



Crescent Steel and
Allied Products Limited

20
21

1st QUARTERLY
REPORT

THE JOURNEY AHEAD

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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 deep bed filter, spray clusters and multi-jet condensers, perforated plates, 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 structure, girders for overhead cranes and a vibratory scrap 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.

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.

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.

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 a 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 (Independent)

Nasir Shafi

Non-Executive Director

S.M. Ehtishamullah

Non-Executive Director

COMPANY SECRETARY

Isha Fazal

AUDIT COMMITTEE

Farrukh V. Junaidy

Chairman, Non-Executive Director (Independent)

Nadeem Maqbool

Member, Non-Executive Director (Independent)

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

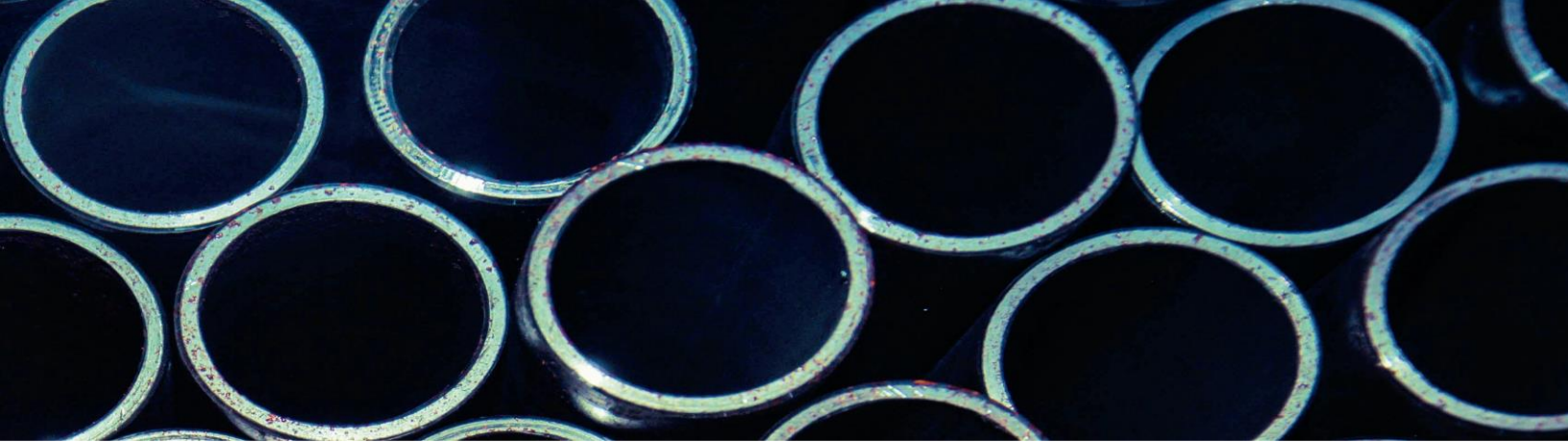
Chairman, Non-Executive Director

Farrukh V. Junaidy

Member, Non-Executive Director (Independent)

Nadeem Maqbool

Member, Non-Executive Director (Independent)



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*

Business Unit Head - Cotton Division

Arif Raza - 1985*

Business Unit Head - Steel Division

Hajerah A. Saleem - 2012*

Business Unit Head - Investments and Infrastructure
Development Division and Head of Corporate Affairs
and CEO CS Capital (Private) Limited

