





Crescent Steel and Allied Products Limited

UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Crescent Steel and Allied Products Limited (the Company) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.



A. F. Ferguson & Co
Chartered Accountants
Karachi
Dated: October 4, 2024
UDIN: CR2024100569VWHp6Tm8

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed unconsolidated financial statements of Crescent Steel and Allied Products Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2024, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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KARACHI LAHORE ISLAMABAD

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	Deferred tax asset	
	<p>(Refer notes 4, 6.16 and 21 to the unconsolidated financial statements)</p> <p>As at June 30, 2024, included in the balance of deferred tax asset (net) are amounts of Rs 287.637 million, Rs 229.810 million and Rs 136.658 million representing deferred tax asset recognised on account of unabsorbed tax depreciation and amortization, excess of minimum tax over normal tax and excess of alternate corporate tax over corporate tax respectively.</p> <p>The Company has carried out an assessment to determine the recoverability of these balances by estimating future taxable profits of the Company and the expected rate applicable to those profits. The determination of future taxable profits is most sensitive to certain key assumptions such as sales volume, gross margin percentage, product pricing and inflation rates which have been considered in that determination.</p> <p>As preparing profitability forecast and assessment of realisability of recognised deferred tax asset requires significant management judgments, we considered this to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained understanding of the management’s process of preparation of forecast of tax profitability, tax liability and deferred tax calculation; • Discussed with the management the significant assumptions used in preparing the tax profitability forecast and assessed its reasonableness; • Checked the appropriateness of tax rates applied in view of the local tax legislation; • Checked mathematical accuracy of the calculations; and • Assessed whether the related disclosures made in the annexed unconsolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.
(ii)	Valuation of the Company’s Long Term Investments	
	<p>(Refer notes 4, 6.4, 19.3 and 45.1 to the unconsolidated financial statements)</p> <p>The ‘other long term investments’ include Company’s investments in shares of Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs 397.135 million and Rs 213.419 million respectively as at June 30, 2024.</p> <p>Fair values of these investments are not measured in an active market and are determined through the application of valuation techniques under accounting and reporting standards and use of unobservable inputs that involve the exercise of judgments over assumptions and estimates used by the management of the Company for this purpose.</p> <p>Due to the level of judgements involved in determining fair values of these unquoted investments, we considered this to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained understanding of the management’s process of valuation; • Reviewed report of management’s expert which included the methods of valuation and details about the inputs to the valuation models; • Involved our internal valuation specialists to review the valuation methodologies and assumptions used by the management’s expert; • Discussed the rationale of the inputs to the valuation models and assessed their reasonableness; • Checked mathematical accuracy of the calculations; and • Assessed whether the related disclosures made in the unconsolidated financial statements are in accordance with the accounting and reporting standards as applicable in Pakistan.

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

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



A. F. Ferguson & Co

Chartered Accountants

Karachi

Date: October 4, 2024

UDIN: AR202410056d7UgmJyWS

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

Rupees in '000

Note

2024

2023

EQUITY AND LIABILITIES

EQUITY

Share capital and reserves

Authorized capital

100,000,000 ordinary shares of Rs. 10 each

1,000,000

1,000,000

Issued, subscribed and paid-up capital

7

776,325

776,325

Capital reserve

8

1,020,908

1,020,908

Revenue reserves

8

5,918,816

4,322,199

7,716,049

6,119,432

LIABILITIES

Non-current liabilities

Long term loans

9

157,163

424,748

Lease liabilities

10

212,702

62,424

Deferred income

11

3,300

3,837

Deferred liability - staff retirement benefits

44

67,937

279,790

441,102

770,799

Current liabilities

Trade and other payables

12

1,312,672

1,389,065

Unclaimed dividend

26,188

16,081

Mark-up accrued

13

59,522

78,369

Short term borrowings

14

629,493

1,289,519

Current portion of long term loans

9

270,303

270,228

Current portion of lease liabilities

10

42,285

14,249

Current portion of deferred income

11

537

538

2,341,000

3,058,049

Total liabilities

2,782,102

3,828,848

Contingencies and commitments

15

Total equity and liabilities

10,498,151

9,948,280

Rupees in '000	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	16	2,194,965	2,437,568
Right-of-use assets	16	228,869	82,852
Intangible assets	17	–	1,427
Investment properties	18	53,730	55,030
Long term investments	19	2,809,511	2,544,677
Long term deposits	20	71,369	27,143
Deferred taxation - net	21	391,768	876,358
		5,750,212	6,025,055
Current assets			
Stores, spares and loose tools	22	404,968	339,707
Stock-in-trade	23	1,447,594	1,268,967
Trade debts	24	1,472,246	464,043
Loans and advances	25	195,507	285,286
Trade deposits and short term prepayments	26	15,720	13,644
Short term investments	27	667,732	552,382
Other receivables	28	85,147	295,730
Taxation - net	29	155,824	673,200
Cash and bank balances	30	303,201	30,266
		4,747,939	3,923,225
Total assets		10,498,151	9,948,280

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



Chief Executive



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
Sales	31	10,752,196	5,282,780
Less: Sales tax		1,640,585	767,182
		9,111,611	4,515,598
Cost of sales	32	6,475,244	3,739,705
Gross profit		2,636,367	775,893
Income from investments - net	33	1,069,683	207,526
		3,706,050	983,419
Distribution and selling expenses	34	56,987	66,951
Administrative expenses	35	531,483	384,699
Other operating expenses	36	276,302	16,830
		864,772	468,480
		2,841,278	514,939
Other income	37	182,700	79,302
Operating profit before finance costs		3,023,978	594,241
Finance costs	38	497,403	359,960
Profit before taxation		2,526,575	234,281
Taxation charge	39	(920,072)	(57,424)
Profit for the year		1,606,503	176,857
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI) - net of tax		228	(2,304)
Gain / (loss) on remeasurement of staff retirement benefit plans - net of tax		145,151	(153,532)
Other comprehensive income / (loss) for the year		145,379	(155,836)
Total comprehensive income for the year		1,751,882	21,021
		(Rupees)	
Basic and diluted earnings per share	40	20.69	2.28

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



Chief Executive



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
Cash flows from operating activities			
Cash generated from operations	41	1,279,546	35,833
Tax paid		(58,041)	(48,072)
Finance costs paid		(468,828)	(303,786)
Contribution to gratuity and pension funds	44.1.3	(36,769)	(30,679)
Contribution to Workers' Profit Participation Fund	12.4	(16,134)	-
Long term deposits - net		(42,303)	(16,957)
Net cash generated from / (used in) operating activities		657,471	(363,661)
Cash flows from investing activities			
Capital expenditure		(247,844)	(535,488)
Proceeds from disposal of operating fixed assets	16.5	224,384	58,999
Investments - net		16,029	(397,303)
Dividend income received		819,278	203,811
Interest income received		105,419	23,256
Net cash generated from / (used in) investing activities		917,266	(646,725)
Cash flows from financing activities			
(Repayments of) / proceeds from long term loans - net		(269,370)	536,050
Payments against finance lease obligations - net		(77,248)	(44,407)
(Repayments of) / proceeds from short term loans - net		(246,594)	429,549
Dividends paid		(145,158)	(9,533)
Net cash (used in) / generated from financing activities	41.1	(738,370)	911,659
Net increase / (decrease) in cash and cash equivalents		836,367	(98,727)
Cash and cash equivalents at beginning of the year		(433,388)	(334,661)
Cash and cash equivalents at end of the year	42	402,979	(433,388)

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



Chief Executive



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2024

Rupees in '000

	Issued, subscribed and paid-up capital	Capital reserve (note 8.1)	Revenue reserves (note 8.2)			Total revenue reserves	Total
		Share premium	Fair value reserve	General reserve	Unappropriated profit		
Balance as at June 30, 2022	776,325	1,020,908	3,913	3,642,000	655,265	4,301,178	6,098,411
Total comprehensive income for the year ended June 30, 2023							
Profit for the year	-	-	-	-	176,857	176,857	176,857
Other comprehensive loss for the year	-	-	(2,304)	-	(153,532)	(155,836)	(155,836)
Total comprehensive income for the year	-	-	(2,304)	-	23,325	21,021	21,021
Balance as at June 30, 2023	776,325	1,020,908	1,609	3,642,000	678,590	4,322,199	6,119,432
Total comprehensive income for the year ended June 30, 2024							
Profit for the year	-	-	-	-	1,606,503	1,606,503	1,606,503
Other comprehensive income for the year	-	-	228	-	145,151	145,379	145,379
Total comprehensive income for the year	-	-	228	-	1,751,654	1,751,882	1,751,882
Transaction with owners of the Company – distributions							
– Interim dividend @ 20% (i.e. Re. 2.00 per share) for the year ended June 30, 2024	-	-	-	-	(155,265)	(155,265)	(155,265)
Balance as at June 30, 2024	776,325	1,020,908	1,837	3,642,000	2,274,979	5,918,816	7,716,049

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



Chief Executive



Director



Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Crescent Steel and Allied Products Limited (“the Company”) was incorporated on August 1, 1983 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Company is located at E-floor, IT Tower, 73-E/1, Hali Road, Gulberg-III, Lahore. Whereas its principal office is situated at 9th floor Sidco Avenue Centre 264 R. A. Lines, Karachi.
- 1.2 The Company’s steel segment is manufacturing large diameter spiral arc welded steel line pipes at Nooriabad, District Jamshoro, Sindh. The Company has a coating facility capable of applying three layers high density polyethylene coating on steel line pipes. The coating plant commenced commercial production from November 16, 1992. The Company’s fabrication unit is engaged in fabrication and erection of machinery located at Dalowal, District Faisalabad, Punjab.
- 1.3 The Company is running cotton spinning unit at Jaranwala, District Faisalabad. This activity is carried out by the Company under the name and title of “Crescent Cotton Products” a division of the Company.
- 1.4 The Company is also managing a portfolio of equity investments and real estate through its Investment and Infrastructure Division from the principal office of the Company.
- 1.5 The Company’s Hadeed (Billet) Segment is to cater to the growing demand of steel products and is in line with the Company’s vision to organically expand in the steel long products business. The billets manufactured are used by re-rolling mills to manufacture bars and other steel long products for use in the construction and engineering sectors. The plant of the Company is located at Bhone, district Jhang, Punjab.
- 1.6 The Company’s energy segment’s activity is to build, own, operate and maintain a power plant and to generate, accumulate, distribute, sell and supply electricity / power to Pakistan Electric Power Company (PEPCO) / Distribution Companies (DISCOs) under an agreement with the Government of Pakistan or to any other consumer as permitted. The generation plant use bagasse in the combustion process to produce power and processed steam. The plant of the Company is located at Bhone, district Jhang, Punjab.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The Company’s net sales aggregated to Rs. 9,111.611 million (2023: Rs. 4,515.598 million), out of which 99.39% was generated from Steel division and 0.61% percent from Cotton division.

During the year, KSE-100 index benchmark increased by 89.24 percent closing at 78,444.96 points as of reporting date. The Company generated dividend income amounting to Rs. 820.524 million including dividend income amounting to Rs. 755.264 million received from the associated company.

