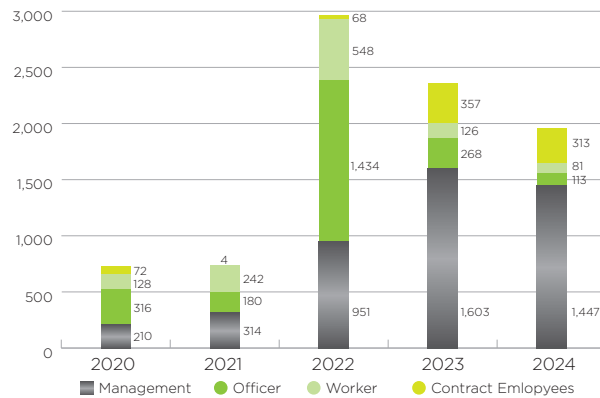
### Number of Employees



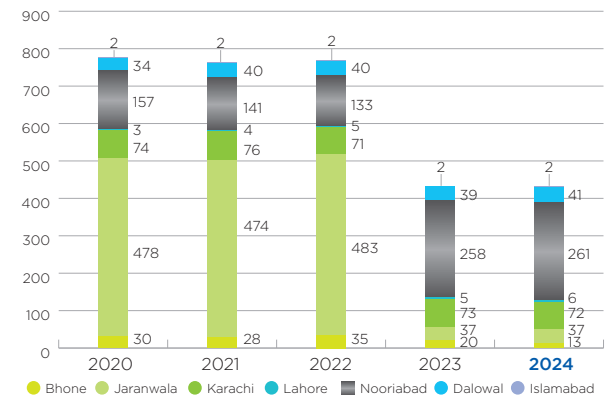
### Number of Employees by Employment Type



### Training Hours by Employment Type



### Workforce by Region



Note: The significant increase and decrease in the workforce over the years is on account of the cyclic nature of the business.

# EMPLOYEE SATISFACTION

77%

of employees are satisfied working for Crescent [FY23: 77%]

83%

of employees are committed to their jobs [FY23: 88%]

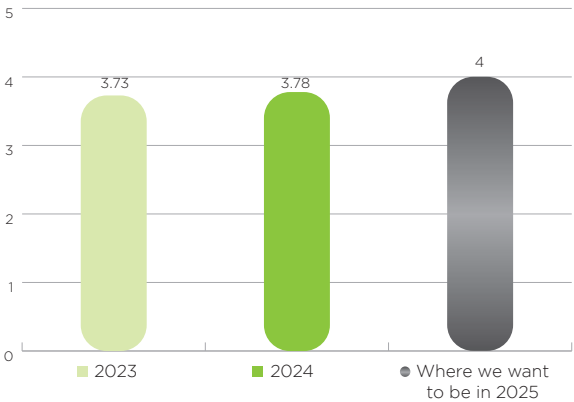
73%

of employees are satisfied about guidance and coaching provided to execute the job [FY23: 78%]

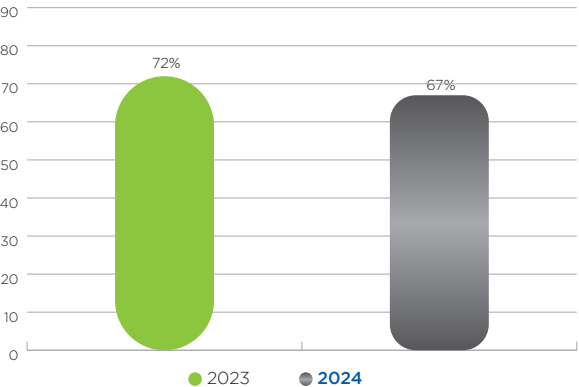
83%

of employees are satisfied that Crescent is sensitive to the safety need of employees and provides appropriate work tools [FY23: 82%]

Employee Satisfaction Index



Survey Participation Level





## ENGAGEMENT AND DEVELOPMENT

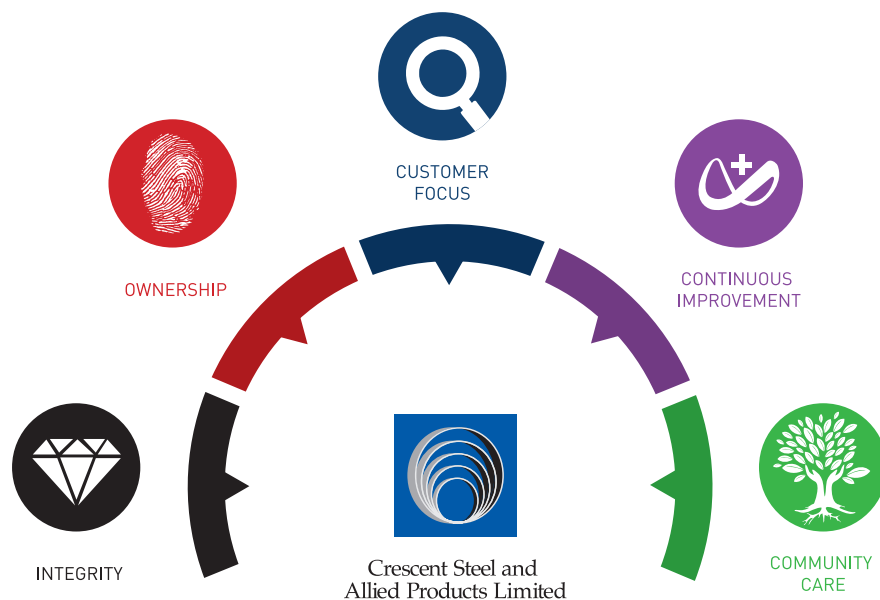
This section highlights our key employee engagement and development programs.

### RECOGNIZING VALUE BEHAVIORS

Our values drive everything we do and serve as our daily compass, influencing how we work and make decisions. They are deeply embedded in our performance management system and play a crucial role in our hiring process.

We strive to ensure that our employees embrace our core values—caring passionately about helping others, focusing on customers, taking ownership, working with integrity and honesty, and continuously seeking to improve.

To encourage and appreciate value behaviors in practice, we periodically hold value awareness sessions and recognize and reward employees who live the Crescent values in their work, beliefs, and actions. By recognizing and rewarding value behaviors, we keep our employees engaged and aligned with our corporate identity.



## TALENT MANAGEMENT

We understand that our success depends on the collective strength of our people. Our learning philosophy is based on the 70:20:10 learning model, where 70% accounts for real life and on the job experiences, 20% for coaching and mentoring experiences, and 10% for formal training.

HR develops an annual training plan that includes various programs and certifications to enhance performance, annually during the budgeting and planning exercise. The annual training plan is derived from a formal process that lists identified training needs for each department, drawing from performance reviews, talent reviews and day-to-day interactions.

We categorize trainings into four segments; production, management (includes soft skills/behavioral training interventions), quality and HSE and technical. These are further classified as internal, external, in-house and on-the-job trainings. We also require participants in external programs to share their knowledge across teams. All formal training is evaluated through a feedback form to gauge its effectiveness.

Key external programs that form part of the learning suite for key resources, positions and for Hi-Potentials include:

- Data Analytics by ICAP
- Self-Effectiveness Program/Core Values Refresher by Carnelian
- Developing Future Leaders' at LUMS for new managers
- Management Development Program at LUMS for senior managers
- Executive Programs at INSEAD or equivalent for senior executives and senior managers transitioning to executive roles (MAP, TGM and AMP)
- Certified Directors Program by LUMS or PICG
- Train the Trainer by Carnelian
- Lead Auditor Training by SGS Academy or an equivalent certifying body
- Radiation Protection by PNRA

**Given our operational structure and human capital depth, we focus on promoting talent from within and preparing employees for increased responsibilities. We provide opportunities for skill enhancement and development whenever possible.**

## TALENT REVIEW

Each year, we conduct Organization Talent Reviews to identify and assess top talent across the company. During these sessions, the management committee evaluates both management and mid-management employees, categorizing them into five tiers – from Black Belt (High-Potential/Future Leader) to Black Sheep (Poor Performer). These reviews, chaired by the CEO, inform development plans for high potential employees who are placed on a three-year career development track. Conversely, those ranked as Black Sheep are put on a performance improvement plan with specific targets to be met within six months.

On a select basis, we also offer employees exhibiting strong performance and value-based behaviors opportunities for lateral rotations across functions. This enables them to see the business from the outside in, enhances their skill set and helps with future leadership roles.

## PERFORMANCE MANAGEMENT

To sustain the performance and growth of Crescent Steel and our people, we have established a comprehensive performance management system. This system aims to enhance individual performance by aligning individual and team goals with the organization's strategic objectives.

We formally assess performance twice a year against established goals but recognize that performance management is a daily process; and value timely, constructive feedback for continuous improvement at all levels.

Performance reviews typically follow the annual talent review exercise and inform decisions regarding employee training, career development, compensation, transfers, and promotions. Our culture emphasizes fairness and open communication throughout the assessment process.

We ensure our employees understand how performance is measured, reviewed, and managed across the organization. We offer office hours for discussions and provide soft support for self-assessment and goal setting.

## TRAINEE PROGRAMS

We have structured Trainee Engineer and Management Trainee programs for fresh engineering and business graduates, which include quarterly rotations within and across functions. This year, after completing rigorous training, four Trainee Engineers were promoted to Assistant Engineers, and we welcomed one new Trainee Engineer to the program. We also offer three-year apprenticeships, as mandated by law, in electrical, welding, production, and mechanical areas.

## INTERNSHIP PROGRAM

The formal Summer Internship program at our Head Office and Nooriabad campus offers young students with an opportunity to develop and hone their skills, build their resumes and assess their interests and abilities.

Crescent interns act as our ambassadors, enhancing our visibility as an employer and provide managers with opportunities to mentor. This is particularly important because as an engineering sector company with a relatively low annual intake and low attrition, other avenues such as participation in career fairs and formal engagement with prospective hires is usually not feasible.

### Intern testimonials

"I am immensely grateful for the opportunity to be part of such a forward-thinking organization and to have worked with professionals who are not only experts in their field but also exceptional human beings.

The emphasis on teamwork, open communication, and a supportive environment fostered a sense of belonging that made every day enjoyable."

Laiba Gul Durrani (Intern – Supply Chain)



“This internship provided me with a profound understanding of financial processes and the intricate workings of the treasury department. The hands-on exposure I gained was invaluable, and it has significantly fortified my aspirations for a thriving career in finance.”

Muhammad Unais Azam (Intern – Treasury)

“My journey at Crescent Steel and Allied Products Limited was a remarkable chapter of growth. As a member of the IT department, I embraced challenges, collaborated with an exceptional team, and honed my skills. The company’s values and dynamic environment enriched my experience, fostering both personal and professional development.”

Moiz Ahmed (Intern – Information Technology)

## COMPENSATION AND BENEFIT SCHEMES

To ensure we attract and retain the best talent, and to recognize hard work, we offer competitive compensation, benefits, and incentive programs. Our benefits are a significant part of the overall compensation package, providing substantial value to our employees. In addition to guaranteed and variable pay schemes, we offer a comprehensive suite of employee benefits, including:



At Crescent Steel, we share value created with our employees. The Company maintains a provident fund on a contribution basis; and matches the employee’s contributions to the fund (at 8.33% of basic salary up to 5 years of service and 10% of basic salary after 5 years of service). Benefit funds, including both gratuity and pension, are contributed by the company at the rates of 8.33% and 20% of the employee’s basic salary, respectively. Collectively, the company provides 5% of its pre-tax profits in the Worker Profit Participation Fund (WPPF).

We have categorized entitlements to these benefits based on different job levels within our organization, providing clarity in how these benefits extend to our employees.

EMPLOYEE BENEFITS	
Life Insurance	✓
Defined Contribution Plan (Provident Fund)	o
Defined Benefit Plan (Gratuity and Pension)	*
Disability Coverage	✓
Maternity Leave	✓
Subsidized Lunch	✓
Health Care	o
Health Insurance	O
Company Maintained Cars / Mobiles	μ
Club Subscription Reimbursements	μ
Company Sponsored Vehicles (Car / Motorcycle)	Ω
Scholarship awards for children of employees	Ω
Scholarships for Employees	Ω
Hardship Assistance	Ω
Stock Ownership	■

- ✓ = to all employees
- o = to permanent employees
- \* = to management employees (i.e. excluding workers)
- μ = to our executives and management as per business need
- Ω = on application, to eligible employees across all job tiers
- = generally, not available

## COMMUNITY ENGAGEMENT

Our employees value our work with the communities where we operate. We continue to keep them informed and engaged in community initiatives and programs led by the Company, as well as those that hold significance to them personally. This engagement is fostered through initiatives like the Crescent Matches Program, Crescent Cares Week, and various activities spanning sports, arts, and more.

## CRESCENT SCHOLARS

We introduced a scholarship program in 2013 to support tertiary education for children of our employees. The program is currently in its eleventh year and now includes intermediate scholarship awards as well. We also offer scholarships to candidates with exceptional academic and community performance to top-tier degree programs abroad. This is in addition to scholarships we offer to employees pursuing higher education while working with us.

This year, we welcomed **two new scholars**, bringing our total to seventeen—thirteen of whom are children of our employees, with the remaining two being external scholars. We maintain regular updates on our scholars and their progress.

Children of Employees	Program and Institute Name
Syed Muhammad Mufeez (2014)	BE – Chemical Engineering from NED University; currently working as Security and Market Safety Lead at Philip Morris International
Abdul Rehman (2015)	BS – Electrical Engineering from Habib University; currently pursuing his Master's in Electronics Engineering (Embedded Systems) at the Politecnico di Torino University, Italy
Muhammad Taha Zaidi (2015)	BBA from IBA; currently pursuing his Master of Management – Data Analytics degree at the University of Windsor, Ontario
Ahmed Ali (2016)	BSc – Computer Sciences from FAST; working as Senior Software Engineer at Careem
Muhammad Ans (2016)	BE – Mechanical Engineering from the International Islamic University; currently working as Assistant Manager Product Development at Al-Futtaim Automotive
Khizran Kulsoom Zaidi (2017)	MSc – Human Resources from Karachi University; working as a System Support Analyst at National Institute of Cardiovascular Diseases
Syed Muhammad Bilal (2018)	BS – Computer Science from DHA Suffa University; working as Software Engineer at Cronysoft
Sidra Sikandar Ali (2018)	MS – Hydro Science and Engineering candidate from Dresden University of Technology; working as Associate Scientist at Procter and Gamble
Suleman Saad Thaniana (2019)	BS – Electrical Engineering and Computer Science from Massachusetts Institute of Technology (MIT); currently working at Apple Inc, USA as Design Verification Engineer (we partially sponsored his first-year education after which Suleman was on a fully funded scholarship from MIT)
Nimra Yamin (2021)	BS – Economics and Finance from NED University. Currently on a break.
Munazza Zafar (2017 and 2021)	Intermediate – Pre-Medical from Islamabad Model College
	BS – International Relations candidate at Quaid-e-Azam University, currently in her eight semester
Sidra Muhammad Ali (2018 and 2021)	Intermediate – Pre-Medical from Trinity Methodist Girls' Higher Secondary School
	PharmD student at Hamdard University, currently in her ninth semester
Muhammad Safiullah (2021)	Intermediate – Pre-Medical from Government Islamic Science College; currently pursuing Bachelors in Islamic Studies from Islamabad International University
Yasir Rafique (2024)	BS, Computer Science candidate at University of Sindh, currently in his first semester
Syed Muhammad Suleman (2024)	BS, Software Engineering candidate at Karachi University, currently in his first semester
Other Scholars	
Mariam Asaad (2016)	MS – Education from Harvard Graduate School of Education; working as an implementation consultant with the World Bank and is leading a curriculum design project with The Citizens Foundation. Mariam returned the scholarship award back to the fund allowing it to roll over to others.
Muhammad Waqar Mustaqeem (2016)	BSc – Actuarial Sciences from London School of Economics and Political Sciences; working as an Associate Director at Lloyds Banking Group



# SCHOLAR TESTIMONIAL

MR. YASIR RAFIQUE

BS, COMPUTER SCIENCE, UNIVERSITY OF SINDH



Receiving this scholarship award from Crescent Steel and Allied Products Limited is a significant milestone towards realizing my educational aspirations. I am deeply grateful for this opportunity and committed to maximizing its benefits.

# CONSTRUCTIVISM

## 1919–1932

Avant-garde tendency in 20th-century painting, sculpture, photography, design and architecture, with associated developments in literature, theatre and film. The term was first coined by artists in Russia in early 1921 and achieved wide international currency in the 1920s. Russian Constructivism refers specifically to a group of artists who sought to move beyond the autonomous art object, extending the formal language of abstract art into practical design work.

### Sophie Taeuber-Arp

Title: Dada Head

Medium: Painted wood with glass  
beads on wire

Source: <https://artsandculture.google.com/asset/dada-head-sophie-taeuber-arp/2wEpP8MhJCOSAg>





# OCCUPATIONAL HEALTH AND SAFETY



We have resolved to redouble our safety efforts and intensify our focus to avoid any accidents or incidents which could result in serious harm. Through our reporting system, we ensure a culture in which all employees are encouraged to discuss workplace safety openly. This is reflected in the growing number of preventive reports, which enable us to take prompt and more effective action to prevent unsafe situations.

Our employees are trained to emphasize and strictly adhere to the precautionary approach laid out by the United Nation's Rio Declaration on environment and development focusing primarily on principle 15.

Our Mission Zero (zero harm incidents and accidents) campaign continues, and we are shifting the focus from the measurement of lagging indicators to increase the focus on leading indicators with an emphasis on major risks. We have also strengthened our engagement and encourage employees to participate more meaningfully in this critical agenda.

We have a designated quality, health, and safety department at each unit. For our line pipe operations, we have an independent quality management system, based on international standards, API Specification Q1 and ISO 9001. Being a responsible corporate citizen, CSAPL has also developed an integrated Health, Safety, and Environment (HSE) management system to ensure HSE compliance based on the requirements of international standards ISO 14001 and ISO 45001.

We take several safety measures within our Company such as hazard identification, risk assessments and environmental aspect impact analysis. Workers are provided with sufficient personal protective equipment and go through regular health check-ups

These measures are all controlled by HSE-related joint management-worker committees and are extended to all our workers. Each employee is required to ensure compliance with HSE policies, procedures, and instructions at their respective stations.

8 cross-function teams contribute to different areas of our HSE Management system representing 100% of the pipe and coating unit workforce and directly engaging 33% of the unit's total workforce in HSE management and governance

No incident of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle occurred during the year.

## HEALTH, SAFETY AND ENVIRONMENT POLICY

We strive proactively to prevent or minimize all possible causes of injury and ill health, prevent environmental pollution, minimize waste, conserve energy, enhance safety awareness, impart HSE training, prepare for emergencies by carrying out drills and manage environmental impact arising from the workplace, products and services that can affect the surrounding communities and the environment at large.

Crescent Steel aims to give back to the environment and invests heavily in a better standard of living. While aiming to work responsibly, Crescent Steel tries to bridge effective business management along with reduced environmental footprints.

We consult employees on matters affecting their health and safety, encourage communication and consider HSE compliance a responsibility of everybody in the organization.

We are also committed to complying with all legal, regulatory, and other HSE requirements to which we subscribe. At Crescent Steel, a comprehensive HSE management system is in place to review objectives and targets for continuous improvement while the policy is disseminated to all relevant stakeholders. Our initiatives related to occupational health and safety include:

- Yearly internal and external audits of HSE
- Analysis of all incidents, accidents, Corrective Action Requests, and unsafe conditions
- Hazard Identification and Risk Assessment (HIRA)
- HSE operational instructions have been formulated in the local language
- Safety talks are carried out monthly
- Training and practical demonstrations are conducted regularly to increase awareness and understanding of fire and safety procedures

- Emergency drills are conducted at least twice a year. Employees are urged to report unsafe work conditions and non-compliance with our HSE procedures
- Safe water: Water filtration systems have been installed at our sites and drinking water at our campuses are tested periodically
- Pathology tests are conducted annually, e.g. Blood tests, Vision test, and Sputum tests for Tuberculosis, Respiratory test, Audiometry tests, Typhoid vaccination, Chest X-ray, HIV, and Hepatitis A and B tests
- Dosimeters and radiation alarms have been provided to the employees working in the radiography department to monitor the radiation levels
- Frequent testing of environmental parameters, noise level, and particulate emission is monitored annually
- Provision of Personal Protective Equipment (PPE)
- HSE awareness through Crescent Quarterly
- Workers on welding, radiography and stripping operations are regularly examined. Welders, radiography and stripping workers are also provided with milk to counter the effects of exposure to metal fume.

#### Occupational Health And Safety Targets – 2024

##### For Business Unit – Steel

Lost workday case	02 (at maximum)	For our Corporate offices, Cotton Division, Crescent Hadeed, CS Energy and Shakarganj Engineering Unit, we strive to achieve <b>zero cases of work-related injuries.</b>
Restricted workday case	01 (at maximum)	
Medical treatment case	02 (at maximum)	
First aid	02 (at maximum)	
Near miss	02 (at maximum)	
Unsafe act/unsafe condition	02 (at maximum)	

#### Occupational Health And Safety: Business Unit – Steel Division

	2024	2023	2022	2021	2020	2019
Number of injuries						
-Medical treatment cases	9	4	-	2	2	4
-Restricted work cases	-	-	-	-	-	-
-Lost workday cases	1	-	-	2	0	3
Number of occupation diseases cases	-	-	-	-	-	-
Number of work-related fatalities	-	-	-	-	-	-
Injury rate (IR)	0.00098	0.0004	-	0.0009	0.00058	0.0019
Occupational disease rate			-	-	-	-

Note: - Injury Rate (IR) is calculated based on total working hours  
 - Disclosures are not available for Cotton and Hadeed Units



# SOCIAL AND RELATIONSHIP CAPITAL

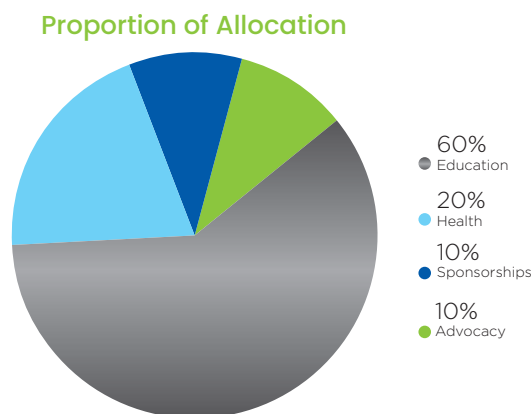


**At Crescent Steel, Corporate Social Responsibility (CSR) is a fundamental part of who we are. We work to align our business, environmental, and community efforts in a way that upholds our core values, ensuring that our growth is both responsible and sustainable.**

## OUR APPROACH TO COMMUNITY DEVELOPMENT AND DISCRETIONARY CSR

**We approach CSR in four perspectives: our economic, legal, ethical, and philanthropic or discretionary responsibilities to our stakeholders.** This approach strengthens our competitive advantage and helps us build strong, mutually beneficial partnerships with stakeholders, in addition to realizing gains from cost and risk reduction, legitimacy and reputation benefits and, in recognizing the complex but interrelated nature of the relationship between CSR and financial performance. This section focuses primarily on discretionary CSR – other aspects of our CSR performance are covered in detail in other sections of this report.

**Our philanthropic CSR policy allocates between 2% to 5% of our annual profits before tax towards donations for select social causes we support.** The proportion of allocation generally follows the following pattern.



## OUR GOALS AND STRATEGY

### MOVING FROM CORPORATE PHILANTHROPY TO A BUSINESS INCLUSIVE MODEL

At Crescent Steel, we believe in creating lasting economic and social value for our stakeholders and the broader

community. Our business-inclusive model aligns with Pakistan's development needs and contributes to a sustainable future for all.

In addressing the country's challenges, we see opportunities to foster positive change. By aligning our CSR efforts with the UN Sustainable Development Goals (SDGs), we ensure that our business actions drive measurable societal impact.

Our focus on education is central to our mission, with 26 million out-of-school children in Pakistan. We are committed to improving access to quality education, knowing its power to uplift entire families and communities. Our investments range from K-12 education to higher education support in fields like engineering, technology, and liberal arts.

Beyond education, we prioritize strategic investments in our value chain stakeholders, ensuring that our community and social programs have a lasting, positive impact. To enhance the focus and transparency of our efforts, we've established a Social Investment Committee tasked with steering and evaluating our CSR activities.

## OUR GOALS

Over the next three years, we will focus on:

- **Education:** Expanding access, especially through our TCF school network, and supporting initiatives in tertiary education, healthcare, and environmental advocacy.
- **Value Recognition:** Mapping our contributions across the value chain, creating value for shareholders, employees, and communities alike.
- **Structured Engagement:** Launching targeted programs like scholarships and employee endowments to empower key stakeholders.
- **Impact Measurement:** Regular reviews of our social investments to assess their long-term benefits.
- **Cultivating a Giving Culture:** Encouraging employee and community volunteering to strengthen our culture of social responsibility and giving back.

Through these efforts, we remain committed to building resilient communities, ensuring inclusive growth, and driving shared value creation for Crescent Steel and our stakeholders.

## SOCIAL INVESTMENT COMMITTEE

Appointed by the CEO, the committee plays a key role in managing and guiding the impact of our discretionary contributions. Working closely with the Business Strategy Committee, the Social Investment Committee ensures

our philanthropic activities align seamlessly with both corporate objectives and the needs of our communities. This integrated approach allows us to meet shareholder, client, employee, and community expectations while adhering to regulatory standards.

The committee's oversight includes:

1. **Policy Enhancement:** Reviewing and refining the Company's Corporate Social Responsibility policy, ensuring it remains relevant and impactful.
2. **Strategic Distribution:** Recommending the allocation of charitable contributions in alignment with CSR goals to create maximum social impact.
3. **Continuous Monitoring:** Overseeing and evaluating ongoing CSR initiatives to ensure they deliver meaningful outcomes.
4. **Impact Measurement:** Assessing the tangible benefits of our social investments to amplify the long-term value for communities.

Community Development remains at the core of our business strategy, supported by the following principles:

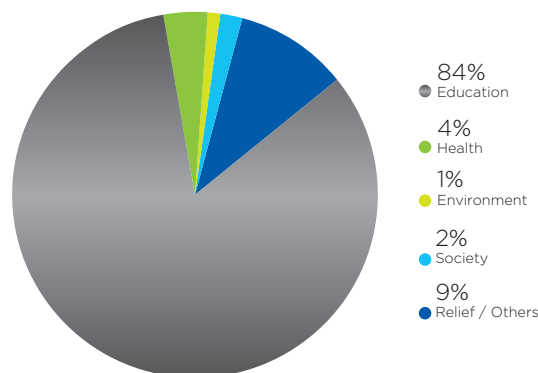
- **Core Values:** Community care is one of our five foundational values, driving our commitment to improving the lives of those around us.
- **Leadership Commitment:** The Social Investment Committee reports directly to the CEO, underlining leadership's active role in fostering community initiatives.
- **Structured Policy:** We have a defined CSR policy, allocating 2-5% of profits before tax to community investments, reinforcing our long-term commitment and our culture of giving back.

- **Employee-Led Efforts:** Our CSR programs are not just top-down initiatives; they are powered by the passion of our employees, who actively contribute their time and resources, fostering a culture of engagement and shared purpose.
- **Community Collaboration:** We build lasting partnerships with non-profit organizations to enhance the effectiveness and reach of our social investments.
- **Rigorous Evaluation:** Regular assessments ensure that each initiative not only meets but exceeds the desired outcomes for community development.

This streamlined approach ensures that Crescent Steel's CSR efforts are not only aligned with our strategic goals but also contribute to sustainable growth, both for the company and the communities we serve.

## OUR CONTRIBUTIONS DURING THE YEAR:

Contributions in Cash and in Kind



CONTRIBUTIONS (RS)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
IN CASH	102,824,650	27,495,000	58,963,920	13,214,236	1,627,500	2,500,500	45,937,502	100,813,125	80,978,119	9,280,025
IN KIND	192,396	121,904	74,091	70,781	58,608	111,111	153,213	73,319	227,004	96,090
IN TIME <sup>1</sup>	788,235	292,971	298,690	134,642	101,584	210,657	537,012	212,436	229,572	111,384
TOTAL	103,805,281	27,909,875	59,336,701	13,419,659	1,787,692	2,822,268	46,627,727	101,098,880	81,434,695	9,487,499
CASH DONATIONS AS A PERCENTAGE OF PBT (%)	CASH DONATIONS AS A PERCENTAGE OF PBT									
	4.07	11.74	18.71	3.10	(1.38)	10	5	7	6	15

<sup>1</sup> In time contributions have been assessed using the organization average salary per hour for the financial year.

## OUR CASH DONATIONS INCLUDE CONTRIBUTIONS TO:

SECTOR	COMMUNITY PARTNER	CAUSE	CONTRIBUTION AND IMPACT
Education	The Citizens Foundation (TCF)	Operational Support (OPEX)	Contributed Rs. 60,130,000 as operational support for 10 school campuses built by us (15 of the 22 schooling units). The contribution helped educate 2,630 students.
		Top up - Nonexpendable Endowment Fund	Topped up the Non-Expendable Endowment fund being maintained by The Citizens Foundation (TCF) by Rs. 10,000,000 taking the endowment size to Rs. 122,900,659. Investments in the fund have generated a profit of 21.39% during the year. The endowment helps us secure future OPEX for the schools built by us, particularly, in times of cash flow constraints.
		School Support - Build	Contributed build support of Rs. 2,260,000 towards a TCF primary campus with a planned capacity of 180 children per shift.
		Sponsorships	Contributed Rs. 425,000 as sponsorship for the STCF Chaand Raat Bazaar. The contribution will help give the gift of education and hope to 13 students for an entire year.
	Indus Valley School of Arts and Architecture (IVS)	Critical Futures: Creative Labs	Contributed Rs. 2,500,000 to sponsor the Critical Futures Creative Labs, an initiative aimed to bridge the gap between art and environmental activism.
		Named Scholarship Pledge	Contributed Rs. 642,400 as first tranche of donation towards a named scholarship pledge for one student for the entire degree program. We have pledged a total of Rs. 2,800,000, which will be disbursed over the course of the degree program.
	National University of Sciences and Technology (NUST)	Finding Innovative and Creative Solution for Society (FICS)	Contributed Rs. 1,000,000 to the Prototype Development Fund for National University of Sciences and Technology's (NUST) Finding Innovative and Creative Solutions for Society Program (FICS). A total of 100 teams presented their working prototypes and project ideas.
	Institute of Business Administration (IBA)	Publication support	Contributed PKR 1,000,000 to support the publication of the book titled "Towards a Better Future: Promoting Child Wellbeing in Pakistan." The book addresses critical issues affecting children, including child marriage, smoking, drug abuse, air pollution, climate change, and various diseases.
	Habib University	Named Scholarship Pledge	Contributed Rs. 642,400 as first tranche of donation towards a named scholarship pledge for one student for the entire degree program. We have pledged a total of Rs. 2,800,000, which will be disbursed over the course of the degree program.
Health	Patients' Aid Foundation	Hospital Infrastructure Support	Contributed Rs. 2,000,000 towards the purchase of ward beds.
	The Health Foundation	Hepatitis B and C	Contributed Rs. 500,000 towards the purchase of Hepatitis B and C vaccinations for the Hepatitis Free Community Project.
	Indus Hospital	Equipment Support	Contributed Rs. 1,000,000 for purchase of a Cyrofuge Machine and two Pressure Booster Kits.
Environment	World Wide Fund for Nature-Pakistan (WWF Pakistan)	Mangrove Plantation and Community Visit	Contributed Rs. 1,000,000 for the mangrove plantation activity and excursion trip to Balochistan. We planted 1,000 mangroves which will reduce our carbon footprint by 5.91 MT annually.



SECTOR	COMMUNITY PARTNER	CAUSE	CONTRIBUTION AND IMPACT
Society	Daachi Foundation	Exhibition	Contributed Rs. 500,000 for the Daachi Arts and Crafts exhibition, promoting local arts and supporting local artists.
	Ayesha Chundrigar Foundation	Animal Welfare and Animal Rights	Contributed Rs. 485,000 to support one donkey camp, including 10 donkey carts and harnesses. The camp provides free medical treatment, food, and water for labour donkeys, and offers education to owners on donkey behavior and handling.
	Karachi Down Syndrome Program	Vocational Skills Training	Contributed PKR 97,500 to KDSP to support living and vocational skills training for one child/adult for five months.
	Citizens Police Liaison Committee	Operational Expenses	Contributed Rs. 720,000 as OPEX Support, for a safer Karachi for all.
Others	CSAP Staff Benevolent Fund	Top-Up	Topped up the staff benevolent fund being maintained by Crescent Steel by Rs. 10,000,000 taking the endowment size to Rs. 78,158,391. The Benevolent Fund has helped ease hardship for numerous employees, particularly for healthcare needs.

## OUR IN-TIME CONTRIBUTIONS INCLUDE:

Our CEO's time for serving on the Board of

- The Citizens Foundation
- Pakistan Centre for Philanthropy
- COMMECS

Time of one Executive Team member for serving on the Board of

- The Citizens Foundation

Our employees' time for

- Volunteering to counsel TCF students through the Rahbar program
- Volunteering to carry out monitoring and evaluation visits to the TCF schools
- Volunteering to plant mangrove saplings in partnership with WWF
- Volunteering for community visits and blood drive
- Volunteering to distribute Ramadan food packs in partnership with The Robin Hood Army

## EMPLOYEE VOLUNTEERING HOURS



## OUR IN-KIND CONTRIBUTIONS INCLUDE:

- Items donated for Crescent Cares Week
- Commute for community visits organized during Crescent Cares Week
- Food packs distributed in collaboration with the Robin Hood Army
- Excess food from our Head Office mess distributed to the underprivileged near the Head Office.

We took part in various initiatives during the years, some of which are mentioned below. Our contributions to TCF and associated impacts are covered separately in this section.

## SCHOLARSHIP SUPPORT

During the year we continued to provide scholarship grants to **fifteen students** and awarded **four new scholarships**.

- We have pledged support towards **tertiary education for five TCF graduates from Crescent Steel - TCF campuses**. This is being disbursed to them through the Expendable Endowment Fund we maintain with TCF. The five students are enrolled in programs at Bahria University, Dadabhoy Institute of Higher Education and DOW University.
- We have also pledged scholarship support to **six TCF graduates from other campuses**; these students are enrolled in programs at Jinnah University, Institute of Space and Technology,

Pakistan Institute of Engineering and Applied Sciences, NED University of Engineering and Technology, Institute of Business Management and Karachi University.

- We pledged **full scholarship support to Habib University for two TCF** alumni, covering the entire duration of their degree programs in BE (Electrical Engineering) and BE (Computer Science).
- We pledged **full scholarship support to Indus Valley School of Arts and Architecture for one student**, covering the entire duration of his/her degree program.

Of the **nineteen active scholarships – five constitute children of employees** and are funded through the CSAP Foundation through a structured program.

## SOCIAL SECURITY

During the year, we disbursed **Rs. 70,000** through the Benevolent Fund, with **100% allocated for medical support** to our employees. This commitment underscores our dedication to the well-being of our workforce.

## CRAFTING CREATIVITY, DESIGNING TOMORROW – INDUS VALLEY SCHOOL OF ARTS AND ARCHITECTURE (IVS)

The Indus Valley School of Art and Architecture (IVS) is renowned for its excellence in fine arts, design, and architecture. IVS cultivates critical thinking, curiosity, and exploration among its students.

Through the **Critical Futures Creative Labs**, IVS provides a collaborative platform for creative individuals to innovate and address local community needs. This initiative bridges the gap between art and environmental activism. To support this mission, we contributed **Rs. 2,500,000** to sponsor the Creative Labs.

Additionally, we pledged **Rs. 2,800,000** for the **Crescent Steel Scholarship** to support one student throughout their degree program at IVS. In FY24, **23% (Rs. 642,400)** of this pledge was disbursed, with the remainder to be distributed over the program's duration.

## NURTURING MINDS, SHAPING FUTURES – HABIB UNIVERSITY

In FY22, we pledged **Rs. 6,000,000** through the **Habib University – Crescent Steel Scholarship** to support a TCF alumnus throughout their degree program. Of this amount, **42% (Rs. 2,500,000)** was disbursed in FY22.

In FY24, we expanded our commitment to cover the educational costs for two TCF alumni, increasing the total pledge to **Rs. 13,800,000**. To date, **74% (Rs. 10,200,000)** of the pledged amount has been disbursed, with the remaining funds to be allocated throughout their programs, focusing on degrees in **BE (Electrical Engineering)** and **BE (Computer Science)**.

## PROMOTING SOCIAL ENTREPRENEURSHIP AND INNOVATION – NATIONAL UNIVERSITY OF SCIENCES AND TECHNOLOGY (NUST)

The **Finding Innovative and Creative Solutions for Society (FICS)** program at NUST empowers participants to address social and environmental challenges through entrepreneurship and innovation.

Aligned with the Sustainable Development Goals (SDGs), this year's competition received over **600 project submissions**, with **100 teams** shortlisted to present their working prototypes.

We contributed **Rs. 1,000,000** to support teams in commercializing their projects.

## SUPPORTING TALENT, ACHIEVING GREATNESS – INSTITUTE OF BUSINESS ADMINISTRATION (IBA)

The Institute of Business Administration (IBA) is committed to fostering an environment of critical thinking and ethical decision-making.

We contributed **Rs. 1,000,000** to support the publication of the book titled **"Towards a Better Future: Promoting Child Wellbeing in Pakistan,"**



which addresses critical issues affecting children, including child marriage, smoking, drug abuse, air pollution, and climate change.

## HEALTHCARE ACCESS – PATIENTS’ AID FOUNDATION

The **Patients’ Aid Foundation**, in partnership with the Jinnah Postgraduate Medical Centre (JPMC), manages over **20 departments** and provides cutting-edge cancer treatment free of charge.

In FY24, we contributed **Rs. 2,000,000** to enhance their ability to care for patients by purchasing ward beds.

## QUALITY HEALTHCARE ACCESS FOR ALL – INDUS HOSPITAL AND HEALTH NETWORK (IHHN)

The **Indus Hospital and Health Network** is dedicated to delivering exceptional medical care without charge.

We contributed **Rs. 1,000,000** to support the purchase of a Cyrofuge Machine and two Pressure Booster Kits.

## SAFETY AND SECURITY FOR KARACHI – CITIZENS POLICE LIAISON COMMITTEE (CPLC)

The **CPLC** works to enhance public safety through a unique public-private partnership.



Crescent Steel provided **Rs. 720,000** in operational support to aid their mission in improving law and order.

## BEATING HUNGER – ROBIN HOOD ARMY

The **Robin Hood Army** is committed to redistributing surplus food to those in need.

During Ramadan, we partnered with them to organize iftar distribution drives at several old age homes, distributing **266 iftar boxes** with the help of **19 employees** who volunteered **38 hours**.

## ANIMAL WELFARE – AYESHA CHUNDRIGAR FOUNDATION (ACF)

The ACF focuses on inspiring kindness and protecting the vulnerable in society.

We donated **Rs. 485,000** to support a donkey camp, which provides medical treatment, food, and education for donkey owners.

## SUPPORTING LOCAL ARTS AND ARTISANS – DAACHI FOUNDATION

The **Daachi Foundation** is dedicated to preserving Pakistan’s artistic heritage and creating opportunities for artisans.

We sponsored the Daachi Annual Exhibition with a contribution of **Rs. 500,000**.





## SUPPORTING INCLUSIVITY – KARACHI DOWN SYNDROME PROGRAM (KDSP)

Launched in March 2014, the Karachi Down Syndrome Program (KDSP) advocates for the value, acceptance, and inclusion of people with Down syndrome in Karachi. KDSP aims to empower individuals with Down syndrome to lead independent and fulfilling lives. We donated **PKR 97,500** to KDSP to support living and vocational skills training for one child/adult for five months.

## SUPPORTING INDIVIDUAL EXCELLENCE AND SPORTS

We continued our support towards mountaineering sports in Pakistan through **Mr. Saad Munawar's Seven Summits project**. Saad is on a mission to climb the highest peaks in South America and Australia and has successfully completed 4/7 summits so far. This year he summited Mount Aconcagua in South America and Mount Kosciuszko in Australia. We hope this inspires others to pursue challenging and ambitious goals.

## OTHER SPONSORSHIPS

We sponsored the **OGS-KGS Bike Ride**; proceeds will help achieve the OGS Trust grant scholarships to deserving students across Pakistan. Additionally, we sponsored the **Buddy Club Pakistan's Paintathon** at the Indus Valley School of Art and Architecture. This initiative focused on neurodivergent kids and teens, promoting color, design, and diversity.

## CRESCENT CARES WEEK

Crescent Cares Week is an annual event that unites our employees in a shared commitment for societal good. **Crescent Cares Week 2024** was filled with activities, including Master Chef Crescent, a preloved items auction, a carnival, cycling event, and games. These activities served as mini fundraisers and in-kind giving opportunities.

Our flagship event, the blood drive, was held in collaboration with the Indus Hospital Blood Bank. Employees donated **21,000 ml of lifesaving blood**. Additionally, our factory team in Jaranwala contributed 2,500 ml of blood during a visit to the Social Security Hospital.

The week also included a visit to **SOS Village**, with 15 employees from our Head Office and Nooriabad factory participating. Interactive sessions were organized for our employees, covering topics such as Hepatitis B and C (by **The Health Foundation**), sign language (by Deaf Reach), and Indus Shakireen (by **The Indus Hospital and Health Network**).

We also hosted students from **TCF** at all our locations, offering them insights into our operations and providing career counseling. Additionally, a Hepatitis B vaccination drive was conducted at our Nooriabad facility, where **119 employees received vaccinations**, thanks to The Health Foundation.

The fund-raising activities driven by employees generated Rs. 172,160; funds were distributed in a 60%, 20%, 10% and 10% split to TCF, Indus Hospital, Patients' Aid Foundation and, Deaf Reach.

FY24



Generated PKR  
172,160 in cash  
donations

FY23



Generated PKR  
123,245 in cash  
donations

FY24



Generated PKR  
99,896 in Kind  
donations

FY23



Generated PKR  
124,465 in Kind  
donations

FY24



Volunteered  
640 hours for  
community service

FY23



Volunteered  
364 hours for  
community service

FY24



Donated  
23,500 ml of  
blood

FY23



Donated  
16,500 ml of  
blood

FY24



Planted  
10  
Trees

FY23



Planted  
110  
Trees

# CRESCENT MATCHES

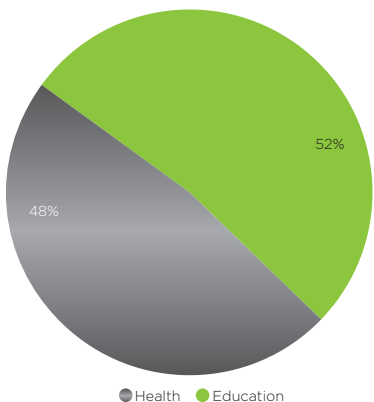
Distribution of funds raised through Crescent Matches:

52% to TCF for EDUCATION and 48% to Indus Hospital, Shaukat Khanum, SIUT and LRBT for various HEALTH related interventions.

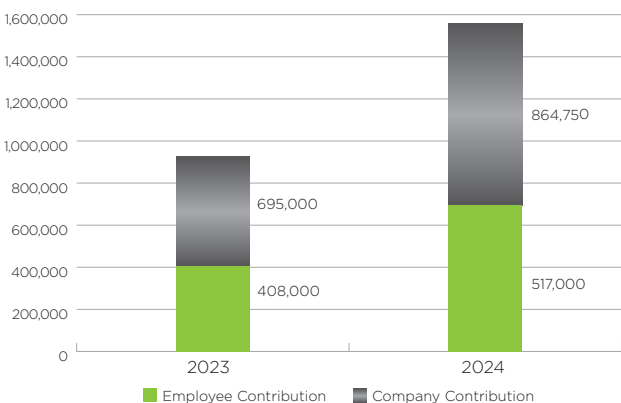
Crescent Matches is designed to **multiply the impact of employee donations by matching their contributions**, offering a higher impact and **direct tax credit through payroll**.

Participation during the year stood at 11 employees [FY23: 10 employees] and collections from employees stood at Rs. 517,000 [FY23: Rs. 408,000]. Employee contributions were matched at Rs. 864,750 [FY23: Rs. 695,000].

Crescent Matches by Segment



Impact of Crescent Matches



# ENVIRONMENTAL CONTRIBUTIONS

During the year, the Company planted trees and mangrove saplings, creating awareness and promoting conservation of Pakistan's marine environment. This is covered in more detail in the Natural Capital section of this report on pages 162.

# SUPPORTING THE CITIZENS FOUNDATION EDUCATE PAKISTAN

Our **partnership with TCF spans three decades**, during which we have witnessed firsthand the transformative power of education in changing lives. Since the inception of Crescent Steel Campus I in 1997, we have supported the build of 11 campuses, where TCF operates 23 schooling units (17 primary and 6 secondary). We continue to support operational expenses of 15 schooling units (12 primary and 3 secondary).

To date, **5,082 primary school students and 1,867 secondary school students have graduated from schools built by us**. Additionally, 343 secondary school graduates from our schools have been awarded intermediate scholarships arranged by TCF. As we write this report, we have **27 active students on tertiary scholarship support** from schools supported by us, either arranged by TCF or supported through our expendable endowment fund.

**In the past year alone, 118 students graduated from our secondary schools**. Combined **enrolment in these schools is 3,796 students**, a majority of whom reside in some of the most underserved and impoverished communities in the country; **48% of these students are female**.

TCF's vision to remove barriers of class and privilege and to make Pakistani citizens "Agents of Positive Change", is truly inspirational and we have had the pleasure of witnessing this profound impact firsthand.



Today, students from TCF are enrolled in some of the most prestigious tertiary education institutes. Among them is Ayesha Siddiqui, who is currently pursuing her education at LUMS and actively challenging traditional beliefs that hinder girls from achieving their dreams. This is alongside scores.

TCF graduates who have rejoined as educators and many more who continue to play a positive role in their communities as agents of positive change.

We are excited to see TCF students lead in every area and work hard to make Pakistan stronger for future generations.



Our Contribution To TCF's Footprint				
Campuses Built by Crescent Steel	Units	Location	Students	UTILIZATION
Crescent Steel Campus I	1 P (M), 1 P (A)	Ibrahim Goth	385	107%
Crescent Steel Campus II	1 P (M), 1 P (A)	Korangi Town	360	101%
Crescent Steel Campus III	3 S (M)	Umar Maingal Goth	298	55%
Crescent Steel Campus IV	2 P (M), 1 P (A)	Jaranwala	526	97%
Crescent Steel Campus V	2 P (M), 1 P (A)	Jaranwala	515	95%
Crescent Steel Campus VI	1 P (M), 1 P (A)	Bin Qasim Town	428	119%
Crescent Steel Campus VII	1 P (M)	Jaranwala	147	82%
Crescent Steel Campus VIII	1 P (M), 1 P (A)	Chiniot	310	86%
Crescent Steel Campus IX	2 P (M)	Jaranwala	342	95%
Crescent Steel Campus X	1 S (M)	Bhone, Jhang	160	89%
Crescent Steel Campus XI	2 S (M)	Jaranwala	325	90%
<b>Total</b>	<b>23 units</b>		<b>3,796</b>	<b>92%</b>

Campuses We Helped Build					
Campus	District	Location	Campuses	Primary Units	Secondary Units
Crescent Steel Campus IV, V, VII, IX and XI	Faisalabad	Jaranwala	5	9	2
Crescent Steel Campus VIII	Chiniot	Chiniot	1	2	-
Crescent Steel Campus X	Jhang	Bhone	1	-	1
Crescent Steel Campus I, II, III and VI	Karachi	New Karachi Town		2	-
		Korangi Town	4	2	-
		North Karachi Town		-	3
		Malir Town		2	-
<b>Total</b>			<b>11</b>	<b>17</b>	<b>6</b>

Campuses Supported by Us				
Campus	District	Location	Primary Units	Secondary Units
Crescent Steel Campus IV, V, VII, IX and XI	Faisalabad	Jaranwala	8	2
Crescent Steel Campus VIII	Chiniot	Chiniot	1	-
Crescent Steel Campus X	Jhang	Bhone	-	1
Crescent Steel Campus I, II and VI	Karachi	New Karachi Town	1	-
		Korangi Town	1	-
		Malir Town	1	-
<b>Total</b>			<b>12</b>	<b>3</b>

P = Primary, S = Secondary, M = Morning, A = Afternoon

We have helped build 11 campuses (23 schooling units) with a student strength of 3,796 children – 48% of whom are girls – these schools employ a staff of 257 of which 188 constitute an all-female faculty. **Over the course of our partnership with TCF, we have donated Rs. 471.82 million since 1995 at an average rate of Rs. 16.26 million per year.**



## SOME STORIES FROM TCF

One TCF student, who was enrolled in the BS (Food Science and Technology) program at the University of Karachi, has recently graduated and is now working as a Quality Assurance and Compliance Officer at Ahmed Foods.

### STORY OF TCF ALUMNI – BISMA MIR

Bisma's story highlights the transformative power of education and TCF's support through Crescent Steel and Allied Products Limited. Growing up in Karachi, she faced many challenges but is now in her 6th semester pursuing a Doctor of Physical Therapy (DPT) at Ziauddin University.

In her school years, Bisma walked long distances to an unsafe area and her family struggled with high fees. Enrolling in Crescent Steel Campus III provided her with an affordable, quality education, and despite having to walk long distances to attend school, she persevered and excelled in her matriculation.

University brought new challenges - long commutes, financial strain, and adapting to an English-medium environment. With her mother's encouragement and TCF's financial support, she stayed on course.

Her passion for physical therapy grew from personal experiences, accompanying her grandmother to medical appointments. Inspired by the potential to relieve pain without medication, she pursued DPT, the first in her family to do so.

Bisma has gained hands-on experience through internships at Darul Sakoon and Ziauddin Hospital, treating elderly patients and refining her skills. With TCF's support, she's determined to build a career and eventually open her own clinic, hoping to give back to her community. She encourages other students to make the most of their opportunities and work hard for a better future.





MODE OF ENGAGEMENT	INPUTS	OUTCOMES
Operational Support	Contributed Rs. 60.13 million towards school support.	The investment was utilized in managing the operational expenditures of the school and student's fee subsidies. This has supported 2,630 students in 15 school units.
Support for Building of School	Contributed Rs. 2.26 million towards building of the Tariq Luftullah TCF Primary Morning Campus.	The new campus, which became operational in August 2023, had an enrollment of 49 students throughout the year.
Investing with TCF	An expendable endowment fund is being maintained with TCF to reward post-matric scholarships to TCF students. The fund earned a profit of 21.39% in FY24 [FY23: 12.50%], totaling the endowment size to Rs. 4,205,894 [FY23: Rs. 4,350,694]	We have pledged to support five CSAP school graduates from TCF at Bahria University, DOW University and Dadabhoy Institute of Higher Education through this fund for the entire duration of the program. The students are an alumni of Crescent Steel campus III.
	The Non-Expendable Endowment Fund maintained with TCF was topped up with Rs. 10 million and earned a profit of 21.39% in FY24 [FY23: 13%] totaling the endowment size to Rs. 122,900,659 [FY23: 920,992,390].	The Endowment Fund will enable TCF to invest funds for financial returns. We plan to build the endowment to fund operational support for school units built by us or to utilize it for a new school unit.
Governance Support	Our CEO, a founding director of TCF and another senior executive of our company serve on the Board and provide key oversight on strategy and governance.	Time volunteered by our CEO and senior executive for Board and other meetings to set strategic direction, ensure transparency and good governance. The association also helps build trust among key stakeholder groups.
Supporting TCF's Fund Raising Activities	Rs. 425,000 was contributed to sponsor STCF Chaand Raat Bazar.	The contribution helped educate thirteen children for one academic year at a TCF School.
Volunteering Support	16 employees volunteered to conduct the annual monitoring and evaluation of CSAPL sponsored TCF school campuses.	Our monitoring and evaluation endeavors serve a dual purpose: they enable TCF to identify and address areas of weakness while also providing valuable insights for more effective resource allocation to our schools.
	10 employees are currently registered as Baghbans to help raise funds for TCF.	To date, our employees have raised Rs. 4,238,244 in donations through their efforts.
Multiplying our Impact	Rs. 236,500 [FY23: Rs. 163,000] were donated by employees to TCF through the Crescent Matches program.	Portion of employee donations were matched at a ratio of 1:2 totaling donations to Rs. 689,500 [FY23: Rs. 489,000].
Other Engagements	During Crescent Cares Week, students from TCF schools visited our Head Office, Nooriabad, Jaranwala and Bhone campuses and were provided a briefing on various operations of each department.	The visits proved to be a learning experience for TCF students and our employees alike.

We regularly review activities, progress and the impact of our investment in TCF. Our employees regularly visit TCF schools and interact with the staff, community, and students.

Currently, TCF runs a network of 2,033 school units with a student strength of 301,000 children and employs a teaching faculty of approximately 14,700 females. Almost 50% of TCF students are female.







# OUR COMMUNITY PARTNERS IN 2024



THE CITIZENS FOUNDATION

## The Citizens Foundation

Builds and manages schools providing quality education in less privileged areas across Pakistan



## World Wide Fund

Leads the environmental conservation and awareness agenda in Pakistan and across the globe



## Indus Hospital and Health Network (IHNN)

Provides free of cost premium healthcare in Pakistan



THE HEALTH FOUNDATION

## The Health Foundation

Works towards a hepatitis free Pakistan



## The Robin Hood Army

Works towards making food consistently available to everyone who needs it



## Citizens Police Liaison Committee

A non-political statutory institution, working towards ending social crimes in Sindh



## Institute of Business Administration (IBA)

An institute dedicated to encouraging critical thinking, ethical conduct, and effective decision-making.



## Indus Valley School of Arts and Architecture (IVS)

Dedicated to producing exceptional artists, designers and architects



## Sindh Institute of Urology and Transplantation (SIUT)

Provides free of cost treatment of urological and nephrological ailments, oncological treatments, treatments of hepatic and gastrointestinal diseases and organ transplantation facilities to the general public



## Layton Rahmatullah Benevolent Trust (LRBT)

Works with patients to provide comprehensive eye-care, ranging from simple refraction to the most advanced retinal surgery and corneal transplants





### Shaukat Khanum Memorial Cancer Hospital and Research Centre

Provides quality healthcare and treatment to cancer patients



### National University of Engineering and Technology (NUST)

Works to promote social entrepreneurship amongst students



### Ayesha Chundrigar Foundation (ACF)

First and largest animal rescue organization in Pakistan



### Karachi Down Syndrome Program (KDSP)

Works to advocate the value, acceptance and inclusion of people with Down syndrome living in Karachi and aims to provide them with the opportunity to lead independent and fulfilling lives.



### Habib University

Preeminent institution of higher learning



### Patients Aid Foundation

Alleviating the burden on Jinnah Postgraduate Medical Centre (JPMC)



### Daachi Foundation

Promoting and celebrating the arts and crafts of Pakistan



### SOS Village

Providing a loving home to children in need



### Deaf Reach

Works towards empowering the deaf community of Pakistan through education, skills training and career development



### Buddy Club Pakistan

A safe space for neurodivergent kids and teens

# CSAP FOUNDATION

CSAP Foundation was established with the aim of bringing greater focus to our philanthropic CSR. The Foundation was granted tax exemption in 2018 (currently under renewal) and is operative as a non-profit organization.

The main objectives of the Foundation are:

- To consolidate our philanthropic agenda and social contributions under one umbrella
- To bring more focus to philanthropic CSR and community development objectives
- To bring greater focus, accountability, and transparency to our societal investments
- To enable access to funds and strategic partnerships

The Foundation focuses on improving the social infrastructure by supporting community welfare causes

and in giving back to the society. Focus areas of the Foundation are:

- Providing shelter for the underprivileged
- Supporting educational institutions
- Establishment of libraries, research centers, museums, galleries, academies, and handicraft centers
- Awarding scholarships to outstanding students and scholars
- Establishing hospitals, clinics, dispensaries, centers and places of medical aid and relief
- Establishment of convalescent homes, maternity homes, and homes for the needy
- Promoting and creating awareness of health issues
- Providing medical assistance to deserving individuals





- Providing financial and other aid to the destitute to make them financially independent
- Taking measures to promote the development of science and technology which will contribute to the prevention of environmental pollution
- Promoting, financing, establishing, running and managing autonomous educational and medical institutions
- Promoting awareness of environmental issues
- Persuading and assisting in the control of pollution in all its forms and in the preservation of the living environment
- Encouraging and assisting in the promulgation of environmental laws, policies, rules, and regulations

Over the years CSAP Foundation has made contributions to various community partners in the education, health, environment and societal sectors. We are currently re-assessing the value of having a separate foundation for our discretionary CSR and while it does bring focus to CSR activities, we are weighing this against the operational asks and hurdles of having to repeatedly obtain a tax exemption certificate, which comes with its own set of bureaucratic challenges.

