



Crescent Steel and  
Allied Products Limited

20  
20 FIRST QUARTERLY REPORT

# BUILDING VALUES

# CONTENTS

## COMPANY INFORMATION

Company Profile	1
Company Information	3

## DIRECTORS' REPORT

Directors' Report	7
Directors' Report (Urdu)	11

## UNCONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Unconsolidated Statement of Financial Position	18
Condensed Interim Unconsolidated Statement of Profit or Loss and other Comprehensive Income	19
Condensed Interim Unconsolidated Statement of Cash Flows	20
Condensed Interim Unconsolidated Statement of Changes in Equity	21
Notes to the Condensed Interim Unconsolidated Financial Statements	22

## CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Statement of Financial Position	38
Condensed Interim Consolidated Statement of Profit or Loss and other Comprehensive Income	39
Condensed Interim Consolidated Statement of Cash Flows	40
Condensed Interim Consolidated Statement of Changes in Equity	41
Notes to the Condensed Interim Consolidated Financial Statements	42

# COMPANY PROFILE

Crescent Steel and Allied Products Limited is a conglomerate listed on the Pakistan Stock Exchange as 'CSAP'. Starting commercial operations with a line pipe manufacturing facility in March 1987, today the company operates businesses in four industry segments – engineering, textiles, capital markets and power - spread over six campuses in Pakistan. The Company operates five divisions and two wholly owned subsidiaries.

## STEEL DIVISION – SPIRAL PIPE PRODUCTION LINE, PIPE COATINGS AND FABRICATION

The Company's Steel Division operates two Helical Seam Submerged Arc Welded Steel Pipe manufacturing lines and an external coating application line at Nooriabad and, a fabrication facility – Shakarganj Engineering – in Dalawal, Faisalabad. The Pipe Plant manufactures high quality steel pipes in the diameter range of 8" - 120" (219 mm – 3,048 mm) in wall thickness from 4 mm – 25 mm up to lengths of 44 feet per pipe and material grades up to API 5L X-100. The unit has authorization to use API monogram of the American Petroleum Institute (API) – the highest international standard accredited for quality of steel line pipe in the Oil and Gas Sector and also continues to retain the ISO 9001 certification.

The Coating Plant is capable of applying various flow efficient and corrosion protection coatings such as Multilayer Polyolefin and Polypropylene coatings, Single Layer Fusion Bonded Epoxy coatings, Liquid Epoxy coatings and High Temperature Heat Shrink Tape coatings on steel pipes ranging from 4" - 60" (114 mm - 1,524 mm), tape coatings on pipe diameter above 60" (1,524 mm) and internal epoxy coatings on diameters ranging from 8" - 60" (219 mm - 1,524 mm).

Crescent Steel is a serious and responsible local line pipe manufacturer that continues to serve as a partner in important national energy projects with demonstrated commitment in terms of quality, experience, financial strength and technical expertise.

The fabrication unit is engaged in fabrication and erection of machinery at par with international standards and designs, especially for sugar and cement industry. The unit has a wide product fabrication capability and specializes in the manufacture and supply of cane shredders, juice heaters, evaporators, batch and continuous vacuum pans, centrifugal machines, stainless steel spray clusters and multi-jet condensers, perforated plates and vibrio screens, and high voltage transformer tanks.

The unit also has the capability to fabricate and erect machinery used in the secondary steel sector and was leveraged for partial fabrication for a Continuous Caster Machine, girders for overhead cranes and a vibrio feeder to Crescent Hadeed Division – billet manufacturing unit.

## COTTON DIVISION – COTTON YARN SPINNING UNIT

The Cotton Division comprises of one spinning unit with 19,680 spindles and is located in Jaranwala. The unit operating as "Crescent Cotton Products" (CCP), has a daily production capacity of 385 Bags of high quality cotton/synthetic carded yarn, in counts ranging from 10s to 31s.

CCP is a division of the company but its operating results are shown separately, CCP as a division is registered with Ministry of Textile Industry Pakistan and All Pakistan Textile Mills Association (APTMA). CCP produces quality cotton / synthetic yarn with value addition of Slub, Siro and Compact Attachments. CCP is equipped with modern high-tech European and Japanese machinery ensuring a high-quality yarn making process, producing various counts from 10s to 31s and has a notional capacity (based on 20s) of 6.36 million Kgs per annum. The brand is known for high quality and demands a premium.

## **INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION**

The division manages a portfolio of equity investments and real estate. The portfolio is balanced in a way that spreads risk over a diversified spectrum and offers potential for growth as well as dividend yields, while real estate investments are held for rental as well as long term appreciation.

## **CRESCENT HADEED DIVISION BILLET MANUFACTURING UNIT**

A billet manufacturing unit (Formerly operating as a wholly owned subsidiary of Crescent Steel and Allied Products Limited) has recently merged with and into CSAPL.

At present, the unit operates a melt shop (equipped with two induction melting furnaces and a continuous casting machine) with an annual production capacity of 85,000 MT of steel billets in various sizes and a standard length of 6 meters. Billets manufactured by the Company are used by re-rolling mills to manufacture bars and other steel long products for use in the construction and engineering sectors.

## **CS ENERGY DIVISION**

A Power generation unit (Formerly operating as a fully owned subsidiary of Crescent Steel and Allied Products Limited) has recently merged with and into CSAPL.

The primary function of this unit is to provide electricity internally to Crescent Hadeed Division – Billet manufacturing unit and generate, accumulate, distribute, sell and supply electricity to Distribution companies, as permitted.

Initially equipped with a 15 MW co-generation, thermal generation power plant at Bhone, Punjab, and 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 Crescent Hadeed Division throughout the year. The Generation Plants use bagasse in the combustion process to produce power and processed steam.

## **SUBSIDIARY COMPANIES**

### **CS CAPITAL (PRIVATE) LIMITED**

CS Capital (Private) Limited is a fully owned subsidiary. The principal activity of the subsidiary is to manage investment portfolios in shares, real estate, commodities and other securities (strategic as well as short term).

### **SOLUTION DE ENERGY (PRIVATE) LIMITED**

Solution de Energy which was previously operating as fully owned subsidiary of CS Energy (Private) Limited, now operating as fully owned subsidiary of CSAPL, post amalgamation of CS Energy (Private) Limited and CSAPL.

The company was incorporated in October 2013, its principal activity being to build, own, operate and maintain a 100MW solar power project.

# COMPANY INFORMATION

## BOARD OF DIRECTORS

Ahmad Waqar  
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem  
Chief Executive Officer and Managing Director

Farrukh V. Junaidy  
Non-Executive Director (Independent)

Nasir Shafi  
Non-Executive Director

S.M. Ehtishamullah  
Non-Executive Director

Syed Zahid Hussain (Resigned on: 30 September 2019)  
Non-Executive Director

Zahid Bashir  
Non-Executive Director

## COMPANY SECRETARY

Iesha Fazal

## AUDIT COMMITTEE

Farrukh V. Junaidy  
Chairman, Non-Executive Director (Independent)

Nasir Shafi  
Member, Non-Executive Director

S.M. Ehtishamullah  
Member, Non-Executive Director

Syed Zahid Hussain (Resigned on: 30 September 2019)  
Non-Executive Director

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Ahmad Waqar  
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem  
Chief Executive Officer and Managing Director

Nasir Shafi  
Member, Non-Executive Director

Syed Zahid Hussain (Resigned on: 30 September 2019)  
Member, Non-Executive Director

## GOVERNANCE AND NOMINATION COMMITTEE

Zahid Bashir  
Chairman, Non-Executive Director

Ahmad Waqar  
Member, Non-Executive Director (Independent)

Ahsan M. Saleem  
Member, Chief Executive Officer

## RISK MANAGEMENT COMMITTEE

S.M. Ehtishamullah  
Chairman, Non-Executive Director

Farrukh V. Junaidy  
Member, Non-Executive Director (Independent)

Zahid Bashir  
Non-Executive Director

## MANAGEMENT TEAM

Ahsan M. Saleem - 1983\*  
Chief Executive Officer and Managing Director

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

Abdul Rouf - 2000\*  
BU Head - Cotton Division

Arif Raza - 1985\*  
BU Head - Steel Division

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

Hasan Altaf Saleem - 2010\*  
Resident Director

Iqbal Abdulla - 2014\*  
IT Advisor

Iqbal Zafar Siddiqui - 2008\*  
Advisor to CEO

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

## HEAD OF INTERNAL AUDIT

Azeem Sarwar - 2018\*

## AUDITORS

### External Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

\* Year of Joining

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

### 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

Industrial and Commercial Bank of  
China

Habib Metropolitan Bank Limited

MCB Bank Limited

National Bank of Pakistan

Summit Bank Limited

JS Bank Limited

### Shariah Compliant

Al-Baraka Bank Pakistan Limited

BankIslami Pakistan Limited

Dubai Islamic Bank Pakistan

## SUBSIDIARIES\*

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

## REGISTERED OFFICE

E-FLOOR, IT TOWER, 73-E/1, 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/1, Hali Road,  
Gulberg-III, Lahore.  
Tel: +92 42 3578 3801-03  
Fax: +92 42 3578 3811  
Email: [ejaz.ahmed@crecident.com.pk](mailto:ejaz.ahmed@crecident.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@crecident.com.pk](mailto:info@crecident.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: [arif.raza@crecident.com.pk](mailto:arif.raza@crecident.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

### 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: [iqbal.siddiqui@crecident.com.pk](mailto:iqbal.siddiqui@crecident.com.pk)

\* Registered Office and Principal Office are same as holding company

## 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 contact.

### **Ms. Iesha Fazal**

Company Secretary

9th Floor, Sidco Avenue Centre, 264  
R.A. Lines, Karachi-74200.  
Tel: +92 21 3567 4881-85  
Email: [company.secretary@crescent.com.pk](mailto:company.secretary@crescent.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)

## FINANCIAL STATEMENTS

For First Quarterly Report for the year ended go to  
<http://www.crescent.com.pk/wp-content/uploads/2019/10/Accounts-Q1FY20.pdf>

# DIRECTORS' REPORT

**The directors' of your company are pleased to present the unaudited unconsolidated and consolidated condensed interim financial statements of the Company and the Group respectively for the three month period ended 30 September 2019.**

## ECONOMIC OUTLOOK

Pakistan continues to face significant economic challenges with weak and volatile macroeconomic fundamentals; steep currency depreciation, regressive tax regimes, aggressive enforcement measures and restrictive monetary policy, coupled with the withdrawal of incentives to local industry. Real GDP growth is projected to reduce to 2.4 percent in FY20, as the government tightens fiscal and monetary policies in an attempt to rebalance from domestic to external demand.

The government has instituted measures to manage these imbalances; the policy rate remained unchanged at 13.25% throughout the quarter; expected to relax inflationary pressures from exchange rate depreciation. Most sectors contracted during FY19 and this trend continued during the first quarter FY20; with higher costs of funds, rising input costs (energy and other tariffs and levies) and lackluster demand. CPI averaged 10.08% for Q1FY20 and clocked in at 11.37% for September 2019, against 5.4% in September 2018. Inflation is expected to increase to peak at 12% in FY20, driven by the impact of exchange-rate pass through on to domestic prices. As a result, industrial growth is expected to remain stagnant this year.

Indicators reflect positivity in balance of payment and balance of trade due to restrictive monetary policy; the trade deficit narrowed to USD 4.9 billion compared to USD 8.4 billion in the corresponding period last year. Exports during September FY20 grew by 2.7% compared to September FY19 while imports reduced by 13.9%, to USD 3.78 billion during September FY20.

## FINANCIAL AND OPERATIONAL PERFORMANCE

### Overall Financial Performance

Unconsolidated results for the three months period ended 30 September 2019 (Q1FY20): the Company's after tax loss is Rs. 146.9 million compared to after tax profit of Rs. 4.2 million in the corresponding period last year. Loss per share (LPS) for the current period is Rs. 1.89 compared to earnings per share (EPS) of Rs. 0.05 in the corresponding period last year. Sales revenue stood is Rs. 664.6 million (Q1FY19: Rs. 1,645.2 million); steel and Cotton divisions generated 44.9 percent and 55.1 percent of total sales respectively. IID Division reported a loss before tax (LBT) of Rs. 29.2 million (Q1FY19 LBT: Rs. 22.2 million) during the period as the turbulence being faced by the market continues.

Fixed costs were unabsorbed because of low sales volumes, and plant idling; Steel division posted a Gross Loss (GL) of Rs. 26.3 million (Q1FY19 GP: Rs. 74.6 million), whereas Cotton Division reported a GP of Rs. 12.5 million (Q1FY19: GP of Rs. 43.5 million). GL of the Company is Rs. 43.8 million (Q1FY20: GP of Rs. 118.1 million). Gross margin for Q1FY20 reduced to negative 6.6 percent compared to positive 7.2 percent in corresponding period last year.

The Company posted LBT of Rs. 179.3 million (Q1FY19: Profit before tax Rs. 3.9 million).

## Summary of operating results as per unconsolidated condensed interim financial statements of the company

- Sales revenue decreased to Rs 664.6 million as compared to Rs. 1,645.2 million in Q1FY19.
- Loss from Investment amounted to Rs. 15.5 million as compared to loss of Rs. 14.0 million in Q1FY19.
- Other income decreased to Rs. 10.4 million as compared to Rs. 25.9 million in the Q1FY19.
- GL of Rs. 43.8 million as compared to a GP of Rs. 118.1 million in Q1FY19.
- Loss before interest and tax (LBIT) was Rs. 109.2 million as compared to Earnings before interest and tax (EBIT) Rs. 66.3 million in Q1FY19.
- LBITDA was Rs. 52.3 million as compared to EBITDA of Rs. 95.0 million in Q1FY19.
- LPS was Rs. 1.89 for the current period, as compared to EPS of Rs. 0.05 for Q1FY19.
- Return on average capital employed (annualized) was negative 1.1 percent for the current period compared to 3.35 percent in the corresponding period last year.
- Break-up value per share was Rs. 67.60.

## BUSINESS SEGMENTS

### Steel Segment

Steel segment revenue for the first quarter ended 30 September 2019 is Rs. 298.1 million compared to Rs. 1,274.4 million in the corresponding period last year; on account of low order intakes during the period, delays in execution of projects by customers and idling of plants. Squeezed volumes and unavoidable fixed production costs led to GL of Rs. 26.3 million for the Q1FY20. The bottom-line LBT is Rs. 113.8 million compared to LBT of Rs. 8.2 million in the corresponding period last year.

### Cotton Segment

Cotton Division recorded sales revenue of Rs. 366.4 million (Q1FY19: Rs. 370.8 million). Measures were taken to ensure efficient utilization of assets, enhance yield and enable cost saving. The division posted a LBT of Rs. 2.5 million for Q1FY20 compared to Profit before tax of Rs. 34.2 million for the corresponding period last year.

### IID Segment

#### Market Review

The KSE-100 Index recorded 33,902 points on 1 July 2019 and closed the first quarter at 32,078 points on 30 September 2019, a decline of 1,824 points or 5.4%.