3. BASIS OF PREPARATION

3.1 Unconsolidated financial statements

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

3.2 Statement of compliance

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

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

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

3.3 Basis of measurement

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

3.4 Functional and presentation currency

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

4. USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

- Property, plant and equipment and Right-of-use assets (refer note 6.1)
- Intangible assets (refer note 6.2)
- Investments (refer note 6.4)
- Stores, spares and loose tools and stock-in-trade (refer notes 6.7 and 6.8)
- Employee benefits (refer note 6.11)
- Leases (refer note 6.13)
- Taxation (refer note 6.16)
- Provisions (refer note 6.19)
- Impairment (refer notes 6.1, 6.2, 6.3, 6.4, 6.5 and 6.6)
- Contingencies (refer note 6.24)

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

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

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

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

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

There are certain new standards and amendments that will be applicable to the Company for its annual periods beginning on or after January 1, 2025. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Company's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

6. MATERIAL ACCOUNTING POLICY INFORMATION

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

6.1 Property, plant and equipment

Owned assets

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Subsequent expenditure

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

Depreciation

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

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

Disposal

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

Right-of-use assets

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

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

Capital work-in-progress

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

Impairment

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

6.2 Intangible assets

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

Subsequent expenditure

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

Amortization

Amortization is charged to profit or loss on a straight line basis at the rates specified in note 17 to these unconsolidated financial statements, over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off. The assets' residual values, useful lives and amortization methods are reviewed at each reporting date, and adjusted if material.

Impairment

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

6.3 Investment properties

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

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

Depreciation

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Impairment

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

Disposal

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

6.4 Financial instruments

6.4.1 Initial recognition and measurement

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

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

6.4.2 Financial asset

Classification

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

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

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

Amortized cost

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

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

FVOCI - Debt investment

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

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

FVOCI - Equity investment

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

FVTPL

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

Subsequent measurement and derecognition

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

Impairment of financial assets

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

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

6.4.3 Financial liabilities

Classification and subsequent measurement

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

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

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

Derecognition

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

Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in profit or loss.

Offsetting

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

6.5 Investments in subsidiaries

Investments in subsidiaries are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense in the profit or loss.

6.6 Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Investment in associate is initially recognized at cost. At subsequent reporting dates, the recoverable amount is estimated to determine the extent of impairment loss, if any, and carrying amounts of investment is adjusted accordingly. Impairment losses are recognized as an expense in the profit or loss.

6.7 Stores, spares and loose tools

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

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

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

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

6.8 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of materials and appropriate portion of production overheads. The cost of finished goods of Steel segment is assigned by using specific identification of their individual costs. Scrap stocks are valued at their estimated net realizable value.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

6.9 Trade debts and other receivables

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

6.10 Cash and cash equivalents

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

6.11 Employee benefits

6.11.1 Compensated absences

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

6.11.2 Post retirement benefits

6.11.2.1 Defined contribution plan - Provident fund

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

Cotton segment

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

All employees except Cotton segment

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

6.11.2.2 Defined benefit plans

Pension and gratuity fund schemes

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

The Company's obligation is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The

Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense, current service cost and any past service cost are recognized in profit or loss. Any assets resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan. The latest actuarial valuation was conducted at the reporting date by a qualified professional firm of actuaries.

6.11.2.3 Staff benevolent fund

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

6.12 Mark-up bearing borrowings

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

6.13 Leases liabilities

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

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

The lease liability is measured at amortized cost using the effective interest method i.e. it is increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

6.14 Government grants

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

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

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

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

6.15 Trade and other payables

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

6.16 Taxation

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

Group taxation

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

Current

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

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

Deferred

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

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

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

6.17 Revenue recognition

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

6.18 Investment and other income

Interest income is recognized using the effective interest method.

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

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

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

6.19 Provisions

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

6.20 Foreign currency translation

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

6.21 Segment reporting

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

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

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

6.22 Proposed dividend and transfer between reserves

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

6.23 Earnings per share

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

6.24 Contingencies

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

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2024		2023	2024		2023
Number of shares			Rupees in '000		
37,756,686	37,756,686	Ordinary shares of Rs. 10 each fully paid in cash	377,567		377,567
39,875,805	39,875,805	Ordinary shares of Rs. 10 each issued as bonus shares	398,758		398,758
77,632,491	77,632,491		776,325		776,325

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

	2024		2023	
	(Percentage of holding)	(Number of shares)	(Percentage of holding)	(Number of shares)
Crescent Steel and Allied Products Limited - Gratuity Fund	2.50%	1,938,354	2.50%	1,938,354
Crescent Steel and Allied Products Limited - Pension Fund	5.20%	4,038,578	5.20%	4,038,578
Crescent Steel and Allied Products Limited - Staff Provident Fund	0.16%	124,200	0.16%	124,200
Crescent Cotton Products - Staff Provident Fund	0.10%	74,800	0.10%	74,800
CSAPL - Staff Benevolent Fund	0.05%	36,178	0.05%	36,178
Premier Insurance Limited	0.18%	141,500	0.18%	141,500
The Crescent Textile Mills Limited	11.00%	8,538,303	11.00%	8,538,303
Suraj Cotton Mills Limited	1.57%	1,222,000	1.57%	1,222,000
Pak Qatar Family Takaful Limited	8.76%	6,800,000	8.74%	6,787,000
Shakarganj Limited	0.23%	180,000	0.23%	180,000

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

8. RESERVES

8.1 Capital Reserve

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

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

8.2 Revenue Reserves

Fair value reserve

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

General reserve

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

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

- 9.1 During the year ended June 30, 2023, the Company issued 8,000 unlisted, privately placed and secured Sukuk certificates (SUKUK-Al-Istisna) on October 11, 2022, having face value of Rs. 100,000 each, amounting to Rs. 800 million. Aggregate amount of Rs. 800 million in connection with issuance of Sukuk-al-istisna was received on October 11, 2022. The Sukuk certificates carry profit at the rate of 6-months KIBOR + 2% per annum with semi-annual rental payments having tenure of three years from the issue date on arrear basis. Principal repayment installment had commenced from April 2023. During the year, the Company has made repayments of Rs. 133.33 million and profit on such arrangement ranged from 24.08% to 24.76% (June 30, 2023: 17.78%) per annum.

- 9.1.1 This represents the cost incurred with respect to issuance of SUKUK certificates, amortized using effective interest rate.
- 9.2 During the year ended June 30, 2021, the Company entered into a loan arrangement with JS Bank Limited in which 5 tranches were received. The tranches were converted into the State Bank of Pakistan's (SBP) "SBP Financing scheme for Renewable Energy". The term of the loan is 10 years from the date of disbursement with a grace period of 3 months, repayable in monthly installments starting from June 2021. Mark-up was payable quarterly at the rate of 1 month KIBOR plus 1% per annum up till approval of refinance from the SBP and after approval from the SBP, mark-up is payable at the concessional rate of 6% per annum.
- 9.3 The benefit of the subsidized loan under note 9.2 has been recognized as deferred income under note 11.

10. LEASE LIABILITIES

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

- 10.1 The Company has entered into lease arrangements with leasing companies for lease of plant and machinery and motor vehicles. The lease term of these arrangements is from three to five years (2023: three to five years) and the liability is payable by the month ranging from six to sixty months (2023: six to sixty months). The periodic lease payments include built-in rates of mark-up ranging from 17.04% to 31.12% (2023: 11.51% to 25.61%) per annum. Included in the gross present value of minimum lease payments, is a sum aggregating Rs. 193.331 million (2023: Rs. 57.512 million) which pertains to obligations arising from sale and leaseback of assets.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
11. DEFERRED INCOME			
Opening balance		4,375	8,728
Income recognized during the year	37	(538)	(4,353)
		3,837	4,375
Less: Current portion shown under current liabilities		(537)	(538)
Closing balance		3,300	3,837
12. TRADE AND OTHER PAYABLES			
Trade creditors		43,777	44,058
Bills payable		38	38
Commission payable		385	522
Accrued liabilities	12.1	685,538	594,735
Advances from customers		11,354	350,464
Infrastructure fee, sales tax and damages	12.2	323,752	287,643
Due to related parties	12.3	26,234	19,534
Payable to provident fund		47	127
Contribution payable to staff retirement benefit funds		102	2,823
Retention money		110	2,980
Withholding tax payable		3,268	6,892
Workers' Profit Participation Fund	12.4	94,975	18,529
Workers' Welfare Fund		41,562	7,640
Others		81,530	53,080
		1,312,672	1,389,065
12.1 Accrued liabilities			
Salaries, wages and other benefits		62,467	23,536
Accrual for 10-C bonus		6,668	4,943
Compensated absences		24,824	20,811
Liquidated damages	12.1.1	170,096	223,955
Others	12.1.2	421,483	321,490
		685,538	594,735

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

12.1.2 These include liability against Gas Infrastructure Development Cess of Rs. 29.451 million (2023: Rs. 29.451 million).

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

12.2 Movement in infrastructure fee, sales tax and damages

Rupees in '000	Infrastructure fee (Note 12.2.1)	Sales Tax (Note 12.2.2)	Liquidated damages (Note 12.2.3)	Total
Opening balance as at July 01, 2023	238,980	3,242	45,421	287,643
Accrual for the year	36,109	–	–	36,109
Closing balance as at June 30, 2024	275,089	3,242	45,421	323,752

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

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

The Company challenged the judgement of the SHC in the Honorable Supreme Court of Pakistan (SCP); the SCP granted a stay against the judgement of the SHC on September 1, 2021 and instructed that the amount equal to the levy shall be deposited with the Sindh Excise and Taxation Office (ETO) in the form of a Bank Guarantee, until such time that a detailed order is issued by the Court. A final judgement on the appeal filed remains pending. The Company continued to use the option of a 50% Bank Guarantee and 50% payment to the ETO. During the year, the Company had opted to pay 100% payments to the ETO on certain imports.

As of June 30, 2024, the Company has provided bank guarantees amounting to Rs. 196.832 million (2023: Rs. 191.96 million) in favour of Excise and Taxation Department, GoS.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

Rupees in '000	Note	2024	2023
12.3 Due to related parties			
Premier Insurance Company Limited		1,445	–
Shakarganj Limited		24,789	19,534
		26,234	19,534
12.4 Workers' Profit Participation Fund			
Opening balance		18,529	2,395
Allocation for the year	36	92,580	16,134
		111,109	18,529
Amount paid to the trustees of the fund		(16,134)	–
Closing balance		94,975	18,529
13. MARK-UP ACCRUED			
Mark-up accrued on:			
– Lease obligations		241	–
– Long term loans		20,739	37,309
– Short term borrowings	13.1	38,542	41,060
		59,522	78,369

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

Rupees in '000	Note	2024	2023
14. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	14.1	50,222	463,654
Short term loans	14.2 & 14.4	579,271	825,865
		629,493	1,289,519

14.1 Running finance / money market facilities are available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 950 million (2023: Rs. 1,100 million) out of which Rs. 400 million (2023: Rs. 300 million), Rs. 100 million (2023: Rs. 100 million) and Rs. 400 million (2023: Rs. 300 million) are interchangeable with letter of credit, letter of guarantee facility and short term loan, respectively. During the year, mark-up on such arrangements ranged between 22.23% to 24.91% (2023: 16.91% to 23.98%) per annum.

- 14.2 Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,500 million (2023: Rs. 3,950 million) out of which Rs. 4,000 million (2023: Rs. 3,150 million), Rs. 205 million (2023: Rs. 205 million) and Rs. 400 million (2023: Rs. 350 million) are interchangeable with letters of credit, letter of guarantee and short term running finance facilities, respectively. During the year, mark-up on such arrangements ranged between 21.91% to 25.22% (2023: 13.66% to 24.14%) per annum.
- 14.3 The facilities for opening letters of credit amounted to Rs. 4,650 million (2023: Rs. 4,750 million) out of which Rs. 400 million (2023: Rs. 300 million), Rs. 4,000 million (2023: Rs. 3,150 million) and Rs. 205 million (2023: Rs. 205 million) are interchangeable with short term running finance, short term loans and letter of guarantee, respectively as mentioned in notes 14.1 and 14.2 above. The facility for letters of guarantee as at June 30, 2024 amounted to Rs. 2,681.28 million (2023: Rs. 2,336.6 million). Amounts unutilized for letters of credit and guarantees as at June 30, 2024 were Rs. 3,489.6 million and Rs. 995.03 million (2023: Rs. 4,251 million and Rs. 378.6 million), respectively.
- 14.4 This includes an amount of Rs. 579.28 million (2023: Rs. 438 million) outstanding against Islamic mode of financing. The Company is currently availing Islamic mode of financing from Al Baraka Bank Limited, Habib Metropolitan Bank Limited and Dubai Islamic Bank Limited. Facilities availed during the year include letters of credit, bank guarantees, Wakala, FIM(Foreign Currency against Import Merchandise), Murabaha and Istisna.
- 14.5 The above facilities are expiring on various dates with maturity period upto March 31, 2025. These facilities are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares (refer note 27.2.2), and lien over import / export documents. Further, these facilities (refer notes 14.1 to 14.3) are also secured against pledge of shares amounting to Rs. 184.38 million owned by CS Capital (Private) Limited (subsidiary company).

