



Crescent Steel and
Allied Products Limited

20
20 3RD QUARTERLY REPORT

BUILDING VALUES

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COMPANY PROFILE

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

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

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

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

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

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

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

COTTON DIVISION – COTTON YARN SPINNING UNIT

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

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

INVESTMENT AND INFRASTRUCTURE DEVELOPMENT DIVISION

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

CRESCENT HADEED DIVISION BILLET MANUFACTURING UNIT

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

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

CS ENERGY DIVISION

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

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

Initially equipped with a 15 MW co-generation, thermal generation power plant at Bhone, Punjab, and the Unit commenced commercial operations in December 2014. The Unit also employs a 16.5 MW condensing and extraction turbine to process steam during off-season periods to ensure uninterrupted supply to Crescent Hadeed Division throughout the year. The Generation Plants use bagasse in the combustion process to produce power and processed steam.

SUBSIDIARY COMPANIES

CS CAPITAL (PRIVATE) LIMITED

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

SOLUTION DE ENERGY (PRIVATE) LIMITED

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

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Chief Executive Officer and Managing Director

Farah Ayub Tarin
Non-Executive Director (Independent)

Farrukh V. Junaidy
Non-Executive Director (Independent)

Nadeem Maqbool
Non-Executive Director

Nasir Shafi
Non-Executive Director

S.M. Ehtishamullah
Non-Executive Director

COMPANY SECRETARY

Iesha Fazal

AUDIT COMMITTEE

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

Nadeem Maqbool
Member, Non-Executive Director

Nasir Shafi
Member, Non-Executive Director

S.M. Ehtishamullah
Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Member, Chief Executive Officer and Managing Director

Farah Ayub Tarin
Member, Non-Executive Director (Independent)

Nasir Shafi
Member, Non-Executive Director

GOVERNANCE AND NOMINATION COMMITTEE

Ahmad Waqar
Chairman, Non-Executive Director (Independent)

Ahsan M. Saleem
Member, Chief Executive Officer and Managing Director

Farah Ayub Tarin
Member, Non-Executive Director (Independent)

RISK MANAGEMENT COMMITTEE

S.M. Ehtishamullah
Chairman, Non-Executive Director

Ahsan M. Saleem
Member, Chief Executive Officer and Managing Director

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

Nadeem Maqbool
Member, Non-Executive Director

MANAGEMENT TEAM

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

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

Abdul Rouf - 2000*
BU Head - Cotton Division

Arif Raza - 1985*
BU Head - Steel Division

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

Hasan Altaf Saleem - 2010*
Resident Director and BU Head – Crescent Hadeed

Iqbal Abdulla - 2014*
IT Advisor

Mushtaque Ahmed - 1985*
Head of Manufacturing - Steel Division

HEAD OF INTERNAL AUDIT

Azeem Sarwar - 2018*

AUDITORS

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Internal Auditors

BDO Ebrahim & Co.
Chartered Accountants

LEGAL ADVISOR

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

BANKERS

Conventional

Allied Bank Limited

Habib Bank Limited

Industrial and Commercial Bank of
China

Habib Metropolitan Bank Limited

MCB Bank Limited

National Bank of Pakistan

Summit Bank Limited

JS Bank Limited

Shariah Compliant

Al-Baraka Bank Pakistan Limited

BankIslami Pakistan Limited

Dubai Islamic Bank Pakistan

* Year of Joining

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

SUBSIDIARIES*

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

REGISTERED OFFICE

E-FLOOR, IT TOWER, 73-E/1, HALI ROAD,
GULBERG-III, LAHORE.
TEL: +92 42 3578 3801-03
FAX: +92 42 3578 3811

LIAISON OFFICE LAHORE

E-Floor, IT Tower, 73-E/1, Hali Road,
Gulberg-III, Lahore.
Tel: +92 42 3578 3801-03
Fax: +92 42 3578 3811
Email: asif.randhawa@crecident.com.pk

PRINCIPAL OFFICE

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

PRODUCTION SITES

STEEL DIVISION PIPE AND COATING PLANTS

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

ENGINEERING UNIT

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

COTTON DIVISION CRESCENT COTTON PRODUCTS

1st Mile, Lahore Road, Jaranwala,
District Faisalabad.
Tel: +92 41 4318 061-65
Fax: +92 41 4318 066
Email: abdul.rouf@crecident.com.pk

CRESCENT HADEED DIVISION BILLET MANUFACTURING UNIT

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

* Registered Office and Principal Office are same as holding company

CS ENERGY DIVISION POWER GENERATION UNIT

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

PUBLIC INFORMATION

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

Ms. Iesha Fazal

Company Secretary

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

SHARE REGISTRAR

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

M/s CorpTec Associates (Private) Limited,

503-E Johar Town, Lahore.
Tel: +92 42 3517 0336-37
Fax: +92 42 3517 0338
Email: info@corptec.com.pk

CORPORATE WEBSITE

To visit our website, go to www.crescent.com.pk

FINANCIAL STATEMENTS

For 3rd Quarterly Report go to:
<http://crescent.com.pk/wp-content/uploads/2020/05/CSAPL-Q3FY20-For-website.pdf>

DIRECTORS' REPORT

The directors of your company are pleased to present the unaudited unconsolidated and consolidated condensed interim financial statements of the Company and the Group respectively for the nine months period ended 31 March 2020.

ECONOMIC OUTLOOK

Dear Shareholders, We are preparing this report in extraordinary times.

As we stepped into this quarter, the COVID-19 outbreak increased in reach, prompting social distancing and curtailment of activity. This disrupted global supply chains and brought economic activity to a near halt. In response the central bank has since reduced policy rates to 9% and announced schemes that will help reduce our cost of funds and ease pressure on cash flows.

For Pakistan fiscal year 2020 had already been riddled by crisis; a systemic policy induced slowdown damaged both industry and investor confidence and growth was largely suppressed.

The COVID shock has brought to greater attention the importance of building a stronger and more resilient business as well as the importance of building stronger local and regional supply chains.

The projections for FY20 growth have been revised downward and it is expected that the Pakistan's economy will contract by 1.5%, to recover slowly with a growth rate of 2.0% in FY21.

The rupee saw approx. 8% depreciation against green back as foreign investment in government bonds reacted to the rate cuts. However the exchange rate shock will be cushioned because of decreased activity resulting in lower import values as well as lower global oil prices.

Pakistan's economic challenges as we look ahead will be compounded by several factors. One is failing state-owned enterprises. Their struggles are a big reason why Pakistan's public debt stands a 78.6 per cent of GDP. Others include inflationary pressures, payback

and refinancing asks, falling revenue collections and a rising fiscal deficit.

The immediate challenge for the government is to contain the spread of the COVID-19 pandemic, while minimizing economic losses and protecting the poorest.

FINANCIAL AND OPERATIONAL PERFORMANCE

Overall Financial Performance

During half year ended 31 December 2019 (HYFY20) the Company suffered after tax loss of Rs. 25.9 million, however, in third quarter ended 31 March 2020 (Q3FY20) the Company's after tax profit stood at Rs. 20.6 million which resulted in cumulated after tax loss of Rs. 5.3 million for the nine months period ended 31 March 2020 (9MFY20) as compared to after tax loss of Rs. 282.4 million in 9MFY19 last year. Earnings per share (EPS) for Q3FY20 was Rs. 0.27 which resulted in decrease of overall Loss per share (LPS) for 9MFY20 to Rs. 0.07 per share as compared to LPS of Rs. 3.64 in 9MFY19 last year.

Company's sales revenue for the 9MFY20 stood at Rs. 2,584.7 million (9MFY19: Rs. 3,357.7 million). During 9MFY20, gross loss of the Company amounted to Rs. 63.9 million as compared to gross profit of Rs. 176.1 million in corresponding period last year.

The Company's LBT for HYFY20 was Rs. 94.2 million while Q3FY20 LBT was Rs. 18.1 million (Q3FY19: Rs. 170.0 million); resulted in a cumulated LBT of Rs. 112.3 as compared to LBT of Rs. 291.7 million in corresponding period last year. Tax reversal during Q3FY20 and 9MFY20 amounted to Rs. 38.8 million and Rs. 107.0 million (current tax charge of Rs. 67.2 million while deferred tax reversal of Rs. 174.2 million) respectively which resulted in after tax profit of Rs. 20.6

million for Q3FY20 and a cumulated after tax loss of Rs. 5.3 million for 9MFY20.

BUSINESS SEGMENTS

Steel Segment

Steel segment revenue for the nine months FY20 amounted to Rs. 489.3 million as compared to Rs. 2,133.2 million in corresponding period last year. Gross loss for the 9MFY20 stood at Rs 117.5 million i.e. 24% consequent to lower sales volume, delay in execution of projects by the customers and unabsorbed / unavoidable fixed production cost due to plant idling and squeezed production volumes. The bottom-line resulted in LBT of Rs. 403.8 million as compared to LBT of Rs. 262.2 million for the corresponding period last year.

Cotton Segment

Cotton Division recorded sales revenue of Rs.1,169.0 million (9MFY19: Rs. 1,224.4 million). Gross profit for cotton division reported of Rs. 46.5 million (9MFY19: Rs. 77.6 million). While, division reported PBT of Rs. 5.7 million (9MFY19 PBT: Rs. 53.3 million).

IID Segment

Market Review

Following a rough ride, the benchmark KSE-100 index started to recover in October 2019, peaking from its low of 28,670 points in August to 43,468 points in January.

Improving business sentiments in specific sectors, helped the index recover and the consensus among analysts at the time was of a further surge in the index. However, come January, as COVID-19 broke out, the seemingly 'bull market' entered bear market territory in a matter of a couple of weeks.

The KSE-100 index lost 11,503 points (28.23%) during the quarter under review, to close at 29,231 points on 31 March 2020 (9MFY20: lost 13.77%).

Market capitalization was down by Rs. 0.27 trillion to Rs. 1.31 trillion.

Average traded volume for the quarter decreased to 211.17 million shares per day from 264.85 million shares per day during the preceding quarter. Gross foreign selling stood at USD 447.1 million in Q3FY20.

Globally, the lockdowns have resulted in a sharp decline in trade and other economic activity which has resulted in increased uncertainty. In the oil markets, OPEC's supply side decisions and the Russia-Saudi oil

price has seen oil prices tumbling. Major global indices such as DOW 30, NASDAQ and FTSE have witnessed steep falls as investors cashed out to protect against further losses.

Segment Performance

During the period ended 31 March 2020, the segment's short term investments excluding unquoted investments recorded a negative ROI of 14.48% on weighted average investments of Rs. 136.11 million. During the period, the benchmark KSE-100 index fell 13.77%. On an aggregate basis, the portfolio ROI stood at negative 15.86%.

The division's accumulated PBT for the period ended 31 March 2020 stood at Rs. 314.90 million. Profits before tax include dividend income of Rs. 353.11 million from strategic investments.

Unconsolidated Balance Sheet

Balance sheet footing stood at Rs. 9,171.4 million as of 31 March 2020, compared to Rs 8,287.0 million on 30 June 2019. Book value per share was Rs. 69.40.

Gearing ratio (including short term borrowings) increased to 28.9 percent as compared to 27.0 percent as at 30 June 2019. Interest cover for 9MFY20 was 0.51 times (9MFY19: negative 0.6 times). Increase in interest coverage ratio is due to income from investments.

Overall Consolidated Financial Performance

On a consolidated basis, operating loss before finance costs and share of profit in equity accounted investees amounted to Rs. 272.7 million (9MFY19: Loss Rs. 414.0 million). Consolidated profit after tax for the Group for 9MFY20 was Rs. 30.9 million as compared to loss after tax of Rs. 316.1 million in 9MFY19. Net share of profit from equity-accounted associates amounted to Rs. 265.2 million (9MFY19: Rs. 354.4 million).

Consolidated EPS of the Group for 9MFY20 was Rs. 0.40 per share as compared to LPS of Rs. 4.07 per share respectively in the corresponding period last year.