During the period 99.44 million average shares were traded daily against 178.23 million during the same period last year, while daily average values traded were Rs. 3,730.4 million against Rs. 4,581 million in 4QFY19. Lower volumes indicate a steep decline in activity on the bourse.

During the period, foreigners remained net buyers with net buying USD 23.37 million (Rs. 3,710.67 million), 0.57% of total market capitalization as on 30 September 2019.

Local investors remained net sellers, with mutual fund selling shares worth USD 82.28 million. Individual investors were net buyers and bought shares worth USD 49.04 million.

With weak macro-economic indicators, declining corporate sector performance and higher returns with lower risk investments in the money market, liquidity is shifting from equities to fixed income.

#### Segment Performance

During the 3MFY20, the division's Fair Value Through Profit or Loss (FVTPL) segment (formerly HFT segment), recorded a negative ROI of 10.5% on weighted average investments of Rs. 153.3 million - during the same period, the benchmark KSE-100 index decreased by 5.4%. On an overall basis, the portfolio ROI of marketable securities was negative 0.5% on weighted average cost of investments of Rs. 3,463.5 million.

The portfolio's accumulated LBT for the period ended 30 Sep 2019 was Rs. 29.2 million against Q1FY19 (LBT) of Rs. 22.2 million. The LBT includes realized and unrealized losses of Rs. 17.8 million on FVTPL investments while finance costs and other operating expenses constitute 31.8% and 15.1% of LBT, respectively.

## FINANCIAL POSITION

### Unconsolidated Balance Sheet

Balance sheet footing stood at Rs. 7,932.9 million as of 30 September 2019, compared to Rs. 10,269 million as at 30 September 2018 and Rs 8,287 million on 30 June 2019. Book value per share was Rs. 67.60.

Current ratio was maintained at 1.1:1, as of 30 September 2019. Gearing ratio (including short term borrowings) is 25.2% compared to 27.0% on 30 June 2019.

### Overall Consolidated Financial Performance

On a consolidated basis, operating loss before finance costs amounted to Rs. 124.6 million (Q1FY19: Loss Rs. 88.3 million). Consolidated loss after tax for the Group for Q1FY20 was Rs. 129.7 million as compared to loss after tax of Rs. 64.6 million in Q1FY19. Net share of profit from equity-accounted associates amounted to Rs. 39.6 million (Q1FY19: Rs. 110.8 million).

Consolidated LPS of the Group for Q1FY20 is negative 1.67 per share as compared to LPS of Rs. 0.83 per share respectively in the corresponding period last year.

During Q1FY20, loss after tax of CS Capital (Private) Limited – a wholly owned subsidiary amounted to Rs. 8.7 million (Q1FY19: Loss after tax Rs. 14.4 million). The portfolio underperformed primarily due to unrealized losses of Rs. 16.3 million on FVTPL investments.

## CONSOLIDATED FINANCIAL POSITION

### Consolidated Balance Sheet

On a Group basis, the consolidated balance sheet footing stood at Rs. 9,628.7 million, compared to Rs. 10,000.9 million as at 30 June 2019. Total shareholders' fund decreased to Rs. 6,834.1 million from Rs. 6,956.1 million as at 30 June 2019. Book value per share was Rs. 88.03.

## FUTURE OUTLOOK

At the end of first quarter FY20, there are signs of recovery; improvement in the current account deficit, foreign exchange reserves and exports. The fiscal deficit deteriorated during this period on the back of lower revenue collections – a natural outcome of contracting growth. Measures by the government to enhance the revenue base may offset the dampening impact of the slower growth. It is important to note that while the current account deficit has reduced significantly, this reduction is due to significantly lower imports of capital goods, raw materials and other consumables. Lower imports of critical material and capital goods indicates low growth in real GDP.

Real GDP growth is projected to reduce to 2.4 percent in FY20 as the government tightens fiscal and monetary policies in an attempt at rebalancing from domestic to external demand. As a result, domestic demand and consumption has slowed down while net exports are expected to increase gradually. Growth is expected to recover, gradually, as external demand picks up, macroeconomic conditions improve, and, structural reforms in fiscal management and competitiveness take effect. This recovery will be slow, and is conditional on relatively stable oil prices and reduced external risks.

Revenues in the Steel Segment have been restricted since the start of FY19, in the absence of major oil and gas transmission projects, delayed by customers due to financial and bureaucratic issues, and slashed budgets for Public Sector Development Programs (PSDP). Recently, there have been several gas transmission tenders, in which we have participated. The outcomes are expected to be announced soon. Furthermore, as pressure builds up at the LNG terminals at port, the need for transmission of LNG will be pronounced; therefore, outlook on future transmission projects is positive for the current FY.

Corporate earnings and payouts are likely to remain contained for FY20, however, current valuations are attractive, and it is a good time to enter for capital gains. The KSE-100 is trading at a forward PE of 4.97 times and at these levels offers an average dividend yield of 9.75%.

A slowdown in growth, higher interest rates, record-high fiscal deficit and the looming threat from the Financial Action Task Force coupled with a global recession and the ongoing US-China trade conflict remain areas of concern, and will dampen the performance of the benchmark bourse.

I am pleased to record our appreciation to all stakeholders and look forward towards their continued support.

For and behalf of Board of Directors.



**Ahsan M. Saleem**  
Chief Executive Officer



**Ahmad Waqar**  
Chairman

## ڈائریکٹرز رپورٹ

معزز حصص داران،

میں انتہائی مسرت کے ساتھ بالترتیب کمپنی اور گروپ کی غیر آڈٹ شدہ غیر یکجا و یکجا مرکب عیوبی مالیاتی دستاویزات بابت پہلی سہ ماہی اختتامیہ 30 ستمبر 2019 آپ کی خدمت میں پیش کر رہا ہوں۔

## معاشی منظر نامہ

پاکستان کمزور کئی اور غیر یقینی معاشی اشاریوں، روپے کی قدر میں زبردست کمی، انتہائی ٹیکس اقدامات، سخت حکومتی اقدامات و مالیاتی پالیسی اور مقامی صنعتوں کو دی جانے والی ترغیبات واپس لے جانے کے بعد اہم معاشی مسائل سے دوچار ہے۔ مالی سال 2020 کے دوران خام قومی پیداوار کم ہو کر 2.4 فیصد تک رہنے کی توقع ہے کیونکہ حکومت کی جانب سے مقامی اور بیرونی طلب میں توازن پیدا کرنے کی غرض سے سخت مالیاتی اور مالی پالیسیوں پر عمل پیرا ہے۔

حکومت کی جانب سے عدم توازن کو ختم کرنے کے سلسلے میں اقدامات اٹھائے جا رہے ہیں، زیر نظر سہ ماہی کے دوران پالیسی ریٹ 13.25% کی شرح پر ہی برقرار رکھا گیا اور شرح مبادلہ میں کمی آنے کی وجہ سے توقع کی جا رہی ہے کہ افراط زر کی جانب سے آنے والے دباؤ میں بھی کمی آئے گی۔ مالی سال 2019 کے دوران بہت سے سیکٹر سیکڑ چکے ہیں اور یہ رجحان مالی سال 2020 کی پہلی سہ ماہی میں بھی جاری رہا؛ جموہلی لاگت میں اضافہ ہوا، خام مال کی قیمت (توانائی اور دیگر قیمتوں اور ٹیکسوں کی شرح) میں اضافہ درج کیا گیا ہے اور طلب ست روی کا شکار رہی۔ مہنگائی (سی پی آئی) کی شرح مالی سال 2020 کی پہلی سہ ماہی کے دوران اوسطاً 10.08% رہی اور ماہ ستمبر 2019 کے دوران یہ شرح 11.37% درج کی گئی ہے جبکہ ماہ ستمبر 2018 میں یہ شرح 5.4% درج کی گئی تھی۔ توقع کی جا رہی ہے کہ مالی سال 2020 کے دوران افراط زر 12% کی بلند ترین سطح کو چھوئے گی جس کی وجہ شرح مبادلہ کے اثرات کا مقامی سطح پر قیمتوں میں ابجداب ہے۔ نتیجتاً رواں مالی سال کے دوران صنعتی نشوونما وجود کا شکار رہنے کی توقع ہے۔

سخت مالی پالیسی کی وجہ سے ادائیگیوں کے توازن اور تجارتی توازن میں مثبت اشارے مل رہے ہیں تجارتی خسارہ سیکڑ کر 4.9 بلین ڈالر تک آچکا ہے جو گذشتہ مالی سال کے اسی عرصے کے دوران 8.4 بلین ڈالر تھا۔ ماہ ستمبر مالی سال 2019 کے مقابلے میں ستمبر 2020 کے دوران برآمدات میں 2.7% کا اضافہ ہوا ہے جبکہ درآمدات 13.9% کی کمی واقع ہوئی ہے اور مالی سال 2020 کے ماہ ستمبر میں کم ہو کر درآمدات کا حجم 3.78 بلین ڈالر رہ گیا ہے۔

## مالیاتی کارکردگی

## مجموعی مالیاتی کارکردگی

رواں مالی سال 2020 کے دوران 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی سے متعلق غیر مربوط نتائج کے مطابق کمپنی کا نقصان بعد از ٹیکس 146.9 بلین روپے درج کیا گیا ہے جبکہ گذشتہ مالی سال کی پہلی سہ ماہی کے دوران 4.2 بلین روپے کا منافع درج کیا گیا تھا۔ زیر نظر سہ ماہی کیلئے نقصان فی حصص 1.89 روپے درج کیا گیا ہے جبکہ گذشتہ

مالی سال کی پہلی سہ ماہی کیلئے آمدن فی حصص 0.05 روپے درج کی گئی تھی۔ رواں مالی سال کی پہلی سہ ماہی کے دوران آمدن از فروخت 664.6 ملین روپے درج کی گئی ہے جبکہ گزشتہ مالی سال 2019 کی پہلی سہ ماہی کے دوران آمدن از فروخت 1,645.2 ملین روپے درج کی گئی تھی۔ اسٹیل اور کاشن کے شعبوں کی جانب سے کل فروخت کا بااثر تیب 44.9% اور 55.1% درج کیا گیا ہے۔ آئی آئی ڈی ڈی ڈی ڈی کی جانب سے 29.2 ملین روپے کا نقصان قبل از ٹیکس درج کیا گیا ہے جبکہ مالی سال 2019 کی پہلی سہ ماہی کے دوران اس ڈیویڈنڈ کی جانب سے 22.2 ملین روپے کا نقصان قبل از ٹیکس درج کیا گیا تھا جیسا کہ مارکیٹ میں جاری مندی کا رجحان اس وقت بھی جاری ہے۔

فروخت کے حجم میں کمی پلانٹ کے بند رہنے کی وجہ سے مستقل اخراجات کا انحصار نہ ہو سکا۔ اسٹیل ڈیویڈنڈ کی جانب سے زیر نظر سہ ماہی کے دوران 26.3 ملین روپے کا خام نقصان درج کیا گیا ہے جبکہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 74.6 ملین روپے کا منافع درج کیا گیا تھا۔ جبکہ کاشن ڈیویڈنڈ کی جانب سے زیر نظر سہ ماہی کے دوران 12.5 ملین روپے کا منافع درج کیا گیا ہے جو کہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 43.5 ملین روپے درج کیا گیا تھا۔ کمپنی کا خام نقصان 43.8 ملین روپے درج کیا گیا ہے (مالی سال 2020 کی پہلی سہ ماہی کے دوران خام منافع 118.1 ملین روپے درج کیا گیا ہے)۔ کمپنی کے خام منافع کی شرح گھٹ کر منفی 6.6% تک آچکی ہے جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ شرح مثبت 7.2% درج کی گئی تھی۔

کمپنی کی جانب سے 179.3 ملین روپے کا نقصان قبل از ٹیکس درج کیا گیا ہے جبکہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 3.9 ملین روپے کا قبل از ٹیکس منافع درج کیا گیا تھا۔

#### کمپنی کی غیر مربوط مالیاتی دستاویزات کی بابت کاروباری کارکردگی کا خلاصہ

☆ آمدن از فروخت کم ہو کر 664.6 ملین روپے ہو چکی ہے جو کہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 1,645.2 ملین روپے درج کی گئی تھی۔

☆ سرمایہ کاری پر ہونے والا نقصان 15.5 ملین روپے رہا جبکہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 14.0 ملین کا نقصان درج کیا گیا تھا۔

☆ دیگر آمدن کمی کے بعد 10.4 ملین روپے درج کی گئی ہے جو کہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 25.9 ملین روپے درج کی گئی تھی۔

☆ خام نقصان 43.8 ملین روپے درج کیا گیا ہے جبکہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 118.1 ملین روپے کا منافع درج کیا گیا تھا۔

☆ نقصان قبل از ادا کیے ہوئے سود و انکم ٹیکس 109.2 ملین روپے درج کی گئی ہے جبکہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 66.3 ملین کی آمدن درج کی گئی تھی۔

☆ نقصان قبل از ادا کیے ہوئے سود، انکم ٹیکس اور فرسودگی 52.3 ملین روپے درج کی گئی ہے جبکہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 95.0 ملین روپے کی آمدن درج کی گئی تھی۔

☆ زیر نظر سہ ماہی کے دوران نقصان فی حصص 1.89 روپے درج کیا گیا ہے جبکہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 0.05 روپے کی آمدن فی حصص درج کی گئی تھی۔

☆ زیر نظر سہ ماہی کے دوران اوسط سرمایہ کاری پر منافع (سالانہ) منفی 1.1 فیصد درج کیا گیا ہے جبکہ گزشتہ سال کے اسی عرصے کے دوران یہ 3.35 درج کیا گیا تھا۔

☆ فی حصص منقسم قدر 67.60 روپے درج کی گئی ہے۔

## کاروباری شعبے

### اسٹیل کا شعبہ

#### شعبے کی کارکردگی

رواں مالی سال کی پہلی سرمایہ اختتامیہ 30 ستمبر 2019 کے دوران اسٹیل کے شعبے کی آمدن 298.1 ملین روپے درج کی گئی ہے جو کہ مالی سال کی پہلی سرمایہ کے دوران 1,274.4 ملین روپے درج کی گئی تھی۔ اس کی وجوہات میں ملنے والے آرڈرز کی کمی، صارفین کی جانب سے متعلقہ پروجیکٹس میں تاخیر اور پلانٹ کی بندش وغیرہ شامل ہیں۔ مالی سال 2020 کی پہلی سرمایہ کے دوران پیداواری حجم میں کمی اور ناگزیر نوعیت کے مستقل اخراجات کی وجہ سے زیر نظر سرمایہ کے دوران خام نقصان 26.3 ملین روپے درج کیا گیا ہے۔ نتیجتاً نقصان قبل از ٹیکس 113.8 ملین روپے درج کیا گیا جب کہ مالی سال 2019 کی پہلی سرمایہ کے دوران اس مد میں 8.2 ملین روپے کا نقصان قبل از ٹیکس درج کیا گیا تھا۔