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

15.1.2 During 2015–2016, a show cause notice was received from Sindh Revenue Board (SRB) in respect of registration as a service provider and a demand aggregating to Rs. 60 million in respect of sales tax on services was raised thereby. The Company filed a constitutional writ in the SHC against the SRB and GoS in which SHC granted interim relief to the Company. Subsequently, the writ was decided in light of SCP's orders in similar writs where SCP had decreed for a 50% payment of tax demand in order to keep the writs maintainable. Following closure of petition, the Company received show cause notices and demands for Sindh Sales Tax payments amounting to Rs. 79 million, which were challenged in SHC in a civil suit as well as at the Appellate forums of the tax authority, where the cases are pending adjudication. Furthermore, after the closure of the original petition, the SHC has decided the matter in the Company's favor, ruling against the SRB. However, the SRB has now filed a petition at the SCP, arguing that sales tax on toll manufacturing before June 30, 2022 should fall under their jurisdiction.

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

15.2 Commitments

15.2.1 Aggregate amount of guarantees issued on behalf of the Company against various contracts aggregated Rs. 1,687.204 million (2023: Rs. 1,958 million). This includes guarantees issued by Islamic banks amounting to Rs. 204.346 million (2023: Rs. 257.841 million).

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

15.2.3 Commitments under letters of credit (L/C) as at June 30, 2024 amounted to Rs. 434.97 million (2023: Rs. 498.924 million).

Rupees in '000	Note	2024	2023
16. PROPERTY, PLANT AND EQUIPMENT & RIGHT OF USE ASSETS			
Operating fixed assets	16.1	2,064,089	1,934,813
Capital work-in-progress	16.4	130,876	502,755
		2,194,965	2,437,568
Right-of-use-assets	16.1	228,869	82,852
		2,423,834	2,520,420

16.1 Operating fixed assets and right-of-use assets

Description	Land		Buildings		Office premises	Plant and machinery owned*	Electrical/ office equipment and installation	Furniture and fittings	Computers	Motor vehicles owned	Right-of-use assets		Total			
	Freehold	Leasehold including improvements	On freehold land	On leasehold land							Total operating fixed assets	Plant and machinery		Motor vehicles	Total right-of-use assets	
Rupees in 000	Note															
Net book value as at June 30, 2024																
Balance as at July 1, 2023 (NBV)		249,226	30,884	352,695	2,564	2,606	1,165,202	1,177	6,107	7,368	105,444	1,934,813	25,568	56,284	82,852	2,017,665
Additions / transfers		-	17,839	75,225	17,541	-	314,150	15,492	-	5,794	118,761	564,802	20,000	-	210,000	774,802
Disposals / transfer (at NBV)	16.5 & 16.11	-	-	-	-	-	(210,000)	-	-	(326)	(9,064)	(219,390)	(16,092)	(778)	(18,670)	(236,260)
Depreciation charge	16.1.2	-	(6,275)	(28,447)	(1,627)	(881)	(143,677)	(2,668)	(1,667)	(5,218)	(25,476)	(216,336)	(30,363)	(16,750)	(47,113)	(263,249)
Balance as at June 30, 2024 (NBV)		249,226	42,448	399,473	18,478	1,725	1,125,675	24,341	4,440	7,618	190,665	2,064,089	190,113	38,756	228,869	2,292,958
Gross carrying value as at June 30, 2024																
Cost	16.2	249,226	60,906	760,526	97,627	27,481	3,323,591	92,854	32,487	76,087	306,261	5,027,056	235,586	60,566	296,152	5,323,208
Accumulated depreciation		-	(18,458)	(361,053)	(79,149)	(25,756)	(2,197,916)	(68,513)	(28,047)	(68,479)	(115,596)	(2,962,967)	(45,473)	(21,810)	(67,283)	(3,030,250)
Net book value		249,226	42,448	399,473	18,478	1,725	1,125,675	24,341	4,440	7,618	190,665	2,064,089	190,113	38,756	228,869	2,292,958
Net book value as at June 30, 2023																
Balance as at July 1, 2022 (NBV)		249,226	32,569	375,033	3,013	3,506	1,173,024	4,783	7,704	8,376	64,627	1,921,861	91,254	18,302	109,556	2,031,417
Additions / transfers		-	-	4,472	1,081	-	131,869	9,072	-	3,928	114,870	265,292	-	43,046	43,046	308,338
Disposals / transfers (at NBV)	16.5 & 16.11	-	-	-	-	-	-	-	-	(34)	(45,802)	(45,836)	(48,060)	-	(48,060)	(93,896)
Depreciation charge	16.1.2	-	(1,685)	(26,810)	(1,530)	(900)	(139,691)	(2,388)	(1,597)	(4,902)	(27,251)	(206,504)	(16,626)	(5,064)	(21,690)	(228,194)
Balance as at June 30, 2023 (NBV)		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,107	7,368	106,444	1,934,813	25,568	56,284	82,852	2,017,665
Gross carrying value as at June 30, 2023																
Cost	16.2	249,226	43,065	667,762	97,626	27,481	3,145,663	81,473	32,491	73,727	168,523	4,587,037	81,382	111,668	193,050	4,780,087
Accumulated depreciation		-	(12,181)	(315,067)	(95,062)	(24,875)	(1,980,461)	(69,756)	(26,384)	(66,359)	(62,079)	(2,652,224)	(54,814)	(55,384)	(110,198)	(2,762,422)
Net book value		249,226	30,884	352,695	2,564	2,606	1,165,202	11,717	6,107	7,368	106,444	1,934,813	25,568	56,284	82,852	2,017,665
Depreciation rates (% per annum)		-	1 - 5	5 - 10	5 - 10	10	5 - 20	5 - 20	10	33.33	20	10	10	20		

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
16.1.2 The depreciation charge for the year has been allocated as follows :			
Cost of sales	32.1	240,502	204,062
Distribution and selling expenses	34	902	490
Administrative expenses	35	21,845	23,642
		263,249	228,194

16.2 Property, plant and equipment as at June 30, 2024 include items having an aggregate cost of Rs. 1,568.671 million (2023: Rs. 1,489.545 million) that have been fully depreciated and are still in use by the Company.

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

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

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

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

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

16.4.2 This includes an amount of Rs. 26.4 million (2023: Rs. 26.4 million) paid by the Company to Pakistan Steel Mills Limited (PSML) against allotment of plot located in Karachi measuring 24,200 square yards, currently in possession of third party. However, the third party has filed a case in SHC for declaration and injunction against said property. The Company has filed a suit in SHC for specific performance and declaration against PSML with respect to the said property and also filed an application for vacation of the injunction operating against the property. The SHC vide its interim order has restrained PSML from creating any third party interest till the disposition of the case. The applications are pending for hearing. During the year, on prudent basis, full provision of the amount has been recorded.

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

17. INTANGIBLE ASSETS

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

Rupees in '000	Note	2024	2023
Net book value as at 1 July		1,427	3,580
Amortization	17.1	(1,427)	(2,153)
Net book value as at 30 June	17.2	–	1,427
Gross carrying value as at 30 June			
Cost		82,099	82,099
Accumulated amortization		(79,459)	(78,032)
Accumulated impairment loss		(2,640)	(2,640)
		(82,099)	(80,672)
Net book value		–	1,427
Amortization rate (% per annum)			
		33.33	33.33

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

17.2 Intangible assets as at June 30, 2024 include items having an aggregate cost of Rs. 82.099 million (2023: Rs. 73.563 million) that have been fully amortized and are still in use of the Company.

18. INVESTMENT PROPERTIES

Description Rupees in '000	Note	Freehold Land	Freehold Building	Office Premises	Total
Net book value as at June 30, 2024					
Opening balance		45,497	9,533	–	55,030
Depreciation charge	18.1	–	(1,300)	–	(1,300)
Balance as at June 30, 2024 (NBV)		45,497	8,233	–	53,730
Gross carrying value as at June 30, 2024					
Cost	18.2	45,497	13,000	29,830	88,327
Accumulated depreciation		–	(4,767)	(29,830)	(34,597)
Net book value		45,497	8,233	–	53,730
Net book value as at June 30, 2023					
Opening balance		45,497	10,833	–	56,330
Depreciation charge		–	(1,300)	–	(1,300)
Balance as at June 30, 2023 (NBV)		45,497	9,533	–	55,030
Gross carrying value as at June 30, 2023					
Cost		45,497	13,000	29,830	88,327
Accumulated depreciation		–	(3,467)	(29,830)	(33,297)
Net book value		45,497	9,533	–	55,030
Depreciation rates (% per annum)					
		–	10 – 20	5 – 10	

- 18.1 Depreciation for the year has been charged to administrative expenses (Note 35).
- 18.2 Fair value of the investment properties located in Karachi and Lahore, valued amounting to Rs. 224.92 million (2023: Rs. 199.92 million), which is determined by external valuer on the basis of market value.
- 18.3 Particulars of the Company's investment properties are as follows:

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

Rupees in '000	Note	2024	2023
19. LONG TERM INVESTMENTS			
Subsidiary companies - at cost	19.1	905,001	705,001
Associated companies - at cost	19.2	1,286,401	1,286,401
Other long term investments	19.3	618,109	553,275
		2,809,511	2,544,677

19.1 Subsidiary companies - at cost

2024	2023		Note	2024	2023
Number of shares				Rupees in '000	
		Unquoted			
70,500,000	70,500,000	CS Capital (Private) Limited (Chief Executive Officer – Ms. Hajerah Ahsan Saleem)	19.1.1	705,000	705,000
2	2	Crescent Continental Gas Pipelines Limited (US \$ 1 each)	19.1.2	–	–
20,000,100	100	Solution de Energy (Private) Limited (Chief Executive Officer – Mr. Muhammad Saad Thaniana)	19.1.3	200,001	1
				905,001	705,001

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

19.2 Associated companies - at cost

2024	2023		Note	2024	2023
Number of shares				Rupees in '000	
		Quoted			
60,663,775	60,663,775	Altern Energy Limited (Chief Executive Officer - Mr . Umer Shehzad Sheikh)	19.2.1	595,293	595,293
27,409,075	27,409,075	Shakarganj Limited (Chief Executive Officer - Mr. Muhammad Saifullah)	19.2.2	691,108	691,108
				1,286,401	1,286,401

19.2.1 The Company holds 16.69% (2023: 16.69%) shareholding in Altern Energy Limited and has representation on its Board of Directors. The Company directly and / or indirectly has significant influence as per requirement of IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

19.2.2 The Company holds 21.93% (2023: 21.93%) shareholding in Shakarganj Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28 'Investments in Associates', therefore it has been treated as an associate as per IAS 28.