Hasan A. Saleem - 2010*

Resident Director Cotton and Business Unit Head –
Crescent Hadeed

Abdullah A. Saleem - 2017*

Head of Supply Chain

Iqbal Abdulla - 2014*

IT Advisor

Mushtaque Ahmed - 1985*

Head of Manufacturing - Steel Division

HEAD OF INTERNAL AUDIT

Azeem Sarwar - 2018*

AUDITORS

External Auditors

A. F. Ferguson & Co.
Chartered Accountants

* Year of Joining

Internal Auditors

BDO Ebrahim & Co.
Chartered Accountants

LEGAL ADVISOR

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

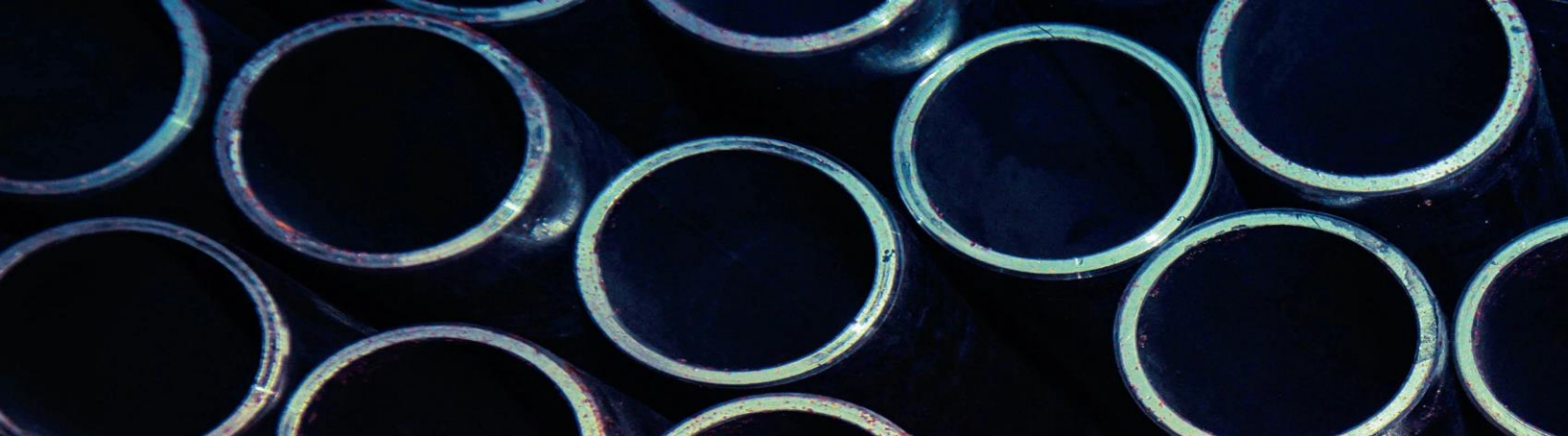
BANKERS

Conventional

Allied Bank Limited
Habib Bank Limited
Industrial and Commercial Bank of China
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Summit Bank Limited
JS Bank Limited

Shariah Compliant

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



SUBSIDIARIES**

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

REGISTERED OFFICE

E-Floor, IT Tower, 73-E/1, Hali Road,
Gulberg-III, Lahore.
Tel: +92 42 3578 3801-03
Fax: +92 42 3578 3811