### کاشن کا شعبہ

#### شعبے کی کارکردگی

کاشن کے ڈویژن کی جانب سے زیر نظر سرمایہ کے دوران 366.4 ملین روپے کی آمدن از فروخت درج کی گئی ہے جو کہ مالی سال 2019 کی پہلی سرمایہ کے دوران 370.8 ملین روپے درج کی گئی تھی۔ اثاثوں کو مستعد انداز کے ساتھ زیر استعمال لانے، پیداوار کو بڑھانے اور پیداواری لاگت کو کم ز کم سطح پر رکھنے کیلئے ہر وقت اقدامات اٹھائے گئے ہیں۔ مالی سال 2020 کی پہلی سرمایہ کے دوران اس شعبے کی جانب سے 2.5 ملین روپے کا نقصان قبل از ٹیکس درج کیا گیا ہے جبکہ مالی سال 2019 کی پہلی سرمایہ کے دوران 34.2 ملین روپے کا منافع قبل از ٹیکس درج کیا گیا تھا۔

## آئی آئی ڈی کا شعبہ

### مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج 100 انڈیکس میں یکم جولائی 2019 کو 33,902 پوائنٹس درج کئے گئے ہیں رواں مالی سال کی پہلی سرمایہ اختتامیہ 30 ستمبر 2019 کو 32,078 پوائنٹس پر بند ہوا، اس طرح اس میں 1,824 پوائنٹس کے ساتھ 5.4% کی کمی واقع ہوئی۔

اس عرصے کے دوران اوسطاً 99.44 ملین حصص یومیہ کا کاروبار رہا جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران 178.23 اوسطاً ملین حصص کا کاروبار ہوا تھا۔ جبکہ یومیہ اوسطاً 3,730.4 ملین روپے کا کاروبار ہوا جبکہ مالی سال 2019 کی چوتھی سرمایہ کے دوران 4,581 ملین روپے کا کاروبار ہوا تھا۔ حجم کی یہ کمی اسٹاک مارکیٹ میں شدید مندی کی جانب اشارہ کر رہی ہے۔

زیر نظر مالی سال کے دوران غیر ملکیوں کی جانب سے صرف خرید کے عمل میں حصہ لیا گیا اور ان کی جانب سے خرید کا کل حجم 23.37 ملین ڈالر (3,710.67 روپے) درج کیا گیا

ہے جو کہ 30 ستمبر 2019 کو کل مارکیٹ کی مالیت کا 0.57% بنتا ہے۔

مقامی سرمایہ کاروں میں محض فروخت کارہجان پایا جاتا تھا، بیوچل فنڈز کی جانب سے 82.28 ملین ڈالر کے بقدر حصص فروخت کئے گئے۔ انفرادی سرمایہ کاروں میں محض خریداری کارہجان پایا جاتا تھا اور ان کی جانب سے 49.04 ملین ڈالر کے حصص خریدے گئے۔

کمزور معاشی اشاریوں، کارپوریٹ سیکٹرز کی گرتی ہوئی کارکردگی اور مارکیٹ میں کم سرمایہ کاری پر زیادہ منافع کمانے کے رجحان کے پیش نظر لیبو ڈینی اکیویٹی سے مستقل آمدن کی جانب منتقل ہو رہی ہے۔

### شعبے کی کارکردگی

مالی سال 2020 کی پہلی سہ ماہی کے دوران نقصان / نفع کی وجہ سے ڈویژن (FVTPL) سب سے زیادہ (HFT segment) کی اصل مالیت، منفی 10.5% منافع از سرمایہ کاری بلحاظ اوزانہ اور وسط درجہ کیا گیا جو کہ 153.3 ملین روپے ہے۔ اسی عرصے کے دوران کراچی اسٹاک ایکسچینج 100 انڈیکس بیچ مارک میں 5.4% کی گراؤٹ درجہ کی گئی ہے۔ مجموعی بنیادوں پر مارکیٹ کا پورٹ فولیو منافع از سرمایہ کاری بابت تسکات منفی 0.5% بلحاظ اوزانہ اور وسط لاگت برائے سرمایہ کاری درجہ کیا گیا ہے جو کہ 3,463.5 ملین روپے ہے۔

زیر نظر سہ ماہی اختتامیہ 30 ستمبر 2019 پورٹ فولیو کا مجموعی نقصان قبل از ٹیکس 29.2 ملین روپے درجہ کیا گیا ہے جو کہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 22.2 ملین روپے تھا۔ اس نقصان قبل از ٹیکس میں ایف وی ٹی پی ایل سرمایہ کاری میں شامل تخمین اور غیر تخمین شدہ نقصانات بقدر 17.8 ملین روپے بھی شامل ہیں جبکہ اس میں 31.8% تمو بلی لاگت اور 15.1% دیگر کاروباری اخراجات بھی بالترتیب شامل ہیں۔

### مالیاتی پوزیشن

#### بیلنس شیٹ

بیلنس شیٹ کا مجموعی کل بابت پہلی سہ ماہی اختتامیہ 30 ستمبر 2019 7,932.9 ملین روپے درجہ کیا گیا ہے جو کہ مالی سال 2019 کی پہلی سہ ماہی اختتامیہ 30 ستمبر 2018 کے اختتام پر 10,269 ملین روپے درجہ کیا گیا تھا اور 30 جون 2019 کو 8,287 ملین روپے درجہ کیا گیا تھا کھاتوں میں درج شدہ فی حصص قدر 67.60 روپے تھی۔

تاریخ 30 ستمبر 2019 رواں اٹاٹوں کا تناسب 1.1:1 کے حساب سے قائم رہا جبکہ قرضوں کا تناسب (بشمول قلیل المدتی قرضے) 25.2% ہے یہ تناسب 30 جون 2019 کو 27.0% تھا۔

### مجموعی مالیاتی کارکردگی

#### مربوط

مربوط بنیادوں پر کاروباری نقصان قبل از تمو بلی لاگت 124.6 ملین روپے درجہ کیا گیا ہے جو کہ مالی سال 2019 کی پہلی سہ ماہی کے دوران 88.3 ملین روپے درجہ کیا گیا

تھا۔ برائے سرمایہ اختتامیہ 30 ستمبر 2019 گروپ کا مجموعی نقصان بعد از ٹیکس 129.7 ملین روپے درج کیا گیا ہے جو کہ مالی سال 2019 کی پہلی سرمایہ کے دوران 64.4 ملین روپے درج کیا گیا تھا۔ یکپوٹی اکاؤنڈ ایسوسی ایٹس سے کل منافع 39.6 ملین روپے درج کیا گیا ہے جو مالی سال 2019 کی پہلی سرمایہ کے دوران 110.8 ملین روپے درج کیا گیا تھا۔

مالی سال 2020 کی پہلی سرمایہ کے اختتام پر گروپ کا نقصان فی حصص منفی 1.67 روپے ہے جبکہ گزشتہ مالی سال کی پہلی سرمایہ کے اختتام پر نقصان فی حصص 0.83 روپے درج کیا گیا تھا۔

مالی سال 2020 کی پہلی سرمایہ کے دوران سی ایس کیپٹل (پرائیویٹ) لمیٹڈ، (مکمل طور پر ذیلی کمپنی) کا نقصان بعد از ٹیکس 8.7 ملین روپے درج کیا گیا ہے جبکہ مالی سال 2019 کی پہلی سرمایہ کے دوران یہ نقصان 14.4 ملین روپے درج کیا گیا تھا۔ بنیادی طور پر ایف وی ٹی پی ایل کی سرمایہ کاری پر 16.3 ملین روپے کے غیر تخمین شدہ نقصانات کی وجہ سے پورٹ فولیو کی کارکردگی اطمینان بخش نہ رہی۔

## مالیاتی پوزیشن

### بیلنس شیٹ

گروپ کی بنیاد پر، مجموعی بیلنس شیٹ کا میزانیہ 9,628.7 ملین روپے درج کیا گیا جبکہ 30 جون 2019 کو یہ میزانیہ 10,000.9 ملین روپے درج کیا گیا تھا۔ حصص داران کے فنڈز کل کمی کے بعد 6,834.1 ملین روپے ہیں جبکہ 30 جون 2019 یہ فنڈز 6,956.1 ملین روپے تھے۔ کھاتوں میں درج شدہ فی حصص قدر 88.03 روپے تھی۔

### مستقبل پر نظر

مالی سال 2020 کی پہلی سرمایہ کے اختتام پر بحالی کے آٹا نمودار ہونا شروع ہوئے ہیں جس میں کرنٹ اکاؤنٹ خسارے، زرمبادلہ کے ذخائر اور برآمدات وغیرہ میں مثبت تبدیلیاں شامل ہیں۔ اس عرصے کے دوران کم آمدن کے حصول کی وجہ سے مالیاتی خسارہ بڑھا جو کہ نشوونما کی سست روی کا ایک لازمی نتیجہ تھا۔ آمدن میں اضافے کیلئے حکومت کی جانب سے لئے گئے اقدامات نشوونما کی سست روی کا مداوی کر سکتے ہیں۔ یہ بات قابل ذکر ہے کہ اگر کرنٹ اکاؤنٹ خسارے میں کمی آ رہی ہے تو اس کی بنیاد ہی وجہ کیپٹل گڈز، خام مال اور دیگر ایشیا صرف کی درآمدات میں آنے والی واضح کمی ہے۔ ہم ایشیا اور کیپٹل گڈز کی درآمدات میں کمی اصل خام قومی پیداوار میں کمی کی جانب اشارہ کر رہی ہے۔

اصل خام قومی پیداوار مالی سال 2020 کے دوران 2.4 فیصد تک رہنے کا امکان ہے کیونکہ مقامی سے بین الاقوامی طلب میں توازن پیدا کرنے کی غرض سے حکومت کی جانب سے سخت مالی اور مالیاتی پالیسی جاری کی گئی ہے۔ نتیجتاً مقامی طلب اور تصرف میں کمی آئی ہے البتہ مجموعی طور پر برآمدات میں بتدریج اضافہ ہونے کی توقع ہے۔ جیسے جیسے بیرونی طلب میں اضافہ ہوگا ویسے ہی نشوونما بھی بحال ہونا شروع ہو جائے گی، کئی معاشی اشارے مثبت ہو گئے اور مالیاتی، مسابقتی اور بنیادی ڈھانچے میں اصلاحات کے اثرات بھی نمودار ہونا شروع ہو جائیں گے۔ بحالی کا یہ عمل سست روی کا شکار ہوگا اور اس کا انحصار نسبتاً تیل کی قیمتوں میں توازن اور بیرونی خطرات میں کمی پر ہوگا۔

مالی سال 2019 کے آغاز سے ہی اسٹیل کے شعبے میں آمدن محدود رہی ہے، تیل اور گیس کی ترسیل کے بڑے منصوبوں کی عدم موجودگی، مالیاتی اور افرشٹا ہی مسائل کے پیش نظر صارفین کی جانب سے کمی جانے والی تاخیر اور عوامی ترقیاتی بجٹ کیلئے مختص کی جانے والی رقم میں کمی اس کی وجوہات میں شامل ہیں۔ حال ہی میں گیس کی ترسیل کے سلسلے میں کمی ٹینڈر رٹائل کئے گئے ہیں جن میں ہماری جانب سے بھی شمولیت اختیار کی گئی ہے۔ ان کے نتائج جلد ہی برآمد ہونے کی توقع ہے۔ مزید برآں، جیسے جیسے ایل این جی ٹریڈنگ، ہرقام پورٹ پر دباؤ بڑھے گا ایل این جی کی ترسیل کیلئے آوازیں اٹھانا شروع ہوگی، لہذا رواں مالی سال کے دوران ترسیل کے پروجیکٹس کے سلسلے میں مثبت اشارے مل رہے ہیں۔

مالی سال 2020 کے دوران کارپوریٹ آمدن اور تقسیم منافع محدود رہنے کی توقع ہے، رواں ویلیویشن پر کشش ہے اور کیپٹل گین میں سرمایہ کاری کیلئے یہ ایک مناسب وقت ہے۔ کراچی اسٹاک ایکسچینج میں فارورڈ پی ای 4.97 گنا ہر تجارتی سرگرمیاں جاری ہیں اور اس سطح پر اوسط ڈیویڈنڈ %9.75 ہونے کی توقع ہے۔

نشوونما میں ست روی، بلند شرح سود، ریکارڈ مالیاتی خسارہ اور فنانشل ایکشن ٹاسک فورس کی جانب سے سرپرٹنگتی ہوتی تلواری عالمی کسادبازاری اور اس کے ساتھ ساتھ امریکہ اور چین کے مابین بڑھتی ہوئی تجارتی کشیدگی جیسے عوامل خدشات کو جنم دے رہے ہیں اور ان خدشات کے منفی اثرات اسٹاک مارکیٹ پر پڑتے رہیں گے۔

میں اس موقع پر تمام شراکت داروں کا تہ دل سے شکریہ ادا کرنا چاہتا ہوں کہ ان کی سرپرستی اور حمایت ہمیشہ ہمارے شامل حال رہی۔

برائے و ازبورڈ آف ڈائریکٹرز

احسان ایم سلیم  
چیف ایگزیکٹو آفیسر

احمد وقار

چیرمین

تاریخ: 28 اکتوبر 2019

Crescent Steel and Allied Products Limited

# CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

---

Crescent Steel and Allied Products Limited  
Condensed Interim Unconsolidated Statement of Financial Position (Unaudited)  
As at 30 September 2019

	Note	Unaudited 30 September 2019	Audited 30 June 2019
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,437,150	2,493,745
Intangible assets		435	484
Investment properties		21,021	21,482
Long term investments	6	2,265,377	2,264,834
Long term deposits	7	267,495	233,267
Deferred taxation		333,144	292,131
		<u>5,324,622</u>	<u>5,305,943</u>
<b>Current assets</b>			
Stores, spares and loose tools		160,296	185,784
Stock-in-trade	8	585,934	821,369
Trade debts	9	108,415	96,432
Loans and advances	10	100,900	122,685
Trade deposits and short term prepayments		23,299	50,292
Investments	11	118,312	166,735
Mark-up accrued		29	29
Other receivables	12	225,489	249,427
Taxation - net		1,273,499	1,260,531
Cash and bank balances		12,056	27,805
		<u>2,608,229</u>	<u>2,981,089</u>
<b>Total assets</b>		<u><u>7,932,851</u></u>	<u><u>8,287,032</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		776,325	776,325
Capital reserves		1,020,908	1,020,908
Revenue reserves		<u>3,450,483</u>	<u>3,596,830</u>
		<u>5,247,716</u>	<u>5,394,063</u>
<b>Non-current liabilities</b>			
Long term loans	13	132,104	177,152
Liabilities against assets subject to finance lease		97,908	103,042
Deferred income		5,856	6,866
Deferred liability		<u>100,546</u>	<u>100,546</u>
		<u>336,414</u>	<u>387,606</u>
<b>Current liabilities</b>			
Trade and other payables	14	719,150	691,923
Unclaimed dividend		26,495	26,525
Mark-up accrued		44,160	41,617
Short term borrowings	15	1,395,189	1,577,196
Current portion of long term loans	13	113,219	110,394
Current portion of liabilities against assets subject to finance lease		44,858	51,254
Current portion of deferred income		5,650	6,454
		<u>2,348,721</u>	<u>2,505,363</u>
Contingencies and commitments	16		
<b>Total equity and liabilities</b>		<u><u>7,932,851</u></u>	<u><u>8,287,032</u></u>