Rupees in '000	2024	2023
19.2.3 Market value of investments in associates is as follows:		
Altern Energy Limited	1,421,352	878,411
Shakarganj Limited	1,089,785	1,201,066
	2,511,137	2,079,477

Percentage of holding	2024	2023
19.2.4 Percentage of holding of equity in associates is as follows :		
Altern Energy Limited	16.69	16.69
Shakarganj Limited	21.93	21.93

19.2.5 The latest financial statements / condensed interim financial information of associated companies as at June 30, 2024 are not presently available. The following is summarized financial information of associated companies as at March 31, 2024 and for the period ended March 31, 2024 based on respective unaudited consolidated condensed interim financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting:

Rupees in '000	Note	Statement of financial position						Profit of loss			
		Non current assets	Current assets	Non current liabilities	Current liabilities	Attributable to NCI	Attributable to owners of the investee company	Revenues	Profit/(loss) after tax	Other comprehensive income/(loss)	Total comprehensive income/(loss)
		(As at 31 March)						(for the period ended 31 March)			
2024											
Altern Energy Limited	19.2.5.1	10,863,081	21,744,353	1,047,602	5,527,516	11,232,140	14,800,176	14,271,966	5,210,235	1,790	5,212,025
Shakarganj Limited		20,121,661	7,759,901	4,724,383	13,096,428	1,768,736	8,292,015	23,906,876	(2,546,125)	(271,555)	(2,817,680)
2023											
Altern Energy Limited		12,569,024	20,512,381	1,332,316	3,299,707	11,688,490	16,760,892	19,380,376	5,981,758	(1,511)	5,980,247
Shakarganj Limited		21,944,379	6,616,408	4,474,383	11,566,483	1,833,605	10,686,316	30,737,388	241,702	133,294	374,996

19.2.5.1 These figures are based on the latest available unaudited condensed interim consolidated financial information as at March 31, 2024 of Altern Energy Limited including its wholly owned subsidiary company Power Management (Private) Limited and Rousch (Pakistan) Power Limited, subsidiary of Power Management Company holding 59.98% shares.

Rupees in '000	Note	2024	2023
19.3 Other long term investments			
Fair value through other comprehensive income (FVOCI)	19.3.1	7,555	7,295
Fair value through profit or loss (FVTPL)	19.3.2	610,554	545,980
		618,109	553,275

19.3.1 Fair value through other comprehensive income (FVOCI)

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

2024	2023		2024	2023
Number of shares	Name of investee company		Rupees in '000	
		Quoted		
565,473	565,473	The Crescent Textile Mills Limited	7,555	7,295

Rupees in '000	Note	2024	2023
21. DEFERRED TAXATION – NET			
Deferred tax credits / (debits) arising in respect of:			
Taxable temporary differences			
Accelerated tax depreciation / amortization		331,802	216,681
Lease obligations – net		–	1,900
Fair value adjustment in unquoted investment through reserves		30,119	30,119
Discounting on long term deposit		–	3,407
Unrealized gain on fair value through profit or loss investments		150,555	55,675
		512,476	307,782
Deductible temporary differences			
Employee benefits – Defined benefit plan		(7,468)	(136,685)
Lease obligations – net		(10,186)	–
Provision for slow moving stores, spares and loose tools		(39,971)	(24,097)
Provisions for doubtful trade debts, doubtful advances and others		(134,271)	(90,854)
Discounting on long term deposit		(2,262)	–
Realized loss on fair value through profit or loss investments		(1,683)	(1,605)
Unrealized loss on fair value through OCI		(570)	(602)
Provisions for impairment of fixed assets		(33,954)	(6,186)
Provision of Gas Infrastructure Development Cess		(6,316)	(4,858)
Excess of minimum tax over corporate tax	21.2	(229,810)	(331,600)
Excess of alternate corporate tax over minimum tax	21.2	(136,658)	–
Tax losses	21.2	(287,637)	(577,306)
Provision for diminution in the value of investments		(13,458)	(10,347)
		(904,244)	(1,184,140)
		(391,768)	(876,358)
21.1 Break up of deferred tax charge / (reversal) is as following:			
Profit or loss	39	344,655	(9,489)
Other comprehensive income		136,717	(63,314)
Set-off of losses with the Subsidiary Company		3,218	1,107
		484,590	(71,696)

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
22. STORES, SPARES AND LOOSE TOOLS			
Stores		132,941	59,762
Spare parts		369,758	354,552
Loose tools		4,759	5,718
		507,458	420,032
Less: Provision for slow moving items	22.1	(102,490)	(80,325)
		404,968	339,707
22.1 Movement in provision for slow moving items:			
Opening balance		80,325	89,780
Provision / (reversal) made during the year		22,165	(9,455)
Closing balance		102,490	80,325
23. STOCK-IN-TRADE			
Raw materials			
Hot rolled steel coils (HR Coils)		441,151	284,762
Coating materials		480,129	328,884
Steel scrap		11,999	11,999
Others		331,071	331,829
Stock-in-transit		–	129,198
	23.2	1,264,350	1,086,672
Work-in-process	23.2 & 32.1	60,546	70,993
Finished goods – net	23.2 & 32.1	99,278	111,099
Scrap / cotton waste		23,420	203
		183,244	182,295
		1,447,594	1,268,967

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

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

Rupees in '000	Note	2024	2023
24. TRADE DEBTS			
Secured			
Considered good		437,386	–
Unsecured			
Considered good	24.1	1,034,860	464,043
Considered doubtful		23,774	18,401
		1,058,634	482,444
Impairment loss on trade debts	24.3	(23,774)	(18,401)
		1,472,246	464,043

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

Rupees in '000	Note	2024	2023
24.2 The aging of amount due from related party:			
Not past due		40,484	40,039
Past due 1 – 30 days		5,000	–
Past due 30 – 180 days		–	–
Past due 180 days		62	62
		45,546	40,101
24.3 Movement in impairment loss on trade debts			
Opening balance		18,401	19,553
Charge / (reversal) of impairment	36 & 37	5,373	(1,152)
Closing balance		23,774	18,401

25. LOANS AND ADVANCES

Unsecured			
Loan to related party – considered good			
Solution de Energy (Private) Limited	25.1	–	111,914
Advances – considered good			
Staff		3	830
Suppliers for goods and services		193,725	170,592
Others		1,779	1,950
Advances – considered doubtful			
Suppliers for goods and services		47	47
Provision for doubtful advances		(47)	(47)
		–	–
		195,507	285,286

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

25.1 The Company had provided short term interest free loan to the Subsidiary Company in order to meet its requirements for the purposes of feasibility, legal approvals and other related activities in respect of its project of 100 MW Solar Power Plant in Solar Power Park being established by the Government of Punjab in the Cholistan desert. Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 117.364 million (2023: Rs. 111.914 million). During the year, the Company revised the terms of the loan with its subsidiary company and charged interest at Company's average borrowing rate. The Subsidiary Company has fully repaid the loan along with the interest as of June 30, 2024.

Rupees in '000	Note	2024	2023
26. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		3,954	2,992
Prepayments		11,766	10,652
		15,720	13,644
27. SHORT TERM INVESTMENTS			
Amortised cost	27.1	244,360	84,360
Fair value through profit or loss (FVTPL)	27.2	423,372	468,022
		667,732	552,382

27.1 This represents investment in term deposit receipt carrying markup ranging from 18% to 18.75% (2023: 15.75%) maturing on March 26, 2025.

27.2 Fair value through profit or loss (FVTPL)

2024	2023		Note	2024	2023
Number of shares/units	Description			Rupees in '000	
4,193,249	7,159,384	Quoted - investments	27.2.1	423,372	468,022
		Unquoted			
1,996	1,996	Innovative Investment Bank Limited		2,777	2,777
		Less: Provision for impairment		(2,777)	(2,777)
				-	-
			27.2.3	423,372	468,022

27.2.1 Quoted - investments

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

2024	2023	Name of investee	2024	2023
Number of shares / units			Rupees in '000	
159,500	208,437	Avanceon Limited	8,616	9,180
-	201,000	D.G. Khan Cement Company Limited	-	10,312
338,000	350,000	Engro Fertilizer Limited	56,182	28,886
102,500	102,500	Fauji Fertilizer Company Limited	16,746	10,090
852,500	1,705,000	HBL Growth Fund – Class A	5,942	7,980
500,000	500,673	HBL Investment Fund – Class A	1,390	776
1,040,424	1,000,000	Pak Qatar Dividend Plan Fund	104,043	100,146
-	1,478,378	MCB Arif Habib Savings and Investment Limited	-	150,249
125,700	137,700	International Industries Limited	24,601	10,085
-	63,000	International Steels Limited	-	2,553
72,100	115,596	Interloop Limited	5,107	4,076
-	200,000	Kot Addu Power Company Limited	-	4,160
14,000	14,000	Lucky Cement Limited	12,694	7,309
5,000	15,000	Mari Petroleum Company Limited	13,562	22,720
164,225	220,000	Meezan Bank Limited	39,314	19,001
72,700	72,700	Oil and Gas Development Company Limited	9,841	5,671
39,000	50,800	Pakistan Oilfields Limited	19,108	20,410
155,800	155,800	Pakistan Petroleum Limited	18,246	9,214
101,800	101,800	Pakistan State Oil Company Limited	16,920	11,301
-	4,500	Systems Limited	-	1,815
50,000	62,500	Tariq Glass Industries Limited	5,828	4,256
400,000	400,000	The Hub Power Company Limited	65,232	27,832
4,193,249	7,159,384		423,372	468,022

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

Rupees in '000	2024	2023
Name of investees		
Altern Energy Limited (Long term investment)	1,421,353	792,708
The Crescent Textile Mills Limited (Long term investment)	6,044	5,836
Avanceon Limited	7,833	6,386
Engro Fertilizer Limited	56,182	27,895
Fauji Fertilizer Company Limited	16,746	10,090
HBL Investment Fund - Class A	1,390	775
HBL Growth Fund - Class A	5,942	3,990
Interloop Limited	5,107	2,542
International Industries Limited	24,600	9,206
Lucky Cement Limited	12,694	7,309
Mari Petroleum Company Limited	13,562	7,573
Meezan Bank Limited	39,314	14,184
Oil and Gas Development Company Limited	9,841	5,671
Pakistan Oilfields Limited	10,289	15,669
Pakistan Petroleum Limited	18,246	9,214
Pakistan State Oil Company Limited	14,128	11,301
Tariq Glass Industries Limited	5,827	3,405
The Hub Power Company Limited	65,232	27,832
	1,734,330	961,586

27.2.3 This represents investment in ordinary shares of listed companies and units of mutual funds. Under IAS 39, these were classified as held for trading whereas under IFRS 9 these have been classified and held as FVTPL. Under IAS 39, these were classified as available for sale and reclassified to FVTPL on initial application of IFRS 9 as management has not designated it as FVOCI.