LIAISON OFFICE LAHORE

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

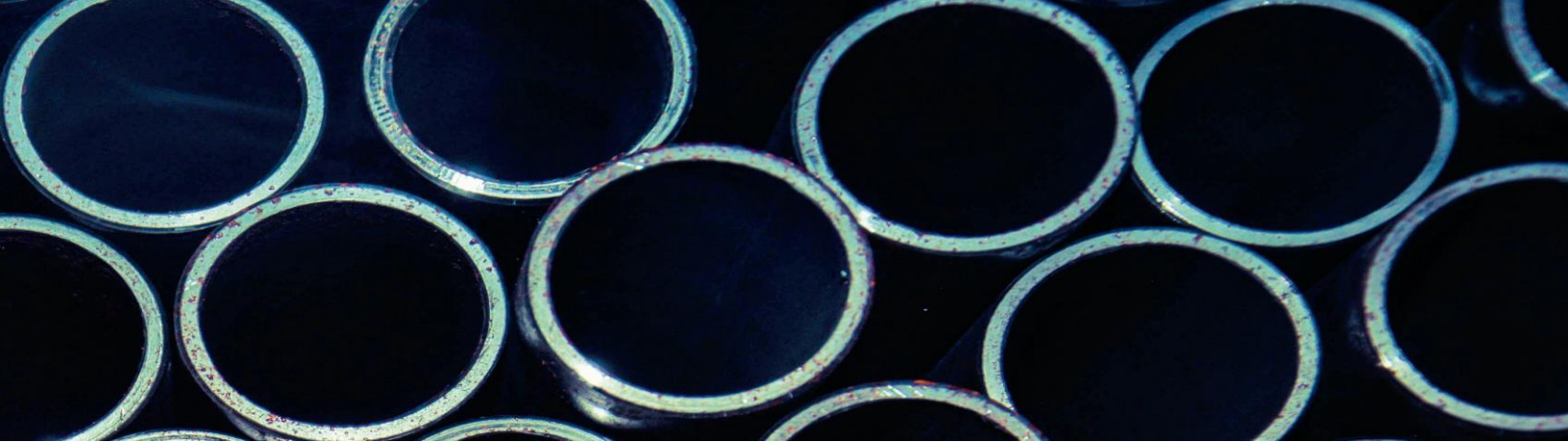
CRESCENT HADEED DIVISION BILLET MANUFACTURING UNIT

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

CS ENERGY DIVISION POWER GENERATION UNIT

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

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



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@crecident.com.pk

SHARE REGISTRAR

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

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

CORPORATE WEBSITE

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



FINANCIAL STATEMENT

For 1st Quarterly Report 2021 go to:
<http://crecident.com.pk/wp-content/uploads/2020/10/First-Quarterly-Report-Q1FY21.pdf>



DIRECTORS' REPORT

The Directors of the Company have pleasure in submitting their report together with unaudited unconsolidated and consolidated condensed interim financial statements of the Company and the Group respectively for the quarter ended 30 September 2020.

ECONOMIC OUTLOOK

Amidst a global pandemic, the world is still adjusting to the new status quo while corporates around the world are reeling from the impact on businesses and assessing the road to recovery. Pakistan also recorded high number of cases in the world, with economic disruption caused by the pandemic aggravating an already struggling economy.

The Federal and Provincial Governments in Pakistan responded well to the crisis and implemented a carefully crafted lockdown phase. The lockdown enforced social distancing but allowed critical industries (food, health care, etc.) to operate, ensuring that one crisis does not lead to another. The country's macroeconomic indicators are expected to slowly revert to a stable trajectory. In this process, however, the real GDP growth is likely to remain contained. Latest estimates place Pakistan GDP growth for FY21 at 1% and FY20 GDP at -0.4%.

The rupee gained 1.4% against the greenback during the quarter and the PKR/USD rate at the close of Q1FY21 stood at PKR 165.7 per USD. Foreign exchange reserves increased to USD 19.53 billion, driven primarily by remittances. The inflation and current account deficit is expected average at 8.8 percent and 2.5 percent of the GDP against the target of 6.5 percent and 1.5 percent set by the government for the fiscal year 2021. Current account overall showed improvement during the period July-September 2020, however the trade deficit widened marginally during the first quarter. During the period July-August 2020 the Large Scale Manufacturing sector's overall output increased by 3.66% as compared to the same period last year.

The government also attempted to revive the economy with focus on construction industry which has helped resume the construction and development activities in the country which resulted in cement dispatches

growing by 21.88% or 2.43 million tons during the first quarter as compared to the same period last year where it had increased by 2.60%. During the Q1FY21 the Federal Board of Revenue collected Rs. 999 billion against the target of 970 billion.

Apart from above, on the political front the uncertainty persists along with food inflation, increasing tariffs on the power and gas consumption are hurting consumers who are already suffering due to the impacts of COVID-19. The impact of political uncertainty can be huge in the current geo-political landscape, especially taking progress on CPEC, foreign interference and destabilization, and the Afghan peace deal into account.

FINANCIAL AND OPERATIONAL PERFORMANCE

Overall Financial Performance

Unconsolidated results for the three months period ended 30 September 2020 (Q1FY21): the Company's after tax profit amounted to Rs. 140.2 million compared to after tax loss of Rs. 146.9 million in the corresponding period last year. Earnings per share (EPS) for the current period was Rs. 1.81 compared to loss per share (LPS) of Rs. 1.89 in the corresponding period last year. Sales revenue stood at Rs. 2,302.5 million (Q1FY20: Rs.664.6 million); steel and Cotton divisions generated 78.7 percent and 19.8 percent of total sales respectively. Turnover of Steel division was at Rs. 1,812.6 million (Q1FY20: Rs. 298.2 million). Cotton Division posted a Turnover of Rs. 455.8 million (Q1FY20: Rs. 366.4 million), an increase of 24.4 percent.