The annexed notes from 1 to 27 form an integral part of this condensed interim unconsolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited  
 Condensed Interim Unconsolidated Statement of Profit or Loss and  
 Other Comprehensive Income (Unaudited)

For the first quarter ended 30 September 2019

	Note	First quarter ended	
		30 September 2019	30 September 2018
----- (Rupees in '000) -----			
Sales	17	778,235	1,851,311
Less: sales tax		113,673	206,073
		<u>664,562</u>	<u>1,645,238</u>
Cost of sales		708,354	1,527,110
Gross (loss) / profit		<u>(43,792)</u>	<u>118,128</u>
Loss from investments - net	18	<u>(15,499)</u>	<u>(14,016)</u>
		<u>(59,291)</u>	<u>104,112</u>
Distribution and selling expenses		2,685	4,049
Administrative expenses		56,507	55,251
Other operating expenses	19	1,161	4,443
		<u>60,353</u>	<u>63,743</u>
		<u>(119,644)</u>	<u>40,369</u>
Other income		10,397	25,918
Operating (loss) / profit before finance costs		<u>(109,247)</u>	<u>66,287</u>
Finance costs	20	70,101	62,427
(Loss) / profit before taxation		<u>(179,348)</u>	<u>3,860</u>
Taxation			
- current		8,556	20,532
- prior		-	-
- deferred		(41,014)	(20,892)
		<u>(32,458)</u>	<u>(360)</u>
(Loss) / profit for the period		<u>(146,890)</u>	<u>4,220</u>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		543	678
		<u>(146,347)</u>	<u>4,898</u>
<b>Total comprehensive (loss) / income for the period</b>		<u>(146,347)</u>	<u>4,898</u>
----- (Rupees) -----			
(Loss) / earnings per share - Basic and diluted	21	<u>(1.89)</u>	<u>0.05</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim unconsolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited  
Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)  
For the first quarter ended 30 September 2019

	Note	First quarter ended	
		30 September 2019	30 September 2018
----- (Rupees in '000) -----			
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	22	317,047	(739,635)
Taxes paid		(21,523)	(20,139)
Finance costs paid		(63,719)	(31,902)
Contribution to gratuity and pension funds		(5,720)	(5,810)
Contribution to Workers' Profit Participation Fund		(5,885)	(27,190)
Long term deposits - net		(28,598)	-
Net cash generated from / (used in) operating activities		191,602	(824,676)
<b>Cash flows from investing activities</b>			
Capital expenditure		(52)	5,733
Proceeds from disposal of operating fixed assets		1,581	98
Investments - net		30,626	(5,085)
Dividend income received		156	1,062
Interest income received		31	185
Net cash generated from investing activities		32,342	1,993
<b>Cash flows from financing activities</b>			
Repayments of long term loans - net		(42,223)	36,664
Payments against finance lease obligations		(15,433)	(13,955)
Repayments of short term loans obtained - net		(221,168)	530,474
Dividends paid		(30)	(330)
Net cash (used in) / generated from financing activities		(278,854)	552,853
Net decrease in cash and cash equivalents		(54,910)	(269,830)
Cash and cash equivalents at beginning of the period		(818,640)	(172,096)
Cash and cash equivalents at end of the period	23	(873,550)	(441,926)

The annexed notes from 1 to 27 form an integral part of this condensed interim unconsolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited  
Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)  
For the first quarter ended 30 September 2019

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves		Total	
		Share premium	Fair value reserve	General reserve		Unappropriated profit / (loss)
----- (Rupees in '000) -----						
<b>Balance as at 30 June 2018</b>	776,325	1,020,908	7,374	3,642,000	1,390,469	6,837,076
<b>Total comprehensive income for the period</b>						
Profit after taxation for the period	-	-	-	-	4,220	4,220
Other comprehensive income for the period	-	-	678	-	-	678
<b>Total comprehensive income for the period</b>	-	-	678	-	4,220	4,898
<b>Balance as at 30 September 2018</b>	776,325	1,020,908	8,052	3,642,000	1,394,689	6,841,974
<b>Balance as at 30 June 2019</b>	776,325	1,020,908	5,818	3,642,000	(50,988)	5,394,063
<b>Total comprehensive loss for the period</b>						
Loss after taxation for the period	-	-	-	-	(146,890)	(146,890)
Other comprehensive income for the period	-	-	543	-	-	543
<b>Total comprehensive loss for the period</b>	-	-	543	-	(146,890)	(146,347)
<b>Balance as at 30 September 2019</b>	776,325	1,020,908	6,361	3,642,000	(197,878)	5,247,716

The annexed notes from 1 to 27 form an integral part of this condensed interim unconsolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

# Crescent Steel and Allied Products Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the first quarter ended 30 September 2019

### 1. THE COMPANY AND ITS OPERATIONS

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

The Company operates five segments Steel, Cotton, Investment and Infrastructure Development (IID), Energy and Hadeed (Billet) segment as disclosed in note 24.

### 2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim unconsolidated financial statements of the Company do not include all of the information required for annual unconsolidated financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last audited annual unconsolidated financial statements.

2.3 These condensed interim unconsolidated financial statements are presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

### 3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the audited annual unconsolidated financial statements as at and for the year ended 30 June 2019.

### 4. USE OF ESTIMATES AND JUDGEMENTS

4.1 The preparation of condensed interim unconsolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

4.2 Estimates and judgements made by management in the preparation of these condensed interim unconsolidated financial statements are the same as those that were applied to the annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2019.

## 5. PROPERTY, PLANT AND EQUIPMENT

	Note	Unaudited 30 September 2019 ----- (Rupees in '000) -----	Audited 30 June 2019
Operating fixed assets	5.1	2,347,010	2,404,168
Capital work-in-progress	5.2	90,140	89,577
		<u>2,437,150</u>	<u>2,493,745</u>

5.1 Following are the cost of operating fixed assets added / transferred and disposed off during the three months period ended:

	Unaudited First quarter ended 30 September 2019		Unaudited First quarter ended 30 September 2018	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
	----- (Rupees in '000) -----			
Plant and machinery - owned	-	-	5,598	-
Furniture and fittings	-	-	576	-
Electrical / office equipments and installation	-	-	343	160
Computers	187	464	144	710
Motor vehicles - owned	-	3,728	4,439	-
	<u>187</u>	<u>4,192</u>	<u>11,100</u>	<u>870</u>

5.2 Net additions to capital work-in-progress during the three months period amounted to Rs. 0.563 million (Net transfers in 2018: Rs. 16.707 million).

## 6. LONG TERM INVESTMENTS

	Note	Unaudited 30 September 2019 ----- (Rupees in '000) -----	Audited 30 June 2019
Subsidiary companies - at cost	6.1	525,001	525,001
Associated companies - at cost	6.2	1,286,401	1,286,401
Other long term investments	6.3	453,975	453,432
		<u>2,265,377</u>	<u>2,264,834</u>

### 6.1 Subsidiary companies - at cost

Unaudited 30 September 2019 (Number of shares)	Audited 30 June 2019	Unquoted	Note	Unaudited 30 September 2019 ----- (Rupees in '000) -----	Audited 30 June 2019
52,500,000	52,500,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	6.1.1	525,000	525,000
2		2 Crescent Continental Gas Pipelines Limited (US \$ 1 each)	6.1.2	-	-
100	100	Solution de Energy (Private) Limited	6.1.3	<u>1</u>	<u>1</u>
				<u>525,001</u>	<u>525,001</u>

- 6.1.1** This represents the Company's investment in 100% ordinary shares of CS Capital (Private) Limited. The Company acquired CS Capital (Private) Limited on 26 September 2011.
- 6.1.2** This represents investment in subsidiary of Rs. 90 only. The subsidiary company has not commenced operation and accordingly no financial statements have been prepared.
- 6.1.3** This represents the Company's investment in 100% ordinary shares of Solution de Energy (Private) Limited that was acquired through amalgamation on 30 June 2019.

**6.2 Associates - at cost**

Unaudited 30 September 2019	Audited 30 June 2019			Unaudited 30 September 2019	Audited 30 June 2019
(Number of shares)				----- (Rupees in '000) -----	
		<b>Quoted</b>			
<b>60,663,775</b>	60,663,775	Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	6.2.1	<b>595,293</b>	595,293
<b>27,409,075</b>	27,409,075	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	6.2.2	<b>691,108</b>	691,108
				<b>1,286,401</b>	1,286,401

- 6.2.1** The Company holds 16.69% shareholding in Altern Energy 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.
- 6.2.2** The Company holds 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.
- 6.2.3** The fair value of investments in associates as at 30 September 2019 is Rs. 2,957.179 million (30 June 2019: Rs. 3,306.645 million).

**6.3 Other long term investments**

	Note	Unaudited 30 September 2019	Audited 30 June 2019
		----- (Rupees in '000) -----	
Fair value through other comprehensive income (FVOCI)	6.3.1	<b>10,387</b>	9,844
Fair Value through Profit or loss (FVTPL)	6.3.2 & 6.3.3	<b>443,588</b>	443,588
		<b>453,975</b>	453,432

- 6.3.1** This represents investment in Crescent Textile Mills Limited which are not held for trading and the Company has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.
- 6.3.2** This includes investments in Crescent Industrial Chemicals Limited and Crescent Bahuman Limited amounting to Rs. 10.470 million and Rs. 24.037 million respectively, which had been fully charged to profit or loss in earlier periods.

**6.3.3** This also includes investment in Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs. 319.187 million and Rs. 124.401 million respectively. On initial application of IFRS 9, these have been classified as FVTPL and measured at fair value.

## 7. LONG TERM DEPOSITS

This includes security deposit amounting to Rs. 204.632 million (30 June 2019: Rs. 199.694 million) under Ijarah financing arrangement.

## 8. STOCK-IN-TRADE

	<b>Unaudited 30 September 2019</b>	Audited 30 June 2019
	----- (Rupees in '000) -----	
Raw materials		
Hot rolled steel coils (HR Coils)	<b>190,186</b>	323,884
Coating materials	<b>45,382</b>	84,462
Steel scrap	<b>4,320</b>	4,320
Others	<b>129,874</b>	112,930
Raw cotton	<b>70,914</b>	130,230
Stock-in-transit	<b>539</b>	-
	<b>441,215</b>	655,826
Work-in-process	<b>13,612</b>	24,996
Finished goods	<b>124,931</b>	131,598
Scrap / cotton waste	<b>6,176</b>	8,949
	<b>144,719</b>	165,543
	<b>585,934</b>	821,369

**8.1** Stock in trade as at 30 September 2019 includes items valued at net realisable value (NRV). Charge in respect of stock written down to NRV was amounting to Rs. Nil (30 June 2019: Reversal of Rs. 26.083 million) has been recognised in cost of goods sold.

## 9. TRADE DEBTS

	<i>Note</i>	<b>Unaudited 30 September 2019</b>	Audited 30 June 2019
		----- (Rupees in '000) -----	
<b>Secured</b>			
Considered good		<b>71,143</b>	76,918
<b>Unsecured</b>			
Considered good	<i>9.1</i>	<b>37,272</b>	19,514
Considered doubtful		<b>30,706</b>	30,706
		<b>67,978</b>	50,220
Impairment loss on trade debts		<b>(30,706)</b>	(30,706)
		<b>108,415</b>	96,432

		<b>Unaudited</b>	Audited
		<b>30 September</b>	30 June 2019
		<b>2019</b>	
		----- (Rupees in '000) -----	
<b>9.1</b>	This includes amount due from related party:		
	Shakarganj Limited	<u><u>11,855</u></u>	<u><u>-</u></u>
<b>10.</b>	<b>LOANS AND ADVANCES</b>		
<b>10.1</b>	This includes loan due from wholly owned subsidiary:		
	Loan to subsidiary <span style="float: right;"><i>10.1.1</i></span>	<u><u>88,208</u></u>	<u><u>88,208</u></u>
<b>10.1.1</b>	The Company has provided short term interest free loan to the subsidiary company in order to meet its requirements for the purposes of feasibility, legal approvals and other related activities in respect of its project of 100 MW Solar Power Plant in Solar Power Park being established by the Government of Punjab in the Cholistan desert.		
<b>11.</b>	<b>INVESTMENTS</b>		
		<b>Unaudited</b>	Audited
		<b>30 September</b>	30 June 2019
		<b>2019</b>	
		----- (Rupees in '000) -----	
	Fair value through profit or loss (FVTPL)	<u><u>118,312</u></u>	<u><u>166,735</u></u>
<b>11.1</b>	This represents investment in ordinary shares of listed companies and certificates of mutual funds. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2019: Rs.		
<b>11.2</b>	Investments having an aggregate market value of Rs. 1,594.031 million (30 June 2019: Rs. 1,987.247 million) have been pledged with financial institutions as security against financing facilities (refer note 15.4) out of which Rs. 1,460.759 million (30 June 2019: Rs. 1,828.532 million) relates to long term investments.		
<b>12.</b>	<b>OTHER RECEIVABLES</b>		
		<b>Unaudited</b>	Audited
		<b>30 September</b>	30 June 2019
		<b>2019</b>	
		----- (Rupees in '000) -----	
	Dividend receivable	<b>1,501</b>	-
	Receivable against rent from investment property	<b>305</b>	305
	Due from related parties <span style="float: right;"><i>12.1</i></span>	<b>14,003</b>	19,559
	Sales tax refundable	<b>168,178</b>	187,870
	Margin on letter of guarantee	<b>15,359</b>	15,359
	Receivable from staff retirement benefits funds	<b>20,329</b>	20,329
	Others	<b>5,814</b>	6,005
		<u><u>225,489</u></u>	<u><u>249,427</u></u>

12.1 Due from related parties	Unaudited 30 September 2019	Audited 30 June 2019
	----- (Rupees in '000) -----	
Shakarganj Limited	2,166	5,627
CS Capital (Private) Limited	121	2,216
Solution de Energy (Private) Limited	11,663	11,663
Crescent Steel and Allied Products Limited - Pension Fund	53	53
	<b>14,003</b>	<b>19,559</b>

### 13. LONG TERM LOANS

#### Secured - Under non-shariah arrangement

Allied Bank Limited	13.1	245,323	287,546
Less: Current portion shown under current liabilities		113,219	110,394
		<b>132,104</b>	<b>177,152</b>

- 13.1** The Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the period, the Company has made repayment of Rs. 19.5 million (30 September 2018: Rs. 19.5 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2017, Company entered into a loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. During the period, the Company has made repayment of Rs. 4.636 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, the Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 217.050 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year, repayable in 12 equal quarterly installments starting after twelve months from date of disbursement. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

The mark-up on such arrangements was 14.47% (30 September 2018: 8.37% to 9.41%). The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

### 14. TRADE AND OTHER PAYABLES

	Unaudited 30 September 2019	Audited 30 June 2019
	----- (Rupees in '000) -----	
Trade creditors	130,291	104,155
Commission payable	1,762	1,466
Customer's security deposits	73	-
Accrued liabilities	271,043	275,722
Advances from customers	15,705	24,110
Provisions	220,722	220,317
Due to related parties	14.1	719
Payable to provident fund	1,734	2,134
Payable to staff retirement benefit funds	2,414	1,979
Retention money	10,764	10,764
Sales Tax payable	37,801	1,295
Withholding tax payable	2,407	2,959
Workers' Profit Participation Fund	-	5,885
Workers' Welfare Fund	4,114	4,114
Others	19,601	37,023
	<b>719,150</b>	<b>691,923</b>

14.1 This represents due to Premier Insurance Limited amounting to Rs. 0.719 (30 June 2019: Rs. Nil).

## 15. SHORT TERM BORROWINGS

	<i>Note</i>	<b>Unaudited 30 September 2019</b>	Audited 30 June 2019
----- (Rupees in '000) -----			
<b>Secured from banking companies</b>			
Running finances under mark-up arrangements	15.1	<b>885,606</b>	846,445
Short term loans	15.2	<b>509,583</b>	730,751
		<b><u>1,395,189</u></b>	<u>1,577,196</u>

15.1 Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,175 million (30 June 2019: Rs. 1,350 million) out of which Rs. 375 million (30 June 2019: Rs. 400 million), Rs. 175 million (30 June 2019: Rs. 150 million) and Rs. 525 million (30 June 2019: Rs. 450 million) are interchangeable with letter of credit, letter of guarantee facility and short term loan respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 15.82% (30 June 2019: 7.68% to 14.81%) per annum.