Rupees in '000	Note	2024	2023
28. OTHER RECEIVABLES			
Dividend receivable		2,132	886
Provision there against		(886)	(886)
		1,246	–
Claim receivable		461	461
Due from related parties	28.1	8,757	5,999
Sales tax refundable	28.2	20,867	106,973
Margin on letter of credit		–	4,137
Margin on letter of guarantee		21,464	175,345
Receivable from staff retirement benefits funds	44	29,640	–
Others		2,712	2,815
		85,147	295,730

28.1 Due from related parties

CS Capital (Private) Limited		4,298	1,079
The Crescent Textile Mills Limited		552	249
Premier Insurance Limited		–	1
Shakarganj Food Products Limited		3,907	4,070
Crescent Socks (Private) Limited		–	600
		8,757	5,999

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

Rupees in '000	2024	2023
CS Capital (Private) Limited	4,298	5,201
Solution de Energy (Private) Limited	134	11,947
The Crescent Textile Mills Limited	996	613
Premier Insurance Limited	–	1
Shakarganj Food Products Limited	4,437	4,578
Crescent Socks (Private) Limited	–	600
	9,865	22,940

28.1.2 The aging of amount due from related parties:

Not yet due	4,356	1,428
Past due 1 – 30 days	454	100
Past due 31 – 180 days	983	577
Past due 180 days	2,964	3,894
	8,757	5,999

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

28.2 Sales tax refundable

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

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

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

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

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

Rupees in '000	2024	2023
29. TAXATION – NET		
Advance taxation	3,684,878	3,626,837
Provision for taxation	(3,529,054)	(2,953,637)
	155,824	673,200

29.1 The income tax assessments of the Company have been finalized up to and including Tax Year 2023, except for pending appeal effect orders in respect of tax years 2002 and 2003. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained below:

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

- (b) Income tax assessments of the Company for the Tax Years 2013 and 2016 have been amended by the Commissioner Inland Revenue (CIR) whereby, tax demands of Rs. 95.94 million and Rs. 143.8 million respectively have been raised. Appeals had been preferred with the Commissioner Appeals where most of the issues were decided in favour of the Company whereas for remaining issues, appeals were preferred before the ATIR by both FBR and the Company. ATIR decided the Company's appeal in the favor of the Company. Department has filed references in LHC against the decisions of ATIR in respect of both years. A cross appeal in Tax Year 2016 was filed by the tax department at the ATIR which awaits adjudication.
- (c) The Additional Commissioner Inland Revenue (ACIR) amended the deemed assessment of the Company for Tax Year 2009 and 2011 thereby raising demands of Rs. 4.937 million and Rs. 22.218 million, respectively. The Company filed appeals with the CIRA in which majority of the issues were decided in the Company's favour in case of Tax Year 2009 and the case was remanded back to the assessing officer for Tax Year 2011. The Company filed appeal with the ATIR for Tax Year 2009 which is pending adjudication where as for Tax Year 2011, set aside proceedings have been initiated which have been duly responded to.
- (d) Orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the Assistant Commissioner Inland Revenue, whereby demand aggregating to Rs. 8.691 million (inclusive of default surcharge) has been raised in respect of tax year 2014 and Rs. 5.794 million in respect of tax year 2010. Majority of the matters have been decided in favour of the Company at the Commissioner (Appeals) level, whereas appeals have been preferred in ATIR for remaining issues.
- (e) During the year ended June 30, 2021, order under section 122(5A) has been passed by the CIR in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the Company) where expenses to the tune of Rs. 9.5 million have been disallowed. Appeal was preferred with the Commissioner Appeals which was decided against the Company. The Company has now preferred appeal with the ATIR which is pending adjudication.
- (f) During the year ended June 30, 2018, Orders under section 161/205 of the Income Tax Ordinance 2001 have been issued by the ACIR, whereby demand aggregating to Rs. 4.253 million (inclusive of default surcharge) has been raised in respect of tax year 2017. Appeal was preferred with the CIRA where majority of issues were decided in the Company's favour along with rectification of original order. Appeal has been preferred with the ATIR for remaining issues which is pending adjudication.
- (g) Order in respect of Crescent Hadeed (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the Company) for the tax year 2017 under section 214D of the Income Tax Ordinance, 2001 was issued whereby tax demand of Rs. 27.31 million was raised against the Company. The order was challenged at the Commissioner Appeals where the appeal was rejected. The Company has now preferred an appeal with the ATIR which is pending adjudication.
- (h) During the year ended June 30, 2021, Orders under section 161/205 of the Income Tax Ordinance 2001 were issued by the ACIR in respect of Tax Years 2016 through 2019 whereby demands aggregating Rs. 1 million (approximately) were raised for CS Energy (Private) Limited (previously wholly owned subsidiary – now amalgamated with and into the Company). Associated expense has been recognised accordingly in these unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

- (i) During the year ended June 30, 2023, Orders under section 4C of the Income Tax Ordinance 2001 were issued by the ACIR in respect of Tax Years 2022 whereby demands aggregating Rs. 126.462 million (approximately) were raised against the Company. An expense of Rs. 54 million related to these demands has been recognized in these unconsolidated financial statements. For remaining, the Company has obtained stay from LHC through writ petition. Currently, the appeal is pending adjudication at the CIRA for remaining issue. After consultation with legal advisor, the management considers that the appeal would be decided in the Company's favour.
- (j) During the year ended June 30, 2022, the tax department has revised the assessment due to an objection raised regarding the incorrect add-back of normal depreciation on the addition made in plant and machinery for the Tax Year 2016 for Hadeed (Billet) Division [before amalgamation, it was Crescent Hadeed (Private) Limited]. The assessment order alleges that the Company claimed significant initial allowance and depreciation allowance whereas minimal amount added back as accounting depreciation. After consultation with legal advisor, the management considers that the appeal would be decided in the Company's favour.
- (k) During the year ended June 30, 2022, the Company has been selected by the tax department for an audit under section 177 for the Tax Year 2020. A Pre Audit Report has been issued, highlighting observations and requesting data and supporting documentation. The Company has submitted the required information to the Assistant/Deputy Commissioner of the Federal Board of Revenue (FBR) in response to the report. The case is pending at department level for hearing.

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

Rupees in '000	Note	2024	2023
30. CASH AND BANK BALANCES			
With banks			
– in saving accounts	30.1	2,209	25,233
– in current accounts		300,992	5,033
	30.2	303,201	30,266
Cash in hand		–	–
		303,201	30,266

30.1 Mark-up rate on saving accounts are ranging between 19.5% to 20.5% (2023: 14.5% to 19.5%) per annum.

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

Rupees in '000	Note	2024	2023
31. SALES – NET			
Local sales			
Bare pipes	31.1	6,415,711	1,569,411
Pipe coating		440,750	16,331
Coated pipe	31.2	3,423,193	2,201,088
Cotton yarn / raw cotton / polyester		65,291	1,153,309
Others	31.3	165,788	147,187
Scrap / waste		241,463	195,454
		10,752,196	5,282,780
Sales tax		(1,640,585)	(767,182)
		9,111,611	4,515,598

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

31.2 This includes revenue amounting to Rs. 2,461.642 million (2023: Rs. 1,981.948 million), where HRC (Hot Rolled Coil) was supplied by the customer.

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

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

Rupees in '000	Note	2024	2023
32. COST OF SALES			
Steel segment	32.1	6,188,178	2,458,454
Cotton segment	32.1	164,972	1,074,020
Energy segment	32.1	61,193	62,209
Hadeed (Billet) segment	32.1	60,901	145,022
		6,475,244	3,739,705

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		Total		
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
32.1	Cost of sales											
	Raw materials consumed	4,987,916	1,844,278	-	703,578	-	-	-	79,880	4,987,916	2,627,736	
	Cost of raw cotton / polyester sold	-	-	90,989	46,137	-	-	-	-	90,989	46,137	
	Packing materials consumed	-	-	-	8,443	-	-	-	-	-	8,443	
	Store and spares consumed	239,140	197,740	458	9,042	317	1,184	4	323	239,919	208,289	
	Fuel, power and electricity	222,741	95,806	22,707	138,266	40	40	683	996	246,171	235,108	
	Salaries, wages and other benefits	32.2	338,500	209,245	32,250	87,505	-	(139)	6,718	15,286	377,468	311,897
	Insurance		6,367	7,583	1,953	2,614	1,124	1,169	820	1,138	10,264	12,504
	Commission		-	-	277	3,759	-	-	-	-	277	3,759
	Repairs and maintenance		27,266	18,365	1,028	2,202	-	-	235	78	28,529	20,645
	Depreciation	16.12	116,814	75,138	14,307	19,358	59,713	59,949	49,668	49,617	240,502	204,062
	Rental under Ijarah financing		-	3,169	-	-	-	-	-	-	-	3,169
	Other expenses		227,165	55,747	1,004	(41)	(1)	6	2,773	(2,296)	230,941	53,416
			6,165,909	2,507,071	164,973	1,020,863	61,193	62,209	60,901	145,022	6,452,976	3,735,165
	Opening stock of work-in-process		59,954	5,171	11,039	13,905	-	-	-	-	70,993	19,076
	Closing stock of work-in-process	23	(49,506)	(59,954)	(11,040)	(11,039)	-	-	-	-	(60,546)	(70,993)
			10,448	(54,783)	(1)	2,866	-	-	-	-	10,447	(51,917)
	Cost of goods manufactured		6,176,357	2,452,288	164,972	1,023,729	61,193	62,209	60,901	145,022	6,463,423	3,683,248
	Opening stock of finished goods		111,099	117,265	-	50,291	-	-	-	-	111,099	167,556
	Closing stock of finished goods - net	23	(99,278)	(111,099)	-	-	-	-	-	-	(99,278)	(111,099)
			11,821	6,166	-	50,291	-	-	-	-	11,821	56,457
			6,188,178	2,458,454	164,972	1,074,020	61,193	62,209	60,901	145,022	6,475,244	3,739,705
32.2	Detail of salaries, wages and other benefits											
	Salaries, wages and other benefits	32.2.1	303,465	193,633	29,834	84,425	-	(139)	6,473	14,617	339,772	292,536
	Pension fund	32.2.2	23,637	7,439	1,475	1,529	-	-	-	-	25,112	8,968
	Gratuity fund	32.2.2	5,067	3,009	72	113	-	-	-	-	5,139	3,122
	Provident fund contributions		6,331	5,164	869	1,438	-	-	245	669	7,445	7,271
			338,500	209,245	32,250	87,505	-	(139)	6,718	15,286	377,468	311,897

32.2.1 This includes contribution amounting to Rs. 10 million (2023: Rs. 0.003 million) to Staff Benevolent Fund ("the Fund"). The Fund has been established as separate legal entity under the Trust Act, 1882 and registered under Income Tax Ordinance, 2001. The objective of the Fund is to provide at the discretion of the trustees, post retirement medical cover / facilities for retired employees and other hardship cases of extraordinary nature of existing employees of the Company. The Company does not have any right in the residual interest of the Fund.

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

Rupees in '000	Note	2024	2023
33. INCOME FROM INVESTMENTS - NET			
Dividend income	33.1	820,524	203,811
Realized gain on sale of FVTPL investments - net	33.1	25,603	4,359
Unrealized gain / (loss) on FVTPL investments - net	33.1	220,350	(4,777)
Rental income from investment properties	33.2	3,206	4,133
		1,069,683	207,526

33.1 Break up of dividend income, unrealized gain and realized gain / (loss) is as follows:

Rupees in '000	Dividend income	Unrealized gain	Realized gain / (loss)
Name of investee companies			
Shariah compliant investee companies	39,140	139,186	26,530
Non - Shariah compliant investee companies	781,384	81,164	(927)
	820,524	220,350	25,603

33.1.1 Unrealized gain amounting to Rs. 0.228 million (2023: unrealized loss of Rs. 1.693 million) on this investment was recognized in the other comprehensive income during the year.