During Q1FY21, Gross Profit (GP) of the Steel division amounted to Rs. 334.0 million (Q1FY20: gross loss of Rs. 26.3 million), whereas Cotton Division reported a GP of Rs. 28.1 million (Q1FY20: Rs. 19.6 million).

The Steel Division reported profit before tax (PBT) of Rs. 199.3 million (Q1FY20 LBT: Rs. 113.8 million). Cotton Division reported PBT of Rs. 14.5 million (Q1FY20 LBT: Rs. 2.5 million). IID Division reported a PBT of Rs. 25.4 million (Q1FY20 LBT: Rs. 29.2 million). Hadeed Billet Division and CS Energy Division remained idle during Q1FY21 and reported loss before tax of Rs. 21.9 million and Rs. 12.9 million respectively.

The Company's PBT for Q1FY21 was Rs. 204.4 million as compared to loss before tax (LBT) of Rs. 179.3 million in Q1FY20. Tax charge during Q1FY21 amounted to Rs. 64.2 million (current and prior tax charge of Rs. 36.4 million while deferred tax charge of Rs. 27.8 million).

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

- Sales revenue increased to Rs. 2,302.5 million as compared to Rs. 664.6 million in Q1FY20.
- Income from Investment amounted to Rs. 30.0 million as compared to loss of Rs. 15.5 million in Q1FY20.
- Gross profit of Rs. 332.9 million as compared to a gross loss of Rs. 43.8 million in Q1FY20.
- Earnings before interest and tax (EBIT) for Q1FY21 was Rs. 279.6 million as compared to Loss before interest and tax (LBIT) Rs. 109.2 million in Q1FY20.
- EBITDA was Rs. 337.2 million as compared to LBITDA of Rs. 52.3 million in Q1FY20.
- EPS for Q1FY21 was Rs. 1.81, as compared to LPS of Rs. 1.89 for Q1FY20.
- Return on average capital employed (annualized) was 13.79 percent for Q1FY21 as compared to negative 1.1 percent in corresponding period last year.
- Break-up value per share increased to Rs. 71.98 from Rs. 70.18 as at 30 June 2020.

BUSINESS SEGMENTS

Steel Segment

Steel Division revenue for the Q1FY21 amounted to Rs. 1,812.6 million as compared to Rs. 298.1 million in corresponding period last year. GP for the quarter amounted to Rs. 333.9 million i.e. 18.4% , as compared to gross loss of Rs 26.3 million in corresponding period last year. PBT for the period stood at Rs. 199.3 million (Q1FY20: LBT of Rs. 113.8 million).

Cotton Segment

Cotton Division recorded sales revenue of Rs. 455.8 million (1QFY20: Rs. 366.4 million). Cotton division reported GP of Rs. 28.1 million (1QFY20: Rs. 12.5 million). While, divisional PBT was Rs. 14.5 million (1QFY20 LBT: Rs. 2.5 million).

IID Segment

Market Review

The first quarter of fiscal year 2021 saw the local bourse peaking at 42,896.36 points, almost 25% up from its close on 30 June 2020 at 34,421.92 points. KSE-100 index closed the quarter 40,571.48 gaining 17.87% or 6,149.56 points on a QoQ basis. On a YoY basis the index is up 26.47% and on CY basis down by 0.40% respectively. Consequently, the quarter saw market capitalization up by 17.05% i.e. Rs. 1.11 trillion, taking the total capitalization to Rs. 7.64 trillion. Of this, foreign investors hold Rs. 5.12 billion or 6.7% of total market capitalization.

Activity on the bourse remained strong with volumes averaging at 500 million shares traded per day (99.4 million shares traded per day in Q1FY20 and 196.53million shares traded per day during FY20) peaking to over 900 million shares per day at one point in September. Daily average values of the trading stood at Rs. 17,587 million against Rs. 3,730.45 million last year reflecting a massive increase in market's overall liquidity.