15.2 This includes an amount of Rs. 321 million (30 June 2019: Rs. 617.059 million) outstanding against Islamic mode of financing. Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 5,350 million (30 June 2019: Rs. 4,800 million) out of which Rs. 4,150 million (30 June 2019: Rs. 3,800 million), Rs. 410 million (30 June 2019: Rs. 50 million) and Rs. 525 million (30 June 2019: Rs. 335 million) are interchangeable with letters of credit, letter of guarantee and short term running finance respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 16.19% (30 June 2019: 8.78% to 14.86%) per annum.

15.3 The facilities for opening letter of credit amounted to Rs. 5,410 million (30 June 2019: Rs. 6,510 million) out of which Rs. 275 million (30 June 2019: Rs. 375 million), Rs. 4,400 million (30 June 2019: Rs. 5,450 million) and Rs. 360 million (30 June 2019: Rs. 260 million) are interchangeable with short term running finance, short term loans and letter of guarantee respectively as mentioned in notes 15.1 and 15.2 above. The facility for letters of guarantee as at 30 September 2019 amounted to Rs. 1,736 million (30 June 2019: Rs. 2,096 million). Amounts unutilized for letters of credit and guarantees as at 30 September 2019 were Rs. 5,409 million and Rs. 459 million (30 June 2019: Rs. 6,355 million and Rs. 846 million) respectively.

15.4 The above facilities are expiring on various dates and are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 11.2). Further, above facilities (refer note 15.1, 15.2 and 15.3) are also secured against mortgage of land and building, hypothecation of plant and machinery and pledge of shares owned by subsidiary companies.

## 16. CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

There is no significant change in the status of contingencies as set out in note 15 to the Company's annual unconsolidated financial statements for the year ended 30 June 2019.

### 16.2 Commitments

16.2.1 As at 30 September 2019, amount of lease rentals outstanding under the Ijarah financing arrangement is Rs. 160.286 million (30 June 2019: Rs. 183.184 million), which is payable in quarterly installments of Rs. 22.898 million (30 June 2019: Rs. 22.898 million).

16.2.2 Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated to Rs. 1,277 million (30 June 2019: Rs. 1,251 million). This includes guarantee issued by Islamic banks amounting to Rs. 259 million (30 June 2019: Rs. 153.591 million).

16.2.3 Commitments in respect of capital expenditure contracted for as at 30 September 2019 amounted to Rs. 66.899 million (30 June 2019: Rs. 42.038 million).

16.2.4 Commitments under letters of credit (L/C) as at 30 September 2019 amounted to Rs. 0.600 million (30 June 2019: Rs. Nil).

**17. SALES - NET**

		<b>Unaudited</b>	
		<b>First quarter ended</b>	
		<b>30 September</b>	<b>30 September</b>
		<b>2019</b>	<b>2018</b>
<i>Note</i>		----- (Rupees in '000) -----	
<b>Local sales</b>			
Bare pipes		<b>221,678</b>	29,317
Revenue from conversion			
Pipe coating		<b>83,130</b>	-
Pre coated pipes		<b>1,538</b>	1,368,785
Cotton yarn / raw cotton		<b>425,861</b>	364,445
Others		<b>16,407</b>	76,472
Scrap / waste		<b>29,621</b>	12,292
		<b>778,235</b>	1,851,311
Sales tax		<b>(113,673)</b>	(206,073)
		<b>664,562</b>	1,645,238

17. Revenue is disaggregated by major products and also by geographical market additionally revenue by measure customer is disclosed in note 24.4 to these condensed interim unconsolidated financial statements.

**18. (LOSS) / INCOME FROM INVESTMENTS - NET**

Dividend income	<i>18.1</i>	<b>1,657</b>	3,757
Loss on sale of FVTPL investments - net	<i>18.2</i>	<b>(5,707)</b>	(3,464)
Unrealized gain on conversion of PICIC Growth and Investment units		-	11,887
Unrealized loss on FVTPL investments - net	<i>18.3</i>	<b>(12,090)</b>	(26,606)
Rent from investment properties	<i>18.5</i>	<b>641</b>	410
		<b>(15,499)</b>	(14,016)

18.1 This includes Rs. 5.166 million earned on investments in Shariah Compliant Investee Companies.

18.2 This includes loss of Rs. 1.501 million incurred on investments in Shariah Compliant Investee Companies.

18.3 This includes loss of Rs. 5.012 million on investment in Shariah Compliant Investee Companies.

18.4 Income from investment was categorised as Shariah / Non-Shariah Compliant Investee Companies on the basis of All Shares Islamic Index as circulated by the Pakistan Stock Exchange.

18.5 Direct operating expenses incurred against rental income from investment property amounted to Rs. 0.141 million (30 September 2018: Rs. 0.497 million). Further, Rs. 0.085 million (30 September 2018: Rs. 0.012 million) were incurred against non rented out area.

**19. OTHER OPERATING EXPENSES**

	<b>Unaudited</b>	
	<b>First quarter ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>
Exchange loss	1,161	-
Impairment loss on trade debts	-	956
Provision for:		
- Workers' Profit Participation Fund	-	1,803
- Workers' Welfare Fund	-	1,684
	<b>1,161</b>	<b>4,443</b>

**20. FINANCE COSTS**

Interest on - Non - Shariah arrangement		
- finance lease obligations	3,776	3,609
- long term loans	9,745	7,907
- running finances / short term loans	54,593	47,715
Bank charges	1,987	3,196
	<b>70,101</b>	<b>62,427</b>

**21. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE**

	<b>Unaudited</b>	
	<b>First quarter ended</b>	
	<b>30 September</b>	<b>30 September</b>
	----- (Rupees in '000) -----	
(Loss) / profit for the period	<b>(146,890)</b>	4,220
	----- (Number of shares) -----	
Weighted average number of ordinary shares in issue during the period	<b>77,632,491</b>	77,632,491
	----- (Rupees ) -----	
(Loss) / earnings per share - Basic and diluted	<b>(1.89)</b>	0.05

## 22. CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	Unaudited	
		First quarter ended	
		30 September 2019	30 September 2018
(Loss) / profit before taxation		(179,348)	3,860
<b>Adjustments for non cash charges and other items</b>			
Depreciation on operating fixed assets and investment properties		56,884	28,654
Amortisation of intangible assets		49	69
Charge for the period on staff retirement benefit funds		5,720	5,810
Dividend income		(1,657)	(3,757)
Unrealized loss on FVTPL investments - net		12,090	14,719
Loss on sale of FVTPL investments - net		5,707	3,464
Impairment loss on trade debts - net		-	956
Provision for Workers' Welfare Fund		-	1,675
Provision for Workers' Profit Participation Fund		-	1,803
Return on deposits and loan to wholly owned subsidiary companies		(31)	(7,889)
Gain on disposal of operating fixed assets		(787)	(23)
Deferred income		(1,815)	(1,308)
Unwinding of discount on long term deposit		(5,630)	(4,926)
Liabilities written back		(804)	(469)
Finance costs		70,101	62,427
Working capital changes	22.1	356,568	(844,700)
		<u>317,047</u>	<u>(757,818)</u>

### 22.1 Working capital changes

#### *Decrease / (increase) in current assets*

Stores, spares and loose tools	25,488	10,089
Stock-in-trade	235,435	397,672
Trade debts	(11,983)	(443,082)
Advances	21,785	(257,905)
Trade deposits and short term prepayments	26,993	8,603
Other receivables	24,934	(59,208)
	<u>322,652</u>	<u>(343,831)</u>

#### *Increase / (decrease) in current liabilities*

Trade and other payables	33,916	(500,869)
	<u>356,568</u>	<u>(844,700)</u>

## 23. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(885,606)	(452,614)
Cash and bank balances	12,056	10,688
	<u>(873,550)</u>	<u>(441,926)</u>

## 24. SEGMENT REPORTING

### 24.1 Reportable segments

The Company's reportable segments are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes.
- Cotton segment - It comprises of manufacturing of yarn.
- 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).
- Hadeed segment - It comprises of manufacturing billets.
- Energy segment - It comprises of generating and supplying electricity / power.

Information regarding the Company's reportable segments is presented below:

## 24.2 Segment revenues and results

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

For the first quarter ended 30 September 2019	Unaudited					Total
	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	
	(Rupees in '000)					
Sales - net	298,167	366,395	-	-	-	664,562
Cost of sales	324,441	353,929	-	14,710	15,274	708,354
<b>Gross (loss) / profit</b>	<b>(26,274)</b>	<b>12,466</b>	<b>-</b>	<b>(14,710)</b>	<b>(15,274)</b>	<b>(43,792)</b>
Loss from investments - net	-	-	(15,499)	-	-	(15,499)
	(26,274)	12,466	(15,499)	(14,710)	(15,274)	(59,291)
Distribution and selling expenses	1,780	733	-	172	-	2,685
Administrative expenses	43,096	8,177	4,434	532	268	56,507
Other expenses	-	1,161	-	-	-	1,161
	44,876	10,071	4,434	704	268	60,353
	(71,150)	2,395	(19,933)	(15,414)	(15,542)	(119,644)
Other income	8,277	2,120	-	-	-	10,397
<b>Operating (loss) / profit before finance costs</b>	<b>(62,873)</b>	<b>4,515</b>	<b>(19,933)</b>	<b>(15,414)</b>	<b>(15,542)</b>	<b>(109,247)</b>
Finance costs	50,880	7,017	9,310	2,894	-	70,101
<b>Loss before taxation</b>	<b>(113,753)</b>	<b>(2,502)</b>	<b>(29,243)</b>	<b>(18,308)</b>	<b>(15,542)</b>	<b>(179,348)</b>
Taxation						(32,458)
<b>Loss for the period</b>						<b>(146,890)</b>

For the first quarter ended 30 September 2018	Unaudited					Total
	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	
	(Rupees in '000)					
Sales - net	1,274,459	370,779	-	-	-	1,645,238
Cost of sales	1,199,812	327,298	-	-	-	1,527,110
Gross profit	74,647	43,481	-	-	-	118,128
Loss from investments - net	-	-	(14,016)	-	-	(14,016)
	74,647	43,481	(14,016)	-	-	104,112
Distribution and selling expenses	2,494	1,555	-	-	-	4,049
Administrative expenses	43,573	8,021	3,657	-	-	55,251
Other expenses	2,639	1,803	1	-	-	4,443
	48,706	11,379	3,658	-	-	63,743
	25,941	32,102	(17,674)	-	-	40,369
Other income	23,198	2,720	-	-	-	25,918
<b>Operating profit / (loss) before finance costs</b>	<b>49,139</b>	<b>34,822</b>	<b>(17,674)</b>	<b>-</b>	<b>-</b>	<b>66,287</b>
Finance costs	57,295	575	4,557	-	-	62,427
<b>(Loss) / profit before taxation</b>	<b>(8,156)</b>	<b>34,247</b>	<b>(22,231)</b>	<b>-</b>	<b>-</b>	<b>3,860</b>
Taxation						(360)
<b>Profit for the period</b>						<b>4,220</b>

24.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (30 September 2018: Rs. Nil).

24.2.2 The accounting policies of the reportable segments are the same as the Company's accounting policies as described in the annual unconsolidated financial statements of the Company for the preceding year ended 30 June 2019. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

## 24.3 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 17 to this condensed interim unconsolidated financial statements.

#### 24.4 Information about major customers

Revenue from major customers (Government related concern) of Steel segment represents an aggregate amount of Rs. 231.140 million (September 30, 2018: Rs. 1,182.519 million) of total Steel segment revenue of Rs. 298.167 million (September 30, 2018: Rs. 1,274.459 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 51.813 (September 30, 2018: Rs. 124.633 million) of total Cotton segment revenue of Rs. 366.395 million (September 30, 2018: Rs. 370.779 million).

#### 24.5 Geographical information

24.5.1 All revenues from external customers were generated in Pakistan.

24.5.2 All non-current assets of the Company as at 30 September 2019 and 30 June 2019 were located and operating in Pakistan.

#### 24.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Total
----- (Rupees in '000) -----						
<b>As at 30 September 2019 - (Unaudited)</b>						
Segment assets for reportable segments	1,547,997	408,595	2,427,651	921,272	705,375	<b>6,010,890</b>
Unallocated corporate assets						<b>1,921,961</b>
Total assets as per unconsolidated statement of financial position						<b><u>7,932,851</u></b>
Segment liabilities for reportable segments	531,036	156,084	478	39,458	69,316	<b>796,372</b>
Unallocated corporate liabilities and deferred income						<b>1,888,763</b>
Total liabilities as per unconsolidated statement of financial position						<b><u>2,685,135</u></b>
<b>As at 30 June 2019 - (Audited)</b>						
Segment assets for reportable segments	1,826,902	430,823	2,475,238	1,218,378	817,646	6,768,987
Unallocated corporate assets						1,518,045
Total assets as per unconsolidated statement of financial position						<b><u>8,287,032</u></b>
Segment liabilities for reportable segments	570,025	106,822	2,627	144,006	69,316	892,796
Unallocated corporate liabilities and deferred income						2,000,173
Total liabilities as per unconsolidated statement of financial position						<b><u>2,892,969</u></b>

24.6.1 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.