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

33.2 Direct operating expenses incurred against rental income from investment properties amounted to Rs. 1.568 million (2023: Rs. 1.496 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

34. DISTRIBUTION AND SELLING EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Salaries, wages and other benefits	34.1	10,403	5,960	2,471	2,510	1,222	1,235	14,096	9,705
Consultant fee		23,963	40,677	-	-	-	-	23,963	40,677
Travelling, conveyance and entertainment		1,116	619	32	27	21	11	1,169	657
Depreciation	16.12	902	490	-	-	-	-	902	490
Insurance		75	47	-	-	-	-	75	47
Postage, telephone and telegram		70	93	69	76	12	19	151	188
Advertisement		4,206	214	-	-	-	-	4,206	214
Bid bond expenses		43	576	-	-	-	-	43	576
Legal and professional charges		5,357	4,403	-	-	-	-	5,357	4,403
Others		4,971	8,103	1,524	1,467	530	424	7,025	9,994
		51,106	61,182	4,096	4,080	1,785	1,689	56,987	66,951

34.1 Detail of salaries, wages and other benefits

Rupees in '000	Note	Steel segment		Cotton segment		Hadeed (Billet) segment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Salaries, wages and other benefits		9,041	4,803	2,014	2,133	1,162	1,186	12,217	8,122
Pension fund	34.1.1	721	637	239	197	-	-	960	834
Gratuity fund	34.1.1	300	255	99	82	-	-	399	337
Provident fund contributions		341	265	119	98	60	49	520	412
		10,403	5,960	2,471	2,510	1,222	1,235	14,096	9,705

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

35. ADMINISTRATIVE EXPENSES

Rupees in '000	Note	Steel segment		Cotton segment		Energy segment		Hadeed (Billet) segment		IID segment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Salaries, wages and other benefits	35.1	218,387	147,719	29,300	26,480	-	-	8,312	8,642	18,911	11,016	274,910	193,857
Rents, rates and taxes		9,158	3,235	583	814	-	-	584	584	510	315	10,835	4,948
Travelling, conveyance and entertainment		13,648	5,043	880	910	-	-	115	150	663	301	15,306	6,404
Fuel and power		20,366	16,553	1,689	2,398	-	-	4,309	4,294	1,052	888	27,416	24,133
Postage, telephone and telegram		5,809	2,528	778	422	-	-	47	56	303	152	6,937	3,158
Insurance		2,468	1,389	209	254	1	1	82	80	183	129	2,943	1,853
Repairs and maintenance		15,525	11,195	888	824	-	-	120	726	802	576	17,335	13,321
Auditor's remuneration	35.2	5,389	4,358	503	851	-	6	-	-	458	365	6,350	5,580
Legal, professional and corporate service charges		29,376	51,969	3,133	9,054	-	-	-	-	1,478	988	33,987	62,011
Advertisement		2,527	2,168	14	38	-	-	-	-	129	114	2,670	2,320
Donations	35.3	87,159	25,986	200	170	-	-	-	-	5,124	1,332	92,483	27,488
Depreciation	16.1.2 & 18.1	17,178	17,543	1,464	3,042	8	2	1,840	1,950	2,655	2,405	23,145	24,942
Amortization of intangible assets	17.1	1,214	1,722	157	345	-	-	-	-	56	86	1,427	2,153
Printing, stationery and office supplies		4,909	2,472	369	456	-	-	1	1	373	232	5,652	3,161
Newspapers, subscriptions and periodicals		765	810	769	927	987	763	-	-	52	80	2,573	2,580
Others		5,711	4,461	560	942	-	(1)	714	899	529	489	7,514	6,790
		439,589	299,151	41,496	47,927	996	771	16,124	17,382	33,278	19,468	531,483	384,699
35.1 Detail of salaries, wages and other benefits													
Salaries, wages and other benefits		177,273	127,763	21,029	22,353	-	-	8,178	8,496	15,208	9,214	221,688	167,826
Pension fund	35.1.1	27,411	14,531	6,460	2,920	-	-	-	-	2,637	1,181	36,508	18,632
Gratuity fund	35.1.1	7,280	623	1,195	214	-	-	-	-	518	176	8,993	1,013
Provident fund contributions		6,423	4,802	616	993	-	-	134	146	548	445	7,721	6,386
		218,387	147,719	29,300	26,480	-	-	8,312	8,642	18,911	11,016	274,910	193,857

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	Note	2024	2023
35.2 Auditor's remuneration			
Audit fee		4,014	2,854
Certifications, tax and other assurance services		1,059	1,421
Out of pocket expenses		863	909
Sales tax		414	396
	35.2.1	6,350	5,580

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

35.3 Donations

Donations include the following in which a director is interested:

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

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

Rupees in '000	Note	2024	2023
36. OTHER OPERATING EXPENSES			
Impairment of capital work in progress	16.4.1	66,445	–
Impairment loss on trade debts	24.3	5,373	–
Provision for:			
– Workers' Profit Participation Fund	12.4	92,580	16,134
– Workers' Welfare Fund		33,922	696
– Doubtful advances		40,892	–
– Slow moving stores, spares and loose tools – net	22.1	22,165	–
Fixed assets written off		5,346	–
Others		9,579	–
		276,302	16,830
37. OTHER INCOME			
<i>Income from financial assets / liabilities</i>			
Mark-up on short term loan to subsidiary company	25.1	79,006	–
Return on deposits – from conventional banking		26,413	23,256
Exchange gain		25,397	1,132
Liabilities written-back		989	236
Reversal of impairment loss on trade debts	24.3	–	1,152
Unwinding of discount on long term deposit		1,923	2,638
		133,728	28,414
<i>Income from non-financial assets / liabilities</i>			
Gain on disposal of operating fixed assets	16.5	4,994	13,163
Deferred income amortized	11	538	4,353
Land licensing fee		36,000	18,000
Reversal of provision for slow moving stores, spares and loose tools		–	9,455
Rent income		7,440	5,591
Others		–	326
		48,972	50,888
		182,700	79,302
38. FINANCE COSTS			
Mark – up on short term loans – Shariah arrangement		76,905	42,283
Interest on Non – Shariah arrangement			
– finance lease obligations		45,803	9,117
– long term loans		136,716	119,236
– running finances		111,040	128,977
– short term loans		117,054	52,435
Discounting of long term deposit		–	5,822
Bank charges		9,885	2,090
		497,403	359,960

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000 Note **2024** 2023

39. TAXATION CHARGE

Current		
– for the year	576,752	67,695
– for prior years	(1,335)	(782)
	575,417	66,913
Deferred	344,655	(9,489)
	920,072	57,424

39.1 Relationship between taxation expense and accounting profit

Profit before taxation	2,526,575	234,281
Tax at the applicable rate of 29% (2023: 29%)	732,707	67,941
Tax effect of inadmissible expenses / losses	55,838	30,387
Tax effect of income taxed at a lower rate	(196,170)	(44,652)
Tax effect arising due to super tax	264,456	4,530
Tax effect of change in effective tax rate	64,576	–
Prior year tax effect	(1,335)	(782)
	920,072	57,424

39.2 The Federal Government, through the Finance Act, 2023, introduced new slab rates for super tax as a result of which rate of 10% is applicable on all sectors having income in excess of Rs. 500 million. Due to increased profitability of the Company, the applicable tax rate of the Company has increased from 30% to 39%. Accordingly, the Company has recorded deferred tax at 39% in these unconsolidated financial statements. Sufficient provision for tax has been made in these unconsolidated financial statements taking into account the profit for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including return filed and deemed assessed for last three years are as follows:

Rupees in '000	2023	2022	2021
Tax provision including effects of prior years	66,360	231,954	111,738
Tax assessed / return filed	66,360	231,954	111,738

Rupees in '000 **2024** 2023

40. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the year	1,606,503	176,857
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	77,632,491	77,632,491
	(Rupees)	
Basic and diluted earnings per share	20.69	2.28

Rupees in '000	Note	2024	2023
41. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,526,575	234,281
Adjustments for non cash charges and other items:			
Depreciation on operating fixed assets, right-of-use assets and investment properties	16.1.2 & 18	264,549	229,494
Amortization of intangible assets	17	1,427	2,153
Charge for the year on staff retirement benefit funds	44.1.7	77,111	32,906
Dividend income	33.1	(820,524)	(203,811)
Unrealized (gain) / loss on FVTPL investments – net	33.1	(220,350)	4,777
Realized gain on FVTPL investments – net	33.1	(25,603)	(4,359)
Provision / (reversal) for slow moving stores, spares and loose tools	36 & 37	22,165	(9,455)
Charge / (reversal) of impairment loss on trade debts – net	36 & 37	5,373	(1,152)
Provision for Workers' Welfare Fund	36	33,922	696
Provision for Workers' Profit Participation Fund	36	92,580	16,134
Property, plant and equipment written off	36	5,346	–
Mark-up on short term loan to subsidiary company	37	(79,006)	–
Return on deposits	37	(26,413)	(23,256)
Gain on disposal of operating fixed assets	37	(4,994)	(13,163)
Deferred income amortized	37	(538)	(4,353)
Provision for Doubtful advances	36	40,892	–
Discounting of long term deposit	38	–	5,822
Unwinding of discount on long term deposit	37	(1,923)	(2,638)
Liabilities written back	37	(989)	(236)
Impairment of capital work in progress	36	66,445	–
Finance costs	38	497,403	354,138
Working capital changes		(1,173,902)	(582,145)
		1,279,546	35,833
Changes in:			
– Stores, spares and loose tools		(87,426)	(159,506)
– Stock-in-trade		(178,627)	(78,871)
– Trade debts		(1,013,576)	(287,677)
– Loans and Advances		48,887	(120,084)
– Trade deposits and short term prepayments		(2,076)	8,097
– Other receivables		244,688	(179,447)
– Trade and other payables		(185,772)	235,343
		(1,173,902)	(582,145)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

Rupees in '000	Note	2024	2023
42. CASH AND CASH EQUIVALENTS			
Running finances under mark-up arrangements	14.1	(50,222)	(463,654)
Term deposit receipt	27	150,000	-
Cash and bank balances	30	303,201	30,266
		402,979	(433,388)

43. SEGMENT REPORTING

43.1 Reportable segments

The Company's reportable segments are as follows :

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

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

43.2 Segment revenues and results

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

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter segments elimination / adjustments	Total
For the year ended June 30, 2024							
Sales	9,056,280	55,331	-	-	-	-	9,111,611
Cost of sales	6,188,178	164,972	61,193	60,901	-	-	6,475,244
Gross profit / (loss)	2,868,102	(109,641)	(61,193)	(60,901)	-	-	2,636,367
Income from investments - net	-	-	-	-	1,069,683	-	1,069,683
	2,868,102	(109,641)	(61,193)	(60,901)	1,069,683	-	3,706,050
Distribution and selling expenses	51,106	4,096	-	1,785	-	-	56,987
Administrative expenses	439,589	41,496	996	16,124	33,278	-	531,483
Other operating expenses	220,296	46,573	4,433	5,000	-	-	276,302
	710,991	92,165	5,429	22,909	33,278	-	864,772
	2,157,111	(201,806)	(66,622)	(83,810)	1,036,405	-	2,841,278
Other income	92,665	11,029	-	-	79,006	-	182,700
Operating profit / (loss) before							
finance costs	2,249,776	(190,777)	(66,622)	(83,810)	1,115,411	-	3,023,978
Finance costs	491,366	5,881	-	156	-	-	497,403
Profit / (loss) before taxation	1,758,410	(196,658)	(66,622)	(83,966)	1,115,411	-	2,526,575
Taxation							(920,072)
Profit for the year							1,606,503
For the year ended June 30, 2023							
Sales	3,395,752	1,010,226	-	109,620	-	-	4,515,598
Cost of sales	2,458,454	1,074,020	62,209	145,022	-	-	3,739,705
Gross profit / (loss)	937,298	(63,794)	(62,209)	(35,402)	-	-	775,893
Income from investments - net	4,053	-	-	-	203,473	-	207,526
	941,351	(63,794)	(62,209)	(35,402)	203,473	-	983,419
Distribution and selling expenses	61,182	4,080	-	1,689	-	-	66,951
Administrative expenses	299,151	47,927	771	17,382	19,468	-	384,699
Other operating expenses	16,830	-	-	-	-	-	16,830
	377,163	52,007	771	19,071	19,468	-	468,480
	564,188	(115,801)	(62,980)	(54,473)	184,005	-	514,939
Other income	76,117	8,503	66	(5,384)	-	-	79,302
Operating profit / (loss) before							
finance costs	640,305	(107,298)	(62,914)	(59,857)	184,005	-	594,241
Finance costs	333,790	19,842	-	6,328	-	-	359,960
Profit / (loss) before taxation	306,515	(127,140)	(62,914)	(66,185)	184,005	-	234,281
Taxation							(57,424)
Profit for the year							176,857

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

43.3 Revenue from major products and services

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

43.4 Information about major customers

Revenue from major customers of Steel segment represents an aggregate amount of Rs. 8,694,828 million (2023: Rs. 1,959,605 million) of total Steel segment revenue of Rs. 9,056.28 million (2023: Rs. 3,395.752 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 55.331 million (2023: Rs. 408.966 million) of total Cotton segment revenue of Rs. 55.331 million (2023: Rs. 1,010.226 million). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. Nil (2023: Rs. 104.778 million) of total Hadeed (Billet) segment revenue of Rs. Nil (2023: Rs. 109.62 million).

