



## Crescent Steel and Allied Products Limited

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

CSAPL/CS-08/1270

24 August 2015

**The General Manager**

The Karachi Stock Exchange Limited  
Karachi Stock Exchange Building  
Stock Exchange Road  
**Karachi.**

**The General Manager**

Lahore Stock Exchange Limited  
19-Khyaban-e-Aiwan-e-Iqbal  
**Lahore.**

**The General Manager**

Islamabad Stock Exchange Limited  
55-B, ISE Tower  
Jinnah Avenue  
**Islamabad.**

Dear Sir,

**Sub: Announcement/Material Information**

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In accordance with the requirement of applicable provisions of the Securities Act, 2015 and the Rule Book of Karachi Stock Exchange Limited and applicable provisions of Listing Regulations of Lahore and Islamabad Stock Exchanges, we hereby convey the following information:

**Right Shares:**

The Board of Directors of Crescent Steel and Allied Products Limited ("Company") in their meeting held on 22<sup>nd</sup> August 2015 at 11:00 a.m. at 9<sup>th</sup> Floor, Sidco Avenue Centre, 264 R.A. Lines, Karachi, has decided to issue **25%** right shares i.e. **25** right shares for every **100** existing ordinary shares to be offered at a price of Rs. **58** per share i.e. at a premium of Rs. **48** per share over the Par value of Rs. 10 per share to the members whose names will appear on the Members' Register on the closure date. The premium being charged on right shares is within the free reserves per share as certified by the Company's auditors. A copy of the certificate of the auditors on the free reserves per share of the Company is attached herewith as required under the Companies (Issue of Capital) Rules, 1996 (Annexure "A"). A statement setting out the purpose of the Right



Registered Office:  
BOP Tower, 10-B, Block E-2,  
Main Boulevard, Gulberg-III, Lahore.  
Phone: +92 42 3578 3801-03  
Fax: +92 42 3578 3811

Factory:  
A/25 S.I.T.E, Nooriabad-73090  
Dist. Jamshoro Sindh, Pakistan.  
Tel : +92 25 4670 020-22  
URL: www.crescent.com.pk



Issue, benefits to the Company, utilization of funds and financial projections for five years is also attached (Annexure "B").

The Company has already announced book closure dates i.e., from 22<sup>nd</sup> September 2015 to 28<sup>th</sup> September 2015 (both days inclusive) for its annual general meeting vide its letter dated 31<sup>st</sup> July 2015. The same book closure dates will be applicable for determining the entitlement of the members for right shares. The members whose names appear in the Register of the Members at the close of business on 21<sup>st</sup> September 2015 shall be entitled to the receipt of Letter of Rights or credit of unpaid rights, as the case may be. Transfers received at Independent Share Registrar's Office of the Company, CorpTec Associates (Private) Limited, 503-E, Johar Town, Lahore at the close of business on 21<sup>st</sup> September 2015 will be treated in time for the purpose of entitlement of right shares.

**Expansion of Capacity:**

The Board of Directors of the Company has approved the expansion of the Company's capacity in its line pipe manufacturing unit by addition of another SP Line, Coating System and other ancillary machinery at the existing site in Nooriabad Industrial Area, Sindh.

The total cost of the expansion project is estimated to be approximately Rs. 1.3 billion to be financed by a combination of equity to be raised by issue of right shares and debt.

A disclosure form is attached herewith (Annexure "C").

You may kindly inform the TRE Certificate Holders of your Exchange, accordingly.

Thanking you,

Yours faithfully,

**Crescent Steel and Allied Products Limited**

**Muhammad Saad Thaniana**

Company Secretary

Encl: a/a

**The Commissioner, Securities Market Division**

Securities & Exchange Commission Pakistan

Islamabad

**The Commissioner, Company Law Division**

Securities & Exchange Commission Pakistan

Islamabad



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

Telephone: +92 (21) 3568 5847  
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The Board of Directors  
Crescent Steel and Allied Products Limited  
9th Floor, SIDCO Avenue Centre  
264 - R. A. Lines  
Karachi

Our ref KA-MU-166

19 August 2015

Dear Sirs,

**Free Reserves as at 30 June 2015**

As requested, we have reviewed the computation of residual free reserves for the issue of right shares made by Crescent Steel and Allied Products Limited ("the Company") and have ascertained from the Company's unconsolidated financial statements for the year ended 30 June 2015 that the residual free reserves per share in terms of the meaning given to free reserves in the Companies (Issue of Capital) Rules, 1996 is Rs. 49.55.

This letter is being issued on request of the Company for the purpose of issue of right shares in accordance with Rule 5 of the Companies (Issue of Capital) Rules, 1996.