#### 24.7 Other segment information

	Unaudited					Total
	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	
----- (Rupees in '000) -----						
<b>For the first quarter ended 30 September 2019</b>						
Capital expenditure	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>52</u></b>
Depreciation and amortisation	<u>20,081</u>	<u>7,862</u>	<u>706</u>	<u>13,180</u>	<u>15,104</u>	<b><u>56,933</u></b>
Non-cash items other than depreciation and amortisation - net	<u>47,532</u>	<u>6,801</u>	<u>25,667</u>	<u>2,894</u>	<u>-</u>	<b><u>82,894</u></b>
<b>For the first quarter ended 30 September 2018</b>						
Capital expenditure	<u>4,114</u>	<u>1,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>5,773</u></b>
Depreciation and amortisation	<u>19,796</u>	<u>8,344</u>	<u>583</u>	<u>-</u>	<u>-</u>	<b><u>28,723</u></b>
Non-cash items other than depreciation and amortisation - net	<u>50,847</u>	<u>2,441</u>	<u>19,194</u>	<u>-</u>	<u>-</u>	<b><u>72,482</u></b>

## 25. TRANSACTIONS WITH RELATED PARTIES

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

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

Name of entity	Nature of relationship	Nature of transaction	Unaudited	
			30 September 2019	30 September 2018
			First quarter ended	
			(Rupees in '000)	
CS Capital (Private) Limited	Subsidiary company	Reimbursable expenses	330	11
Solution de Energy (Private) Limited	Subsidiary company	Reimbursable expenses	1	-
Shakarganj Limited	Associated company	Sales return	121	-
		Reimbursable expenses	8	370
		Expenses incurred on behalf of Company	741	367
The Crescent Textile Mills Limited	Associated company	Reimbursable expenses- Payment received	3,514	-
		Sales of finished goods	3,660	
		Sales return	146	
The Citizens' Foundation *	Related party	Donation given	71	188
Premier Insurance Limited *	Related party	Insurance premium	295	1,075
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	1,577	1,642
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	4,142	4,277
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	5,252	4,447
Key management personnel	Related parties	Remuneration and benefits	15,594	24,894
Directors and their spouse	Related parties	Meeting fee	765	1,165

\* These entities are / have been related parties of the Company by virtue of common directorship only.

- 25.1 Sale of finished goods and raw materials, rendering of services and insurance premium are based on commercial terms and at market prices which are approved by the Board of Directors.
- 25.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 25.3 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 period other than their terms of employment / entitlements.

## 26. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2019.

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

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

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

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

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

## 30 September 2019 (Un-audited)

	Carrying amount				Total	Fair value			Total
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	
----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments									
- listed equity securities	118,312	10,387	-	-	128,699	128,699	-	-	128,699
- unlisted equity securities	443,588	-	-	-	443,588	-	-	443,588	443,588
	<b>561,900</b>	<b>10,387</b>	<b>-</b>	<b>-</b>	<b>572,287</b>	<b>128,699</b>	<b>-</b>	<b>443,588</b>	<b>572,287</b>
<b>Financial assets not measured at fair value</b>									
Deposits	-	-	279,141	-	279,141	-	-	-	-
Trade debts	-	-	108,415	-	108,415	-	-	-	-
Loan to subsidiary	-	-	88,208	-	88,208	-	-	-	-
Mark-up accrued	-	-	29	-	29	-	-	-	-
Other receivables	-	-	36,982	-	36,982	-	-	-	-
Bank balances	-	-	10,948	-	10,948	-	-	-	-
	-	-	<b>523,723</b>	<b>-</b>	<b>523,723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
Long term loans	-	-	-	245,323	245,323	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	142,766	142,766	-	-	-	-
Trade and other payables	-	-	-	438,401	438,401	-	-	-	-
Mark-up accrued	-	-	-	44,160	44,160	-	-	-	-
Short term borrowings	-	-	-	1,395,189	1,395,189	-	-	-	-
Unclaimed dividend	-	-	-	26,495	26,495	-	-	-	-
	-	-	-	<b>2,292,334</b>	<b>2,292,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 30 June 2019 (Audited)

	Carrying amount				Total	Fair value			Total
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	
----- (Rupees in '000) -----									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments									
- listed equity securities	166,735	9,844	-	-	176,579	176,579	-	-	176,579
- unlisted equity securities	443,588	-	-	-	443,588	-	-	443,588	443,588
	<b>610,323</b>	<b>9,844</b>	<b>9,844</b>	<b>-</b>	<b>620,167</b>	<b>176,579</b>	<b>-</b>	<b>443,588</b>	<b>620,167</b>
<b>Financial assets not measured at fair value</b>									
Deposits	-	-	272,841	-	272,841	-	-	-	-
Trade debts	-	-	96,432	-	96,432	-	-	-	-
Loan to subsidiary	-	-	88,208	-	88,208	-	-	-	-
Mark-up accrued	-	-	29	-	29	-	-	-	-
Other receivables	-	-	41,228	-	41,228	-	-	-	-
Bank balances	-	-	27,203	-	27,203	-	-	-	-
	-	-	<b>525,941</b>	<b>-</b>	<b>525,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
Long term loans	-	-	-	287,546	287,546	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	154,296	154,296	-	-	-	-
Trade and other payables	-	-	-	433,243	433,243	-	-	-	-
Mark-up accrued	-	-	-	41,617	41,617	-	-	-	-
Short term borrowings	-	-	-	1,577,196	1,577,196	-	-	-	-
Unclaimed dividend	-	-	-	26,525	26,525	-	-	-	-
	-	-	-	<b>2,520,423</b>	<b>2,520,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Investments in subsidiaries and associates are stated at cost. The fair value of listed securities were taken from rates quoted on Pakistan Stock Exchange and classified under level 1 in fair value hierarchy.

Investment property fair value have been determined by professional valuers (level 3 measurement) based on their assessment of the market values. 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 condensed interim unconsolidated financial statements.

**26.1 Valuation techniques and significant unobservable inputs**

The valuation techniques used in measuring level 3 fair values as at 30 September 2019 for unquoted equity investments were same as at 30 June 2019. There was no change in significant unobservable inputs from 30 June 2019; therefore, carried at same values.

**27. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim unconsolidated financial statements was authorized for issue in the Board of Directors meeting held on 28 October 2019.



Chief Executive



Director



Chief Financial Officer

Crescent Steel and Allied Products Limited

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

---

Crescent Steel and Allied Products Limited  
Condensed Interim Consolidated Statement of Financial Position

As at 30 September 2019

	Note	Unaudited 30 September 2019	Audited 30 June 2019
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,438,379	2,495,044
Intangible assets		144,081	143,535
Investment properties		54,220	55,290
Investment in equity accounted investees	6	3,306,623	3,266,906
Other long term investments	7	696,509	688,851
Long term deposits	8	267,495	236,312
		<b>6,907,307</b>	<b>6,885,938</b>
<b>Current assets</b>			
Stores, spares and loose tools		160,296	185,784
Stock-in-trade	9	585,934	821,369
Trade debts	10	108,415	96,432
Advances	11	12,692	34,477
Trade deposits and short term prepayments		26,541	50,292
Investments	12	325,599	404,787
Mark-up accrued		29	29
Other receivables	13	216,650	232,644
Taxation - net		1,271,852	1,259,540
Cash and bank balances		13,347	29,620
		<b>2,721,355</b>	<b>3,114,974</b>
<b>Total assets</b>		<b>9,628,662</b>	<b>10,000,912</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<b>1,000,000</b>	<b>1,000,000</b>
Issued, subscribed and paid-up capital		776,325	776,325
Capital reserves		1,083,551	1,083,450
Revenue reserves		4,974,249	5,096,307
		<b>6,834,125</b>	<b>6,956,082</b>
<b>Non-current liabilities</b>			
Long term loans	14	132,104	177,152
Liabilities against assets subject to finance lease		97,908	103,042
Deferred income		5,856	6,866
Deferred taxation		4,735	41,591
Deferred liability		100,546	100,546
		<b>341,149</b>	<b>429,197</b>
<b>Current liabilities</b>			
Trade and other payables	15	770,307	739,050
Unclaimed dividend		26,495	26,525
Mark-up accrued		46,408	43,864
Short term borrowings	16	1,446,451	1,638,092
Current portion of long term loans	14	113,219	110,394
Current portion of liabilities against assets subject to finance lease		44,858	51,254
Current portion of deferred income		5,650	6,454
		<b>2,453,388</b>	<b>2,615,633</b>
Contingencies and commitments	17		
<b>Total equity and liabilities</b>		<b>9,628,662</b>	<b>10,000,912</b>

The annexed notes from 1 to 28 form an integral part of this condensed interim consolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited  
Condensed Interim Consolidated Statement of Profit or Loss and  
Other Comprehensive Income (Unaudited)

For the first quarter ended 30 September 2019

	Note	First quarter ended	
		30 September 2019	30 September 2018
----- (Rupees in '000) -----			
Sales	18	778,235	3,034,513
Less: Sales tax		113,673	715,098
		<u>664,562</u>	<u>2,319,415</u>
Cost of sales		708,354	2,317,725
Gross (loss) / profit		(43,792)	1,690
Loss from investments - net	19	(29,488)	(23,460)
		<u>(73,280)</u>	<u>(21,770)</u>
Distribution and selling expenses		2,685	4,485
Administrative expenses		57,846	62,010
Other operating expenses	20	1,161	14,965
		<u>61,692</u>	<u>81,460</u>
		<u>(134,972)</u>	<u>(103,230)</u>
Other income		10,397	14,902
Operating loss before finance costs		<u>(124,575)</u>	<u>(88,328)</u>
Finance costs	21	72,350	78,829
Share of profit in equity accounted investees - net of taxation		39,616	110,837
Loss before taxation		<u>(157,309)</u>	<u>(56,320)</u>
Taxation - current		9,264	21,195
- prior		-	134
- deferred		(36,857)	(13,028)
		<u>(27,593)</u>	<u>8,301</u>
Loss for the period		<u>(129,716)</u>	<u>(64,621)</u>
<b>Other comprehensive income for the period</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		7,658	9,572
<i>Items that will be reclassified subsequently to profit or loss</i>			
Proportionate share of other comprehensive income / (loss) of equity accounted investees		101	(1,800)
		<u>7,759</u>	<u>7,772</u>
<b>Total comprehensive loss for the period</b>		<u>(121,957)</u>	<u>(56,849)</u>
----- (Rupees) -----			
Loss per share - Basic and diluted	22	<u>(1.67)</u>	<u>(0.83)</u>

The annexed notes from 1 to 28 form an integral part of this condensed interim consolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

**Crescent Steel and Allied Products Limited**  
**Condensed Interim Consolidated Statement of Cash Flows (Unaudited)**

For the first quarter ended 30 September 2019

	Note	First quarter ended	
		30 September 2019	30 September 2018
----- (Rupees in '000) -----			
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	23	313,362	(1,143,075)
Taxes paid		(21,575)	(45,393)
Finance costs paid		(65,967)	(44,188)
Contribution to gratuity and pension funds		(5,720)	(5,810)
Contribution to Workers' Profit Participation Fund		(5,885)	(27,190)
Long term deposits - net		(25,553)	-
Net cash generated from / (used in) operating activities		<u>188,662</u>	<u>(1,265,655)</u>
<b>Cash flows from investing activities</b>			
Capital expenditure		(352)	5,436
Acquisition of intangible assets		(595)	-
Proceeds from disposal of operating fixed assets		1,581	98
Investments - net		43,225	36,522
Dividend income received		502	2,393
Interest income received		31	302
Net cash generated from investing activities		<u>44,392</u>	<u>44,751</u>
<b>Cash flows from financing activities</b>			
(Repayment) / proceeds of long term loan - net		(42,223)	36,664
Payments against finance lease obligations		(15,433)	(13,955)
(Repayment) / proceeds of short term loans obtained - net		(221,168)	887,375
Dividends paid		(30)	(330)
Net cash (used in) / generated from financing activities		<u>(278,854)</u>	<u>909,754</u>
Net decrease in cash and cash equivalents		<u>(45,800)</u>	<u>(311,150)</u>
Cash and cash equivalents at beginning of the period		<u>(877,721)</u>	<u>(260,322)</u>
Cash and cash equivalents at end of the period	24	<u><u>(923,521)</u></u>	<u><u>(571,472)</u></u>

The annexed notes from 1 to 28 form an integral part of this condensed interim consolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited  
 Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)  
 For the first quarter ended 30 September 2019

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves			Total
		Share premium	Others *	Fair value reserve	General reserve	Unappropriated profit / (loss)	
(Rupees in '000)							
<b>Balance as at 30 June 2018</b>	776,325	1,020,908	79,132	58,623	3,642,000	2,172,907	7,749,895
<b>Total comprehensive loss for the period</b>							
Loss after taxation for the period	-	-	-	-	-	(64,621)	(64,621)
<i>Other comprehensive income</i>							
Other comprehensive (loss) / income for the period	-	-	(1,800)	9,572	-	-	7,772
<b>Total comprehensive loss for the period</b>	-	-	(1,800)	9,572	-	(64,621)	(56,849)
<b>Balance as at 30 September 2018</b>	<b>776,325</b>	<b>1,020,908</b>	<b>77,332</b>	<b>68,195</b>	<b>3,642,000</b>	<b>2,108,286</b>	<b>7,693,046</b>
<b>Balance as at 30 June 2019</b>	776,325	1,020,908	62,542	36,670	3,642,000	1,417,637	6,956,082
<b>Total comprehensive loss for the period</b>							
Loss after taxation for the period	-	-	-	-	-	(129,716)	(129,716)
<i>Other comprehensive income</i>							
Other comprehensive income for the period	-	-	101	7,658	-	-	7,759
<b>Total comprehensive loss for the period</b>	-	-	101	7,658	-	(129,716)	(121,957)
<b>Balance as at 30 September 2019</b>	<b>776,325</b>	<b>1,020,908</b>	<b>62,643</b>	<b>44,328</b>	<b>3,642,000</b>	<b>1,287,921</b>	<b>6,834,125</b>

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

The annexed notes from 1 to 28 form an integral part of this condensed interim consolidated financial statements.



Chief Executive



Chairman



Chief Financial Officer

**Crescent Steel and Allied Products Limited**  
**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)**  
*For the first quarter ended 30 September 2019*

**1. THE GROUP AND ITS OPERATIONS**

- 1.1** 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.
- 1.2** The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Holding Company and its subsidiaries companies are located at E-Floor, IT Tower, 73-E/1, Hali Road, Gulberg III, Lahore, where as its principal offices are situated at 9th floor, SIDCO Avenue Centre, 264 R.A. Lines, Karachi.
- 1.3** CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company acquired this subsidiary on 26 September 2011. The principal activity of the Subsidiary Company is to manage portfolio of shares, commodities and other securities (strategic as well as short term).
- 1.4** Solution de Energy (Private) Limited was incorporated as a private limited company in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as result of a Joint Venture (JV) agreement between the Holding Company and a partnership concern. 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.
- 1.5** Crescent Continental Gas Pipelines Limited is not carrying on any business operations.
- 1.6** Details regarding the Group's associates are given in note 6 to this condensed interim consolidated financial statements.

**2. BASIS OF PREPARATION**

- 2.1** These condensed interim consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act , 2017 have been followed.