We realize that the multidimensional focus of the foundation and its ability to access capital other than from Crescent Steel will enhance the effectiveness of our philanthropic CSR.

During fiscal year 2024, the foundation made a total contribution of Rs. 329,155 in the education sector [2023: Rs. 454,683] against active scholarship awards under the scholarship scheme available to employees for their children.





# BIOMORPHISM

## 1936....

**Henry Moore**

Title: Reclining Figure  
Medium: Elmwood



Source: <https://artsandculture.google.com/asset/reclining-figure-henry-moore/wQEOG8mcl7Y-Cw>

Term derived from the Classical concept of forms created by the power of natural life, applied to the use of organic shapes in 20th-century art, particularly within Surrealism. It was first used in this sense by Alfred H. Barr jr in 1936. The tendency to favour ambiguous and organic shapes in apparent movement, with hints of the shapeless and vaguely spherical forms of germs, amoebas and embryos, can be traced to the plant morphology of Art Nouveau at the end of the 19th century; the works of Henry Van de Velde, Victor Horta and Hector Guimard are particularly important in this respect.



## ENVIRONMENT PERFORMANCE

# NATURAL CAPITAL

## RESOURCE CONSERVATION FOR A SUSTAINABLE FUTURE



As a responsible corporate citizen, Crescent Steel is committed to reducing its environmental footprint across our operations and value chain. We collaborate with partners and industry peers to address the challenges of climate change and contribute to global CO2 emissions reduction targets.

We believe that it's our responsibility to reduce the environmental impact of our activities and in doing so embrace necessary innovation and technological change.

Our investment decisions to monitor and mitigate the environmental impact of our operations are guided by our philosophy of minimizing environmental impacts and improving resource efficiency. The manufacturing and coating of pipes, melting scrap to produce billets and the production of yarn, involve some energy-intensive processes, use a lot of water and, within the value chain produces emissions and pollutants.

The social, financial, and physical risks of climate change and the global action to reduce greenhouse gas emissions are driving industry leaders, including Crescent Steel, to improve energy efficiency and using new technologies to contribute to the global objective of achieving net zero by 2030.

**We are constantly working to reduce our environmental footprint and preserve the natural environment around us.**

## ENVIRONMENTAL PERFORMANCE



We do not operate in an industry with high direct greenhouse gases' emissions. The nature of our direct business operations also do not pose other significant environmental risks.

## MANAGING THE IMPACT OF OPERATIONS ON THE ENVIRONMENT

We have policies and procedures across the value chain to reduce energy consumption and reduce our environmental footprint. Our efforts include:

- Our core products line pipes help transport hydrocarbons economically and safely across cities and communities. The pipes we produce are also used for safe, reliable and environmentally friendly transportation in water and wastewater systems.
- Supporting a sustainable supply chain, and supplier Code of Conduct including environmental risk minimisation in the supply chain.
- Use of steel scrap generated in our manufacturing process.
- Efficient use of energy including enhancing clean energy options where possible.
- Responsible use of water including recycling where possible.
- Efficient use of material and minimising waste.
- Conducting better lifecycle evaluations to understand the impact of our products on the environment.
- These efforts help us in minimising our environmental footprint in operations and products and help maintain our license to operate.

## EMISSIONS

**Pakistan contributes less than 1% to global GHG emissions, yet it ranks among the top 10 countries most vulnerable to climate change.**

We ensure that all our emissions and discharges comply with the prescribed limits set out by the National Environmental Quality Standards (NEQs).

At our line pipe manufacturing and coating site, our main sources of direct emissions are the plasma arc cutting station at the pipe plant, the stripping station and the generator at the coating unit. To monitor emissions from all sources, we engage an external agency, to conduct quarterly analyses while our manufacturing lines are operational. We adhere to international standards including the ASTM (American Standard for Testing Materials) for emissions testing methodologies and conform to the limits prescribed by SEQS (Sindh Environmental Quality Standards) to control emissions. Additional details are provided in the glossary on page 417.



At our steel melt shop and power plant, the primary source of emissions is the induction furnace, which uses an induction process to melt steel scrap that is relatively more efficient on energy consumption and, the bagasse furnace for combustion which is environmentally friendly when compared to conventional fossil fuel-based power generation. The melt shop unit also has a state-of-the-art air pollution control system to capture dust and metal particulates released in the melting process to minimise the environmental impact of our process. The unit remained non-operational throughout the fiscal year and consequently did not have any significant contributions to aggregate emissions.

Other direct CO<sub>2</sub> emissions originate from fossil fuel-based backup power generation units at our manufacturing sites and our fleet of company-owned vehicles. Indirect CO<sub>2</sub> emissions stem primarily from the energy we purchase from the national grid across our campuses.

Over the years we have undertaken initiatives such as substituting Nitrogen gas with Oxygen gas to reduce NO<sub>x</sub> levels and neutralising water discharged from our coating plant to maintain PH levels between 7 – 10.

While we have not directly experienced significant financial impacts associated with climate change-related incidents, Pakistan has faced major climate catastrophes, such as monsoon-induced flooding, resulting in substantial infrastructure damage and displacing millions of people with limited means of sustenance. We understand that such instances will only become increasingly common and are committed to making meaningful contributions to advocate for environmental protection, energy conservation and responsible production and consumption.

Our commitment to environmental responsibility extends to setting goals at each manufacturing location and our corporate office. We achieve these goals by deploying newer technologies that help reduce emissions and by augmenting capacity for greener and more efficient energy consumption. Our measures go beyond complying with the national standards enforced by the Pakistan Environmental Protection Act (PEPA) and National Environmental Quality Standards (NEQs). This includes emissions of Sulphides (SO<sub>x</sub> Gases), Nitrides (NO<sub>x</sub> Gases), Particulate Matter, Ozone Gas, Volatile Organic Compounds, Ozone Depleting Substances (including CFCs and Freon), Carbides, and any other such emissions.

## BREAKDOWN OF CRESCENT STEEL'S EMISSIONS

### SCOPE-I

Greenhouse gases exert a significant impact on the environment, irrespective of the presence of human activity. As stewards of the planet, we are dedicated to emissions reduction in all aspects of our operations, whether it be on our production lines or in our daily consumption of fossil fuels.

Recognising that our country is particularly vulnerable to the impending effects of climate change, we understand that managing GHG emissions is an obligation.

At Crescent Steel, direct emissions primarily result from our production processes, which unavoidably affect the environment. Direct CO<sub>2</sub> emissions are measured and recorded monthly at every plant site.

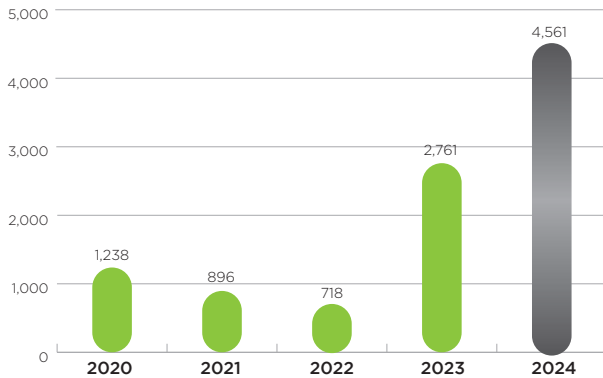
The sources of CO<sub>2</sub> emissions include fuels used in pipe and billet manufacturing, steam generated by our energy division's power plant and from the overall process of power generation at the locations where we are present. CO<sub>2</sub> serves as the major contributor to our total direct GHG emissions.

Crescent Steel's consolidation of GHG gases does not include biogenic emissions of CO<sub>2</sub> at any production site across its locations of operation. As the Global Warming Potential (GWP) values indicate, our direct GHG emissions are sourced from the Intergovernmental Panel on Climate Change (IPCC) established by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO). The Company has used the previous year as a base year as per its general practice.

We remain steadfast in our commitment to reducing emissions and safeguarding the environment, aligning our actions with global efforts to combat climate change.

### Direct GHG Emissions

(tCO<sub>2</sub>e) (Scope I)



### SCOPE-II and SCOPE-III

While our indirect GHG emissions may not have a significant long-term impact, our commitment to the community compels us to prioritize every facet of environmental stewardship. We educate employees about the importance of emissions reduction in their daily lives and its integral role in climate protection.

Crescent Steel produces indirect emissions (SCOPE-II) in the form of external energy purchased by WAPDA. This is attributable to the complete shutdown of our spinning operations as against a 3 month operational period in FY23.

Our Scope-III emissions primarily result from the fuel used in company-owned vehicles. We track fuel consumption through fuel cards and convert the data into CO<sub>2</sub> equivalent units using conversion factors aligned with IPCC guidelines.

Similar to direct emissions, the company uses the previous year as a base year as per general practice. Gases included in SCOPE-II are CO, SO<sub>x</sub>, and Oxides of Nitrogen while SCOPE-III, include Fluoride and Forklift emissions.

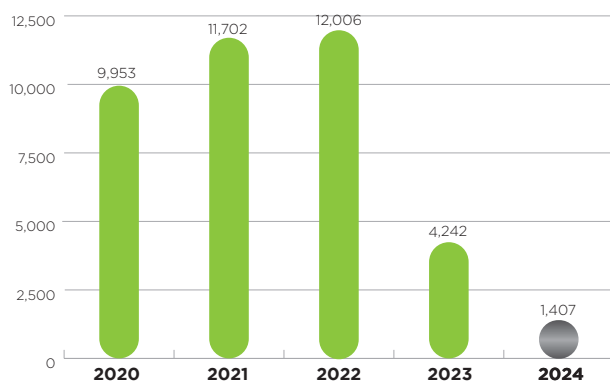
While noise and vibration are important aspects for us, we have yet to quantitatively measure their specific impact. We have taken proactive steps to address these concerns. The company has made it mandatory for employees to use earplugs, and we conduct routine noise monitoring throughout our production processes.

Additionally, it's worth noting that for calculating Global Warming Potential (GWP) rates, we rely on data from the Fifth Report Assessment (AR5) provided by the IPCC, which offers GWP values over a 100-year time horizon.

For SCOPE-II emissions, we have chosen to present the total indirect emissions instead of providing a location-based breakdown of emissions.

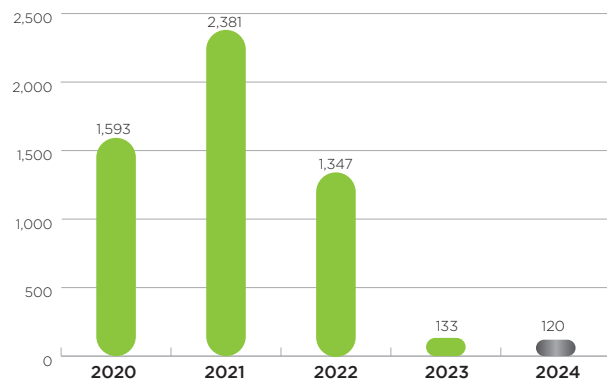
We are committed to exploring every opportunity to reduce energy consumption and invest in renewable energy sources, aiming to minimize emissions as much as possible.

### Indirect GHG Emissions in CO<sub>2</sub> Equivalent (tonnes)



### Indirect Emissions

(tCO<sub>2</sub>e)



## REDUCTIONS IN EMISSIONS

### (SCOPE-I, SCOPE-II AND SCOPE-III)

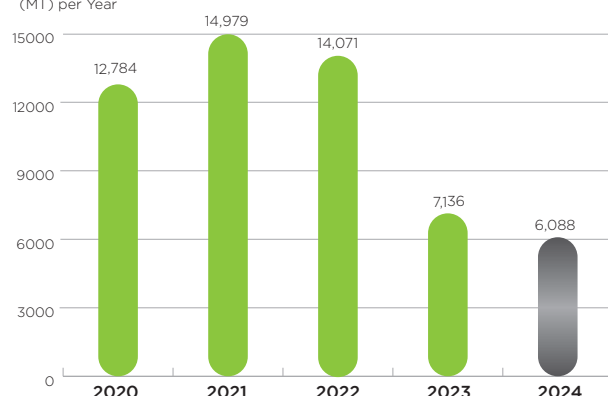
**We strive to reduce emissions from our operations, whether direct or indirect.**

The following graphs illustrate total emissions on an annual basis. Combining all scopes, our total emissions have decreased when compared to the past year primarily because of idling at three of our manufacturing facilities. We review our emission outcomes monthly.

This year, the company saw an increase in Scope-I emissions by 1,800 metric tons, compared to 2,043 metric tons in the previous fiscal year (FY23) in line

with increased production at the pipe and coating plants. However, Scope-II emissions decreased by 2,835 metric tons, though this reduction was smaller than last year's decrease of 7,764 metric tons. This is in line capacity utilization at our manufacturing facilities, as both CCP and Hadeed remained in-operative during the year. Scope-III emissions saw a slight reduction of 13 metric tons. The overall improvement in the company's greenhouse gas (GHG) performance is primarily due to the closure of the Cotton and Billets Manufacturing Division.

**Total Emissions**  
(MT) per Year



## GHG EMISSIONS INTENSITY



Emissions Intensity Ratio	2024	2023
Total Energy Consumption/ Sales ('000)	0.0083	0.0139
Total Emissions / Sales ('000)	0.0006	0.0014

Emission intensities are used to compare the environmental impact of different activities. Crescent Steel uses sales as an organization-specific metric to calculate its emissions intensity ratio – this is because of varied production across Business Units. SCOPE-I, SCOPE-II, and SCOPE-III are the types of GHG emissions included in the calculation, containing all the gases mentioned in their respective scopes. Total GHG emission decreased by 1,048 CO<sub>2</sub>/Sales or 14.7% in absolute terms as compared to last year [49.2% change in FY23: 6,936 MT CO<sub>2</sub>/Sales] against an increase of 103.5% in sales over the prior year. The emissions intensity ratio for FY24 was 0.0006 MT CO<sub>2</sub>/Sales, compared to 0.0014 MT CO<sub>2</sub>/Sales in FY23, representing a 58.1% decrease from the previous year.

Our production processes do not emit any ozone-depleting substances (ODS); however, we do carry some HVAC units that use R-22 gas which are being phased out and for which ODS emissions are not

presently monitored. We plan to commence reporting on ODS emissions if any, starting FY25. The company's health, safety, and environmental policy discourages the use of Ozone-depleting substances as they cause significant harm to the environment. All emissions are recorded with the help of consumption patterns of fuel and output generation.

## AIR POLLUTION CONTROL SYSTEM

We have taken appropriate measures to go beyond complying with the minimum national standards enforced by the Pakistan Environmental Protection Agency by adhering to globally recognized standards of air pollution control at our steel billet manufacturing facility. Gaseous emissions and metal dust is the most prominent form of waste in the steel melting process while primary wastes produced in casting steel are contact water, oil, grease, and metal scraps. The unit is equipped with air pollution control systems with an air filtration capacity of 50 mg/Nm<sup>3</sup> against national standards that require air pollution control system with filtration capacity below 100 mg/Nm<sup>3</sup>.

## ENERGY



Our businesses are manufacturing intensive and financial performance is heavily dependent on reliable sources of energy.

Our energy efficiency strategy calls on us to explore avenues of self-generation and secure reliable power while maintaining cost, quality and environmental leadership.

We constantly explore new methods which can reduce our dependency on the national grid and mitigate the risks of power outages. For instance, at our office, we continue to take measures regarding the conservation of energy by switching off all air conditioners and all unnecessary lights for two hours daily. Through such practices, we can engage employees and develop a culture of energy conservation.

Our energy consumption is measured through our electricity provider and billing for energy use. Policies pertaining to energy are under the jurisdiction of the Health, Safety and Environmental Committee which are reviewed every year and presented to the CEO for approval.

<sup>5</sup> The last edition of our report stated this as 582.4 MW instead of 582.4- kWh.



## ENERGY EFFICIENCY

To manage our energy consumption, reduce our dependency on the national grid and mitigate the risk of recurring power outages, we have:

- Back up gas power generators and solar power at our line pipe manufacturing site.
- 1.8KW Solar power at the fabrication facility in Dalowal and at our spinning unit in Jaranwala
- Replaced old lights and air conditioning units with energy efficient ones across all our sites
- 582.4kWh Solar power installed at the steel plant in Nooriabad.

CS Energy Initially equipped with a 15 MW cogeneration, thermal generation power plant at Bhone, Punjab was augmented with a 16.5 MW condensing and extraction turbine to process steam during off-season periods. This was to ensure uninterrupted supply to our meltshop Unit throughout the year and to Shakarganj Limited. Our Energy Scorecard below reflects the energy produced at this plant. The business unit also operates a subsidiary with a mandate to set up a 100 MW Solar Power plant.

## ENERGY AND WATER CONSERVATION

The following energy conservation measures have been taken in the past:

- Water recycling systems at the ultrasonic testing machines of SPI600 were installed to save electricity at approximately 2 units per hour of production and to conserve water of approximately 10GPH.
- Tungsten bulbs, energy savers and fluorescent lights were replaced with LED bulbs at various locations saving approximately 4.2 units per hour and approximately 33.6 units per day.
- Twenty-five 400-watt lights (10 kW) replaced with twenty-five 200-watt LED lights (5 kW) for yard lighting resulting in 50% savings.
- Replaced five 1.5 MT window air conditioning units with two 1.5 MT and three 1 MT split inverter-type air conditioning units.
- Reduced energy consumption by 3.42kW in total by replacing 40W Tube Lights replaced with 15 and 18Watt LED Bulbs Further, replaced 40W Tube lights replaced with 15W / 18W / 25W LED Saver lights and
- Sodium Bulb 400 W Replaced with 200W LED lights.

## ENERGY SCORECARD

ENERGY CONSUMPTION (GJ)	2024	2023	2022	2021	2020
Energy Consumption within the Business (GJ)	89,443	73,390	167,662	182,226	128,499
Energy Consumption Outside the Business (GJ)	-	-	43,158	44,051	31,788
Total Energy Consumption (GJ)	89,443	73,390	210,820	226,277	160,287

## MAJOR ADVANTAGES

### REDUCED CONSUMPTION

- Recycling water at the ultrasonic testing machines will save water consumption of approximately 10GPH.
- Installed solar power system of 561.6 kWh rating will reduce electricity consumption by approximately 850,000 KWH per year from WAPDA and/or fossil fuel-based generators and will also reduce an estimated 420 MT of CO2 emissions per year.
- LED lights will help in reducing electricity consumption by up to 40%.
- Inverter air-conditioning will help conserve an estimated 20% of energy consumed as compared to conventional air-conditioning
- Installed skylights for natural light at our pipe plant sheds, through which we are saving an estimated 60 units per day.

### ENERGY AUGMENTATION

Energy consumption in 2024 increased by 22% due to higher business volumes which is reflected in the increase in turnover. The change in consumption is calculated yearly, keeping the previous year as a base year.

### ENERGY REDUCTIONS

Our energy division, billets manufacturing division and cotton division remained closed. The change in consumption is calculated annually, taking the previous year as a base year.

#### Solar Panels

The Company is committed to increasing its use of renewable energy sources. One of the key projects was installation of solar power system to generate clean and economical energy to reduce greenhouse gas emissions and reliance on fossil fuels or grid-based power. The project was completed for net metering in FY24. The Company now has increased solar energy utilization from 20.8 KW to 582.4 KW at the Steel plant. The initiative will help save 3,060 GJ of energy and reduce CO2 emissions by 420 MT every year.

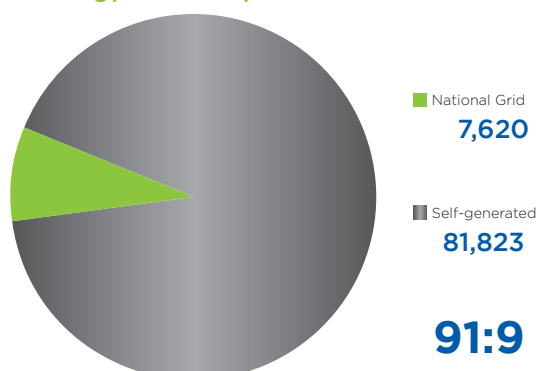
On a deemed revenue basis using client supplied HRC company's revenue to PKR 18,160 Mn for FY'24 and sales per unit of consumption (Rs./GJ) comes to 203,034.

ENERGY CONSUMPTION (GJ)	2024	2023	2022	2021	2020	CHANGE (2024 vs. 2023)
Total energy consumption (GJ)	89,443	73,390	210,820	226,227	159,970	21.9%
Sales (Rs. in million)	10,752	5,283	8,300	8,495	4,473	103.5%
Sales per unit of consumption (Rs./GJ)	120,213	71,982	39,372	37,542	27,961	67.0%
Energy intensity ratio (GJ/Sales in 000')	0.0083	0.0139	0.0254	0.0266	0.0358	(40.7) %

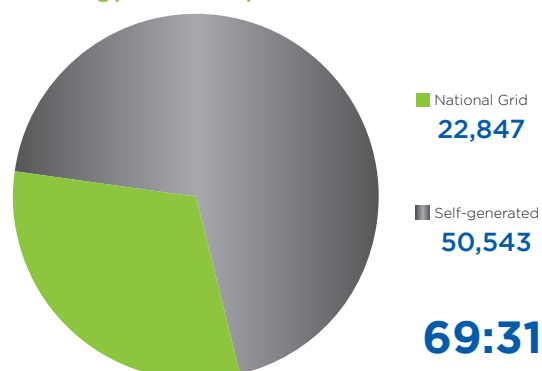
Fuel Type	Self-Generated Energy (Gj) 2024	%	Self-Generated Energy (Gj) 2023	%	Self-Generated Energy (Gj) 2022	%	Self-Generated Energy (Gj) 2021	%	Self-Generated Energy (Gj) 2020	%	Consumption Pattern
Diesel	6,294	8%	1,273	3%	1,146	1%	1,006	1%	1,474	2%	Consumed within the business
Gas	73,002	89%	47,535	94%	11,381	11%	14,657	13%	20,117	25%	Consumed within the business
Bagasse	-	0%	-	0%	89,008	87%	97,312	86%	58,282	73%	Supplied to the industry and consumed within the business
Solar	2,527	3%	1,735	3%	945	1%	128	0%	125	0%	Consumed within the business
<b>Total</b>	<b>81,823</b>	<b>100%</b>	<b>50,543</b>	<b>100%</b>	<b>102,480</b>	<b>100%</b>	<b>113,103</b>	<b>100%</b>	<b>79,998</b>	<b>100%</b>	
FUEL TYPE	Purchased Energy (Gj) 2024		Purchased Energy (Gj) 2023		Purchased Energy (Gj) 2022		Purchased Energy (Gj) 2021		Purchased Energy (Gj) 2020		Consumption Pattern
WAPDA/ K-Electric	7,620		22,487		108,340		113,174		79,972		Consumed within the business

## PROPORTION OF ENERGY SELF-GENERATED AND FROM THE NATIONAL GRID

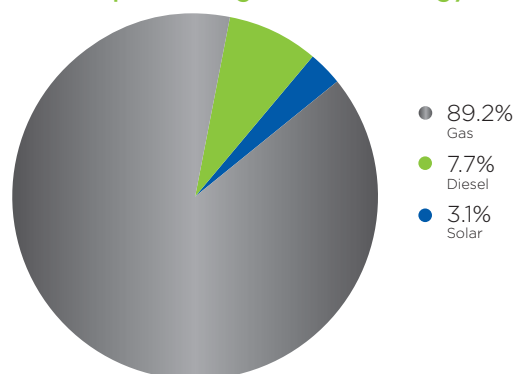
Energy Consumption - 2024



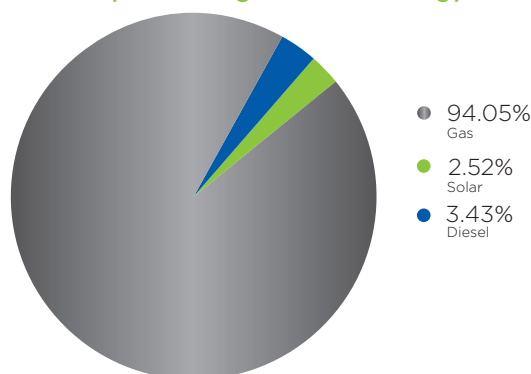
Energy Consumption - 2023



Break-up Of Self-generated Energy – 2024



Break-up Of Self-generated Energy – 2023



## ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION

Recording energy consumption outside the organization presents many challenges. We do not have any mechanism to measure this consumption. However, we do record our energy consumption in terms of inbound and outbound logistics which relates to fuel consumption by the company's owned vehicles and select logistics partners for contracted vehicles. The total consumption in terms of fuel is 1,718 GJ which decreased by 9.4% from the corresponding period last year [FY23: 1,896 GJ] and includes consignment and scrap metal shipment from Karachi Port to our plant at Nooriabad, and vehicles maintained by the company. We measure this consumption with the help of fuel cards given to drivers before the initiation of any shipment. The consumption is recorded in litres consumed and then converted into Gigajoules. The conversion rate is mentioned in the glossary.

## WASTE MANAGEMENT



We work to minimize the wastes resulting from our operations by reducing material consumption and reusing or recycling waste material as far as reasonably possible. We continue to advocate environmental responsibility in our actions through advocacy and communications. Where reuse is not possible, we ensure proper disposal of waste matter in accordance with local regulations and international best practices. Disposal methods include landfilling, recycling, and incineration.

Our approach towards waste minimization is essential for a cleaner and healthier environment. Policies are steered by the HSE committee, which contributes to the company's precautionary approach regarding environmental hazards as much as possible.

In 2024, no monetary fines or sanctions for non-compliance with environmental laws and regulations have been imposed.



## WASTE TREATMENT

Business Unit	Type	Specification And Units	2024	2023	2022	2021	2020	Treatment
Steel	Hazardous	Plastic bags, drums etc. (in numbers)	12,000	53,120	10,730	3,000	10,000	Sold for recycling/ reuse
		Tube lights and Sodium Discharge bulbs (in Kgs)	90	60	-	-	30	Incinerated
	Non-hazardous	Steel scrap (in MT)	1,737	359	280	733	609	Sold for recycling/ reuse
		Miscellaneous Scrap Empty Carton (in numbers)	700	1,550	1,000	150	500	Saleable
		Polyethylene/ Polypropylene (in MT)	117.6	14.1	7	7	21	Sold for recycling/ reuse
		Debris, kitchen waste and others (in MT)	12.8	13.8	13	12	10	Landfilled
Cotton	Hazardous	Cotton dust (in Kg)	-	17	72	39	67	Sold for reuse
	Non-hazardous	Cotton waste (in MT)	-	108	307	379	327	Sold for reuse
Engineering	Hazardous	Bulbs and lights (in numbers)	32	12	223	250	89	Landfilled
Crescent Hadeed	Non-hazardous	Acid Lining SiO2 (in MT)	-	-	582	685	320	Landfilled
		Slag (in MT)	-	-	884	769	342	Landfilled
		APC Dust (in MT)	-	5.47	112	46	25	Sold to Client

Includes cotton dust, cotton waste and APC dust from Hadeed sold to external parties.

## RESOURCE CONSERVATION

Our business depends on the availability of quality materials which primarily include hot rolled coil, raw cotton, bagasse, and scrap. Our cost of doing business and profitability depends on responsible consumption and effective waste management.

The Company has various initiatives in place and barring items necessary for consumption in business

operations and production, everyone is encouraged to reduce the use of all materials as far as possible.

## PAPER

We aim to reduce, recycle and reuse paper in our daily work.

## SUSTAINABLE RENOVATION EFFORTS IN 2024: OUR COMMITMENT TO A GREENER FUTURE

During our recent office renovation in 2024, we identified a significant amount of scrap material. Staying true to our values of sustainability and community support, we took the following actions:

- **Donated:** We donated 83 kg of scrap wood to local organizations, helping them repurpose it for various needs.
- **Recycled:** We sent 2,370 kg of paper for recycling, ensuring it was processed responsibly.
- **Sold for Recycling:** We sold 700 kg of scrap wood and 130 kg of silver scrap, ensuring these materials were recycled properly while generating value from the excess.

This approach reflects our ongoing commitment to positively contributing to the community and promoting sustainable practices.

## WATER MANAGEMENT



Water issues and how they are overseen at locations change essentially due to local conditions such as water accessibility, water quality and legislation. Pakistan.

The shortage of water is a major problem worldwide. It affects the environment, public health, and economies on a global level. Extreme weather conditions such as droughts and floods are becoming more common, making it harder to access clean and fresh water at the global, national, and local levels.

Water is crucial to our operations and to Pakistan, which ranks 14th among the 17 'extremely high baseline water stress' countries of the world. We are aware of the potential impact it can have on our business and the communities where we operate and are dedicated to ensuring efficient water usage, both now and in the future.

## WATER WITHDRAWAL

Other than domestic use by employees, our primary utilisation of water in the business process is for cooling and pipe testing purposes at the steel pipe plant and, for the production of steam to generate electricity at the energy division (the latter remained out of operation this fiscal year).

Most of our water needs at Nooriabad are sourced from Keenjhar Lake as well as groundwater. The management of Keenjhar Lake falls under the jurisdiction of the Government of Sindh, and the water inflow is monitored by meters installed by the municipal authority. It's important to note that water is not stored at the Nooriabad plant and therefore has no significant impact. Additionally, there are no protected species residing in the lake.

At the energy plant, during the sugar season, we use condensate from the sugar process (wastewater), and during the off-season, we use groundwater and condensate from the turbine.

All groundwater and water utilised for human consumption undergoes a filtration process either through a reverse osmosis or membrane and UV filtration process; this is across all our operations.

### Water Withdrawal from Various Sources (in liters)

Business Unit	Water withdrawal by source in ML/year	2024	2023	2022	2021	2020
<b>Surface Water</b>						
<b>Steel</b>	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	27,149	22,389	15,361	19,933	10,879
<b>Groundwater</b>						
<b>Steel</b>	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	18,099	14,926	10,241	13,288	16,319
<b>Engineering</b>	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	387	378	408	432	357
<b>Energy</b>	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	-	-	4	4	2
<b>Produced Water-Condensate from sugar Process</b>						
<b>Energy</b>	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	-	-	213	210	134
<b>Municipal Water</b>						
<b>Head Office</b>	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	886	798	796	770	604
<b>Total Water Consumption</b>		46,522	38,489	27,023	34,636	28,295

There is no withdrawal of water from water-stressed areas. For uninterrupted circulation of water, we re-cool it for reuse. This cooling method is environmentally friendly and has reduced the withdrawal of fresh water. All water consumed at our facilities for drinking purposes is tested for water quality and falls within the recommended ranges for portable water below 1,000 TDS.

Note: In line with our strategic thrust on water stewardship, we reviewed our water consumption and discharge processes this year; as a result we have made some changes to the above reporting (refer to annexures for relevant formulas) and have restated past year figures Accordingly, we feel that this data set and related models need further review and plan to conduct this during FY25. Any restatements will be duly marked in our next report.

<b>Water discharge by destination in (ML/year)-By Quality and Destination</b>						
Business Unit	Water discharge by destination in (ML/year)	2024	2023	2022	2021	2020
<b>Steel</b>	Other water ( $>1,000$ mg/L Total Dissolved Solids) Other water ( $>1,000$ mg/L Total Dissolved Solids)	25,920	29,763	16,316	19,127	26,642
<b>Engineering</b>	Other water ( $>1,000$ mg/L Total Dissolved Solids) Other water ( $>1,000$ mg/L Total Dissolved Solids)	184	177	189	191	165
<b>Total</b>		26,104	29,940	16,506	19,318	26,807

No water source was significantly affected by the withdrawal of water.

Note: We do not have a mechanism to measure water withdrawal at the Cotton Division.

Water consumption in (ML/year)	2024	2023	2022	2021	2020
<b>Total</b>	20,418*	5,790	10,517	15,318	1,488



## WATER REUSE AND RECYCLING

We understand that water is a scarce resource and wherever we find opportunities to conserve, reuse or recycle water; we do so.

- Water is redirected and reused for pressure testing of pipes and to cool pipes in the coating process.
- At our bagasse-based energy plant in Bhone, we reuse water for the production of steam to generate electricity.

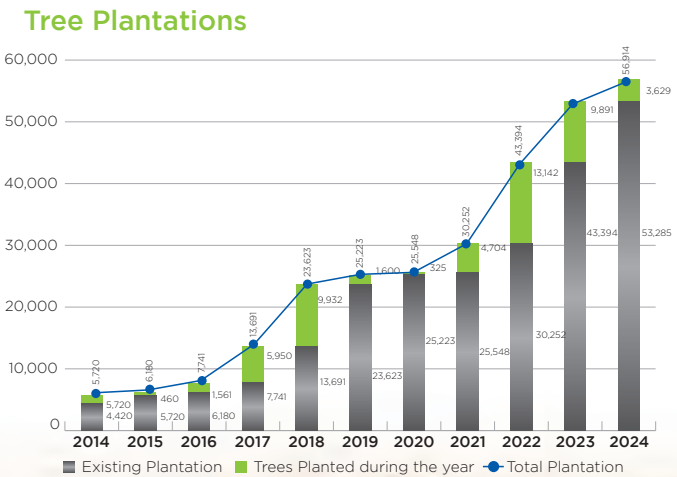
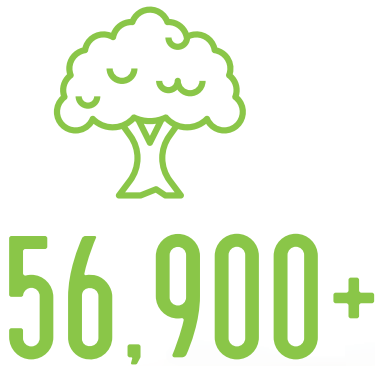
Percentage and Total Volume of Water Recycled and Reused(ML/year)						
Water recycled/reused	Business Unit	2024	2023	2022	2021	2020
Total water recycled/reuse	Steel	262,933	2,933	10,545	4,178	3,187
% of water recycled/reused		565.2%	7.6%	39.0%	12.1%	11.3%

Starting 2024 we have revised the methodology by which we calculate water re-used in our hydro-tester, therefore past numbers are not comparable. The present methodology calculates actual withdrawal and consumption with some assumptions for evaporation and spilling; in the past this had been reported based on a factor, which we felt was not accurate as our plant is sometimes idling and other times fully operational owing to the industry in which we operate. Additionally pipes of varying sizes use entirely different amounts of water in the hydrotesting process, the factor therefore results in grossly understating reuse. For more details you may refer to the formula index in this report.

## PLANTATION

At Crescent Steel, we prioritize the protection of our ecological system and fully understand our responsibility to lessen our environmental impact, paving the way for a sustainable tomorrow.

Over the years our plantation size has increased to 56,900+ trees. These trees collectively serve to reduce our carbon footprint by an estimated 336 MT annually. Our tree plantation efforts align with our broader commitment to environmental stewardship and further enhance our environmental performance.



# BEACH CLEANING AND MANGROVE PLANTATION ACTIVITY

As Pakistan faces a growing climate crisis, ranked as the fifth most vulnerable country in terms of climate change and global warming according to the Global Climate Index, we are increasingly focused on reducing our corporate footprint. One of our primary initiatives in this effort is our annual mangrove plantation activity, conducted in collaboration with WWF (World Wild Fund).

Mangroves are not only relatively easy to plant but also play a role in protecting some of nature’s most vulnerable species. These forests are diverse and vital ecosystems that maintain the health of coastal zones. Despite their economic and environmental significance in Pakistan, mangrove forests have been adversely impacted by industrial and economic infrastructure development, coastal habitation, and the construction of beach huts. These forests are the

lifeline of the Indus Delta, playing a critical role in climate change adaptation and shielding local populations from sea storms and cyclones.

Crescent Steel has been an active supporter of WWF in their efforts to safeguard marine life through mangrove plantations. This year, we planted 1,000 mangroves, expanding our total plantation size to 5,700 mangroves.

We ensure the well-being of this mangrove forest through financial contributions, ensuring that for every mangrove that doesn’t thrive, WWF will plant another sapling in its place. These 5,700 mangroves collectively reduce our carbon footprint by 33.68 MT annually. We hope to continue this annual plantation activity over the years to come.

Year	Number Of Trees Planted	Cummulative Yearly Carbon Reduction (In MT)	This is equivalent to emissions from burning approximately 14,881 gallons of gasoline
2012 (FY13)	50	3.55	
2013 (FY14)	75	4.88	
2015 (FY15)	100	5.32	
2015 (FY16)	150	7.98	
2016 (FY17)	150	7.09	
2017 (FY18)	175	7.24	
2018 (FY19)	1,000	35.46	
2021 (FY21)	1,000	17.73	
2022 (FY22)	1,000	11.82	
2023 (FY23)	1,000	5.91	
2023 (FY24)	1,000	5.91	
Total	5,700	112.88	

# CELEBRATING EARTH HOUR

Earth Hour is a reminder of our collective duty to safeguard the environment and acts as a catalyst for positive change.

On Saturday, March 23, 2024, we celebrated across all our campuses and encouraged our people to join in from home and within their communities by switching off all non-essential lights.

# MINIMALISM

## 1960.....

Term used in the 20th century, in particular from the 1960s, to describe a style characterized by an impersonal austerity, plain geometric configurations and industrially processed materials. It was first used by David Burlyuk in the catalogue introduction for an exhibition of John Graham's paintings at the Dudensing Gallery in New York in 1929. Burlyuk wrote: 'Minimalism derives its name from the minimum of operating means. Minimalist painting is purely realistic—the subject being the painting itself.' The term gained currency in the 1960s. Accounts and explanations of Minimalism varied considerably, as did the range of work to which it was related. This included the monochrome paintings of Yves Klein, Robert Rauschenberg, Ad Reinhardt, Frank Stell and Brice Marden, and even aspects of Pop art and Post-painterly Abstraction. Typically the precedents cited were Marcel Duchamp's ready-mades, the Suprematist compositions of Kazimir Malevich and Barnett Newman's Abstract Expressionist paintings. The rational grid paintings of Agnes Martin were also mentioned in connection with such Minimalist artists as Sol Lewitt.

## Eva Hesse

Title: Accession II

Medium: Galvanized steel and vinyl

Source: <https://artsandculture.google.com/asset/accession-ii-eva-hesse/HQH3fnG4E9D7TQ>





# SUPPLY CHAIN

As a socially responsible business with high ethical, social, and environmental standards, Crescent Steel endeavors to propagate a culture of quality, transparency, accountability, and integrity across our supply chain.

Supply chain and logistics play a key role in ensuring efficient and profitable operations of all our businesses. The supply chain function is not limited to sourcing quality products and services with conducive price and volume variables; suppliers are strategic partners for our business. We leverage our relationships with key suppliers and work with them for planning logistics, and the introduction of new products and services.

As the leading line pipe manufacturer engaged in oil and gas transmission projects of national and strategic importance, we have a rigorous protocol for supplier induction, evaluation, and monitoring. We engage with a range of foreign and domestic suppliers, for critical and non-critical goods and services. We assess our suppliers across several factors including inventory optimization, flexibility, quality management systems, visibility, and transparency. We consider labor management practices an indicator of community care and this forms a critical aspect of our supplier engagement criteria. We configure our supply chain model on three basic characteristics: product design and quality, risk assessment and opportunities for business growth.

Our supply chain is geared toward sustainability and is committed to developing indigenous sources where available. In this regard, we have worked with various domestic partners to enhance technical and professional capabilities. We aim to move beyond the boundaries of supplier-buyer relationships to create strategic partners; our suppliers engage with us at many levels, enabling us to generate additional revenue and leverage our relationships for cost savings. Our supplier engagement strategy aims to strengthen supply chain effectiveness, to identify environmental and cost hotspots.

Our major imports include Hot Rolled Coils – we use high-grade alloy steel coils for manufacturing large diameter pipes for high-pressure transmission systems.

During the year we imported 14,248 MT [FY23: 3,424 MT] of hot rolled coils and 691,700 MT of coating material

[FY23: 2,281 MT]. The sourcing protocol of our raw material for our pipe and coating operations is critical. In accordance with API specifications, manufacturers of HRC are assessed and compliance of the raw material is verified against Mill Test Certificates, Manufacturing Procedure Specifications, and third-party quality assurance verifications.

The Cotton Division, Hadeed (Billet) Division, and CS Energy Division remained non-operational during the year.

In addition to this, we purchased various goods and services needed for day to day running of our businesses and office operations, including consumables for smooth manufacturing operations, valuing Rs. 5,831 million [FY23: Rs. 3,239 million].

Our raw material, consumables, and most of our spares and equipment are imported – as we operate in a specialized manufacturing segment, domestic availability of the materials we require is non-existent. Furthermore, in order to ensure the product integrity and to confirm with our quality management system, we are required to evaluate suppliers and as far as possible source materials directly from manufacturers; this enables better quality management as well as commercial terms. As a strategic thrust, our supply chain teams are attempting to indigenize sourcing for certain consumables and equipment, in an effort to develop a sustainable supply chain.

In 2024, there were no significant changes in the supply chain structure. Material for production was imported from Asian, European and Middle Eastern countries i.e. China, Turkey, UAE, Afghanistan, and Germany.

## TYPE AND NUMBER OF UNIQUE SUPPLIERS ENGAGED 2024

Operational Area	Local	Import	Total	Local %	Import%
Steel Division	278	45	323	86	14
Cotton Division	9	-	9	100	-
Corporate Division	75	-	75	100	-
IID/CS Capital	1	-	1	100	-
Crescent Hadeed	2	-	2	100	-
CS Energy	1	-	1	100	-
<b>Total</b>	<b>366</b>	<b>45</b>	<b>411</b>	<b>89</b>	<b>11</b>

## PROCUREMENT PRACTICES WITH TRUSTED BUSINESS PARTNERS

Suppliers are crucial strategic partners for any business, providing goods and services and enabling business continuity.

Supply Chain is not just an area for suppliers to merely comply with quality, price, and volume variables. Our suppliers are strategic partners that adopt our standards to work towards the end goal of providing high-quality and reliable products to our customers. Crescent Steel aims to maximize indigenous procurement and minimize imports; however, due to a lack of expertise, a range of products and services required for our operations are not available locally and must be imported. This includes our raw material, which accounts for 80% of our

procurement cost. During the year, due to import restrictions, we developed a sourcing strategy to indigenize the supply chain for spares. We have worked with our local partners to develop and enhance expertise and capabilities to fabricate spares locally, to reduce reliance on imports. For the K-IV project, which has national significance, we worked with our customer to enable them to design and fabricate trailer beds for outbound logistics of finished 84 inch, externally coated, steel line pipes with a length of 12 meters each, to transport 2 pipes per trailer. As the infrastructure available was designed to handle only 1 pipe per trailer, through this initiative, the number of trailers required to transport finished pipes was reduced from 10,000 to 5,000. This effectively cut down logistics requirements by at least 50% and ultimately resulted in lower fuel consumption

and emissions. The core objective of our Supply Chain function is to reduce throughput time by minimizing the use of intermediaries, and by enabling supply chain depth to deliver the right materials, at the right time, at the right price.

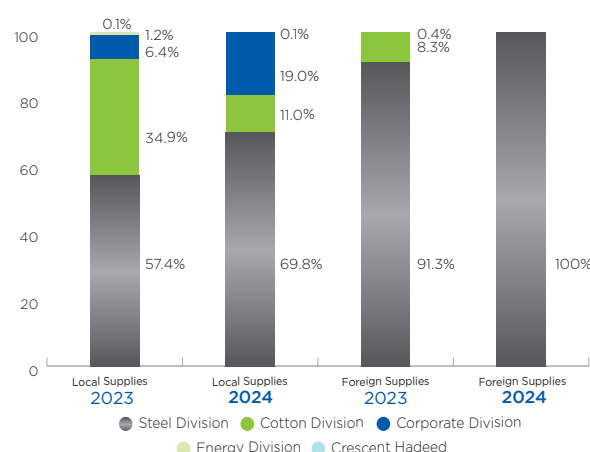
Vendors are evaluated and reevaluated as per the policies in our quality management system – vendor retention is based on annual performance, rather than the history of the vendor relationship. Vendor feedback and complaint redressal mechanisms are critical criterion based on which supplier retention is determined. Furthermore, all suppliers, whether critical, non-critical or general are evaluated and approved for purchase prior to placing orders, as per the prescribed framework in our quality management systems.

The proportions of purchases, domestic and imported, are tabulated below:

	RS. IN MILLION	IN PERCENTAGE
<b>Purchases in 2024</b>		
Local Vendors	898	17.2
Foreign Vendors	4,310	82.8
	<b>5,208</b>	<b>100</b>
<b>Purchases in 2023</b>		
Local Vendors	1,407	33.4
Foreign Vendors	2,802	66.6
	<b>4,209</b>	<b>100</b>

LOCAL **17.2%** AND FOREIGN **82.8%**

### Composition of Local and Foreign Supplies



## Managing a Diverse Supply Chain

### Up Stream



### Raw Material Sourcing

Hot Rolled Coil, Steel Scrap Raw Cotton and Polyester

(Vendors + Suppliers)

### Operations



### Manufacturing/ Production

Bare Pipes, Steel Billets and Polyester Cotton Yarn

### Down Stream



### Down Stream

Storage and distribution of final product

## Crescent Steel's Local Procurement Cycle



The procurement cycle follows specific steps from identifying requirements and needs to evaluating options and ensuring those needs are optimally met keeping customer preference, quality and price in mind.

The selection of vendors is reviewed annually to assess decision-making quality and evaluate vendors for technical performance, reliability, commercial terms and more. Such reviews enable us in determining if circumstances have changed significantly to trigger a change in vendors.



# PRODUCT STEWARDSHIP



## PRODUCT QUALITY AND SAFETY

### Maintaining product and service quality is a sustainability imperative.

We strive to apply cutting-edge technology and remain client-centric to drive profitability and efficiency, ensuring the highest standards of quality in product delivery. The effectiveness of our Quality Management System is ensured through an independent quality function at each business unit level with direct reporting to the Business Unit Heads.

Crescent Steel strictly adheres to its quality policy to ensure quality control and assurance from the acquisition of raw materials to the delivery of the final product and services i.e. across the value chain. The management ensures that measurable and verifiable quality objectives are set throughout the organization, from the initial inspection of raw materials to the transportation of the finished product to the customer.

The company retains its authorization to use the API monogram of the American Petroleum Institute since its inception in 1987. In 1997, Crescent Steel was awarded ISO 9001 Quality Management Standard Certificate which it continues to maintain as ISO 9001:2015.

By taking into account risks and opportunities, maintaining sustainability and adopting the principle of doing things right the first time, customer satisfaction is ensured at all levels. With continuous improvement as one of our core values, targets are set regularly to keep improving process, optimize performance and to enhance customer experience across all our manufacturing facilities, operations, and product offerings.

## STEEL DIVISION – PIPE MANUFACTURING AND COATINGS

Raw material sourcing for line pipe manufacturing is critical for oil and gas/API monogram pipes given the applicability of stringent raw material quality specifications and API standard compliance. Our raw material is purchased from pre-qualified suppliers, against established parameters that form part of our vendor evaluation system.

Our HSAW steel line pipes are manufactured in accordance with the applicable specifications of the American Petroleum Institute ("API"), American Water Works Association (AWWA), American Society for Testing and Materials (ASTM) and the International Organization for Standardization ("ISO"), among other standards. Our products must also satisfy our proprietary standards as well as our customers' requirements.

We maintain an extensive quality assurance and control program, supplemented with highly skilled inspection and testing teams and state of the art equipment. To ensure that our products and services continue to satisfy industry standards and are competitive from a quality standpoint – most of our pipes are supplied against local projects tendered internationally. We currently maintain, testing laboratories supported by a robust Quality Management System certified to API Q1 and ISO 9001 and, API product license granted by API. These are universal requirements for selling high pressure line pipes to major oil and gas companies.

Our Quality Management System ("QMS"), based on the ISO 9001 and API Q1 specifications, assures that products and services comply with customer requirements from the acquisition of raw materials to the delivery of the final product and services. The management ensures measurable and verifiable sustainability and quality objectives are set throughout the organization, across manufacturing processes and operations, upholding the highest standards of safety, quality, performance, and reliability.

Our highly skilled and talented team and strong management focus on quality ensures that we continue to improve our quality management systems beyond API Q1 and ISO 9001 standards.

The pipes we produce, and coating are inspected and tested by sophisticated testing equipment. We have various testing facilities available at our pipe finishing line and coating plant:

### Finishing Line

- On-line Automatic Ultrasonic Testing: To ensure that the entire weld seam, is flawless for both Spiral Pipe Mills
- Radiographic Inspection: To analyze, the defects identified during ultrasonic testing
- Visual Inspection: To determine surface defects
- Hydrostatic Pressure Testing of Pipes: To check the pipe strength, durability, and leakages Each pipe is tested on different water pressure as per API requirement. Our maximum water testing pressure capacity is 210 bar.
- Residual Magnetism Measurement: To ensure that residual magnetism is within the limits of the applicable standard or client's requirements.
- Final Inspection: To rigorously inspect the different dimensional parameters.
- Tensile Testing and Guided Bend Tests: To ensure that the coil received, and the pipes manufactured have the required mechanical properties.
- CVN Test: To ensure the fracture toughness of the pipe body, weld, and HAZ is in compliance with API standards and client requirements.
- Chemical Tests: To ensure the product has met a client specified chemical requirements.
- Hardness Testing: To check the hardness of the pipe body, weld and HAZ for the sour service pipe
- Burst Test: To ensure that the pipe exceeds the minimum design pressure requirement
- Impact Test at -40 C: To ensure that coated pipe has required impact resistance at low temperature

### Coating applications undergo various tests including:

- Online Holiday Inspection
- Coating Adhesion Strength Testing
- Thermal Analysis
- Melt Flow Index
- Cathodic Disbondment Test
- Hot Water Soak Resistance Test
- Flexibility Bend Test
- Indentation Hardness Test

## MEASURING CUSTOMER SATISFACTION

The unit continues to maintain a high customer satisfaction score of over 92.5% for both, pipes and coatings

- The survey identifies many strong areas for improvement like timely product delivery etc.
- The survey provides customer feedback on our product capability for:

A) Submerged Arc Welded Helical Seam Steel Pipes in diameters ranging from 8-120 inch in steel grades up to and including API 5L X-100, under API monogram authorization

B) Anti-corrosion coating application of steel line pipes in diameters ranging from 4 – 84 inches, as per international standards like DIN 30670

- Our main customer base constitutes the two-state gas utilities operating in Pakistan, SSGC, and SNGPL – headquartered in Karachi and Lahore, respectively – with a footprint across various towns and cities in Pakistan. Our Karachi and Lahore Offices and our Plant Site in Nooriabad are within easy access to our main customer base.

Customer Satisfaction Level over the Years	2024	2023	2022	2021	2020	2019
	92.5%	93%	95.71%	94%	93 %	94%

- No incident of non-compliance with regulations and voluntary codes concerning products and services information and labelling occurred during the year.
- No incident of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship have been identified during the year.

## COTTON DIVISION – COTTON SPINNING

Crescent cotton products is committed to delivering high quality yarn products with prediction approaches for the evaluation of yarn properties. The unit continues to maintain high standards of quality management, performance, and innovation. Our quality control laboratory and trained workforce ensure that all processing methods and products meet the required industry and international standards. Raw material i.e. polyester and viscose is procured from world-renowned synthetic fiber producers locally and from abroad. Raw cotton is checked against established standards prior to procurement, while sophisticated testing infrastructure strengthens quality management and assurance. The quality assurance and testing laboratory at the spinning unit is equipped with necessary testing equipment.

This includes:

FOR FIBER TESTING	FOR YARN TESTING
HVI-Spectrum	Uster Tensojet-4
Fibrogaph 530	Uster Tester-5
Micronaire	Count Analyzer
Moisture Meter	Lea Strength Tester
	Twist Tester

## HADEED DIVISION - STEEL BILLETS

The division manufactures prime quality Steel Billets in grade 40 and grade 60 in sizes ranging from 100 by 100 mm to 150 by 150 mm, which are used by re-rolling mills to manufacture rebars and other long steel products. The billets are manufactured through an induction melting and continuous casting process using high quality scrap. The product complies with ASTM – A615 standards which are requirements for manufacturers downstream. Our product complies with propriety and customer requirements with respect to steel properties. The unit is equipped with German testing machinery for quality control and assurance throughout the manufacturing process.

By taking into account risks and opportunities, maintaining sustainability and adopting the principle of doing things right the first time, customer satisfaction is ensured at all levels. With continuous improvement as one of our core values, targets are set regularly to keep improving process, optimize performance and to enhance customer experience across all our manufacturing facilities, operations, and product offerings. The unit was inoperative during FY24.

## POWER DIVISION - CS ENERGY

The unit generate and supplies electricity for own source consumption and to customers and distribution companies, as permitted. The unit has two tribunes with combined capacity of 15 MW and 16.5 MW. The thermal power generation plant uses bagasse in the combustion process to produce power and process steam. Bagasse is a renewable source of power which is in line with our aim to adopt sustainable business practices. The unit was inoperative during FY24.

# MATERIAL CONSUMPTION



Our materials are divided into two basic categories i.e. critical and non-critical. Critical materials are those which have a direct impact on the company's production and non-critical materials are those which are indirectly associated with the company's products. It is imperative to understand that we use our critical raw materials efficiently.

As the scarcity of resources is increasing globally, we, as an organization, understand the effective utilization of resources. We continue to strive to strengthen our processes across all our production sites.

We use a by-product of sugarcane, bagasse, as a source of electricity and supply power to Crescent Hadeed. We continuously explore new strategies and methodologies through which we can ensure the effective utilisation of resources. We make sure that the consumption of materials does not adversely affect the communities in our surroundings. Our purchased materials go through quality control checks and some of our critical raw material suppliers are ISO certified.

While many of our raw materials are non-renewable, we continuously seek opportunities to reduce our environmental footprint. For instance, in the CCP division, materials such as polyester, viscose, and raw cotton are either reused internally or sold to external sources, contributing to our waste reduction efforts. Our focus remains on sourcing sustainable materials and exploring circular economy principles where possible. Although we do not currently use recycled input materials or reclaimed products and packaging, we continue to assess industry developments that could enable greater material reuse in the future.

All the data presented in the table represents accurate measurements of material consumed through gauges and instruments installed at the production lines. The HSE committee also conducts various checks to validate and authenticate the data.

Crescent Steel does not use any recycled input materials or any reclaimed products and their packaging materials.

Material Consumed	Unit Of Quantity	Quantity (Weight / Volume)				
		2024	2023	2022	2021	2020
Non-Renewable Materials						
Steel – Pipe Manufacturing						
HR Coils (comprises 99% of input materials)	MT	60,857	45,770	5,222	4,822	8,315
Welding Wire	kg	178,612	125,130	21,940	22,429	32,330
Welding Flux	kg	163,095	98,531	27,445	23,945	44,755
Steel Grit	kg	48,800	38,500	12,565	3,345	13,625
Steel – Coating						
High Density Polyethylene	kg	2,112,300	1,280,100	334,640	43,220	214,625
Co Polymer Adhesive	kg	122,425	59,315	30,180	5,949	24,600
Fusion Bonded Epoxy	kg	226,340	110,240	47,660	7,446	31,840
Cotton						
Yarn Wrapping Cone	Nos	-	915,168	3,042,804	3,046,608	2,344,166
Polypropylene Bags	Nos	-	38,081	125,386	112,067	99,821
Polythene Bags	Kg	-	3,750	10,553	9,446	7,569
Diesel	Ltr	-	1,552	2,438	3,020	1,275



Material Consumed	Unit Of Quantity	Quantity (Weight / Volume)				
		2024	2023	2022	2021	2020
Engineering						
Gas LPG	kg	967	1,085	1,641	519	862
Gas Oxygen	m3	3,732	4,534	7,473	2,098	3,020
Diesel Oil	Ltr	2,957	4,648	5,070	804	2,627
Disc (Grinding and Cutting)	Nos	3,515	3,792	4,176	1,161	2,144
Welding Electrode	Tonnes	11.53	7.67	13.72	4.58	6.06
Round Bar, Pipes, Nuts, Bolts etc.	Tonnes	20.36	23.79	36.58	12.72	21.33
Sheets Mild Steel	Tonnes	318.24	425.15	655.28	234.08	287.13
Sheets Stainless Steel	Tonnes	8.12	5.40	15.25	10.78	10.0
Crescent Hadeed						
Melting Scrap (HMS, Shredded, Bundled Scrap)	Mt	-	-	18,259	21,384	11,449
Silico Manganese	kgs	-	-	174,245	160,942	141,075
Ferro Manganese	kgs	-	-	21,345	21,477	42,610
T.C Tips	Nos	-	-	5,651	5,836	3,200
Mill Scale	kgs	-	-	744,960	866,750	257,960
Oxygen Gas	m3	-	-	19,229	21,147	13,434
Diesel Oil	Ltr	-	1,290	5,760	11,515	5,820
MS Lancing Pipe	m	-	-	59,000	63,300	31,700
Quartz Powder	kgs	-	-	645,420	686,810	352,650
Boric Acid	kgs	-	-	198	161	80
Sodium Silicate	kgs	-	-	14,920	15,430	7,715
Nozzle – Ex	kgs	-	-		2,178	2,444
Silica Sand	kgs	-	-	12,550	118,200	92,589
Renewable Materials						
Energy						
Bagasse	Tonnes	-	-	123,719	106,485	70,156
Cotton						
Raw Cotton	Tonnes	-	907	2,855	2,842	2,366
Polyester	Tonnes	-	967	3,282	3,266	2,584

# CONCEPTUAL ART

## 1960.....

Term applied to work produced from the mid-1960s that either markedly de-emphasized or entirely eliminated a perceptual encounter with unique objects in favour of an engagement with ideas. Although Henry Flynt of the fluxus group had designated his performance pieces 'concept art' as early as 1961 and Edward Kienholz had begun to devise 'concept tableaux' in 1963, the term first achieved public prominence in defining a distinct art form in an article published by Sol LeWitt in 1967. Only loosely definable as a movement, it emerged more or less simultaneously in North America, Europe, Latin America, and Asia and had repercussions on more conventional spheres of artistic production spawning artists' books as a separate category and contributing substantially to the acceptance of photographs, musical scores, architectural drawings, and performance art on an equal footing with painting and sculpture. Moreover, conceptual art helped spawn the move towards multimedia installations that emerged to such prominence from the 1980s.