The quarter also saw two successful IPOs aggregating Rs. 1.4 billion. A larger IPO in the steel segment was successfully concluded in early October, aggregating Rs. 3.84 billion. This indicates strong liquidity on the bourse, largely triggered by investors shifting from lower yielding fixed income investments. Owing to reduced interest rates and resumption in economic activities as the COVID-19 crisis started to ease out, on an aggregate basis the index recovered by 50% from the lows of 27,046.71 points during the month of March to close at 40,571.48 points on 30 September 2020.

Segment Performance

The portfolio's accumulated PBT for Q1FY21 stood at Rs. 25.46 million, as against loss before tax of Rs. 29.24 million in the corresponding period last year.

The PBT, includes dividend income of Rs. 1.05 million and unrealized gains of Rs. 25.72 million on Fair Value through Profit or Loss (FVTPL) segment.

Unconsolidated Balance Sheet

Balance sheet footing stood at Rs. 8,952.7 million as of 30 September 2020, compared to Rs 9,660.7 million on 30 June 2020. Break-up value per share increased to Rs. 71.98 from Rs. 70.18 as at 30 June 2020.

Current ratio increased to 1.23, as compared to 1.11 as at 30 June 2020. Gearing ratio (including short term borrowings) decreased to 27.6 percent as compared to 35.5 percent as at 30 June 2020. Interest cover for Q1FY21 was 3.7 times (Q1FY20: negative 1.7 times).

Overall Consolidated Financial Performance

On a consolidated basis, operating profit before finance costs and share of profit in equity accounted investees amounted to Rs. 324.3 million (Q1FY20: Loss Rs. 124.6 million). Consolidated profit after tax for the Group for Q1FY21 was Rs. 378.8 million as compared to loss after tax of Rs. 129.7 million in Q1FY20. Net share of profit from equity-accounted associates amounted to Rs. 236.2 million (Q1FY20: Rs. 39.6 million).

Consolidated EPS of the Group for Q1FY20 was Rs. 4.88 per share as compared to LPS of Rs. 1.67 per share respectively in the corresponding period last year.

During Q1FY21, profit after tax of CS Capital (Private) Limited – a wholly owned subsidiary amounted to Rs. 26.1 million (Q1FY20: Loss after tax Rs. 41.8 million). This has resulted mainly due to unrealized gains of Rs. 43.6 million.

Consolidated Balance Sheet

On a Group basis, the consolidated balance sheet footing stood at Rs. 10,817.5 million, compared to Rs. 11,295.9 million as at 30 June 2020. Total shareholders' fund increased to Rs. 7,378 million from Rs. 7008.3 million as at 30 June 2020.

FUTURE OUTLOOK

At the end of first quarter of FY21, the initial outbreak of COVID19 in Pakistan has receded significantly, a second wave of infections cannot be ruled out at present. We expect that any such spike will be countered by targeted measures instead of general lockdown.

Recently, we have secured few orders of line pipes for production and deliveries are expected during Q2FY21 and Q3FY21. Some of the outstanding projects were expected to be tendered have not materialized due to COVID-19 and further delays in this respect may be expected.

Keeping inflation and unemployment in check stands as one of the biggest challenges, with aggregate demand shifting given the reduced purchasing power and the difficult environment for businesses to survive. Headline inflation stands as a huge concern as already the country has negative interest rates to support economic activity. Consistently higher rates of inflation point to the possibility of policy rate increases in FY21.

On a positive note the government has been able to make progress with the conditions/ requirements set by the global watchdog Financial Action Task Force, Pakistan have been given another period of six months in order to complete the remaining requirements. An

exit from the grey list will improve and help in generating increased foreign inflows into the equity market.