- 2.2 These condensed interim consolidated financial statements of the Group do not include all of the information required for annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.
- 2.3 These condensed interim consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.
- 2.4 These condensed interim consolidated financial statements are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

### **3. ACCOUNTING POLICIES**

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the audited annual consolidated financial statements as at and for the year ended 30 June 2019.

### **4. USE OF ESTIMATES AND JUDGEMENTS**

- 4.1 The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2 Estimates and judgements made by management in the preparation of these condensed interim consolidated financial statements are the same as those that were applied to the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2019.

## 5. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of operating fixed assets added / transferred and disposed off during the period ended:

	Unaudited First quarter ended 30 September 2019		Unaudited First quarter ended 30 September 2018	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
----- (Rupees in '000) -----				
Plant and machinery - owned	-	-	42,211	-
Furniture and fittings	-	-	851	-
Electrical / office equipment and installation	-	-	3,594	160
Computers	187	464	370	710
Motor vehicles - owned	-	3,728	4,439	-
	<u>187</u>	<u>4,192</u>	<u>51,465</u>	<u>870</u>

## 6. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

The following associates, over which the Group has significant influence either due to representation on the investee company's board or percentage of holding of voting power or both, are accounted for under the equity method of accounting as defined in IAS 28, 'Investments in Associates'.

Unaudited 30 September 2019 (Number of shares)	Audited 30 June 2019		Note	Unaudited 30 September 2019 (Rupees in '000)	Audited 30 June 2019
		<b>Quoted</b>			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	6.1	2,956,970	2,865,712
35,011,347	35,011,347	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	6.1	349,653	401,194
		<b>Unquoted</b>			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	6.1	-	-
				<u>3,306,623</u>	<u>3,266,906</u>

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

Description	30 September 2019			
	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
----- Rupees in '000 -----				
Opening balance as at 1 July 2019	2,865,712	401,194	-	3,266,906
Share of profit / (loss) 6.2	91,106	(51,490)	-	39,616
Share of equity 6.2	152	(51)	-	101
Closing balance as at 30 September 2019	2,956,970	349,653	-	3,306,623

  

Description	30 June 2019			
	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
----- Rupees in '000 -----				
Opening balance as at 1 July 2018	2,777,125	311,108	-	3,088,233
Share of profit	290,096	106,665	-	396,761
Share of equity	(11)	(16,579)	-	(16,590)
Dividend received	(201,498)	-	-	(201,498)
Closing balance as at 30 June 2019	2,865,712	401,194	-	3,266,906

6.2 These figures are based on financial statements / information of these companies as at 30 June 2019.

6.3 Percentage of holding of equity in associates is as follows

		Unaudited 30 September 2019	Audited 30 June 2019
Altern Energy Limited	6.3.1	17.60	17.60
Shakarganj Limited	6.3.2	28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

6.3.1 The Holding Company and the Subsidiary Companies hold 16.69% and 0.91% respectively i.e. aggregate holding of 17.60% in the investee company. There is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

6.3.2 The Holding Company and the Subsidiary Company hold 21.93% and 6.08% respectively i.e. aggregate holding of 28.01% in the investee company. There is common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per IAS 28 'Investments in Associates', therefore only for the purpose of the equity accounting as required under IAS 28 it has been treated as an associate.

6.4 The fair value of investments in associates as at 30 September 2019 is Rs. 3,326.563 million (30 June 2019: Rs. 3,772.958 million).

## 7. OTHER LONG TERM INVESTMENTS

	<i>Note</i>	<b>Unaudited 30 September 2019</b>	Audited 30 June 2019
<b>(Rupees in '000)</b>			
Fair value through other comprehensive income (FVOCI)	7.1	<b>146,525</b>	138,867
Fair value through profit or loss (FVTPL)	7.2 & 7.3	<b>549,984</b>	549,984
		<b>696,509</b>	<b>688,851</b>

- 7.1** This includes investment in Crescent Textile Mills Limited which are not held for trading and the Group has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.
- 7.2** This includes investments in Crescent Industrial Chemicals Limited and Crescent Bahuman Limited amounting to Rs. 10.470 million and Rs. 24.037 million respectively, which had been fully charged to profit or loss in earlier periods.
- 7.3** This also includes investment in Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs. 425.583 million and Rs. 124.401 million respectively. On initial application of IFRS 9, these have been classified as FVTPL and measured at fair value.

## 8. LONG TERM DEPOSITS

This includes security deposit amounting to Rs. 204.632 million (30 June 2019: Rs. 199.694 million) under Ijarah financing arrangement.

## 9. STOCK-IN-TRADE

		<b>Unaudited 30 September 2019</b>	Audited 30 June 2019
<b>(Rupees in '000)</b>			
Raw materials			
Hot rolled steel coils (HR Coil)		<b>190,186</b>	323,884
Coating materials		<b>45,382</b>	84,462
Remelting scrap		<b>4,320</b>	4,320
Others		<b>129,874</b>	112,930
Raw cotton		<b>70,914</b>	130,230
Stock-in-transit		<b>539</b>	-
		<b>441,215</b>	655,826
Work-in-process		<b>13,612</b>	24,996
Finished goods	9.1	<b>124,931</b>	131,598
Scrap / cotton waste		<b>6,176</b>	8,949
		<b>144,719</b>	165,543
		<b>585,934</b>	<b>821,369</b>

- 9.1** Stock in trade as at 30 September 2019 includes item valued at net realisable value (NRV). Charge in respect of stock written down to NRV amounting to Rs. Nil (30 June 2019: Rs. 26.083 million) has been recognised in cost of goods sold.

<b>10. TRADE DEBTS</b>	<i>Note</i>	<b>Unaudited 30 September 2019</b>	Audited 30 June 2019
		<b>(Rupees in '000)</b>	
<b>Secured</b>			
Considered good		<b>71,143</b>	76,918
<b>Unsecured</b>			
Considered good	<i>10.1</i>	<b>37,272</b>	19,514
Considered doubtful		<b>30,706</b>	30,706
		<b>67,978</b>	50,220
Impairment loss on trade debts		<b>(30,706)</b>	(30,706)
		<b>108,415</b>	96,432

**10.1** This includes an amount of Rs. 11.855 million (30 June 2019: Rs. 11.855 million) due from Shakarganj Limited - a related party.

## **11. ADVANCES**

This includes amounting to Rs. 11.435 million (30 June 2019: Rs. 33.504 million) advances given to suppliers for goods and services.

## **12. INVESTMENTS**

<b>12. INVESTMENTS</b>	<i>Note</i>	<b>Unaudited 30 September 2019</b>	Audited 30 June 2019
		<b>(Rupees in '000)</b>	
Fair Value through Profit or loss (FVTPL)	<i>12.1</i>	<b>325,599</b>	404,787

**12.1** This represents investment in ordinary shares of listed companies and certificates of mutual funds. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2019: Rs. Nil).

**12.2** This includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully impaired for as their break-up value of shares was Rs. Nil per share (30 June 2019: Rs. Nil per share).

**12.3** Investments having an aggregate market value of Rs. 1,963.071 million (30 June 2019: Rs. 909.398 million) have been pledged with financial institutions as security against financing facilities (see note 16.5) out of which Rs. 1,661.322 million (30 June 2019: Rs. 664.659 million) relates to long term investments.

13. OTHER RECEIVABLES	Unaudited 30 September 2019	Audited 30 June 2019
	----- (Rupees in '000) -----	
Dividend receivable	4,431	89
Receivable against sale of investments	-	3
Receivable against rent from investment property	305	320
Due from related parties	13.1 2,219	2,669
Sales tax refundable	168,178	187,870
Margin on letter of credit and guarantee	15,359	15,359
Receivable from staff retirement benefits funds	20,329	20,329
Others	5,829	6,005
	<u>216,650</u>	<u>232,644</u>

13.1 This represents balances due from CSAP - Pension Fund and Shakarganj Limited - associate amounting to Rs. 0.053 million (30 June 2019: Rs. 0.053 million) and Rs. 2.166 million (30 June 2019: Rs. 2.616 million).

#### 14 LONG TERM LOANS

##### Secured - Under non-shariah arrangement

Allied Bank Limited	14.1 245,323	287,546
Less: Current portion shown under current liabilities	113,219	110,394
	<u>132,104</u>	<u>177,152</u>

14.1 The Holding Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the period, the Company has made repayment of Rs. 19.5 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2017, Holding Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. During the period, the Company has made repayment of Rs. 4.636 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 217.050 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year, repayable in 12 equal quarterly installments starting after twelve months from date of disbursement. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the period, mark-up on such arrangements was 14.47% (30 September 2018: 8.37% to 9.41%). The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

15. TRADE AND OTHER PAYABLES		<b>Unaudited 30 September 2019</b>	Audited 30 June 2019
	<i>Notes</i>	----- (Rupees in '000) -----	
Trade creditors		160,701	108,569
Commission payable		1,762	1,466
Customer's security deposits		73	-
Accrued liabilities		288,034	292,721
Advances from customers		16,305	24,110
Provisions		220,722	220,317
Due to related parties	15.1	719	-
Payable to provident fund		1,734	2,134
Payable to staff retirement benefit funds		2,414	1,979
Retention money		10,764	10,764
Sales tax payable		37,801	1,295
Withholding tax payable		2,407	2,959
Advance income tax		-	38,166
Workers' Profit Participation Fund		-	5,885
Workers' Welfare Fund		4,114	4,114
Others		22,757	24,571
		<u>770,307</u>	<u>739,050</u>

15.1 This represents amount due to Premier Insurance Limited amounting to Rs. 0.719 million (30 June 2019: Rs. Nil).

16. SHORT TERM BORROWINGS		<b>Unaudited 30 September 2019</b>	Audited 30 June 2019
		----- (Rupees in '000) -----	
<b>Secured from banking companies</b>			
Running finances under mark-up arrangements	16.1	936,868	907,341
Short term loans	16.2	509,583	730,751
		<u>1,446,451</u>	<u>1,638,092</u>

16.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,375 million (30 June 2019: Rs. 1,550 million) out of which Rs. 375 million (30 June 2019: Rs. 400 million) and Rs. 175 million (30 June 2019: Rs. 150 million) and Rs. 525 million (30 June 2019: Rs. 450 million) are interchangeable with letters of credit, letter of guarantee facility and short term loan respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 15.82% (30 June 2019: 7.68% to 14.81%) per annum.

- 16.2** This includes an amount of Rs. 321 million (30 June 2019: Rs. 617.059 million) outstanding against Islamic mode of financing. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 5,350 million (30 June 2019: Rs. 4,800 million) out of which Rs. 4,150 million (30 June 2019: Rs. 3,800 million), Rs. 410 million (30 June 2019: Rs. 50 million) and Rs. 525 million (30 June 2019: Rs. 335 million) are interchangeable with letters of credit, running finance and letter of guarantee facility respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 16.19% (2018: 8.78% to 14.86%) per annum.
- 16.3** The facilities for opening letters of credit amounted to Rs. 5,410 million (30 June 2019: Rs. 6,510 million) out of which Rs. 275 million (30 June 2019: Rs. 375 million), Rs. 4,400 million (30 June 2019: Rs. 5,450 million) and Rs. 360 million (30 June 2019: Rs. 260 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 16.1 and 16.2 above. The facility for letters of guarantee as at 30 September 2019 amounted to Rs. 1,766 million (30 June 2019: Rs. 2,096 million). Amounts unutilized for letters of credit and guarantees as at 30 September 2019 were Rs. 5,409 million and Rs. 459 million (30 June 2019: Rs. 6,355 million and Rs. 846 million) respectively.
- 16.4** The above facilities (refer note 16.1 to 16.3) are expiring on various dates and 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 12.3) and cotton / cotton yarn; and lien over import / export document.

## **17. CONTINGENCIES AND COMMITMENTS**

### **17.1 Contingencies**

There is no significant change in the status of contingencies set out in note 16 to the Group's annual consolidated financial statements for the year ended 30 June 2019.

### **17.2 Commitments**

- 17.2.1** As at 30 September 2019, amount of lease rentals outstanding under the Ijarah financing arrangement is Rs. 160.286 million (30 June 2019: Rs. 183.184 million), which is payable in quarterly installments of Rs. 22.898 million (30 June 2019: Rs. 22.898 million).
- 17.2.2** Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated to Rs. 1,307 million (30 June 2019: Rs. 1,251 million). This includes guarantee issued by Islamic banks amounting to Rs. 259 million (30 June 2019: Rs. 153.591 million).
- 17.2.3** Commitments in respect of capital expenditure contracted for by the Holding Company as at 30 September 2019 amounted to Rs. 66.899 million (30 June 2019: Rs. 25.492 million).
- 17.2.4** Commitments under letters of credit as at 30 September 2019 amounted to Rs. 0.600 million (30 June 2019: Rs. Nil).

18. SALES - net	Notes	Unaudited	
		First quarter ended	
		30 September 2019	30 September 2018
		----- (Rupees in '000) -----	
<b>Local sales</b>			
Bare pipes		221,678	29,317
Steel billets		-	1,167,875
Pipe coating		83,130	-
Pre coated pipes		1,538	1,368,785
Cotton yarn / raw cotton		425,861	364,445
Electricity sales		-	2,147
Steam Sales		-	18,278
Others		16,407	71,374
Scrap / waste		29,621	12,292
		<u>778,235</u>	<u>3,034,513</u>
Sales tax		<u>(113,673)</u>	<u>(715,098)</u>
		<u>664,562</u>	<u>2,319,415</u>

18.1 Revenue is disaggregated by major products and also by geographical market additionally revenue by measure customer is disclosed in note 25.4 to these condensed interim consolidated financial statements.

#### 19. LOSS FROM INVESTMENTS - NET

Dividend income	19.1	4,844	7,629
Loss on sale of FVTPL investments - net	19.2	(7,557)	(5,367)
Unrealized loss on FVTPL investments - net	19.3	(28,406)	(32,146)
Gain on conversion of debt into equity instruments		-	5,054
Rent from investment property	19.5	1,631	1,370
		<u>(29,488)</u>	<u>(23,460)</u>

19.1 This includes Rs. 8.096 million earned on investments in Shariah Compliant Investee Companies.

19.2 This includes loss of Rs. 3.182 million incurred on investments in Shariah Compliant Investee Companies.

19.3 This includes loss of Rs. 15.096 million on investment in Shariah Compliant Investee Companies.

19.4 Income from investment was categorised as Shariah / Non-Shariah Compliant Investee Companies on the basis of All Shares Islamic Index as circulated by the Pakistan Stock Exchange.

19.5 Direct operating expenses incurred against rental income from investment property amounted to Rs. 0.141 million (30 September 2018: Rs. 0.497 million). Further, Rs. 0.085 million (30 September 2018: Rs. 0.012 million) were incurred against non rented out area.