During 9MFY20, loss after tax of CS Capital (Private) Limited – a wholly owned subsidiary amounted to Rs. 34.4 million (9MFY19: Loss after tax Rs. 61.6 million) mainly comprised of dividend income of Rs. 32.5 million and unrealised loss of Rs. 59.8 million.

Consolidated Balance Sheet

On a Group basis, the consolidated balance sheet footing stood at Rs. 10,836.4 million, compared to Rs. 10,000.9 million as at 30 June 2019. Total shareholders' fund increased to Rs. 6,975.8 million from Rs. 6,956.1 million as at 30 June 2019. Book value per share was Rs. 89.86.

FUTURE OUTLOOK

The slowdown in economic activities due to Covid-19 has already affected the export sector as international demand has scaled down significantly. Looking ahead, further down turn is expected in large-scale industrial production and the agricultural sector. However, our management is taking all essential measures to ensure continuity of business in view of the evolving developments arising from the COVID-19 outbreak.

Recently, we have secured few orders of line pipes for production and deliveries are Q4FY20 and Q1FY21. Some of the outstanding projects were expected to be tendered were not materialised due to emerging COVAID-19 and further delays in this respect may be expected. Our focus will be to concentrate on capacity utilisation to the fullest, even in the times of lockdowns, timely concluding dispatches against the in-hand line pipes orders

Corporate earnings and payouts are likely to fall significantly for FY20 as both domestic and export demand has shrunk significantly. The partial lockdown is likely to continue, with some easing for industry, up until June this year. There is a possibility of local bourse facing liquidity issues as the impacts of virus gets more severe for the economy. We have seen the index bottom at 27,000 and we feel it will remain range bound at current level.

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

For and behalf of Board of Directors.

Ahsan M. Saleem
Chief Executive Officer

Ahmad Waqar
Chairman

Crescent Steel and Allied Products Limited

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL
STATEMENTS**

FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2020

Crescent Steel and Allied Products Limited
Condensed Interim Unconsolidated Statement of Financial Position (Unaudited)
As at 31 March 2020

	Note	Unaudited 31 March 2020	Audited 30 June 2019
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,328,996	2,493,745
Intangible assets		339	484
Investment properties		20,117	21,482
Long term investments	6	2,270,913	2,264,834
Long term deposits	7	245,170	233,267
Deferred taxation		466,270	292,131
		<u>5,331,805</u>	<u>5,305,943</u>
Current assets			
Stores, spares and loose tools		148,238	185,784
Stock-in-trade	8	1,410,363	821,369
Trade debts	9	246,759	96,432
Loans and advances	10	206,361	122,685
Trade deposits and short term prepayments		56,503	50,292
Investments	11	105,796	166,735
Mark-up accrued		29	29
Other receivables	12	379,388	249,427
Taxation - net		1,276,735	1,260,531
Cash and bank balances		9,470	27,805
		<u>3,839,642</u>	<u>2,981,089</u>
Total assets		<u><u>9,171,447</u></u>	<u><u>8,287,032</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		776,325	776,325
Capital reserves		1,020,908	1,020,908
Revenue reserves		<u>3,590,123</u>	<u>3,596,830</u>
		<u>5,387,356</u>	<u>5,394,063</u>
Non-current liabilities			
Long term loans	13	86,657	177,152
Liabilities against assets subject to finance lease		82,023	103,042
Deferred income		4,013	6,866
Deferred liability		<u>100,546</u>	<u>100,546</u>
		<u>273,239</u>	<u>387,606</u>
Current liabilities			
Trade and other payables	14	1,266,916	691,923
Unclaimed dividend		26,443	26,525
Mark-up accrued		62,661	41,617
Short term borrowings	15	1,999,500	1,577,196
Current portion of long term loans	13	113,219	110,394
Current portion of liabilities against assets subject to finance lease		38,248	51,254
Current portion of deferred income		3,865	6,454
		<u>3,510,852</u>	<u>2,505,363</u>
Contingencies and commitments	16		
Total equity and liabilities		<u><u>9,171,447</u></u>	<u><u>8,287,032</u></u>

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



Chief Executive



Chairman



Chief Financial Officer

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

For the quarter and nine months ended 31 March 2020

	Note	Quarter ended		Nine months ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
----- (Rupees in '000) -----					
Sales	17	1,305,116	527,035	3,024,990	3,721,853
Less: sales tax		189,741	32,979	440,331	364,185
		<u>1,115,375</u>	<u>494,056</u>	<u>2,584,659</u>	<u>3,357,668</u>
Cost of sales		1,103,637	575,053	2,648,553	3,181,561
Gross profit / (loss)		<u>11,738</u>	<u>(80,997)</u>	<u>(63,894)</u>	<u>176,107</u>
Income / (loss) from investments - net	18	114,727	8,820	337,732	(53,196)
Impairment loss on subsidiary company		-	-	-	(115,000)
		<u>126,465</u>	<u>(72,177)</u>	<u>273,838</u>	<u>7,911</u>
Distribution and selling expenses		4,428	5,181	11,918	11,859
Administrative expenses		63,459	48,385	180,405	160,699
Other operating expenses	19	94	2,427	107	17,197
		<u>67,981</u>	<u>55,993</u>	<u>192,430</u>	<u>189,755</u>
		<u>58,484</u>	<u>(128,170)</u>	<u>81,408</u>	<u>(181,844)</u>
Other income		10,617	23,701	35,064	74,416
Operating profit / (loss) before finance costs		<u>69,101</u>	<u>(104,469)</u>	<u>116,472</u>	<u>(107,428)</u>
Finance costs	20	87,248	65,543	228,739	184,237
(Loss) / profit before taxation		<u>(18,147)</u>	<u>(170,012)</u>	<u>(112,267)</u>	<u>(291,665)</u>
Taxation					
- current		29,558	(24,514)	67,175	1,167
- prior		-	-	-	2,050
- deferred		(68,348)	21,239	(174,138)	(12,472)
		<u>(38,790)</u>	<u>(3,275)</u>	<u>(106,963)</u>	<u>(9,255)</u>
Profit / (loss) for the period		<u>20,643</u>	<u>(166,737)</u>	<u>(5,304)</u>	<u>(282,410)</u>
Other Comprehensive Loss					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		(2,561)	(2,610)	(1,403)	(1,163)
Total comprehensive income / (loss) for the period		<u>18,082</u>	<u>(169,347)</u>	<u>(6,707)</u>	<u>(283,573)</u>
----- (Rupees) -----					
Earnings / (loss) per share - Basic and diluted	21	<u>0.27</u>	<u>(2.15)</u>	<u>(0.07)</u>	<u>(3.64)</u>

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



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited

Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

For the nine months ended 31 March 2020

	Note	Nine months ended	
		31 March 2020	31 March 2019
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash used in operations	22	(397,840)	(91,417)
Taxes paid		(83,380)	(27,625)
Finance costs paid		(194,620)	(145,692)
Contribution to gratuity and pension funds		(17,246)	(16,754)
Contribution to Workers' Profit Participation Fund		(3,523)	(27,190)
Long term deposits - net		4,561	(88)
Net cash used in operating activities		(692,048)	(308,766)
Cash flows from investing activities			
Capital expenditure		(8,384)	(73,421)
Acquisition of intangible assets		3	(580)
Proceeds from disposal of operating fixed assets		5,274	13,919
Investments - net		36,153	220,125
Dividend income received		352,424	15,558
Interest income received		791	420
Net cash generated from investing activities		386,261	176,021
Cash flows from financing activities			
(Repayments) / proceeds of long term loans - net		(87,670)	(11,608)
Payments against finance lease obligations		(47,100)	(38,583)
Proceeds of short term loans obtained - net		639,140	(165,465)
Dividends paid		(82)	(72,252)
Net cash generated from / (used in) financing activities		504,288	(287,908)
Net increase / (decrease) in cash and cash equivalents		198,501	(420,653)
Cash and cash equivalents at beginning of the period		(818,640)	(172,096)
Cash and cash equivalents at end of the period	23	(620,139)	(592,749)

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



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
 Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)
 For the nine months ended 31 March 2020

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves		Total	
		Share premium	Fair value reserve	General reserve		Unappropriated profit / (loss)
------(Rupees in '000)-----						
Balance as at 30 June 2018	776,325	1,020,908	7,374	3,642,000	1,390,469	6,837,076
Total comprehensive loss for the period						
Loss after taxation for the period	-	-	-	-	(282,410)	(282,410)
Other comprehensive loss for the period	-	-	(1,163)	-	-	(1,163)
Total comprehensive loss for the period	-	-	(1,163)	-	(282,410)	(283,573)
Transaction with owners of the Company - distributions						
Dividend: - Final @ 10% (i.e. Re. 1.00 per share) for the year for the year ended 30 June 2018	-	-	-	-	(77,632)	(77,632)
Balance as at 31 March 2019	<u>776,325</u>	<u>1,020,908</u>	<u>6,211</u>	<u>3,642,000</u>	<u>1,030,427</u>	<u>6,475,871</u>
Balance as at 30 June 2019	776,325	1,020,908	5,818	3,642,000	(50,988)	5,394,063
Total comprehensive loss for the period						
Loss after taxation for the period	-	-	-	-	(5,304)	(5,304)
Other comprehensive loss for the period	-	-	(1,403)	-	-	(1,403)
Total comprehensive loss for the period	-	-	(1,403)	-	(5,304)	(6,707)
Balance as at 31 March 2020	<u>776,325</u>	<u>1,020,908</u>	<u>4,415</u>	<u>3,642,000</u>	<u>(56,292)</u>	<u>5,387,356</u>

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



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months ended 31 March 2020

1. THE COMPANY AND ITS OPERATIONS

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

The Company operates five segments namely Steel, Cotton, Investment and Infrastructure Development (IID), Energy and Hadeed (Billet) segment as disclosed in note 24 to these condensed interim unconsolidated financial statements.

2. BASIS OF PREPARATION

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

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

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

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

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

3. ACCOUNTING POLICIES

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

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

3.2.1 The Company has initially adopted IFRS 16 'Leases' from 1 July 2019. The impact of the adoption of this standard and the new accounting policy is disclosed in note 3.4 below.

3.2.2 A number of other pronouncements are effective from 1 July 2019 as detailed in Company's annual audited unconsolidated financial statements as at and for the year ended 30 June 2019, but they do not have a material effect on these condensed interim unconsolidated financial statements and therefore have not been detailed.

3.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

There are certain new standards, interpretations and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2020. However, currently management considers that these pronouncements will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

3.4 CHANGES IN ACCOUNTING POLICY

Explained below is the impact of the adoption of IFRS 16 "Leases" on the Company's condensed interim unconsolidated financial statements, and also discloses the new accounting policy that has been applied from 1 July 2019, where it is different to that applied in prior periods.

The Company has adopted IFRS 16 "Leases" from 1 July 2019 as notified by the Securities and Exchange Commission of Pakistan vide its SRO 434 (I)/2018 dated 09 April 2018. The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. It requires lessee to recognise right-of-use (RoU) assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

As per IFRS 16, the Company is required to recognise a RoU asset and a lease liability at the lease commencement date. The RoU asset has to be initially measured at cost, and subsequently at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for certain re-measurements of the lease liability.

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. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

The Company is required to apply judgments to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and RoU assets recognised.

Generally, RoU asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

The Company is required to determine the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Short term lease is a lease that, at the commencement date, has a lease term of twelve months or less. A lease that contains a purchase option is not a short-term lease.

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Company applies the definition of a contract and determined the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The Company has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application has to be recognised in retained earnings as at 1 July 2019. The adoption of IFRS 16 did not have any impact on the retained earnings, the financial position and / or financial performance of the Company.