43.5 Geographical information

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

43.5.2 All non-current assets of the Company as at June 30, 2024 and 2023 were located and operating in Pakistan.

43.6 Segment assets and liabilities

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

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
As at June 30, 2024						
Segment assets for reportable segments	4,747,273	182,806	408,865	621,933	3,163,672	9,124,549
Unallocated corporate assets						1,373,602
Total assets as per unconsolidated statement of financial position						10,498,151
Segment liabilities for reportable segments	1,265,608	97,287	35,727	86,102	4,335	1,489,059
Unallocated corporate liabilities and deferred income						1,293,043
Total liabilities as per unconsolidated statement of financial position						2,782,102

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

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

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

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

43.7 Other segment information

Rupees in '000	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Total
For the year ended June 30, 2024						
Capital expenditure	247,154	–	–	690	–	247,844
Depreciation and amortization	136,108	15,928	59,721	51,508	2,711	265,976
Non-cash items other than depreciation and amortization – net	663,747	22,148	(204)	5,556	(1,142,328)	(451,081)
For the year ended June 30, 2023						
Capital expenditure	533,188	2,250	–	50	–	535,488
Depreciation and amortization	94,893	22,745	59,951	51,567	2,491	231,647
Non-cash items other than depreciation and amortization – net	318,530	24,991	(66)	8,882	(197,983)	154,354

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

44. STAFF RETIREMENT BENEFITS

44.1 Defined benefit plans

44.1.1 The actuarial valuation of both pension and gratuity schemes has been conducted in accordance with IAS 19, 'Employee benefits' as at June 30, 2024. The projected unit credit method, using the following significant assumptions, has been used for the actuarial valuation:

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

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

Rupees in '000	Note	2024			2023		
		Pension	Gratuity	Total	Pension	Gratuity	Total
Present value of defined benefit obligations	44.1.4	804,399	173,925	978,324	701,907	160,692	862,599
Fair value of plan assets	44.1.5	(736,462)	(203,565)	(940,027)	(464,006)	(118,803)	(582,809)
Liability / (asset) recognized in unconsolidated statement of financial position		67,937	(29,640)	38,297	237,901	41,889	279,790
44.1.3 Movement in the net defined benefit liability / (asset)							
Opening balance		237,901	41,889	279,790	73,562	(12,242)	61,320
Net benefit cost charged to profit or loss	44.1.7	62,580	14,531	77,111	28,434	4,472	32,906
Remeasurements recognized in other comprehensive income	44.1.8	(206,190)	(75,645)	(281,835)	157,992	58,250	216,242
Contributions by the Company	44.1.5	(26,354)	(10,415)	(36,769)	(22,087)	(8,591)	(30,678)
Closing balance		67,937	(29,640)	38,297	237,901	41,889	279,790
44.1.4 Movement in the present value of defined benefit obligations							
Opening balance		701,907	160,692	862,599	569,457	127,084	696,541
Current service cost		26,062	8,570	34,632	20,150	6,664	26,814
Interest cost		112,890	24,423	137,313	74,654	16,838	91,492
Benefits paid during the year		(14,399)	(20,788)	(35,187)	(12,063)	-	(12,063)
Remeasurement: Actuarial (gain) / loss from change in financial assumption		(5,275)	(21)	(5,296)	13,364	63	13,427
Experience adjustments		(16,786)	1,049	(15,737)	36,345	10,043	46,388
Closing balance		804,399	173,925	978,324	701,907	160,692	862,599

Rupees in '000	Note	2024			2023		
		Pension	Gratuity	Total	Pension	Gratuity	Total
44.1.5	Movement in the fair value of plan assets						
	Opening balance	464,006	118,803	582,809	495,895	139,326	635,221
	Contributions by the Company	26,354	10,415	36,769	22,087	8,591	30,678
	Interest income on plan assets	76,372	18,462	94,834	66,370	19,030	85,400
	Benefits paid during the year	(14,399)	(20,788)	(35,187)	(12,063)	-	(12,063)
	Return on plan assets, excluding interest income	184,129	76,673	260,802	(108,283)	(48,144)	(156,427)
	Closing balance	736,462	203,565	940,027	464,006	118,803	582,809
44.1.6	Actual return on plan assets	260,501	95,135	355,636	(41,913)	(29,114)	(71,027)

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

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

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

Rupees in '000	2024			2023			
	Pension	Gratuity	Total	Pension	Gratuity	Total	
	Remeasurement: Actuarial (gains) / losses from change in financial assumption	(5,275)	(21)	(5,296)	13,364	63	13,427
	Experience adjustments	(16,786)	1,049	(15,737)	36,345	10,043	46,388
	Return on plan assets, excluding interest income	(184,129)	(76,673)	(260,802)	108,283	48,144	156,427
	Remeasurement (gains) / loss recognized in the other comprehensive income	(206,190)	(75,645)	(281,835)	157,992	58,250	216,242

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	2024			2023		
	Pension	Gratuity	Total	Pension	Gratuity	Total
44.1.9 Total defined benefit cost recognized in profit or loss and other comprehensive income	(143,610)	(61,114)	(204,724)	186,426	62,722	249,148
Weighted average duration of the defined benefit obligation (years)	11	2		11	3	
Analysis of present value of defined benefit obligation						
Type of Members:						
Pensioners	34	-		33	-	
Beneficiaries	82	82		78	78	
Vested / Non-Vested						
Vested benefits	737,566	149,183	886,749	636,521	139,274	775,795
Non - vested benefits	66,833	24,742	91,575	65,386	21,418	86,804
	804,399	173,925	978,324	701,907	160,692	862,599
Disaggregation of fair value of plan assets						
The fair value of the plan assets at reporting date for each category are as follows:						
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities)	10,765	5,097	15,862	4,118	446	4,564
Debt instruments						
AA+	-	-	-	15,000	15,000	30,000
AA-	-	-	-	3,060	-	3,060
AAA	2,500	2,500	5,000	2,500	2,500	5,000
A+	3,017	-	3,017	-	-	-
CCC+	-	-	-	118,397	2,614	121,011
CCC	282,452	55,701	338,153	-	-	-
C	-	-	-	117,648	45,000	162,648
	287,969	58,201	346,170	256,605	65,114	321,719
Equity instruments						
Cement	8,818	-	8,818	4,860	-	4,860
Chemicals	256	-	256	583	-	583
Commercial Banks	1,952	-	1,952	536	-	536
Engineering	218,692	104,690	323,382	86,829	41,675	128,504
Fertilizer	10,421	482	10,903	4,132	291	4,423
Insurance	74	-	74	63	-	63
Oil and Gas Exploration Companies	12,509	3,644	16,153	8,889	2,822	11,711
Oil and Gas Marketing Companies	218	-	218	498	-	498
Investment Company	629	-	629	-	-	-
Gas Distribution Companies	424	-	424	245	-	245
Pharmaceuticals	684	-	684	91	-	91
Power Generation and Distribution	42,014	16,308	58,322	17,980	6,958	24,938
Sugar and Allied Industries	4,611	1,358	5,969	5,082	1,497	6,579
Technology and Communication	661	-	661	1,124	-	1,124
Textile Composite	1,771	-	1,771	1,419	-	1,419
	303,734	126,482	430,216	132,331	53,243	185,574
Mutual funds						
Income Fund	131,148	13,785	144,933	66,258	-	66,258
Equity Fund	2,846	-	2,846	4,694	-	4,694
	736,462	203,565	940,027	464,006	118,803	582,809

Sensitivity analysis

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

Rupees in '000	Pension	Gratuity
Discount rate +1%	(78,491)	(3,997)
Discount rate -1%	94,979	4,676
Salary increase +1%	16,173	4,656
Salary decrease -1%	(14,039)	(4,049)
Pension indexation rate increase +1%	85,190	-
Pension indexation rate decrease -1%	(73,360)	-

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

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

Asset volatility

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

Inflation risk

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

Life expectancy / withdrawal rate

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

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

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

44.2 Defined contribution plan

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

45. FINANCIAL RISK MANAGEMENT

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

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

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

	June 30, 2024								
	Carrying amount				Fair Value				Total
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Level 1	Level 2	Level 3	Total	
On-balance sheet financial instruments									
Financial assets measured at fair value									
Recurring fair value measurements									
Investments									
- Listed equity securities	423,372	7,555	-	-	430,927	430,927	-	-	430,927
- unlisted equity securities	610,554	-	-	-	610,554	-	-	610,554	610,554
	1,033,926	7,555	-	-	1,041,481	430,927	-	610,554	1,041,481

45. FINANCIAL RISK MANAGEMENT – Continued.

Rupees in '000

June 30, 2024

	Carrying amount				Total	Fair Value			Total
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	
On-balance sheet									
Financial assets not measured at fair value									
Deposits	-	-	75,323	-	75,323	-	-	-	-
Term deposit receipt	-	-	244,360	-	244,360	-	-	-	-
Trade debts	-	-	1,472,246	-	1,472,246	-	-	-	-
Loan to subsidiary	-	-	-	-	-	-	-	-	-
Other receivables	-	-	34,640	-	34,640	-	-	-	-
Bank balances	-	-	303,201	-	303,201	-	-	-	-
	-	-	2,129,770	-	2,129,770	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	427,466	427,466	-	-	-	-
Lease liabilities	-	-	-	254,987	254,987	-	-	-	-
Trade and other payables	-	-	-	837,761	837,761	-	-	-	-
Mark-up accrued	-	-	-	59,522	59,522	-	-	-	-
Short term borrowings	-	-	-	629,493	629,493	-	-	-	-
Unclaimed dividend	-	-	-	26,188	26,188	-	-	-	-
	-	-	-	2,235,417	2,235,417	-	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000

June 30, 2023

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

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

The investments in subsidiaries and associates are stated at cost less impairment loss.