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



Nadeem Maqbool
Director

28 October 2020

Crescent Steel and Allied Products Limited

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL
STATEMENTS**

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

Crescent Steel and Allied Products Limited
Condensed Interim Unconsolidated Statement of Financial Position (Unaudited)
As at 30 September 2020

	Note	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,060,333	2,105,672
Right-of-use assets		160,281	168,600
Intangible assets		788	888
Investment properties		19,300	19,700
Long term investments	6	2,303,121	2,303,777
Long term deposits	7	230,121	224,748
Deferred taxation		434,796	462,662
		<u>5,208,740</u>	<u>5,286,047</u>
Current assets			
Stores, spares and loose tools		170,485	169,232
Stock-in-trade	8	1,021,835	2,130,741
Trade debts	9	812,252	225,799
Loans and advances	10	173,275	145,225
Trade deposits and short term prepayments		63,900	63,057
Investments	11	152,870	124,611
Other receivables	12	148,785	219,512
Taxation - net		1,174,148	1,273,141
Cash and bank balances		26,403	23,388
		<u>3,743,953</u>	<u>4,374,706</u>
Total assets		<u><u>8,952,693</u></u>	<u><u>9,660,753</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>3,790,571</u>	<u>3,651,055</u>
		5,587,804	5,448,288
Non-current liabilities			
Long term loans	13	227,538	190,335
Lease liabilities		68,346	64,820
Deferred income		8,948	7,053
Deferred liability		23,713	23,713
		<u>328,545</u>	<u>285,921</u>
Current liabilities			
Trade and other payables	14	1,104,787	1,068,500
Unclaimed dividend		26,436	26,443
Mark-up accrued		34,668	54,214
Short term borrowings	15	1,747,802	2,675,360
Current portion of long term loans	13	80,335	49,345
Current portion of lease liabilities		33,661	46,467
Current portion of deferred income		8,655	6,215
		<u>3,036,344</u>	<u>3,926,544</u>
Contingencies and commitments	16		
Total equity and liabilities		<u><u>8,952,693</u></u>	<u><u>9,660,753</u></u>

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



Chief Executive



Director



Chief Financial Officer

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

For the first quarter ended 30 September 2020

	Note	First quarter ended	
		30 September 2020	30 September 2019
----- (Rupees in '000) -----			
Sales	17	2,693,883	778,235
Less: sales tax		391,426	113,673
		<u>2,302,457</u>	<u>664,562</u>
Cost of sales		1,969,596	708,354
Gross profit / (loss)		<u>332,861</u>	<u>(43,792)</u>
Income / (loss) from investments - net	18	29,961	(15,499)
		<u>362,822</u>	<u>(59,291)</u>
Distribution and selling expenses		2,470	2,685
Administrative expenses		66,241	56,507
Other operating expenses	19	23,452	1,161
		<u>92,163</u>	<u>60,353</u>
		<u>270,659</u>	<u>(119,644)</u>
Other income		8,904	10,397
Operating profit / (loss) before finance costs		<u>279,563</u>	<u>(109,247)</u>
Finance costs	20	75,160	70,101
Profit / (loss) before taxation		<u>204,403</u>	<u>(179,348)</u>
Taxation			
- current		(34,687)	(8,556)
- prior		(1,678)	-
- deferred		(27,866)	41,014
		<u>(64,231)</u>	<u>32,458</u>
Profit / (loss) for the period		<u>140,172</u>	<u>(146,890)</u>
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI)		(656)	543
Total comprehensive income / (loss) for the period		<u><u>139,516</u></u>	<u><u>(146,347)</u></u>
Earnings / (loss) per share - Basic and diluted	21	<u><u>1.81</u></u>	<u><u>(1.89)</u></u>

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


Chief Executive


Director


Chief Financial Officer

Crescent Steel and Allied Products Limited
 Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)
 For the first quarter ended 30 September 2020

		First quarter ended	
	<i>Note</i>	30 September 2020	30 September 2019
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Cash generated from operations	22	904,304	317,047
Taxes refund received / (paid)		62,628	(21,523)
Finance costs paid		(90,849)	(63,719)
Contribution to gratuity and pension funds		(5,687)	(5,720)
Contribution to Workers' Profit Participation Fund		-	(5,885)
Long term deposits - net		271	(28,598)
Net cash generated from operating activities		870,667	191,602
Cash flows from investing activities			
Capital expenditure		(1,001)	(52)
Proceeds from disposal of operating fixed assets		15	1,581
Investments - net		(1,431)	30,626
Dividend income received		1,051	156
Interest income received		124	31
Net cash (used in) / generated from investing activities		(1,242)	32,342
Cash flows from financing activities			
Proceeds / (repayments) of long term loans - net		72,641	(42,223)
Payments against finance lease obligations		(11,486)	(15,433)
Repayments of short term loans obtained - net		(778,387)	(221,168)
Dividends paid		(7)	(30)
Net cash used in financing activities		(717,239)	(278,854)
Net increase / (decrease) in cash and cash equivalents		152,186	(54,910)
Cash and cash equivalents at beginning of the period		(558,929)	(818,640)
Cash and cash equivalents at end of the period	23	(406,743)	(873,550)