4. USE OF ESTIMATES AND JUDGEMENTS

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

5. PROPERTY, PLANT AND EQUIPMENT	Note	Unaudited	Audited
		31 March 2020	30 June 2019
		----- (Rupees in '000) -----	
Operating fixed assets	5.1	2,237,525	2,404,168
Capital work-in-progress	5.2	91,471	89,577
		<u>2,328,996</u>	<u>2,493,745</u>

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

	Unaudited Nine months ended 31 March 2020		Unaudited Nine months ended 31 March 2019	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
----- (Rupees in '000) -----				
Buildings on freehold land	-	-	761	-
Buildings on leasehold land	-	-	6,304	-
Plant and machinery - owned	3,396	-	6,140	23,270
Plant and machinery - leased	-	3,396	-	-
Furniture and fittings	-	-	2,835	33
Electrical / office equipments and installation	429	606	1,757	862
Computers	324	2,437	193	1,834
Motor vehicles - owned	4,235	5,373	8,687	14,787
Motor vehicles - leased	-	1,024	-	-
	<u>8,384</u>	<u>12,836</u>	<u>26,677</u>	<u>40,786</u>

5.2 Net additions to capital work-in-progress during the nine months period amounted to Rs. 1.894 million (Net additions in 2019: Rs. 39.059 million).

6. LONG TERM INVESTMENTS		Unaudited	Audited
		31 March 2020	30 June 2019
		----- (Rupees in '000) -----	
Subsidiary companies - at cost	6.1	525,001	525,001
Associated companies - at cost	6.2	1,286,401	1,286,401
Other long term investments	6.3	459,511	453,432
		<u>2,270,913</u>	<u>2,264,834</u>

6.1 Subsidiary companies - at cost

Unaudited 31 March 2020 (Number of shares)	Audited 30 June 2019	Unquoted	Note	Unaudited	Audited
				31 March 2020	30 June 2019
				----- (Rupees in '000) -----	
52,500,000	52,500,000	CS Capital (Private) Limited (Chief Executive Officer - Ms. Hajerah Ahsan Saleem)	6.1.1	525,000	525,000
2		2 Crescent Continental Gas Pipelines Limited (US \$ 1 each)	6.1.2	-	-
100		100 Solution de Energy (Private) Limited (Chief Executive Officer - Mr. Muhammad Saad Thaniana)	6.1.3	1	1
				<u>525,001</u>	<u>525,001</u>

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

6.2 Associates - at cost

Unaudited 31 March 2020	Audited 30 June 2019			Unaudited 31 March 2020	Audited 30 June 2019
(Number of shares)				----- (Rupees in '000) -----	
60,663,775	60,663,775	Quoted			
		Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	6.2.1	595,293	595,293
27,409,075	27,409,075	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	6.2.2	691,108	691,108
				1,286,401	1,286,401

- 6.2.1** The Company holds 16.69% shareholding in Altern Energy Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28' Investments in Associates', therefore it has been treated as an associate as per IAS 28.
- 6.2.2** The Company holds 21.93% shareholding in Shakarganj Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28' Investments in Associates', therefore it has been treated as an associate as per IAS 28.
- 6.2.3** The fair value of investments in associates as at 31 March 2020 is Rs. 2,433.889 million (30 June 2019: Rs. 3,306.645 million).

6.3 Other long term investments

		Unaudited 31 March 2020	Audited 30 June 2019
	<i>Note</i>	----- (Rupees in '000) -----	
Fair value through other comprehensive income (FVOCI)	6.3.1	8,441	9,844
Fair value through profit or loss (FVTPL)	6.3.2 & 6.3.3	451,070	443,588
		459,511	453,432

- 6.3.1** This represents investment in Crescent Textile Mills Limited which are not held for trading and the Company has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.
- 6.3.2** This includes investments in Crescent Industrial Chemicals Limited and Crescent Bahuman Limited amounting to Rs. 10.470 million and Rs. 24.037 million respectively, which had been fully charged to profit or loss in earlier periods.
- 6.3.3** This also includes investment in Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs. 319.187 million and Rs. 131.883 million respectively. On initial application of IFRS 9, these have been classified as FVTPL and measured at fair value.

7. LONG TERM DEPOSITS

This includes security deposit amounting to Rs. 214.412 million (30 June 2019: Rs. 199.694 million) under Ijarah financing arrangement.

8. STOCK-IN-TRADE

	Unaudited 31 March 2020	Audited 30 June 2019
	----- (Rupees in '000) -----	
Raw materials		
Hot rolled steel coils (HR Coils)	528,628	323,884
Coating materials	39,288	84,462
Steel scrap	144,622	4,320
Others	105,038	112,930
Raw cotton	93,828	130,230
Stock-in-transit	87,108	-
	998,512	655,826
Work-in-process	20,925	24,996
Finished goods	382,723	131,598
Scrap / cotton waste	8,203	8,949
	411,851	165,543
	1,410,363	821,369

- 8.1** Stock in trade as at 31 March 2020 includes items valued at net realisable value (NRV). Reversal in respect of stock written down to NRV was amounting to Rs. 9.995 million (30 June 2019: Reversal of Rs. 26.083 million) has been recognised in cost of goods sold.

9. TRADE DEBTS

	<i>Note</i>	Unaudited 31 March 2020	Audited 30 June 2019
		----- (Rupees in '000) -----	
Secured			
Considered good		133,543	76,918
Unsecured			
Considered good	9.1	113,216	19,514
Considered doubtful		30,706	30,706
		143,922	50,220
Impairment loss on trade debts		(30,706)	(30,706)
		246,759	96,432

- 9.1** This includes amount due from related party:

Shakarganj Limited		3,866	-
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10. LOANS AND ADVANCES

- 10.1** This includes loan due from:

Wholly owned subsidiary	10.1.1	91,208	88,208
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- 10.1.1** The Company has provided short term interest free loan to the subsidiary company in order to meet its requirements for the purposes of feasibility, legal approvals and other related activities in respect of its project of 100 MW Solar Power Plant in Solar Power Park being established by the Government of Punjab in the Cholistan desert.

11. INVESTMENTS	<i>Note</i>	Unaudited 31 March 2020	Audited 30 June 2019
		----- (Rupees in '000) -----	
At fair value through profit or loss (FVTPL)	<i>11.1</i>	<u>105,796</u>	<u>166,735</u>
11.1	This represents investment in ordinary shares of listed companies and certificates of mutual funds. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2019: Rs. Nil).		
11.2	Investments having an aggregate market value of Rs. 1,383.430 million (30 June 2019: Rs. 1,987.247 million) have been pledged with financial institutions as security against financing facilities (refer note 15.4) out of which Rs. 1,303.766 million (30 June 2019: Rs. 1,828.532 million) relates to long term investments.		
12. OTHER RECEIVABLES	<i>Note</i>	Unaudited 31 March 2020	Audited 30 June 2019
		----- (Rupees in '000) -----	
Dividend receivable		690	-
Receivable against rent from investment property		305	305
Claim receivable		989	-
Due from related parties	<i>12.1</i>	13,727	19,559
Sales tax refundable		325,916	187,870
Margin on letter of guarantee		15,359	15,359
Receivable from staff retirement benefits funds		20,329	20,329
Others		2,073	6,005
		<u>379,388</u>	<u>249,427</u>
12.1 Due from related parties			
Shakarganj Limited		1,102	5,627
CS Capital (Private) Limited		791	2,216
Solution de Energy (Private) Limited		11,781	11,663
Crescent Steel and Allied Products Limited - Pension Fund		53	53
		<u>13,727</u>	<u>19,559</u>

	<i>Note</i>	Unaudited 31 March 2020	Audited 30 June 2019
----- (Rupees in '000) -----			
13. LONG TERM LOANS			
Secured - Under non-shariah arrangement			
Allied Bank Limited	<i>13.1</i>	199,876	287,546
Less: Current portion shown under current liabilities		113,219	110,394
		86,657	177,152

13.1 The Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the period, the Company has made last repayment of Rs. 19.5 million (31 March 2019: Rs. 58.5 million) on September 2019. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2017, Company entered into a loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. During the period, the Company has made repayment of Rs. 13.908 million (31 March 2019: Rs. 13.908 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the year ended 30 June 2018, the Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 217.050 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year, repayable in 12 equal quarterly installments starting after twelve months from date of disbursement. During the period, the Company has made repayment of Rs. 54.263 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

The mark-up on such arrangements ranged between 14.47% to 14.99% (31 March 2019: 8.37% to 12%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

	<i>Note</i>	Unaudited 31 March 2020	Audited 30 June 2019
----- (Rupees in '000) -----			
14. TRADE AND OTHER PAYABLES			
Trade creditors		185,201	104,155
Bills payable		94,887	-
Commission payable		2,475	1,466
Customer's security deposits		73	-
Accrued liabilities		301,565	275,722
Advances from customers		287,876	24,110
Provisions		221,528	220,317
Due to related parties	<i>14.1</i>	518	-
Payable to provident fund		1,869	2,134
Payable to staff retirement benefit funds		2,258	1,979
Retention money		11,886	10,764
Sales Tax payable		120,131	1,295
Withholding tax payable		9,848	2,959
Workers' Profit Participation Fund		2,469	5,885
Workers' Welfare Fund		4,114	4,114
Others		20,218	37,023
		1,266,916	691,923

14.1 This represents due to Premier Insurance Limited amounting to Rs. 0.518 million (30 June 2019: Rs. Nil).

	<i>Note</i>	Unaudited 31 March 2020	Audited 30 June 2019
----- (Rupees in '000) -----			
15. SHORT TERM BORROWINGS			
Secured from banking companies			
Running finances under mark-up arrangements	<i>15.1</i>	629,609	846,445
Short term loans	<i>15.2</i>	1,369,891	730,751
		1,999,500	1,577,196

- 15.1** Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,143 million (30 June 2019: Rs. 1,350 million) out of which Rs. 300 million (30 June 2019: Rs. 400 million), Rs. 150 million (30 June 2019: Rs. 150 million) and Rs. 450 million (30 June 2019: Rs. 450 million) are interchangeable with letter of credit, letter of guarantee facility and short term loan respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 15.85% (30 June 2019: 7.68% to 14.81%) per annum.
- 15.2** This includes an amount of Rs. 641 million (30 June 2019: Rs. 617.059 million) outstanding against Islamic mode of financing. Short term loans available from various commercial banks under mark-up arrangements amounted to Rs. 4,400 million (30 June 2019: Rs. 4,800 million) out of which Rs. 3,400 million (30 June 2019: Rs. 3,800 million), Rs. 255 million (30 June 2019: Rs. 50 million) and Rs. 350 million (30 June 2019: Rs. 335 million) are interchangeable with letters of credit, letter of guarantee and short term running finance respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 16.18% (30 June 2019: 8.78% to 14.86%) per annum.
- 15.3** The facilities for opening letter of credit amounted to Rs. 4,600 million (30 June 2019: Rs. 6,510 million) out of which Rs. 300 million (30 June 2019: Rs. 375 million), Rs. 3,650 million (30 June 2019: Rs. 5,450 million) and Rs. 255 million (30 June 2019: Rs. 260 million) are interchangeable with short term running finance, short term loans and letter of guarantee respectively as mentioned in notes 15.1 and 15.2 above. The facility for letters of guarantee as at 31 March 2020 amounted to Rs. 1,810 million (30 June 2019: Rs. 2,096 million). Amounts unutilized for letters of credit and guarantees as at 31 March 2020 were Rs. 3,263.76 million and Rs. 62.67 million (30 June 2019: Rs. 6,355 million and Rs. 846 million) respectively.
- 15.4** The above facilities are expiring on various dates and are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares and cotton / cotton yarn; and lien over import / export document (refer note 11.2). Further, above facilities (refer note 15.1, 15.2 and 15.3) are also secured against mortgage of land and building, hypothecation of plant and machinery and pledge of shares owned by subsidiary companies.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

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

16.2 Commitments

- 16.2.1** As at 31 December 2019, amount of lease rentals outstanding under the Ijarah financing arrangement is Rs. 114.490 million (30 June 2019: Rs. 183.184 million), which is payable in quarterly installments of Rs. 22.898 million (30 June 2019: Rs. 22.898 million).
- 16.2.2** Aggregate amount of guarantees issued by banks on behalf of the Company against various contracts aggregated to Rs. 1,647.63 million (30 June 2019: Rs. 1,251 million). This includes guarantee issued by Islamic banks amounting to Rs. 259 million (30 June 2019: Rs. 153.591 million).
- 16.2.3** Commitments in respect of capital expenditure contracted for as at 31 March 2020 amounted to Rs. 8.455 million (30 June 2019: Rs. 42.038 million).
- 16.2.4** Commitments under letters of credit (L/C) as at 31 March 2020 amounted to Rs. 234 million (30 June 2019: Rs. Nil).