Yours faithfully,



## Annexure "B"

### A statement of purpose of the Right Issue, benefits to the Company, utilization of funds and financial projections

#### **PURPOSE OF RIGHT ISSUE**

Recently, contracts for the supply of Line pipe and Coating have been awarded to the Company by Sui Southern Gas Company Limited ("SSGC") and Sui Northern Gas Pipelines Limited ("SNGPL") amounting to over Rs. 9 billion. Alongside these orders, the management foresees a significant upsurge in demand of line pipe and internal coating in the wake of recent infrastructure development projects announced by the Government. Considering the aforesaid development activities in the country, the Company intends to augment its capacity at our line pipe manufacturing unit and enhance its product offering by addition of another SP Line, Coating System and other ancillary machinery at the existing site in Nooriabad Industrial Area, Sindh. The Company considered it the right time to go for expansion in order to avail the current and upcoming profitable opportunities.

The total cost of the expansion project is estimated to be approximately Rs. 1.3 billion which will augment the existing production capacity and ability of the Company to offer our pipe thickness from 20mm to 25mm and grade from X80 to X100.

The purpose of the Right Issue is to raise sufficient funds to cater to the aforesaid expansion as well as for meeting the working capital requirements of the Company for the execution of the orders recently received by the Company and the expected future demand.

#### **BENEFITS OF RIGHT ISSUE TO THE COMPANY**

The new SP Line and improvement in our offering for Pipe Coatings will add value to the Company by increasing its revenues, profitability and enhancing its market share especially in meeting the future infrastructure development demands of the country. Further, it will also enable the company to achieve economies of scale which will ensure optimization of existing resources. The recently received orders by the Company will also enhance the profitability of the Company.

#### **UTILIZATION OF FUNDS**

In order to finance the expansion project, a combination of debt and equity will be used. The company plans to finance approximately 35% of the project cost from proceeds of the right issue whereas remaining amount required for expansion will be raised through Medium/Long term debt financing islamic instruments. Balance of the proceeds of right



issue will be utilized in meeting the enhanced requirement of working capital for execution of recently received orders.

### FINANCIAL PROJECTIONS


Five years financial projections of the Group operations (Consolidated) are as follows:

	Rs. in '000				
	2016	2017	2018	2019	2020
Sales	11,566,446	15,939,308	16,033,012	16,443,835	16,915,390
Profit after tax	1,208,280	1,289,338	1,410,356	1,425,166	1,481,548
EPS	16.98	16.61	18.17	18.36	19.08
Revised Paid up Capital	776,325	776,325	776,325	776,325	776,325

Five years financial projections of the Company's operations (Separate) are as follows:

	Rs. in '000				
	2016	2017	2018	2019	2020
Sales	9,136,379	9,382,289	8,408,800	8,100,256	8,200,056
Profit after tax	986,319	931,424	947,733	911,473	941,952
EPS	13.86	12.00	12.21	11.74	12.13
Revised Paid up Capital	776,325	776,325	776,325	776,325	776,325

The financial projections provided herein above reflect considered opinion of the Directors regarding the performance of the business in the current business environment. The Company or its directors do not accept any liability for conclusion drawn or any investment decisions by any person on the basis of the above information.

  
Mr. Ahmad Waqar (Chairman)

  
Mr. Farrukh Viqaruddin Junaidy

  
Mr. S.M. Ehtishamullah

  
Mr. Ahsan M. Saleem (CEO)

  
Mr. Khurram Mazhar Karim

  
Mr. Syed Zahid Hussain



Annexure C

**CRESCENT STEEL AND ALLIED PRODUCTS LIMITED  
DISCLOSURE FORM**

August 24, 2015

Name of the Company	Crescent Steel and Allied Products Limited
Date of Report (Date of earliest event reported if applicable)	N/A
Exact Name of the Company as specified in its Memorandum	Crescent Steel and Allied Products Limited
Registered address of the Company	10 <sup>th</sup> Floor, BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore
Contact Information	Mr. Muhammad Saad Thaniana Company Secretary Tel: 021-35674881-85 Fax: 021-35680476
Disclosure of inside information by the Company in terms of Securities Act, 2015	<b>Right Shares:</b> The Board of Directors of Crescent Steel and Allied Products Limited ("Company") in their meeting held on 22 <sup>nd</sup> August 2015 at 11:00 a.m. at 9 <sup>th</sup> Floor, Sidco Avenue Centre, 264 R.A. Lines, Karachi, has decided to issue <b>25%</b> right shares i.e. <b>25</b> right shares for every <b>100</b> existing ordinary shares to be offered at a price of Rs. <b>58</b> per share i.e. at a premium of Rs. <b>48</b> per share over the Par value of Rs. 10 per share to the members whose names will appear on the Members' Register on the closure date. The premium being charged on right shares is within the free reserves per share as certified by the Company's auditors. A copy of the certificate of the auditors on the free reserves per share of the Company is attached herewith as required under the Companies (Issue of Capital) Rules, 1996 (Annexure "A"). A statement setting out the purpose of the Right Issue, benefits to the Company, utilization of funds and financial projections for five years is also attached (Annexure "B").



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**Muhammad Saad Thaniana**  
Company Secretary