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


 Chief Executive


 Director


 Chief Financial Officer

Crescent Steel and Allied Products Limited
 Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)
 For the first quarter ended 30 September 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 1 July 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	-	-	-	-	(146,890)	(146,890)
Other comprehensive income for the period	-	-	543	-	-	543
Total comprehensive loss for the period	-	-	543	-	(146,890)	(146,347)
Balance as at 30 September 2019	776,325	1,020,908	6,361	3,642,000	(197,878)	5,247,716
Balance as at 30 June 2020	776,325	1,020,908	5,393	3,642,000	3,662	5,448,288
Total comprehensive loss for the period						
Profit after taxation for the period	-	-	-	-	140,172	140,172
Other comprehensive loss for the period	-	-	(656)	-	-	(656)
Total comprehensive income for the period	-	-	(656)	-	140,172	139,516
Balance as at 30 September 2020	776,325	1,020,908	4,737	3,642,000	143,834	5,587,804

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



Chief Executive



Director



Chief Financial Officer

Crescent Steel and Allied Products Limited

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the first quarter ended 30 September 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 2020. 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 2020.

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

3.2.1 A number of other pronouncements are effective from 1 July 2020 as detailed in Company's annual audited unconsolidated financial statements as at and for the year ended 30 June 2020, 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.

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 2020.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Unaudited 30 September 2020 ----- (Rupees in '000) -----	Audited 30 June 2020
Operating fixed assets	5.1	1,968,862	2,014,201
Capital work-in-progress	5.2	91,471	91,471
		<u>2,060,333</u>	<u>2,105,672</u>

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

	Unaudited First quarter ended 30 September 2020		Unaudited First quarter ended 30 September 2019	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
	----- (Rupees in '000) -----			
Electrical / office equipments and installation	224	72	-	-
Computers	777	495	187	464
Motor vehicles - owned	-	-	-	3,728
	<u>1,001</u>	<u>567</u>	<u>187</u>	<u>4,192</u>

5.2 Net additions to capital work-in-progress during the three months period amounted to Nil (Net additions in 2019: Rs. 0.563 million).

6. LONG TERM INVESTMENTS

	Note	Unaudited 30 September 2020 ----- (Rupees in '000) -----	Audited 30 June 2020
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	491,719	492,375
		<u>2,303,121</u>	<u>2,303,777</u>

6.1 Subsidiary companies - at cost

Unaudited 30 September 2020 (Number of shares)	Audited 30 June 2020	Unquoted	Note	Unaudited 30 September 2020 ----- (Rupees in '000) -----	Audited 30 June 2020
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.

6.2 Associates - at cost

Unaudited 30 September 2020 (Number of shares)	Audited 30 June 2020	<i>Note</i>	Unaudited 30 September 2020 ----- (Rupees in '000) -----	Audited 30 June 2020	
		Quoted			
60,663,775	60,663,775	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
				<u>1,286,401</u>	<u>1,286,401</u>

- 6.2.1** The Company holds 16.69% (30 June 2020: 16.69%) shareholding in Altern Energy Limited and has representation on its Board of Directors. The Company directly and / or indirectly has significant influence as per requirement of IAS 28' Investments in Associates', therefore it has been treated as an associate as per IAS 28.
- 6.2.2** The Company holds 21.93% (30 June 2020: 21.93%) shareholding in Shakarganj Limited and there is no common directorship in the investee company. However, the Company directly and / or indirectly has significant influence as per requirement of IAS 28' Investments in Associates', therefore it has been treated as an associate as per IAS 28.
- 6.2.3** The fair value of investments in associates as at 30 September 2020 is Rs. 2,603.637 million (30 June 2020: Rs. 2,827.8 million).