17. SALES - NET

	Unaudited Quarter ended		Unaudited Nine months ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000) -----			
Local sales				
Bare pipes	98,964	6,623	345,976	297,104
Steel Billets	509,052	-	786,972	-
Pipe coating	2,231	52,189	86,605	52,189
Pre coated pipes	46,161	(327)	57,971	1,992,486
Cotton yarn / raw cotton	426,988	405,213	1,360,107	1,212,503
Electricity sales	88,974	-	136,025	-
Steam sales	76,453	-	113,508	-
Others	7,774	18,888	44,907	89,414
Scrap / waste	48,519	44,449	92,919	79,984
Sales returns	-	-	-	(1,827)
	1,305,116	527,035	3,024,990	3,721,853
Sales tax	(189,741)	(32,979)	(440,331)	(364,185)
	1,115,375	494,056	2,584,659	3,357,668

- 17.1** Revenue is disaggregated by major products and also by geographical market. Additionally, revenue by major customers is disclosed in note 24.4 to these condensed interim unconsolidated financial statements.

	Unaudited Quarter ended		Unaudited Nine months ended	
Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000) -----			

18. INCOME / (LOSS) FROM INVESTMENTS - NET

Dividend income	18.1	161,448	2,633	353,114	17,020
Gain / (loss) on sale of FVTPL investments - net	18.2	264	(3,688)	(4,309)	(11,690)
Unrealized gain / (loss) on FVTPL investments - net	18.3	(47,626)	9,234	(12,995)	(60,448)
Rent from investment properties	18.5	641	641	1,922	1,922
		<u>114,727</u>	<u>8,820</u>	<u>337,732</u>	<u>(53,196)</u>

18.1 This includes Rs. 4.482 million earned on investments in Shariah Compliant Investee Companies.

18.2 This includes loss of Rs. 3.768 million incurred on investments in Shariah Compliant Investee Companies.

18.3 This includes loss of Rs. 16.530 million on investments in Shariah Compliant Investee Companies.

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

18.5 Direct operating expenses incurred against rental income from investment property amounted to Rs. 0.378 million (31 March 2019: Rs. 0.389 million). Further, Rs. 1.913 million (31 March 2019: Rs. 1.615) were incurred against non rented out area.

19. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Nine months ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000) -----			
Impairment loss on trade debts	-	-	-	956
Provision for:				
- Workers' Profit Participation Fund	94	438	107	2,803
- Workers' Welfare Fund	-	(1,738)	-	474
- Slow moving stores, spares and loose tools	-	-	-	9,237
Liquidated damages	-	3,727	-	3,727
	<u>94</u>	<u>2,427</u>	<u>107</u>	<u>17,197</u>

20. FINANCE COSTS

	Unaudited Quarter ended		Unaudited Nine months ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000) -----			
Profit on short term loans - Shariah arrangement	12,534	-	42,519	27,837
Interest on - Non - Shariah arrangement				
- finance lease obligations	4,142	3,723	12,996	10,800
- long term loans	7,666	10,129	26,125	27,324
- running finances / short term loans	60,263	49,383	140,270	112,488
Bank charges	2,643	2,308	6,829	5,788
	<u>87,248</u>	<u>65,543</u>	<u>228,739</u>	<u>184,237</u>

21. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE	Unaudited		Unaudited	
	Quarter ended		Nine months ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000) -----			
Profit / (loss) for the period	20,643	(166,737)	(5,304)	(282,410)
	----- (Number of shares) -----			
Weighted average number of ordinary shares in issue during the period	77,632,491	77,632,491	77,632,491	77,632,491
	----- (Rupees) -----			
Earnings / (loss) per share - Basic and diluted	0.27	(2.15)	(0.07)	(3.64)
22. CASH USED IN OPERATIONS			Unaudited	
			Nine months ended	
			31 March 2020	31 March 2019
			----- (Rupees in '000) -----	
Loss before taxation			(112,267)	(291,665)
Adjustments for non cash charges and other items				
Depreciation on operating fixed assets and investment properties			169,836	85,568
Amortisation of intangible assets			142	199
Charge for the period on staff retirement benefit funds			17,246	17,476
Dividend income			(353,114)	(17,020)
Unrealized gain on FVTPL investments - net			12,995	60,448
Loss on sale of FVTPL investments - net			4,309	11,690
Provision for stores, spares and loose tools - net			-	9,237
Impairment loss on trade debts - net			-	(544)
Provision for Workers' Welfare Fund			-	474
Provision for Workers' Profit Participation Fund			107	2,803
Return on deposits and loan to wholly owned subsidiary companies			(791)	(32,672)
Gain on disposal of operating fixed assets			(1,060)	(11,446)
Deferred income			(5,443)	(4,039)
Unwinding of discount on long term deposit			(16,464)	(14,717)
Liabilities written back			(804)	(475)
Finance costs			228,739	184,237
Working capital changes		22.1	(341,271)	(90,971)
			(397,840)	(91,417)
22.1 Working capital changes				
<i>Decrease / (increase) in current assets</i>				
Stores, spares and loose tools			37,546	10,503
Stock-in-trade			(588,994)	730,160
Trade debts			(150,327)	19,684
Advances			(83,676)	(163,520)
Trade deposits and short term prepayments			(6,211)	14,418
Other receivables			(128,822)	(6,609)
			(920,484)	604,636
<i>Increase / (decrease) in current liabilities</i>				
Trade and other payables			579,213	(695,607)
			(341,271)	(90,971)
23. CASH AND CASH EQUIVALENTS				
Running finances under mark-up arrangements			(629,609)	(601,110)
Cash and bank balances			9,470	8,361
			(620,139)	(592,749)
24. SEGMENT REPORTING				
24.1 Reportable segments				
The Company's reportable segments are as follows:				
- Steel segment - It comprises of manufacturing and coating of steel pipes.				
- Cotton segment - It comprises of manufacturing of yarn.				
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment properties (held for rentals as well as long term appreciation).				
- Hadeed segment - It comprises of manufacturing billets.				
- Energy segment - It comprises of generating and supplying electricity / power.				
Information regarding the Company's reportable segments is presented below:				

24.2 Segment revenues and results

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

For the nine months ended 31 March 2020	Unaudited						
	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	Inter-segments elimination / adjustments	Total
	------(Rupees in '000)-----						
Sales - net	489,341	1,169,015	-	279,513	713,027	(66,237)	2,584,659
Cost of sales	606,798	1,122,479	-	283,517	701,996	(66,237)	2,648,553
Gross (loss) / profit	(117,457)	46,536	-	(4,004)	11,031	-	(63,894)
Income from investments - net	-	-	337,732	-	-	-	337,732
	(117,457)	46,536	337,732	(4,004)	11,031	-	273,838
Distribution and selling expenses	8,997	2,437	-	-	484	-	11,918
Administrative expenses	127,111	27,213	13,522	4,989	7,570	-	180,405
Other expenses	(191)	298	-	-	-	-	107
	135,917	29,948	13,522	4,989	8,054	-	192,430
	(253,374)	16,588	324,210	(8,993)	2,977	-	81,408
Other income	26,854	4,996	-	-	3,214	-	35,064
Operating (loss) / profit before finance costs	(226,520)	21,584	324,210	(8,993)	6,191	-	116,472
Finance costs	177,267	15,915	9,310	-	26,247	-	228,739
(Loss) / profit before taxation	(403,787)	5,669	314,900	(8,993)	(20,056)	-	(112,267)
Taxation							(106,963)
Loss for the period							(5,304)

For the nine months ended 31 March 2019	Unaudited						
	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	Inter-segments elimination / adjustments	Total
	------(Rupees in '000)-----						
Sales - net	2,133,227	1,224,441	-	-	-	-	3,357,668
Cost of sales	2,034,770	1,146,791	-	-	-	-	3,181,561
Gross profit	98,457	77,650	-	-	-	-	176,107
Impairment loss on subsidiary company	(115,000)	-	-	-	-	-	(115,000)
Loss from investments - net	-	-	(53,196)	-	-	-	(53,196)
	(16,543)	77,650	(53,196)	-	-	-	7,911
Distribution and selling expenses	9,655	2,204	-	-	-	-	11,859
Administrative expenses	123,892	24,966	11,841	-	-	-	160,699
Other expenses	14,394	2,803	-	-	-	-	17,197
	147,941	29,973	11,841	-	-	-	189,755
	(164,484)	47,677	(65,037)	-	-	-	(181,844)
Other income	67,499	6,917	-	-	-	-	74,416
Operating (loss) / profit before finance costs	(96,985)	54,594	(65,037)	-	-	-	(107,428)
Finance costs	165,184	1,332	17,721	-	-	-	184,237
(Loss) / profit before taxation	(262,169)	53,262	(82,758)	-	-	-	(291,665)
Taxation							(9,255)
Loss for the period							(282,410)

24.2.1 Revenue reported above represents revenue generated from external customers and inter-segment sales of electricity by Energy Segment to Hadeed (Billet) Segment of Rs. 66.237 million (31 March 2019: Rs. Nil).

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

24.3 Revenue from major products and services

The analysis of the Company's revenue from external customers for major products and services is given in note 17 to these condensed interim unconsolidated financial statements.

24.4 Information about major customers

Revenue from major customers (Government related concern) of Steel segment represents an aggregate amount of Rs. 393.097 million (31 March 2019: Rs. 1,966.828 million) of total Steel segment revenue of Rs. 489.341 million (31 March 2019: Rs. 2,133.227 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 183.222 million (31 March 2019: Rs. 117.346 million) of total Cotton segment revenue of Rs. 1,169.015 million (31 March 2019: Rs. 1,224.441 million). Revenue from major customers of Energy segment represents an aggregate amount of Rs. 116.261 million (31 March 2019: Rs. Nil) of total Energy segment revenue of Rs. 279.513 million (31 March 2019: Rs. Nil). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. 520.443 million (31 March 2019: Rs. Nil) of total Hadeed (Billet) segment revenue of Rs. 713.027 million (31 March 2019: Rs. Nil).

24.5 Geographical information

24.5.1 All revenues from external customers and inter-segment sales were generated in Pakistan.

24.5.1 The Company's revenue from external customers by geographical location is detailed below:

24.5.2 All non-current assets of the Company as at 31 March 2020 and 30 June 2019 were located and operating in Pakistan.