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

45.1 Valuation techniques and significant unobservable inputs

The fair values of unquoted equity investments have been determined by the valuation expert. The following table shows the valuation techniques used in measuring Level 3 fair values at June 30, 2024 for unquoted equity investments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Key input used	Inter-relationship between significant unobservable inputs and fair value measurement
- Shakarganj Food Products Limited	Discounted free cash flows with terminal growth: The valuation model considers the present value of future dividends, discounted using Weighted Average Cost of Capital.	- Expected free cash flows		The estimated fair value would increase / (decrease) if:
		- Terminal growth rate	5.00%	- The expected free cash flows were higher / (lower)
		- Weighted Average Cost of Capital	23.01%	- The terminal growth rate were higher / (lower)
				- The Weighted Average Cost of Capital were lower / (higher)
- Central Depository Company Limited of Pakistan Limited	-Dividend growth model: The valuation model considers the present value of future dividends, discounted using Weighted Average Cost of Capital.	- Dividend growth rate	6.50%	The estimated fair value would increase / (decrease) if:
		- Weighted Average Cost of Capital	16.76%	- The dividend growth rate were higher / (lower)
				- The Weighted Average Cost of Capital were lower / (higher)

45.2 Level 3 fair values

Reconciliation of Level 3 fair values

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

Rupees in '000

Balance at July 1, 2023	
- Shakarganj Food Products Limited	341,764
- Central Depository Company of Pakistan Limited (CDC)	204,216
	545,980
Fair value recognized in profit or loss during the year	
- Shakarganj Food Products Limited	55,371
- Central Depository Company Limited	9,203
	64,574
Balance at June 30, 2024	
- Shakarganj Food Products Limited	397,135
- Central Depository Company of Pakistan Limited (CDC)	213,419
	610,554

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Sensitivity analysis

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

Rupees in '000	Profit or loss	
	Increase	Decrease
Shakarganj Food Products Limited		
- Expected cash flows (10% movement)	39,713	(39,713)
- Terminal growth rate (100 bps)	9,443	(8,453)
- Weighted Average Cost of Capital (100 bps)	(19,365)	21,345
Central Depository Company of Pakistan Limited		
- Dividend growth rate (100 bps)	10,918	(8,977)
- Weighted Average Cost of Capital (100 bps)	(8,189)	9,959

46. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

46.1 Credit risk

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

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

Rupees in '000	2024	2023
Deposits	75,323	30,135
Term deposit receipt	244,360	84,360
Trade debts	1,472,246	464,043
Loan to subsidiary	–	111,914
Other receivables	34,640	188,757
Bank balances	303,201	30,266
	2,129,770	909,475

Trade and receivables

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

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

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

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

The aging of trade debts at the reporting date is

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

The expected loss rates are based on the payment profiles of sales over a period of 60 month before June 30, 2024 and the corresponding historical credit losses experienced within this period. The historical loss rate are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of Pakistan in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

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

Settlement risk

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

Bank balances

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

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

Rupee in '000	Rankings		Ranking Agency	2024	2023
	Short term	Long term			
Mutual Funds					
HBL Growth Fund (A)	MFR 1-Star	–	VIS	5,942	7,980
HBL Investment Fund (A)	MFR 1-Star	–	VIS	1,390	776
Pak Qatar Asset Management					
Company	AA	–	Pacra	104,043	100,146
MCB Arif Habib Saving and Investments Limited	AA+	–	Pacra	–	150,249
				111,375	259,151

Deposits

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

Investment in debt securities

Credit risk arising on debt securities is mitigated by investing principally in investment grade rated instruments. Where the investment is considered doubtful a provision is created there against. The Company has debt security amounting to Rs. 244.360 million as at reporting date.

Concentration of credit risk

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

46.2 Liquidity risk

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

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

	2024							
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
Financial liabilities								
Long term loans	427,466	-	427,466	134,826	135,170	137,139	11,304	9,027
Lease liabilities	254,987	-	376,489	45,713	43,856	79,629	207,290	-
Trade and other payables	837,761	-	837,761	837,761	-	-	-	-
Unclaimed dividend	26,188	26,188	-	-	-	-	-	-
Mark-up accrued	59,522	-	59,522	59,522	-	-	-	-
Short term borrowings	629,493	50,222	579,271	579,271	-	-	-	-
	2,235,417	76,410	2,280,509	1,657,093	179,026	216,768	218,594	9,027

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

46.3 Market risk

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

46.3.1 Currency risk

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

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

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

The following significant exchange rates have been applied:

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

Sensitivity analysis

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

Effect on profit or loss

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

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

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

46.3.2 Interest rate risk

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

	2024	2023	2024	2023
	Effective interest rate (Percentage)		Carrying amount (Rupees in '000)	
Financial liabilities				
Variable rate instruments:				
Long term loans	24.08 – 24.76	16.66 – 24.08	427,466	694,976
Lease Liabilities	17.04 – 31.12	11.51 – 25.61	254,987	76,673
Short term borrowings	21.91 – 25.22	16.91 – 24.14	629,493	1,289,519

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2024.

Rupees in '000	Profit and loss 100 bp	
	Increase	Decrease
As at June 30, 2024		
Cash flow sensitivity – Variable rate financial liabilities	(13,119)	13,119
As at June 30, 2023		
Cash flow sensitivity – Variable rate financial liabilities	(20,612)	20,612

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

46.3.3 Other price risk

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000	2024	2023
Effect on profit	42,337	46,802
Effect on equity	756	730
Effect on investments	43,093	47,532

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

47. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

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

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

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

48. TRANSACTIONS WITH RELATED PARTIES

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

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

Rupees in '000				2024	2023
Name	Nature of relationship	Basis of relationship	Nature of transaction		
CS Capital (Private) Limited	Subsidiary company	100% Holding	Reimbursable expenses	2,507	3,113
			Payment received	2,506	8,076
			Short term loan obtained	535,000	-
			Short term loan repaid	535,000	-
			Mark-up charged on short term loan received	2,806	-
			Mark-up paid on short term loan received	2,806	-
			Right shares subscribed	-	150,000
			Dividend received	-	150,000
Solution de Energy (Private) Limited	Subsidiary company	100% holding	Reimbursable expenses	133	48
			Right shares subscribed	200,000	-
			Short term loan disbursed	5,450	15,122
			Short term loan payment received	117,364	-
			Mark-up charged on short term loan	79,006	-
			Mark-up received on short term loan	79,006	-
Altern Energy Limited	Associated company	16.69% holding	Dividend income	755,264	-
			Dividend received	755,264	-
Shakarganj Limited	Associated company	21.93% holding	Services rendered	1,629	-
			Dividend paid	360	-
			Reimbursable expenses	6,884	9,982
Crescent Socks (Private) Limited	Related party	Subsidiary Company's associate	Rental income	-	1,200
			Payments received against services rendered	600	1,500
Shakarganj Food Products Limited	Related party	Subsidiary Company's related party	Reimbursable expenses	4,269	2,711
			Services rendered	3,187	3,059
			Rent	2,755	2,829
			Payments received	4,000	3,000

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

Rupees in '000				2024	2023
Name	Nature of relationship	Basis of relationship	Nature of transaction		
The Crescent Textile Mills Limited	Related party	Common directorship	Rent	3,940	1,970
			Payments received against services rendered	7,656	3,544
			Reimbursable expenses	4,019	1,436
			Dividend paid	17,077	-
			Dividend income	565	7,412
			Dividend received	565	7,412
Premier Insurance Company	Related party	Common directorship	Insurance premium	8,602	7,772
			Insurance premium paid	7,162	8,178
			Dividend paid	283	-
The Citizens' Foundation	Related party	Common directorship	Donation given	73,631	24,860
Indus Valley School of Arts and Architecture	Related party	Common directorship	Donation given	3,142	-
Pakistan Centre For Philanthropy	Related party	Common directorship	Annual membership fee	360	-
			Payment annual membership fee	360	-
Pak Elektron Limited	Related party	Common directorship	Sales made	152,014	159,666
			Payments received	146,569	164,872
Pak Qatar Asset Management Company Limited	Related party	Common directorship	Investment in units of mutual fund	649,000	100,146
			Redemption of Investment in units of mutual fund	501,582	-
			Participated in SUKUK certificates	-	150,000
			Loan repayment	40,000	20,000
			Profit repayment	26,970	13,298
			Dividend paid	15,450	-
Meezan Bank Limited	Related party	Common directorship	Dividend income	2,463	-
			Dividend received	2,463	-
			Sale of investment	16,090	-
International Steels Limited	Related party	Common directorship	Dividend income	158	-
			Dividend received	158	-
			Sale of investment	4,223	-
Crescent Cotton Products – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	1,342	1,392
Crescent Steel and Allied Products Limited – Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	10,518	8,590
			Dividend paid	3,877	-

Rupees in '000				2024	2023
Name	Nature of relationship	Basis of relationship	Nature of transaction		
Crescent Steel and Allied Products Limited – Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	26,601	22,087
			Dividend paid	8,077	-
Crescent Steel and Allied Products Limited – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	14,426	11,734
			Dividend paid	248	-
Crescent Hadeed (Private) Limited – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	356	772
CSAP – Staff Benevolent Fund	Staff welfare fund	Employees Welfare fund	Contribution made	10,000	5
			Dividend paid	72	-
Key management personnel	Related parties	Executives	Remuneration and benefits	223,012	194,394
			Dividend paid	9,662	-
Chairman of the Board	Related party	Chairman	Honorarium	2,050	1,800
Directors and their spouse	Related parties	Directors	Meeting fee	3,510	2,825
			Dividend paid	4,488	-

- 48.1 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 48.2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.
- 48.3 Outstanding balances and other information with respect to related parties as at June 30, 2024 and 2023 are included in issued, subscribed and paid-up capital (note 7.1), trade and other payables (note 12), long term investments (notes 19.1, 19.2 and 19.3.2), other receivables (note 28.1), administrative expenses (note 35), trade debts (note 24.1) and staff retirement benefits (note 44).

49. CAPITAL RISK MANAGEMENT

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2024

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

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

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

49.1 Gearing ratio

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

Rupees in '000	Note	2024	2023
Total debt	49.1.1	1,311,946	2,061,168
Less: Cash and bank balances		303,201	30,266
Net debt		1,008,745	2,030,902
Total equity	49.1.2	7,716,049	6,119,432
Total capital		8,724,794	8,150,334
Gearing ratio		11.6%	24.9%

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

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

50. PLANT CAPACITY AND PRODUCTION

50.1 Steel segment

Pipe plant

The plant's installed / rated capacity for production based on single shift is 66,667 tons (2023: 66,667 tons) annually on the basis of notional pipe size (whereas the notional pipe size is taken as 30" dia x ½" thickness for SPI600 and 40" dia x 5/8" thickness for SP 2003). The actual production achieved during the year was 59,453.3 tons (2023: 42,888 tons) line pipes of varied sizes and thickness. Actual production is equivalent to 97,542.9 tons (2023: 68,095 tons) when translated to the notional pipe size of 30" diameter.

Coating plant

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

The annual capacity of the plant works out to 600,000 square meters outside surface area of line pipes based on notional size of 14" dia on single shift working. Coating of 230,275 meters (2023: 51,795 meters) of different diameter pipes and 553,906 square meters surface area was achieved during the year (2023: 305,098 square meters surface area). Actual production is in line with market demand.

50.2 Cotton segment

Spinning unit 1

The plant capacity converted to 20s count polyester cotton yarn based on three shifts per day for 1,092 shifts is 9,197,007 kilogram (2023: 9,197,007 kilograms). Actual production converted into 20s count was Nil kilograms for Nil shifts (2023: 2,391,228 kilograms for 310 shifts).

50.3 Energy segment

The plant's installed production capacity was 118,856 MWh (2023: 118,856 MWh) and the actual production achieved during the year was Nil (2023: Nil). Reason for underutilization was that no power was supplied to FESCO, Hadeed (Billet) segment (internal customer) and Shakarganj Limited (external customer).

50.4 Hadeed segment

The designed capacity of Plant is 85,000 mtons (2023: 85,000 mtons) of billets per annum, but the total production during the year was NIL (2023: Nil) of billets. Unit would not be operated on self-generated (Inter division) power supply that was only compatible during crushing season of three months and two months on bagasse (purchased) on off and on basis. Production was suspended for the whole year because of no alternative power supply arrangements.

51. COMPARATIVE INFORMATION

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of better presentation, However, we have no material reclassifications to report.

52. GENERAL

52.1 Number of employees

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

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

52.2 Non adjusting event after reporting date

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

53. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue in the Board of Directors meeting held on August 07, 2024.



Chief Executive



Director



Chief Financial Officer