**20. OTHER OPERATING EXPENSES**

	<b>First quarter ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>----- (Rupees in '000) -----</b>	
Exchange loss	<b>1,161</b>	5,348
Impairment loss on trade debts	-	956
Provision for:		
Workers' Profit Participation Fund	-	1,803
Workers' Welfare Fund	-	1,684
Slow moving stores, spares and loose tools	-	5,174
	<b><u>1,161</u></b>	<b><u>14,965</u></b>

**21. FINANCE COSTS**

Mark-up on short term loans - Shariah arrangement	-	5,018
Interest on - Non - Shariah arrangement		
- finance lease obligations	<b>3,776</b>	3,609
- long term loan	<b>9,745</b>	7,907
- running finances / short term loans	<b>56,841</b>	56,902
Bank charges	<b>1,988</b>	5,393
	<b><u>72,350</u></b>	<b><u>78,829</u></b>

**22. BASIC AND DILUTED LOSS PER SHARE**

	<b>Unaudited First quarter ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>----- (Rupees in '000) -----</b>	
Loss for the period	<b><u>(129,716)</u></b>	<b><u>(64,621)</u></b>
	<b>----- (Number of shares) -----</b>	
Weighted average number of ordinary shares in issue during the period	<b><u>77,632,491</u></b>	<b><u>77,632,491</u></b>
	<b>----- Rupees -----</b>	
Basic and diluted loss per share	<b><u>(1.67)</u></b>	<b><u>(0.83)</u></b>

## 23. CASH GENERATED FROM / (USED IN) OPERATIONS

	Unaudited	
	First quarter ended	
Notes	30 September 2019	30 September 2018
	----- (Rupees in '000) -----	
Loss before taxation for the period	(157,309)	(56,320)
<b>Adjustments for non cash charges and other items</b>		
Depreciation on operating fixed assets and investment properties	57,863	57,995
Amortization of intangible assets	49	752
Charge for the period on staff retirement benefit funds	5,720	5,810
Dividend income	(4,844)	(7,629)
Unrealized loss on FVTPL investments - net	28,406	32,146
Loss on sale of FVTPL investments - net	7,557	5,367
Impairment loss on trade debts - net	-	956
Provision for Workers' Welfare Fund	-	1,675
Provision for Workers' Profit Participation Fund	-	1,803
Return on deposits	(31)	(245)
Gain on disposal of operating fixed assets	(787)	(23)
Deferred income	(1,815)	(1,308)
Unwinding of discount on long term deposit	(5,630)	(4,926)
Liabilities written back	(804)	(469)
Finance costs	72,350	78,828
Share of profit from equity accounted investees - net of taxation	(39,616)	(110,837)
Working capital changes	23.1 352,253	(1,146,650)
	<b>313,362</b>	<b>(1,143,075)</b>

### 23.1 Working capital changes

#### *Decrease / (increase) in current assets*

Stores, spares and loose tools	25,488	21,533
Stock-in-trade	235,435	599,961
Trade debts	(11,983)	(524,383)
Advances	21,785	(437,764)
Trade deposits and short term prepayments	23,751	17,657
Other receivables	19,904	(142,731)
	<b>314,380</b>	<b>(465,727)</b>

#### *Increase / (decrease) in current liabilities*

Trade and other payables	37,873	(680,923)
	<b>352,253</b>	<b>(1,146,650)</b>

## 24. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements	(936,868)	(601,477)
Cash and bank balances	13,347	30,005
	<b>(923,521)</b>	<b>(571,472)</b>

## 25. SEGMENT REPORTING

### 25.1 Reportable segments

The Group's reportable segments are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes.
- Cotton segment - It comprises of manufacturing of yarn.
- 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).
- Energy segment - It comprises generation and supply of electricity.
- Hadeed (Billet) segment - It comprises of manufacturing billets.

Information regarding the Group's reportable segments is presented below:

## 25.2 Segment revenues and results

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

For the first quarter ended 30 September 2019	Unaudited						Total
	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Inter-segments elimination / adjustments	
							(Rupees in '000)
Sales - net	298,167	366,395	-	-	-	-	664,562
Cost of sales	324,441	353,929	-	14,710	15,274	-	708,354
<b>Gross (loss) / profit</b>	<b>(26,274)</b>	<b>12,466</b>	<b>-</b>	<b>(14,710)</b>	<b>(15,274)</b>	<b>-</b>	<b>(43,792)</b>
Loss from investments	-	-	(29,488)	-	-	-	(29,488)
	(26,274)	12,466	(29,488)	(14,710)	(15,274)	-	(73,280)
Distribution and selling expenses	1,780	733	-	172	-	-	2,685
Administrative expenses	43,096	8,177	5,758	532	283	-	57,846
Other operating expenses	-	1,161	-	-	-	-	1,161
	44,876	10,071	5,758	704	283	-	61,692
	(71,150)	2,395	(35,246)	(15,414)	(15,557)	-	(134,972)
Other income	8,277	2,120	-	-	-	-	10,397
<b>Operating (loss) / profit before finance costs</b>	<b>(62,873)</b>	<b>4,515</b>	<b>(35,246)</b>	<b>(15,414)</b>	<b>(15,557)</b>	<b>-</b>	<b>(124,575)</b>
Finance costs	50,880	7,017	11,558	2,894	1	-	72,350
Share of profit in equity accounted investees - net of taxation	-	-	39,616	-	-	-	39,616
<b>Loss before taxation</b>	<b>(113,753)</b>	<b>(2,502)</b>	<b>(7,188)</b>	<b>(18,308)</b>	<b>(15,558)</b>	<b>-</b>	<b>(157,309)</b>
Taxation							(27,593)
<b>Loss for the period</b>							<b>(129,716)</b>

For the first quarter ended 30 September 2018	Unaudited						Total
	Steel segment (Restated)	Cotton segment	IID segment	Hadeed (Billet) segment (Restated)	Energy segment	Inter-segments Elimination / adjustments	
							(Rupees in '000)
Sales - net	1,274,459	370,779	-	676,388	58,098	(60,309)	2,319,415
Cost of sales	1,198,043	327,298	-	747,261	107,271	(62,148)	2,317,725
Gross profit / (loss)	76,416	43,481	-	(70,873)	(49,173)	1,839	1,690
Income / (loss) from investments	-	-	75,443	-	-	(98,903)	(23,460)
	76,416	43,481	75,443	(70,873)	(49,173)	(97,064)	(21,770)
Distribution and selling expenses	2,494	1,555	-	436	-	-	4,485
Administrative expenses	43,573	8,021	4,968	4,200	1,248	-	62,010
Other operating expenses	2,639	1,803	1	10,522	-	-	14,965
	48,706	11,379	4,969	15,158	1,248	-	81,460
	27,710	32,102	70,474	(86,031)	(50,421)	(97,064)	(103,230)
Other income / (loss)	23,197	2,720	-	(3,371)	60	(7,704)	14,902
<b>Operating (loss) / profit before finance costs</b>	<b>50,907</b>	<b>34,822</b>	<b>70,474</b>	<b>(89,402)</b>	<b>(50,361)</b>	<b>(104,768)</b>	<b>(88,328)</b>
Finance costs	55,855	575	7,944	19,269	2,890	(7,704)	78,829
Share of profit in equity accounted investees - net of taxation	-	-	111,648	-	330	(1,141)	110,837
<b>(Loss) / profit before taxation</b>	<b>(4,948)</b>	<b>34,247</b>	<b>174,178</b>	<b>(108,671)</b>	<b>(52,921)</b>	<b>(98,205)</b>	<b>(56,320)</b>
Taxation							8,301
<b>Loss for the period</b>							<b>(64,621)</b>

25.2.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (30 September 2018: Rs. Nil).

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

25.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies as described in the annual consolidated financial statements of the Group for the year ended 30 June 2019. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

### 25.3 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 18 to these condensed interim consolidated financial statements.

### 25.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 231.140 million (30 September 2018: Rs. 1,182.519 million) of total Steel segment revenue of Rs. 298.167 million (30 September 2018: Rs. 1,274.459 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 51.813 million (30 September 2018: Rs. 124.633 million) of total Cotton segment revenue of Rs. 366.695 million (30 September 2018: Rs. 370.779 million). Revenue from major customers of Energy segment represents an aggregate amount of Rs. Nil (30 September 2018: Rs. 58.098 million) of total Energy segment revenue of Rs. Nil (30 September 2018: Rs. 58.098 million).

### 25.5 Geographical information

25.5.1 All revenues from external customers were generated in Pakistan.

25.5.2 All non-current assets of the Group as at 30 September 2019 and 30 June 2019 were located and operating in Pakistan.

### 25.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Hadeed (Billet) segment	Energy segment	Total
	(Rupees in '000)					
<b>As at 30 September 2019 - Unaudited</b>						
Segment assets for reportable segments	1,547,997	408,595	1,101,120	921,273	854,122	<b>4,833,107</b>
Investment in equity accounted investees	-	-	3,306,623	-	-	<b>3,306,623</b>
Unallocated corporate assets						<b>1,488,932</b>
Total assets as per consolidated statement of financial position						<b>9,628,662</b>
Segment liabilities for reportable segments	531,036	156,084	53,674	39,458	120,787	<b>901,039</b>
Unallocated corporate liabilities and deferred income						<b>1,893,498</b>
Total liabilities as per consolidated statement of financial position						<b>2,794,537</b>
<b>As at 30 June 2019 - Audited</b>						
Segment assets for reportable segments	1,826,902	430,823	1,169,324	1,218,378	878,184	5,523,611
Investment in equity accounted investees	-	-	2,988,879	-	278,027	3,266,906
Unallocated corporate assets						1,210,395
Total assets as per consolidated statement of financial position						<b>10,000,912</b>
Segment liabilities for reportable segments	570,025	106,822	66,702	140,995	118,522	1,003,066
Unallocated corporate liabilities and deferred income						2,041,764
Total liabilities as per consolidated statement of financial position						<b>3,044,830</b>

25.6.1 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.

### 25.7 Other segment information

	Unaudited					
	Steel segment (Restated)	Cotton segment	IID segment	Hadeed (Billet) segment (Restated)	Energy segment	Total
	(Rupees in '000)					
<b>For the first quarter ended 30 September 2019</b>						
Capital expenditure	52	-	-	-	300	<b>352</b>
Depreciation and amortization	20,081	7,862	1,685	13,180	15,104	<b>57,912</b>
Non-cash items other than depreciation and amortization	27,451	6,496	(5,964)	(10,286)	(15,103)	<b>2,594</b>
<b>For the first quarter ended 30 September 2018</b>						
Capital expenditure	4,114	1,658	(1,219)	82	215	4,850
Depreciation and amortization	20,574	7,735	961	14,156	15,321	58,747
Non-cash items other than depreciation and amortization	52,297	2,441	(72,468)	19,268	(390)	1,148

## 26. TRANSACTIONS WITH RELATED PARTIES

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

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

Name of entity	Nature of relationship	Nature of transaction	Unaudited	
			30 September 2019	30 September 2018
			----- (Rupees in '000) -----	
Shakarganj Limited	Associated company	Sales return	121	-
		Reimbursable expenses	8	370
		Expenses incurred on behalf of the Company	741	367
The Crescent Textile Mills Limited	Associated company	Reimbursable expenses - Payment received	3,514	-
		Sales of finished goods	3,660	-
		Sales return	146	-
The Citizens' Foundation *	Related party	Donation given	71	188
Premier Insurance Limited *	Related party	Insurance premium	295	1,075
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	1,577	1,642
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	4,142	4,277
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	5,252	4,447
Key management personnel	Related parties	Remuneration and benefits	15,594	24,894
Directors and their spouse	Related parties	Meeting fee	765	1,165

\* These entities are / have been related parties of the Group by virtue of common directorship only.

- 26.1 Sale of finished goods and raw materials, rendering of services and insurance premium are based on commercial terms and at market prices which are approved by the Board of Directors.
- 26.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 26.3 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 period other than their terms of employment / entitlements.

## 27. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in annual consolidated financial statement of the Group as at and for the year ended 30 June 2019.

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

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

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

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

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

## 30 September 2019 (Unaudited)

	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
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investment									
- Listed equity securities	325,599	146,525	-	-	472,124	472,124	-	-	472,124
- Unlisted equity securities	549,984	-	-	-	549,984	-	-	549,984	549,984
	<u>1,201,182</u>	<u>146,525</u>	<u>-</u>	<u>-</u>	<u>1,494,232</u>	<u>944,248</u>	<u>-</u>	<u>549,984</u>	<u>1,494,232</u>
<b>Financial assets not measured at fair value</b>									
Deposits	-	-	282,186	-	282,186	-	-	-	-
Trade debts	-	-	108,415	-	108,415	-	-	-	-
Other receivables	-	-	28,143	-	28,143	-	-	-	-
Bank balances	-	-	10,948	-	10,948	-	-	-	-
	<u>-</u>	<u>-</u>	<u>429,692</u>	<u>-</u>	<u>429,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Long term loans	-	-	-	245,323	245,323	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	142,766	142,766	-	-	-	-
Trade and other payables	-	-	-	488,958	488,958	-	-	-	-
Mark-up accrued	-	-	-	46,408	46,408	-	-	-	-
Short term borrowings	-	-	-	1,446,451	1,446,451	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,369,906</u>	<u>2,369,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 30 June 2019 (Audited)

	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
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investment									
- Listed equity securities	404,787	138,867	-	-	543,654	543,654	-	-	543,654
- Unlisted equity securities	549,984	-	-	-	549,984	-	-	549,984	549,984
	<u>954,771</u>	<u>138,867</u>	<u>-</u>	<u>-</u>	<u>1,093,638</u>	<u>543,654</u>	<u>-</u>	<u>549,984</u>	<u>1,093,638</u>
<b>Financial assets not measured at fair value</b>									
Deposits	-	-	275,886	-	275,886	-	-	-	-
Trade debts	-	-	96,432	-	96,432	-	-	-	-
Other receivables	-	-	24,445	-	24,445	-	-	-	-
Bank balances	-	-	29,620	-	29,620	-	-	-	-
	<u>-</u>	<u>-</u>	<u>426,383</u>	<u>-</u>	<u>426,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>									
Long term loan	-	-	-	287,546	287,546	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	154,296	154,296	-	-	-	-
Trade and other payable	-	-	-	442,204	442,204	-	-	-	-
Unclaimed dividend	-	-	-	26,525	26,525	-	-	-	-
Mark-up accrued	-	-	-	43,864	43,864	-	-	-	-
Short term borrowings	-	-	-	1,638,092	1,638,092	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,592,527</u>	<u>2,592,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

The fair value of listed securities were taken from rates quoted on Pakistan Stock Exchange and classified under level 1 in fair value hierarchy.

Investment property fair value have been determined by professional valuers (level 3 measurement) based on their assessment of the market values. 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 condensed interim unconsolidated financial statements.

#### 27.1 Valuation techniques and significant unobservable inputs

The valuation techniques used in measuring level 3 fair values as at 30 September 2019 for unquoted equity investments were same as at 30 June 2019. There was no change in significant unobservable inputs from 30 June 2019; therefore, carried at same values.

#### 28. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial statements was authorized for issue in the Board of Directors meeting held on 28 October 2019.



Chief Executive



Chairman



Chief Financial Officer