### Chris Burden

Title: Beam drop Inhotim

Medium: 71 steel beams and concrete



Source: <https://artsandculture.google.com/asset/beam-drop-inhotim/NQHwHQ6fC-Yg-Q>







# IT GOVERNANCE AND CYBERSECURITY

Information Technology today serves as the backbone of a secure, efficient and agile organization and an effective implementation of IT Governance is imperative for achieving and sustaining these qualities.

At Crescent Steel, IT Governance is an integral part of Enterprise Governance, ensuring it's compliance in line with the required IT practices. IT department plays a vital role in continuous improvements and effective change management in the Company's business processes and its initiatives complement the business objectives and acts as a catalyst in achieving the same.

## IT STRATEGY IN PLACE

Our IT department has a well-defined strategic plan which serves as a guide for IT strategic initiatives over the next three to five years. Special consideration is given to the upcoming technological trends and the same are embedded as part of strategy where applicable.

Digital Transformation is a continues process at CSAPL. As such IT strategy directs towards various initiatives in digitalization, automation and the effective use of AI technologies that will ensure that CSAPL remains at par with fast changing business trends.

Policies and Procedures are in place to ensure consistency and measured Operations. The IT Steering Committee oversees the strategic direction and effectiveness of IT across the organization.

## STATEMENT ON CYBER RISKS

As part of evaluation of all risks facing the business, the Board' Risk Management Committee (RMC) has also assessed the cyber risks and the enforcement of legal and regulatory implications in case of any breaches. The Board's RMC has noted that Crescent Steel is not a customer facing organization and does not undertake any electronic transactions with its customers therefore has minimum risk of losing any sensitive data. However, Crescent Steel has taken sufficient measures to ensure its network security

and has implemented stringent controls to protect its data privacy. Further, the Board's RMC has not rated the cyber risks at a high level

## CYBERSECURITY AND BOARD'S RISK OVERSIGHT

The Board's RMC, while performing its risk oversight function also reviews and evaluates cybersecurity risks. Budgets and capital expenditure for network upgrades and strengthening cybersecurity enhancements are approved by the Board, after detailed presentation by the management.

The Internal Audit department regularly conducts network and cyber security audits, the results of which are presented to the Board's Audit Committee and all remedial actions are evaluated and monitored through IT Steering Committee.

## INFORMATION SYSTEMS

Our information systems are well integrated and capture near to real time data for process owners consistently providing business intelligence for structured decision making. Implemented in 2008, our Oracle ERP system consists of almost all Modules covering all layers of Financials, Order Management, Inventory, Manufacturing, Supply Chain, and Project Management. Oracle ERP is ably supported by a robust infrastructure ensuring the 99.99% uptime achieved through continues strict monitoring and adoption of new and upcoming applicable technologies.

For reasons of high availability, our Primary Datacenter is collocated at a Tier-3 Data Centre and secured and protected with a Next Generation Firewall. The ageing servers and storage have been recently replaced with the latest generation of HP servers and SAN storage along with a completely upgraded technology stack to support all equipment and applications. Backing up of all data is a regimented practice with a copy of the backup stored safely at an offsite location as well besides reflecting it on the Disaster Recovery Site.



## UPDATES DURING THE YEAR

IT Department continued to take new initiatives and enhancements in the existing services.

Crescent Steel undertook the initiative of revamping its website facilitated through IT department. The new look website uses modern tools that enabled enhanced aesthetics, user-friendliness and security. The manual process of Talent Management (OTR) which traditionally involved a lot of paperwork and precious work hours, is now digitalized and available on the app with a click of a button. Infrastructure robustness was also enhanced with improved network management and security measures. Sustainability Reporting continued to improve during the year.

In-house development of BI and dashboard continued during 2023-24. This enhanced visualization of critical business performance indicators assists in proactive and efficient decision-making.

## EARLY WARNING SYSTEM

Company has implemented adequate controls and procedures about early warning systems. In this regard, Incident Management policies and procedures are in place. In addition to that, company has also implemented a Next Generation firewall having capability of Intrusion Prevention and Detection System.

## CONTINGENCY AND DISASTER RECOVERY PLAN

The Company has an updated Disaster Recovery plan in place for the continuity of the Company's business and operations in case of any extra ordinary circumstances.

Our Disaster Recovery Plan (DRP) is an action plan devised to recover seamlessly from an unexpected disruption of service due to a man-made disaster or any natural catastrophe. The aim is to get the Company operations resumed in as little time as possible. The data loss and time to recover is measured within the defined concepts of Recovery Time Objective (RTO) and the Recovery Point Objective (RPO) during the mock DR runs.

Backing up of all data is a regimented practice with a copy of the backup stored safely at an offsite location as well besides reflecting it on the Disaster Recovery Site.

Since, the assessed risk of cybersecurity is low and an effective DRP in place, we don't have any specific cyber insurance.

## USER TRAININGS OF ERP SOFTWARE AND CYBERSECURITY THREAT

User trainings are held regularly at all sites for ERP modules. Special emphasis is given on newly hired and newly implemented modules. IT team regularly conduct information security awareness sessions and sends security awareness emails on a regular basis. The purpose of security awareness is to focus attention on security, creating sensitivity to the threats and vulnerabilities of computer systems and recognition of the need to protect data, information, and systems. Security awareness emails help users in identifying any upcoming security threats and potential risks.



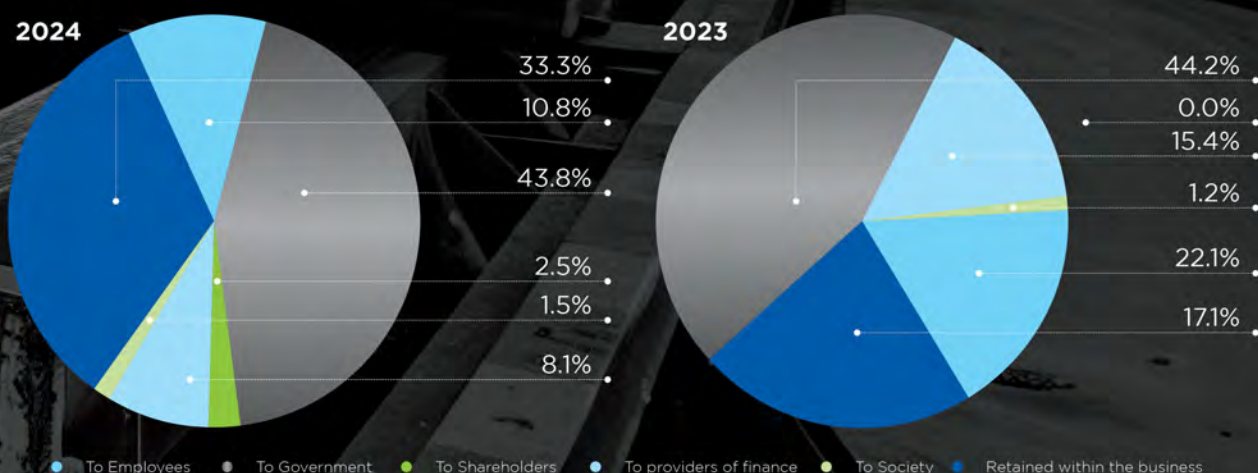




# STATEMENT OF VALUE ADDITION

	2024		2023	
	Rupees in '000	%	Rupees in '000	%
<b>WEALTH GENERATED</b>				
Total revenue	12,004,579	100.0%	5,569,608	100.0%
Bought-in material and services	(5,827,522)	48.5%	(3,236,583)	58.1%
	6,177,057	51.5%	2,333,025	41.9%
<b>WEALTH DISTRIBUTED</b>				
To Employees				
Salaries, wages and other benefits	666,402	10.8%	515,346	22.1%
<b>To Government</b>				
Income tax, sales tax, custom duties, WWF and WPPF	2,703,635	43.8%	1,031,216	44.2%
<b>To Shareholders</b>				
Dividend	155,265	2.5%	–	0.0%
<b>To Providers of Finance</b>				
Finance costs	497,403	8.1%	359,960	15.4%
<b>To Society</b>				
Donation towards education, health and environment	92,483	1.5%	27,488	1.2%
<b>Retained within the business for future growth</b>				
Depreciation, amortization and retained earnings	2,061,869	33.3%	399,015	17.1%
	6,177,057	100.0%	2,333,025	100.0%

## DISTRIBUTION OF WEALTH



# EVA AND FCF

## ECONOMIC VALUE ADDED (EVA)

EVA attempts to capture the true economic profit of the Company. It also provides a measurement of a Company's economic success (or failure) over a period of time.

Rupees in '000	2024	2023
Profit before interest and tax	3,023,978	594,241
Taxes	(920,072)	(57,424)
Net operating profit after tax (NOPAT)	2,103,906	536,817
Total capital employed	8,724,794	8,150,355
Cost of capital (%)	23.96%	23.52%
Cost of capital (COC)(Rs.)	2,090,461	1,916,964
	13,445	(1,380,147)

The positive number of EVA reveals that the company is generating value from the funds invested into the business.

## FREE CASH FLOW (FCF)

Free cash flow is the cash left over after the company pays for its working costs and capital expenditure requirement.

Rupees. in '000	2024	2023
Cash flow from operating activities	657,471	(363,661)
Capital expenditure	(247,844)	(535,488)
Free cash flow	409,627	(899,149)

FCF - it indicates how proficient/deficient an organization is at generating cash.

# FINANCIAL AND OPERATIONAL PERFORMANCE

## BUSINESS SEGMENTS

### STEEL DIVISION

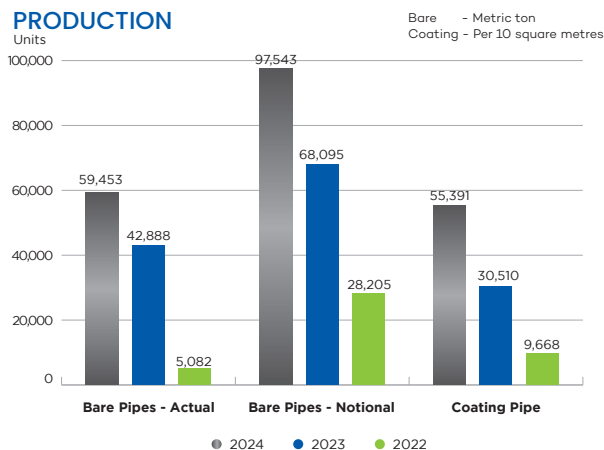
- Sales:** In FY24, the Steel Division's (SD) sales surged by 166.7% year-on-year, reaching Rs. 9,056.3 million (compared to Rs. 3,395.8 million in FY23). During the year, SD supplied 53 KM coated pipes of 84" and 68" to China Harbour Engineering Company – Al Fajr International Joint Venture (CHEC-AFI JV) as part of the K-IV Greater Karachi Bulk Water Supply Project contributing Rs. 2,461.6 million and 13.9 KM of 16", 22.2 KM of 20" and 28.3 KM of 24" to SSGC contributing Rs. 2,237.1 million. SD also supplied 31.6 KM of 16" and 22.9 KM of 24" bare pipes contributing Rs. 2,040.7 million. During the year, the contract with CHEC-AFI JV was revised from Rs. 3,960 million to Rs. 5,855 million, out of which Rs. 4,403.9 million had been completed as of June 30, 2024.

Sales during the year mainly represent supply of bare pipes, coated pipes and fabrication amounting to Rs. 6,627.0 million, Rs. 2,288.8 million and Rs. 140.5 million, respectively.

- Gross Profit (GP):** Gross profit (GP) in FY24 amounted to Rs. 2,868.0 million, resulting in a GP margin of 31.7%, up from a GP of Rs. 937.3 million and a GP margin of 27.6% in FY23.
- Operating Expenses:** Operating expenses increased to Rs. 711.0 million in FY24 (FY23: Rs. 377.2 million).
- Finance Costs:** Finance costs also rose to Rs. 491.4 million, 44.2% higher than the Rs. 333.8 million reported in FY23.
- Profit Before Tax (PBT):** FY24 recorded a PBT of Rs. 1,758.4 million, a significant increase from FY23's Rs. 306.5 million.

- Production Output:** The division produced 59,453 tons of bare pipes in FY24, an increase from 42,055 tons in FY23. Additionally, pipe coatings totaled 553,906 square meters (FY23: 305,098 square meters).

### PRODUCTION

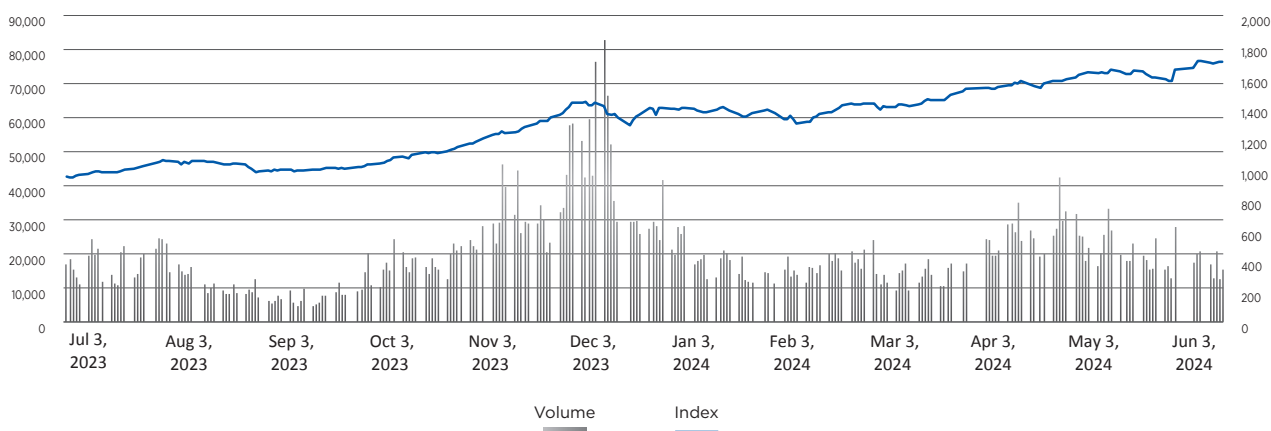


### IID DIVISION

#### THE EQUITIES MARKET – KSE 100 INDEX

- The KSE-100 Index started FY24 at 41,452.68 points and closed at 78,444.96 points, reflecting an 89.2% gain (36,992.28 points).
- Total all-share market cap rose by 62.9% to Rs. 10.4 trillion (2023: Rs. 6.4 trillion). In USD terms, it increased by 67.4% to USD 37.3 billion.
- KSE-100 index market capitalization increased by Rs. 986 billion or 66.8% (USD terms: 71.4%) and closed at Rs. 2.5 trillion (USD 8.8 billion).
- Average traded volume on the all-share index was 460.7 million shares/day, a 139.9% increase YoY. The average daily traded value rose to Rs. 15.5 billion, up 153.0% from the prior year's Rs. 6.1 billion.

### THE MARKET PERFORMANCE FOR FY24



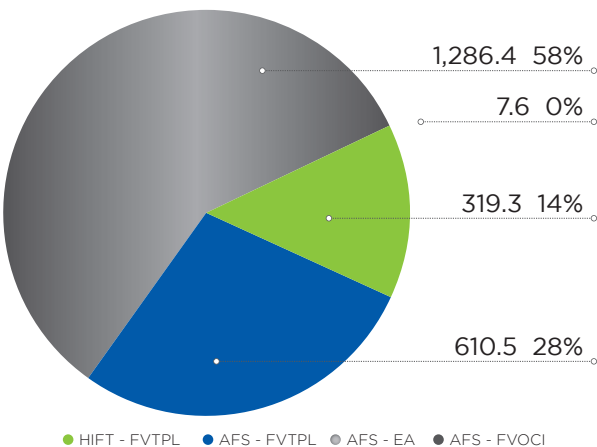


## IID Division Performance

During the year, the division recorded investment income of Rs. 1,069.6 million (FY23: Rs. 203.5 million) which includes dividend income of Rs. 820.5 million, mainly from strategic investments in Altern Energy Limited amounting to Rs. 755.3 million and Rs. 14.3 million from Central Depository Company Limited. The yield on the total portfolio of securities (including unquoted investments taken at fair values) stands at 51.9%. Realized and unrealized gains (excluding unquoted investments constituting net fair value adjustment of Rs. 64.6 million) for the year stood at Rs. 25.6 million and Rs. 156.0 million, respectively.

The Return on Income (ROI) on the trading portfolio recorded a positive ROI of 113.2% on weighted average investments of PKR 203.2 million whereas the benchmark KSE-100 index increased by 89.2%.

### INVESTMENT CLASSIFICATIONS



## Other Divisions

Cotton, Hadeed and Energy Divisions remained non-operational due to several challenges, including import restrictions, supply chain disruptions, currency devaluation, and a balance of payment crisis.

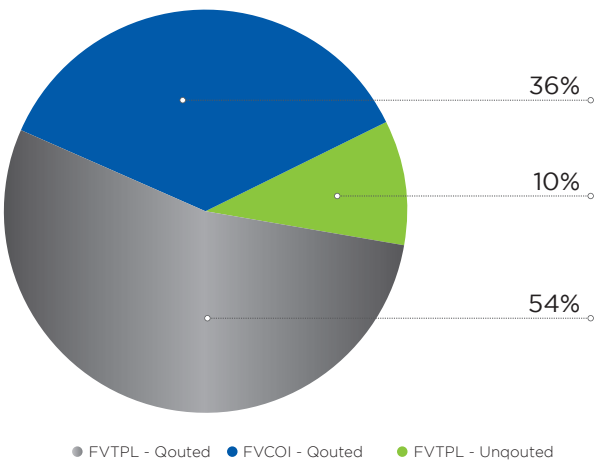
## CS Capital (Private) Limited

During the year, the Subsidiary Company recorded investment income of Rs. 332.3 million (FY23: Rs. 9.4 million). This includes dividend income of Rs. 95.8 million of which Rs. 41.1 million and Rs. 7.4 million has been received from strategic investments i.e. Altern Energy Limited and Crescent Textile Mills Limited, respectively. Dividend yield (DY) on the trading portfolio stood at 8.4%. Realized gains and unrealized gains (excluding unquoted investments constituting unrealized gain of Rs. 18.5 million) for the year stood at Rs. 181.1 million and Rs. 31.2 million, respectively.

On an overall basis the portfolio ROI, excluding unquoted investments, stood at 38.9% on weighted average investments of Rs. 792.1 million primarily on account of unrealized gains which stood at Rs. 181.1 million (FY23: unrealized gain of Rs. 40 million) and dividend income of Rs. 95.7 million. Consequently, the Company posted a PBT of Rs. 329.1 million and an EPS of Rs. 4.05.

This breakdown provides a comprehensive snapshot of both divisions' financial performance for FY24.

### SEGMENT WISE CONCENTRATION



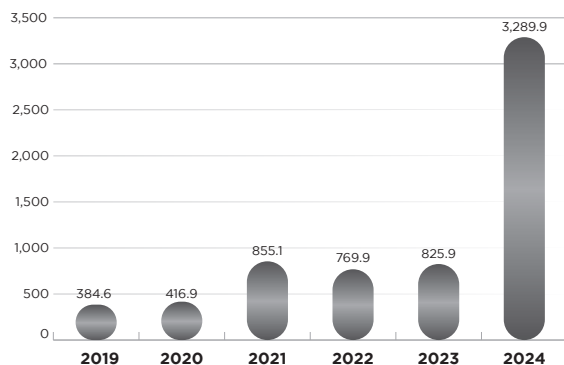
# KEY OPERATING AND FINANCIAL DATA

For The Current And Past Six Financial Years

Rupees in millions	2024	2023	2022	2021	2020	2019	2018
<b>A – Summary of Profit or Loss</b>							
Sales - net	9,111.6	4,515.6	7,090.0	7,259.0	3,822.0	4,066.0	7,043.0
Cost of sales	6,475.2	3,739.7	7,154.0	6,762.0	3,771.0	3,846.0	6,232.0
<b>Gross profit / (loss)</b>	<b>2,636.4</b>	<b>775.9</b>	<b>(64.0)</b>	<b>497.0</b>	<b>51.0</b>	<b>220.0</b>	<b>811.0</b>
Income from investments - net	1,069.7	207.5	970.0	233.0	389.0	192.0	496.0
Distribution, selling and administrative expenses	588.5	451.7	342.0	261.0	258.0	203.0	191.0
Other operating expenses	276.3	16.8	64.0	27.0	26.0	29.0	85.0
Other income	182.7	79.3	61.0	196.0	35.0	89.0	172.0
<b>Operating profit before finance costs</b>	<b>3,024.0</b>	<b>594.2</b>	<b>561.0</b>	<b>638.0</b>	<b>191.0</b>	<b>269.0</b>	<b>1,203.0</b>
Finance costs	497.4	360.0	246.0	211.0	309.0	244.0	231.0
<b>Profit / (loss) before taxation</b>	<b>2,526.6</b>	<b>234.2</b>	<b>315.0</b>	<b>427.0</b>	<b>(118.0)</b>	<b>25.0</b>	<b>972.0</b>
Taxation	(920.1)	(57.4)	52.0	(75.0)	101.0	118.0	(220.0)
<b>Profit / (loss) for the year</b>	<b>1,606.5</b>	<b>176.8</b>	<b>367.0</b>	<b>352.0</b>	<b>(17.0)</b>	<b>143.0</b>	<b>752.0</b>
<b>B – Summary of Statement of Financial Position</b>							
Current assets	4,747.9	3,923.2	2,971.0	3,662.0	4,374.0	2,981.0	4,242.0
Stock-in-trade	1,447.6	1,269.0	1,190.0	1,237.0	2,131.0	821.0	1,543.0
Trade debts	1,472.2	464.0	175.0	137.0	226.0	96.0	107.0
Current liabilities	2,341.0	3,058.0	2,155.0	2,528.0	3,927.0	2,505.0	2,993.0
Trade and other payables	1,312.7	1,389.1	1,137.0	755.0	1,069.0	692.0	1,349.0
Property, plant and equipment	2,423.8	2,520.4	2,107.0	1,927.0	2,106.0	2,494.0	1,039.0
Total assets	10,498.2	9,948.3	8,445.0	8,706.0	9,661.0	8,287.0	10,079.0
Total Debt	1,260.8	1,597.3	647.7	1,249.5	2,444.7	1,171.6	1,649.5
Long term financing (excluding current maturity)	369.9	487.2	117.0	203.0	255.0	280.0	354.0
Deferred income (including current maturity)	3.8	4.3	9.0	13.0	13.0	13.0	13.0
Deferred liability - staff retirement benefits	67.9	279.8	74.0	-	24.0	101.0	-
Short term financing (including current maturity of long-term financing)	942.1	1,574.0	947.0	1,710.0	2,772.0	1,738.0	1,601.0
Reserves	6,939.7	5,343.1	5,322.0	5,195.0	4,672.0	4,618.0	5,948.0
Shareholders' equity	7,716.0	6,119.4	6,098.0	5,971.0	5,448.0	5,394.0	6,724.0
<b>C – Summary of Statement of Cash Flows</b>							
Cash and cash equivalents at the beginning of the year	(433.4)	(334.7)	(659.5)	(558.9)	(818.6)	(172.1)	(219.4)
Cashflow from operations	1,279.5	35.8	137.7	1,227.8	(988.9)	399.5	2,388.8
Net cash generated from / (used in) operating activities	657.5	(363.7)	81.7	1,036.0	(1,385.6)	(228.4)	1,599.5
Net cash generated from / (used in) investing activities	917.3	(646.7)	872.6	80.1	384.2	1,421.6	168.3
Net cash (used in) / generated from financing activities	(738.4)	911.7	(629.5)	(1,216.7)	1,261.1	(590.7)	(1,720.5)
Net increase / (decrease) in cash and cash equivalents	836.4	(98.7)	324.8	(100.6)	259.7	602.5	47.3
Transfer upon amalgamation	-	-	-	-	-	(1,249.0)	-
Cash and cash equivalents at the end of the year	403.0	(433.4)	(334.7)	(659.5)	(558.9)	(818.6)	(172.1)
<b>D – Other Data</b>							
Depreciation and amortization	265.9	231.7	207.6	217.6	225.8	115.4	105.9
Capital expenditure	247.8	535.5	91.6	65.6	9.2	131.3	204.2
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Payments to National Exchequer	2,703.6	1,031.2	1,620.6	1,527.3	1,047.7	527.2	1,868.9

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

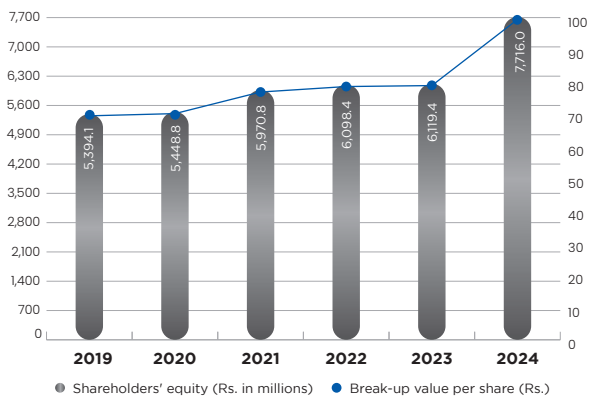
Rupees in Million



## SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE

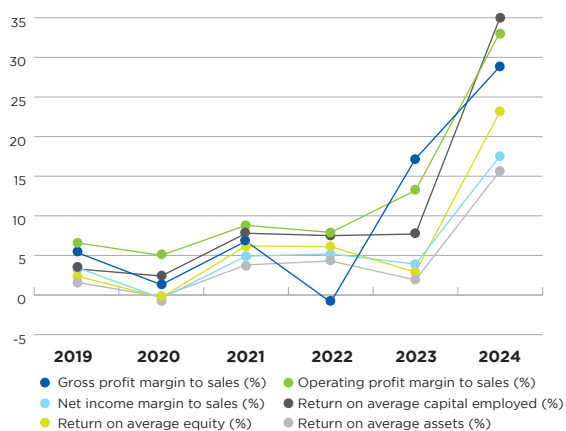
Rupees in Million

Rs. per share



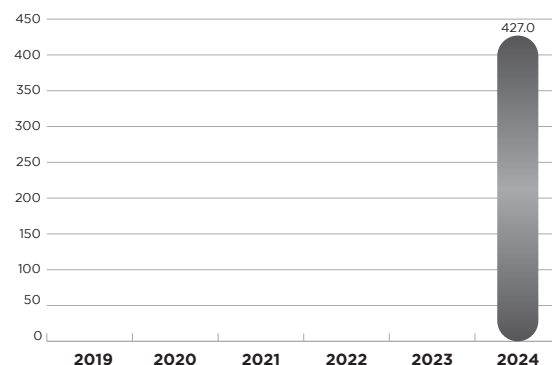
## PROFITABILITY AND RETURN

Percentage



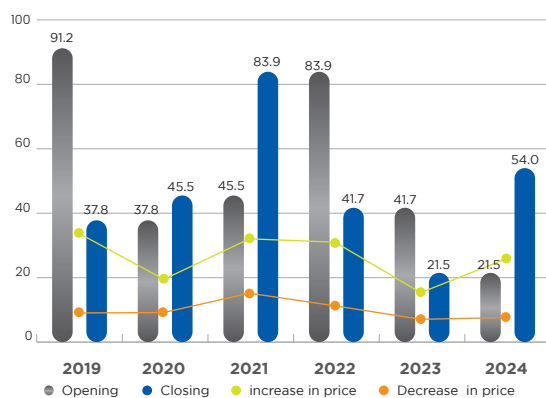
## DIVIDEND (INCLUDING FINAL PROPOSED)

Rupees in Million



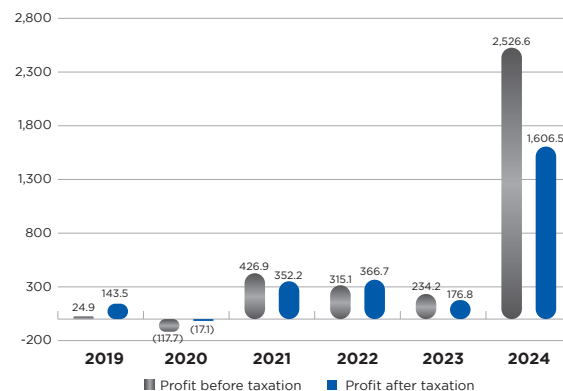
## MOVEMENT IN STOCK PRICES

Price



## PROFIT BEFORE AND AFTER TAXATION

Rupees in Million





# VERTICAL ANALYSIS

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

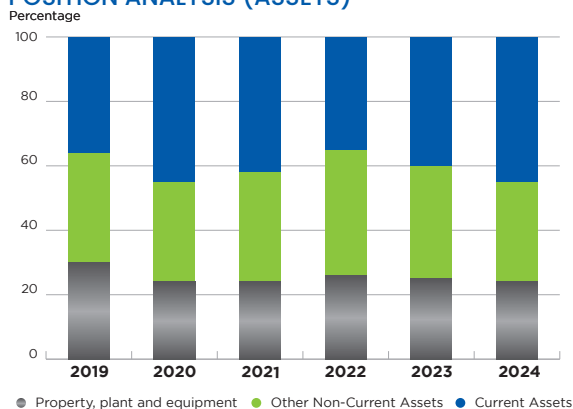
Rupees in million	2024	%	2023	%	2022	%	2021	%	2020	%	2019	%
<b>Statement of Financial Position</b>												
Property, plant and equipment	2,195	20.9	2,438	24.5	2,107	24.9	1,927	22.1	2,106	21.8	2,494	30.1
Right-of-use assets	229	2.2	83	0.8	110	1.3	132	1.5	169	1.7	-	-
Intangible assets	-	-	1	0.0	4	0.0	6	0.1	1	0.0	1	0.0
Investment properties	54	0.5	55	0.0	56	0.7	58	0.7	20	0.2	21	0.3
Long term investments	2,809	26.8	2,545	25.6	2,363	28.0	2,469	28.4	2,304	23.8	2,265	27.3
Long term deposits	71	0.7	27	0.3	29	0.3	24	0.3	224	2.3	233	2.8
Deferred taxation - net	392	3.7	876	8.8	805	9.5	428	4.9	463	4.8	292	3.5
Stores, spares and loose tools	405	3.9	340	3.4	171	2.0	163	1.9	169	1.7	186	2.2
Stock-in-trade	1,448	13.8	1,269	12.8	1,190	14.1	1,237	14.2	2,131	22.1	821	9.9
Trade debts	1,472	14.0	464	4.7	175	2.1	137	1.6	226	2.3	96	1.2
Loan and advances	195	1.9	285	2.9	165	2.0	136	1.6	145	1.5	123	1.5
Trade deposits and short term prepayments	16	0.1	14	0.1	25	0.3	290	3.3	62	0.6	50	0.6
Short term investments	668	6.4	552	5.6	419	5.0	222	2.5	125	1.3	167	0.2
Other receivables	85	0.8	296	3.0	128	1.5	358	4.1	220	2.3	249	2.0
Taxation - net	156	1.4	673	6.8	691	8.2	1,115	12.8	1,273	13.2	1,261	15.2
Cash and bank balances	303	1.5	30	0.3	7	0.1	4	0.0	23	0.2	28	0.3
<b>Total assets</b>	<b>10,498</b>	<b>100.0</b>	<b>9,948</b>	<b>100.0</b>	<b>8,445</b>	<b>100.0</b>	<b>8,706</b>	<b>100.0</b>	<b>9,661</b>	<b>100.0</b>	<b>8,287</b>	<b>100.0</b>
Issued, subscribed and paid-up capital	776	7.4	776	7.8	776	9.2	776	8.9	776	8.0	776	9.4
Capital reserve	1,021	9.7	1,021	10.3	1,021	12.1	1,021	11.7	1,021	10.6	1,021	12.3
Revenue reserves	5,919	56.4	4,322	43.4	4,301	50.9	4,174	47.9	3,651	37.8	3,597	43.4
<b>Shareholders' equity</b>	<b>7,716</b>	<b>73.5</b>	<b>6,119</b>	<b>61.5</b>	<b>6,098</b>	<b>72.2</b>	<b>5,971</b>	<b>68.5</b>	<b>5,448</b>	<b>56.4</b>	<b>5,394</b>	<b>65.1</b>
Long term loans	157	1.5	425	4.3	50	0.6	128	1.5	190	2.0	177	2.1
Lease liabilities	213	2.0	62	0.6	67	0.8	75	0.9	65	0.7	103	1.2
Deferred income	3	0.0	4	0.0	1	0.0	4	0.0	7	0.1	7	0.1
Deferred liability - staff retirement benefits	68	0.0	280	2.8	74	0.9	-	-	24	0.2	101	1.2
Trade and other payables	1,313	12.5	1,389	14.0	1,137	13.5	755	8.7	1,069	11.1	692	8.4
Unclaimed dividend	26	0.2	16	0.2	26	0.3	26	0.3	26	0.3	27	0.3
Mark-up accrued	60	0.6	78	0.8	37	0.4	28	0.3	54	0.6	42	0.5
Short term borrowings	629	6.0	1,290	13.0	812	9.6	1,515	17.4	2,676	27.7	1,577	19.0
Current portion of long term loans	270	2.6	270	2.7	113	1.3	159	1.8	49	0.5	110	1.3
Current portion of lease liabilities	42	0.4	14	0.1	22	0.3	36	0.4	47	0.5	51	0.6
Current portion of deferred income	1	0.0	1	0.0	8	0.1	9	0.1	6	0.1	6	0.1
<b>Total equity and liabilities</b>	<b>10,498</b>	<b>100.0</b>	<b>9,948</b>	<b>100.0</b>	<b>8,445</b>	<b>100.0</b>	<b>8,706</b>	<b>100.0</b>	<b>9,661</b>	<b>100.0</b>	<b>8,287</b>	<b>100.0</b>
<b>Statement of Profit or Loss</b>												
Sales - net	9,112	100.0	4,516	100.0	7,090	100.0	7,259	100.0	3,822	100.0	4,066	100.0
Cost of sales	6,475	71.1	3,739	82.8	7,154	100.9	6,762	93.2	3,771	98.7	3,846	94.6
<b>Gross profit / (loss)</b>	<b>2,637</b>	<b>28.9</b>	<b>777</b>	<b>17.2</b>	<b>(64)</b>	<b>(0.9)</b>	<b>497</b>	<b>6.8</b>	<b>51</b>	<b>1.3</b>	<b>220</b>	<b>5.4</b>
Income from investments - net	1,070	11.7	208	4.6	970	13.7	233	3.2	389	10.2	192	4.7
Distribution and selling expenses	57	0.6	67	1.5	16	0.2	15	0.2	13	0.3	15	0.4
Administrative expenses	532	5.8	385	8.5	326	4.6	246	3.4	245	6.4	188	4.6
Other operating expenses	277	3.0	17	0.4	64	0.9	27	0.4	26	0.7	29	0.7
Other income	183	2.0	79	1.7	61	0.9	196	2.7	35	0.9	89	2.2
<b>Operating profit before finance costs</b>	<b>3,024</b>	<b>33.3</b>	<b>595</b>	<b>13.1</b>	<b>561</b>	<b>8.0</b>	<b>638</b>	<b>8.7</b>	<b>191</b>	<b>5.0</b>	<b>269</b>	<b>6.6</b>
Finance costs	497	5.5	360	8.0	246	3.5	211	2.9	309	8.1	244	6.0
<b>Profit / (loss) before taxation</b>	<b>2,527</b>	<b>27.7</b>	<b>235</b>	<b>5.1</b>	<b>315</b>	<b>4.5</b>	<b>427</b>	<b>5.8</b>	<b>(118)</b>	<b>(3.1)</b>	<b>25</b>	<b>0.6</b>
Taxation	(920)	(10.1)	(57)	(1.3)	52	0.7	(75)	(1.0)	101	2.6	118	2.9
<b>Profit / (loss) for the year</b>	<b>1,607</b>	<b>17.6</b>	<b>178</b>	<b>3.8</b>	<b>367</b>	<b>5.2</b>	<b>352</b>	<b>4.8</b>	<b>(17)</b>	<b>(0.5)</b>	<b>143</b>	<b>3.5</b>

# HORIZONTAL ANALYSIS

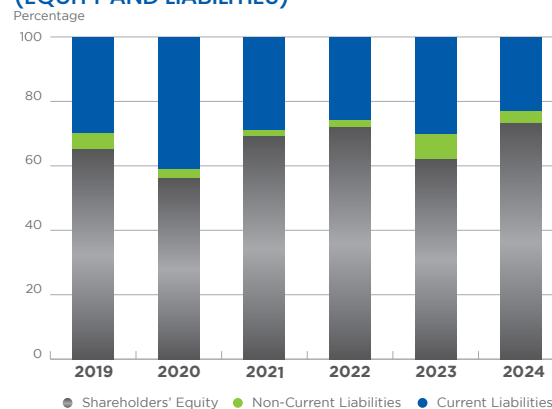
## of Unconsolidated Statement of Financial Position and Profit or Loss For The Last Six Financial Years

Rupees in million	2024	%	2023	%	2022	%	2021	%	2020	%	2019	%
<b>Statement of Financial Position</b>												
Property, plant and equipment	2,195	(10.0)	2,438	15.7	2,107	9.3	1,927	(8.5)	2,106	(15.6)	2,494	140.0
Right-of-use assets	229	175.9	83	(24.5)	110	(16.7)	132	(21.9)	169	100.0	-	-
Intangible assets	-	(100.0)	1	(75.0)	4	(33.3)	6	500.0	1	-	1	100.0
Investment properties	54	(1.8)	55	(1.8)	56	(3.4)	58	190.0	20	(4.8)	21	61.5
Long term investments	2,809	10.4	2,545	7.7	2,363	(4.3)	2,469	7.2	2,304	1.7	2,265	(50.1)
Long term deposits	71	163.0	27	(6.9)	29	20.8	24	(89.3)	224	(3.9)	233	7.4
Deferred taxation - net	392	(55.3)	876	8.8	805	88.1	428	(7.6)	463	58.6	292	873.3
Stores, spares and loose tools	405	19.1	340	98.8	171	4.9	163	(3.6)	169	(9.1)	186	10.1
Stock-in-trade	1,448	14.1	1,269	6.6	1,190	(3.8)	1,237	(42.0)	2,131	159.6	821	(46.8)
Trade debts	1,472	217.2	464	165.1	175	27.7	137	(39.4)	226	135.4	96	(10.3)
Loan and advances	195	(31.6)	285	72.7	165	21.3	136	(6.2)	145	17.9	123	(55.3)
Trade deposits and short term prepayments	16	14.3	14	(44.0)	25	(91.4)	290	367.7	62	24.0	50	92.3
Short term investments	668	20.8	552	31.7	419	88.7	222	77.6	125	(25.1)	167	(62.7)
Other receivables	85	(71.2)	296	131.3	128	(64.2)	358	62.7	220	(11.6)	249	(55.0)
Taxation - net	156	(76.8)	673	(2.6)	691	(38.0)	1,115	(12.4)	1,273	1.0	1,261	31.2
Cash and bank balances	303	910.0	30	328.6	7	75.0	4	(82.6)	23	(17.9)	28	(78.9)
<b>Total assets</b>	<b>10,498</b>	<b>5.5</b>	<b>9,948</b>	<b>17.8</b>	<b>8,445</b>	<b>(3.0)</b>	<b>8,706</b>	<b>(9.9)</b>	<b>9,661</b>	<b>16.6</b>	<b>8,287</b>	<b>(17.8)</b>
Issued, subscribed and paid-up capital	776	-	776	-	776	-	776	-	776	-	776	-
Capital reserve	1,021	-	1,021	-	1,021	-	1,021	-	1,021	-	1,021	(0.8)
Revenue reserves	5,919	37.0	4,322	0.5	4,301	3.0	4,174	14.3	3,651	1.5	3,597	(26.9)
<b>Shareholders' equity</b>	<b>7,716</b>	<b>26.1</b>	<b>6,119</b>	<b>0.3</b>	<b>6,098</b>	<b>2.1</b>	<b>5,971</b>	<b>9.6</b>	<b>5,448</b>	<b>1.0</b>	<b>5,394</b>	<b>(19.8)</b>
Long term loans	157	(63.1)	425	750.0	50	(60.9)	128	(32.6)	190	7.3	177	22.0
Lease liabilities	213	238.1	62	(7.5)	67	(10.7)	75	15.4	65	(36.9)	103	(18.9)
Deferred income	3	(25.0)	4	300.0	1	(75.0)	4	(42.9)	7	-	7	(12.5)
Deferred liability - staff retirement benefits	68	(75.7)	280	278.4	74	100.0	-	(100.0)	24	(76.2)	101	100.0
Trade and other payables	1,313	(5.5)	1,389	22.2	1,137	50.6	755	(29.4)	1,069	54.5	692	(48.7)
Unclaimed dividend	26	62.5	16	(38.5)	26	-	26	-	26	(3.7)	27	22.7
Mark-up accrued	60	(23.1)	78	110.8	37	32.1	28	(48.1)	54	28.6	42	162.5
Short term borrowings	629	(51.2)	1,290	58.9	812	(46.4)	1,515	(43.4)	2,676	69.7	1,577	8.2
Current portion of long term loans	270	-	270	138.9	113	(28.9)	159	224.5	49	(55.5)	110	13.4
Current portion of lease liabilities	42	200.0	14	(36.4)	22	(38.9)	36	(23.4)	47	(7.8)	51	10.9
Current portion of deferred income	1	-	1	(87.5)	8	(11.1)	9	50.0	6	-	6	20.0
<b>Total equity and liabilities</b>	<b>10,498</b>	<b>5.5</b>	<b>9,948</b>	<b>17.8</b>	<b>8,445</b>	<b>(3.0)</b>	<b>8,706</b>	<b>(9.9)</b>	<b>9,661</b>	<b>16.6</b>	<b>8,287</b>	<b>(17.8)</b>
<b>Statement of Profit or Loss</b>												
Sales - net	9,112	101.8	4,516	(36.3)	7,090	(2.3)	7,259	89.9	3,822	(6.0)	4,066	(42.3)
Cost of sales	6,475	73.1	3,739	(47.7)	7,154	5.8	6,762	79.3	3,771	(2.0)	3,846	(38.3)
<b>Gross profit / (loss)</b>	<b>2,637</b>	<b>239.5</b>	<b>777</b>	<b>1,314.1</b>	<b>(64)</b>	<b>(112.9)</b>	<b>497</b>	<b>874.5</b>	<b>51</b>	<b>(76.8)</b>	<b>220</b>	<b>(72.9)</b>
Income from investments - net	1,070	414.4	208	(78.6)	970	316.3	233	(40.1)	389	102.6	192	(61.3)
Distribution and selling expenses	57	(14.9)	67	318.8	16	6.7	15	15.4	13	(13.3)	15	(16.7)
Administrative expenses	532	37.9	385	18.1	326	32.5	246	0.4	245	30.3	188	8.7
Other operating expenses	276	1,523.5	17	(73.4)	64	137.0	27	3.8	26	(10.3)	29	(65.9)
Other income	182	131.6	79	29.5	61	(68.9)	196	460.0	35	(60.7)	89	(48.3)
<b>Operating profit before finance costs</b>	<b>3,024</b>	<b>408.7</b>	<b>595</b>	<b>6.1</b>	<b>561</b>	<b>(12.1)</b>	<b>638</b>	<b>234.0</b>	<b>191</b>	<b>(29.0)</b>	<b>269</b>	<b>(77.6)</b>
Finance costs	497	38.1	360	46.3	246	16.6	211	(31.7)	309	26.6	244	5.6
<b>Profit / (loss) before taxation</b>	<b>2,527</b>	<b>976.6</b>	<b>235</b>	<b>(25.4)</b>	<b>315</b>	<b>(26.2)</b>	<b>427</b>	<b>461.9</b>	<b>(118)</b>	<b>(572.0)</b>	<b>25</b>	<b>(97.4)</b>
Taxation	(920)	(1,514.0)	(57)	(209.6)	52	169.3	(75)	(174.3)	101	(14.4)	118	153.6
<b>Profit / (loss) for the year</b>	<b>1,607</b>	<b>804.5</b>	<b>178</b>	<b>(51.5)</b>	<b>367</b>	<b>4.3</b>	<b>352</b>	<b>2,170.6</b>	<b>(17)</b>	<b>(111.9)</b>	<b>143</b>	<b>81.0</b>

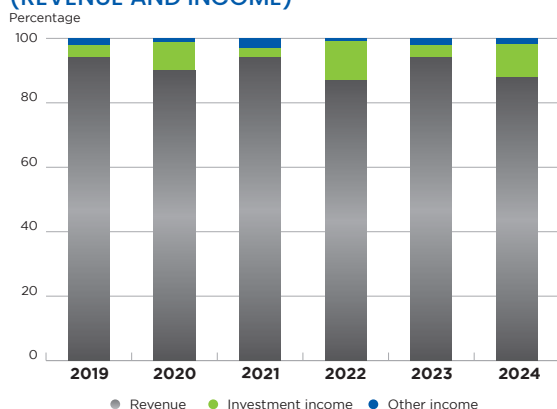
### STATEMENT OF FINANCIAL POSITION ANALYSIS (ASSETS)



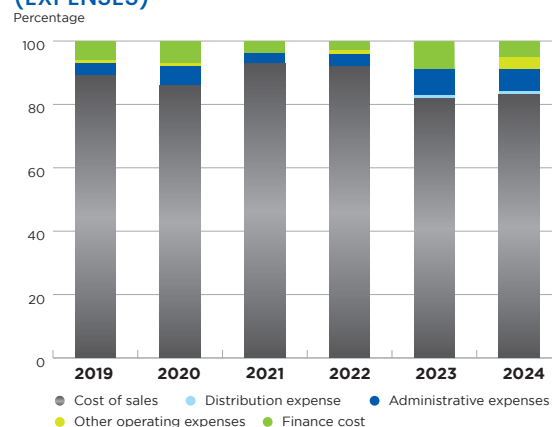
### STATEMENT OF FINANCIAL POSITION ANALYSIS (EQUITY AND LIABILITIES)



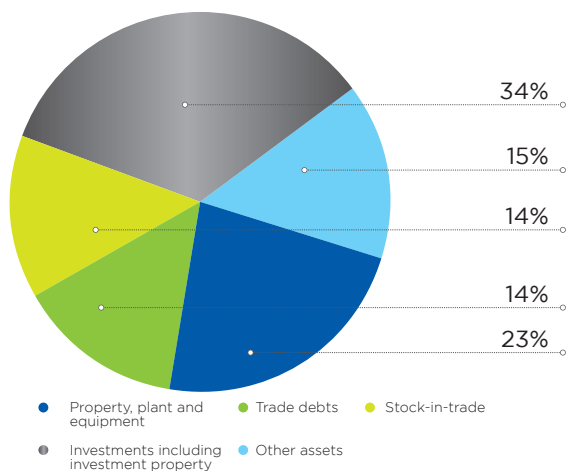
### PROFIT OR LOSS ANALYSIS (REVENUE AND INCOME)



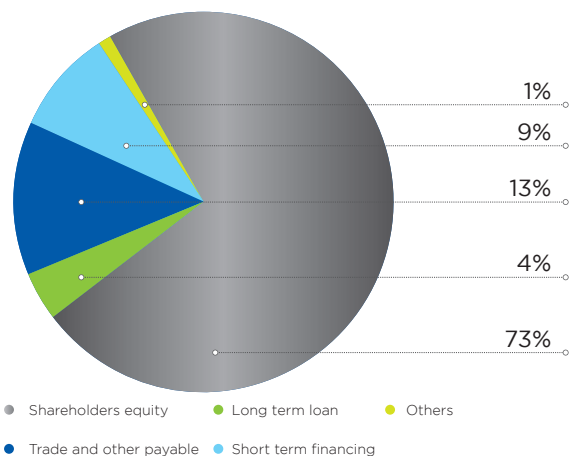
### PROFIT OR LOSS ANALYSIS (EXPENSES)



### TOTAL ASSETS AS OF JUNE 30, 2024



### TOTAL EQUITY AND LIABILITIES AS OF JUNE 30, 2024





# SUMMARY DATA AND PERFORMANCE INDICATORS

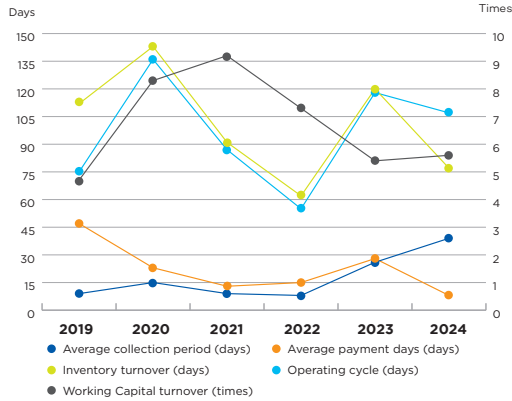
For The Current And Past Six Financial Years

Performance Indicators	2024	2023	2022	2021	2020	2019	2018
<b>A - Profitability Ratios</b>							
Earnings before interest, taxation, depreciation and amortization (EBITDA) (Rs. in millions)	3,289.9	825.9	768.6	855.6	416.8	384.4	1,308.9
Profit before taxation and depreciation (Rs. in millions)	2,791.1	463.7	520.3	643.6	107.6	140.2	1,076.9
Gross profit / (loss) ratio (%)	28.9	17.2	(0.9)	6.8	1.3	5.4	11.5
Operating profit margin to sales (net) (%)	33.2	13.2	7.9	8.8	5.0	6.6	17.1
Net profit / (loss) margin to sales (net) (%)	17.6	3.9	5.2	4.8	(0.4)	3.5	10.7
EBITDA margin to sales (net) (%)	36.1	18.3	10.8	11.8	10.9	9.5	18.6
Earnings before interest and taxation (EBIT) (Rs. in millions)	3,024.0	594.2	561.0	638.0	191.0	269.0	1,203.0
Operating leverage ratio	4.02	(0.16)	5.18	2.60	4.83	1.84	4.59
Return on equity (%)	20.8	2.9	6.0	5.9	(0.3)	2.7	11.2
Return on average equity (%)	23.2	2.9	6.4	6.2	(0.3)	2.6	14.0
Shareholders' funds (%)	73.5	61.5	72.2	68.6	56.4	65.1	66.7
Return on shareholders' funds (%)	20.8	2.9	6.0	5.9	(0.3)	2.7	11.2
Return on capital employed (RoCE) (%)	18.7	2.3	4.7	4.4	(0.2)	1.7	10.3
Return on average assets (%)	15.7	1.9	4.3	3.8	(0.2)	1.6	7.7
Total Shareholder Return (%)	176.8	(48.4)	(50.3)	84.4	20.4	(58.6)	(61.0)
<b>B - Liquidity Ratios</b>							
Current ratio	2 : 1	13 : 1	14 : 1	14 : 1	11 : 1	12 : 1	0.4 : 1
Quick / Acid-test ratio	1.4 : 1	0.9 : 1	0.8 : 1	1 : 1	0.6 : 1	0.9 : 1	0.9 : 1
Cash to current liabilities (%)	17.2	(14.2)	(15.5)	(26.1)	(14.2)	(32.7)	(5.8)
Cash flow from operations to sales (%)	7.2	(8.1)	1.2	14.3	(36.3)	(5.6)	22.7
Working capital - Net current assets (Rs. in millions)	2,406.9	865.2	816.0	1,134.0	447.0	476.0	1,249.0
Working capital turnover (times)	5.6	5.4	7.3	9.2	8.3	4.7	5.3
Cash flow to Capital Expenditure (%)	520.0	10.0	150.0	1,870.0	(10,750.0)	300.0	1,170.0
Cashflow coverage ratio (times)	1.0	0.0	0.2	1.0	(0.4)	0.3	1.4
<b>C - Activity / Turnover Ratios</b>							
Debtors turnover ratio (times)	9.4	14.1	45.4	40.0	23.7	40.1	18.3
No. of days in receivables / Average collection period (days)	39	26	8	9	15	9	20
Inventory turnover ratio (times)	4.8	3.0	5.9	4.0	2.6	3.3	2.9
No. of days in inventory (days)	77	120	62	91	143	112	124
Creditors turnover ratio (times)	45.8	13.1	23.7	43.4	7.6	3.5	8.6
No. of days in creditors / Average payment period (days)	8	28	15	8	48	103	43
Property, plant and equipment turnover (times)	3.8	1.8	3.4	3.8	1.8	1.6	6.8
Total assets turnover (times)	0.9	0.5	0.8	0.8	0.4	0.5	0.7
Operating cycle (days)	107	118	55	92	110	18	101
<b>D - Investment / Market Ratios</b>							
Basic and diluted earnings / (loss) per share (Rs.)	20.69	2.28	4.72	4.53	(0.22)	1.85	9.68
Price earnings ratio (times)	2.6	9.4	8.8	18.5	-	20.4	9.4
Price to book ratio (times)	0.4	0.2	0.4	0.7	0.4	0.4	0.7
Dividend yield (%) *	10.2	-	-	-	-	-	2.2
Dividend payout ratio (%) *	26.6	-	-	-	-	-	20.7
Dividend cover ratio (times) *	3.8	-	-	-	-	-	4.8
Cash dividend (Rs. in millions) *	427.0	-	-	-	-	-	155.3
Cash dividend per share (Rs.) *	5.5	-	-	-	-	-	2.0
Market value per share (at the end of the year) (Rs.)	54.0	21.5	41.7	83.9	45.5	37.8	91.2
- Lowest during the year (Rs.)	23.1	20.6	34.0	45.8	27.8	27.4	89.8
- Highest during the year (Rs.)	77.9	46.3	93.3	96.4	58.7	101.9	229.4
Break-up value per share (Rs.)	99.4	78.9	78.6	76.9	70.2	69.5	86.6
Break-up value per share including RP investment at MV (Rs.)	115.2	89.1	88.5	97.1	90.1	95.5	124.5
<b>E - Capital Structure Ratios</b>							
Financial leverage ratio (%)	17.0	33.7	17.4	32.0	55.6	37.4	29.1
Long term debt to equity ratio (%) - Book value	4.8	8.0	1.9	3.4	4.7	5.2	5.3
Long term debt to equity ratio (%) - Market value	8.8	29.2	3.6	3.1	7.2	9.6	5.0
Weighted average cost of debt (%)	23.9	23.5	16.5	8.5	12.2	12.3	8.0
Long term debt : Equity ratio	5 : 95	7 : 93	2 : 98	3 : 97	4 : 96	5 : 95	5 : 95
Total liabilities to total assets (%)	26.5	38.4	27.8	31.4	43.5	34.8	33.2
Gearing ratio (%)	11.6	24.9	14.8	24.2	35.5	27.0	21.3
Interest coverage (times)	6.1	1.7	2.3	3.0	0.6	1.1	5.2
Net assets per share (Rs.)	99.4	78.9	78.6	76.9	70.2	69.5	86.6
<b>F - Employee Productivity Ratio</b>							
Plant availability (%)	-	-	-	-	-	-	-
- Steel Division	95.0	95.0	47.7	96.3	88.3	-	-
- Cotton Division	-	26.0	97.8	98.3	82.7	-	-
- Hadeed Division	-	-	126.5	104.5	70.7	-	-
- Energy Division	-	-	106.5	100.5	90.8	-	-
Customer Satisfaction Index (%)	92.5	93.2	95.7	94.0	92.3	-	-
Production per employee	-	-	-	-	-	-	-
- Steel Division (In tons per employee)	192.3	144.4	46.0	82.8	41.9	-	-
- Cotton Division (In Kgs per employee)	-	64,627.8	17,695.4	18,544.7	15,043.2	-	-
- Hadeed Division (In mtons per employee)	-	-	-	748.2	473.7	-	-
Revenue per employee (Rs. in millions)	21.0	5.8	9.5	4.9	5.4	8.9	21.2
No. of employees	434.0	778.0	755.0	789.0	481.0	891.0	360.0
Staff turnover ratio (%)	23.1	208.8	90.0	90.1	102.2	97.7	140.7
Spares inventory as percentage of assets cost (%)	3.86	3.41	1.90	1.75	1.75	2.24	1.68
Maintenance cost as percentage of operating expenses (%)	41.90	62.24	7.70	6.94	5.73	9.03	13.46