24.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	Total
	----- (Rupees in '000) -----					
As at 31 March 2020 - (Unaudited)						
Segment assets for reportable segments	2,133,210	522,703	2,419,159	703,086	1,123,114	6,901,272
Unallocated corporate assets						2,270,175
Total assets as per unconsolidated statement of financial position						<u>9,171,447</u>
Segment liabilities for reportable segments	801,069	294,801	510	84,506	121,700	1,302,586
Unallocated corporate liabilities and deferred income						2,481,505
Total liabilities as per unconsolidated statement of financial position						<u>3,784,091</u>
As at 30 June 2019 - (Audited)						
Segment assets for reportable segments	1,826,902	430,823	2,475,238	817,646	1,218,378	6,768,987
Unallocated corporate assets						1,518,045
Total assets as per unconsolidated statement of financial position						<u>8,287,032</u>
Segment liabilities for reportable segments	570,025	106,822	2,627	69,316	144,006	892,796
Unallocated corporate liabilities and deferred income						2,000,173
Total liabilities as per unconsolidated statement of financial position						<u>2,892,969</u>

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

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

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

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

24.7 Other segment information

	Unaudited					Total
	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	
	----- (Rupees in '000) -----					
For the nine months ended 31 March 2020						
Capital expenditure	8,384	-	-	-	-	8,384
Depreciation and amortisation	58,500	23,356	2,066	45,557	40,499	169,978
Non-cash items other than depreciation and amortisation - net	167,420	16,879	(325,519)	292	26,648	(114,280)
For the nine months ended 31 March 2019						
Capital expenditure	94,040	3,977	-	-	-	98,017
Depreciation and amortisation	59,297	24,733	1,737	-	-	85,767
Non-cash items other than depreciation and amortisation - net	135,666	3,130	73,400	-	-	212,196

25. TRANSACTIONS WITH RELATED PARTIES

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

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

Name of entity	Nature of relationship	Nature of transaction	Unaudited	
			Nine months ended	
			31 March 2020	31 March 2019
----- (Rupees in '000) -----				
CS Capital (Private) Limited	Subsidiary company	Reimbursable expenses	1,000	1,008
Solution de Energy (Private) Limited	Subsidiary company	Reimbursable expenses	118	121
Altern Energy Limited	Associated company	Dividend received	342,750	-
Shakarganj Limited	Associated company	Dividend Paid	-	180
		Sales of finished goods	214,385	1,537
		Services received	1,454	-
		Reimbursable expenses	1,106	1,114
		Advance given for raw material	30,600	-
		Payment received	30,000	-
		Payment made	30,000	-
		Purchase of Raw Material	219,520	-
		Expenses incurred on behalf of Company	9,375	1,113
The Crescent Textile Mills Limited	Associated company	Dividend received	271	-
		Sales of finished goods	41,198	-
The Citizens' Foundation *	Related party	Donation given	184	1,121
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	-	1
Premier Insurance Limited *	Related party	Insurance premium	5,530	8,088
		Dividend paid	-	142
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	3,286	3,242
		Dividend paid	-	75
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	4,805	4,943
		Dividend paid	-	68
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	12,440	12,204
		Dividend paid	-	68
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	12,950	13,406
		Dividend paid	-	124
CSAP - Staff Benevolent Fund	Staff Welfare Fund	Dividend paid	-	36
Key management personnel	Related parties	Remuneration and benefits	72,295	80,286
		Dividend paid	-	605
Directors and their spouse	Related parties	Dividend paid	-	127
		Meeting fee	2,470	2,935

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

- 25.1 Sale of finished goods and raw materials, rendering of services and insurance premium are based on commercial terms and at market prices which are approved by the Board of Directors.
- 25.2 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 25.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company. There were no transactions with the key management personnel during the period other than their terms of employment / entitlements.

26. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

31 March 2020 (Un-audited)

	Carrying amount				Fair value				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- listed equity securities	105,796	8,441	-	-	114,237	114,237	-	-	114,237
- unlisted equity securities	451,070	-	-	-	451,070	-	-	451,070	451,070
	556,866	8,441	-	-	565,307	114,237	-	451,070	565,307
Financial assets not measured at fair value									
Deposits	-	-	293,753	-	293,753	-	-	-	-
Trade debts	-	-	246,759	-	246,759	-	-	-	-
Loan to subsidiary	-	-	91,208	-	91,208	-	-	-	-
Mark-up accrued	-	-	29	-	29	-	-	-	-
Other receivables	-	-	33,143	-	33,143	-	-	-	-
Bank balances	-	-	6,307	-	6,307	-	-	-	-
	-	-	671,199	-	671,199	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	199,876	199,876	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	120,271	120,271	-	-	-	-
Trade and other payables	-	-	-	620,950	620,950	-	-	-	-
Mark-up accrued	-	-	-	62,661	62,661	-	-	-	-
Short term borrowings	-	-	-	1,999,500	1,999,500	-	-	-	-
Unclaimed dividend	-	-	-	26,443	26,443	-	-	-	-
	-	-	-	3,029,701	3,029,701	-	-	-	-

30 June 2019 (Audited)

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

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

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

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

26.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 31 March 2020 for unquoted equity investment measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
- Central Depository Company of Pakistan Limited	- Net Asset Method: This valuation method considers net asset value divided by ordinary number of shares	- Net assets of the investee company	The estimated fair value would increase / (decrease) if: - The net assets of the investee company were higher / (lower).

26.2 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 01 July 2019	
- Central Depository Company of Pakistan Limited	124,401
Fair value recognized during the year	
- Central Depository Company of Pakistan Limited	7,482
Balance at 31 March 2020	
- Central Depository Company of Pakistan Limited	<u>131,883</u>

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 31 December 2019 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
	Increase	Decrease
	(Rupees in '000)	
Central Depository Company of Pakistan Limited		
- Net assets (10% movement)	<u>13,188</u>	<u>(13,188)</u>

27. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial statements was authorized for issue in the Board of Directors meeting held on 30 April 2020.



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2020

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

As at 31 March 2020

	Note	Unaudited 31 March 2020	Audited 30 June 2019
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,330,081	2,495,044
Intangible assets		144,351	143,535
Investment properties		52,091	55,290
Investment in equity accounted investees	6	3,179,326	3,266,906
Other long term investments	7	676,549	688,851
Long term deposits	8	248,215	236,312
Deferred taxation		302,069	-
		<u>6,932,682</u>	<u>6,885,938</u>
Current assets			
Stores, spares and loose tools		148,238	185,784
Stock-in-trade	9	1,410,363	821,369
Trade debts	10	246,759	96,432
Advances	11	115,153	34,477
Trade deposits and short term prepayments		56,568	50,292
Investments	12	272,075	404,787
Mark-up accrued		29	29
Other receivables	13	369,187	232,644
Taxation - net		1,274,802	1,259,540
Cash and bank balances		10,580	29,620
		<u>3,903,754</u>	<u>3,114,974</u>
Total assets		<u><u>10,836,436</u></u>	<u><u>10,000,912</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		776,325	776,325
Capital reserves		1,092,059	1,083,450
Revenue reserves		<u>5,107,451</u>	<u>5,096,307</u>
		<u>6,975,835</u>	<u>6,956,082</u>
Non-current liabilities			
Long term loans	14	86,657	177,152
Liabilities against assets subject to finance lease		82,023	103,042
Deferred income		4,013	6,866
Deferred taxation		-	41,591
Deferred liability		<u>100,546</u>	<u>100,546</u>
		273,239	429,197
Current liabilities			
Trade and other payables	15	1,314,371	739,050
Unclaimed dividend		26,443	26,525
Mark-up accrued		64,019	43,864
Short term borrowings	16	2,027,197	1,638,092
Current portion of long term loans	14	113,219	110,394
Current portion of liabilities against assets subject to finance lease		38,248	51,254
Current portion of deferred income		3,865	6,454
		<u>3,587,362</u>	<u>2,615,633</u>
Contingencies and commitments	17		
Total equity and liabilities		<u><u>10,836,436</u></u>	<u><u>10,000,912</u></u>

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



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
Condensed Interim Consolidated Statement of Profit or Loss and
Other Comprehensive Income (Unaudited)
For the quarter and nine months ended 31 March 2020

	Note	Quarter ended		Nine months ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
----- (Rupees in '000) -----					
Sales	18	1,305,116	1,571,431	3,024,990	6,604,001
Less: Sales tax		189,741	32,979	440,331	873,210
		<u>1,115,375</u>	<u>1,538,452</u>	<u>2,584,659</u>	<u>5,730,791</u>
Cost of sales		<u>1,103,637</u>	<u>1,700,150</u>	<u>2,648,553</u>	<u>5,847,717</u>
Gross profit / (loss)		<u>11,738</u>	<u>(161,698)</u>	<u>(63,894)</u>	<u>(116,926)</u>
(Loss) / income from investments - net	19	<u>(331,204)</u>	<u>21,479</u>	<u>(47,836)</u>	<u>(101,792)</u>
		<u>(319,466)</u>	<u>(140,219)</u>	<u>(111,730)</u>	<u>(218,718)</u>
Distribution and selling expenses		4,428	5,535	11,918	13,117
Administrative expenses		64,560	54,678	183,999	179,720
Other operating expenses	20	94	4,788	107	36,754
		<u>69,082</u>	<u>65,001.19</u>	<u>196,024</u>	<u>229,591</u>
		<u>(388,548)</u>	<u>(205,221)</u>	<u>(307,754)</u>	<u>(448,309)</u>
Other income		10,617	8,429	35,064	34,340
Operating loss before finance costs		<u>(377,931)</u>	<u>(196,792)</u>	<u>(272,690)</u>	<u>(413,969)</u>
Finance costs	21	88,607	92,784	234,010	245,639
Share of profit in equity accounted investees - net of taxation		217,779	34,554	265,227	354,366
Loss before taxation		<u>(248,759)</u>	<u>(255,022)</u>	<u>(241,473)</u>	<u>(305,242)</u>
Taxation - current		30,786	(23,710)	71,258	3,983
- prior		-	-	-	2,050
- deferred		(82,790)	21,677	(343,659)	4,853
		<u>(52,004)</u>	<u>(2,033)</u>	<u>(272,401)</u>	<u>10,886</u>
(Loss) / profit for the period		<u>(196,755)</u>	<u>(252,989)</u>	<u>30,928</u>	<u>(316,128)</u>
Other comprehensive income for the period					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		(36,121)	(36,822)	(19,784)	(16,401)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Proportionate share of other comprehensive income / (loss) of equity accounted investees		607	(1,057)	8,609	(17,342)
		<u>(35,514)</u>	<u>(37,879)</u>	<u>(11,175)</u>	<u>(33,743)</u>
Total comprehensive (loss) / income for the period		<u>(232,269)</u>	<u>(290,868)</u>	<u>19,753</u>	<u>(349,871)</u>
----- (Rupees) -----					
(Loss) / earnings per share - Basic and diluted	22	<u>(2.53)</u>	<u>(3.26)</u>	<u>0.40</u>	<u>(4.07)</u>

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



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
 Condensed Interim Consolidated Statement of Cash Flows (Unaudited)
 For the nine months ended 31 March 2020

	Note	Nine months ended	
		31 March 2020	31 March 2019
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash used in operations	23	(398,615)	(223,174)
Taxes paid		(86,081)	(103,779)
Finance costs paid		(200,780)	(193,060)
Contribution to gratuity and pension funds		(17,246)	(16,754)
Contribution to Workers' Profit Participation Fund		(3,523)	(27,190)
Long term deposits - net		4,561	(88)
Net cash used in operating activities		(701,684)	(564,045)
Cash flows from investing activities			
Capital expenditure		(8,384)	(77,541)
Acquisition of intangible assets		(955)	(580)
Proceeds from disposal of operating fixed assets		5,274	13,918
Investments - net		48,294	8,878
Dividend income received		383,247	29,790
Interest income received		791	749
Net cash generated from / (used in) investing activities		428,267	(24,786)
Cash flows from financing activities			
Repayment of long term loan - net		(87,670)	(11,608)
Payments against finance lease obligations		(46,976)	(38,583)
Proceeds of short term loans obtained - net		639,140	303,167
Dividends paid		(82)	(72,252)
Net cash generated from financing activities		504,412	180,724
Net increase / (decrease) in cash and cash equivalents		230,995	(408,107)
Cash and cash equivalents at beginning of the period		(877,721)	(260,322)
Cash and cash equivalents at end of the period	24	(646,726)	(668,429)

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



Chief Executive



Chairman



Chief Financial Officer

Crescent Steel and Allied Products Limited
 Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)
 For the nine months ended 31 March 2020