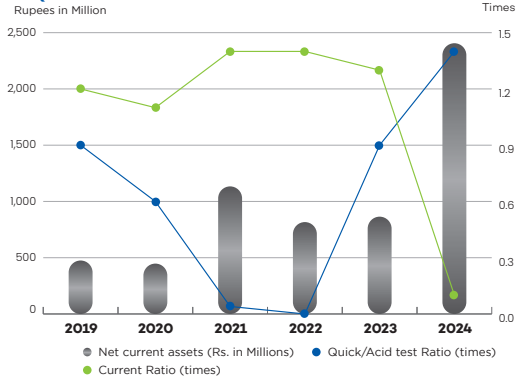
Notes:

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

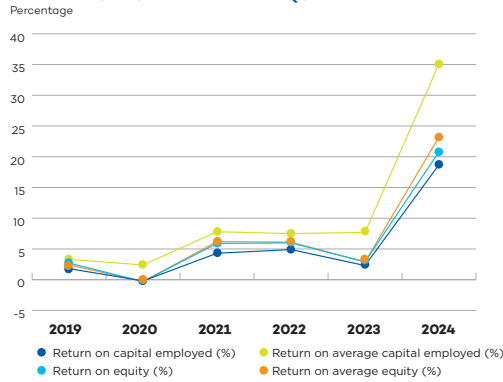
## MANAGEMENT OF WORKING CAPITAL



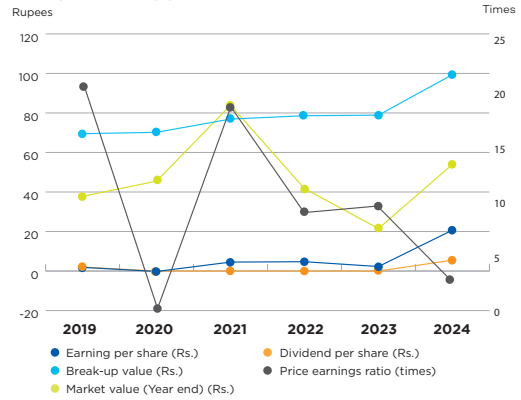
## LIQUIDITY



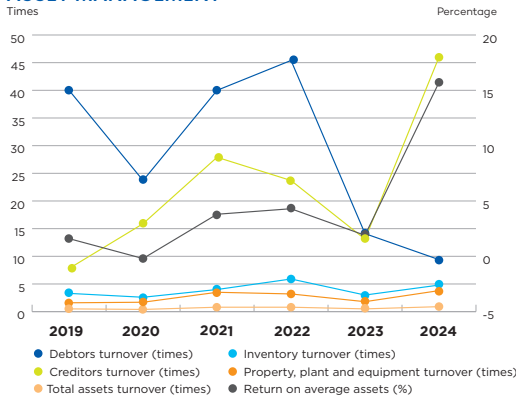
## RETURN ON CAPITAL AND EQUITY



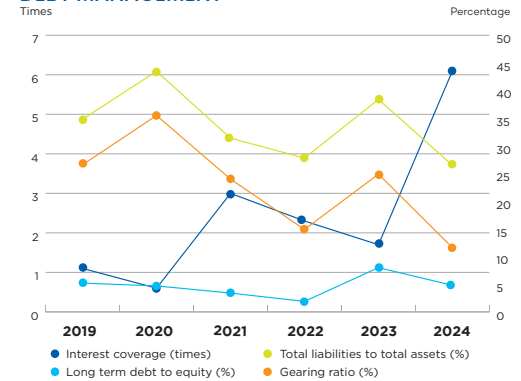
## PER SHARE RESULT



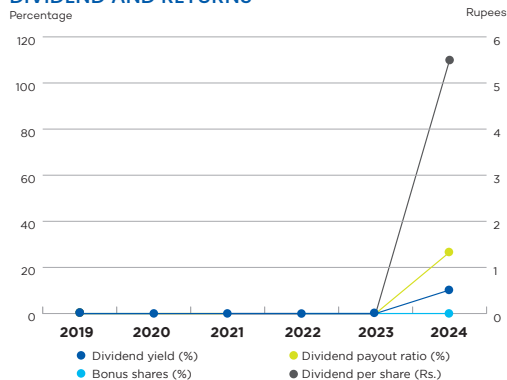
## ASSET MANAGEMENT



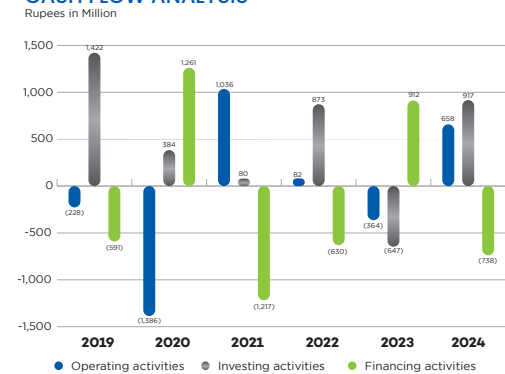
## DEBT MANAGEMENT



## DIVIDEND AND RETURNS



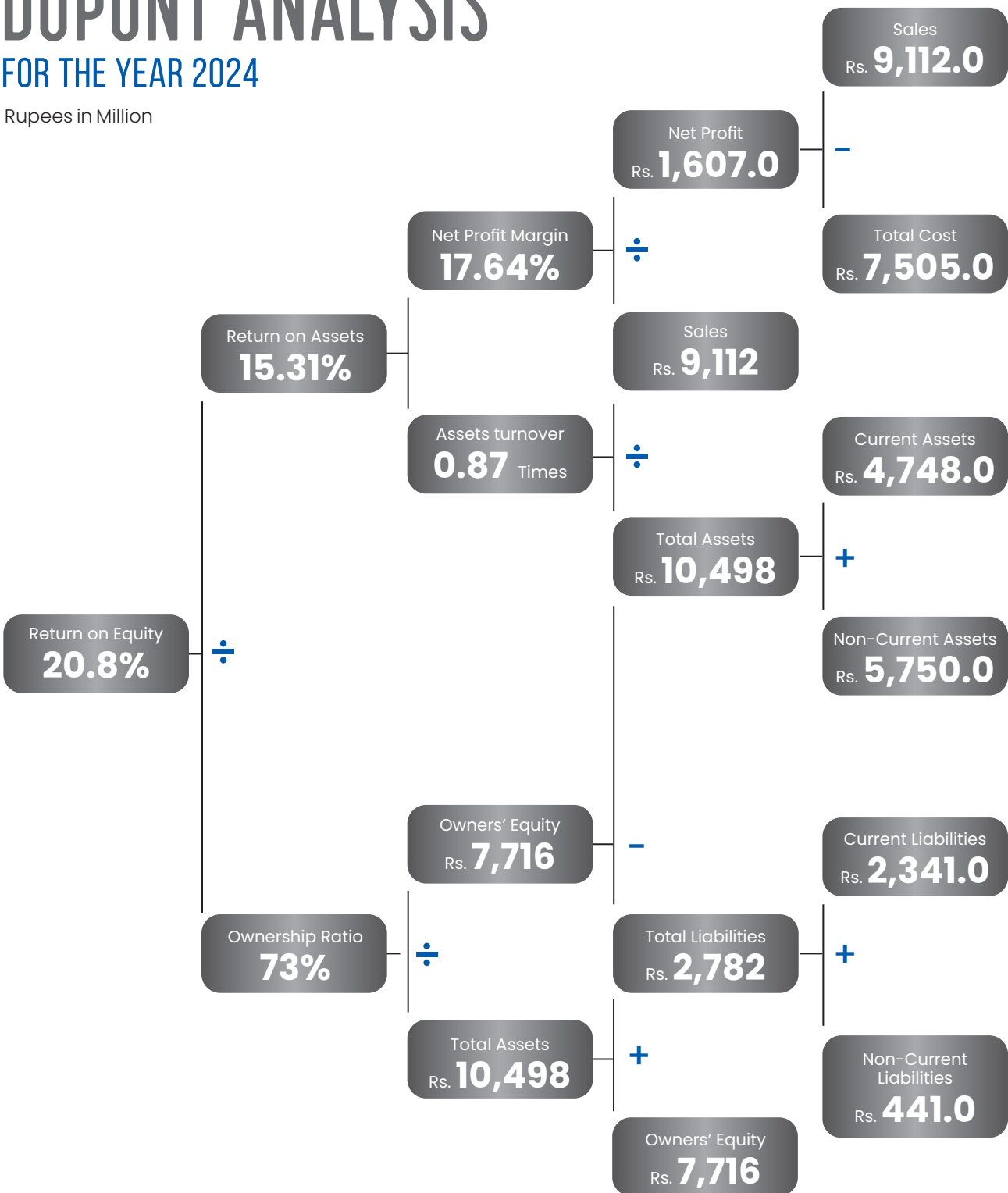
## CASH FLOW ANALYSIS



# DUPONT ANALYSIS

FOR THE YEAR 2024

Rupees in Million



DuPont Analysis	2024	2023
Tax burden	-36.4%	-24.5%
Interest burden	19.7%	153.6%
EBIT margin	33.2%	13.2%
Asset Turnover (times)	0.9	0.5
Leverage	17.0%	33.7%
Return on equity	20.8%	2.9%



# QUARTERLY ANALYSIS

## SALES PERFORMANCE

### Annual Sales:

The company achieved total sales of Rs. 9,111.6 million in FY24, with the Steel Division being the primary contributor. Other divisions (Cotton, Hadeed, and Energy) remained non-operational due to several challenges, including import restrictions, supply chain disruptions, currency devaluation, and a balance of payment crisis.

### Quarterly Sales Breakdown:

- **Q1FY24:** Sales were primarily driven by the supply of coated pipes. The Steel Division supplied 12.7 km of coated pipes to CHEC, contributing Rs. 573.5 million. Additionally, 16" and 20" coated pipes were supplied to SSGC, amounting to Rs. 1,211.8 million.
- **Q2FY24:** The second quarter saw the completion of the SSGC contract, with coated pipes (16" and 20") contributing Rs. 508.3 million. Furthermore, bare pipes (16" and 24") were supplied to SNGPL, contributing Rs. 1,637.1 million.
- **Q3FY24:** Sales in the third quarter were mainly from supplying coated pipes to CHEC.
- **Q4FY24:** This quarter posted the highest sales (37.9% of annual sales). The Steel Division supplied 28.3 km of 24" coated pipes to SSGC, contributing Rs. 2,142.4 million and completed the SNGPL contract for supplying 16" and 24" bare pipes.

### Income from Investments

Q2FY24 saw the highest income from investments, contributing 41.5% of the total, amounting to Rs. 443.7 million.

During the year, dividend income of Rs. 820.5 million was received, which represents 76.7% of the total investment income. A large portion of this, Rs. 755.3 million, was received from strategic investments in Altern Energy Limited.

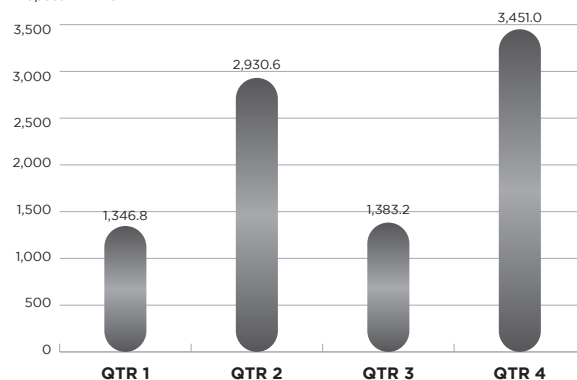
### Profit Before Taxation (PBT)

The company reported a PBT of Rs. 2,526.6 million for FY24 in which Steel division contributed Rs. 1,758.4 million, Rs. 1,115.4 million was contributed by the IID division. The losses reported by the non-operational divisions partially offset the total PBT.

Q2FY24 posted the highest PBT among the quarters, amounting to Rs. 1,079.4 million.

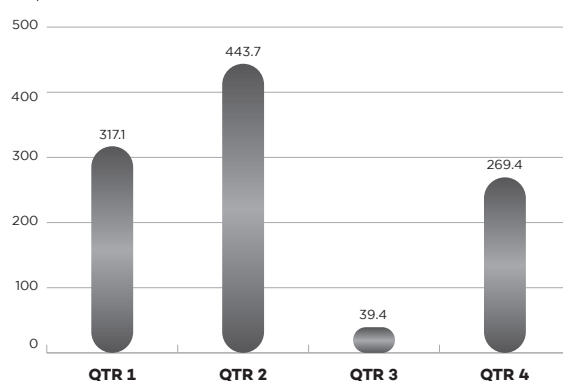
#### SALES

Rupees in Million



#### INVESTMENT INCOME

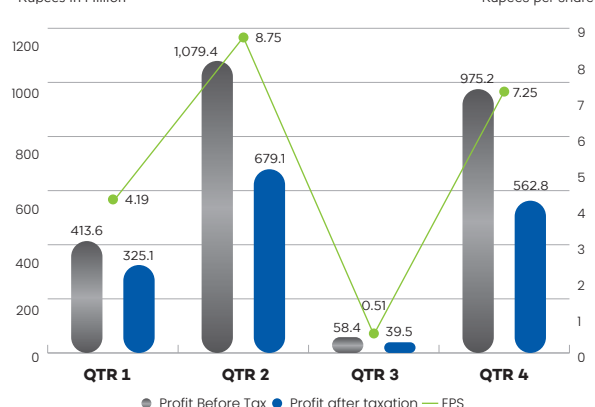
Rupees in Million



#### PROFIT BEFORE TAX, PROFIT AFTER TAX AND EPS

Rupees in Million

Rupees per share

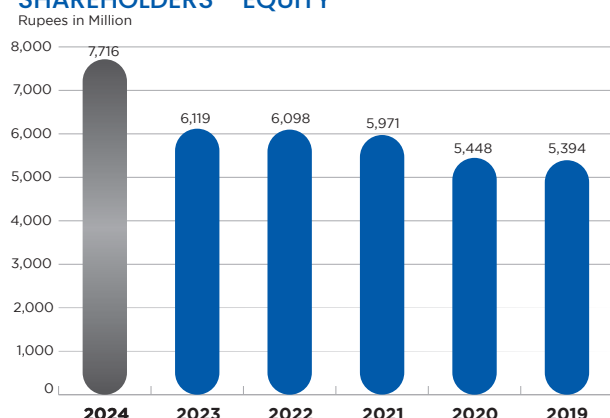


# COMMENTS ON SIX-YEAR STATEMENT OF FINANCIAL POSITION

## EQUITY

Over the past six years, the company's equity has grown from Rs. 5,394 million to Rs. 7,716 million. This consistent increase is attributed to the company's sustained profitability, highlighting a positive trend in equity growth. The substantial rise in equity for the current year is primarily driven by the significant profits earned during the year.

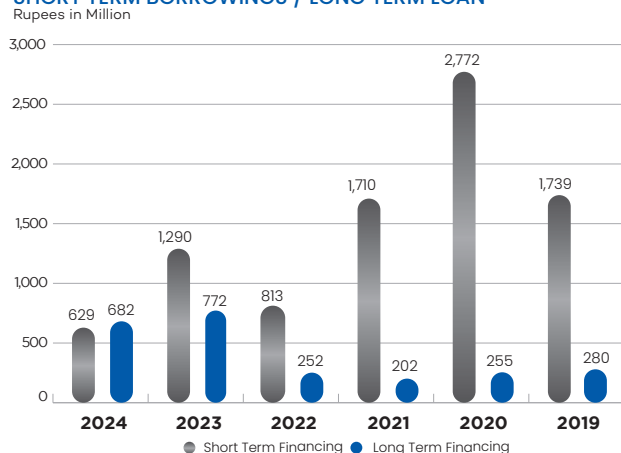
### SHAREHOLDERS - EQUITY



## SHORT TERM BORROWINGS / LONG TERM LOAN

Short-term borrowings decreased from Rs. 1,739 million in 2019 to Rs. 629 million in 2024, reflecting the company's ability to manage its working capital needs internally. Meanwhile, long-term loans rose from Rs. 280 million in 2019 to Rs. 682 million, driven by the issuance of Rs. 800 million in long-term SUKUK during the 2023 financial year for a three-year term.

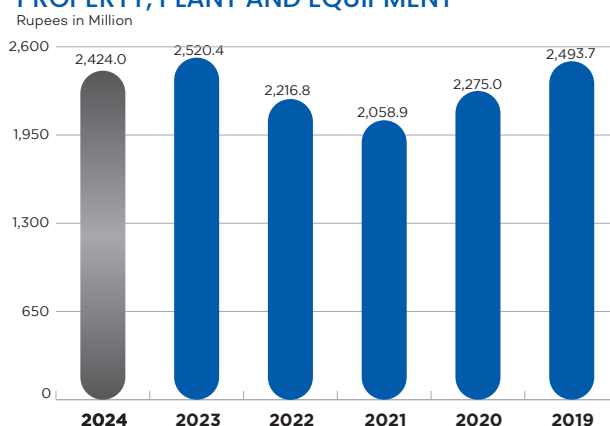
### SHORT TERM BORROWINGS / LONG TERM LOAN



## PROPERTY, PLANT AND EQUIPMENT

The book value of property, plant, and equipment has decreased from Rs. 2,493 million in 2019 to Rs. 2,424 million, primarily due to depreciation. However, this decline was partially offset by additions including the Hydrotesting machine along with its shed.

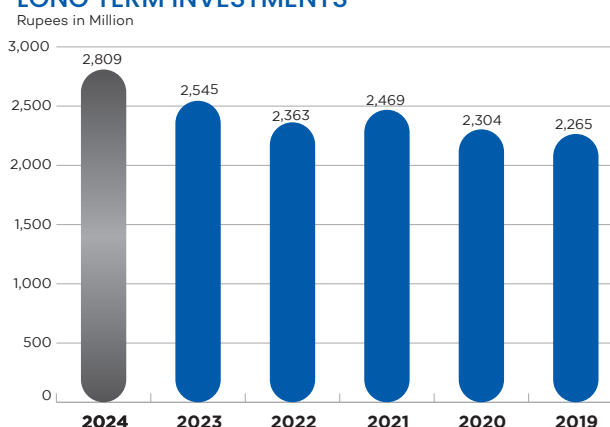
### PROPERTY, PLANT AND EQUIPMENT



## LONG TERM INVESTMENTS

Long-term investments have grown from Rs. 2,265 million in 2019 to Rs. 2,809 million in 2024. This includes an increase of Rs. 380 million in investment in the subsidiaries and fairvalue adjustments in unquoted investments.

### LONG TERM INVESTMENTS

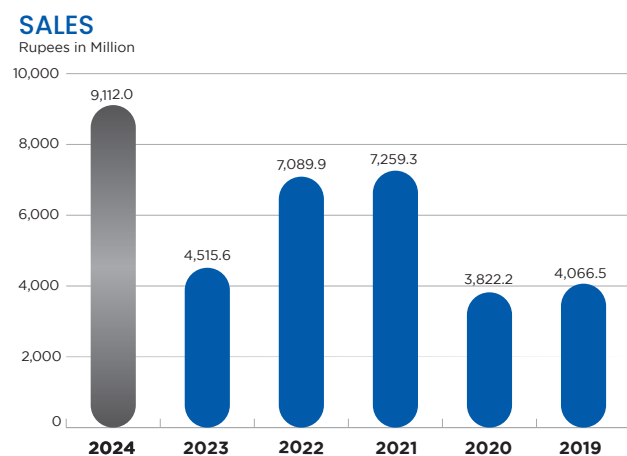


# COMMENTS ON SIX-YEAR PROFIT OR LOSS

The Company has four core businesses i.e., Steel line pipe (Steel segment), Cotton spinning (Cotton segment), Electricity supply (CS Energy Division) and Billets manufacturing (Hadeed-Billet Division). Infrastructure and development projects of oil and gas industry directly impact the top and bottom lines of Steel segment. Order intake during 2019 was at an all-time high, due to capacity expansion and laying of gas pipelines for transmission of RLNG since then, the projects have slowed down. During FY24, the Steel line pipe segment remained the main contributor to sales on the back of pipe distribution projects initiated by WAPDA (K-IV project) and the Gas Companies.

## SALES

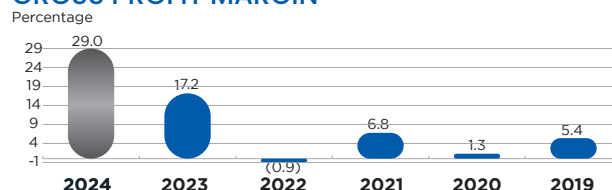
The Sales increased by 124.1%, rising from Rs. 4,066.5 million in 2019 to Rs. 9,112.0 million in 2024, marking the highest sales in the last six years. Additionally, revenue from the Steel Division during the year includes Rs. 2,461.6 million from the sale of coated pipes, where Hot Rolled Coil was supplied by the client, (deemed revenue of Rs. 11,501.5 million).



## GROSS PROFIT

The gross profit margin was 29.0% in 2024 as compared to 5.4% in 2019 and was the highest margin during the last 6 years. The significant increase of gross profit margin in 2024 was mainly contributed by the supply of coated pipes to SSGC amounting to Rs. 1,260.6 million and supply of bare pipes to SNGPL amounting to Rs. 840.4 million.

## GROSS PROFIT MARGIN



## OPERATING EXPENSE

In 2024, distribution and selling expenses stood at Rs. 57 million as compared to Rs. 15 million in 2019, the increase in expense was in line with the increase of sales. This year's expense was the second highest in six years, following the peak recorded in 2023.

Administrative costs have increased from Rs. 188 million in 2019 to Rs. 532 million in 2024.

Other Operating cost have increased from Rs. 29 million in 2019 to Rs. 276 million in 2024.

## FINANCE COST

Finance costs for FY24 increased to Rs. 497 million as compared to Rs. 244 million in FY19. The significant increase in finance cost is due to an increase in policy rates by 825 bps during this period of 6 years. However, during the year the policy rate was reduced which is reflected by the change in percentage of finance cost from 8% in 2023 to 5.5% in 2024. The increasing trend was observed in finance cost during 2019 amounting to Rs. 231.3 million to 2020 Rs. 309 million, mainly due to a high policy rate of 13.25 percent which was subsequently curtailed down to 7%.

Finance costs decreased significantly in FY21 despite an increase in business activities during that year due to better cash flow management and early recoveries from debtors.

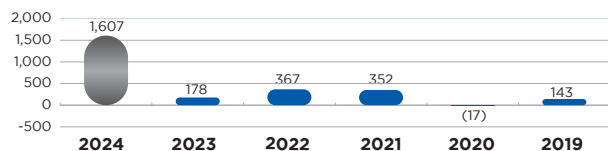
## PROFIT OR LOSS AFTER TAXATION

Variations in profit or loss after taxation during the six-year period were on account of varying market conditions across business segments. However, the Company was able to maintain its profitability on a net basis during the six-year period except for FY 2020, where the results of the company were affected by overall economic condition of the country due to pandemic (COVID-19).



## NET INCOME

Rupees in Million



## CASH FLOWS

Cash generated from operations was increased to Rs. 1,279.5 million in 2024 as compared to Rs. 399.5 million in 2019. The working capital changes in 2024 stood at negative Rs. 1,173.9 million as compared to negative Rs. 582.2 million in 2023. The reduction in working capital changes from 2023 to 2024 was mainly due to an increase in trade debts by Rs. 1,013.6 million in 2024 which was partially offset by decrease in other receivables.

Net cash generated from operating activities stood at Rs. 657.5 million as compared to net cash used in operating activities amounting to Rs. 228.4 million in 2019. The major fluctuations in the cash from operating activities in the last 6 years are mainly due to changes in working capital. Capital expenditure was the only cash outflows from investing activities, while dividend income mainly contributed to cash inflows from investing activities.

Whereas repayments of long-term loans and short-term loans amounted to Rs. 269.4 million and Rs. 246.6 million respectively were the main factor for net cash outflow from financing activities for the current year. Cash and cash equivalents as of June 30, 2024, were recorded at Rs. 403.0 million in comparison with negative Rs. 433.4 million for 2023.

# RATIO ANALYSIS

## PROFITABILITY RATIOS

For FY24, the company achieved a gross profit margin of 28.9%, amounting to Rs. 2,637 million, largely driven by the performance of the Steel division. The net margin saw a significant increase, rising to 17.6% compared to 3.8% in 2023, with net profit amounting to Rs. 1,606.6 million (2023: Rs. 176.9 million). This substantial rise in profit after tax (PAT) from Rs. 176.9 million to Rs. 1,606.6 million led to notable improvements in return on equity (ROE) and return on capital employed (ROCE), which jumped from 2.9% and 2.3% to 20.8% and 18.7%, respectively, compared to the previous year. The significant

boost in profitability ratios highlights the company's outstanding performance this year. Over the past six years, profitability ratios have remained positive, except for 2020.

## LIQUIDITY RATIOS

The current ratio increased to 2 times, up from 1.3 times in FY23. This improvement mainly reflects a rise in trade debts due to high turnover. This was partially offset by a decrease in other receivables and loans and advances.

## ACTIVITY / TURNOVER RATIOS

Inventory turnover days decreased from 120 days last year to 76 days, while debtor turnover days increased from 26 days to 39 days. The creditors' turnover days also declined to 8 days, leading to a reduction in the total operating cycle from 118 days to 107 days. Additionally, total asset turnover improved from 0.5 times in FY23 to 0.9 times in FY24.

## INVESTMENT / MARKET RATIOS

Due to the company's increased profitability, earnings per share (EPS) rose significantly to Rs. 20.69, compared to Rs. 2.28 last year. The price-to-earnings (P/E) ratio dropped to 2.6 times from 9.4 times in 2023. The market price of the company's shares also saw a notable increase, rising from Rs. 21.5 per share at the close of 2023 to Rs. 54.0 per share at the close of 2024. The dividend payout ratio for 2024 was recorded at 26.6%.

## CAPITAL STRUCTURE RATIOS

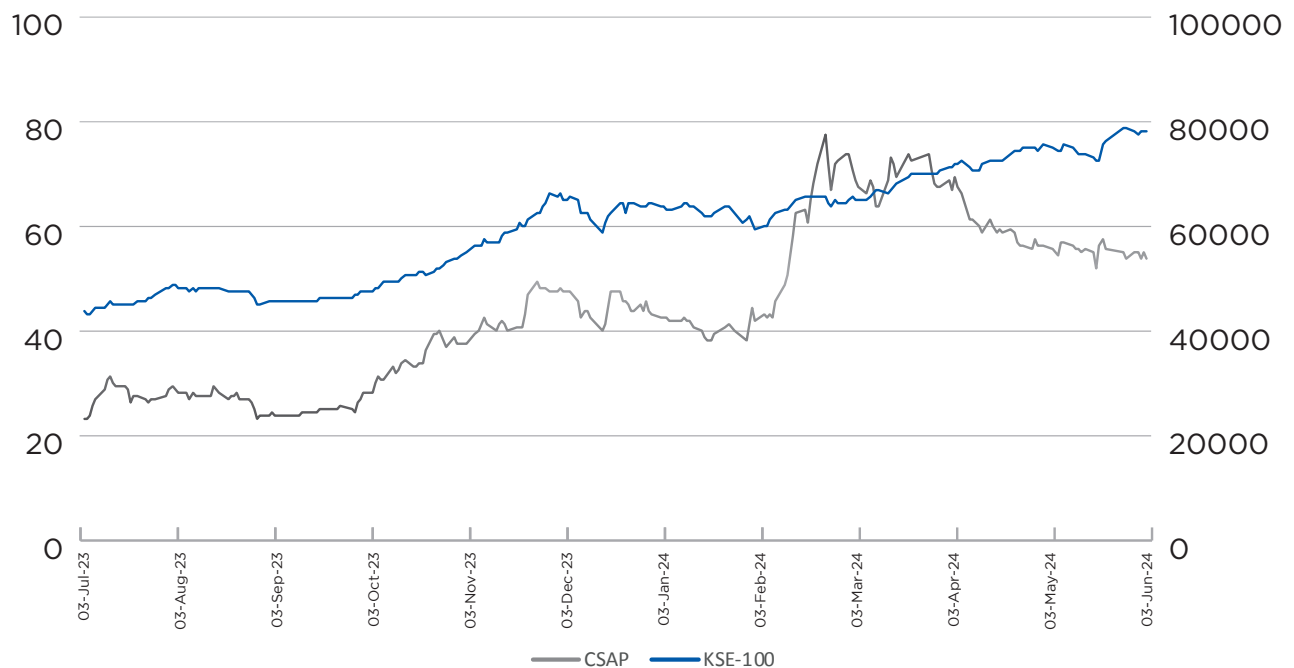
The financial leverage ratio decreased to 17.0% in 2024, down from 33.7% in 2023, primarily due to a reduction in short-term financing as a result of debt repayments. The long-term debt-to-equity ratio also declined to 4.79%. Additionally, the company's interest coverage ratio improved significantly, rising to 6.1 times from 1.7 times in 2023, driven by a substantial increase in profit before tax compared to the previous year.

# SHARE PRICE SENSITIVITY ANALYSIS

CSAP opened FY24 at Rs. 21.50 and closed the fiscal year at Rs. 54.01, marking a significant gain of 151.20% over the year. The fiscal year began with an economic slowdown but gained momentum following the IMF Stand-By Agreement and the anticipation of fresh elections, which helped stabilize market sentiment. The KSE-100 index recorded an 89% year-on-year gain during this period. Throughout FY24, CSAP exhibited notable volatility, trading between a high of Rs. 80.00 and a low of Rs. 22.00. Average daily trading volumes stood at 486,238 shares, indicating consistent investor interest in the stock.

## CSAP VS KSE-100

Rupees per Share



# REALISM

## 1970.....

Movement in mid- to late 19th-century art, in which an attempt was made to create objective representations of the external world based on the impartial observation of contemporary life. Realism was consciously democratic, including in its subject-matter and audience activities and social classes previously considered unworthy of representation in high art. The most coherent development of Realism was in French painting, where it centred on the work of Gustave Courbet, who used the word *réalisme* as the title for a manifesto that accompanied an exhibition of his works in 1855. Though its influence extended into the 20th century its later manifestations are usually labelled as Social Realism.



### Frederic Remington

Title: The Wounded Bunkie

Medium: Bronze

Source: [https://artsandculture.google.com/asset/the-wounded-bunkie-frederic-remington/\\_QFP3K6-uGACzg](https://artsandculture.google.com/asset/the-wounded-bunkie-frederic-remington/_QFP3K6-uGACzg)













Crescent Steel and Allied Products Limited

# UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2024



# 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 June 30, 2024 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 June 30, 2024.



A. F. Ferguson & Co

Chartered Accountants  
Karachi

Dated: October 4, 2024

UDIN: CR2024100569VWHp6Tm8

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A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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Tel: +92 (21) 32426682-6 / 32426711-5; Fax: +92 (21) 32415007 / 32427938 / 32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

# 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 June 30, 2024, 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 material accounting policy information 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 June 30, 2024 and of the profit and other comprehensive income, 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 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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*A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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Tel: +92 (21) 32426682-6 / 32426711-5; Fax: +92 (21) 32415007 / 32427938 / 32424740; <www.pwc.com/pk>*

KARACHI LAHORE ISLAMABAD

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
<b>(i)</b>	<b>Deferred tax asset</b>	
	<p>(Refer notes 4, 6.16 and 21 to the unconsolidated financial statements)</p> <p>As at June 30, 2024, included in the balance of deferred tax asset (net) are amounts of Rs 287.637 million, Rs 229.810 million and Rs 136.658 million representing deferred tax asset recognised on account of unabsorbed tax depreciation and amortization, excess of minimum tax over normal tax and excess of alternate corporate tax over corporate tax respectively.</p> <p>The Company has carried out an assessment to determine the recoverability of these balances by estimating future taxable profits of the Company and the expected rate applicable to those profits. The determination of future taxable profits is most sensitive to certain key assumptions such as sales volume, gross margin percentage, product pricing and inflation rates which have been considered in that determination.</p> <p>As preparing profitability forecast and assessment of realisability of recognised deferred tax asset requires significant management judgments, we considered this to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained understanding of the management's process of preparation of forecast of tax profitability, tax liability and deferred tax calculation;</li> <li>• Discussed with the management the significant assumptions used in preparing the tax profitability forecast and assessed its reasonableness;</li> <li>• Checked the appropriateness of tax rates applied in view of the local tax legislation;</li> <li>• Checked mathematical accuracy of the calculations; and</li> <li>• 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.</li> </ul>
<b>(ii)</b>	<b>Valuation of the Company's Long Term Investments</b>	
	<p>(Refer notes 4, 6.4, 19.3 and 45.1 to the unconsolidated financial statements)</p> <p>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 397.135 million and Rs 213.419 million respectively as at June 30, 2024.</p> <p>Fair values of these investments are not measured in an active market and are determined through the application of valuation techniques under accounting and reporting standards and use of unobservable inputs that involve the exercise of judgments over assumptions and estimates used by the management of the Company for this purpose.</p> <p>Due to the level of judgements involved in determining fair values of these unquoted investments, we considered this to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained understanding of the management's process of valuation;</li> <li>• Reviewed report of management's expert which included the methods of valuation and details about the inputs to the valuation models;</li> <li>• Involved our internal valuation specialists to review the valuation methodologies and assumptions used by the management's expert;</li> <li>• Discussed the rationale of the inputs to the valuation models and assessed their reasonableness;</li> <li>• Checked mathematical accuracy of the calculations; and</li> <li>• Assessed whether the related disclosures made in the unconsolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.</li> </ul>



### **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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



A. F. Ferguson & Co

Chartered Accountants

Karachi

Date: October 4, 2024

UDIN: AR202410056d7UgmJyWS



# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

Rupees in '000

	Note	2024	2023
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
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	8	5,918,816	4,322,199
		7,716,049	6,119,432
<b>LIABILITIES</b>			
Non-current liabilities			
Long term loans	9	157,163	424,748
Lease liabilities	10	212,702	62,424
Deferred income	11	3,300	3,837
Deferred liability - staff retirement benefits	44	67,937	279,790
		441,102	770,799
Current liabilities			
Trade and other payables	12	1,312,672	1,389,065
Unclaimed dividend		26,188	16,081
Mark-up accrued	13	59,522	78,369
Short term borrowings	14	629,493	1,289,519
Current portion of long term loans	9	270,303	270,228
Current portion of lease liabilities	10	42,285	14,249
Current portion of deferred income	11	537	538
		2,341,000	3,058,049
Total liabilities		2,782,102	3,828,848
Contingencies and commitments	15		
Total equity and liabilities		10,498,151	9,948,280

Rupees in '000	Note	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	2,194,965	2,437,568
Right-of-use assets	16	228,869	82,852
Intangible assets	17	–	1,427
Investment properties	18	53,730	55,030
Long term investments	19	2,809,511	2,544,677
Long term deposits	20	71,369	27,143
Deferred taxation – net	21	391,768	876,358
		5,750,212	6,025,055
<b>Current assets</b>			
Stores, spares and loose tools	22	404,968	339,707
Stock-in-trade	23	1,447,594	1,268,967
Trade debts	24	1,472,246	464,043
Loans and advances	25	195,507	285,286
Trade deposits and short term prepayments	26	15,720	13,644
Short term investments	27	667,732	552,382
Other receivables	28	85,147	295,730
Taxation – net	29	155,824	673,200
Cash and bank balances	30	303,201	30,266
		4,747,939	3,923,225
<b>Total assets</b>			
		10,498,151	9,948,280

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 June 30, 2024

Rupees in '000	Note	2024	2023
Sales	31	10,752,196	5,282,780
Less: Sales tax		1,640,585	767,182
		9,111,611	4,515,598
Cost of sales	32	6,475,244	3,739,705
Gross profit		2,636,367	775,893
Income from investments - net	33	1,069,683	207,526
		3,706,050	983,419
Distribution and selling expenses	34	56,987	66,951
Administrative expenses	35	531,483	384,699
Other operating expenses	36	276,302	16,830
		864,772	468,480
		2,841,278	514,939
Other income	37	182,700	79,302
Operating profit before finance costs		3,023,978	594,241
Finance costs	38	497,403	359,960
Profit before taxation		2,526,575	234,281
Taxation charge	39	(920,072)	(57,424)
Profit for the year		1,606,503	176,857
<b>Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI) - net of tax		228	(2,304)
Gain / (loss) on remeasurement of staff retirement benefit plans - net of tax		145,151	(153,532)
Other comprehensive income / (loss) for the year		145,379	(155,836)
<b>Total comprehensive income for the year</b>		<b>1,751,882</b>	<b>21,021</b>
<b>(Rupees)</b>			
Basic and diluted earnings per share	40	20.69	2.28

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 June 30, 2024

Rupees in '000	Note	2024	2023
<b>Cash flows from operating activities</b>			
Cash generated from operations	41	1,279,546	35,833
Tax paid		(58,041)	(48,072)
Finance costs paid		(468,828)	(303,786)
Contribution to gratuity and pension funds	44.1.3	(36,769)	(30,679)
Contribution to Workers' Profit Participation Fund	12.4	(16,134)	–
Long term deposits - net		(42,303)	(16,957)
Net cash generated from / (used in) operating activities		657,471	(363,661)
<b>Cash flows from investing activities</b>			
Capital expenditure		(247,844)	(535,488)
Proceeds from disposal of operating fixed assets	16.5	224,384	58,999
Investments - net		16,029	(397,303)
Dividend income received		819,278	203,811
Interest income received		105,419	23,256
Net cash generated from / (used in) investing activities		917,266	(646,725)
<b>Cash flows from financing activities</b>			
(Repayments of) / proceeds from long term loans - net		(269,370)	536,050
Payments against finance lease obligations - net		(77,248)	(44,407)
(Repayments of) / proceeds from short term loans - net		(246,594)	429,549
Dividends paid		(145,158)	(9,533)
Net cash (used in) / generated from financing activities	41.1	(738,370)	911,659
Net increase / (decrease) in cash and cash equivalents		836,367	(98,727)
Cash and cash equivalents at beginning of the year		(433,388)	(334,661)
Cash and cash equivalents at end of the year	42	402,979	(433,388)

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 June 30, 2024

Rupees in '000

	Issued, subscribed and paid-up capital	Capital reserve (note 8.1) Share premium	Fair value reserve	Revenue reserves (note 8.2) General reserve	Unappropriated profit	Total revenue reserves	Total
Balance as at June 30, 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 June 30, 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 June 30, 2023	776,325	1,020,908	1,609	3,642,000	678,590	4,322,199	6,119,432
Total comprehensive income for the year ended June 30, 2024							
Profit for the year	-	-	-	-	1,606,503	1,606,503	1,606,503
Other comprehensive income for the year	-	-	228	-	145,151	145,379	145,379
Total comprehensive income for the year	-	-	228	-	1,751,654	1,751,882	1,751,882
Transaction with owners of the Company – distributions							
– Interim dividend @ 20% (i.e. Re. 2.00 per share) for the year ended June 30, 2024	-	-	-	-	(155,265)	(155,265)	(155,265)
Balance as at June 30, 2024	776,325	1,020,908	1,837	3,642,000	2,274,979	5,918,816	7,716,049

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



Chief Executive



Director



Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 1. THE COMPANY AND ITS OPERATIONS

- 1.1 Crescent Steel and Allied Products Limited ("the Company") was incorporated on August 1, 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 November 16, 1992. The Company's fabrication unit is engaged in fabrication and erection of machinery located at Dalawal, 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. 9,111.611 million (2023: Rs. 4,515.598 million), out of which 99.39% was generated from Steel division and 0.61% percent from Cotton division.

During the year, KSE-100 index benchmark increased by 89.24 percent closing at 78,444.96 points as of reporting date. The Company generated dividend income amounting to Rs. 820.524 million including dividend income amounting to Rs. 755.264 million received from the associated company.

## 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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 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 are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

## 3.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise specifically 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 judgements, 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 and Right-of-use assets (refer note 6.1)
- Intangible assets (refer note 6.2)
- Investments (refer note 6.4)
- Stores, spares and loose tools and stock-in-trade (refer notes 6.7 and 6.8)
- Employee benefits (refer note 6.11)
- Leases (refer note 6.13)
- Taxation (refer note 6.16)
- Provisions (refer note 6.19)
- Impairment (refer notes 6.1, 6.2, 6.3, 6.4, 6.5 and 6.6)
- Contingencies (refer note 6.24)

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

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

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

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

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

There are certain new standards and amendments that will be applicable to the Company for its annual periods beginning on or after January 1, 2025. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Company's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

## 6. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

## Disposal

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

## Right-of-use assets

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

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

## Capital work-in-progress

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

## Impairment

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

### Amortization

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

### Impairment

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future period to allocate the asset's revised carrying amount over its estimated useful life.

## Disposal

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

## 6.4 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 (unrealised and realised), including any interest or dividend income, are recognized in profit or loss.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

## Impairment of financial assets

The 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 debts, cash and cash equivalents, loans and other receivables.

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

## 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 profit or loss.

Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in profit or loss.

## Offsetting

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

### 6.5 Investments in subsidiaries

Investments in subsidiaries are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense in the profit or loss.

### 6.6 Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Investment in associate is initially recognized at cost. At subsequent reporting dates, the recoverable amount is estimated to determine the extent of impairment loss, if any, and carrying amounts of investment is adjusted accordingly. Impairment losses are recognized as an expense in the profit or loss.

### 6.7 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.

### 6.8 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. The cost of finished goods of Steel segment is assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 6.9 Trade debts and other receivables

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

## 6.10 Cash and cash equivalents

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

## 6.11 Employee benefits

### 6.11.1 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.

### 6.11.2 Post retirement benefits

#### 6.11.2.1 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%.

#### 6.11.2.2 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 liability recognized in the unconsolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The 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.

#### 6.11.2.3 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 loss when they are incurred.

#### 6.12 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.

#### 6.13 Leases liabilities

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

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

The lease liability is measured at amortized cost using the effective interest method i.e. it is increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

For sale and lease back if the 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).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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.

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

## 6.14 Government grants

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

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the 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.

## 6.15 Trade and other payables

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

## 6.16 Taxation

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

### Group taxation

The 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.

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

### Deferred

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

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

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

## 6.17 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 has generally concluded that it is the principal in its revenue arrangements.

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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 6.18 Investment and other income

Interest income is recognized using the effective interest method.

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

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

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

## 6.19 Provisions

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

## 6.20 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.

## 6.21 Segment reporting

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

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

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

## 6.22 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.

### 6.23 Earnings per share

The Company presents earnings per share (EPS) for its ordinary shares. Basic 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.

### 6.24 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 benefits will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

## 7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2024		2023	2024		2023
Number of shares			Rupees in '000		
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567		377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758		398,758
77,632,491	77,632,491		776,325		776,325

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

	2024		2023	
	(Percentage of holding)	(Number of shares)	(Percentage of holding)	(Number of shares)
Crescent Steel and Allied Products Limited - Gratuity Fund	2.50%	1,938,354	2.50%	1,938,354
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,038,578	5.20%	4,038,578
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	0.16%	124,200
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAPL - Staff Benevolent Fund	0.05%	36,178	0.05%	36,178
Premier Insurance Limited	0.18%	141,500	0.18%	141,500
The Crescent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Suraj Cotton Mills Limited	1.57%	1,222,000	1.57%	1,222,000
Pak Qatar Family Takaful Limited	8.76%	6,800,000	8.74%	6,787,000
Shakarganj Limited	0.23%	180,000	0.23%	180,000

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 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 an yearly basis.

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

- 9.1 During the year ended June 30, 2023, the Company issued 8,000 unlisted, privately placed and secured Sukuk certificates (SUKUK-Al-Istisna) on October 11, 2022, having face value of Rs. 100,000 each, amounting to Rs. 800 million. Aggregate amount of Rs. 800 million in connection with issuance of Sukuk-al-istisna was received on October 11, 2022. The Sukuk certificates carry profit at the rate of 6-months KIBOR + 2% per annum with semi-annual rental payments having tenure of three years from the issue date on arrear basis. Principal repayment installment had commenced from April 2023. During the year, the Company has made repayments of Rs. 133.33 million and profit on such arrangement ranged from 24.08% to 24.76% (June 30, 2023: 17.78%) per annum.



- 9.1.1 This represents the cost incurred with respect to issuance of SUKUK certificates, amortized using effective interest rate.
- 9.2 During the year ended June 30, 2021, the Company entered into a loan arrangement with JS Bank Limited in which 5 tranches were received. The tranches were converted into the State Bank of Pakistan's (SBP) "SBP Financing scheme for Renewable Energy". The term of the loan is 10 years from the date of disbursement with a grace period of 3 months, repayable in monthly installments starting from June 2021. Mark-up was payable quarterly at the rate of 1 month KIBOR plus 1% per annum up till approval of refinance from the SBP and after approval from the SBP, mark-up is payable at the concessional rate of 6% per annum.
- 9.3 The benefit of the subsidized loan under note 9.2 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	2024	2023	2024	2023	2024	2023
Not later than one year	89,736	24,328	47,451	10,079	42,285	14,249
Later than one year but not later than five years	286,753	71,809	74,051	9,385	212,702	62,424
	376,489	96,137	121,502	19,464	254,987	76,673
Less: Current portion shown under current liabilities					42,285	14,249
					212,702	62,424

- 10.1 The Company has entered into lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is from three to five years (2023: three to five years) and the liability is payable by the month ranging from six to sixty months (2023: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging from 17.04% to 31.12% (2023: 11.51% to 25.61%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 193.331 million (2023: Rs. 57.512 million) which pertains to obligations arising from sale and leaseback of assets.

The 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

	Note	2024	2023
<b>11. DEFERRED INCOME</b>			
Opening balance		4,375	8,728
Income recognized during the year	37	(538)	(4,353)
		3,837	4,375
Less: Current portion shown under current liabilities		(537)	(538)
Closing balance		3,300	3,837
<b>12. TRADE AND OTHER PAYABLES</b>			
Trade creditors		43,777	44,058
Bills payable		38	38
Commission payable		385	522
Accrued liabilities	12.1	685,538	594,735
Advances from customers		11,354	350,464
Infrastructure fee, sales tax and damages	12.2	323,752	287,643
Due to related parties	12.3	26,234	19,534
Payable to provident fund		47	127
Contribution payable to staff retirement benefit funds		102	2,823
Retention money		110	2,980
Withholding tax payable		3,268	6,892
Workers' Profit Participation Fund	12.4	94,975	18,529
Workers' Welfare Fund		41,562	7,640
Others		81,530	53,080
		1,312,672	1,389,065
<b>12.1 Accrued liabilities</b>			
Salaries, wages and other benefits		62,467	23,536
Accrual for 10-C bonus		6,668	4,943
Compensated absences		24,824	20,811
Liquidated damages	12.1.1	170,096	223,955
Others	12.1.2	421,483	321,490
		685,538	594,735

**12.1.1** These pertain to accruals on account of liquidated damages claimed by customers on delayed supply of bare pipes and coated pipes. The 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 (2023: Rs. 29.451 million).

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

## 12.2 Movement in infrastructure fee, sales tax and damages

Rupees in '000	Infrastructure fee (Note 12.2.1)	Sales Tax (Note 12.2.2)	Liquidated damages (Note 12.2.3)	Total
Opening balance as at July 01, 2023	238,980	3,242	45,421	287,643
Accrual for the year	36,109	–	–	36,109
Closing balance as at June 30, 2024	275,089	3,242	45,421	323,752

**12.2.1** This provision has been recognized against the continuing charge of infrastructure fee/cess on the value of goods imported at a rate of up to one-point-two-five percent (1.25%), levied by the Government of Sindh through Sindh Finance Act, 1994, and its subsequent versions including the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the Act). The Act validates the fees/cess levied through the earlier versions of the law and continues the levy. The imposition of an Infrastructure Cess by the Government of Sindh was challenged by the 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 June 4, 2021 whereby the Court has declared that the first four versions of the law up to the Sindh Finance (Second Amendment) Ordinance, 2001, and their applicability on the petitioners who litigated and were appellants in the earlier round has attained finality and is a past and closed transaction. The SHC judgement validated the recovery of cess/fee effective from December 28, 2006, through the subsequent versions of the law. The Honourable Division Bench of the SHC suspended its judgment till September 3, 2021 and interim arrangement of payment of fifty percent (50%) of the amount of cess and furnishing of bank guarantees for remaining 50% would continue, after which guarantees provided would be en-cashed and 100% of infrastructure cess would be payable.

The Company challenged the judgement of the SHC in the Honorable Supreme Court of Pakistan (SCP); the SCP granted a stay against the judgement of the SHC on September 1, 2021 and instructed that the amount equal to the levy shall be deposited with the Sindh Excise and Taxation Office (ETO) in the form of a Bank Guarantee, until such time that a detailed order is issued by the Court. A final judgement on the appeal filed remains pending. The Company continued to use the option of a 50% Bank Guarantee and 50% payment to the ETO. During the year, the Company had opted to pay 100% payments to the ETO on certain imports.

As of June 30, 2024, the Company has provided bank guarantees amounting to Rs. 196.832 million (2023: Rs. 191.96 million) in favour of Excise and Taxation Department, GoS.

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

Rupees in '000	Note	2024	2023
<b>12.3 Due to related parties</b>			
Premier Insurance Company Limited		1,445	–
Shakarganj Limited		24,789	19,534
		<b>26,234</b>	<b>19,534</b>
<b>12.4 Workers' Profit Participation Fund</b>			
Opening balance		18,529	2,395
Allocation for the year	36	92,580	16,134
		<b>111,109</b>	<b>18,529</b>
Amount paid to the trustees of the fund		(16,134)	–
Closing balance		<b>94,975</b>	<b>18,529</b>
<b>13. MARK-UP ACCRUED</b>			
Mark-up accrued on:			
– Lease obligations		241	–
– Long term loans		20,739	37,309
– Short term borrowings	13.1	38,542	41,060
		<b>59,522</b>	<b>78,369</b>

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

Rupees in '000	Note	2024	2023
<b>14. SHORT TERM BORROWINGS</b>			
Secured from banking companies			
Running finances under mark-up arrangements	14.1	50,222	463,654
Short term loans	14.2 & 14.4	579,271	825,865
		<b>629,493</b>	<b>1,289,519</b>

14.1 Running finance / money market facilities are available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 950 million (2023: Rs. 1,100 million) out of which Rs. 400 million (2023: Rs. 300 million), Rs. 100 million (2023: Rs. 100 million) and Rs. 400 million (2023: Rs. 300 million) are interchangeable with letter of credit, letter of guarantee facility and short term loan, respectively. During the year, mark-up on such arrangements ranged between 22.23% to 24.91% (2023: 16.91% to 23.98%) per annum.

- 14.2 Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,500 million (2023: Rs. 3,950 million) out of which Rs. 4,000 million (2023: Rs. 3,150 million), Rs. 205 million (2023: Rs. 205 million) and Rs. 400 million (2023: Rs. 350 million) are interchangeable with letters of credit, letter of guarantee and short term running finance facilities, respectively. During the year, mark-up on such arrangements ranged between 21.91% to 25.22% (2023: 13.66% to 24.14%) per annum.
- 14.3 The facilities for opening letters of credit amounted to Rs. 4,650 million (2023: Rs. 4,750 million) out of which Rs. 400 million (2023: Rs. 300 million), Rs. 4,000 million (2023: Rs. 3,150 million) and Rs. 205 million (2023: Rs. 205 million) are interchangeable with short term running finance, short term loans and letter of guarantee, respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at June 30, 2024 amounted to Rs. 2,681.28 million (2023: Rs. 2,336.6 million). Amounts unutilized for letters of credit and guarantees as at June 30, 2024 were Rs. 3,489.6 million and Rs. 995.03 million (2023: Rs. 4,251 million and Rs. 378.6 million), respectively.
- 14.4 This includes an amount of Rs. 579.28 million (2023: Rs. 438 million) outstanding against Islamic mode of financing. The Company is currently availing Islamic mode of financing from Al Baraka Bank Limited, Habib Metropolitan Bank Limited and Dubai Islamic Bank Limited. Facilities availed during the year include letters of credit, bank guarantees, Wakala, FIM(Foreign Currency against Import Merchandise), Murabaha and Istisna.
- 14.5 The above facilities are expiring on various dates with maturity period upto March 31, 2025. These facilities are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares (refer note 27.2.2), and lien over import / export documents. Further, these facilities (refer notes 14.1 to 14.3) are also secured against pledge of shares amounting to Rs. 184.38 million owned by CS Capital (Private) Limited (subsidiary company).

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 Contingencies

- 15.1.1 During 2014-2015, a show cause notice was issued by the Deputy Director, Directorate of Post Clearance Audit (Customs) Karachi for payment of duties and taxes on import of certain raw materials. In response the Company had contested that the said imports were exempt under bilateral agreement between Government of Pakistan and Government of Japan for projects under grant and accordingly these were cleared by the customs. However, the collector customs issued an order dated May 22, 2015 for recovery of the said duty and taxes and penalty thereon amounting to Rs. 35.773 million. The 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

**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 June 30, 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.

## 15.2 Commitments

**15.2.1** Aggregate amount of guarantees issued on behalf of the Company against various contracts aggregated Rs. 1,687.204 million (2023: Rs. 1,958 million). This includes guarantees issued by Islamic banks amounting to Rs. 204.346 million (2023: Rs. 257.841 million).

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

**15.2.3** Commitments under letters of credit (L/C) as at June 30, 2024 amounted to Rs. 434.97 million (2023: Rs. 498.924 million).

Rupees in '000	Note	2024	2023
<b>16. PROPERTY, PLANT AND EQUIPMENT &amp; RIGHT OF USE ASSETS</b>			
Operating fixed assets	16.1	2,064,089	1,934,813
Capital work-in-progress	16.4	130,876	502,755
		2,194,965	2,437,568
Right-of-use-assets	16.1	228,869	82,852
		2,423,834	2,520,420



## 16.1 Operating fixed assets and right-of-use assets

Description	Note	Land		Buildings		Office premises	Plant and machinery owned*	Electrical/ office equipment and installation	Furniture and fittings	Computers	Motor vehicles owned	Total operating fixed assets	Right-of-use assets		Total
		Freehold	Leasehold including improvements	On freehold land	On leasehold land								Plant and machinery	Motor vehicles	
Rupees in 000															
Net book value as at June 30, 2024															
Balance as at July 1, 2023 (NBV)		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,107	7,368	106,444	1,934,813	26,568	56,284	82,852
Additions / transfers		-	17,839	75,225	17,541	-	314,150	15,492	-	5,794	118,761	564,802	210,000	-	210,000
Disposals / transfer (at NBV)	16.5 & 16.11	-	-	-	-	-	(210,000)	-	-	(326)	(9,064)	(219,390)	(16,092)	(778)	(16,870)
Depreciation charge	16.12	-	(6,275)	(28,447)	(1,627)	(881)	(143,677)	(2,868)	(1,667)	(5,218)	(25,476)	(216,136)	(30,363)	(16,750)	(47,113)
Balance as at June 30, 2024 (NBV)		249,226	42,448	399,473	18,478	1,725	1,125,675	24,341	4,440	7,618	190,665	2,064,089	190,113	38,756	228,869
Gross carrying value as at June 30, 2024															
Cost	16.2	249,226	60,906	760,526	97,627	27,481	3,323,591	92,854	32,487	76,097	306,261	5,027,056	235,586	60,566	296,152
Accumulated depreciation		-	(18,458)	(361,053)	(79,149)	(25,756)	(2,197,916)	(68,513)	(28,047)	(68,479)	(115,596)	(2,962,967)	(45,473)	(21,810)	(67,283)
Net book value		249,226	42,448	399,473	18,478	1,725	1,125,675	24,341	4,440	7,618	190,665	2,064,089	190,113	38,756	228,869
Net book value as at June 30, 2023															
Balance as at July 1, 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	7,704	8,376	64,627	1,921,861	91,254	18,302	109,556
Additions / transfers		-	-	4,472	1,081	-	131,869	9,072	-	3,928	114,870	265,292	-	43,046	308,338
Disposals / transfers (at NBV)	16.5 & 16.11	-	-	-	-	-	-	-	-	(34)	(45,802)	(45,836)	(48,060)	-	(48,060)
Depreciation charge	16.12	-	(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)
Balance as at June 30, 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
Gross carrying value as at June 30, 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
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)
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
Depreciation rates (% per annum)		-	1 - 5	5 - 10	5 - 10	10	5 - 20	5 - 20	10	33.33	20	10	10	20	20

\* Net book value of plant and machinery (owned) includes an aggregate amount of Rs. 114,805 million (2023: Rs. 23,354 million) representing net book value of capitalized spares.

16.1.1 During the year, assets having net book value Rs. 16,092 million (2023: Rs. 45,226 million) were transferred from right-of-use assets to operating assets due to maturity of lease term.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
<b>16.1.2 The depreciation charge for the year has been allocated as follows :</b>			
Cost of sales	32.1	240,502	204,062
Distribution and selling expenses	34	902	490
Administrative expenses	35	21,845	23,642
		263,249	228,194

**16.2** Property, plant and equipment as at June 30, 2024 include items having an aggregate cost of Rs. 1,568.671 million (2023: Rs. 1,489.545 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	
<b>Building</b>			
Office premises	Saddar, Karachi	14,504.4	Sq feet
Building	Nooriabad, District Jamshoro	261,257.1	Sq feet
Building	Jaranwala, District Faisalabad	340,455.0	Sq feet
Building	Dalawal, District Faisalabad	30,484.0	Sq feet
Building	Bhone, District Jhang	78,098.0	Sq feet
Building	Bhone, District Jhang	7,515.0	Sq feet
<b>Land</b>			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Dalawal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre
Freehold land	Bhone, District Jhang	19.1	Acre

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

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

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

16.4.2 This includes an amount of Rs. 26.4 million (2023: 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. During the year, on prudent basis, full provision of the amount has been recorded.

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

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

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

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 17. INTANGIBLE ASSETS

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

Rupees in '000	Note	2024	2023
Net book value as at 1 July		1,427	3,580
Amortization	17.1	(1,427)	(2,153)
Net book value as at 30 June	17.2	–	1,427
Gross carrying value as at 30 June			
Cost		82,099	82,099
Accumulated amortization		(79,459)	(78,032)
Accumulated impairment loss		(2,640)	(2,640)
		(82,099)	(80,672)
Net book value		–	1,427
Amortization rate (% per annum)		33.33	33.33

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

17.2 Intangible assets as at June 30, 2024 include items having an aggregate cost of Rs. 82.099 million (2023: Rs. 73.563 million) that have been fully amortized and are still in use of the Company.

## 18. INVESTMENT PROPERTIES

Description Rupees in '000	Note	Freehold Land	Freehold Building	Office Premises	Total
Net book value as at June 30, 2024					
Opening balance		45,497	9,533	–	55,030
Depreciation charge	18.1	–	(1,300)	–	(1,300)
Balance as at June 30, 2024 (NBV)		45,497	8,233	–	53,730
Gross carrying value as at June 30, 2024					
Cost	18.2	45,497	13,000	29,830	88,327
Accumulated depreciation		–	(4,767)	(29,830)	(34,597)
Net book value		45,497	8,233	–	53,730
Net book value as at June 30, 2023					
Opening balance		45,497	10,833	–	56,330
Depreciation charge		–	(1,300)	–	(1,300)
Balance as at June 30, 2023 (NBV)		45,497	9,533	–	55,030
Gross carrying value as at June 30, 2023					
Cost		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
Depreciation rates (% per annum)		–	10 – 20	5 – 10	

- 18.1 Depreciation for the year has been charged to administrative expenses (Note 35).
- 18.2 Fair value of the investment properties located in Karachi and Lahore, valued amounting to Rs. 224.92 million (2023: Rs. 199.92 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

## 19. LONG TERM INVESTMENTS

	Note	2024	2023
Subsidiary companies - at cost	19.1	905,001	705,001
Associated companies - at cost	19.2	1,286,401	1,286,401
Other long term investments	19.3	618,109	553,275
		2,809,511	2,544,677

### 19.1 Subsidiary companies - at cost

2024	2023		Note	2024	2023
Number of shares				Rupees in '000	
		<b>Unquoted</b>			
70,500,000	70,500,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	19.1.1	705,000	705,000
2	2	Crescent Continental Gas Pipelines Limited (US \$ 1 each)	19.1.2	-	-
20,000,100	100	Solution de Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	19.1.3	200,001	1
				905,001	705,001

- 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 September 26, 2011.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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 June 30, 2019.

## 19.2 Associated companies - at cost

2024	2023		Note	2024	2023
Number of shares				Rupees in '000	
		<b>Quoted</b>			
60,663,775	60,663,775	Altern Energy Limited (Chief Executive Officer - Mr . Umer Shehzad Sheikh)	19.2.1	595,293	595,293
27,409,075	27,409,075	Shakarganj Limited (Chief Executive Officer - Mr. Muhammad Saifullah)	19.2.2	691,108	691,108
				1,286,401	1,286,401

19.2.1 The Company holds 16.69% (2023: 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% (2023: 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	2024	2023
19.2.3 Market value of investments in associates is as follows:		
Altern Energy Limited	1,421,352	878,411
Shakarganj Limited	1,089,785	1,201,066
	2,511,137	2,079,477

Percentage of holding	2024	2023
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 June 30, 2024 are not presently available. The following is summarized financial information of associated companies as at March 31, 2024 and for the period ended March 31, 2024 based on respective unaudited consolidated condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting:

Rupees in '000	Note	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 comprehen- sive income/ (loss)	Total comprehen- sive income/ (loss)
		(As at 31 March)						(for the period ended 31 March)			
2024											
Altern Energy Limited	19.2.5.1	10,863,081	21,744,353	1,047,602	5,527,516	11,232,140	14,800,176	14,271,966	5,210,235	1,790	5,212,025
Shakarganj Limited		20,121,661	7,759,901	4,724,383	13,096,428	1,768,736	8,292,015	23,906,876	(2,546,125)	(271,555)	(2,817,680)
2023											
Altern Energy Limited		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

19.2.5.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at March 31, 2024 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	<b>2024</b>	2023
<b>19.3 Other long term investments</b>			
Fair value through other comprehensive income (FVOCI)	19.3.1	7,555	7,295
Fair value through profit or loss (FVTPL)	19.3.2	610,554	545,980
		618,109	553,275

#### 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.

<b>2024</b>	2023		<b>2024</b>	2023
Number of shares	Name of investee company		Rupees in '000	
	<b>Quoted</b>			
565,473	565,473	The Crescent Textile Mills Limited	7,555	7,295

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

## 19.3.2 Fair value through profit or loss (FVTPL)

2024	2023		Note	2024	2023
Number of shares				Rupees in '000	
		Unquoted			
14,110,817	14,110,817	Shakarganj Food Products Limited		397,135	341,764
9,625,000	9,625,000	Central Depository Company of Pakistan Limited (CDC)		213,419	204,216
2,403,725	2,403,725	Crescent Bahuman Limited	19.3.2.1	—	—
		Crescent Industrial Chemicals Limited	19.3.2.1	—	—
1,047,000	1,047,000			—	—
				610,554	545,980

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

Rupees in '000	2024	2023
<b>20. LONG TERM DEPOSITS</b>		
Security deposits		
- leasing companies	55,099	11,357
- others	16,270	15,786
	71,369	27,143

Rupees in '000	Note	2024	2023
<b>21. DEFERRED TAXATION – NET</b>			
Deferred tax credits / (debits) arising in respect of:			
<b>Taxable temporary differences</b>			
Accelerated tax depreciation / amortization		331,802	216,681
Lease obligations – net		–	1,900
Fair value adjustment in unquoted investment through reserves		30,119	30,119
Discounting on long term deposit		–	3,407
Unrealized gain on fair value through profit or loss investments		150,555	55,675
		512,476	307,782
<b>Deductible temporary differences</b>			
Employee benefits – Defined benefit plan		(7,468)	(136,685)
Lease obligations – net		(10,186)	–
Provision for slow moving stores, spares and loose tools		(39,971)	(24,097)
Provisions for doubtful trade debts, doubtful advances and others		(134,271)	(90,854)
Discounting on long term deposit		(2,262)	–
Realized loss on fair value through profit or loss investments		(1,683)	(1,605)
Unrealized loss on fair value through OCI		(570)	(602)
Provisions for impairment of fixed assets		(33,954)	(6,186)
Provision of Gas Infrastructure Development Cess		(6,316)	(4,858)
Excess of minimum tax over corporate tax	21.2	(229,810)	(331,600)
Excess of alternate corporate tax over minimum tax	21.2	(136,658)	–
Tax losses	21.2	(287,637)	(577,306)
Provision for diminution in the value of investments		(13,458)	(10,347)
		(904,244)	(1,184,140)
		(391,768)	(876,358)
<b>21.1 Break up of deferred tax charge / (reversal) is as following:</b>			
Profit or loss	39	344,655	(9,489)
Other comprehensive income		136,717	(63,314)
Set-off of losses with the Subsidiary Company		3,218	1,107
		484,590	(71,696)

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

	Note	2024	2023
<b>22. STORES, SPARES AND LOOSE TOOLS</b>			
Stores		132,941	59,762
Spare parts		369,758	354,552
Loose tools		4,759	5,718
		507,458	420,032
Less: Provision for slow moving items	22.1	(102,490)	(80,325)
		404,968	339,707
<b>22.1 Movement in provision for slow moving items:</b>			
Opening balance		80,325	89,780
Provision / (reversal) made during the year		22,165	(9,455)
Closing balance		102,490	80,325
<b>23. STOCK-IN-TRADE</b>			
Raw materials			
Hot rolled steel coils (HR Coils)		441,151	284,762
Coating materials		480,129	328,884
Steel scrap		11,999	11,999
Others		331,071	331,829
Stock-in-transit		–	129,198
	23.2	1,264,350	1,086,672
Work-in-process	23.2 & 32.1	60,546	70,993
Finished goods – net	23.2 & 32.1	99,278	111,099
Scrap / cotton waste		23,420	203
		183,244	182,295
		1,447,594	1,268,967

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

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

Rupees in '000	Note	2024	2023
<b>24. TRADE DEBTS</b>			
Secured			
Considered good		437,386	–
Unsecured			
Considered good	24.1	1,034,860	464,043
Considered doubtful		23,774	18,401
		1,058,634	482,444
Impairment loss on trade debts	24.3	(23,774)	(18,401)
		1,472,246	464,043

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

Rupees in '000	Note	2024	2023
<b>24.2 The aging of amount due from related party:</b>			
Not past due		40,484	40,039
Past due 1 – 30 days		5,000	–
Past due 30 – 180 days		–	–
Past due 180 days		62	62
		45,546	40,101
<b>24.3 Movement in impairment loss on trade debts</b>			
Opening balance		18,401	19,553
Charge / (reversal) of impairment	36 & 37	5,373	(1,152)
Closing balance		23,774	18,401

## 25. LOANS AND ADVANCES

Unsecured			
Loan to related party – considered good			
Solution de Energy (Private) Limited	25.1	–	111,914
Advances – considered good			
Staff		3	830
Suppliers for goods and services		193,725	170,592
Others		1,779	1,950
Advances – considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		195,507	285,286

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

25.1 The Company had 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. 117.364 million (2023: Rs. 111.914 million). During the year, the Company revised the terms of the loan with its subsidiary company and charged interest at Company's average borrowing rate. The Subsidiary Company has fully repaid the loan along with the interest as of June 30, 2024.

Rupees in '000	Note	2024	2023
<b>26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		3,954	2,992
Prepayments		11,766	10,652
		15,720	13,644
<b>27. SHORT TERM INVESTMENTS</b>			
Amortised cost	27.1	244,360	84,360
Fair value through profit or loss (FVTPL)	27.2	423,372	468,022
		667,732	552,382

27.1 This represents investment in term deposit receipt carrying markup ranging from 18% to 18.75% (2023: 15.75%) maturing on March 26, 2025.

27.2 Fair value through profit or loss (FVTPL)

2024	2023		Note	2024	2023
Number of shares/units	Description			Rupees in '000	
4,193,249	7,159,384	Quoted - investments	27.2.1	423,372	468,022
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				-	-
			27.2.3	423,372	468,022



### 27.2.1 Quoted – investments

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

2024	2023	Name of investee	2024	2023
Number of shares / units			Rupees in '000	
159,500	208,437	Avanceon Limited	8,616	9,180
–	201,000	D.G. Khan Cement Company Limited	–	10,312
338,000	350,000	Engro Fertilizer Limited	56,182	28,886
102,500	102,500	Fauji Fertilizer Company Limited	16,746	10,090
852,500	1,705,000	HBL Growth Fund – Class A	5,942	7,980
500,000	500,673	HBL Investment Fund – Class A	1,390	776
1,040,424	1,000,000	Pak Qatar Dividend Plan Fund	104,043	100,146
–	1,478,378	MCB Arif Habib Savings and Investment Limited	–	150,249
125,700	137,700	International Industries Limited	24,601	10,085
–	63,000	International Steels Limited	–	2,553
72,100	115,596	Interloop Limited	5,107	4,076
–	200,000	Kot Addu Power Company Limited	–	4,160
14,000	14,000	Lucky Cement Limited	12,694	7,309
5,000	15,000	Mari Petroleum Company Limited	13,562	22,720
164,225	220,000	Meezan Bank Limited	39,314	19,001
72,700	72,700	Oil and Gas Development Company Limited	9,841	5,671
39,000	50,800	Pakistan Oilfields Limited	19,108	20,410
155,800	155,800	Pakistan Petroleum Limited	18,246	9,214
101,800	101,800	Pakistan State Oil Company Limited	16,920	11,301
–	4,500	Systems Limited	–	1,815
50,000	62,500	Tariq Glass Industries Limited	5,828	4,256
400,000	400,000	The Hub Power Company Limited	65,232	27,832
4,193,249	7,159,384		423,372	468,022

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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	2024	2023
<b>Name of investees</b>		
Altern Energy Limited (Long term investment)	1,421,353	792,708
The Crescent Textile Mills Limited (Long term investment)	6,044	5,836
Avanceon Limited	7,833	6,386
Engro Fertilizer Limited	56,182	27,895
Fauji Fertilizer Company Limited	16,746	10,090
HBL Investment Fund – Class A	1,390	775
HBL Growth Fund – Class A	5,942	3,990
Interloop Limited	5,107	2,542
International Industries Limited	24,600	9,206
Lucky Cement Limited	12,694	7,309
Mari Petroleum Company Limited	13,562	7,573
Meezan Bank Limited	39,314	14,184
Oil and Gas Development Company Limited	9,841	5,671
Pakistan Oilfields Limited	10,289	15,669
Pakistan Petroleum Limited	18,246	9,214
Pakistan State Oil Company Limited	14,128	11,301
Tariq Glass Industries Limited	5,827	3,405
The Hub Power Company Limited	65,232	27,832
	<b>1,734,330</b>	<b>961,586</b>

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. 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	2024	2023
<b>28. OTHER RECEIVABLES</b>			
Dividend receivable		2,132	886
Provision there against		(886)	(886)
		1,246	–
Claim receivable		461	461
Due from related parties	28.1	8,757	5,999
Sales tax refundable	28.2	20,867	106,973
Margin on letter of credit		–	4,137
Margin on letter of guarantee		21,464	175,345
Receivable from staff retirement benefits funds	44	29,640	–
Others		2,712	2,815
		85,147	295,730
<b>28.1 Due from related parties</b>			
CS Capital (Private) Limited		4,298	1,079
The Crescent Textile Mills Limited		552	249
Premier Insurance Limited		–	1
Shakarganj Food Products Limited		3,907	4,070
Crescent Socks (Private) Limited		–	600
		8,757	5,999

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

Rupees in '000	2024	2023
CS Capital (Private) Limited	4,298	5,201
Solution de Energy (Private) Limited	134	11,947
The Crescent Textile Mills Limited	996	613
Premier Insurance Limited	–	1
Shakarganj Food Products Limited	4,437	4,578
Crescent Socks (Private) Limited	–	600
	9,865	22,940
<b>28.1.2 The aging of amount due from related parties:</b>		
Not yet due	4,356	1,428
Past due 1 – 30 days	454	100
Past due 31 – 180 days	983	577
Past due 180 days	2,964	3,894
	8,757	5,999



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

28.2.4 During the year ended June 30, 2022, orders have been issued under the Sales Tax Act, 1990, where demands aggregating Rs. 8.477 million have been raised in respect of Steel (Pipe) division. The 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 till date.

Rupees in '000	2024	2023
<b>29. TAXATION – NET</b>		
Advance taxation	3,684,878	3,626,837
Provision for taxation	(3,529,054)	(2,953,637)
	155,824	673,200

29.1 The income tax assessments of the Company have been finalized up to and including Tax Year 2023, except for pending appeal effect orders in respect of tax years 2002 and 2003. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained below:

- (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 respectively have been raised. 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 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million, respectively. The Company filed appeals with the CIRA 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 been 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 June 30, 2021, order under section 122(5A) has been passed by the CIR in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the 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 June 30, 2018, Orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the ACIR, whereby demand aggregating to Rs. 4.253 million (inclusive of default surcharge) has been raised in respect of tax year 2017. Appeal was preferred with the CIRA where majority of issues were decided in 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 June 30, 2021, Orders under section 161/205 of the Income Tax Ordinance 2001 were issued by the ACIR in respect of Tax Years 2016 through 2019 whereby demands aggregating Rs. 1 million (approximately) were raised for CS Energy (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the Company). Associated expense has been recognised accordingly in these unconsolidated financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

- (i) During the year ended June 30, 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 CIRA 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 June 30, 2022, the tax department has revised the assessment due to an objection raised regarding the incorrect add-back of normal depreciation on the addition made in plant and machinery for the Tax Year 2016 for Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited]. The assessment order alleges that the Company claimed significant initial allowance and depreciation allowance whereas minimal amount added back as accounting depreciation. After consultation with legal advisor, the management considers that the appeal would be decided in the Company's favour.
- (k) During the year ended June 30, 2022, 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	2024	2023
<b>30. CASH AND BANK BALANCES</b>			
With banks			
– in saving accounts	30.1	2,209	25,233
– in current accounts		300,992	5,033
	30.2	303,201	30,266
Cash in hand		–	–
		303,201	30,266

**30.1** Mark-up rate on saving accounts are ranging between 19.5% to 20.5% (2023: 14.5% to 19.5%) per annum.

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



Rupees in '000	Note	2024	2023
<b>31. SALES – NET</b>			
Local sales			
Bare pipes	31.1	6,415,711	1,569,411
Pipe coating		440,750	16,331
Coated pipe	31.2	3,423,193	2,201,088
Cotton yarn / raw cotton / polyester		65,291	1,153,309
Others	31.3	165,788	147,187
Scrap / waste		241,463	195,454
		10,752,196	5,282,780
Sales tax		(1,640,585)	(767,182)
		9,111,611	4,515,598

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

31.2 This includes revenue amounting to Rs. 2,461.642 million (2023: Rs. 1,981.948 million), where HRC (Hot Rolled Coil) was supplied by the customer.

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	2024	2023
<b>32. COST OF SALES</b>			
Steel segment	32.1	6,188,178	2,458,454
Cotton segment	32.1	164,972	1,074,020
Energy segment	32.1	61,193	62,209
Hadeed (Billet) segment	32.1	60,901	145,022
		6,475,244	3,739,705

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

		Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		Total		
Rupees in '000		Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
32.1	Cost of sales											
	Raw materials consumed		4,987,916	1,844,278	-	703,578	-	-	-	79,880	4,987,916	2,627,736
	Cost of raw cotton / polyester sold		-	-	90,989	46,137	-	-	-	-	90,989	46,137
	Packing materials consumed		-	-	-	8,443	-	-	-	-	-	8,443
	Store and spares consumed		239,140	197,740	458	9,042	317	1,184	4	323	239,919	208,289
	Fuel, power and electricity		222,741	95,806	22,707	138,266	40	40	683	996	246,171	235,108
	Salaries, wages and other benefits	32.2	338,500	209,245	32,250	87,505	-	(139)	6,718	15,286	377,468	311,897
	Insurance		6,367	7,583	1,953	2,614	1,124	1,169	820	1,138	10,264	12,504
	Commission		-	-	277	3,759	-	-	-	-	277	3,759
	Repairs and maintenance		27,266	18,365	1,028	2,202	-	-	235	78	28,529	20,645
	Depreciation	16.12	116,814	75,138	14,307	19,358	59,713	59,949	49,668	49,617	240,502	204,062
	Rental under Ijarah financing		-	3,169	-	-	-	-	-	-	-	3,169
	Other expenses		227,165	55,747	1,004	(41)	(1)	6	2,773	(2,296)	230,941	53,416
			6,165,909	2,507,071	164,973	1,020,863	61,193	62,209	60,901	145,022	6,452,976	3,735,165
	Opening stock of work-in-process		59,954	5,171	11,039	13,905	-	-	-	-	70,993	19,076
	Closing stock of work-in-process	23	(49,506)	(59,954)	(11,040)	(11,039)	-	-	-	-	(60,546)	(70,993)
			10,448	(54,783)	(1)	2,866	-	-	-	-	10,447	(51,917)
	Cost of goods manufactured		6,176,357	2,452,288	164,972	1,023,729	61,193	62,209	60,901	145,022	6,463,423	3,683,248
	Opening stock of finished goods		111,099	117,265	-	50,291	-	-	-	-	111,099	167,556
	Closing stock of finished goods – net	23	(99,278)	(111,099)	-	-	-	-	-	-	(99,278)	(111,099)
			11,821	6,166	-	50,291	-	-	-	-	11,821	56,457
			6,188,178	2,458,454	164,972	1,074,020	61,193	62,209	60,901	145,022	6,475,244	3,739,705
32.2	Detail of salaries, wages and other benefits											
	Salaries, wages and other benefits	32.2.1	303,465	193,633	29,834	84,425	-	(139)	6,473	14,617	339,772	292,536
	Pension fund	32.2.2	23,637	7,439	1,475	1,529	-	-	-	-	25,112	8,968
	Gratuity fund	32.2.2	5,067	3,009	72	113	-	-	-	-	5,139	3,122
	Provident fund contributions		6,331	5,164	869	1,438	-	-	245	669	7,445	7,271
			338,500	209,245	32,250	87,505	-	(139)	6,718	15,286	377,468	311,897

32.2.1 This includes contribution amounting to Rs. 10 million (2023: Rs. 0.003 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Company. The Company does not have any right in the residual interest of the Fund.

Rupees in '000	2024		2023	
	Pension	Gratuity	Pension	Gratuity
<b>32.2.2 Staff retirement benefits</b>				
Current service costs	10,458	3,031	6,356	4,652
Interest costs	45,300	8,637	23,546	11,755
Return on plan assets, excluding interest income	(30,646)	(6,529)	(20,934)	(13,285)
	25,112	5,139	8,968	3,122

Rupees in '000	Note	2024	2023
<b>33. INCOME FROM INVESTMENTS - NET</b>			
Dividend income	33.1	820,524	203,811
Realized gain on sale of FVTPL investments - net	33.1	25,603	4,359
Unrealized gain / (loss) on FVTPL investments - net	33.1	220,350	(4,777)
Rental income from investment properties	33.2	3,206	4,133
		1,069,683	207,526

**33.1** Break up of dividend income, unrealized gain and realized gain / (loss) is as follows:

Rupees in '000	Dividend income	Unrealized gain	Realized gain / (loss)
<b>Name of investee companies</b>			
Shariah compliant investee companies	39,140	139,186	26,530
Non - Shariah compliant investee companies	781,384	81,164	(927)
	820,524	220,350	25,603

**33.1.1** Unrealized gain amounting to Rs. 0.228 million (2023: unrealized loss of Rs. 1.693 million) on this investment was recognized in the other comprehensive income during the year.

**33.1.2** Income from investment was categorized 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. 1.568 million (2023: Rs. 1.496 million).



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 34. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Salaries, wages and other benefits	34.1	10,403	5,960	2,471	2,510	1,222	1,235	14,096	9,705
Consultant fee		23,963	40,677	–	–	–	–	23,963	40,677
Travelling, conveyance and entertainment		1,116	619	32	27	21	11	1,169	657
Depreciation	16.1.2	902	490	–	–	–	–	902	490
Insurance		75	47	–	–	–	–	75	47
Postage, telephone and telegram		70	93	69	76	12	19	151	188
Advertisement		4,206	214	–	–	–	–	4,206	214
Bid bond expenses		43	576	–	–	–	–	43	576
Legal and professional charges		5,357	4,403	–	–	–	–	5,357	4,403
Others		4,971	8,103	1,524	1,467	530	424	7,025	9,994
		51,106	61,182	4,096	4,080	1,785	1,689	56,987	66,951

### 34.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Salaries, wages and other benefits		9,041	4,803	2,014	2,133	1,162	1,186	12,217	8,122
Pension fund	34.1.1	721	637	239	197	–	–	960	834
Gratuity fund	34.1.1	300	255	99	82	–	–	399	337
Provident fund contributions		341	265	119	98	60	49	520	412
		10,403	5,960	2,471	2,510	1,222	1,235	14,096	9,705

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

### 35. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		IID segment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Salaries, wages and other benefits	35.1	218,387	147,719	29,300	26,480	-	-	8,312	8,642	18,911	11,016	274,910	193,857
Rents, rates and taxes		9,158	3,235	583	814	-	-	584	584	510	315	10,835	4,948
Travelling, conveyance and entertainment		13,648	5,043	880	910	-	-	115	150	663	301	15,306	6,404
Fuel and power		20,366	16,553	1,689	2,398	-	-	4,309	4,294	1,052	888	27,416	24,133
Postage, telephone and telegram		5,809	2,528	778	422	-	-	47	56	303	152	6,937	3,158
Insurance		2,468	1,389	209	254	1	1	82	80	183	129	2,943	1,853
Repairs and maintenance		15,525	11,195	888	824	-	-	120	726	802	576	17,335	13,321
Auditor's remuneration	35.2	5,389	4,358	503	851	-	6	-	-	458	365	6,350	5,580
Legal, professional and corporate service charges		29,376	51,969	3,133	9,054	-	-	-	-	1,478	988	33,987	62,011
Advertisement		2,527	2,168	14	38	-	-	-	-	129	114	2,670	2,320
Donations	35.3	87,159	25,986	200	170	-	-	-	-	5,124	1,332	92,483	27,488
Depreciation	16.1.2 & 18.1	17,178	17,543	1,464	3,042	8	2	1,840	1,950	2,655	2,405	23,145	24,942
Amortization of intangible assets	17.1	1,214	1,722	157	345	-	-	-	-	56	86	1,427	2,153
Printing, stationery and office supplies		4,909	2,472	369	456	-	-	1	1	373	232	5,652	3,161
Newspapers, subscriptions and periodicals		765	810	769	927	987	763	-	-	52	80	2,573	2,580
Others		5,711	4,461	560	942	-	(1)	714	899	529	489	7,514	6,790
		439,589	299,151	41,496	47,927	996	771	16,124	17,382	33,278	19,468	531,483	384,699
35.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		177,273	127,763	21,029	22,353	-	-	8,178	8,496	15,208	9,214	221,688	167,826
Pension fund	35.1.1	27,411	14,531	6,460	2,920	-	-	-	-	2,637	1,181	36,508	18,632
Gratuity fund	35.1.1	7,280	623	1,195	214	-	-	-	-	518	176	8,993	1,013
Provident fund contributions		6,423	4,802	616	993	-	-	134	146	548	445	7,721	6,386
		218,387	147,719	29,300	26,480	-	-	8,312	8,642	18,911	11,016	274,910	193,857

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
<b>35.2 Auditor's remuneration</b>			
Audit fee		4,014	2,854
Certifications, tax and other assurance services		1,059	1,421
Out of pocket expenses		863	909
Sales tax		414	396
	35.2.1	6,350	5,580

**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 scope review of unconsolidated condensed interim financial information for the six months period, review report on statement of compliance with best practices of the Code of Corporate Governance, taxation services and audit of reconciliation statement of nominee shareholding of Central Depository 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	
Rupees in '000			2024	2023
Mr. Ahsan M. Saleem	Director	The Citizens Foundation Plot No. 20, Sector – 14, New Brookes Chowrangi, Korangi Industrial Area, Karachi.	73,631	24,860
--do--	Chairman	Indus Valley School of Arts and Architecture ST-33, Block 2, Scheme 5, Clifton, Karachi.	3,142	–
			76,773	24,860

**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	2024	2023
<b>36. OTHER OPERATING EXPENSES</b>			
Impairment of capital work in progress	16.4.1	66,445	–
Impairment loss on trade debts	24.3	5,373	–
Provision for:			
– Workers' Profit Participation Fund	12.4	92,580	16,134
– Workers' Welfare Fund		33,922	696
– Doubtful advances		40,892	–
– Slow moving stores, spares and loose tools – net	22.1	22,165	–
Fixed assets written off		5,346	–
Others		9,579	–
		276,302	16,830
<b>37. OTHER INCOME</b>			
<i>Income from financial assets / liabilities</i>			
Mark-up on short term loan to subsidiary company	25.1	79,006	–
Return on deposits – from conventional banking		26,413	23,256
Exchange gain		25,397	1,132
Liabilities written-back		989	236
Reversal of impairment loss on trade debts	24.3	–	1,152
Unwinding of discount on long term deposit		1,923	2,638
		133,728	28,414
<i>Income from non-financial assets / liabilities</i>			
Gain on disposal of operating fixed assets	16.5	4,994	13,163
Deferred income amortized	11	538	4,353
Land licensing fee		36,000	18,000
Reversal of provision for slow moving stores, spares and loose tools		–	9,455
Rent income		7,440	5,591
Others		–	326
		48,972	50,888
		182,700	79,302
<b>38. FINANCE COSTS</b>			
Mark – up on short term loans – Shariah arrangement		76,905	42,283
Interest on Non – Shariah arrangement			
– finance lease obligations		45,803	9,117
– long term loans		136,716	119,236
– running finances		111,040	128,977
– short term loans		117,054	52,435
Discounting of long term deposit		–	5,822
Bank charges		9,885	2,090
		497,403	359,960

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

	Note	2024	2023
<b>39. TAXATION CHARGE</b>			
Current			
– for the year		576,752	67,695
– for prior years		(1,335)	(782)
		575,417	66,913
Deferred		344,655	(9,489)
		920,072	57,424
<b>39.1 Relationship between taxation expense and accounting profit</b>			
Profit before taxation		2,526,575	234,281
Tax at the applicable rate of 29% (2023: 29%)		732,707	67,941
Tax effect of inadmissible expenses / losses		55,838	30,387
Tax effect of income taxed at a lower rate		(196,170)	(44,652)
Tax effect arising due to super tax		264,456	4,530
Tax effect of change in effective tax rate		64,576	–
Prior year tax effect		(1,335)	(782)
		920,072	57,424

**39.2** The Federal Government, through the Finance Act, 2023, introduced new slab rates for super tax as a result of which rate of 10% is applicable on all sectors having income in excess of Rs. 500 million. Due to increased profitability of the Company, the applicable tax rate of the Company has increased from 30% to 39%. Accordingly, the Company has recorded deferred tax at 39% in these unconsolidated financial statements. 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	2023	2022	2021
Tax provision including effects of prior years	66,360	231,954	111,738
Tax assessed / return filed	66,360	231,954	111,738

Rupees in '000

	2024	2023
<b>40. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the year	1,606,503	176,857
	(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	20.69	2.28

Rupees in '000	Note	2024	2023
<b>41. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		2,526,575	234,281
<b>Adjustments for non cash charges and other items:</b>			
Depreciation on operating fixed assets,			
right-of-use assets and investment properties	16.1.2 & 18	264,549	229,494
Amortization of intangible assets	17	1,427	2,153
Charge for the year on staff retirement benefit funds	44.1.7	77,111	32,906
Dividend income	33.1	(820,524)	(203,811)
Unrealized (gain) / loss on FVTPL investments – net	33.1	(220,350)	4,777
Realized gain on FVTPL investments – net	33.1	(25,603)	(4,359)
Provision / (reversal) for slow moving stores,			
spares and loose tools	36 & 37	22,165	(9,455)
Charge / (reversal) of impairment loss on			
trade debts – net	36 & 37	5,373	(1,152)
Provision for Workers' Welfare Fund	36	33,922	696
Provision for Workers' Profit Participation Fund	36	92,580	16,134
Property, plant and equipment written off	36	5,346	–
Mark-up on short term loan to subsidiary company	37	(79,006)	–
Return on deposits	37	(26,413)	(23,256)
Gain on disposal of operating fixed assets	37	(4,994)	(13,163)
Deferred income amortized	37	(538)	(4,353)
Provision for Doubtful advances	36	40,892	–
Discounting of long term deposit	38	–	5,822
Unwinding of discount on long term deposit	37	(1,923)	(2,638)
Liabilities written back	37	(989)	(236)
Impairment of capital work in progress	36	66,445	–
Finance costs	38	497,403	354,138
Working capital changes		(1,173,902)	(582,145)
		1,279,546	35,833
<b>Changes in:</b>			
– Stores, spares and loose tools		(87,426)	(159,506)
– Stock-in-trade		(178,627)	(78,871)
– Trade debts		(1,013,576)	(287,677)
– Loans and Advances		48,887	(120,084)
– Trade deposits and short term prepayments		(2,076)	8,097
– Other receivables		244,688	(179,447)
– Trade and other payables		(185,772)	235,343
		(1,173,902)	(582,145)



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

Rupees in '000	Note	2024	2023
<b>42. CASH AND CASH EQUIVALENTS</b>			
Running finances under mark-up arrangements	14.1	(50,222)	(463,654)
Term deposit receipt	27	150,000	-
Cash and bank balances	30	303,201	30,266
		402,979	(433,388)

## 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); and
- 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
<b>For the year ended June 30, 2024</b>							
Sales	9,056,280	55,331	–	–	–	–	9,111,611
Cost of sales	6,188,178	164,972	61,193	60,901	–	–	6,475,244
Gross profit / (loss)	2,868,102	(109,641)	(61,193)	(60,901)	–	–	2,636,367
Income from investments – net	–	–	–	–	1,069,683	–	1,069,683
	2,868,102	(109,641)	(61,193)	(60,901)	1,069,683	–	3,706,050
Distribution and selling expenses	51,106	4,096	–	1,785	–	–	56,987
Administrative expenses	439,589	41,496	996	16,124	33,278	–	531,483
Other operating expenses	220,296	46,573	4,433	5,000	–	–	276,302
	710,991	92,165	5,429	22,909	33,278	–	864,772
	2,157,111	(201,806)	(66,622)	(83,810)	1,036,405	–	2,841,278
Other income	92,665	11,029	–	–	79,006	–	182,700
Operating profit / (loss) before							
finance costs	2,249,776	(190,777)	(66,622)	(83,810)	1,115,411	–	3,023,978
Finance costs	491,366	5,881	–	156	–	–	497,403
Profit / (loss) before taxation	1,758,410	(196,658)	(66,622)	(83,966)	1,115,411	–	2,526,575
Taxation							(920,072)
Profit for the year							1,606,503
<b>For the year ended June 30, 2023</b>							
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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

43.2.1 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. 8,694.828 million (2023: Rs. 1,959.605 million) of total Steel segment revenue of Rs. 9,056.28 million (2023: Rs. 3,395.752 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 55.331 million (2023: Rs. 408.966 million) of total Cotton segment revenue of Rs. 55.331 million (2023: Rs. 1,010.226 million). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. Nil (2023: Rs. 104.778 million) of total Hadeed (Billet) segment revenue of Rs. Nil (2023: Rs. 109.62 million).

## 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 June 30, 2024 and 2023 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
<b>As at June 30, 2024</b>						
Segment assets for reportable segments	4,747,273	182,806	408,865	621,933	3,163,672	9,124,549
Unallocated corporate assets						1,373,602
Total assets as per unconsolidated statement of financial position						10,498,151
Segment liabilities for reportable segments	1,265,608	97,287	35,727	86,102	4,335	1,489,059
Unallocated corporate liabilities and deferred income						1,293,043
Total liabilities as per unconsolidated statement of financial position						2,782,102



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

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 June 30, 2024						
Capital expenditure	247,154	–	–	690	–	247,844
Depreciation and amortization	136,108	15,928	59,721	51,508	2,711	265,976
Non-cash items other than depreciation and amortization – net	663,747	22,148	(204)	5,556	(1,142,328)	(451,081)
For the year ended June 30, 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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

	2024		2023	
	Pension	Gratuity	Pension	Gratuity
<b>Financial assumptions</b>				
- Discount rate used for interest cost in profit or loss charge	16.25%	16.25%	13.25%	13.25%
- Discount rate used for year end obligation	15.25%	15.25%	16.25%	16.25%
- Expected rate of increase in salaries	15.25%	15.25%	16.25%	16.25%
<b>Demographic assumptions</b>				
- 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:

Rupees in '000	Note	2024			2023		
		Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	804,399	173,925	978,324	701,907	160,692	862,599
Fair value of plan assets	44.1.5	(736,462)	(203,565)	(940,027)	(464,006)	(118,803)	(582,809)
Liability / (asset) recognized in unconsolidated statement of financial position		67,937	(29,640)	38,297	237,901	41,889	279,790
<b>44.1.3 Movement in the net defined benefit liability / (asset)</b>							
Opening balance		237,901	41,889	279,790	73,562	(12,242)	61,320
Net benefit cost charged to profit or loss	44.1.7	62,580	14,531	77,111	28,434	4,472	32,906
Remeasurements recognized in other comprehensive income	44.1.8	(206,190)	(75,645)	(281,835)	157,992	58,250	216,242
Contributions by the Company	44.1.5	(26,354)	(10,415)	(36,769)	(22,087)	(8,591)	(30,678)
Closing balance		67,937	(29,640)	38,297	237,901	41,889	279,790
<b>44.1.4 Movement in the present value of defined benefit obligations</b>							
Opening balance		701,907	160,692	862,599	569,457	127,084	696,541
Current service cost		26,062	8,570	34,632	20,150	6,664	26,814
Interest cost		112,890	24,423	137,313	74,654	16,838	91,492
Benefits paid during the year		(14,399)	(20,788)	(35,187)	(12,063)	-	(12,063)
Remeasurement:							
Actuarial (gain) / loss from change in financial assumption		(5,275)	(21)	(5,296)	13,364	63	13,427
Experience adjustments		(16,786)	1,049	(15,737)	36,345	10,043	46,388
Closing balance		804,399	173,925	978,324	701,907	160,692	862,599

Rupees in '000	Note	2024			2023		
		Pension	Gratuity	Total	Pension	Gratuity	Total
44.1.5 Movement in the fair value of plan assets							
Opening balance		464,006	118,803	582,809	495,895	139,326	635,221
Contributions by the Company		26,354	10,415	36,769	22,087	8,591	30,678
Interest income on plan assets		76,372	18,462	94,834	66,370	19,030	85,400
Benefits paid during the year		(14,399)	(20,788)	(35,187)	(12,063)	-	(12,063)
Return on plan assets, excluding interest income		184,129	76,673	260,802	(108,283)	(48,144)	(156,427)
Closing balance		736,462	203,565	940,027	464,006	118,803	582,809
44.1.6 Actual return on plan assets		260,501	95,135	355,636	(41,913)	(29,114)	(71,027)

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

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

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

Rupees in '000	2024			2023		
	Pension	Gratuity	Total	Pension	Gratuity	Total
Remeasurement: Actuarial (gains) / losses from change in financial assumption	(5,275)	(21)	(5,296)	13,364	63	13,427
Experience adjustments	(16,786)	1,049	(15,737)	36,345	10,043	46,388
Return on plan assets, excluding interest income	(184,129)	(76,673)	(260,802)	108,283	48,144	156,427
Remeasurement (gains) / loss recognized in the other comprehensive income	(206,190)	(75,645)	(281,835)	157,992	58,250	216,242



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Rupees in '000	2024			2023		
	Pension	Gratuity	Total	Pension	Gratuity	Total
44.1.9 Total defined benefit cost recognized in profit or loss and other comprehensive income	(143,610)	(61,114)	(204,724)	186,426	62,722	249,148
Weighted average duration of the defined benefit obligation (years)	11	2		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	34	–		33	–	
Beneficiaries	82	82		78	78	
Vested / Non-Vested						
Vested benefits	737,566	149,183	886,749	636,521	139,274	775,795
Non – vested benefits	66,833	24,742	91,575	65,386	21,418	86,804
	804,399	173,925	978,324	701,907	160,692	862,599
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities)	10,765	5,097	15,862	4,118	446	4,564
Debt instruments						
AA+	–	–	–	15,000	15,000	30,000
AA–	–	–	–	3,060	–	3,060
AAA	2,500	2,500	5,000	2,500	2,500	5,000
A+	3,017	–	3,017	–	–	–
CCC+	–	–	–	118,397	2,614	121,011
CCC	282,452	55,701	338,153	–	–	–
C	–	–	–	117,648	45,000	162,648
	287,969	58,201	346,170	256,605	65,114	321,719
Equity instruments						
Cement	8,818	–	8,818	4,860	–	4,860
Chemicals	256	–	256	583	–	583
Commercial Banks	1,952	–	1,952	536	–	536
Engineering	218,692	104,690	323,382	86,829	41,675	128,504
Fertilizer	10,421	482	10,903	4,132	291	4,423
Insurance	74	–	74	63	–	63
Oil and Gas Exploration Companies	12,509	3,644	16,153	8,889	2,822	11,711
Oil and Gas Marketing Companies	218	–	218	498	–	498
Investment Company	629	–	629	–	–	–
Gas Distribution Companies	424	–	424	245	–	245
Pharmaceuticals	684	–	684	91	–	91
Power Generation and Distribution	42,014	16,308	58,322	17,980	6,958	24,938
Sugar and Allied Industries	4,611	1,358	5,969	5,082	1,497	6,579
Technology and Communication	661	–	661	1,124	–	1,124
Textile Composite	1,771	–	1,771	1,419	–	1,419
	303,734	126,482	430,216	132,331	53,243	185,574
Mutual funds						
Income Fund	131,148	13,785	144,933	66,258	–	66,258
Equity Fund	2,846	–	2,846	4,694	–	4,694
	736,462	203,565	940,027	464,006	118,803	582,809

### Sensitivity analysis

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

Rupees in '000	Pension	Gratuity
Discount rate +1%	(78,491)	(3,997)
Discount rate -1%	94,979	4,676
Salary increase +1%	16,173	4,656
Salary decrease -1%	(14,039)	(4,049)
Pension indexation rate increase +1%	85,190	—
Pension indexation rate decrease -1%	(73,360)	—

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

#### Asset volatility

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

#### Inflation risk

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

#### Life expectancy / withdrawal rate

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

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

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

### 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 June 30, 2024 was Rs. 15.686 million (2023: Rs. 14.069 million). Reporting year ends of Provident Fund Financial Statements are December 31, and June 30, for Steel & IID Division, and Cotton & Hadeed Division, respectively.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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 categorized:

	June 30, 2024								
	Carrying amount					Fair Value			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
– Listed equity securities	423,372	7,555	–	–	430,927	430,927	–	–	430,927
– unlisted equity securities	610,554	–	–	–	610,554	–	–	610,554	610,554
	1,033,926	7,555	–	–	1,041,481	430,927	–	610,554	1,041,481



## 45. FINANCIAL RISK MANAGEMENT – Continued.

Rupees in '000

June 30, 2024

	Carrying amount				Total	Fair Value			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	Total
On-balance sheet									
Financial assets not measured at fair value									
Deposits	-	-	75,323	-	75,323	-	-	-	-
Term deposit receipt	-	-	244,360	-	244,360	-	-	-	-
Trade debts	-	-	1,472,246	-	1,472,246	-	-	-	-
Loan to subsidiary	-	-	-	-	-	-	-	-	-
Other receivables	-	-	34,640	-	34,640	-	-	-	-
Bank balances	-	-	303,201	-	303,201	-	-	-	-
	-	-	2,129,770	-	2,129,770	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	427,466	427,466	-	-	-	-
Lease liabilities	-	-	-	254,987	254,987	-	-	-	-
Trade and other payables	-	-	-	837,761	837,761	-	-	-	-
Mark-up accrued	-	-	-	59,522	59,522	-	-	-	-
Short term borrowings	-	-	-	629,493	629,493	-	-	-	-
Unclaimed dividend	-	-	-	26,188	26,188	-	-	-	-
	-	-	-	2,235,417	2,235,417	-	-	-	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

June 30, 2023

	Carrying amount				Total	Fair Value			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities		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 loan	–	–	–	694,976	694,976	–	–	–	–
Lease liabilities	–	–	–	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	–	–	–	–

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

The investments in subsidiaries and associates are stated at cost less impairment loss.

Investment properties 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 fair values of unquoted equity investments have been determined by the valuation expert. The following table shows the valuation techniques used in measuring Level 3 fair values at June 30, 2024 for unquoted equity investments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Key input used	Inter-relationship between significant unobservable inputs and fair value measurement
- Shakarganj Food Products Limited	Discounted free cash flows with terminal growth:  The valuation model considers the present value of future dividends, discounted using Weighted Average Cost of Capital.	- Expected free cash flows		The estimated fair value would increase / (decrease) if:
		- Terminal growth rate	5.00%	
		- Weighted Average Cost of Capital	23.01%	- 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 Limited of Pakistan Limited	- Dividend growth model:  The valuation model considers the present value of future dividends, discounted using Weighted Average Cost of Capital.	- Dividend growth rate	6.50%	The estimated fair value would increase / (decrease) if:
		- Weighted Average Cost of Capital	16.76%	- 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 July 1, 2023	
- Shakarganj Food Products Limited	341,764
- Central Depository Company of Pakistan Limited (CDC)	204,216
	545,980
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	55,371
- Central Depository Company Limited	9,203
	64,574
<b>Balance at June 30, 2024</b>	
- Shakarganj Food Products Limited	397,135
- Central Depository Company of Pakistan Limited (CDC)	213,419
	610,554



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## Sensitivity analysis

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

Rupees in '000	Profit or loss	
	Increase	Decrease
Shakarganj Food Products Limited		
– Expected cash flows (10% movement)	39,713	(39,713)
– Terminal growth rate (100 bps)	9,443	(8,453)
– Weighted Average Cost of Capital (100 bps)	(19,365)	21,345
Central Depository Company of Pakistan Limited		
– Dividend growth rate (100 bps)	10,918	(8,977)
– Weighted Average Cost of Capital (100 bps)	(8,189)	9,959

## 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 debts, bank balances, security deposits, mark-up accrued and investment in debt securities.

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

Rupees in '000	2024	2023
Deposits	75,323	30,135
Term deposit receipt	244,360	84,360
Trade debts	1,472,246	464,043
Loan to subsidiary	–	111,914
Other receivables	34,640	188,757
Bank balances	303,201	30,266
	2,129,770	909,475

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

The aging of trade debts at the reporting date is

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

The expected loss rates are based on the payment profiles of sales over a period of 60 month before June 30, 2024 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:

Rupee in '000	Rankings		Ranking Agency	2024	2023
	Short term	Long term			
Mutual Funds					
HBL Growth Fund (A)	MFR 1-Star	–	VIS	5,942	7,980
HBL Investment Fund (A)	MFR 1-Star	–	VIS	1,390	776
Pak Qatar Asset Management Company					
	AA	–	Pacra	104,043	100,146
MCB Arif Habib Saving and Investments Limited					
	AA+	–	Pacra	–	150,249
				111,375	259,151

## 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 has debt security amounting to Rs. 244.360 million as at reporting date.

### Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The 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		2024						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
<b>Financial liabilities</b>								
Long term loans	427,466	–	427,466	134,826	135,170	137,139	11,304	9,027
Lease liabilities	254,987	–	376,489	45,713	43,856	79,629	207,290	–
Trade and other payables	837,761	–	837,761	837,761	–	–	–	–
Unclaimed dividend	26,188	26,188	–	–	–	–	–	–
Mark-up accrued	59,522	–	59,522	59,522	–	–	–	–
Short term borrowings	629,493	50,222	579,271	579,271	–	–	–	–
	2,235,417	76,410	2,280,509	1,657,093	179,026	216,768	218,594	9,027

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
<b>Financial liabilities</b>								
Long term loan	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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## 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:

Rupees in '000	2024	
	USD	Euro
Foreign creditors	—	—
Outstanding letters of credit	1,418,260	—
Net exposure	1,418,260	—

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

The following significant exchange rates have been applied:

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

### Sensitivity analysis

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

### Effect on profit or loss

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

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

The sensitivity analysis prepared is not necessarily indicative of the effects on 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:

	2024	2023	2024	2023
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
<b>Financial liabilities</b>				
Variable rate instruments:				
Long term loans	24.08 – 24.76	16.66 – 24.08	427,466	694,976
Lease Liabilities	17.04 – 31.12	11.51 – 25.61	254,987	76,673
Short term borrowings	21.91 – 25.22	16.91 – 24.14	629,493	1,289,519

#### 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 2024.

Rupees in '000	Profit and loss 100 bp	
	Increase	Decrease
<b>As at June 30, 2024</b>		
Cash flow sensitivity – Variable rate financial liabilities	(13,119)	13,119
<b>As at June 30, 2023</b>		
Cash flow sensitivity – Variable rate financial liabilities	(20,612)	20,612

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 increased / decreased 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:



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	2024	2023
Effect on profit	42,337	46,802
Effect on equity	756	730
Effect on investments	43,093	47,532

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

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

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

47.2 The chief executive and nine 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, 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				2024	2023
Name	Nature of relationship	Basis of relationship	Nature of transaction		
CS Capital (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	2,507	3,113
			Payment received	2,506	8,076
			Short term loan obtained	535,000	-
			Short term loan repaid	535,000	-
			Mark-up charged on short term loan received	2,806	-
			Mark-up paid on short term loan received	2,806	-
			Right shares subscribed	-	150,000
			Dividend received	-	150,000
Solution de Energy (Private) Limited	Subsidiary company	100% holding	Reimbursable expenses	133	48
			Right shares subscribed	200,000	-
			Short term loan disbursed	5,450	15,122
			Short term loan payment received	117,364	-
			Mark-up charged on short term loan	79,006	-
			Mark-up received on short term loan	79,006	-
Altern Energy Limited	Associated company	16.69% holding	Dividend income	755,264	-
			Dividend received	755,264	-
Shakarganj Limited	Associated company	21.93% holding	Services rendered	1,629	-
			Dividend paid	360	-
			Reimbursable expenses	6,884	9,982
Crescent Socks (Private) Limited	Related party	Subsidiary Company's associate	Rental income	-	1,200
			Payments received against services rendered	600	1,500
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	4,269	2,711
			Services rendered	3,187	3,059
			Rent	2,755	2,829
			Payments received	4,000	3,000

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

				2024	2023
Name	Nature of relationship	Basis of relationship	Nature of transaction		
The Crescent Textile Mills Limited	Related party	Common directorship	Rent	3,940	1,970
			Payments received against services rendered	7,656	3,544
			Reimbursable expenses	4,019	1,436
			Dividend paid	17,077	-
			Dividend income	565	7,412
			Dividend received	565	7,412
Premier Insurance Company	Related party	Common directorship	Insurance premium	8,602	7,772
			Insurance premium paid	7,162	8,178
			Dividend paid	283	-
The Citizens' Foundation	Related party	Common directorship	Donation given	73,631	24,860
Indus Valley School of Arts and Architecture	Related party	Common directorship	Donation given	3,142	-
Pakistan Centre For Philanthropy	Related party	Common directorship	Annual membership fee	360	-
			Payment annual membership fee	360	-
Pak Elektron Limited	Related party	Common directorship	Sales made	152,014	159,666
			Payments received	146,569	164,872
Pak Qatar Asset Management Company Limited	Related party	Common directorship	Investment in units of mutual fund	649,000	100,146
			Redemption of Investment in units of mutual fund	501,582	-
			Participated in SUKUK certificates	-	150,000
			Loan repayment	40,000	20,000
			Profit repayment	26,970	13,298
Pak Qatar Family Takaful Limited	Related party	Common directorship	Dividend paid	15,450	-
Meezan Bank Limited	Related party	Common directorship	Dividend income	2,463	-
			Dividend received	2,463	-
			Sale of investment	16,090	-
International Steels Limited	Related party	Common directorship	Dividend income	158	-
			Dividend received	158	-
			Sale of investment	4,223	-
Crescent Cotton Products – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	1,342	1,392
Crescent Steel and Allied Products Limited – Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	10,518	8,590
			Dividend paid	3,877	-



Rupees in '000				2024	2023
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Crescent Steel and Allied Products Limited – Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	26,601	22,087
			Dividend paid	8,077	-
Crescent Steel and Allied Products Limited – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	14,426	11,734
			Dividend paid	248	-
Crescent Hadeed (Private) Limited – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	356	772
CSAP – Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	10,000	5
			Dividend paid	72	-
Key management personnel	Related parties	Executives	Remuneration and benefits	223,012	194,394
			Dividend paid	9,662	-
Chairman of the Board	Related party	Chairman	Honorarium	2,050	1,800
Directors and their spouse	Related parties	Directors	Meeting fee	3,510	2,825
			Dividend paid	4,488	-

- 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 June 30, 2024 and 2023 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.

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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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	2024	2023
Total debt	49.1.1	1,311,946	2,061,168
Less: Cash and bank balances		303,201	30,266
Net debt		1,008,745	2,030,902
Total equity	49.1.2	7,716,049	6,119,432
Total capital		8,724,794	8,150,334
Gearing ratio		11.6%	24.9%

49.1.1 Total debt is defined as long term loans, lease liabilities and short term borrowings, as described in notes 9, 10 and 14 to these 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 (2023: 66,667 tons) annually on the basis of notional pipe size (whereas the notional pipe size is taken as 30" dia x ½" thickness for SPI600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 59,453.3 tons (2023: 42,888 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 97,542.9 tons (2023: 68,095 tons) when translated to the notional pipe size of 30" diameter.

#### Coating plant

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

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 230,275 meters (2023: 51,795 meters) of different diameter pipes and 553,906 square meters surface area was achieved during the year (2023: 305,098 square meters surface area). Actual production is in line with market demand.

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

## 50.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2023: 118,856 MWh) and the actual production achieved during the year was Nil (2023: Nil). Reason for underutilization was that no power was supplied to FESCO, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

## 50.4 Hadeed segment

The designed capacity of Plant is 85,000 mtons (2023: 85,000 mtons) of billets per annum, but the total production during the year was NIL (2023: Nil) of billets. Unit would not be operated on self-generated (Inter division) power supply that was only compatible during crushing season of three months and two months on bagasse (purchased) on off and on basis. Production was suspended for the whole year because of no alternative power supply arrangements.

## 51. COMPARATIVE INFORMATION

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of better presentation, However, we have no material reclassifications to report.

## 52. GENERAL

### 52.1 Number of employees

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

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

### 52.2 Non adjusting event after reporting date

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

## 53. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue in the Board of Directors meeting held on August 07, 2024.



Chief Executive



Director



Chief Financial Officer



# CONTEMPORARY ART

## 1980.....

Contemporary art is the art of today, produced in the second half of the 20th century or in the 21st century. Contemporary artists work in a globally influenced, culturally diverse, and technologically advancing world. Their art is a dynamic combination of materials, methods, concepts, and subjects that continue the challenging of boundaries that was already well underway in the 20th century. Diverse and eclectic, contemporary art as a whole is distinguished by the very lack of a uniform, organising principle, ideology, or “-ism”. Contemporary art is part of a cultural dialogue that concerns larger contextual frameworks such as personal and cultural identity, family, community, and nationality.

### Cildo Meireles

Title: Inmensa

Medium: Cor-ten steel



Source: <https://artsandculture.google.com/asset/inmensa/1wElf-Xz4I2j2A>














Crescent Steel and Allied Products Limited

# CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2024





# BUB BUSNEESS REWENION CUSTOMER SATISFATION



# DIRECTORS' REPORT CONSOLIDATED

The Directors of Crescent Steel and Allied Products Limited (CSAPL) have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended June 30, 2024. The Group comprises of CSAPL and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Solution de Energy (Private) Limited and Crescent Continental Gas Pipelines Limited (CCGPL). CCGPL is not carrying on any business operations and accordingly no financial statements are being prepared.

The Directors' Report giving commentary on the performance of CSAPL for the year ended June 30, 2024 has been presented separately.