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves			Total
		Share premium	Others *	Fair value reserve	General reserve	Unappropriated profit / (loss)	
------(Rupees in '000)-----							
Balance as at 30 June 2018	776,325	1,020,908	79,132	58,623	3,642,000	2,172,907	7,749,895
Total comprehensive loss for the period							
Loss after taxation for the period	-	-	-	-	-	(316,128)	(316,128)
Other comprehensive loss							
Other comprehensive loss for the period	-	-	(17,342)	(16,401)	-	-	(33,743)
Total comprehensive loss for the period	-	-	(17,342)	(16,401)	-	(316,128)	(349,871)
Transaction with owners of the Holding Company							
- distributions							
Dividend:							
- Final @ 10% (i.e. Rs 1 per share) for the year ended 30 June 2018	-	-	-	-	-	(77,632)	(77,632)
Balance as at 31 March 2019	776,325	1,020,908	61,790	42,222	3,642,000	1,604,474	7,147,719
Balance as at 30 June 2019	776,325	1,020,908	62,542	36,670	3,642,000	1,417,637	6,956,082
Total comprehensive income for the period							
Profit after taxation for the period	-	-	-	-	-	30,928	30,928
Other comprehensive loss							
Other comprehensive loss for the period	-	-	8,609	(19,784)	-	-	(11,175)
Total comprehensive income for the period	-	-	8,609	(19,784)	-	30,928	19,753
Balance as at 31 March 2020	776,325	1,020,908	71,151	16,886	3,642,000	1,448,565	6,975,835

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

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



Chief Executive



Chairman



Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

- 1.1** The Group consists of Crescent Steel and Allied Products Limited ('the Holding Company') and its wholly owned subsidiary companies namely; CS Capital (Private) Limited, Solution de Energy (Private) Limited and Crescent Continental Gas Pipelines Limited.
- 1.2** The Holding Company was incorporated on 1 August 1983 as a public limited company in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Holding Company and its subsidiaries companies are located at E- Floor, IT Tower, 73-E/1, Hali Road, Gulberg III, Lahore, where as its principal offices are situated at 9th floor, SIDCO Avenue Centre, 264 R.A. Lines, Karachi.
- 1.3** CS Capital (Private) Limited was incorporated on 5 November 2010 as a private limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company acquired this subsidiary on 26 September 2011. The principal activity of the Subsidiary Company is to manage portfolio of shares, commodities and other securities (strategic as well as short term).
- 1.4** Solution de Energy (Private) Limited was incorporated as a private limited company in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as result of a Joint Venture (JV) agreement between the Holding Company and a partnership concern. The principal activity of the Subsidiary Company is to build, own, operate and maintain 100MW solar power project (the Project) and to generate, accumulate, distribute, sell and supply electricity / power to PEPCO / DISCOS under the agreement with the Government of Pakistan or to any other consumer as permitted.
- 1.5** Crescent Continental Gas Pipelines Limited is not carrying on any business operations.
- 1.6** Details regarding the Group's associates are given in note 6 to this condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

- 2.1** These condensed interim consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

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

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

3. ACCOUNTING POLICIES

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

3.2 New standards, interpretations and amendments adopted by the Group

3.2.1 The Group has initially adopted IFRS 16 'Leases' from 1 July 2019. The impact of the adoption of this standard and the new accounting policy is disclosed in note 3.4 below.

3.2.2 A number of other pronouncements are effective from 1 July 2019 as detailed in Group's annual audited consolidated financial statements as at and for the year ended 30 June 2019, but they do not have a material effect on these condensed interim consolidated financial statements and therefore have not been detailed.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new standards, interpretations and amendments to the approved accounting standards that will be mandatory for the Group's annual accounting periods beginning on or after 1 July 2020. However, currently management considers that these pronouncements will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these condensed interim consolidated financial statements.

3.4 Changes in accounting policy

Explained below is the impact of the adoption of IFRS 16 "Leases" on the Group's condensed interim consolidated financial statements, and also discloses the new accounting policy that has been applied from 1 July 2019, where it is different to that applied in prior periods.

The Group has adopted IFRS 16 "Leases" from 1 July 2019 as notified by the Securities and Exchange Commission of Pakistan vide its SRO 434 (I)/2018 dated 09 April 2018. The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. It requires lessee to recognise right-of-use (RoU) assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

As per IFRS 16, the Group is required to recognise a RoU asset and a lease liability at the lease commencement date. The RoU asset has to be initially measured at cost, and subsequently at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for certain re-measurements of the lease liability.

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

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

The Group is required to apply judgments to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and RoU assets recognised.

Generally, RoU asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

The Group is required to determine the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Short term lease is a lease that, at the commencement date, has a lease term of twelve months or less. A lease that contains a purchase option is not a short-term lease.

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Group applies the definition of a contract and determined the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The Group has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application has to be recognised in retained earnings as at 1 July 2019. The adoption of IFRS 16 did not have any impact on the retained earnings, the financial position and / or financial performance of the Group.

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

5. PROPERTY, PLANT AND EQUIPMENT

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

	Unaudited Nine months ended 31 March 2020		Unaudited Nine months ended 31 March 2019	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
----- (Rupees in '000) -----				
Buildings on leasehold land	-	-	6,304	-
Buildings on freehold land	-	-	761	-
Plant and machinery - owned	3,396	-	8,539	23,270
Plant and machinery - leased	-	3,396	-	-
Furniture and fittings	-	-	3,274	33
Electrical / office equipment and installation	429	-	1,930	862
Computers	324	2,437	243	1,834
Motor vehicles - owned	4,235	5,373	8,687	14,787
Motor vehicles - leased	-	1,024	-	-
	<u>8,384</u>	<u>12,230</u>	<u>29,738</u>	<u>40,786</u>

6. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

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

Unaudited 31 March 2020 (Number of shares)	Audited 30 June 2019		Note	Unaudited 31 March 2020 (Rupees in '000)	Audited 30 June 2019
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	6.1	2,837,107	2,865,712
35,011,347	35,011,347	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	6.1	342,219	401,194
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	6.1	-	-
				3,179,326	3,266,906

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

Description	31 March 2020			
	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
	----- Rupees in '000 -----			
Opening balance as at 1 July 2019	2,865,712	401,194	-	3,266,906
Share of profit / (loss) 6.2	332,659	(67,432)	-	265,227
Share of equity 6.2	152	8,457	-	8,609
Dividend received	(361,416)	-	-	(361,416)
Closing balance as at 31 March 2020	2,837,107	342,219	-	3,179,326
Description	30 June 2019			
	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
	----- Rupees in '000 -----			
Opening balance as at 1 July 2018	2,777,125	311,108	-	3,088,233
Share of profit	290,096	106,665	-	396,761
Share of equity	(11)	(16,579)	-	(16,590)
Dividend received	(201,498)	-	-	(201,498)
Closing balance as at 30 June 2019	2,865,712	401,194	-	3,266,906

6.2 These figures are based on financial statements / information of these companies as at 31 December 2019.

6.3 Percentage of holding of equity in associates is as follows

		Unaudited 31 March 2020	Audited 30 June 2019
Altern Energy Limited	6.3.1	17.60	17.60
Shakarganj Limited	6.3.2	28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

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

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

6.4 The fair value of investments in associates as at 31 March 2020 is Rs. 2,804.711 million (30 June 2019: Rs. 3,772.958 million).

7. OTHER LONG TERM INVESTMENTS

	<i>Note</i>	Unaudited 31 March 2020	Audited 30 June 2019
(Rupees in '000)			
Fair value through other comprehensive income (FVOCI)	7.1	119,083	138,867
Fair value through profit or loss (FVTPL)	7.2 & 7.3	557,466	549,984
		<u>676,549</u>	<u>688,851</u>

7.1 This includes investment in Crescent Textile Mills Limited which are not held for trading and the Group has irrevocably designated at initial application of IFRS 9 to recognise in this category. This is strategic investment and management considers this classification to be more relevant. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.

7.2 This includes investments in Crescent Industrial Chemicals Limited and Crescent Bahuman Limited amounting to Rs. 10.470 million and Rs. 24.037 million respectively, which had been fully charged to profit or loss in earlier periods.

7.3 This also includes investment in Shakarganj Food Products Limited and Central Depository Company of Pakistan Limited amounting to Rs. 425.583 million and Rs. 131.883 million respectively.

8. LONG TERM DEPOSITS

This includes security deposit amounting to Rs. 214.412 million (30 June 2019: Rs. 199.694 million) under Ijarah financing arrangement.

9. STOCK-IN-TRADE

	Unaudited	Audited
	31 March 2020	30 June 2019

(Rupees in '000)

Raw materials		
Hot rolled steel coils (HR Coil)	528,628	323,884
Coating materials	39,288	84,462
Remelting scrap	144,622	4,320
Others	105,038	112,930
Raw cotton	93,828	130,230
Stock-in-transit	87,108	-
	998,512	655,826
Work-in-process	172,926	24,996
Finished goods	230,722	131,598
Scrap / cotton waste	8,203	8,949
	411,851	165,543
	1,410,363	821,369

9.1 Stock in trade as at 31 March 2020 includes item valued at net realisable value (NRV). Reversal in respect of stock written down to NRV amounting to Rs. 9.995 million (30 June 2019: Reversal of Rs. 26.083 million) has been recognised in cost of goods sold.

10. TRADE DEBTS

	Unaudited	Audited
	31 March 2020	30 June 2019

(Rupees in '000)

Secured

Considered good	133,543	76,918
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Unsecured

Considered good	113,216	19,514
Considered doubtful	30,706	30,706

Impairment loss on trade debts	(30,706)	(30,706)
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	246,759	96,432
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10.1 This includes an amount of Rs. 3.866 million (30 June 2019: Rs. 11.855 million) due from Shakarganj Limited - a related party.

11. ADVANCES

This includes amounting to Rs. 113.867 million (30 June 2019: Rs. 33.504 million) advances given to suppliers for goods and services.

12. INVESTMENTS

	Unaudited	Audited
	31 March 2020	30 June 2019

(Rupees in '000)

At fair value through profit or loss (FVTPL)	272,075	404,787
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12.1 This represents investment in ordinary shares of listed companies and certificates of mutual funds. This also includes investment in Jubilee Spinning and Weaving Mills Limited and Innovative Investment Bank Limited, which had been fully provided for as the break-up value of their shares was Rs. Nil per share (30 June 2019: Rs. Nil).

12.2 Investments having an aggregate market value of Rs. 1,697.062 million (30 June 2019: Rs. 909.398 million) have been pledged with financial institutions as security against financing facilities (see note 16.4) out of which Rs. 1,481.360 million (30 June 2019: Rs. 664.659 million) relates to long term investments.