## GROUP RESULTS

The consolidated financial results of the Group are summarized below:

Rupees in '000	2024	2023
Profit for the year before taxation	2,399,672	698,658
Taxation charge	(1,128,014)	(108,081)
Profit after taxation	1,271,658	590,577
Total other comprehensive income / (loss) for the year	148,562	(189,005)
	1,420,220	401,572
Appropriations:		
- First interim dividend 2024 @ 20%	(155,265)	—
- Final dividend 2024 @ 35%	(271,714)	—
Basic / diluted earnings per share	Rs. 16.38	Rs.7.61

## PATTERN OF SHAREHOLDING

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

## MATERIAL CHANGES AND COMMITMENTS

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

## CHIEF EXECUTIVE'S REVIEW

The Directors endorse the contents of the Chief Executive's Review for the year ended June 30, 2024, which gives information on the state of the Group's affairs, operational performance of CSAPL and its subsidiary companies, future prospects of profits along with other requisite information. The contents of the said review shall be read along with this report, Chairman's Review and our report on unconsolidated financial statements and shall form an integral part of the Director's Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Code of Corporate Governance under the Pakistan Stock Exchange (PSX) Rule Book.

By order of the Board



Ahsan M. Saleem  
Chief Executive Officer  
August 07, 2024



Nadeem Maqbool  
Director



## ڈائریکٹرز کی رپورٹ - یکجا

کریسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ (CSAPL) کے ڈائریکٹرز انتہائی مسرت کے ساتھ مالی سال اختتامیہ 30 جون 2024 سے متعلق گروپ کے آڈٹ شدہ یکجا مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کر رہے ہیں۔ یہ گروپ سی ایس اے پی ایل اور اس کی مکمل طور پر ذیلی کمپنیوں یعنی سی ایس کیپٹل (پرائیویٹ) لمیٹڈ، سویوشن ڈی انرجی (پرائیویٹ) لمیٹڈ اور کریسنٹ کانٹینٹل گیس پائپ لائنز لمیٹڈ (سی سی جی پی ایل) پر مشتمل ہیں۔ کریسنٹ کانٹینٹل گیس پائپ لائنز لمیٹڈ (CCGPL) فی الحال کوئی کاروباری افعال سرانجام نہیں دے رہی ہے، لہذا اس کمپنی کیلئے مالیاتی گوشوارے تیار نہیں کیے جا رہے ہیں۔

مالی سال اختتامیہ 30 جون 2024 سے متعلق کریسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ (CSAPL) کی کارکردگی پر تبصرہ کرنے کیلئے ڈائریکٹرز کی رپورٹ علیحدہ سے پیش کی گئی ہے۔

### گروپ کے نتائج

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

2023	2024	
روپے ہزاروں میں		
698,658	2,399,672	منافع قبل از ٹیکس
(108,081)	(1,128,014)	ٹیکس
590,577	1,271,658	منافع بعد از ٹیکس
(189,009)	148,562	برائے سال کل دیگر جامع آمدن/ (تقصان)
401,572	1,420,220	تخصیصات:
	(155,269)	— پہلا عبوری منافع 2024@20%
	(271,714)	— حتمی منافع 2024@35%
7.61 روپے	16.38 روپے	فی حصص بنیادی/تجلیلی آمدن

### ترتیب حصص داری

ترتیب حصص داری اور اس سے متعلق اضافی معلومات علیحدہ سے رپورٹ ہذا کے ساتھ منسلک ہیں۔

### اہم تغیرات و وعدے

زیر نظر مالی سال کے اختتام، جس سے متعلق یہ پبلنس شیٹ ہے، کی تاریخ سے ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان تک نہ تو کوئی ایسی اہم تبدیلیاں واقع ہوئی ہیں اور نہ ہی کوئی ایسے وعدے نہیں کئے گئے جس کی وجہ سے گروپ کی مالی پوزیشن کو متاثر ہوتی ہو۔

### چیف ایگزیکٹو کا جائزہ

ڈائریکٹرز مالی سال اختتامیہ 30 جون 2024 سے متعلق چیف ایگزیکٹو کے جائزے کے مندرجات کی توثیق کرتے ہیں، جو کہ گروپ کے معاملات، کریسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ (CSAPL) اور اس کی ذیلی کمپنیوں کی آپریشنل کارکردگی، مستقبل کے منافع کے امکانات اور اس کے علاوہ دیگر مطلوبہ معلومات فراہم کرتا ہے۔ مذکورہ جائزے کے مندرجات کو اس رپورٹ، چیئر مین کے جائزے اور ہماری جانب سے جاری کردہ غیر یکجا مالیاتی گوشواروں کے ساتھ ملا کر پڑھا جائے گا اور کمپنیز ایکٹ 2017 کے سیکشن 227 اور کارپوریٹ گورننس کے ضوابط کے تقاضوں، زیرتحت پاکستان اسٹاک ایکسچینج (PSX) رول بک، یہ رپورٹ ڈائریکٹرز رپورٹ کا لازمی حصہ بنے گی۔

بحکم بورڈ

Naveed

Sanam

ندیم مقبول

سان ایم سلیم

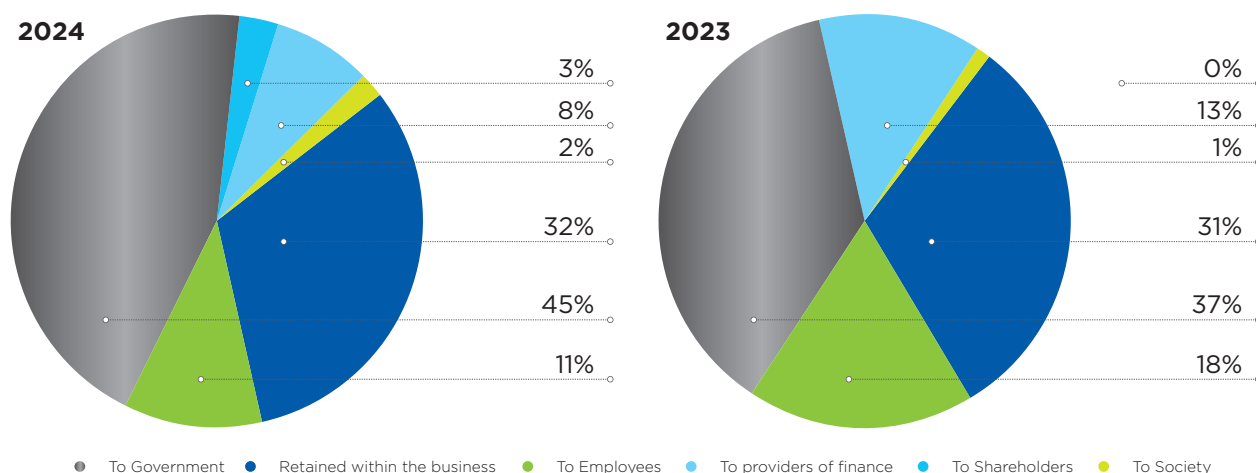
ڈائریکٹر

چیف ایگزیکٹو آفیسر

17 اگست 2024

# STATEMENT OF VALUE ADDITION

	2024		2023	
	Rupees in '000	%	Rupees in '000	%
<b>WEALTH GENERATED</b>				
Total revenue	11,886,198	100.0%	6,045,371	100%
Bought-in-material and services	(5,831,182)	49.1%	(3,238,649)	53.6%
	6,055,016	50.9%	2,806,722	46.4%
<b>WEALTH DISTRIBUTED</b>				
<b>To Employees</b>				
Salaries, wages and other benefits	668,893	11.0%	517,396	18.0%
<b>To Government</b>				
Income tax, sales tax, custom duties, WWF and WPPF	2,716,415	44.9%	1,037,766	37.0%
<b>To Shareholders</b>				
Dividend	155,265	2.6%	–	0.0%
<b>To Providers of Finance</b>				
Finance costs	497,442	8.2%	364,779	13.0%
<b>To Society</b>				
Donation towards education, health and environment	92,483	1.5%	27,488	1.0%
<b>Retained within the business for future growth</b>				
Depreciation, amortization and retained earnings	1,924,518	31.8%	859,293	31.0%
	6,055,016	100.0%	2,806,722	100.0%



# SUMMARY DATA AND PERFORMANCE INDICATORS

For The Current And Past Six Financial Years

Performance Indicators	2024	2023	2022	2021	2020	2019	2018
<b>A - Profitability Ratios</b>							
Earnings / (loss) before interest, taxation, depreciation and amortization [EBITDA / (LBITDA)] (Rs. in millions)	3,165.4	1,297.8	(325.6)	1,358.8	260.9	189.0	635.7
Profit / (loss) before taxation and depreciation (Rs. in millions)	2,666.6	930.8	(579.6)	1,144.5	(54.4)	(131.5)	368.1
Gross profit / (loss) ratio (%)	28.9	17.2	(0.9)	6.8	1.3	(1.8)	5.4
Operating profit / (loss) margin to sales (net) (%)	27.1	9.8	(8.9)	10.4	(3.7)	(6.5)	3.3
Net profit / (loss) margin to sales (net) (%)	14.0	13.1	(9.1)	10.9	(0.5)	(6.1)	(0.6)
EBITDA / (LBITDA) margin to sales (net) (%)	34.7	28.7	(4.6)	18.7	6.8	2.8	6.4
Earnings / (loss) before interest and taxation [EBIT / (LBIT)] (Rs. in millions)	2,897.0	1,063.4	(536.0)	1,138.0	32.0	(46.0)	412.0
Operating leverage ratio	1.7	8.2	63.2	38.4	3.8	3.6	4.0
Return on equity (%)	14.6	8.0	(9.2)	9.9	(0.3)	(6.0)	(0.8)
Return on average equity (%)	15.8	8.2	(8.6)	10.6	(0.3)	(5.8)	(0.8)
Shareholders' funds (%)	74.4	65.7	74.2	73.9	62.0	69.6	63.1
Return on shareholders' funds (%)	14.6	8.0	(9.2)	9.9	(0.3)	(6.0)	(0.8)
Return on capital employed (RoCE) (%)	13.0	6.7	(7.2)	7.9	(0.2)	(4.4)	(0.6)
Return on average capital employed (%)	29.5	12.1	(5.9)	11.4	0.3	(0.5)	5.1
Return on average assets (%)	11.1	5.7	(6.4)	7.2	(0.2)	(3.8)	(0.5)
Total Shareholder Return (%)	176.8	(48.7)	(50.1)	84.4	20.4	(58.6)	114.2
<b>B - Liquidity Ratios</b>							
Current ratio	2.2 : 1	1.3 : 1	1.4 : 1	1.5 : 1	1.1 : 1	1.2 : 1	1.4 : 1
Quick / Acid-test ratio	1.6 : 1	0.9 : 1	0.9 : 1	1 : 1	0.6 : 1	0.9 : 1	0.9 : 1
Cash to current liabilities (%)	11.3	(13.8)	(17.0)	(26.4)	(14.6)	(33.6)	(6.6)
Cash flows from operations to sales (%)	5.9	(8.5)	1.0	14.3	(36.6)	(1.2)	15.2
Working capital turnover (times)	4.6	4.6	6.4	8.3	7.7	6.1	5.2
Cashflow to capital expenditures (%)	460.0	10.0	150.0	1,820.0	(9,380.0)	290.0	930.0
Cashflow to coverage ratio (times)	0.9	-	0.2	0.6	(0.3)	0.2	1.0
<b>C - Activity / Turnover Ratios</b>							
Debtors turnover ratio (times)	9.4	14.1	45.4	40.0	23.7	77.0	35.8
No. of days in receivables / Average collection period (days)	39	26	8	9	15	5	10
Inventory turnover ratio (times)	4.8	3.0	5.9	4.0	2.6	4.5	3.9
No. of days in inventory (days)	77	120	62	91	143	81	93
Creditors turnover ratio (times)	37.8	11.9	21.6	24.8	4.9	5.0	9.9
No. of days in creditors / Average payment period (days)	10	31	17	15	75	73	37
Property, plant and equipment turnover (times)	3.8	1.8	3.2	3.5	1.7	2.7	3.8
Total assets turnover (times)	0.8	0.4	0.7	0.7	0.3	0.7	0.8
Operating cycle (days)	106	115	53	85	83	13	67
<b>D - Investment / Market Ratios</b>							
Basic and diluted earnings / (loss) per share (Rs.)	16.38	7.61	(8.34)	10.19	(0.26)	(5.40)	(0.79)
Price earnings ratio (times)	3.3	2.8	-	8.2	-	-	-
Price to book ratio (times)	0.4	0.1	0.3	0.6	0.3	0.3	0.4
Dividend yield (%) *	10.2	-	-	-	-	-	2.2
Dividend payout ratio (%) *	0.3	-	-	-	-	-	(252.5)
Dividend cover ratio (times) *	3.0	-	-	-	-	-	(0.4)
Cash dividend (Rs. in millions) *	426.8	-	-	-	-	-	155.3
Cash dividend per share (Rs.) *	5.5	-	-	-	-	-	2.0
Market value per share (at the end of the year) (Rs.)	54.0	21.5	41.9	83.9	45.5	37.8	91.2
- Lowest during the year (Rs.)	23.1	21.5	34.0	45.8	27.8	27.4	89.8
- Highest during the year (Rs.)	77.9	46.3	93.3	96.4	58.7	101.9	229.4
Break-up value per share (Rs.)	112.0	95.7	102.7	90.3	89.6	98.1	110.8
Break-up value per share including RP investment at MV (Rs.)	116.1	96.7	93.1	109.2	113.6	127.5	97.4
<b>E - Capital Structure Ratios</b>							
Financial leverage ratio (%)	16.8	27.8	15.8	24.3	43.6	29.9	32.2
Long term debt to equity ratio (%) - Book value	4.3	6.6	1.7	2.5	3.6	4.0	4.7
Long term debt to equity ratio (%) - Market value	8.8	29.2	3.6	3.1	7.2	9.6	5.0
Weighted average of cost of debt (%)	23.9	23.5	16.5	8.5	12.2	12.3	8.0
Long term debt : Equity ratio	4 : 96	6 : 94	2 : 98	2 : 98	4 : 96	4 : 96	5 : 95
Total liabilities to total assets (%)	25.5	34.3	25.8	26.0	37.9	29.4	36.8
Gearing ratio (%)	11.4	21.4	13.6	19.5	30.2	22.8	22.8
Interest coverage (times)	5.8	2.9	(2.1)	5.3	0.1	(0.1)	1.6
Net asset value per share	112.0	95.7	90.5	102.7	90.3	89.6	98.1
<b>F - Non Financial Ratios</b>							
Plant availability (%)							
- Steel Division	95.0	95.0	47.7	96.3	88.3	-	-
- Cotton Division	-	26.0	97.8	98.3	82.7	-	-
- Hadeed Division	-	-	126.5	104.5	70.7	-	-
- Energy Division	-	-	106.5	100.5	90.8	-	-
Customer Satisfaction Index (%)	92.5	93.2	95.7	94.0	92.3	-	-
Production per employee							
- Steel Division (In tons per employee)	192.3	144.4	46.0	82.8	41.9	-	-
- Cotton Division (In Kgs per employee)	-	64,627.8	17,695.4	18,544.7	15,043.2	-	-
- Hadeed Division (In mtons per employee)	-	-	-	748.2	473.7	-	-
Revenue per employee (Rs. in millions)	21.0	5.8	9.4	9.2	7.9	7.7	27.6
Staff turnover ratio (%) **	23.1	208.8	143.7	89.9	90.1	88.8	75.7
Spares inventory as percentage of assets cost (%)	3.5	3.0	1.8	1.5	1.5	1.9	1.8
Maintenance cost as percentage of operating expenses (%)	37.3	61.2	40.6	136.9	35.4	75.7	177.1

Notes:

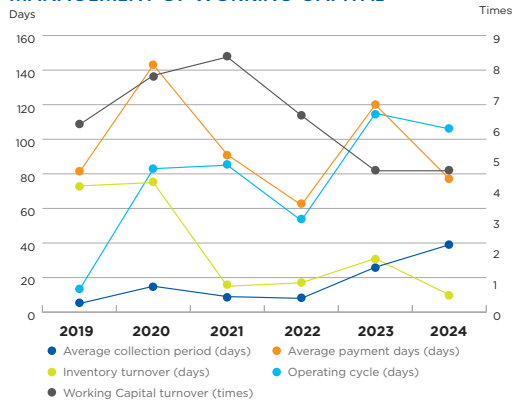
\* This includes declaration of final cash dividend recommended by the Board of Directors subsequent to year end.

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

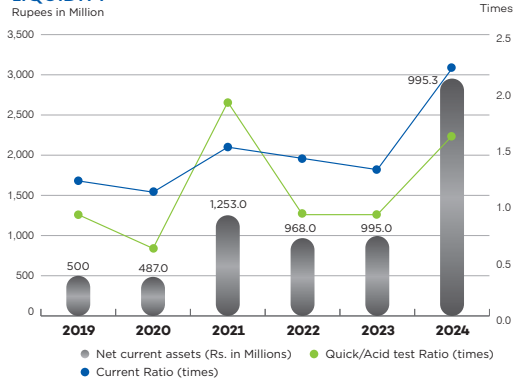
Customer retention ratio cannot be calculated due to nature of business.



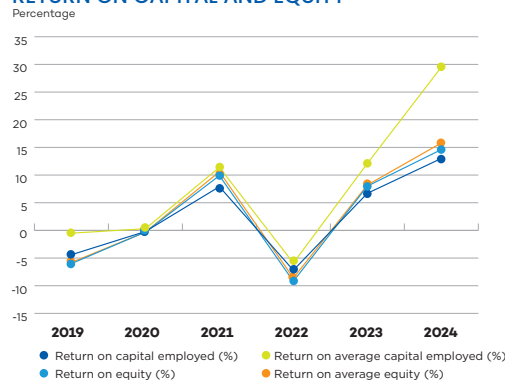
## MANAGEMENT OF WORKING CAPITAL



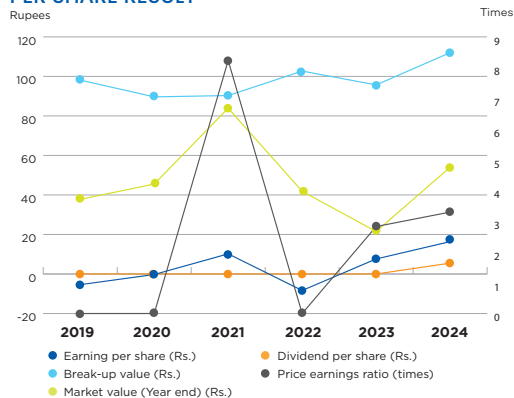
## LIQUIDITY



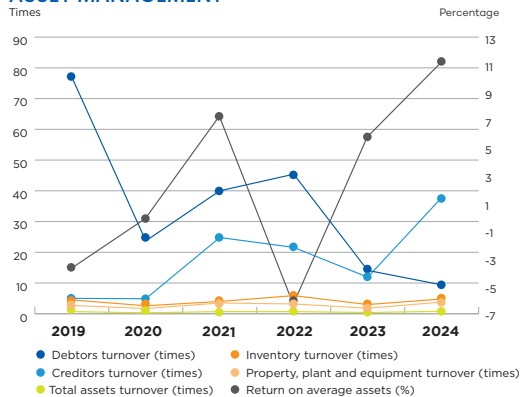
## RETURN ON CAPITAL AND EQUITY



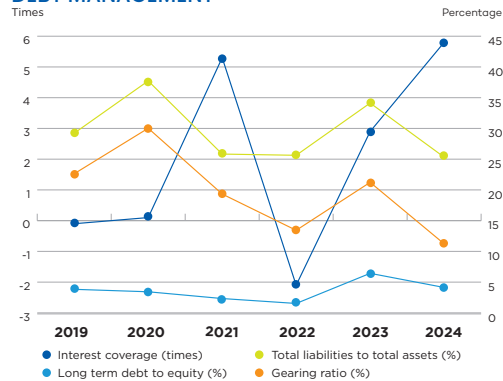
## PER SHARE RESULT



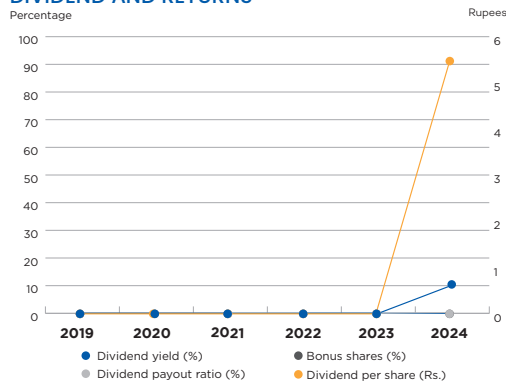
## ASSET MANAGEMENT



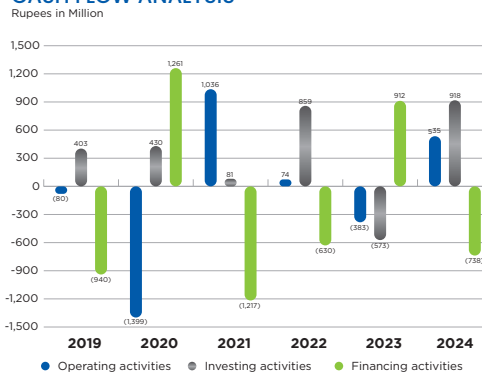
## DEBT MANAGEMENT



## DIVIDEND AND RETURNS



## CASH FLOW ANALYSIS



# VERTICAL ANALYSIS

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

Rupees in million	2024	%	2023	%	2022	%	2021	%	2020	%	2019	%
<b>Consolidated Statement of financial position</b>												
Property, plant and equipment	2,195	18.8	2,438	21.7	2,108	22.3	1,928	17.9	2,107	18.7	2,495	24.9
Right-of-use-assets	229	2.0	83	0.7	110	1.2	132	1.1	169	1.5	-	-
Intangible assets	158	1.4	155	1.4	154	1.6	153	1.4	146	1.3	144	1.4
Investment properties	75	0.6	79	0.7	83	0.9	87	0.8	51	0.5	55	0.5
Investment in equity accounted investees	2,573	22.0	2,948	26.1	2,332	24.6	3,429	31.8	3,087	27.3	3,267	32.7
Other long term investments	849	7.3	763	6.8	756	8.0	976	9.1	731	6.5	689	6.9
Long term deposits	71	0.6	27	0.2	29	0.3	24	0.2	225	2.0	236	2.4
Deferred taxation - net	29	0.2	708	6.3	676	7.1	193	1.8	291	2.6	-	-
Stores, spares and loose tools	405	3.5	340	3.0	171	1.8	163	1.5	169	1.5	186	1.9
Stock-in-trade	1,448	12.4	1,269	11.1	1,190	12.6	1,237	11.7	2,131	18.6	821	8.2
Trade debts	1,472	12.6	464	4.1	175	1.8	137	1.3	226	2.0	96	1.0
Advances	195	1.7	173	1.5	68	0.7	42	0.4	54	0.5	34	0.3
Trade deposits and short term prepayments	19	0.2	17	0.2	28	0.3	293	2.7	66	0.6	50	0.5
Short term investments	1,377	11.7	834	7.3	780	8.2	522	4.8	340	3.0	405	4.0
Other receivables	82	0.7	295	2.6	112	1.2	345	3.2	207	1.9	233	2.4
Taxation - net	158	1.4	673	6.0	690	7.3	1,114	10.3	1,272	11.3	1,260	12.6
Cash and bank balances	337	2.9	36	0.3	7	0.1	4	-	24	0.2	30	0.3
<b>Total assets</b>	<b>11,672</b>	<b>100</b>	<b>11,302</b>	<b>100</b>	<b>9,469</b>	<b>100</b>	<b>10,779</b>	<b>100</b>	<b>11,296</b>	<b>100</b>	<b>10,001</b>	<b>100</b>
Issued, subscribed and paid-up capital	776	6.6	776	6.9	776	8.2	776	7.2	776	6.9	776	7.8
Capital reserves	1,051	9.0	1,050	9.3	1,051	11.1	1,050	9.7	1,092	9.7	1,083	10.8
Revenue reserves	6,864	58.9	5,599	49.7	5,197	54.8	6,142	57.2	5,140	45.5	5,097	51.0
<b>Shareholders' equity</b>												
Long term loans	157	1.3	425	3.8	50	0.5	128	1.2	190	1.7	177	1.8
Lease liabilities	213	1.8	62	0.5	67	0.7	75	0.7	65	0.6	103	1.0
Deferred income	3	-	4	-	1	-	4	-	7	0.1	7	0.1
Deferred taxation	-	-	-	-	-	-	-	-	-	-	42	0.4
Deferred liability - staff retirement benefits	68	0.6	280	2.5	74	0.8	-	(0.1)	24	0.2	101	1.0
Trade and other payables	1,361	11.7	1,436	12.6	1,184	12.5	803	7.4	1,115	9.9	739	7.3
Unclaimed dividend	26	0.2	16	0.1	26	0.3	26	0.2	26	0.2	27	0.3
Mark-up accrued	62	0.5	79	0.7	39	0.4	29	0.3	55	0.5	44	0.4
Short term borrowings	778	6.7	1,290	11.4	861	9.2	1,542	14.3	2,704	23.9	1,638	16.4
Current portion of long term loans	270	2.3	270	2.4	113	1.2	159	1.5	49	0.4	110	1.1
Current portion of lease liabilities	42	0.4	14	0.1	22	0.2	36	0.3	47	0.4	51	0.5
Current portion of deferred income	1	-	1	-	8	0.1	9	0.1	6	0.1	6	0.1
<b>Total equity and liabilities</b>	<b>11,672</b>	<b>100</b>	<b>11,302</b>	<b>100</b>	<b>9,469</b>	<b>100</b>	<b>10,779</b>	<b>100</b>	<b>11,296</b>	<b>100</b>	<b>10,001</b>	<b>100</b>
<b>Consolidated profit or loss Account</b>												
Sales - net	9,112	100.0	4,516	100	7,090	100	7,259	100.0	3,822	100	6,854	100
Cost of sales	6,475	71.1	3,740	82.8	7,155	100.9	6,763	93.2	3,771	98.7	6,978	101.8
<b>Gross profit / (loss)</b>	<b>2,637</b>	<b>28.9</b>	<b>776</b>	<b>17.2</b>	<b>(65)</b>	<b>(0.9)</b>	<b>496</b>	<b>6.8</b>	<b>51</b>	<b>1.3</b>	<b>(124)</b>	<b>(1.8)</b>
Income / (loss) from investments - net	606	6.7	67	1.5	(206)	(2.9)	356	4.9	62	1.6	(68)	(1.0)
Distribution and selling expenses	57	0.6	67	1.5	16	0.2	15	0.2	13	0.3	16	0.2
Administrative expenses	541	5.9	391	8.7	332	4.7	251	3.5	250	6.5	212	3.1
Other operating expenses	276	3.0	17	0.4	64	0.9	27	0.4	26	0.7	71	1.0
Other income	107	1.2	79	1.7	61	0.9	196	2.7	35	0.9	48	0.7
<b>Operating profit / (loss) before finance costs</b>	<b>2,476</b>	<b>27.3</b>	<b>447</b>	<b>9.8</b>	<b>(622)</b>	<b>(8.7)</b>	<b>755</b>	<b>10.4</b>	<b>(141)</b>	<b>(3.7)</b>	<b>(443)</b>	<b>(6.5)</b>
Finance costs	497	5.5	365	8.1	252	3.6	213	2.9	315	8.2	318	4.6
Share of profit in equity accounted investees - net of taxation	421	4.6	616	13.6	86	1.2	383	5.3	173	4.5	397	5.8
<b>Profit / (loss) before taxation</b>	<b>2,400</b>	<b>26.4</b>	<b>698</b>	<b>15.3</b>	<b>(788)</b>	<b>(11.1)</b>	<b>925</b>	<b>12.7</b>	<b>(283)</b>	<b>(7.3)</b>	<b>(364)</b>	<b>(5.4)</b>
Taxation	(1,128)	(12.4)	(108)	(2.4)	140	2.0	(134)	(1.8)	263	6.9	(55)	(0.8)
<b>Profit / (loss) for the year</b>	<b>1,272</b>	<b>14.0</b>	<b>590</b>	<b>12.9</b>	<b>(648)</b>	<b>(9.1)</b>	<b>791</b>	<b>10.9</b>	<b>(20)</b>	<b>(0.5)</b>	<b>(419)</b>	<b>(6.1)</b>

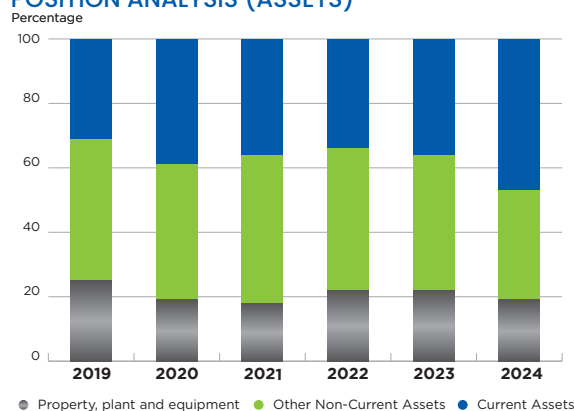
# HORIZONTAL ANALYSIS

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

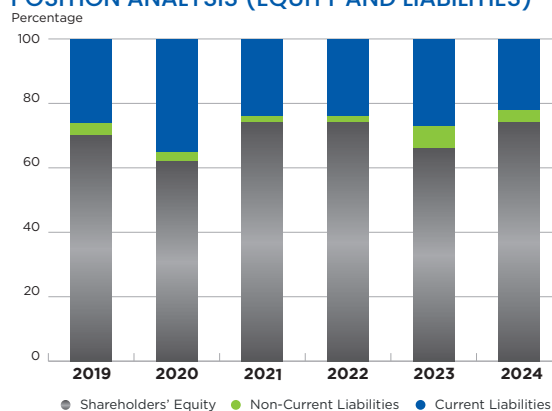
Rupees in million	2024	%	2023	%	2022	%	2021	%	2020	%	2019	%
<b>Consolidated Statement of financial position</b>												
Property, plant and equipment	2,195	(10.0)	2,438	15.7	2,108	9.3	1,928	(8.5)	2,107	(15.6)	2,495	(3.9)
Right-of-use-assets	229	175.9	83	(24.5)	110	(16.7)	132	(21.9)	169	100.0	-	-
Intangible assets	158	1.9	155	0.6	154	0.7	153	4.8	146	1.4	144	5.1
Investment properties	75	(5.1)	79	(4.8)	83	(4.6)	87	70.6	51	(7.3)	55	12.2
Investment in equity accounted investees	2,573	(12.7)	2,948	26.4	2,332	(32.0)	3,429	11.1	3,087	(5.5)	3,267	5.8
Other long term investments	849	11.4	763	0.9	756	(22.5)	976	33.5	731	6.1	689	162.0
Long term deposits	71	163.0	27	(6.9)	29	20.8	24	(89.3)	225	(4.7)	236	8.8
Deferred taxation – net	29	(95.9)	708	4.9	676	250.3	193	(33.7)	291	100.0	-	-
Stores, spares and loose tools	405	19.1	340	98.8	171	4.9	163	(3.6)	169	(9.1)	186	(12.3)
Stock-in-trade	1,448	14.1	1,269	6.6	1,190	(3.8)	1,237	(42.0)	2,131	159.6	821	(63.8)
Trade debts	1,472	217.2	464	165.1	175	27.7	137	(39.4)	226	135.4	96	17.1
Advances	195	13.3	173	154.4	68	61.9	42	(22.2)	54	58.8	34	13.3
Trade deposits and short term prepayments	19	11.8	17	(39.3)	28	(90.4)	293	343.9	66	32.0	50	(30.6)
Short term investments	1,377	65.1	834	6.9	780	49.4	522	53.5	340	(16.0)	405	(61.6)
Other receivables	82	(72.2)	295	163.4	112	(67.5)	345	66.7	207	(11.2)	233	(63.1)
Taxation – net	158	(76.5)	673	(2.5)	690	(38.1)	1,114	(12.4)	1,272	1.0	1,260	8.2
Cash and bank balances	337	836.1	36	414.3	7	75.0	4	(83.3)	24	(20.0)	30	(84.5)
<b>Total assets</b>	<b>11,672</b>	<b>3.3</b>	<b>11,302</b>	<b>19.4</b>	<b>9,469</b>	<b>(12.2)</b>	<b>10,779</b>	<b>(4.6)</b>	<b>11,296</b>	<b>12.9</b>	<b>10,001</b>	<b>(17.1)</b>
Issued, subscribed and paid-up capital	776	-	776	-	776	-	776	-	776	-	776	-
Capital reserves	1,051	0.1	1,050	(0.1)	1,051	0.1	1,050	(3.8)	1,092	0.8	1,083	(6.6)
Revenue reserves	6,864	22.6	5,599	7.7	5,197	(15.4)	6,142	19.5	5,140	0.8	5,097	(10.2)
<b>Shareholders' equity</b>												
Long term loans	157	(63.1)	425	750.0	50	(60.9)	128	(32.6)	190	7.3	177	(22.0)
Lease liabilities	213	243.5	62	(7.5)	67	(10.7)	75	15.4	65	(36.9)	103	(18.9)
Deferred income	3	(25.0)	4	300.0	1	(75.0)	4	(42.9)	7	-	7	(12.5)
Deferred taxation – net	-	-	-	-	-	-	-	-	-	(100.0)	42	(67.4)
Deferred liability – staff retirement benefits	68	(75.7)	280	278.4	74	100.0	-	(100.0)	24	(76.2)	101	100.0
Trade and other payables	1,361	(5.2)	1,436	21.3	1,184	47.4	803	(28.0)	1,115	50.9	739	(59.1)
Unpaid dividend	-	-	-	-	-	-	-	-	-	-	-	-
Unclaimed dividend	26	62.5	16	(38.5)	26	-	26	-	26	(3.7)	27	22.7
Mark-up accrued	62	(21.5)	79	102.6	39	34.5	29	(47.3)	55	25.0	44	83.3
Short term borrowings	778	(39.7)	1,290	49.8	861	(44.2)	1,542	(43.0)	2,704	65.1	1,638	(16.3)
Current portion of long term loans	270	-	270	138.9	113	(28.9)	159	224.5	49	(55.5)	110	13.4
Current portion of lease liabilities	42	200.0	14	(36.4)	22	(38.9)	36	(23.4)	47	(7.8)	51	10.9
Current portion of deferred income	1	-	1	(87.5)	8	(11.1)	9	50.0	6	-	6	20.0
<b>Total equity and liabilities</b>	<b>11,672</b>	<b>3.3</b>	<b>11,302</b>	<b>19.4</b>	<b>9,469</b>	<b>(12.2)</b>	<b>10,779</b>	<b>(4.6)</b>	<b>11,296</b>	<b>12.9</b>	<b>10,001</b>	<b>(17.1)</b>
<b>Consolidated profit or loss Account</b>												
Sales – net	9,112	101.8	4,516	(36.3)	7,090	(2.3)	7,259	89.9	3,822	(44.2)	6,854	(31.0)
Cost of sales	6,475	73.1	3,740	(47.7)	7,155	5.8	6,763	79.3	3,771	(46.0)	6,978	(25.7)
<b>Gross profit / (loss)</b>	<b>2,637</b>	<b>239.8</b>	<b>776</b>	<b>1,293.8</b>	<b>(65)</b>	<b>(113.1)</b>	<b>496</b>	<b>872.5</b>	<b>51</b>	<b>141.1</b>	<b>(124)</b>	<b>(123.0)</b>
Income / (loss) from investments – net	606	804.5	67	132.5	(206)	(157.9)	356	474.2	62	191.2	(68)	(65.9)
Distribution and selling expenses	57	(14.9)	67	318.8	16	6.7	15	15.4	13	(18.8)	16	(15.8)
Administrative expenses	541	38.4	391	17.8	332	32.3	251	0.4	250	17.9	212	6.5
Other operating expenses	276	1,523.5	17	(73.4)	64	137.0	27	3.8	26	(63.4)	71	(33.6)
Other income	107	35.4	79	29.5	61	(68.9)	196	460.0	35	(27.1)	48	(68.6)
<b>Operating profit / (loss) before finance costs</b>	<b>2,476</b>	<b>453.9</b>	<b>447</b>	<b>171.9</b>	<b>(622)</b>	<b>(182.4)</b>	<b>755</b>	<b>635.5</b>	<b>(141)</b>	<b>68.2</b>	<b>(443)</b>	<b>(235.5)</b>
Finance costs	497	36.2	365	44.8	252	18.3	213	(32.4)	315	(0.9)	318	20.5
"Share of profit in equity accounted investees – net of taxation"	421	(31.7)	616	616.3	86	(77.5)	383	121.4	173	(56.4)	397	367.1
<b>Profit / (loss) before taxation</b>	<b>2,400</b>	<b>243.8</b>	<b>698</b>	<b>188.6</b>	<b>(788)</b>	<b>(185.2)</b>	<b>925</b>	<b>426.9</b>	<b>(283)</b>	<b>22.3</b>	<b>(364)</b>	<b>(345.9)</b>
Taxation	(1,128)	(944.4)	(108)	(177.1)	140	204.5	(134)	(151.0)	263	578.2	(55)	73.7
<b>Profit / (loss) for the year</b>	<b>1,272</b>	<b>115.6</b>	<b>590</b>	<b>191.0</b>	<b>(648)</b>	<b>(181.9)</b>	<b>791</b>	<b>4,055.0</b>	<b>(20)</b>	<b>95.3</b>	<b>(419)</b>	<b>(586.8)</b>



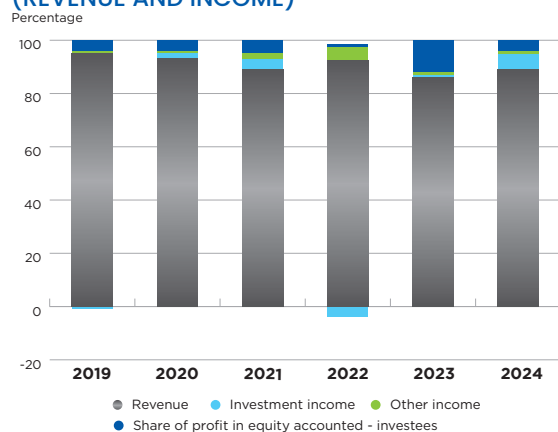
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (ASSETS)



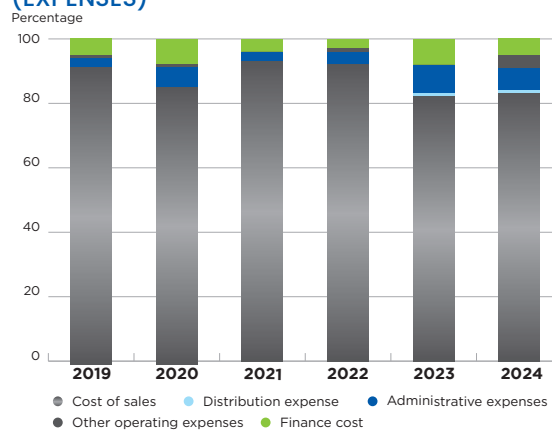
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION ANALYSIS (EQUITY AND LIABILITIES)



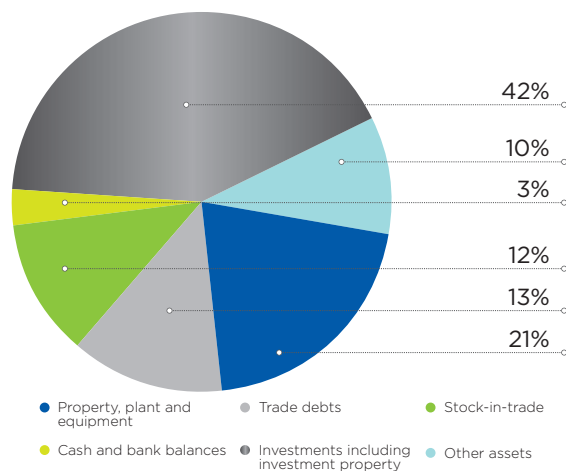
### CONSOLIDATED PROFIT OR LOSS ANALYSIS (REVENUE AND INCOME)



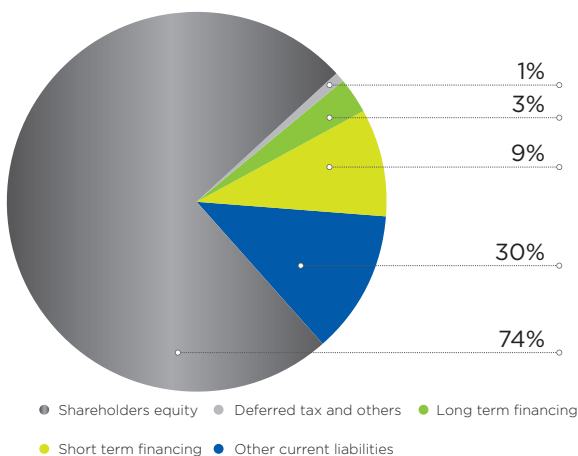
### CONSOLIDATED PROFIT OR LOSS ANALYSIS (EXPENSES)



### TOTAL ASSETS AS OF June 30, 2024



### TOTAL EQUITY AND LIABILITIES AS OF June 30, 2024

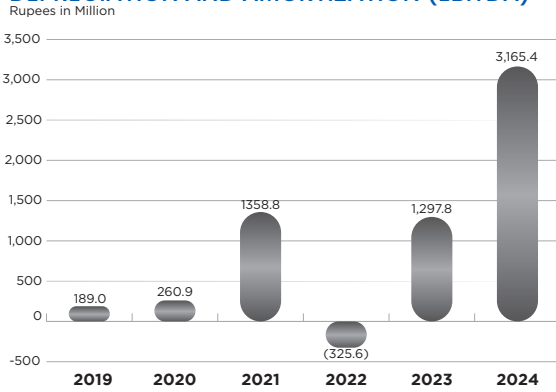


# KEY OPERATING AND FINANCIAL DATA

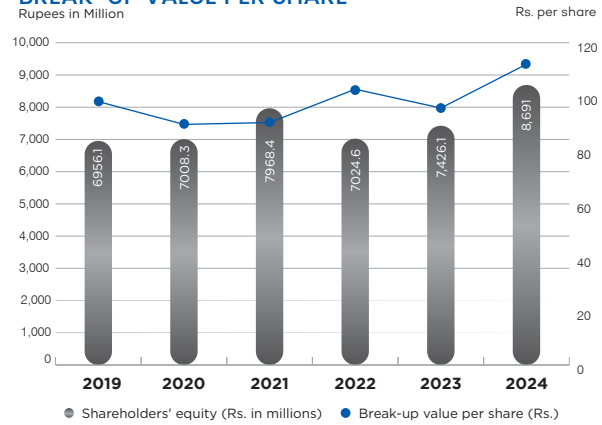
For The Current And Past Six Financial Years

Rupees in millions	2024	2023	2022	2021	2020	2019	2018
<b>A – Summary of Consolidated Profit or Loss Account (Rupees in millions)</b>							
Sales – net	9,111.6	4,515.6	7,090.0	7,259.0	3,822.0	6,854.0	9,930.0
Cost of sales	6,475.3	3,739.8	7,155.0	6,763.0	3,771.0	6,978.0	9,390.0
Gross profit / (loss)	2,636.3	775.8	(65.0)	496.0	51.0	(124.0)	540.0
Income / (loss) from investments – net	605.8	66.9	(206.0)	356.0	62.0	(68.0)	(41.0)
Distribution, selling and administrative expenses	597.0	458.2	348.0	266.0	263.0	228.0	183.2
Other operating expenses	276.3	16.8	64.0	27.0	26.0	71.0	107.0
Other income	107.2	79.4	61.0	196.0	35.0	48.0	153.0
Operating profit / (loss) before finance costs	2,476.0	447.1	(622.0)	755.0	(141.0)	(443.0)	327.0
Finance costs	497.4	364.8	252.0	213.0	315.0	318.0	264.0
Share of profit in equity accounted investees – net of taxation	421.0	616.3	86.0	383.0	173.0	397.0	85.0
Profit / (loss) before taxation	2,399.6	698.6	(788.0)	925.0	(283.0)	(364.0)	148.0
Taxation	(1,128.0)	(108.1)	140.0	(134.0)	263.0	(55.0)	(209.0)
Profit / (loss) for the year	1,271.6	590.5	(648.0)	791.0	(20.0)	(419.0)	(61.0)
<b>B – Summary of Consolidated Statement of Financial Position (Rupees in millions)</b>							
Current assets	5,494.0	4,101.0	3,221.0	3,857.0	4,489.0	3,115.0	5,709.0
Stock-in-trade	1,448.0	1,269.0	1,190.0	1,237.0	2,131.0	821.0	2,268.0
Trade debts	1,472.0	464.0	175.0	137.0	226.0	96.0	82.0
Current liabilities	2,540.0	3,106.0	2,253.0	2,604.0	4,002.0	2,615.0	3,955.0
Trade and other payables	1,361.0	1,436.0	1,184.0	803.0	1,115.0	739.0	1,805.0
Unclaimed dividend	26.0	16.0	26.0	26.0	26.0	27.0	22.0
Property, plant and equipment	2,424.0	2,521.0	2,218.0	2,060.0	2,276.0	2,495.0	2,596.0
Total assets	11,674.0	11,302.0	9,469.0	10,779.0	11,296.0	10,001.0	12,059.0
Total debt	1,260.8	1,597.3	714.3	1,940.0	3,055.0	2,079.0	2,453.0
Long term financing (excluding current maturity)	370.0	487.0	117.0	203.0	255.0	280.0	354.0
Deferred income (including current maturity)	4.0	5.0	9.0	13.0	13.0	13.0	13.0
Deferred liabilities	68.0	280.0	74.0	–	24.0	101.0	–
Short term financing (including current maturity of long-term financing)	1,090.0	1,574.0	996.0	1,737.0	2,800.0	1,799.0	2,099.0
Reserves	7,915.0	6,649.0	6,248.0	7,192.0	6,232.0	6,180.0	6,837.0
Shareholders' equity	8,691.0	7,425.0	7,024.0	7,968.0	7,008.0	6,956.0	7,613.0
<b>C – Summary of Consolidated Cash Flow Statement (Rupees in millions)</b>							
Cash and cash equivalents at the beginning of the year	(427.3)	(382.9)	(686.5)	(586.0)	(877.6)	(260.3)	(313.0)
Cash from Operations	1,167.9	34.4	144.6	1,232.5	(993.9)	428.2	2,421.6
Net cash generated from / (used in) operating activities	535.2	(382.8)	74.2	1,035.6	(1,399.4)	(79.9)	1,505.1
Net cash generated from / (used in) investing activities	917.9	(573.3)	858.9	80.6	429.9	402.8	154.6
Net cash (used in) / generated from financing activities	(738.4)	911.7	(629.5)	(1,216.7)	1,261.1	(940.2)	(1,607.0)
Net increase / (decrease) in cash and cash equivalents	714.7	(44.4)	303.6	(100.5)	291.6	(617.3)	52.7
Cash and cash equivalents at the end of the year	287.4	(427.3)	(382.9)	(686.5)	(586.0)	(877.6)	(260.3)
<b>D – Other data (Rupees in millions)</b>							
Depreciation and amortization	268.4	234.4	210.1	219.9	228.2	235.7	224.3
Capital expenditure	251.7	538.9	94.4	67.9	10.6	145.4	261.1
No. of ordinary shares (no. of shares in millions)	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Payments to National Exchequer	2,716.4	1,037.8	1,630.6	1,530.6	1,051.9	645.7	2,610.7

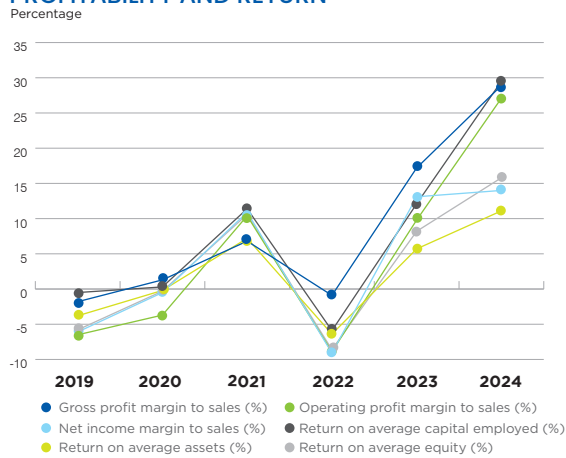
## EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTIZATION (EBITDA)



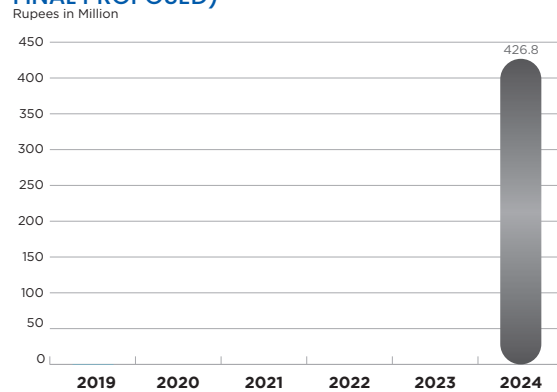
## SHAREHOLDERS' EQUITY AND BREAK-UP VALUE PER SHARE



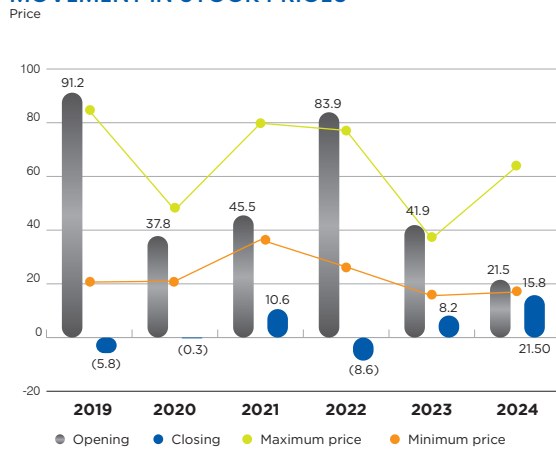
## PROFITABILITY AND RETURN



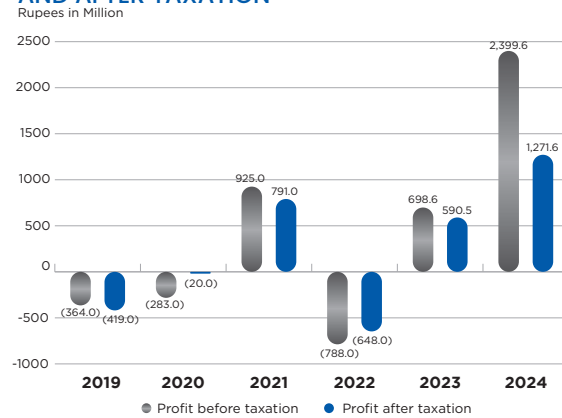
## DIVIDEND (INCLUDING FINAL PROPOSED)



## MOVEMENT IN STOCK PRICES



## PROFIT BEFORE AND AFTER TAXATION





# COMMENTS ON CONSOLIDATED ANALYSIS SIX YEARS

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

## CONSOLIDATED PROFIT OR LOSS:

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

During the year, the Group has recorded Rs. 421 million as Share of profit (SOP), which is second highest SOP after 2023 among last 6 years. Dividend amounting to Rs. 796.2 million was received to the Group from associate, which was reversed from income from investment for consolidation, ultimately reduced the Consolidated profit after tax (PAT). The reversal of dividend from associate was last adversely impacted Consolidated PAT in 2021 where the dividend amount was Rs. 1,183.4 million and share of profit was 85 million. During the year, the Group has recorded highest sales amounting to Rs. 9,930 million, after 2021, where the sales were Rs. 7,259 million. However, during the year, the sales included Rs. 2,452.9 million where Hot Rolled Coil (HRC) was supplied by client, which on deemed revenue basis amounted to Rs. 11,501.5 million.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION:

With respect to statement of financial position, the investment in equity accounted investments was reduced from Rs. 3,267 million in 2019 to Rs. 2,573 million mainly due to receipt of major dividend amounting to Rs. 1,183.4 million and Rs. 796.2 million from associated company in 2022 and 2024, respectively, which was compensated with the recognition of share of profit amounting to Rs. 616 million and Rs. 421 million in 2023 and 2024.

Furthermore, Current assets have increased from Rs. 3,115 million in 2019 to Rs. 5,493 million in 2024, mainly due to significant increase in stock-in trade, trade debts and short-term investments. Total assets of the group increased from Rs. 10,001 million in 2019 to Rs. 11,672 million in 2024.

The increase in total assets were compensated by increase in revenue reserves and trade and other payables amounting to Rs. 5,836 million in 2019 to Rs. 8,225 million in 2024.

# INDEPENDENT AUDITOR'S REPORT

To the members of Crescent Steel and Allied Products Limited

## Opinion

We have audited the annexed consolidated financial statements of Crescent Steel and Allied Products Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information.

In our opinion consolidated statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024 and of its consolidated financial performance and its consolidated cash flow for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

## Basis for Opinion

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

## Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	<b>Deferred tax asset</b>	
	<p>(Refer notes 4, 6.16 and 22 to the Consolidated financial statements)</p> <p>As at June 30, 2024, included in the balance of deferred tax asset (net) are amounts of Rs 287.637 million, Rs 229.810 million and Rs 136.658 million representing deferred tax asset recognised on account of unabsorbed tax depreciation and amortization, excess of minimum tax over normal tax and excess of alternate corporate tax over corporate tax respectively.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>Obtained understanding of the management's process of preparation of forecast of tax profitability, tax liability and deferred tax calculation;</li> </ul>

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Tel: +92 (21) 32426682-6 / 32426711-5; Fax: +92 (21) 32415007 / 32427938 / 32424740; <www.pwc.com/pk>

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S. No.	Key audit matters	How the matter was addressed in our audit
	<p>The Group has carried out an assessment to determine the recoverability of these balances by estimating future taxable profits of the Group and the expected rate applicable to those profits. The determination of future taxable profits is most sensitive to certain key assumptions such as sales volume, gross margin percentage, product pricing and inflation rates which have been considered in that determination.</p> <p>As preparing profitability forecast and assessment of realisability of recognised deferred tax asset requires significant management judgments, we considered this to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>Discussed with the management the significant assumptions used in preparing the tax profitability forecast and assessed its reasonableness;</li> <li>Checked the appropriateness of tax rates applied in view of the local tax legislation;</li> <li>Checked mathematical accuracy of the calculations; and</li> <li>Assessed whether the related disclosures made in the annexed consolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.</li> </ul>
(ii)	<b>Valuation of the Group's Long Term Investments</b>	
	<p>(Refer notes 4, 6.5, 20.2 and to the Consolidated financial statements)</p> <p>The 'other long term investments' include Group's investments in shares of Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs 529,513 million and Rs 213.419 million respectively as at June 30, 2024.</p> <p>Fairvalues of these investments are not measured in an active market and are determined through the application of valuation techniques under accounting and reporting standards and use of unobservable inputs that involve the exercise of judgments over assumptions and estimates used by the management expert.</p> <p>Due to the level of judgements involved in determining fair values of these unquoted investments, we considered this to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>Obtained understanding of the management's process of valuation;</li> <li>Reviewed report of management's expert which included the methods of valuation and details about the inputs to the valuation models;</li> <li>Involved our internal valuation specialists to review the valuation methodologies and assumptions used by the management's expert;</li> <li>Discussed the rationale of the inputs to the valuation models and assessed their reasonableness;</li> <li>Checked mathematical accuracy of the calculations; and</li> <li>Assessed whether the related disclosures made in the consolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.</li> </ul>



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



A. F. Ferguson & Co

Chartered Accountants

Karachi

Date: October 4, 2024

UDIN: AR202410056R4F5rUloh

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

Rupees in '000

	Note	2024	2023
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	7	776,325	776,325
Capital reserves	8	1,050,669	1,050,821
Revenue reserves	8	6,864,102	5,598,995
		8,691,096	7,426,141
<b>LIABILITIES</b>			
Non-current liabilities			
Long term loans	9	157,163	424,748
Lease liabilities	10	212,702	62,424
Deferred income	11	3,300	3,837
Deferred liability - staff retirement benefits	46	67,937	279,790
		441,102	770,799
Current liabilities			
Trade and other payables	12	1,360,688	1,436,025
Unclaimed dividend		26,188	16,081
Mark-up accrued	13	61,577	79,061
Short term borrowings	14	778,487	1,289,519
Current portion of long term loans	9	270,303	270,228
Current portion of lease liabilities	10	42,285	14,249
Current portion of deferred income	11	537	538
		2,540,065	3,105,701
		2,981,167	3,876,500
Contingencies and commitments	15		
<b>Total equity and liabilities</b>		<b>11,672,263</b>	<b>11,302,641</b>



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

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



Chief Executive



Director



Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
Sales	32	10,752,196	5,282,780
Less: Sales tax		1,640,585	767,182
		9,111,611	4,515,598
Cost of sales	33	6,475,244	3,739,705
Gross profit		2,636,367	775,893
Income from investments - net	34	605,754	66,933
		3,242,121	842,826
Distribution and selling expenses	35	56,987	66,951
Administrative expenses	36	539,966	391,266
Other operating expenses	37	276,302	16,830
		873,255	475,047
		2,368,866	367,779
Other income	38	107,218	79,400
Operating profit before finance costs		2,476,084	447,179
Finance costs	39	497,442	364,779
Share of profit in equity accounted investees	40	421,030	616,258
Profit before taxation		2,399,672	698,658
Taxation	41	(1,128,014)	(108,081)
Profit for the year		1,271,658	590,577
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Proportionate share of other comprehensive loss			
of equity accounted investees		(152)	(159)
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair			
value through other comprehensive income (FVOCI) - net of tax		3,563	(35,314)
Gain / (loss) on remeasurement of staff retirement benefit plans - net of tax		145,151	(153,532)
Other comprehensive income / (loss) for the year		148,562	(189,005)
Total comprehensive income for the year		1,420,220	401,572

		(Rupees)	
Basic and diluted earnings per share	42	16.38	7.61

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



Chief Executive



Director



Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

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

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



Chief Executive



Director



Chief Financial Officer



# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2024

Rupees in '000	Issued, subscribed and paid-up capital	Capital reserves Share premium	Others*	Total capital reserves	Fair value reserve	Revenue reserves General reserve	Unappropriated profit	Total revenue reserves	Total
Balance as at July 1, 2022	776,325	1,020,908	30,072	1,050,980	8,733	3,642,000	1,546,531	5,197,264	7,024,569
Total comprehensive income for the year ended June 30, 2023									
Profit for the year	-	-	-	-	-	-	590,577	590,577	590,577
Other comprehensive loss for the year	-	-	(159)	(159)	(35,314)	-	(153,532)	(188,846)	(189,005)
Total comprehensive income for the year	-	-	(159)	(159)	(35,314)	-	437,045	401,731	401,572
Balance as at June 30, 2023	776,325	1,020,908	29,913	1,050,821	(26,581)	3,642,000	1,983,576	5,598,995	7,426,141
Total comprehensive income for the year ended 30 June 2024									
Profit for the year	-	-	-	-	-	-	1,271,658	1,271,658	1,271,658
Other comprehensive income / (loss) for the year	-	-	(152)	(152)	3,563	-	145,151	148,714	148,562
Total comprehensive income for the year	-	-	(152)	(152)	3,563	-	1,416,809	1,420,372	1,420,220
Transactions with owners of the Holding Company									
- Interim dividend @ 20% (i.e. Rs. 2.00 per share)									
for the year ended June 30, 2024	-	-	-	-	-	-	(155,265)	(155,265)	(155,265)
Balance as at June 30, 2024	776,325	1,020,908	29,761	1,050,669	(23,018)	3,642,000	3,245,120	6,864,102	8,691,096

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

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



Chief Executive



Director



Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 1. THE GROUP AND ITS OPERATIONS

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

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

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

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

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

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

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

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

### 1.2 CS Capital (Private) Limited

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

### 1.3 Solution de Energy (Private) Limited

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

The Subsidiary Company had been granted Letter of Interest (LOI) by the Punjab Power Development Board (PPDB) on February 10, 2014. The Subsidiary Company has been allocated land from PPDB and the interconnectivity study report was vetted and approved by National Transmission & Dispatch Company (NTDC). Further, the Subsidiary Company has been granted electricity generation license from National Electric Power Regulatory Authority (NEPRA) for its 100MW Solar Power Plant on April 29, 2020. Further, the Subsidiary Company has submitted the tariff petition to NEPRA on September 25, 2020 which is still awaited.

## 1.4 Crescent Continental Gas Pipelines Limited

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

## 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The Holding Company's net sales aggregated to Rs. 9,111.611 million (2023: Rs. 4,515.598 million), out of which 99.39 percent was generated from Steel division and the rest 0.61 percent from Cotton division.

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

## 3. BASIS OF PREPARATION

### 3.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the unconsolidated financial statements of the Holding Company, CS Capital (Private) Limited and Solution de Energy (Private) Limited for the year ended June 30, 2024. Crescent Continental Gas Pipelines Limited is not carrying on any business operations and accordingly no financial statements are being prepared. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 19 to these consolidated financial statements.

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

### 3.2 Statement of compliance

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

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

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

### 3.3 Basis of measurement

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

### 3.4 Functional and presentation currency

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

## 4. USE OF ESTIMATES AND JUDGEMENTS

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

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

- Property, plant and equipment and Right-of-use assets (refer note 6.2)
- Intangible assets (refer note 6.3)
- Investments (refer notes 6.5.2)
- Stores, spares and loose tools and stock-in-trade (refer notes 6.6 and 6.7)
- Employees benefits (refer note 6.10)
- Leases (refer note 6.12)
- Taxation (refer note 6.15)
- Provisions (refer note 6.18)
- Impairment (refer notes 6.2, 6.3, 6.4 and 6.5.2)
- Contingencies (refer note 6.23)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

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

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

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

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

## 6. MATERIAL ACCOUNTING POLICY INFORMATION

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

### 6.1 Basis of consolidation

#### Subsidiaries

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

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

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

### Investments in associates

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

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

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

## 6.2 Property, plant and equipment

### Owned assets

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

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

### Subsequent expenditure

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## Depreciation

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

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

## Disposal

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

## Right-of-use assets (ROUA)

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

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

## Capital work in progress

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

## Impairment

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

## 6.3 Intangible assets

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

### Subsequent expenditure

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

### Amortization

Amortization is charged to profit or loss on a straight line basis at the rates specified in note 17 to these consolidated financial statements, over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off. The assets' residual values, useful lives and amortization methods are reviewed at each reporting date, and adjusted if material.

### Research and development expenditures

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

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

### Impairment

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

## 6.4 Investment properties

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

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

### Depreciation

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## Impairment

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

## Disposal

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

## 6.5 Financial instruments

### 6.5.1 Initial recognition and measurement

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

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

### 6.5.2 Financial assets

#### Classification

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

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

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

#### Amortized cost

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

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

#### FVOCI – Debt investment

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

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

#### FVOCI – Equity investment

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

#### FVTPL

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

#### Subsequent measurement and derecognition

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

## Impairment of financial assets

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

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

## 6.5.3 Financial liabilities

### Classification and subsequent measurement

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

- contingent consideration of an acquirer in a business combination;
- held-for-tradings; or
- designated as at FVTPL.

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

### Derecognition

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

Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

## Offsetting

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

### 6.6 Stores, spares and loose tools

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

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

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

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

### 6.7 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. The cost of finished goods of Steel segment is assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

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

### 6.8 Trade debts and other receivables

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

### 6.9 Cash and cash equivalents

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 6.10 Employee benefits

### 6.10.1 Compensated absences

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

### 6.10.2 Post retirement benefits

#### 6.10.2.1 Defined contribution plan – Provident fund

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

#### Cotton segment

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

#### All employees except Cotton segment

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

#### 6.10.2.2 Defined benefit plans

##### Pension and gratuity fund schemes

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

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

### 6.10.3 Staff benevolent fund

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

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

#### 6.11 Mark-up bearing borrowings

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

#### 6.12 Leases liabilities

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

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

The lease liability is measured at amortized cost using the effective interest method i.e. it is increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 6.13 Government grants

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

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

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

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

## 6.14 Trade and other payables

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

## 6.15 Taxation

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

### Group taxation

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

### Current

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

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

## Deferred

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

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

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

### 6.16 Revenue recognition

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

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

### 6.17 Investment and other income

Interest income is recognized using the effective interest method.

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 6.18 Provisions

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

## 6.19 Foreign currency translation

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

## 6.20 Segment reporting

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

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

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

## 6.21 Proposed dividend and transfer between reserves

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

## 6.22 Earnings per share

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

## 6.23 Contingencies

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

## 7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2024		2023	2024		2023
Number of shares			Rupees in '000		
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567		377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758		398,758
77,632,491	77,632,491		776,325		776,325

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

	2024		2023	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Crescent Steel and Allied Products Limited - Gratuity Fund	2.50%	1,938,354	2.50%	1,938,354
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,038,578	5.20%	4,038,578
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	0.16%	124,200
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAPL - Staff Benevolent Fund	0.05%	36,178	0.05%	36,178
Premier Insurance Limited	0.18%	141,500	0.18%	141,500
The Crescent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Suraj Cotton Mills Limited	1.57%	1,222,000	1.57%	1,222,000
Pak Qatar Family Takaful Limited	8.76%	6,800,000	8.74%	6,787,000
Shakarganj Limited	0.23%	180,000	0.23%	180,000

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

## 8. RESERVES

### 8.1 Capital Reserves

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 8.2 Revenue Reserves

### Fair value reserve

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

### General reserve

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

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

9.1 During the year ended June 30, 2023, the Holding Company issued 8,000 unlisted, privately placed and secured Sukuk certificates (SUKUK-AI-Istisna) on October 11, 2022, having face value of Rs. 100,000 each, amounting to Rs. 800 million. Aggregate amount of Rs. 800 million in connection with issuance of Sukuk-al-istisna was received on October 11, 2022. The Sukuk certificates carry profit at the rate of 6-months KIBOR + 2% per annum with semi-annual rental payments having tenure of three years from the issue date on arrear basis. Principal repayment of installment had commenced from April 2023. During the year, the Holding Company has made repayments of Rs. 133.33 million and profit on such arrangement ranged from 24.08% to 24.76% (June 30, 2023: 17.78%) per annum.

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

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

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

## 10. LEASE LIABILITIES

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

- 10.1 The Holding Company has entered into lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is from three to five years (2023: three to five years) and the liability is payable by the month ranging from six to sixty months (2023: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging between 17.04% to 31.12% (2023: 11.51% to 25.61%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 193.331 million (2023: Rs. 57.512 million) which pertains to obligations arising from sale and leaseback of assets.

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

Rupees in '000		Note	2024	2023
<b>11. DEFERRED INCOME</b>				
Opening balance			4,375	8,728
Income recognized during the year	38		(538)	(4,353)
			3,837	4,375
Less: Current portion shown under current liabilities			(537)	(538)
Closing balance			3,300	3,837
<b>12. TRADE AND OTHER PAYABLES</b>				
Trade creditors			69,589	72,355
Bills payable			38	38
Commission payable			385	522
Accrued liabilities	12.1		703,215	611,814
Advances from customers			12,926	348,951
Infrastructure fee, sales tax and damages	12.2		323,752	287,643
Due to related parties	12.3		26,234	19,534
Payable to provident fund			47	127
Payable to staff retirement benefit funds			102	2,823
Retention money			110	2,980
Withholding tax payable			3,272	6,897
Workers' Profit Participation Fund	12.4		94,975	18,529
Workers' Welfare Fund			41,562	7,640
Others			84,481	56,172
			1,360,688	1,436,025



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

**12.1.2** This includes liability against Gas Infrastructure Development Cess of Rs. 29.451 million (2023: Rs. 29.451 million).

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

## 12.2 Movement in infrastructure fee, sales tax and damages

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

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

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

The Holding Company challenged the judgement of the SHC in the Honorable Supreme Court of Pakistan (SCP); the SCP granted a stay against the judgement of the SHC on September 1, 2021 and instructed that the amount equal to the levy shall be deposited with the Sindh Excise and Taxation Office (ETO) in the form of a Bank Guarantee, until such time that a detailed order is issued by the Court. A final judgement on the appeal filed remains pending. The Holding Company continued to use the option of a 50% Bank Guarantee and 50% payment to the ETO. During the year, the Holding company had opted to pay 100% payments to the ETO on certain imports.

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

Note

**2024**

2023

## 14. SHORT TERM BORROWINGS

Secured from banking companies

Running finances under mark-up arrangements	14.1	199,216	463,654
Short term loans	14.2 & 14.4	579,271	825,865
		<b>778,487</b>	<b>1,289,519</b>

14.1 Running finance facility available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (2023: Rs. 1,150 million) out of which Rs. 400 million (2023: Rs. 300 million), Rs. 100 million (2023: Rs. 100 million) and Rs. 400 million (2023: Rs. 300 million) are interchangeable with letter of credit, letter of guarantee facility and short term loan, respectively. During the year, mark-up on such arrangements ranged between 22.23% to 24.91% (2023: 16.91% to 23.98%) per annum.

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

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

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

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

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 Contingencies

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

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

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

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

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

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

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

## 15.2 Commitments

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

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 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	Plant and machinery	Motor vehicles	Total
Rupees in '000	Freehold	Leasehold including improvements	On freehold land	On leasehold land										
<b>Net book value as at June 30, 2024</b>														
Balance as at July 1, 2023 (NBV)	249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,252	7,368	105,444	1,934,958	25,568	56,284	82,852
Additions / transfers	-	17,839	75,225	17,541	-	314,150	15,492	-	5,794	118,761	564,802	20,000	-	210,000
Disposals / transfers (at NBV)	-	-	-	-	-	(210,000)	-	-	(326)	(9,064)	(219,390)	(16,092)	(778)	(16,870)
Depreciation charge	-	(6,275)	(28,447)	(1,627)	(881)	(143,677)	(2,868)	(1,812)	(5,218)	(25,476)	(216,281)	(30,363)	(16,750)	(47,113)
Balance as at June 30, 2024 (NBV)	249,226	42,448	399,473	18,478	1,725	1,125,675	24,341	4,440	7,618	190,665	2,064,089	190,113	38,756	228,869
<b>Gross carrying value as at June 30, 2024</b>														
Cost	249,226	60,906	760,526	97,627	27,481	3,323,591	93,637	35,379	76,097	306,261	5,030,731	235,586	60,566	296,152
Accumulated depreciation	-	(18,458)	(361,053)	(79,149)	(25,756)	(2,197,916)	(69,296)	(30,939)	(68,479)	(115,596)	(2,966,642)	(45,473)	(21,810)	(67,283)
Net book value	249,226	42,448	399,473	18,478	1,725	1,125,675	24,341	4,440	7,618	190,665	2,064,089	190,113	38,756	228,869
<b>Net book value as at June 30, 2023</b>														
Balance as at July 1, 2022 (NBV)	249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	8,138	8,376	64,627	1,922,295	91,254	18,302	109,556
Additions / transfers	-	-	4,472	1,081	-	131,869	9,072	-	3,928	114,870	265,292	-	43,046	308,338
Disposals / transfers (at NBV)	-	-	-	-	-	-	-	-	(34)	(45,802)	(45,836)	(48,060)	-	(48,060)
Depreciation charge	-	(1,685)	(26,810)	(1,530)	(900)	(139,691)	(2,138)	(1,886)	(4,902)	(27,251)	(206,793)	(16,626)	(5,064)	(21,690)
Balance as at June 30, 2023 (NBV)	249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,252	7,368	105,444	1,934,958	25,568	56,284	82,852
<b>Gross carrying value as at June 30, 2023</b>														
Cost	249,226	43,065	667,762	97,626	27,481	3,145,663	81,473	35,383	73,727	168,523	4,589,929	81,382	111,668	193,050
Accumulated depreciation	-	(12,181)	(315,067)	(95,062)	(24,875)	(1,980,461)	(69,756)	(29,131)	(66,359)	(62,079)	(2,654,971)	(54,814)	(55,384)	(110,198)
Net book value	249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,252	7,368	105,444	1,934,958	25,568	56,284	82,852
Depreciation rate (% per annum)	-	1 - 5	5 - 10	5 - 10	10	5 - 20	5 - 20	10	33.33	20		10	20	

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

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

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

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

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

Particulars	Location	Area	
Building			
Office premises	Saddar, Karachi	14,504.4	Sq feet
Building	Nooriabad, District Jamshoro	261,257.1	Sq feet
Building	Jaranwala, District Faisalabad	340,455	Sq feet
Building	Dalowal, District Faisalabad	30,484	Sq feet
Building	Bhone, District Jhang	78,098	Sq feet
Building	Bhone, District Jhang	7,515	Sq feet
Land			
Lease hold	Nooriabad, District Jamshoro	30.0	Acre
Freehold land	Dalowal, District Faisalabad	13.9	Acre
Freehold land	Jaranwala, District Faisalabad	35.5	Acre
Freehold land	Bhone, District Jhang	19.1	Acre

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

**16.4.2** This includes an amount of Rs. 26.4 million (2023: Rs. 26.4 million) paid by the Holding Company to Pakistan Steel Mills Limited (PSML) against allotment of plot located in Karachi measuring 24,200 square yards, currently in possession of third party. However, third party has filed a case in SHC for declaration and injunction against the said property. The Holding Company has filed a suit in SHC for specific performance and declaration against the PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The SHC vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. During the year, on prudent basis, full provision of the amount has been recorded.

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

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

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

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

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

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

17.1.2 Intangible assets as at June 30, 2024 include items having an aggregate cost of Rs. 82.099 million (2023: Rs. 73.563 million) that have been fully amortized and are still in use of the Holding Company.

17.2 These include costs incurred by the subsidiary company – Solution De Energy (Private) Limited through its managing partner 'MDeCC' and other consultants on preliminary activities of the project including preparation of feasibility study reports, environmental study reports, interconnection study approvals and obtaining of electricity generation license from NEPRA. The costs incurred have been capitalized as project development expenditure (intangible asset) in these consolidated financial statements in accordance with the requirements of IAS 38. The subsidiary company has estimated that at present condition the project has a market value over USD 1.5 million.

## 18. INVESTMENT PROPERTIES

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



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Description	Note	Land		Buildings		Office premises	Total
		Freehold	Leasehold including improvements	On freehold land	On leasehold land		
Rupees in '000							
Net book value as at June 30, 2023							
Opening balance		45,497	25,491	10,833	968	–	82,789
Depreciation charge		–	(2,369)	(1,300)	(82)	–	(3,751)
		45,497	23,122	9,533	886	–	79,038
Gross carrying value as at June 30, 2023							
Cost		45,497	44,835	13,000	1,758	29,830	134,920
Accumulated depreciation		–	(21,713)	(3,467)	(872)	(29,830)	(55,882)
Net book value		45,497	23,122	9,533	886	–	79,038
Depreciation rate (% per annum)							
		–	3.11 & 10	10 – 20	5 – 20	5 – 10	

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

18.2 Fair value of the investment properties located in Karachi, Lahore and Gwadar valued amounting to Rs. 405 million (2023: Rs. 380 million), which is determined by external valuer on the basis of market value.

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

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

## 19. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

2024	2023		Note	2024	2023
Number of shares				Rupees in '000	
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer – Mr. Umer Shehzad Sheikh)	19.1	2,572,926	2,918,012
35,011,347	35,011,347	Shakarganj Limited (Chief Executive Officer – Mr. Muhammad Saifullah)	19.1	–	30,274
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer – Mr. Shahryar Mazhar)	19.1	–	–
				2,572,926	2,948,286

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

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

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

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

19.1.2 The Holding Company has assessed the recoverable amount of the investment in Altern Energy Limited based on value in use. The value in use has been determined on basis of Free Cash Flows to Firm method (FCFF) which assumes discount rate of 14.07% (2023: 15.31%). Based on valuation the recoverable amount exceeds the carrying amount and accordingly, no impairment has been recorded.

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

Rupees in '000	Note	2024	2023
19.3 Percentage of holding of equity in associates is as follows:			
Altern Energy Limited	19.3.1	17.60	17.60
Shakarganj Limited		28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

19.3.1 The Holding Company and the subsidiary company hold 16.69% and 0.91% respectively i.e. aggregate holding of 17.6% (2023: 17.6%) in the investee company. The Group directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19.4 The latest financial statements / condensed interim financial information of these companies as at June 30, 2024 are not presently available. The following is summarized financial information of associated companies as at March 31, 2024 and for the twelve months ended March 31, 2024 based on their respective unaudited condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan, modified for fair value and other adjustments and differences in Group's accounting policies:

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

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

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

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

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

#### 20.1 Fair value through other comprehensive income (FVOCI)

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

2024	2023		Note	2024	2023
Number of shares	Name of investee company			Rupees in '000	
	Quoted				
7,977,178	7,977,178	The Crescent Textile Mills Limited	20.1.1	106,575	102,906

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

#### 20.2 Fair value through profit or loss (FVTPL)

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

Note

2023

2022

## 21. LONG TERM DEPOSITS

Security deposits		
– leasing companies	55,099	11,357
– others	16,270	15,786
	71,369	27,143

## 22. DEFERRED TAXATION – NET

Deferred tax credits / (debits) arising in respect of:

<b>Taxable temporary differences</b>		
Accelerated tax depreciation / amortization	331,802	216,681
Lease obligations – net	–	1,900
Fair value adjustment in unquoted investment through reserves	30,119	30,119
Discounting on long term deposits	–	3,407
Unrealized gain on held for trading investments	187,222	63,024
Share of profit from equity accounted investees	333,157	168,663
	882,300	483,794
<b>Deductible temporary differences</b>		
Employee benefits – Defined benefit plan	(7,468)	(136,685)
Lease obligations – net	(10,186)	–
Provision for slow moving stores, spares and loose tools	(39,971)	(24,097)
Provisions for doubtful trade debts, doubtful advances and others	(134,271)	(90,854)
Discounting on long term deposit	(2,262)	–
Realized losses on fair value through profit or loss	(4,505)	(5,777)
Unrealized gain on fair value through OCI	(4,303)	(4,535)
Provisions for impairment of fixed assets	(33,954)	(6,186)
Provision of Gas Infrastructure Development Cess	(6,316)	(4,858)
Excess of minimum tax over corporate tax	22.2 (229,810)	(331,600)
Excess of alternate corporate tax over minimum tax	22.2 (136,658)	–
Tax losses	22.2 (287,637)	(577,306)
Provision for diminution in the value of investments	(13,458)	(10,347)
	(910,799)	(1,192,245)
	(28,499)	(708,451)

### 22.1 Break up of deferred tax charge / (reversal) is as following:

Profit or loss	539,817	34,618
Other comprehensive income	136,917	(67,946)
Set-off of temporary differences with the Subsidiary Company	3,218	1,107
	679,952	(32,221)

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

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

Rupees in '000	Note	2024	2023
<b>25.2 The aging of amount due from related party:</b>			
Not past due		40,484	40,039
Past due 1 – 30 days		5,000	–
Past due 31 – 180 days		–	–
Past due 181 days		62	62
		45,546	40,101
<b>25.3 Movement in impairment loss on trade debts</b>			
Opening balance		18,401	19,553
Charge / (reversal) of impairment made	37 & 38	5,373	(1,152)
Closing balance		23,774	18,401
<b>26. ADVANCES</b>			
Unsecured			
Advances – considered good			
Staff		3	830
Suppliers for goods and services		193,725	170,592
Others		1,779	1,950
Advances – considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		195,507	173,372

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

27.1 These include cash margin on bank guarantees issued in favour of Punjab Power Development Board (PPDB) by the subsidiary company i.e. Solution De Energy (Private) Limited, amounting to Rs. 3.045 million (2023: Rs. 3.045 million).

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

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

28.2 Fair value through profit or loss (FVTPL)

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 28.3 Quoted – investments

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

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

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

Rupees in '000	2024	2023
<b>Name of investees</b>		
Altern Energy Limited (Long term investment)	1,491,643	836,148
The Crescent Textile Mills Limited (Long term investment)	84,868	81,946
Avanceon Limited	9,994	6,386
Engro Fertilizer Limited	68,649	33,297
Engro Polymer and Chemicals Limited	4,133	3,887
Fauji Fertilizer Company Limited	33,084	19,934
HBL Investment Fund – Class A	1,390	775
HBL Growth Fund – Class A	5,942	3,990
Interloop Limited	5,107	2,542
International Industries Limited	44,171	9,206
International Steels Limited	16,910	1,094
Lucky Cement Limited	12,694	7,309
Mari Petroleum Company Limited	54,247	17,615
Meezan Bank Limited	63,253	27,140
Oil and Gas Development Company Limited	36,915	5,671
Pakistan Oilfields Limited	58,862	35,412
Pakistan Petroleum Limited	57,618	14,312
Pakistan State Oil Company Limited	51,386	13,983
Tariq Glass Industries Limited	5,827	3,405
The Hub Power Company Limited	110,079	48,706
	<b>2,216,772</b>	<b>1,172,758</b>

28.5 This represents investment in ordinary shares of listed companies and units of mutual funds. Under IAS 39, these were classified as held for trading whereas under IFRS 9 these have been classified and held as FVTPL. Under IAS 39, these were classified as available for sale and reclassified to FVTPL on initial application of IFRS 9 as management has not designated it as FVOCI.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

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

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

Rupees in '000	2024	2023
The Crescent Textile Mills Limited	996	613
Premier Insurance Limited	–	1
Shakarganj Food Products Limited	4,437	4,578
Crescent Socks (Private) Limited	–	600
	5,433	5,792
<b>29.2.2 The aging of amount due from related parties:</b>		
Not yet due	1,137	349
Past due 1 – 30 days	454	100
Past due 31 – 180 days	983	577
Past due 181 days	1,885	3,894
	4,459	4,920

### 29.3 Sales tax refundable

- 29.3.1 This includes payment made to Punjab Revenue Authority (PRA) against order received for non withholding of Punjab sales tax on services and its deposit with Punjab Revenue Authority. Currently, the appeal is pending adjudication at the Appellate Tribunal Inland Revenue – PRA. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding Company's favour.
- 29.3.2 During the year ended June 30, 2020, order under section 11 of the Sales Tax Act, 1990 has been issued and a demand of Rs. 1.83 million was raised in respect of alleged short deposit of sales tax to Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited)]. An appeal was preferred with the Commissioner Appeals which was decided in the Holding Company's favour. The Tax Department has filed an appeal before the Appellate Tribunal against the order of commissioner appeals which is pending adjudication.
- 29.3.3 During the year ended June 30, 2021, sales tax audit under section 11 of the Sales Tax Act, 1990 has been conducted and a demand order of Rs. 1.01 million has been issued in respect of Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited)]. An appeal has been preferred with the Commissioner Appeals which is pending adjudication.
- 29.3.4 During the year ended June 30, 2022, orders have been issued under the Sales Tax Act, 1990, where demands aggregating Rs. 8.477 million have been raised in respect of Steel (Pipe) division. The Holding Company has paid the amount to the Government Treasury, as disclosed in the Monthly Sales Tax Return for June 2023. Currently, the appeal is pending adjudication at the Commissioner Appeal Inland Revenue – FBR regarding the penalty and default surcharge. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding Company's favour.
- 29.3.5 In the previous years, the Holding Company adopted fixed regime of sales tax for Hadeed (Billet) division whereby sales tax liability was discharged on the basis of units of electricity consumed at Rs. 13 per unit, supported by judgement of the Lahore High Court (LHC) in writ petition no. 243530/2018 instead of ad valorem basis. Subsequently, the department filed Intra Code Appeal (ICA) wide no. 23517/2019 before High Court which is sub-judice. No proceedings have been held till date.

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

- 30.1 The income tax assessments of the Holding Company have been finalized up to and including Tax Year 2023, except for pending appeal effect orders in respect of tax years 2002 and 2003. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained below:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

- (a) Income tax assessment for Tax Year 2006 has been amended by the Additional Commissioner Inland Revenue (ACIR) by making amendments to reassess loss from Rs 410.588 million to Rs 296.866 million. The Holding Company being dissatisfied, contested the same before Commissioner Inland Revenue Appeals (CIRA), filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which was dismissed in entirety. Department has now filed case in the LHC challenging the tribunal's decision, which pending to be heard.
- (b) Income tax assessments of the Holding Company for the Tax Years 2013 and 2016 have been amended by the Commissioner Inland Revenue (CIR) whereby, tax demands of Rs. 95.94 million and Rs. 143.8 million respectively have been raised. Appeals had been preferred with the Commissioner Appeals where most of the issues were decided in favour of the Holding Company whereas for remaining issues, appeals were preferred before the ATIR by both FBR and the Holding Company. ATIR decided the appeal in the favor of the Holding Company. Department has filed references in LHC against the decisions of ATIR in respect of both years. A cross appeal in Tax Year 2016 was filed by the tax department at the ATIR which awaits adjudication.
- (c) The ACIR amended the deemed assessment of the Holding Company for Tax Year 2009 and 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million, respectively. The Holding Company filed appeals with the CIRA in which majority of the issues were decided in the Holding Company's favour in case of Tax Year 2009 and the case was remanded back to the assessing officer for Tax Year 2011. The Holding Company filed appeal with the ATIR for Tax Year 2009 which is pending adjudication where as for Tax Year 2011, set aside proceedings have been initiated which have been duly responded to.
- (d) Orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the ACIR, whereby demand aggregating to Rs. 8.691 million (inclusive of default surcharge) has been raised in respect of tax year 2014 and Rs. 5.794 million in respect of tax year 2010. Majority of the matters have been decided in favour of the Holding Company at the Commissioner (Appeals) level, whereas appeals have been preferred in ATIR for remaining issues.
- (e) During the year ended June 30, 2021, order under section 122(5A) has been passed by the CIR in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the Holding Company) where expenses to the tune of Rs. 9.5 million have been disallowed. Appeal was preferred with the Commissioner Appeals which was decided against the Holding Company. The Holding Company has now preferred appeal with the ATIR which is pending adjudication.
- (f) During the year ended June 30, 2018, Orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the ACIR, whereby demand aggregating to Rs. 4.253 million (inclusive of default surcharge) has been raised in respect of tax year 2017. Appeal was preferred with the CIRA where majority of issues were decided in Holding Company's favour along with rectification of original order. Appeal has been preferred with the ATIR for remaining issues which is pending adjudication.
- (g) Order in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the Holding Company) for the tax year 2017 under section 214D of the Income Tax Ordinance, 2001 was issued whereby tax demand of Rs. 27.31 million was raised against the Holding Company. The order was challenged at the Commissioner Appeals where the appeal was rejected. The Holding Company has now preferred an appeal with the ATIR which is pending adjudication.

- (h) During the year ended June 30, 2021, Orders under section 161/205 of the Income Tax Ordinance 2001 were issued by the ACIR in respect of Tax Years 2016 through 2019 whereby demands aggregating Rs. 1 million (approximately) were raised for CS Energy (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the Holding Company). Associated expense has been recognized accordingly in these consolidated financial statements.
- (i) During the year ended June 30, 2022, Orders under section 4C of the Income Tax Ordinance 2001 were issued by the ACIR in respect of Tax Year 2022 whereby demand aggregating Rs. 126.462 million (approximately) was raised against the Holding Company. An expense of Rs. 54 million related to these demands has been recognized in these Consolidated financial statements. For remaining, the Holding Company has obtained stay from LHC through writ petition. Currently, the appeal is pending adjudication at the CIRA for remaining issue. After consultation with legal advisor, the management considers that the appeal would be decided in the the Holding Company's favour.
- (j) During the year ended June 30, 2022, the tax department has revised the assessment due to an objection raised regarding the incorrect add-back of normal depreciation on the addition made in plant and machinery for the tax year 2016 for Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited. The assessment order alleges that the Holding Company claimed significant initial allowance and depreciation allowance whereas minimal amount added back as accounting depreciation. After consultation with legal advisor, the management considers that the appeal would be decided in the Holding Company's favour.
- (k) During the year ended June 30, 2022, the Holding Company has been selected by the tax department for an audit under section 177 for the tax year 2020. A Pre Audit Report has been issued, highlighting observations and requesting data and supporting documentation. The Holding Company has submitted the required information to the Assistant/Deputy Commissioner of the Federal Board of Revenue (FBR) in response to the report. The case is pending at department level for hearing.

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

Rupees in '000	Note	2024	2023
<b>31. CASH AND BANK BALANCES</b>			
With banks			
– in saving accounts	31.1	32,215	31,177
– in current accounts		304,474	5,071
	31.2	336,689	36,248

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

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

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

32.2 This includes revenue amounting to Rs. 2,461.642 million (2023: Rs. 1,981.948 million), where HRC (Hot Rolled Coil) was supplied by the customer.

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

32.4 Revenue is disaggregated by operating segments under note 45. Additionally revenue by major customer is disclosed in note 45.4.

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

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

**33.2.1** This includes contribution amounting to Rs. 10 million (2023: Rs. 0.003 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Holding Company. The Holding Company does not have any right in the residual interest of the Fund.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

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

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

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

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

34.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 4.614 million (2023: Rs. 4.542 million).

### 35. DISTRIBUTION AND SELLING EXPENSES

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

#### 35.1 Detail of salaries, wages and other benefits

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 36. ADMINISTRATIVE EXPENSES

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

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

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

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

### 36.3 Donations

Donations include the following in which a director is interested:

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

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

Rupees in '000

**2024**

2023

**41. TAXATION**

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

**41.2** The Federal Government, through the Finance Act, 2023, introduced new slab rates for super tax as a result of which rate of 10% is applicable on all sectors having income in excess of Rs. 500 million. Due to increased profitability of the Group, the applicable tax rate of the Group has increased from 30% to 39%. Accordingly, the Group has recorded deferred tax at 39% in these consolidated financial statements. Sufficient provision for tax has been made in these consolidated financial statements taking into account the profit for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including return filed and deemed assessed for last three years are as follows:

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

Rupees in '000

**2024**

2023

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

Profit / (loss) for the year	1,271,658	590,577
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
	(Rupees)	
Basic and diluted earnings / (loss) per share	16.38	7.61

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

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

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

	Long term loans	Lease liabilities (Including mark-up accrued)	Short term borrowings	Unclaimed dividend	Total
Rupees in '000					
Note	9	10 & 13	14		
Opening balance as at July 1, 2023	694,976	76,673	825,865	16,081	1,613,595
Repayment of long term loans	(269,370)	–	–	–	(269,370)
Proceeds short term borrowings	–	–	5,366,856	–	5,366,856
Repayment of short term borrowings	–	–	(5,613,450)	–	(5,613,450)
Dividend paid	–	–	–	(145,158)	(145,158)
Lease payments	–	(77,248)	–	–	(77,248)
	(269,370)	(77,248)	(246,594)	(145,158)	(738,370)
Dividend declared	–	–	–	155,265	155,265
Lease liabilities entered during the year	–	210,000	–	–	210,000
Amortization of transaction cost	1,860	–	–	–	1,860
Interest accrued on lease obligation	–	45,803	–	–	45,803
	1,860	255,803	–	155,265	412,928
Closing balance as at June 30, 2024	427,466	255,228	579,271	26,188	1,288,153
Opening balance as at July 1, 2022	163,167	88,981	396,316	25,614	674,078
Proceeds from long term loans	800,000	–	–	–	800,000
Repayment of long term loans	(263,950)	–	–	–	(263,950)
Proceeds short term borrowings	–	–	4,193,739	–	4,193,739
Repayment of short term borrowings	–	–	(3,764,190)	–	(3,764,190)
Dividend paid	–	–	–	(9,533)	(9,533)
Lease payments	–	(44,407)	–	–	(44,407)
	536,050	(44,407)	429,549	(9,533)	911,659
Lease liabilities entered during the year	–	42,206	–	–	42,206
Transaction cost on long term loan	(4,241)	–	–	–	(4,241)
Deposit adjusted with lease liability	–	(19,224)	–	–	(19,224)
Interest accrued on lease obligation	–	9,117	–	–	9,117
	(4,241)	32,099	–	–	27,858
Closing balance as at June 30, 2023	694,976	76,673	825,865	16,081	1,613,595

	Note	2024	2023
Rupees in '000			
<b>44. CASH AND CASH EQUIVALENTS</b>			
Running finances under mark-up arrangements	14	(199,216)	(463,654)
Term deposits receipt		150,000	–
Cash and bank balances	31	336,689	36,248
		287,473	(427,406)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 45. SEGMENT REPORTING

### 45.1 Reportable segments

The Group's reportable segments are as follows:

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

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

### 45.2 Segment revenues and results

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

For the year ended 30 June 2024

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

For the year ended 30 June 2023

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

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

#### 45.3 Revenue from major products and services

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

#### 45.4 Information about major customers

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

#### 45.5 Geographical information

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

45.5.2 All non-current assets of the Group as at June 30, 2024 and 2023 were located and operating in Pakistan.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 45.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at June 30, 2024						
Segment assets for reportable segments	4,747,273	182,806	572,814	621,933	2,072,518	8,197,344
Investment in equity accounted investees	–	–	–	–	2,572,926	2,572,926
Unallocated corporate assets						901,993
Total assets as per consolidated statement of financial position						11,672,263
Segment liabilities for reportable segments	1,265,608	97,287	81,191	86,102	157,936	1,688,124
Unallocated corporate liabilities and deferred income						1,293,043
Total liabilities as per consolidated statement of financial position						2,981,167

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at June 30, 2023						
Segment assets for reportable segments	3,685,849	230,380	630,821	677,091	1,617,029	6,841,170
Investment in equity accounted investees	–	–	–	–	2,948,286	2,948,286
Unallocated corporate assets						1,513,185
Total assets as per consolidated statement of financial position						11,302,641
Segment liabilities for reportable segments	1,417,450	130,373	81,238	78,752	13,559	1,721,372
Unallocated corporate liabilities and deferred income						2,155,128
Total liabilities as per consolidated statement of financial position						3,876,500

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

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

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

#### 45.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
<b>For the year ended June 30, 2024</b>						
Capital expenditure	247,155	–	–	690	–	247,845
Depreciation and amortization	136,108	15,928	59,866	51,508	5,044	268,454
Non-cash items other than depreciation and amortization	660,237	17,513	(202)	5,556	(1,015,342)	(332,238)
<b>For the year ended June 30, 2023</b>						
Capital expenditure	533,188	2,250	–	–	50	535,488
Depreciation and amortization	94,893	22,745	60,240	51,567	4,942	234,387
Non-cash items other than depreciation and amortization	318,530	24,991	(65)	8,882	(665,328)	(312,990)

### 46. STAFF RETIREMENT BENEFITS

#### 46.1 Defined benefit plans

46.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at June 30, 2024. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

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

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

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

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

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For the year ended June 30, 2024

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

### Sensitivity analysis

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

Rupees in '000	Pension	Gratuity
Discount rate +1%	(78,491)	(3,997)
Discount rate -1%	94,979	4,676
Salary increase +1%	16,173	4,656
Salary decrease -1%	(14,039)	(4,049)
Pension indexation rate increase +1%	85,190	—
Pension indexation rate decrease -1%	(73,360)	—

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

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

#### Asset volatility

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

#### Inflation risk

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

#### Life expectancy / withdrawal rate

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

## 46.2 Defined contribution plan

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

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

## 47. FINANCIAL RISK MANAGEMENT

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

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

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

Rupees in '000

30 June 2024

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

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For the year ended June 30, 2024

Rupees in '000

30 June 2023

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

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

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

#### 47.1 Valuation techniques and significant unobservable inputs

The fair value of unquoted equity investments have been determined by the valuation expert. The following table shows the valuation techniques used in measuring Level 3 fair values at June 30, 2024 for unquoted equity investment measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Key input used	Inter-relationship between significant unobservable inputs and fair value measurement
- Shakarganj Food Products Limited	Discounted free cash flows with terminal growth:	- Expected free cash flows		The estimated fair value would increase / (decrease) if:
		- Terminal growth rate	5.00%	
	The valuation model considers the present value of expected free cash flows, discounted using Weighted Average Cost of Capital.	- Weighted Average Cost of Capital	23.01%	- 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:	- Dividend growth rate	6.50%	The estimated fair value would increase / (decrease) if:
	The valuation model considers the present value of future dividends, discounted using Weighted Average Cost of Capital.	- Weighted Average Cost of Capital	16.76%	- The dividend growth rate were higher / (lower)
				- The Weighted Average Cost of Capital were lower / (higher)
	The method has been changed from Net Asset Value method to Dividend Valuation method for better fair value measurement.			



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 47.2 Level 3 fair values

### Reconciliation of Level 3 fair values

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

Rupees in '000

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

### Sensitivity analysis

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

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

## 48. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

#### 48.1 Credit risk

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

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

Rupees in '000	2024	2023
Deposits	78,368	33,180
Term deposit receipts	244,360	84,360
Trade debts	1,472,246	464,043
Other receivables	31,801	187,979
Bank balances	336,689	36,248
	2,163,464	805,810

##### Trade and other receivables

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

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

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

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

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 60 months before June 30, 2024 and the corresponding historical credit losses experienced within this

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

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

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

## Settlement risk

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

## Bank balances

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

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

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

## Deposits

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

### Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. The Group has debt security amounting to Rs. 244.360 million as at reporting date.

### Concentration of credit risk

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

## 48.2 Liquidity risk

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

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

Rupees in '000		2024						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
<b>Financial liabilities</b>								
Long term loans	427,466	–	427,466	134,826	135,170	137,139	11,304	9,027
Lease liabilities	254,987	–	376,489	45,713	43,856	79,629	208,136	–
Trade and other payables	884,201	–	884,201	884,201	–	–	–	–
Unclaimed dividend	26,188	26,188	–	–	–	–	–	–
Mark-up accrued	61,577	–	61,577	61,577	–	–	–	–
Short term borrowings	778,487	199,216	579,271	579,271	–	–	–	–
	2,432,906	225,404	2,329,004	1,705,588	179,026	216,768	219,440	9,027

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
<b>Financial liabilities</b>								
Long term loans	694,976	–	694,976	136,526	136,458	195,731	207,504	18,758
Lease liabilities	76,673	–	96,673	21,295	20,806	31,012	22,176	–
Trade and other payables	766,365	–	766,365	766,365	–	–	–	–
Unclaimed dividend	16,081	16,081	–	–	–	–	–	–
Mark-up accrued	79,061	–	79,061	79,061	–	–	–	–
Short term borrowings	1,289,519	463,654	825,865	825,865	–	–	–	–
	2,922,675	479,735	2,462,940	1,829,112	157,264	226,743	229,680	18,758



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 48.3 Market risk

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

### 48.3.1 Currency risk

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

		2024	
Rupees in '000		USD	Euro
Outstanding letters of credit		1,418,260	–
		2023	
Rupees in '000		USD	Euro
Outstanding letters of credit		1,398,513	26,720

The following significant exchange rate has been applied:

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

### Sensitivity analysis

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

### Effect on profit or loss

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

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

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

### 48.3.2 Interest rate risk

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

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

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased the profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2023.

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

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

### 48.3.3 Other price risk

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

## 49. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

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

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

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

## 50. TRANSACTIONS WITH RELATED PARTIES

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

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

- 50.1 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 50.2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.
- 50.3 Outstanding balances and other information with respect to related parties as at June 30, 2024 and 2023 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12), investment in equity accounted investees (note 19), other receivables (note 29.2), trade debts (note 25.1), administrative expenses (note 36.3) and staff retirement benefits (note 46).

## 51. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from year 2023.

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

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

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

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

### 51.1 Gearing ratio

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

Rupees in '000	Note	2024	2023
Total debt	51.1.1	1,460,940	2,061,168
Less: Cash and bank balances		336,689	36,248
Net debt		1,124,251	2,024,920
Total equity	51.1.2	8,691,096	7,426,141
Total capital		9,815,347	9,451,061
Gearing ratio		11.5%	21.4%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

## 52. PLANT CAPACITY AND PRODUCTION

### 52.1 Steel segment

#### Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2023: 66,667 tons) annually on the basis of notional pipe size (whereas the notional pipe size is taken as 30" dia x ½" thickness for SPI600 and 40"dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 59,543.3 tons (2023: 42,888 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 97,542.0 tons (2023: 68,095 tons) when translated to the notional pipe size of 30" diameter.

#### Coating plant

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

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 230,275 meters (2023: 51,795 meters) of different diameter pipes and 553,906 square meters surface area was achieved during the year (2023: 305,098 square meters surface area). Actual production is in line with market demand.

### 52.2 Cotton segment

#### Spinning unit 1

The plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,092 shifts is 9,197,007 kilogram (2023: 9,197,007 kilograms). Actual production converted into 20s count was Nil kilograms for Nil shifts (2023: 2,391,228 kilograms for 310 shifts).

### 52.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2023: 118,856 MWh) and the actual production achieved during the year was Nil (2023: Nil). Reason for underutilization was that no power was supplied to FESCO, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

### 52.4 Hadeed segment

The designed capacity of Plant is 85,000 mtons (2023: 85,000 mtons) of billets per annum, but the total production during the year was Nil (2023: Nil) of billets. Unit would not be operated on self-generated (Inter division) power supply that was only compatible during crushing season of three months and two months on bagasse (purchased) on off and on basis. Production was suspended for the whole year because of no alternative power supply arrangements.

## 53 COMPARATIVE INFORMATION

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of better presentation. However, there are no material reclassifications to report.

## 54 GENERAL

### 54.1 Number of employees

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

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

### 54.2 Subsequent event

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

## 55 DATE OF AUTHORIZATION FOR ISSUE

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



Chief Executive



Director



Chief Financial Officer



# SHAREHOLDERS INFORMATION

## STOCK EXCHANGE LISTING

Crescent Steel and Allied Products Limited is a listed Company and its shares are traded on the Pakistan Stock Exchange. The Company's shares are quoted in leading dailies under the Engineering Sector with symbol 'CSAP'.

## OWNERSHIP

On June 30, 2024 there were 3,225 shareholders on record of the Company's ordinary shares.

## ANNUAL GENERAL MEETING

The annual shareholders meeting will be held on Monday, October 28, 2024, at 11:00 AM at the 503-E, Johar Town, Lahore. Shareholders as of October 17, 2024, are encouraged to participate and vote. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company. Proxies should be filed with the company at least 48 hours before the meeting time.

## BOOK CLOSURE

The Share Transfer Books of the Company will remain closed from October 18, 2024, to October 28, 2024 (Both days inclusive). Transfers received in order at the office of our Share Registrar, M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore by the close of business on October 17, 2024, will be treated in time for the entitlement to attend, speak and vote at the Annual General Meeting of the Company.

## SHARE REGISTRAR

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to Company's Share Registrar.

M/s CorpTec Associates (Private) Limited,  
503-E Johar Town, Lahore.  
Tel: +92 42 3517 0336-37  
Fax: +92 42 3517 0338  
Email: info@corptec.com.pk

## PLACEMENT OF FINANCIAL STATEMENTS

The Company has placed the Audited Annual Unconsolidated and Consolidated Financial Statements for the year ended June 30, 2024 along with Auditors and Directors Report thereon on Company's website. All quarterly reports are also regularly posted on the Company's website.

## ISSUES RAISED AT LAST AGM

During the 39th Annual General Meeting of the Company held on October 26, 2023, the members raised some queries on the Financial Statements which were duly responded by the Chairman to the entire satisfaction of the members and no significant issues were raised.

## INVESTOR RELATIONS AND GREIVANCE REDRESSAL

Investor grievances are addressed through our Company Secretary's office. Investors can lodge queries or complaints regarding information they require or for non-receipt of any right available to them directly to the Company Secretary through the contacts available on our website. A strong investor relations function enables us to provide efficient services to investors and to effectively address and redress the grievances of the investors in a timely manner and, to manage recurrences.

# NOTICE OF 40TH ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting ("AGM") of the shareholders of Crescent Steel and Allied Products Limited (the "Company") will be held on Monday, October 28, 2024 at 11:00 AM, at the at 503-E, Johar Town, Lahore and through video link to transact the following ordinary business:

1. To receive, consider and adopt the Chairman's Review Report, the Reports of Directors, and Auditors together with Audited Annual Unconsolidated and Consolidated Financial Statements of Crescent Steel and Allied Products Limited for the year ended June 30, 2024.

As required under Section 223 of the Companies Act 2017 and in terms of S.R.O No. 389(I)/2023 dated March 21, 2023, the Annual Report including the Notice of Meeting and Financial Statements of the Company has been transmitted to the shareholders and uploaded on the website of the Company which can be viewed using the following link or QR enabled code:

<https://www.crescent.com.pk/uploads/media/annual-report-2024>



2. To approve the payment of final cash dividend of Rs. 3.5 per share (i.e., @ 35%) in addition to the first interim cash dividend of Rs. 2 per share each, a total cash distribution of Rs. 5.5 per share (i.e., @ 55%) for the year ended June 30, 2024.
3. To appoint the Company's auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s A. F. Ferguson & Co. Chartered Accountants for appointment as auditors of the Company.

BY ORDER OF THE BOARD

**Azeem Sarwar, FCA**  
Company Secretary

Lahore: October 04, 2024

## Notes:

### 1. Venue and participation by video Link:

In view of the requirements of the Securities and exchange Commission of Pakistan, the following arrangement have been made by the Company for participation of shareholders in the AGM:

- (a) The venue of the meeting for shareholders who wish to attend the AGM physically will be at 503-E, Johar Town, Lahore.
- (b) The directors and management of the Company may attend the AGM via video link.
- (c) The AGM can be attended by shareholders using smart phones/tablets/computers. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at [company.secretary@crescent.com.pk](mailto:company.secretary@crescent.com.pk) by October 25, 2024.

Name of member	CNIC No	CDC Account No/Folio No.	Cell Number.	Email address

The members who are registered after the necessary verification shall be provided with a video link by the Company at the same email address that they emailed the Company with. The Login facility will remain open from the start of the meeting till its proceedings are concluded.

### 2. Book Closure and Proxies:

The Share Transfer Books of the Company will remain closed from October 18, 2024, to October 28, 2024 (both days inclusive). Transfers received in order at the office of our Share Registrar, M/s CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on October 17, 2024, will be treated in time for the entitlement to attend, speak and vote at the AGM.

A member entitled to attend and vote at this meeting may appoint any other member as his/

her proxy to attend and vote instead of him/her and a proxy so appointed shall have the same rights, as respects attending, speaking, and voting at the AGM as are available to the members. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form. A Proxy must be a member of the Company.

The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.

### **3. e-Payment of Dividend:**

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

### **4. Zakat Declarations:**

The members of the Company are required to submit a Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.

### **5. Circulation of Financial Statements:**

The shareholders who wish to receive hard copy of the Annual Report may send to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their

written consent on the Standard Request Form available on the Company's website: [www.crescent.com.pk](http://www.crescent.com.pk).

### **6. Unclaimed Dividend / Shares:**

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar M/s. Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore, to collect/enquire about their unclaimed dividend / shares, if any.

### **7. Placement of Financial Statements:**

The Company has placed a copy of the Notice of AGM, Annual Separate and Consolidated Financial Statements for the year ended June 30, 2024 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: [www.crescent.com.pk](http://www.crescent.com.pk)

### **8. Deposit of Physical Shares into CDC Accounts:**

As per Section 72 of the Companies Act, 2017, every existing company shall replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Securities and Exchange Commission of Pakistan, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e., May 31, 2017. The shareholders holding shares in physical form are requested to please convert their shares into the book entry form. For this purpose, the shareholders may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited. It also reduces the risks and costs associated with storing share certificate(s) and replacing lost or stolen certificate(s) as well as fraudulent transfer of shares. For the procedure of conversion of physical shares into book-entry form, you may approach our Share Registrar at the contact information given above.