13. OTHER RECEIVABLES

	<i>Note</i>	Unaudited 31 March 2020	Audited 30 June 2019
----- (Rupees in '000) -----			
Dividend receivable		2,466	89
Receivable against sale of investments		-	3
Receivable against rent from investment property		635	320
Claim receivable		989	-
Due from related parties	13.1	1,155	2,669
Sales tax refundable		325,916	187,870
Margin on letter of credit and guarantee		15,359	15,359
Receivable from staff retirement benefits funds		20,329	20,329
Others		2,338	6,005
		369,187	232,644

13.1 This represents balances due from CSAP - Pension Fund and Shakarganj Limited - associate amounting to Rs. 0.053 million (30 June 2019: Rs. 0.053 million) and Rs. 1.102 million (30 June 2019: Rs. 2.616 million)

14 LONG TERM LOANS

		Unaudited 31 March 2020	Audited 30 June 2019
----- (Rupees in '000) -----			
Secured - Under non-shariah arrangement			
Allied Bank Limited	14.1	199,876	287,546
Less: Current portion shown under current liabilities		113,219	110,394
		86,657	177,152

14.1 The Holding Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. During the period, the Holding Company has made last repayment of Rs. 19.5 million (31 March 2019: Rs. 58.5 million) on September 2019. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2017, Holding Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 100 million, out of which Rs. 74.176 million have been disbursed till date. The term of the loan is 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments starting after fifteen months from date of disbursement. During the period, the Holding Company has made repayment of Rs. 13.908 million (31 March 2019: Rs. 13.908 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, the Holding Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 217.050 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year, repayable in 12 equal quarterly installments starting after twelve months from date of disbursement. During the period, the Holding Company has made repayment of 54.263 million. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the period, mark-up on such arrangements ranged between 14.47% to 14.99% (31 March 2019: 8.37% to 12%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

15. TRADE AND OTHER PAYABLES

	<i>Note</i>	Unaudited 31 March 2020	Audited 30 June 2019
----- (Rupees in '000) -----			
Trade creditors		211,808	108,569
Bills payable		94,887	-
Commission payable		2,475	1,466
Customer's security deposits		673	-
Accrued liabilities		318,727	292,721
Advances from customers		287,876	24,110
Provisions		221,528	220,317
Due to related parties	<i>15.1</i>	518	-
Payable to provident fund		1,869	2,134
Payable to staff retirement benefit funds		2,258	1,979
Retention money		11,886	10,764
Sales tax payable		120,131	1,295
Withholding tax payable		9,848	2,959
Advance income tax		-	38,166
Workers' Profit Participation Fund		2,469	5,885
Workers' Welfare Fund		4,114	4,114
Others		23,304	24,571
		<u>1,314,371</u>	<u>739,050</u>

15.1 This represents amount due to Premier Insurance Limited amounting to Rs. 0.518 million (30 June 2019: Rs. Nil).

16. SHORT TERM BORROWINGS

		Unaudited 31 March 2020	Audited 30 June 2019
----- (Rupees in '000) -----			
Secured from banking companies			
Running finances under mark-up arrangements	<i>16.1</i>	657,306	907,341
Short term loans	<i>16.2</i>	1,369,891	730,751
		<u>2,027,197</u>	<u>1,638,092</u>

16.1 Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,343 million (30 June 2019: Rs. 1,550 million) out of which Rs. 300 million (30 June 2019: Rs. 150 million) and Rs. 150 million (30 June 2019: Rs. 150 million) and Rs. 450 million (30 June 2019: Rs. 450 million) are interchangeable with letters of credit, letter of guarantee facility and short term loan respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 15.85% (30 June 2019: 7.68% to 14.81%) per annum.

16.2 This includes an amount of Rs. 641 million (30 June 2019: Rs. 617.059 million) outstanding against Islamic mode of financing. Short term loan financing available from various commercial banks under mark-up arrangements amounted to Rs. 4,400 million (30 June 2019: Rs. 4,800 million) out of which Rs. 3,400 million (30 June 2019: Rs. 3,800 million), Rs. 255 million (30 June 2019: Rs. 50 million) and Rs. 350 million (30 June 2019: Rs. 335 million) are interchangeable with letters of credit, running finance and letter of guarantee facility respectively. During the period, the mark-up on such arrangements ranged between 13.55% to 16.18% (2019: 8.78% to 14.86%) per annum.

- 16.3** The facilities for opening letters of credit amounted to Rs. 4,600 million (30 June 2019: Rs. 6,510 million) out of which Rs. 300 million (30 June 2019: Rs. 375 million), Rs. 3,650 million (30 June 2019: Rs. 5,450 million) and Rs. 255 million (30 June 2019: Rs. 260 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 16.1 and 16.2 above. The facility for letters of guarantee as at 31 March 2020 amounted to Rs. 1,842. million (30 June 2019: Rs. 2,096 million). Amounts unutilized for letters of credit and guarantees as at 31 March 2020 were Rs. 3,263.76 million and Rs. 62.67 million (30 June 2019: Rs. 6,355 million and Rs. 846 million) respectively.
- 16.4** The above facilities (refer note 16.1 to 16.3) are expiring on various dates and are secured by way of mortgage of land and building, hypothecation of plant and machinery, stock-in-trade, trade debts and other current assets, pledge of shares (refer note 12.2) and cotton / cotton yarn; and lien over import / export document.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

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

17.2 Commitments

- 17.2.1** As at 31 March 2020, amount of lease rentals outstanding under the Ijarah financing arrangement is Rs. 114.490 million (30 June 2019: Rs. 183.184 million), which is payable in quarterly installments of Rs. 22.898 million (30 June 2019: Rs. 22.898 million).
- 17.2.2** Aggregate amount of guarantees issued by conventional side of banks on behalf of the Group against various contracts aggregated to Rs. 1,679. million (30 June 2019: Rs. 1,251 million). This includes guarantee issued by Islamic banks amounting to Rs. 259 million (30 June 2019: Rs. 153.591 million).
- 17.2.3** Commitments in respect of capital expenditure contracted for by the Holding Company as at 31 March 2020 amounted to Rs. 8,455 million (30 June 2019: Rs. 25.492 million).
- 17.2.4** Commitments under letters of credit as at 31 March 2020 amounted to Rs. 234 million (30 June 2019: Rs. Nil).

18. SALES - net

	Unaudited Quarter ended		Unaudited Nine months ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
----- (Rupees in '000) -----				
Local sales				
Bare pipes	98,964	6,623	345,976	297,104
Steel billets	509,052	887,958	786,972	2,714,148
Pipe coating	2,231	52,189	86,605	52,189
Pre coated pipes	46,161	(327)	57,971	1,992,486
Cotton yarn / raw cotton	426,988	405,213	1,360,107	1,212,503
Electricity sales	88,974	156,437	136,025	160,358
Steam sales	76,453	-	113,508	18,279
Others	7,774	18,888	44,907	78,777
Scrap / waste	48,519	44,450	92,919	79,984
Sales returns	-	-	-	(1,827)
	1,305,116	1,571,431	3,024,990	6,604,001
Export sales				
Sales tax	(189,741)	(32,979)	(440,331)	(873,210)
	1,115,375	1,538,452	2,584,659	5,730,791

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

19. (LOSS) / INCOME FROM INVESTMENTS - NET

	Note	Unaudited Quarter ended		Unaudited Nine months ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		----- (Rupees in '000) -----			
Dividend income	19.1	3,019	6,837	24,208	32,863
Gain / (loss) on sale of FVTPL investments - net	19.2	639	(341)	(4,136)	(14,224)
Unrealized (loss) / gain on FVTPL investments - net	19.3	(336,493)	13,352	(72,800)	(125,293)
Rent from investment property	19.5	1,631	1,631	4,892	4,862
		<u>(331,204)</u>	<u>21,479</u>	<u>(47,836)</u>	<u>(101,792)</u>

19.1 This includes Rs. 12.923 million earned on investments in Shariah Compliant Investee Companies.

19.2 This includes loss of Rs. 3.478 million incurred on investments in Shariah Compliant Investee Companies.

19.3 This includes loss of Rs. 66.123 million on investments in Shariah Compliant Investee Companies.

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

19.5 Direct operating expenses incurred against rental income from investment property amounted to Rs. 0.580 million (31 March 2019: Rs. 1.352 million). Further, Rs. 1.913 million (31 March 2019: Rs. Nil) were incurred against non rented out area.

20. OTHER OPERATING EXPENSES

	Unaudited Quarter ended		Unaudited Nine months ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000) -----			
Exchange loss	-	2,361	-	14,383
Impairment loss on trade debts	-	-	-	956
Provision for:				
Workers' Profit Participation Fund	94	438	107	2,803
Workers' Welfare Fund	-	(1,738)	-	474
Slow moving stores, spares and loose tools	-	-	-	14,411
	<u>94</u>	<u>1,061</u>	<u>107</u>	<u>33,027</u>

21. FINANCE COSTS

	Quarter ended		Nine months ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000) -----			
Mark-up on short term loans - Shariah arrangement	12,534	-	42,519	32,855
Interest on - Non - Shariah arrangement	-			
- finance lease obligations	4,142	3,723	12,996	10,800
- long term loan	7,666	10,129	26,125	27,324
- running finances / short term loans	61,621	43,032	145,536	110,976
Bank charges	2,644	35,901	6,834	63,684
	<u>88,607</u>	<u>92,785</u>	<u>234,010</u>	<u>245,639</u>

22. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

	Unaudited Quarter ended		Unaudited Nine months ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000) -----			
(Loss) / profit for the period	(196,755)	(252,989)	30,928	(316,128)
	----- (Number of shares) -----			
Weighted average number of ordinary shares in issue during the period	77,632,491	77,632,491	77,632,491	77,632,491
	----- (Rupees) -----			
Basic and diluted (loss) / earnings per share	(2.53)	(3.26)	0.40	(4.07)

23. CASH USED IN OPERATIONS

	Notes	Unaudited Nine months ended	
		31 March 2020	31 March 2019
		----- (Rupees in '000) -----	
Loss before taxation		(241,473)	(305,242)
Adjustments for non cash charges and other items			
Depreciation on operating fixed assets and investment properties		171,670	154,059
Amortization of intangible assets		139	1,916
Charge for the period on staff retirement benefit funds		17,246	17,476
Dividend income		(24,208)	(32,863)
Unrealized loss on FVTPL investments - net		72,800	102,396
Loss on sale of FVTPL investments - net		4,136	17,571
Provision for stores, spares and loose tools - net		-	9,237
Impairment loss on trade debts - net		-	(544)
Provision for Workers' Welfare Fund		-	474
Provision for Workers' Profit Participation Fund		107	2,803
Return on deposits		(791)	(553)
Gain on disposal of operating fixed assets		(1,061)	(11,446)
Deferred income		(5,443)	(4,039)
Unwinding of discount on long term deposit		(16,464)	(14,717)
Liabilities written back		(804)	(475)
Finance costs		234,010	225,537
Share of profit from equity accounted investees - net of taxation		(265,227)	(354,366)
Working capital changes	23.1	(343,252)	(30,398)
		(398,615)	(223,174)

23.1 Working capital changes

<i>Decrease / (increase) in current assets</i>			
Stores, spares and loose tools		37,546	24,261
Stock-in-trade		(588,994)	980,352
Trade debts		(150,327)	(186,474)
Advances		(80,676)	(164,518)
Trade deposits and short term prepayments		(6,276)	22,689
Other receivables		(133,393)	39,514
		(922,120)	715,823
<i>Increase / (decrease) in current liabilities</i>			
Trade and other payables		578,868	(746,221)
		(343,252)	(30,398)

24. CASH AND CASH EQUIVALENTS

Running finances under mark-up arrangements		(657,306)	(693,312)
Cash and bank balances		10,580	24,883
		(646,726)	(668,429)

25. SEGMENT REPORTING

25.1 Reportable segments

The Group's reportable segments are as follows:

- Steel segment - It comprises of manufacturing and coating of steel pipes.
- Cotton segment - It comprises of manufacturing of yarn.
- Investment and Infrastructure Development (IID) segment - To effectively manage the investment portfolio in shares and other securities (strategic as well as short term) and investment properties (held for rentals as well as long term appreciation).
- Energy segment - It comprises generation and supply of electricity.
- Hadeed (Billet) segment - It comprises of manufacturing billets.