### 3- ڈیویڈنڈ کی ای سیمنٹ

کمپنیز ایکٹ 2017ء کی دفعہ 242 کی پرویزن کے مطابق فہرستی کمپنیوں کیلئے ضروری ہے کہ کوئی منافع منقسمہ قابل ادا نقد صورت میں فقط الیکٹرونک موڈ کے ذریعے براہ راست مستحق حصص داران کی طرف سے منسوب بینک اکاؤنٹ میں کیا جائیگا۔ اس کے مطابق مادی حصص کے مالک حصص داران سے درخواست ہے درج بالا پتہ پر کمپنی کے شیئرز رجسٹرار کو سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب ای ڈیویڈنڈ فارم پر الیکٹرونک ڈیویڈنڈ مینڈیٹ فراہم کریں۔ سی ڈی سی میں حصص رکھنے کی صورت میں، یہ معلومات اپ ڈیٹنگ اور کمپنی کو ارسال کرنے کیلئے سی ڈی ایس پائسنڈس کو مہیا کی جانی چاہئیں۔ جمع نہ کروانے کی صورت میں، آئندہ کے تمام منافع کی ادائیگی روکی جاسکتی ہے۔

### 4- زکوٰۃ ڈیکلیریشن

کمپنی کے ارکان کو زکوٰۃ اینڈ عشر آؤٹینس 1980 کی شرائط میں زکوٰۃ ایگزیمپشن کے لئے کمپنی کے ہاں ڈیکلیریشن جمع کرانا ضروری ہے۔

### 5- مالی حسابات کی تریل

حصص داران جو مذکورہ بالا دستاویزات کی بارڈ کا پیاں وصول کرنا چاہتے ہوں کمپنی سیکرٹری شیئرز رجسٹرار کو سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم ارسال کریں اور کمپنی حصص داران کو مطالبہ پر مذکورہ بالا دستاویزات ایسی طلب کے ایک ہفتہ کے اندر مفت مہیا کرے گی۔ حصص داران جو سالانہ رپورٹ بشمول اجلاس کے نوٹسز بذریعہ ای میل بھی وصول کرنا چاہتے ہوں سے درخواست ہے کہ سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ [www.crescent.com.pk](http://www.crescent.com.pk) پر بھی دستیاب معیاری درخواست فارم پر اپنی تحریری رضامندی فراہم کریں۔

### 6- ان کلیم ڈیویڈنڈ / شیئرز

حصص داران کے ان کلیم ڈیویڈنڈز، جو کسی وجہ سے اپنے ڈیویڈنڈ یا بونس شیئرز کلیم نہیں کر سکے یا اپنے مادی حصص حاصل نہیں کر سکے تھے، اگر کوئی ہوں، سے التماس ہے کہ ہمارے شیئرز رجسٹرار میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ E-503، جوہر ٹاؤن لاہور سے اپنے ان کلیم ڈیویڈنڈ، اگر کوئی ہوں، کے بارے دریافت حاصل کرنے کے لئے رابطہ کریں۔

### 7- مالی حسابات کی پلیسمنٹ

ی 30 جون 2024ء کو ختم ہوئے سال کیلئے نظر ثانی شدہ جداگانہ اور مربوط سالانہ مالی حسابات معدان پر آڈیٹران اور ڈائریکٹران کی رپورٹس اور چیئرمین کی جائزہ رپورٹ اپنی ویب سائٹ [www.crescent.com.pk](http://www.crescent.com.pk) پر رکھ چکی ہے۔

### 8- CDC اکاؤنٹس میں فزیکل شیئرز جمع کروانا

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق، ہر موجودہ کمپنی اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ تبدیل کرے گی جیسا کہ بیان کیا گیا ہے اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مطلع کردہ تاریخ سے، ایک مدت کے اندر کمپنیز ایکٹ، 2017 کے آغاز سے چار سال یعنی 31 مئی 2017ء۔ فزیکل شکل میں حصص رکھنے والے شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ براہ کرم اپنے حصص کو بک انٹری فارم میں تبدیل کریں۔ اس مقصد کے لیے، شیئرز ہولڈرز کسی بھی بروکرز یا سرمایہ کار کے اکاؤنٹ کے ساتھ براہ راست سی ڈی سی کے ساتھ سی ڈی سی کا ذیلی اکاؤنٹ کھول سکتے ہیں تاکہ اپنے فزیکل شیئرز کو اسکرپ لیس فارم میں رکھ سکیں۔ یہ انہیں کئی طریقوں سے سہولت فراہم کرے گا جس میں حصص کی محفوظ قبول اور فروخت بھی شامل ہے، جب وہ چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔ یہ شیئرز ٹھیکہ (ٹھیکہ) کو ذخیرہ کرنے اور گمشدہ یا چوری شدہ ٹھیکہ کو تبدیل کرنے کے ساتھ ساتھ حصص کی دھوکہ دہی سے منتقلی سے وابستہ خطرات اور اخراجات کو بھی کم کرتا ہے۔ فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے کے طریقہ کار کے لیے، آپ اپنی گئی رابطہ معلومات پر ہمارے شیئرز رجسٹرار سے رجوع کر سکتے ہیں۔



# اطلاع 40 واں سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ کمریسنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ (کمپنی) کے حصص داران کا 40 واں سالانہ اجلاس E-503 جوہر ٹاؤن لاہور میں اور ویڈیو لنک کے ذریعے 28 اکتوبر 2024 بروز سوموار 11:00 بجے درج ذیل عمومی امور کی انجام دہی کیلئے منعقد ہوگا۔

1- 30 جون 2024 کو ختم ہونے والی سالانہ کمپنی کے نظر ثانی شدہ جداگانہ اور مربوط سالانہ مالی حسابات معدان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس، چیئرمین کی جائزہ رپورٹ کو موصول کرنا، زیر غور لانا اور منظور کرنا۔

جیسا کہ کمپنی ایکٹ 2017 کے سیکشن 223 کے تحت اور ایس آر او نمبر 2023/389 (I) بتاریخ 21 مارچ 2023 کے مطابق ضروری ہے کہ کمپنی کے اجلاس کے نوٹس اور مالی بیانات سمیت سالانہ رپورٹ شیئرز ہولڈرز کو منتقل کر دی گئی ہے اور کمپنی کی ویب سائٹ پر اپ لوڈ کر دی گئی ہے جسے درج ذیل لنک یا کیو آر فعال کوڈ کا استعمال کرتے ہوئے دیکھا جاسکتا ہے:



<https://www.crescent.com.pk/uploads/media/annual-report-2024>

2- 30 جون 2024 کو ختم ہونے والے سال کے لئے 2 روپے فی حصص کے پہلے عبوری نقد منافع کے علاوہ 3.5 روپے فی حصص (یعنی 35 فیصد) کے حتمی نقد منافع کی ادائیگی کی منظوری دینے کے لئے 5. روپے فی حصص (یعنی 55 فیصد) کی کل کیش تقسیم کی جائے گی۔

3- کمپنی کے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین کرنا۔ ارکان کو بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ آڈٹ کمپنی اور بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کی حیثیت سے مقرر کرنے کی سفارش کی ہے۔

محکم بورڈ

*(Signature)*

عظیم سرور، FCA

کمپنی سیکرٹری

لاہور: 07 اکتوبر 2024

نوٹس

## 1- مقام اور شرکت بذریعہ ویڈیو لنک

ضروری تصدیق کے بعد رجسٹرڈ ہونے والے ممبروں کو کمپنی کے ذریعہ اسی ای میل ایڈریس پر ایک ویڈیو لنک فراہم کیا جائے گا جس کے ساتھ وہ کمپنی کی ای میل کرتے ہیں۔ لاگ ان کی سہولت مینٹنگ کے آغاز سے اس کی کارروائی مکمل ہونے تک کھلی رہے گی۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ضروریات کے پیش نظر، کمپنی کی جانب سے AGM میں شیئرز ہولڈرز کی شرکت کے لیے درج ذیل انتظامات کیے گئے ہیں:

(a) اے جی ایم میں شرکت کے خواہشمند شیئرز ہولڈرز کے لیے اجلاس کا مقام E-503 جوہر ٹاؤن، لاہور ہوگا۔

(b) کمپنی کے ڈائریکٹرز اور انتظامیہ ویڈیو لنک کے ذریعے اے جی ایم میں شرکت کر سکتے ہیں۔

(c) شیئرز ہولڈرز اپنے سمارٹ فونز/ٹیبٹ/کمپیوٹر کا استعمال کرتے ہوئے اے جی ایم میں شرکت کر سکتے ہیں۔ ویڈیو لنک کے ذریعے اجلاس میں شرکت کے لئے، ممبران اور ان کے پراسیکوٹرز سے درخواست ہے کہ وہ 25 اکتوبر 2024 تک [company.secretar@crescent.com.pk](mailto:company.secretar@crescent.com.pk) پر ای میل کے ذریعے اپنے کمپیوٹر انڈسٹری ڈیویس (دو دوں اطراف) / پاسپورٹ، بورڈ ریزولوشن / پاور آف اٹارنی کی تصدیق شدہ کاپی (کارپوریٹ شیئرز ہولڈرز کی صورت میں) کے ساتھ مندرجہ ذیل معلومات فراہم کر کے اپنا اندراج کریں۔

## 2- کتابوں کی بندش اور پراسیکوٹرز

کمپنی کی حصص منتقلی کتابیں 18 اکتوبر 2024ء تا 28 اکتوبر 2024ء (بشمول ہر دو ایام) بند رہیں گی۔ کمپنی کے شیئرز رجسٹر ادفٹر میسرز کارپریٹ ایسوسی ایٹس (پرائیویٹ) لمیٹڈ E-503 جوہر ٹاؤن لاہور پر 17 اکتوبر 2024ء کو کاروبار کے اختتام تک موصولہ منتقلیاں اجلاس عام (AGM) میں شرکت کے استحقاق بولنے اور ووٹ دینے کے حق کیلئے بروقت تصور ہوگی۔

اس مینٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار ممبر اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے اور ووٹ دینے کے لیے اپنا پراکسی مقرر کر سکتا ہے اور اس طرح مقرر کردہ پراکسی کو بھی وہی حقوق حاصل ہوں گے، جو شرکت کرنے، بولنے اور ووٹ دینے کے حوالے سے ہیں۔ اے جی ایم میں جیسا کہ اراکین کے لیے دستیاب ہے۔ پراکسی فارم پر دو افراد کو ای دیں گے، جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں گے۔ ایک پراکسی کمپنی کا ممبر ہونا ضروری ہے۔

پراکسی اور پاور آف اٹارنی یا دیگر اتھارٹی کا تقرر کرنے والا آلہ جس کے تحت اس پر دستخط کیے گئے ہیں یا پاور آف اٹارنی کی نوٹریال تصدیق شدہ کاپی کمپنی کے رجسٹرڈ آفس میں کم از کم 48 گھنٹے پہلے جمع کرانی جانی چاہیے۔ پراکسی فارم انگلش اور اردو زبانوں میں ممبران کو اے جی ایم کے نوٹس کے ساتھ بھیجے گئے ہیں۔

ممبر کا نام	شناختی کارڈ نمبر	CDC اکاؤنٹ نمبر / فوٹیو نمبر	موبائل نمبر	ای میل ایڈریس

# PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

As at June 30, 2024

No. of Shareholders	Shareholding		Total Shares held
	From	To	
564	1	100	20,057
781	101	500	268,871
469	501	1,000	400,140
791	1,001	5,000	2,129,530
233	5,001	10,000	1,866,536
87	10,001	15,000	1,106,184
47	15,001	20,000	859,549
40	20,001	25,000	922,347
29	25,001	30,000	81,948
14	30,001	35,000	460,370
12	35,001	40,000	459,581
13	40,001	45,000	550,060
18	45,001	50,000	880,911
7	50,001	55,000	372,554
5	55,001	60,000	282,923
4	60,001	65,000	251,208
6	65,001	70,000	402,519
7	70,001	75,000	519,576
9	75,001	80,000	701,936
3	80,001	85,000	248,117
3	85,001	90,000	262,604
12	95,001	100,000	1,194,532
1	100,001	105,000	101,000
2	105,001	110,000	215,000
1	110,001	115,000	112,000
2	120,001	125,000	249,200
1	125,001	130,000	125,915
2	135,001	140,000	275,365
1	140,001	145,000	141,500
3	145,001	150,000	448,100
3	150,001	155,000	459,715
1	155,001	160,000	159,950
1	160,001	165,000	165,000
2	165,001	170,000	336,875
1	170,001	175,000	170,500
1	175,001	180,000	180,000
1	185,001	190,000	187,500
2	195,001	200,000	400,000
3	205,001	210,000	627,500
1	210,001	215,000	215,000
1	220,001	225,000	221,000

# PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

As at June 30, 2024

No. of Shareholders	Shareholding		Total Shares held
	From	To	
1	265,001	270,000	268,750
2	270,001	275,000	548,646
2	295,001	300,000	598,013
1	335,001	340,000	337,500
1	360,001	365,000	361,500
2	365,001	370,000	733,940
1	380,001	385,000	383,452
1	390,001	395,000	390,646
1	405,001	410,000	407,690
1	415,001	420,000	415,460
1	425,001	430,000	426,000
1	440,001	445,000	441,011
2	495,001	500,000	1,000,000
1	595,001	600,000	600,000
1	650,001	655,000	650,600
1	745,001	750,000	750,000
1	895,001	900,000	896,000
1	960,001	965,000	964,800
1	965,001	970,000	967,083
1	995,001	1,000,000	1,000,000
1	1,110,001	1,115,000	1,112,500
1	1,220,001	1,225,000	1,222,000
2	1,270,001	1,275,000	2,547,300
1	1,345,001	1,350,000	1,350,000
1	1,630,001	1,635,000	1,630,736
1	1,690,001	1,695,000	1,691,200
2	1,745,001	1,750,000	3,500,000
1	1,915,001	1,920,000	1,917,700
1	1,935,001	1,940,000	1,938,354
1	3,545,001	3,550,000	3,545,600
1	3,695,001	3,700,000	3,700,000
1	4,035,001	4,040,000	4,038,578
1	4,250,001	4,255,000	4,252,000
1	4,740,001	4,745,000	4,743,956
1	8,535,001	8,540,000	8,538,303
<b>3,225</b>			<b>77,632,491</b>

# CATEGORIES OF SHAREHOLDING

As at June 30, 2024

Categories of Shareholder	Total	% age
<b>Directors, Chief Executive Officer, Their spouses and Minor Children</b>		
<b>CEO</b>		
Ahsan Muhammad Saleem	967,083	1.25
<b>Directors</b>		
Ahmad Shafi	415,460	0.54
Ahmad Waqar	27	0.00
Muhammad Kamran Saleem	500	0.00
Nadeem Maqbool	58,310	0.08
Nausheen Ahmad	2	0.00
Nihal Cassim	1,750,000	2.25
Syed Mahmood Ehtishamullah	19,495	0.03
<b>Director's Spouse</b>		
Shahnaz Ahsan Saleem	650,600	0.84
<b>Directors, Chief Executive Officer, Their Spouses and Minor Children</b>	<b>3,861,477</b>	<b>4.97</b>
<b>List of Associated Companies, Undertakings &amp; Related Parties</b>		
CSAP Staff Benevolent Fund	36,178	0.05
Pak Qatar Family Takaful Limited	6,800,000	8.76
Premier Insurance Limited	141,500	0.18
Shakarganj Limited	180,000	0.23
Suraj Cotton Mills Limited	1,222,000	1.57
The Crescent Textile Mills Limited	8,538,303	11.00
Trustees Crescent Cotton Products Staff Provident Fund	74,800	0.10
Trustees Crescent Steel&Allied Prod G.F.	1,938,354	2.50
Trustees Crescent Steel&Allied Prod Pn.F	4,038,578	5.20
Trustees Crescent Steel&Allied Prod Spf	124,200	0.16
<b>List of Associated Companies, Undertakings &amp; Related Parties</b>	<b>23,093,913</b>	<b>29.75</b>
<b>Mutual Funds and Modarabas</b>		
Aba Ali Habib Securities (Pvt) Limited – MF	65,000	0.08
CDC – Trustee Nit-Equity Market Opportunity Fund	383,452	0.49
Unicap Modaraba	190	0.00
<b>Mutual Funds and Modarabas</b>	<b>448,642</b>	<b>0.58</b>
<b>CDC - Trustee National Investment (Unit) Trust</b>	<b>1,630,736</b>	<b>2.10</b>



# CATEGORIES OF SHAREHOLDING

As at June 30, 2024

Categories of Shareholder	Total	% age
<b>Banks, DFIs, NBFCs</b>		
IDBL (ICP Unit)	145	0.00
Innovative Investment Bank Limited (Under Liquidation)	1,765	0.00
Industrial Development Bank Of Pakistan	707	0.00
Islamic Development Bank	4,743,956	6.11
Pak Libya Holding Co. (Pvt) Limited	133	0.00
Samba Bank Limited	2,381	0.00
Saudi Pak Industrial & Agrl. Investment Co. Limited	110	0.00
MCB Bank Limited - Treasury	366,400	0.47
National Asset Management Company Limited	100	0.00
National Bank Of Pakistan	2,400	0.00
National Bank Of Pakistan	1,691,200	2.18
Networth Securities Limited	10,000	0.01
<b>Banks, DFIs, NBFCs</b>	<b>6,819,297</b>	<b>8.78</b>
<b>Insurance Companies</b>		
Ghaf Limited	5,000.00	0.01
<b>Other Companies (Local and Foreign)</b>	<b>7,338,324</b>	<b>9.46</b>
<b>Public</b>		
Local	34,423,502	44.34
Foreign	11,600	0.01
	<b>77,632,491</b>	<b>100.00</b>

# FINANCIAL CALENDAR RESULTS AND DIVIDEND ANNOUNCED FY 2024

## RESULT

<b>October</b> 26, 2023	<b>February</b> 14, 2024	<b>April</b> 29, 2024	<b>August</b> 07, 2024
1 <sup>st</sup> Quarter ending 30 September 2023 Approved and announced	2nd Quarter ending 31 December 2023 Approved and announced	3rd Quarter ending 31 March 2024 Approved and announced	Year ended 30 June 2024 Approved and announced

## DIVIDEND

First interim – Financial year 2024

<b>Approved on</b> February 14, 2024	<b>Book Closure on</b> February 29, 2024	<b>Paid on</b> March 13, 2024
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## EXPECTED MEETING CALENDAR FY 2025:

The Company follows the period of July 01 to June 30 as the financial year. Financial Results will be announced as per the following schedule:

<b>October</b> 28, 2024	<b>October</b> 28, 2024*	<b>January</b> 30, 2025*	<b>April</b> 29, 2025*	<b>July</b> 31, 2025*
Annual General Meeting	1st Quarter ending 30 September 2024	2nd Quarter ending 31 December 2024	3rd Quarter ending 31 March 2025	Year ended 30 June 2025
<b>June</b> 26, 2025*				
FY25 Budget Approval				

\* Dates are tentative and the Company reserves the right to change.

# BCR CRITERIA INDEX

1	ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT	
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1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	32-35
1.03	Geographical location and address of all business units including sales units and plants.	20
1.04	The legislative and regulatory environment in which the company operates.	04
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	08, 20, 26, 81
1.06	Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	20, 26
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	26
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	88-89
1.09	A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.	10-11, 189-190
1.10	Description of the performance of the various activities / product(s) / service(s) / segment(s) of the entity and its group entities during the period under review.	189-190
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	28-29
1.12	a) Explanation of significant factors affecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response. b) The effect of seasonality on business in terms of production and sales.	30-35, 110
1.13	The legitimate needs, interests of key stakeholders and industry trends.	107-112
1.14	SWOT Analysis of the company.	48-49
1.15	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	52-63
1.16	History of major events.	22-23
1.17	Details of significant events occurred during the year and after the reporting period.	291-391
2	STRATEGY AND RESOURCE ALLOCATION	
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve objectives.	39
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital; and f) Natural Capital.	40-44
2.03	The capabilities and resources of the company that provide sustainable competitive advantage, resulting in value creation by the company.	45
2.04	Company's strategy on market development, product and service development.	39
2.05	The effects of the given factors on the company strategy and resource allocation: a) Technological Changes; b) Sustainability reporting and challenges; c) Initiatives taken by the company in promoting and enabling innovation; and d) Resource shortages (if any).	45-47
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2.07	The linkage of strategic objectives with company's overall mission, vision and objectives.	44
2.08	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	39-47
2.09	a) Information about defaults in payment of any debt with reasons and its repayment plan; b) Board strategy to overcome liquidity problems and plans to meet operational losses.	14-18

<b>3</b>	<b>RISKS AND OPPORTUNITIES</b>	
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<b>3.02</b>	A Statement from the Board for determining the following: a) Company's level of risk tolerance by establishing risk management policies; b) Company's robust assessment of the principal risks being faced, including those that would threaten the business model, future performance and solvency or liquidity.	56-57
<b>3.03</b>	Risk Management Framework covering principal risks and uncertainties facing by the company, risk methodology, risk appetite and risk reporting.	58-63
<b>3.04</b>	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	58-63
<b>3.05</b>	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	58-63
<b>4</b>	<b>SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)</b>	
<b>4.01</b>	Board's statement for the adoption of CSR best practices including Board's commitment to continuous improvement and implementation updates in the form of periodic reviews to ensure the relevance and effectiveness of CSR practices in business strategies.	142-154
<b>4.02</b>	Board's statement about the company's strategic objectives and the intended impact on stakeholders on ESG (Environmental, Social and Governance) reporting/ Sustainability Reporting in line with IFRS S1 ' and IFRS S2 '.	70-73, 140-154
<b>4.03</b>	A chairman's overview on how the company's sustainable practices can affect the financial performance of the company.	92-93
<b>4.04</b>	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR: • Social initiatives such as research and development initiatives, employment generation, community health and education, and health and safety of staff etc.; • Environmental initiatives like climate change mitigation etc. by focusing on 3R's (Reduce, Reuse & Recycle) and how does the company reduce pollution, depletion and degradation of natural resources; • Technological innovation such as contributing to sustainability (i.e. energy-efficient processes or eco-friendly product designs); • Information on consumption and management of materials, energy, water, emissions and waste.	68-73
<b>4.05</b>	• Status of adoption/ compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP. • ISO certifications acquired for best sustainability and CSR practices.	45
<b>4.06</b>	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.	156-157
<b>5</b>	<b>GOVERNANCE</b>	
<b>5.01</b>	Board composition: a) Leadership structure of those charged with governance; b) Name of independent directors indicating justification for their independence; c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience; d) Profile of each director including education, experience and engagement in other entities as CEO, Director CFO or Trustee etc.; e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	76-79, 80-81
<b>5.02</b>	A brief description about role of the Chairman and the CEO.	94
<b>5.03</b>	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	96-97
<b>5.04</b>	Chairman's Review Report on the overall performance of the board including: a) Effectiveness of the role played by the board in achieving the company's objectives; b) Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year; c) Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.	92-93
<b>5.05</b>	Board statement of its commitment to establish high level of ethics and compliance in the company.	94
<b>5.06</b>	Annual evaluation of performance, along with a description of criteria used for the members of the board, including CEO, Chairman, and board's committees.	82-83
<b>5.07</b>	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	N/A
<b>5.08</b>	Details of formal orientation courses for directors.	82-84



<b>5.09</b>	Directors' Training Program (DTP) attended by directors, female executives, and head of departments from the institutes approved by the SECP, along with names of those who availed exemptions during the year.	105-106
<b>5.10</b>	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	104
<b>5.11</b>	Disclosure about related party transactions: a) Approved policy for related party transactions; b) Details of all related party transactions, along with the basis of relationship describing common directorship and percentage of shareholding; c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement; d) Disclosure of director's interest in related party transactions; e) In case of conflict, disclosure of how conflicts are managed and monitored by the board.	82 287-289 Not Applicable 265 102
<b>5.12</b>	Disclosure of Board's Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director's interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan. h) Human resource management including: • Preparation of succession plan; • Merit based recruitment; • Performance based appraisal system; • Promotion, reward and motivation; • Training and development; • Gender and race diversity; • Appointment of / quota for people with disability; and • Employee engagement /feedback. i) Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions. j) Communication with stakeholders. k) Dividend policy. l) Investors' relationship and grievances. m) Employee's health, safety and protection. n) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner, and provide protection to the complainant against victimization and reporting in Audit Committee's report. o) Safety of records of the company.	83 82-84 Not Applicable 80 Not Applicable Not Applicable Not Applicable 120-137 142-154 107-111 102 140 176-177
<b>5.13</b>	Board statement of the organization's business continuity plan or disaster recovery plan.	97
<b>5.14</b>	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	107-108
<b>5.15</b>	Disclosure about: a) Shares held by Sponsors / Directors / Executives; b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors / Executives or close family member of Directors / Executives etc.) or foreign shareholding (if any).	399-400
<b>5.16</b>	Details about Board meetings and its attendance.	84
<b>5.17</b>	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	84
<b>5.18</b>	Timely Communication: Date of authorization of financial statements by the board of directors: Within 40 days Within 50 days Within 60 days	401

5.19	<p>Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <p>a) Composition of the committee with at least one member qualified as “financially literate” and all members are non-executive / Independent directors including the Chairman of the Audit Committee.</p> <p>b) Committee’s overall role in discharging its responsibilities for the significant issues related to the financial statements, and how these issues were addressed.</p> <p>c) Committee’s overall approach to risk management and internal control, and its processes, outcomes and disclosure.</p> <p>d) Role of Internal Audit in risk management and internal control, and the approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor’s performance.</p> <p>e) Review of arrangements for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters, and recommended instituting remedial and mitigating measures.</p> <p>f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor’s objectivity and independence is safeguarded.</p> <p>g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.</p> <p>h) The Audit Committee’s views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company’s position and performance, business model and strategy.</p> <p>i) Results of the self-evaluation of the Audit Committee carried out of its own performance.</p> <p>j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.</p>	103-104
5.20	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee’s activities / matters that are within the scope of the Audit Committee’s responsibilities.	N/A
5.21	<p>Board disclosure on Company’s use of Enterprise Resource Planning (ERP) software including:</p> <p>a) How it is designed to manage and integrate the functions of core business processes / modules like finance, HR, supply chain and inventory management in a single system;</p> <p>b) Management support in the effective implementation and continuous updation;</p> <p>c) Details about user training of ERP software;</p> <p>d) How the company manages risks or control risk factors on ERP projects;</p> <p>e) How the company assesses system security, access to sensitive data and segregation of duties.</p>	184-185
5.22	Disclosure about the Government of Pakistan policies related to company’s business / sector in Directors’ Report and their impact on the company business and performance.	N/A
5.23	Information on company’s contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)	N/A
6	<b>ANALYSIS OF THE FINANCIAL INFORMATION</b>	
6.01	<p>Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between:</p> <p>a) Past and current performance;</p> <p>b) Performance against targets /budget; and</p> <p>The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.</p>	191-197, 300-306
6.02	<p>a) Analysis of financial ratios (Annexure I) with graphical presentation and disclosure of methods and assumptions used in compiling the indicators.</p> <p>b) Explanation of negative change in the performance as compared to last year.</p>	192, 195, 197, 301, 304, 306
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years. Weightage to be given to graphical presentation.	193-194, 302-303
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	N/A
6.05	<p>a) Information about business segment and non-business segment; and</p> <p>b) Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.</p>	268-271,
6.06	Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company’s earning.	368-371
6.07	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	203
6.08	Disclosure of market share of the company and its products and services.	384
6.09	<p>Statement of value added and its distribution with graphical presentation:</p> <p>a) Employees as remuneration;</p> <p>b) Government as taxes (separately direct and indirect);</p> <p>c) Shareholders as dividends;</p> <p>d) Providers of financial capital as financial charges;</p> <p>e) Society as donation; and</p> <p>f) Retained within the business.</p>	N/A
6.10	Statement of Economic value added (EVA)	188

<b>7</b>	<b>Business Model</b>	
<b>7.01</b>	Describe the business model including inputs, business activities, outputs and outcomes as per international applicable framework.	28-29
<b>7.02</b>	Explanation of any material changes in the entity's business model during the year.	28-29
<b>8</b>	<b>Disclosures on IT Governance and Cybersecurity</b>	
<b>8.01</b>	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	184-185
<b>8.02</b>	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	184-185
<b>8.03</b>	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	184-185
<b>8.04</b>	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	184-185
<b>8.05</b>	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	184-185
<b>8.06</b>	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	184-185
<b>8.07</b>	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	184-185
<b>8.08</b>	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	184-185
<b>8.09</b>	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	184-185
<b>9</b>	<b>Future Outlook</b>	
<b>9.01</b>	Forward-looking statement in narrative and quantitative form, including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	19
<b>9.02</b>	Explanation as to how the performance of the company aligns with the forward-looking disclosures made in the previous year.	19
<b>9.03</b>	Status of the projects in progress and those disclosed in the forward-looking statement in the previous year.	19
<b>9.04</b>	Sources of information and assumptions used for projections / forecasts in the forward- looking statement, and any assistance taken by any external consultant.	19
<b>9.05</b>	Disclosure about company's future Research & Development initiatives.	N/A
<b>10</b>	<b>Stakeholders Relationship and Engagement</b>	
<b>10.01</b>	Stakeholder's engagement policy of the company and how the company has identified its stakeholders.	107
<b>10.02</b>	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how the relationship is likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; and g) Analysts.	107-112
<b>10.03</b>	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	107-122
<b>10.04</b>	Investors' Relations section on the corporate website.	9
<b>10.05</b>	Issues raised in the last AGM, decisions taken and their implementation status.	392
<b>10.06</b>	a) Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions; and b) Disclosure of brief summary of Analyst briefing conducted during the year.	14-19
<b>10.07</b>	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	392
<b>10.08</b>	Details about corporate benefits to shareholders like value appreciation, dividend etc.	196

<b>11</b>	<b>Striving for Excellence in Corporate Reporting</b>	
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<b>11.02</b>	BCR criteria cross referred with page numbers of the annual report.	402-407
<b>12</b>	<b>SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS</b>	
<b>12.01</b>	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	214-291 312-391
<b>Annexure II Specific Disclosures of the Financial Statements</b>		
<b>1</b>	Fair value of Property, Plant and Equipment.	N/A
<b>2</b>	Particulars of significant/ material assets and immovable property including location and area of land.	242,341
<b>3</b>	Capacity of an industrial unit, actual production and the reasons for shortfall.	290-291, 390
<b>4</b>	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	N/A
<b>5</b>	Specific disclosures required for shariah compliant companies/ companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	N/A
<b>6</b>	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53 (I)/2022 dated January 12, 2022)	N/A
<b>7</b>	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	N/A
<b>8</b>	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans	N/A
<b>9</b>	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed	N/A
<b>Specific disclosures required for shariah compliant companies</b>		
	Loans/advances obtained as per Islamic mode	234
	Shariah compliant bank deposits/bank balances	358
	Profit earned from shariah compliant bank deposits/bank balances;	261
	Revenue earned from a shariah compliant business segment	360
	Gain/loss or dividend earned from shariah compliant investments	360
	Exchange gain earned	360
	Mark up paid on Islamic mode of financing	364
	Relationship with shariah compliant banks; and	8
	Profits earned or interest paid on any conventional loan or advance	364



# APPENDICES

## GRI CONTENT INDEX

The following table has been provided to help the reader in locating content within the document and specifies each of the GRI Standards used and lists all disclosures included in the report. Each disclosure is followed by a reference to the appropriate pages in the 2024 Sustainability Report or other publicly available sources.

### Key

Statement of use	CSAPL has reported in accordance with the GRI Standards for the period 1 July 2023 to 30 June 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No sector standard is available for our sector.

GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	08,20			
	2-2 Entities included in the organization's sustainability reporting	04			
	2-3 Reporting period, frequency and contact point	04			
	2-4 Restatements of information	04			
	2-5 External assurance	04	Not seeking assurance this year		
	2-6 Activities, value chain and other business relationships	26,28,30,65,			
	2-7 Employees	128	2-7b (iii)	Such Employees are not required	
	2-8 Workers who are not employees	-	2-8 a,b,c	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2025
	2-9 Governance structure and composition	78,80,88,90			
	2-10 Nomination and selection of the highest governance body	14			
	2-11 Chair of the highest governance body	80,105			
	2-12 Role of the highest governance body in overseeing the management of impacts	14,80			
	2-13 Delegation of responsibility for managing impacts	14			
	2-14 Role of the highest governance body in sustainability reporting	81,88,90			
	2-15 Conflicts of interest	102			
	2-16 Communication of critical concerns	80-83,102			
	2-17 Collective knowledge of the highest governance body	76			
	2-18 Evaluation of the performance of the highest governance body	96			
	2-19 Remuneration policies	96			
	2-20 Process to determine remuneration	96			
	2-21 Annual total compensation ratio	-	2-21a-c	Confidentiality constrain	Sensitive information

GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	14			
	2-23 Policy commitments	27,80,102			
	2-24 Embedding policy commitments	107,178			
	2-25 Processes to remediate negative impacts	102			
	2-26 Mechanisms for seeking advice and raising concerns	102			
	2-27 Compliance with laws and regulations	103			
	2-28 Membership associations	11			
	2-29 Approach to stakeholder engagement	107			
	2-30 Collective bargaining agreements	125			
<b>Material Topics</b>					
GRI 2: General Disclosures 2021	3-1 Process to determine material topics	36			
	3-2 List of material topics	36-38			
<b>ECONOMIC PERFORMANCE</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	113-114			
	201-2 Financial implications and other risks and opportunities due to climate change	-		Information unavailable	CSAPL does not have mechanism in place to calculate financial implications of climate change.
	201-3 Defined benefit plan obligations and other retirement plans	135			
	201-4 Financial assistance received from government	114			
<b>MARKET PRESENCE</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	126			
	202-2 Proportion of senior management hired from the local community	126			
<b>Indirect Economic Impacts</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	142,145			
	203-2 Significant indirect economic impacts	142-145,150			
<b>PROCUREMENT PRACTICES</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 204:Procurement Practices 2016	204-1 Proportion of spending on local suppliers	176			

GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
<b>TAX</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38			
GRI 207:Tax 2019	207-1 Approach to tax	116			
	207-2 Tax governance, control, and risk management	116-117			
	207-3 Stakeholder engagement and management of concerns related to tax	116-117			
	207-4 Country-by-country reporting	116-117			
<b>MATERIALS</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	178			
	301-2 Recycled input materials used	178			
	301-3 Reclaimed products and their packaging materials	169			
<b>ENERGY</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	166			
	302-2 Energy consumption outside of the organization	166-168			
	302-3 Energy intensity	165			
	302-4 Reduction of energy consumption	166			
<b>EMISSIONS</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 305: EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions	162-163			
	305-2 Energy indirect (Scope 2) GHG emissions	164			
	305-3 Other indirect (Scope 3) GHG emissions	164			
	305-4 GHG emissions intensity	163			
	305-6 Emissions of ozone-depleting substances (ODS)	163	Not Applicable		
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	163			
<b>WATER AND EFFLUENTS</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	170-171			
	303-2 Management of water discharge related impacts	170-171			
	303-3 Water withdrawal	170-171			
	303-4 Water discharge	170-171			
	303-5 Water consumption	170-171			









GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
<b>WASTE</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 306: EFFLUENT AND WASTE 2020	306-1 Waste generation and significant waste-related impacts	168-169			
	306-2 Management of significant waste-related impacts	168-169			
	306-3 Waste generated	168-169			
	306-4 Waste diverted from disposal	168-169			
	306-5 Waste directed to disposal	168-169			
<b>ENVIRONMENTAL COMPLIANCE 2016</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	176			
	308-2 Negative environmental impacts in the supply chain and actions taken	176	a-e	Information unavailable/ incomplete	CSAPL does not collect such information due to non- availability and reliability.
<b>Employment and Labor Relations</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 401 : EMPLOYMENT 2016	401-1 New employee hires and employee turnover	130			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	135			
GRI 402: : Labor / Management Relations	402-1 Minimum notice periods regarding operational changes	125, 135 and (One month notice period)			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	125-127			
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	125			



GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
<b>Health and Safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 403: Occupation Health and Safety 2018	403-1 Occupational health and safety management system	140-141			
	403-2 Hazard identification, risk assessment, and incident investigation	140-141			
	403-3 Occupational health services	140-141			
	403-4 Worker participation, consultation, and communication on occupational health and safety	140-141			
	403-5 Worker training on occupational health and safety	140-141			
	403-6 Promotion of worker health	140-141			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	140-141			
	403-8 Workers covered by an occupational health and safety management system	140-141			
	403-9 Work-related injuries	140-141			
	403-10 Work-related ill health	140-141			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and Safety impacts of products and services	178-179			
<b>TRAINING</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 404: TRAINING AND EDUCATION 2016	404-1 Average hours of training per year per employee	127			
	404-2 Programs for upgrading employee skills and transition assistance programs	127,133-134			
	404-3 Percentage of employees receiving regular performance and career development reviews	125-127			
<b>LOCAL COMMUNITIES</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 413: LOCAL COMMUNITIES 2016	413-1 Operations with local community engagement, impact assessments, and development programs	107			
	413-2 Operations with significant actual and potential negative impacts on local communities	107			
<b>MARKETING AND LABELING</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	38,113			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	179			
	417-2 Incidents of non-compliance concerning product and service information and labeling	179			
	417-3 Incidents of non-compliance concerning marketing communications	179			

# UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SDGS		PAGE NO	GRI STANDARDS DISCLOSURE
 <b>1 NO POVERTY</b> 	End poverty in all its forms everywhere	126,142-143,150	202-1, 203-2, 413-2
 <b>2 ZERO HUNGER</b> 	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	113-114,142,145,107	201-1, 203-1, 203-2, 413-2
 <b>3 GOOD HEALTH AND WELL-BEING</b> 	Ensure healthy lives and promote well-being for all at all ages	103,140-141,162-163,164,168-169	2-27,203-1, 203-2, 305-1, 305-2, 305-3, 305-4, 305-7, 306-1, 306-2, 403-2, 403-3
 <b>4 QUALITY EDUCATION</b> 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	126,150	404-1
 <b>5 GENDER EQUALITY</b> 	Achieve gender equality and empower all women and girls.	113-114,125-126,127,133-134,142-145,130,135	201-1, 202-1,203-1, 401-1, 401-2, 404-2,404-3, 405-1, 406-1
 <b>6 CLEAN WATER AND SANITATION</b> 	Ensure availability and sustainable management of water and sanitation for all.	168-169,170-171	303-1, 303-2, 303-3, 306-1, 306-2
 <b>7 AFFORDABLE AND CLEAN ENERGY</b> 	Ensure access to affordable, reliable, sustainable and modern energy for all.	113-114,142,145,165,166-168	201-1, 203-1 302-1, 302-2, 302-3, 302-4
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b> 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	103,113-114,125-126,127,130,135,140-141,142-145,165,166-168,169, 17-171,176,178	2-7,2-30, 201-1, 202-2, 204-1, 203-1, 203-2, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 303-3, 401-1, 401-2, 403-1, 403-2, 403-3, 404-1, 404-2, 404-3,405-1
 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 	Build resilient infrastructure, promote sustainable industrialization and foster innovation	113-114,142,145	201-1, 203-1

SDGS		PAGE NO	GRI STANDARDS DISCLOSURE
 <b>10</b> REDUCED INEQUALITIES	Reduce inequality within and among countries	103,130,125-127	2-7 ,401-1,404-3
 <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient and sustainable	142,145	203-1
 <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	162-163,164,166-168,169,170-171,178,179	301-1,301-2,301-3, 302-1, 302-2,302-3, 303-3,305-1, 305-2,305-3, 305-7,306-1,306-2, 417-1
 <b>13</b> CLIMATE ACTION	Take urgent action to combat climate change and its impacts	162-164,165-168	302-1,302-2,302-3,302-4, 305-1,305-2,305-3,305-4
 <b>14</b> LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources	162-163,164,168-169	305-1, 305-2, 305-3, 305-4, 305-6, , 305-7, 306-1
 <b>15</b> LIFE ON LAND	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	162-165	305-1, 305-2, 305-3, 305-4, 305-7
 <b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote just, peaceful and inclusive societies	27,80,102,103,178-179	2-23,2-27, 416-2,417-2,417-3
 <b>17</b> PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development	67,68-73	Not applicable

# DEFINITIONS AND FORMULAS

Term	Explanation
<b>Absentee</b>	An employee absents from work because of incapacity of any kind, not just as the result of work-related injury or disease. Permitted leave absences such as holidays, study, maternity etc. are excluded.
<b>Base year</b>	Used for comparison in the measure of business activity. The base year for the report is 2023.
<b>Benefit</b>	The direct benefit provided in the form of financial contributions paid by the organization or reimbursement of expenses to employee
<b>Carbon dioxide (CO<sub>2</sub>)</b>	The measure used to compare the emissions from various types of greenhouse gas (GHG). The CO <sub>2</sub> equivalent for a gas is determined by multiplying the metric tonnes of the gas
<b>Community development</b>	A plan that details actions to minimize, mitigate, or compensate for adverse financial, social, and environmental impacts and find opportunities or actions to enhance the positive impacts of a project on the community
<b>Defined benefit plan</b>	Post-employment benefit plan other than a defined contribution plan
<b>Defined contribution plan</b>	Post-employment benefit plan under which an entity pays fixed contributions to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods
<b>Direct (Scope 1) GHG emissions</b>	Direct GHG emissions occur from sources that are owned or controlled by an organization
<b>Employee</b>	An individual who is in an employment relationship with the organization, according to national law or its application
<b>Employee turnover</b>	Employees who leave the organization voluntarily or due to dismissal, retirement, or death in service
<b>Foreign Suppliers</b>	We consider foreign suppliers as those who are situated outside Pakistan.
<b>Grievance mechanism</b>	System consisting of procedures, roles and rules for receiving complaints and providing remedial actions
<b>Governance body</b>	Committee or board responsible for the strategic guidance of the organization, the effective monitoring of management, and the accountability of management to the broader organization and its stakeholders
<b>Indirect Energy (Scope 2) GHG emissions</b>	GHG emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organization
<b>Injury</b>	Non-fatal or fatal injury arising out of, or in the course of work
<b>Injury rate</b>	The frequency of injuries, relative to the total time worked by all workers during the reporting period
<b>Local Suppliers</b>	We consider local suppliers as those who operate within the region of our significant locations of operations or are conducting business within Pakistan.
<b>Local minimum wage</b>	Minimum compensation for employment per hour, or other unit of time, allowed under law
<b>Local communities</b>	The local community can range from persons living adjacent to an organization's operations, to those living at a distance who are still likely to be impacted by these operations.
<b>Management approach disclosure</b>	Narrative description of how an organization manages its material topics and their related impacts
<b>Material topic</b>	A topic that reflects a reporting organization's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders
<b>Other indirect (Scope 3) GHG emissions</b>	Indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organization, including both upstream and downstream emissions
<b>Significant locations of operations</b>	We consider significant locations of operations which are near to our corporate offices in Karachi and Lahore and near our plant sites at Nooriabad, Bhone, Jaranwala and Dalowal.
<b>Senior management</b>	Top ranking members of the management of an organization that include the Chief Executive Officer (CEO) and other individuals reporting directly to the CEO



## Formulas Used

A) Standards, methodologies, assumptions, and/or calculation tools used.

B) Source of the conversion factors used.

TYPE OF FUEL	CONVERSION FACTOR FOR CONVERTING IN GIGA JOULES (GJ)
Coal (metric tonne)	27
Crude oil (metric tonne)	44.8
Diesel (metric tonne)	43.33
Natural Gas (MMBtu)	1.054615
Electricity (kilowatt-hour)	0.0036

C) The organization-specific metric used for the calculation of Emissions Intensity is sales turnover. Emissions intensity constitutes direct GHG emissions from self-generated energy from diesel oil and natural gas at 74.1 and 56.1 MT of CO<sub>2</sub> per GJ as per base year (2023).

D) Indirect GHG emission factor for electricity purchased from WAPDA is 0.67 kg of CO<sub>2</sub> eqv. /kWh and from that of KE is 0.58 kg of CO<sub>2</sub> eqv. /kWh. It has been assumed that the electricity at Nooriabad, Jaranwala and Bhone is supplied from WAPDA, while the electricity at the Head Office in Karachi is supplied by KE as per IPCC standards and indirect

GHG emissions on management best estimates.

TYPE OF FUEL (IN GJ)	IPCC (INTERNATIONAL PANEL ON CLIMATE CHANGE) DEFAULT KG CO <sub>2</sub> /GJ
Coal	96
Diesel Oil	74.1
Natural Gas	56.1

METRIC	CONVERSION IN LITRE
1 Cubic meter	1,000 Liters
1 tonne of water	1,000 Liters

METRIC	CONVERSION IN KG
1 metric ton	1,000 kilograms

Energy Intensity =

Absolute energy consumption / organization-specific metric

GHG Emissions Intensity =

Absolute GHG Emissions / Product or Sales quantity

Reused water (Gallons) =

Net production time x 90

Percentage of reclaimed products and their packaging materials=

Products and their packaging materials reclaimed within the reporting period x 100 / Products sold within the reporting period

Percentage of recycled input materials used (%) =

Total recycled input materials used / Total input materials used

Opening No. of Employees =

Closing - Outgoing + Incoming

Average No. Of Employees =

(Opening + Closing) / 2

Rate of Employee Turnover =

(Outgoing / Average No. Of Employees) x 100

Training hours per employee:

Training hours / number of employees

In time into in cash conversion:

Average Salary = Total Gross Salary of all

Employees / Total Number of Employees

**Ratio of Entry Level Wage:** Minimum Wage (Workers) – Male= Median of Entry Level Wage for Workers (Male) / Minimum Wage for the Period (Rs. 32,000)

**Ratio of Median Wage of Management without Variable Allowances:** Minimum Wage – Male/ Female= Median Wage of Management without Variable Allowances (Male/Female) / Minimum Wage for the Period (Rs. 32,000)

**Ratio of Median Wage of Management with Variable Allowances:** Minimum Wage – Male/ Female= Median Wage of Management with Variable Allowances (Male/Female) / Minimum Wage for the Period (Rs. 32,000)

**Ratio of Median Wage of All Workers without Overtime:** Minimum Wage – Male= Median Wage of All Workers without Overtime (Male) / Minimum Wage for the Period (Rs. 32,000)

**Ratio of Median Wage of All Workers with Overtime:** Minimum Wage – Male= Median Wage of All Workers with Overtime (Male) / Minimum Wage for the Period (Rs. 32,000)

**Ratio of Median Wage of All Staff without Variable Allowances:** Minimum Wage – Male/Female= Median Wage of All Staff without Variable Allowances (Male/Female) / Minimum Wage for the Period (Rs. 32,000)

**Ratio of Median Wage of All Staff with Variable Allowances:** Minimum Wage – Male/Female= Median Wage of All Staff with Variable Allowances (Male/Female) / Minimum Wage for the Period (Rs. 32,000)

**Injury rate (Injuries/day)** = Number of injuries / total number of days worked by the total workforce

**Occupational Disease rate (Occupational disease cases / day)** = Number of occupational disease cases / total number of days worked by the total workforce

**Lost day rate (Lost days / day)** = Total lost days by the affected workers (due to occupational accidents and diseases) / total number of days scheduled to be worked by the workforce in the reporting period

**Absentee rate** = [Actual absentee days lost / total days scheduled to be worked by the workforce for the period] x 100

## Economic Performance:

**PBT % of Sales:** Profit before Tax/Total Sales

**Gross Profit Margin:** Sales Revenue/ Gross Income

**Value generated per Share:** Value generated/ Average Number of Shares Outstanding.

**Value distributed per Share:** Value generated/ Average Number of Shares Outstanding

## EMISSIONS RESULTS

External Test Results (March 2024).				
Measuring Parameters	Units	Testing Method	SEQS Limits	Test Results
A. Powerhouse- Generators Emission				
a) Cummins 1400 KVA				
CO	Mg/ Nm <sup>3</sup>	ASTM D-6523	800	242
SO <sub>2</sub>	Mg/ Nm <sup>3</sup>	ASTM D-6522	1700	45
Oxides of Nitrogen	Mg/ Nm <sup>3</sup>	ASTM D-6522	600	306
Particulate Matter	Mg/ Nm <sup>3</sup>	40 CFR 60	300	27
Smoke	Ringelmann Scale	ASTM D-2156	2	1
Noise	Decibels	ASTM E-1686-17	85	78.5
b) Waukesha C94773/1				
CO	Mg/ Nm <sup>3</sup>	ASTM D-6523	800	210
Oxides of Nitrogen	Mg/ Nm <sup>3</sup>	ASTM D-6522	600	221
c) Waukesha C94773/2				
CO	Mg/ Nm <sup>3</sup>	ASTM D-6523	800	154
Oxides of Nitrogen	Mg/ Nm <sup>3</sup>	ASTM D-6522	600	162

## External Test Results (March 2024).

Measuring Parameters	Units	Testing Method	SEQS Limits	Test Results
d) Komatsu 100 KVA				
CO	Mg/ Nm <sup>3</sup>	ASTM D-6523	800	339
SO <sub>2</sub>	Mg/ Nm <sup>3</sup>	ASTM D-6522	1700	72
Oxides of Nitrogen	Mg/ Nm <sup>3</sup>	ASTM D-6522	600	231
Particulate Matter	Mg/ Nm <sup>3</sup>	40 CFR 60	300	28
Smoke	Ringelmann Scale	ASTM D-2156	2	1
Noise	Decibels	ASTM E-1686-17	85	82.6
B. Coating Plant Stripping Emission -Furnace/Heaters				
Main Gas Furnace				
CO	Mg/ Nm <sup>3</sup>	ASTM D-6523	800	65
Oxides of Nitrogen	Mg/ Nm <sup>3</sup>	ASTM D-6522	400	19
Pre-Heater 1				
CO	Mg/ Nm <sup>3</sup>	ASTM D-6523	800	68
Oxides of Nitrogen	Mg/ Nm <sup>3</sup>	ASTM D-6522	400	23
Pre-Heater 2				
CO	Mg/ Nm <sup>3</sup>	ASTM D-6523	800	62
Oxides of Nitrogen	Mg/ Nm <sup>3</sup>	ASTM D-6522	400	27
C. Vehicular Emission				
TCM-FD1605-3 8A505081				
Smoke	Ringelmann Scale	ASTM D-2156	2	2
CO	CO (%)	ASTM D-6523	6	0.9
Noise	Decibels	ASTM E-1686-16	85	71.9
TCM-FD1605-3 8A505190				
Smoke	Ringelmann Scale	ASTM D-2156	2	2
CO	CO (%)	ASTM D-6522	6	1.2
Noise	Decibels	ASTM E-1686-16	85	72.7
TRACTOR MF-240				
Smoke	Ringelmann Scale	ASTM D-2156	2	2
CO	CO (%)	ASTM D-6523	6	2.3
Noise	Decibels	ASTM E-1686-16	85	73.6
HI-ACE CZ-8036				
Smoke	Ringelmann Scale	ASTM D-2156	2	1
CO	CO (%)	ASTM D-6523	6	1.3
Noise	Decibels	ASTM E-1686-16	85	68.6

#### External Test Results (March 2024).

Measuring Parameters	Units	Testing Method	SEQS Limits	Test Results
HI-ACE JF-6042				
Smoke	Ringelmann Scale	ASTM D-2156	2	1
CO	CO (%)	ASTM D-6523	6	0.7
Noise	Decibels	ASTM E-1124	85	70.7
CAR BWT-096				
Smoke	Ringelmann Scale	ASTM D-2156	2	1
CO	CO (%)	ASTM D-6523	6	0.6
Noise	Decibels	ASTM E-1686-16	85	67.2
CAR BWX-021				
Smoke	Ringelmann Scale	ASTM D-2156	2	1
CO	CO (%)	ASTM D-6523	6	0.5
Noise	Decibels	ASTM E-1686-16	85	68.3
D. PROCESS Emission				
b) Plasma Arc Cutting-1				
CO	Mg/ Nm <sup>3</sup>	ASTM D-6523	800	102
Oxides of Nitrogen	Mg/ Nm <sup>3</sup>	ASTM D-6522	400	61
b) Plasma Arc Cutting-1				
CO	Mg/ Nm <sup>3</sup>	ASTM D-6523	800	106
Oxides of Nitrogen	Mg/ Nm <sup>3</sup>	ASTM D-6522	400	65

D. Backup Generators (non-routine; only operative when KE/WAPDA supply is down)

Following parameters are analyzed: CO, Oxides of Nitrogen, Smoke, SO<sub>2</sub>, Noise and Particulate matter



# GLOSSARY – LIST OF ABBREVIATIONS

ACIR	Additional Commissioner Inland Revenue	FBR	Federal Board of Revenue
AEL	Altern Energy Limited	FCF	Free Cash Flow
API	American Petroleum Institute	FDI	Foreign Direct Investment
APTMA	All Pakistan Textile Mills Association	FESCO	Faisalabad Electric Supply Company
ASTM	American Society for Testing and Materials	FVOCI	Fair Value Through Other Comprehensive Income
AWWA	American Water Works Association	FVTPL	Fair Value Through Profit or Loss
BCI	Better Cotton Initiative	GDP	Gross Domestic Product
BCR	Best Corporate Report	GHG	Greenhouse gas
BMR	Balancing, Modernization and Replacement	GIDC	Gross Infrastructure Development Cess
Board	Board of Directors	GJ	Gigajoule
BOI	Board of Investment	GoP	Government of Pakistan
BU	Business Unit	GoS	Government of Sindh
CCP	Crescent Cotton Products	GRI	Global Reporting Initiative
CDC	Central Depository Company of Pakistan	GWP	Global Warming Potential
CEO	Chief Executive Officer	HAZ	Heat Affected Zone
CFO	Chief Financial Officer	HIRA	Hazard Identification and Risk Assessment
CHEC-AFI	China Harbour Engineering Company – Al Fajr International Joint Venture	HR	Human Resource
CIO	Chief Information Officer	HR Coil	HR Coil Hot Rolled Coil
CIR	Commissioner Inland Revenue	HRR	Human Resource and Remuneration
CIRA	Commissioner Inland Revenue Appeals	HSAW	Helical Sub-merged Arc Welded
CO	Carbon monoxide	HSE	Health, Safety and Environment
CO <sub>2</sub>	Carbon dioxide	IAS	International Accounting Standards
COVID-19	Coronavirus Disease of 2019	IASB	International Accounting Standards Board
CPEC	China Pakistan Economic Corridor	ICAP	Institute of Chartered Accountants of Pakistan
CSAPL	Crescent Steel and Allied Products Limited	ICMAP	Institute of Cost and Management Accountants of Pakistan
CSCL	CS Capital (Private) Limited	IFAS	Islamic Financial Accounting Standards
CSR	Corporate Social Responsibility	IFAS	Islamic Financial Accounting Standards
CVN Test	Charpy V-Notch	IFRIC	International Financial Reporting Interpretation Committee
Dia	Diameter	IFRS	International Financial Reporting Standards
DISCOS	Distribution Companies	IID	Investment and Infrastructure Development
DRP	Disaster Recovery Plan	IPCC	Intergovernmental Panel on Climate Change
DSC	Differential Scanning Calorimeter	ISO	International Organization for Standards
E&P	Exploration and Production	IT	Information Technology
EBIT	Earnings before Interest and Taxation	ITP	Import Trade Prices
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization	KE	K-Electric
ECL	Expected Credit Loss	KG	Kilo Gram
EDB	Engineering Development Board of Pakistan	KIBOR	Karachi Interbank Offer Rate
EOBI	Employees' Old Age Benefit Institute	Lbs	Pounds
EPS	Earning Per Share	LC	Letter of Credit
ERP	Enterprise Resource Planning	LED	Light Emitting Diode
ERS	Expedition Refund System	LHC	Lahore High Court
ESG	Environmental, Social, Governance	LNG	Liquefied Natural Gas

LOI	Letter of Interest
LRQA	Lloyd's Register Quality Assurance
LSM	Large Scale Manufacturing
MFI	Melt Flow Index
Mg/ Nm3	Milligrams per cubic meter
MT	Metric tons
MT	Metric ton
MWh	Megawatt-Hour
NBV	Net Book Value
NEQS	National Environmental Quality Standards
NRV	Net Realisable Value
NTDC	National Transmission and Despatch Company
OCI	Other Comprehensive Income
OHSAS	Occupational Health and Safety Management System
OPS	Ounce Per Spindle
OSH&E	Occupational Safety, Health and Environment
PEPA	Pakistan Environmental Protection Act
PEPCO	Pakistan Electric Power Company
PICG	Pakistan Institute of Corporate Governance
PKR	Pakistani Rupee
PNAC	Pakistan National Accreditation Council
PPA	Power Purchase Agreement
PPDB	Punjab Power Development Board
PRA	Punjab Revenue Authority
PSDP	Public Sector Development Programme
PSML	Pakistan Steel Mills Limited
PSX	Pakistan Stock Exchange
PSX	Pakistan Stock Exchange
QMS	Quality Management System
QMS	Quality Management Standard
RoU	Right of Use Asset
SBP	State Bank of Pakistan
SCP	Supreme Court of Pakistan
SdeE	Solution de Energy (Private) Limited
SECP	Securities and Exchange Commission of Pakistan
SEQS	Sindh Environmental Quality Standards
SHC	Sindh High Court
SITE	Sindh Industrial Trade Estate
SMEDA	Small and Medium Enterprise Development Authority
SNGPL	Sui Northern Gas Pipelines Limited
SO2	Sulphur Dioxide
SOP	Standard Operating Procedure

SP	Spiral Pipe
SRB	Sindh Board of Revenue
SSGC	Sui Southern Gas Company Limited
TCF	The Citizens Foundation
THF	The Health Foundation
UNEP	United Nations Environment Programme
USD	United States Dollars
USDA	United States Department of Agriculture
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund
YoY	Year on Year



# FORM OF PROXY

## 40TH ANNUAL GENERAL MEETING

I / We \_\_\_\_\_ s  
/o \_\_\_\_\_ r/o \_\_\_\_\_, being  
member(s) of Crescent Steel and Allied Products Limited and holder of \_\_\_\_\_ Shares  
as per Folio No. \_\_\_\_\_/CDC Participation ID # \_\_\_\_\_ and Sub Account #  
\_\_\_\_\_/CDC Investor Account ID # \_\_\_\_\_ hereby  
appoint \_\_\_\_\_ s/o \_\_\_\_\_  
\_\_\_\_\_ r/o \_\_\_\_\_ having Folio No. \_\_\_\_\_  
CDC Participation ID # \_\_\_\_\_ and Sub Account # \_\_\_\_\_/CDC Investor Account ID  
# \_\_\_\_\_ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the  
Annual General Meeting of Crescent Steel and Allied Products Limited scheduled to be held on Monday,  
October 28, 2024 at 11:00 am, Lahore, through video-link and any adjournment thereof.

At witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

1. Name \_\_\_\_\_  
CNIC \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Please affix  
here Revenue  
Stamps of  
Rs. 50/-

2. Name \_\_\_\_\_  
CNIC \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Members' Signature

### Note:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint another member as proxy.
2. The instrument appointing a Proxy validly filled and signed together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office or the office of the Share Registrar of the Company, CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the guidelines as laid down in circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies.
4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
6. The members who are registered after the necessary verification shall be provided a video-link of the meeting by the Company on the same email address that they emailed the company with.
7. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures and email details of the representative and a copy of CNIC shall be submitted along with proxy form to the Company.



# پراکسی فارم

## 40 واں سالانہ اجلاس

میں مسمیٰ / مسماۃ \_\_\_\_\_ بن / بنت \_\_\_\_\_ ساکن / ساکنہ \_\_\_\_\_

بحیثیت رکن (ممبر) کریڈنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ

اور حامل \_\_\_\_\_ حصص، بحوالہ فوئیو نمبر \_\_\_\_\_ / سی ڈی سی شراکت داری شناختی نمبر \_\_\_\_\_ اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_

/ سی ڈی سی انویسٹر اکاؤنٹ نمبر \_\_\_\_\_ بذریعہ ہڈا مسمیٰ / مسماۃ \_\_\_\_\_ بن / بنت \_\_\_\_\_

ساکن / ساکنہ \_\_\_\_\_ حامل فوئیو نمبر \_\_\_\_\_ / سی ڈی سی شراکت داری شناختی نمبر \_\_\_\_\_

اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_ سی ڈی سی انویسٹر اکاؤنٹ نمبر \_\_\_\_\_ کو اپنی جانب سے پراکسی مقرر کرتا ہوں / کرتی ہوں کہ بروز جمعہ 28 اکتوبر 2024 بوقت صبح 11 بجے، لاہور پر یا بذریعہ ویڈیولنک کے طریقے سے کریڈنٹ اسٹیل اینڈ الائیڈ پروڈکٹس لمیٹڈ کے سالانہ اجلاس عام میں میری جانب سے شرکت کرے، اپنی رائے کا اظہار کرے اور میری جانب سے حق رائے دہی استعمال کرے۔

مؤرخہ \_\_\_\_\_ 2024 کو میرے / ہمارے دستخط سے جاری ہوا۔

برائے مہربانی یہاں 50 روپے والی  
ریونیو اسٹیپ چسپاں کریں

دستخط نمبر \_\_\_\_\_

نام \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

نام \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

نوٹس:

- 1- کوئی بھی ممبر جو کہ اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا استحقاق رکھتا ہو اپنی جگہ کسی اور ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔
- 2- پراکسی مقرر کرنے کیلئے باقاعدہ پر شدہ اور دستخط شدہ دستاویز اور اگر لازم ہو تو پاورا نارنی کے ساتھ جو دستخط شدہ ہو یا ٹوٹری سے توثیق شدہ ہو اور اس کی نقل کمپنی کے حصص رجسٹرار کو رپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ-503، جو ہرٹاؤن، لاہور کے پاس اجلاس منعقد ہونے سے کم از کم 48 گھنٹے قبل جمع کروادی جائے۔
- 3- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو سرکلر نمبر 1 مؤرخہ 26 جنوری 2000 از سیکورٹیز اینڈ ایکسچینج کمیشن ف پاکستان برائے پراکسی میں مذكور ہدایات پر بھی عمل کرنا ہوگا۔
- 4- پراکسی فارم پر دو افراد کی جانب سے گواہی ہونا لازم ہے جن کے نام، پتہ اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر بھی فارم پر درج کرنا لازم ہے۔
- 5- پراکسی فارم کے ساتھ مستفید مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل منسلک کرنا لازم ہے۔
- 6- لازمی توثیق کے بعد رجسٹرڈ ہونے والے نمبر ان کو کمپنی کے اجلاس کے سلسلے میں اسی ای میل پرایک ویڈیولنک فراہم کیا جائے گا جو کہ ان کی جانب سے کمپنی کو فراہم کیا گیا تھا۔
- 7- بصورت کارپوریٹ ادارہ، بورڈ آف ڈائریکٹرز کی قرارداد بمعہ نمونہ دستخط اور ای میل تفصیلات بابت نمائندہ اور کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل کمپنی کو فراہم کیا جانا لازم ہے۔