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

25.2 Segment revenues and results

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

For the nine months ended 31 March 2020	Unaudited						Total
	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	Inter-segments elimination / adjustments	
							(Rupees in '000)
Sales - net	489,341	1,169,015	-	234,515	713,027	(21,239)	2,584,659
Cost of sales	606,798	1,122,479	-	283,517	656,998	(21,239)	2,648,553
Gross (loss) / profit	(117,457)	46,536	-	(49,002)	56,029	-	(63,894)
Income / (loss) from investments	-	-	313,580	-	-	(361,416)	(47,836)
	(117,457)	46,536	313,580	(49,002)	56,029	(361,416)	(111,730)
Distribution and selling expenses	8,997	2,437	-	-	484	-	11,918
Administrative expenses	127,111	27,213	17,073	5,032	7,570	-	183,999
Other operating expenses	(191)	298	-	-	-	-	107
	135,917	29,948	17,073	5,032	8,054	-	196,024
	(253,374)	16,588	296,507	(54,034)	47,975	(361,416)	(307,754)
Other income	26,854	4,996	-	-	3,214	-	35,064
Operating (loss) / profit before finance costs	(226,520)	21,584	296,507	(54,034)	51,189	(361,416)	(272,690)
Finance costs	177,267	15,915	14,578	3	26,247	-	234,010
Share of profit in equity accounted investees - net of taxation	-	-	265,227	-	-	-	265,227
(Loss) / profit before taxation	(403,787)	5,669	547,156	(54,037)	24,942	(361,416)	(241,473)
Taxation							(272,401)
Profit for the period							30,928

For the nine months ended 31 March 2019	Unaudited						Total
	Steel segment (Restated)	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment (Restated)	Inter-segments Elimination / adjustments	
							(Rupees in '000)
Sales - net	2,143,123	1,224,441	-	381,554	2,212,765	(231,092)	5,730,791
Cost of sales	3,350,612	1,146,791	-	440,137	1,146,791	(236,614)	5,847,717
Gross (loss) / profit	(1,207,489)	77,650	-	(58,583)	1,065,974	5,522	(116,926)
Loss from investments	-	-	(101,792)	-	-	-	(101,792)
	(1,207,489)	77,650	(101,792)	(58,583)	1,065,974	5,522	(218,718)
Distribution and selling expenses	9,655	2,204	-	-	1,258	-	13,117
Administrative expenses	123,892	24,966	15,824	1,550	13,488	-	179,720
Other operating expenses	14,394	2,803	-	-	19,557	-	36,754
	147,941	29,973	15,824	1,550	34,303	-	229,591
	(1,355,430)	47,677	(117,616)	(60,133)	1,031,671	5,522	(448,310)
Other income	27,193	6,917	-	230	32,251	(32,251)	34,340
Operating (loss) / profit before finance costs	(1,328,237)	54,594	(117,616)	(59,903)	1,063,922	(26,729)	(413,970)
Finance costs	156,677	1,332	27,871	17,045	74,965	(32,251)	245,639
Share of profit in equity accounted investees - net of taxation	-	-	282,710	835	-	70,821	354,366
(Loss) / profit before taxation	(1,484,914)	53,262	137,223	(76,113)	988,957	76,343	(305,242)
Taxation							10,886
Loss for the period							(316,128)

- 25.2.1 Revenue reported above represents revenue generated from external customers and inter-segment sales of electricity by Energy Segment to Hadeed (Billet) Segment of Rs. 66.237 million (31 March 2019: Rs. Nil).
- 25.2.2 Transfer prices between reportable segments are on an agreed basis in a manner similar to transactions between third parties.
- 25.2.3 The accounting policies of the reportable segments are the same as the Group's accounting policies as described in the annual consolidated financial statements of the Group for the year ended 30 June 2019. The Steel segment allocates certain percentage of the common expenditure to the Cotton and IID segments. In addition, finance costs between Steel and Cotton segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

25.3 Revenue from major products and services

The analysis of the Group's revenue from external customers for major products and services is given in note 18 to these condensed interim consolidated financial statements.

25.4 Information about major customers

Revenue from major customers (Government related concern) of Steel segment represents an aggregate amount of Rs. 393.097 million (31 March 2019: Rs. 1,966.828 million) of total Steel segment revenue of Rs. 489.341 million (31 March 2019: Rs. 2,143.123 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 183.222 million (31 March 2019: Rs. 117.346 million) of total Cotton segment revenue of Rs. 1,169.015 million (31 March 2019: Rs. 1,224.441 million). Revenue from major customers of Energy segment represents an aggregate amount of Rs. 116.261 million (31 March 2019: Rs. Nil) of total Energy segment revenue of Rs. 234.515 million (31 March 2019: Rs. 381.554 million). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. 520.443 million (31 March 2019: Rs. Nil) of total Hadeed (Billet) segment revenue of Rs. 713.027 million (31 March 2019: Rs. 2,212.765 million).

25.5 Geographical information

- 25.5.1 All revenues from external customers and inter-segment sales were generated in Pakistan.
- 25.5.2 All non-current assets of the Group as at 31 March 2020 and 30 June 2019 were located and operating in Pakistan.

25.6 Segment assets and liabilities

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

	Steel segment	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment	Total
----- (Rupees in '000) -----						
As at 31 March 2020 - Unaudited						
Segment assets for reportable segments	2,133,210	522,703	1,023,245	851,874	1,123,114	5,654,146
Investment in equity accounted investees	-	-	3,179,326	-	-	3,179,326
Unallocated corporate assets						2,002,964
Total assets as per consolidated statement of financial position						10,836,436
Segment liabilities for reportable segments	801,072	294,801	30,629	130,894	121,700	1,379,096
Unallocated corporate liabilities and deferred income						2,481,505
Total liabilities as per consolidated statement of financial position						3,860,601
As at 30 June 2019 - Audited						
Segment assets for reportable segments	1,826,902	430,823	1,169,324	878,184	1,218,378	5,523,611
Investment in equity accounted investees	-	-	2,988,879	278,027	-	3,266,906
Unallocated corporate assets						1,210,395
Total assets as per consolidated statement of financial position						10,000,912
Segment liabilities for reportable segments	570,025	106,822	66,702	118,522	140,995	1,003,066
Unallocated corporate liabilities and deferred income						2,041,764
Total liabilities as per consolidated statement of financial position						3,044,830

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

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

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

25.7 Other segment information

	Steel segment (Restated)	Cotton segment	IID segment	Energy segment	Hadeed (Billet) segment (Restated)	Total
----- Unaudited -----						
----- (Rupees in '000) -----						
For the nine months ended 31 March 2020						
Capital expenditure	8,384	-	-	955	-	9,339
Depreciation and amortization	58,500	23,356	3,900	40,499	45,554	171,809
Non-cash items other than depreciation and amortization	167,419	21,313	(201,374)	295	26,648	14,301
For the nine months ended 31 March 2019						
Capital expenditure	94,040	3,977	(2,722)	2,322	1,798	99,415
Depreciation and amortization	59,373	24,733	3,593	30,419	37,857	155,975
Non-cash items other than depreciation and amortization	120,281	3,130	(237,996)	2,855	74,965	(36,765)

26. TRANSACTIONS WITH RELATED PARTIES

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

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

Name of entity	Nature of relationship	Nature of transaction	Unaudited	
			Nine months ended	
			31 March 2020	31 March 2019
			----- (Rupees in '000) -----	
Altern Energy Limited	Associated company	Dividend received	<u>361,416</u>	<u>-</u>
Shakarganj Limited	Associated company	Dividend paid	<u>-</u>	<u>180</u>
		Sale of finished goods	<u>214,385</u>	<u>1,537</u>
		Services received	<u>1,454</u>	<u>-</u>
		Reimbursable expenses	<u>1,106</u>	<u>1,114</u>
		Advance given for raw material	<u>30,600</u>	<u>-</u>
		Payment received	<u>30,000</u>	<u>-</u>
		Payment made	<u>30,000</u>	<u>-</u>
		Purchase of Raw Material	<u>219,520</u>	<u>-</u>
		Expenses incurred on behalf of the Company	<u>9,375</u>	<u>1,113</u>
		The Crescent Textile Mills Limited	Associated company	Dividend received
Sales of finished goods	<u>41,198</u>			<u>-</u>
The Citizens' Foundation *	Related party	Donation given	<u>184</u>	<u>1,121</u>
Muhammad Amin Muhammad Bashir Limited *	Related party	Dividend paid	<u>-</u>	<u>1</u>
Premier Insurance Limited *	Related party	Insurance premium	<u>5,530</u>	<u>8,088</u>
		Dividend paid	<u>-</u>	<u>142</u>
CSAP - Staff Benevolent Fund	Staff Welfare Fund	Dividend paid	<u>-</u>	<u>36</u>
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	<u>3,286</u>	<u>3,242</u>
		Dividend paid	<u>-</u>	<u>75</u>
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	<u>4,805</u>	<u>4,943</u>
		Dividend paid	<u>-</u>	<u>68</u>
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	<u>-</u>	<u>12,204</u>
		Dividend paid	<u>12,440</u>	<u>68</u>
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	<u>12,950</u>	<u>13,406</u>
		Dividend paid	<u>-</u>	<u>124</u>
Key management personnel	Related parties	Remuneration and benefits	<u>72,295</u>	<u>80,286</u>
		Dividend paid	<u>-</u>	<u>605</u>
Directors and their spouse	Related parties	Dividend paid	<u>-</u>	<u>127</u>
		Meeting fee	<u>2,470</u>	<u>2,935</u>

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

- 26.1** Sale of finished goods and raw materials, rendering of services and insurance premium are based on commercial terms and at market prices which are approved by the Board of Directors.
- 26.2** Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 26.3** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group. There were no transactions with the key management personnel during the period other than their terms of employment / entitlements.

27. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

31 March 2020 (Unaudited)								
Carrying amount					Fair value			
Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investment								
- Listed equity securities	272,075	119,083	-	391,158	391,158	-	-	391,158
- Unlisted equity securities	557,466	-	-	557,466	-	-	557,466	557,466
	829,541	119,083	-	948,624	391,158	-	557,466	948,624
Financial assets not measured at fair value								
Investment in debt security								
Deposits	-	-	296,798	296,798	-	-	-	-
Trade debts	-	-	246,759	246,759	-	-	-	-
Other receivables	-	-	22,942	22,942	-	-	-	-
Bank balances	-	-	7,417	7,417	-	-	-	-
	-	-	573,916	573,916	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans								
Liabilities against assets subject to finance lease	-	-	-	199,876	199,876	-	-	-
Trade and other payables	-	-	-	668,405	668,405	-	-	-
Mark-up accrued	-	-	-	64,019	64,019	-	-	-
Short term borrowings	-	-	-	2,027,197	2,027,197	-	-	-
	-	-	-	3,079,768	3,079,768	-	-	-
----- (Rupees in '000) -----								
30 June 2019 (Audited)								
Carrying amount					Fair value			
Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investment								
- Listed equity securities	404,787	138,867	-	543,654	543,654	-	-	543,654
- Unlisted equity securities	557,466	-	-	557,466	-	-	557,466	557,466
	962,253	138,867	-	1,101,120	543,654	-	557,466	1,101,120
Financial assets not measured at fair value								
Deposits								
Trade debts	-	-	275,886	275,886	-	-	-	-
Other receivables	-	-	96,432	96,432	-	-	-	-
Bank balances	-	-	24,445	24,445	-	-	-	-
	-	-	29,620	29,620	-	-	-	-
	-	-	426,383	426,383	-	-	-	-
Financial liabilities not measured at fair value								
Long term loan								
Liabilities against assets subject to finance lease	-	-	-	287,546	287,546	-	-	-
Trade and other payable	-	-	-	154,296	154,296	-	-	-
Unclaimed dividend	-	-	-	442,204	442,204	-	-	-
Mark-up accrued	-	-	-	26,525	26,525	-	-	-
Short term borrowings	-	-	-	43,864	43,864	-	-	-
	-	-	-	1,638,092	1,638,092	-	-	-
	-	-	-	2,592,527	2,592,527	-	-	-

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

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

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

27.1 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 31 March 2020 for unquoted equity investment measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
- Central Depository Company of Pakistan Limited	- Net Asset Method: This valuation Method considers Net Asset value divided by ordinary number of shares	- Net assets of the investee company	The estimated fair value would increase / (decrease) if: - The net assets of the investee company were higher / (lower).

27.2 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

	(Rs. in '000)
Balance at 01 July 2019	
- Central Depository Company of Pakistan Limited	124,401
Fair value recognized during the year	
- Central Depository Company of Pakistan Limited	7,482
Balance at 31 March 2020	
- Central Depository Company of Pakistan Limited	<u>131,883</u>

Sensitivity Analysis

For the fair value of unquoted equity investment, reasonably possible changes at 31 March 2020 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Profit or loss	
	Increase	Decrease
	----- Rs. in '000 -----	
Central Depository Company of Pakistan Limited		
- Net assets (10% movement)	<u>13,188</u>	<u>(13,188)</u>

28. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial statements was authorized for issue in the Board of Directors meeting held on 30 April 2020.



Chief Executive



Chairman



Chief Financial Officer



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