6.3 Other long term investments

	<i>Note</i>	Unaudited 30 September 2020 ----- (Rupees in '000) -----	Audited 30 June 2020
Fair value through other comprehensive income (FVOCI)	6.3.1	8,763	9,419
Fair value through profit or loss (FVTPL)	6.3.2 & 6.3.3	482,956	482,956
		<u>491,719</u>	<u>492,375</u>

- 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. 346.844 million and Rs. 136.112 million, respectively.

7. LONG TERM DEPOSITS

This includes security deposit amounting to Rs. 204.632 million (30 June 2020: Rs. 199.694 million) under Ijarah financing arrangement.

8. STOCK-IN-TRADE

	Unaudited 30 September 2020	Audited 30 June 2020
	----- (Rupees in '000) -----	
Raw materials		
Hot rolled steel coils (HR Coils)	281,605	1,470,714
Coating materials	39,315	39,315
Steel scrap	22,868	56,030
Others	121,556	117,476
Raw cotton	166,145	115,990
Stock-in-transit	258,147	59,027
	889,636	1,858,552
Work-in-process	(7,956)	46,508
Finished goods	128,011	214,215
Scrap / cotton waste	12,144	11,466
	132,199	272,189
	1,021,835	2,130,741

8.1 Stock in trade as at 30 September 2020 includes items valued at net realisable value (NRV). Charge in respect of stock written down to NRV was amounting to Nil (30 June 2020: Reversal of Rs. 6.906 million) has been recognised in cost of goods sold.

9. TRADE DEBTS

	Unaudited 30 September 2020	Audited 30 June 2020
	----- (Rupees in '000) -----	
Secured		
Considered good	742,294	158,208
Unsecured		
Considered good	69,958	67,591
Considered doubtful	30,706	30,706
	100,664	98,297
Impairment loss on trade debts	(30,706)	(30,706)
	812,252	225,799

10. LOANS AND ADVANCES

10.1 This includes loan due from:

Wholly owned subsidiary	<i>10.1.1</i>	94,208	91,208
-------------------------	---------------	---------------	--------

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 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
At fair value through profit or loss (FVTPL)	<i>11.1</i>	152,870	124,611
		152,870	124,611

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 2020: Rs. Nil per share).

11.2 Investments having an aggregate market value of Rs. 1,609.060 million (30 June 2020: Rs. 1,501.078 million) have been pledged with financial institutions as security against financing facilities (refer note 15.4) out of which Rs. 1,290.983 million (30 June 2020: Rs. 1,396.073 million) relates to long term investments.

12. OTHER RECEIVABLES

	<i>Note</i>	Unaudited 30 September	Audited 30 June 2020
----- (Rupees in '000) -----			
Receivable against rent from investment property		305	305
Claim receivable		-	989
Due from related parties	<i>12.1</i>	13,925	13,469
Sales tax refundable		88,654	154,859
Margin on letter of guarantee		18,751	15,359
Receivable from staff retirement benefits funds		24,995	24,995
Mark-up accrued		29	29
Others		2,126	9,507
		148,785	219,512

12.1 Due from related parties

Shakarganj Limited		1,113	1,102
CS Capital (Private) Limited		1,025	580
Solution de Energy (Private) Limited		11,787	11,787
		13,925	13,469

13. LONG TERM LOANS

Secured - Under non-shariah arrangement

Allied Bank Limited	<i>13.1</i>	190,604	195,240
Habib Metropolitan Bank Limited - Government grant	<i>13.2</i>	117,269	44,440
		307,873	239,680
Less: Current portion shown under current liabilities		80,335	49,345
		227,538	190,335

- 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 was 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. The Company has made full repayment of its loan 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. 4.636 million (30 September 2019: Rs. 4.636 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, Company entered into new loan arrangement with Allied Bank Limited of an amount of Rs. 300 million, out of which Rs. 217.050 million have been disbursed till date. The term of the loan is 4 years from the date of disbursement with a grace period of one year; however, due to COVID-19 the bank has allowed one year more grace period, repayable in 12 equal quarterly installments starting after twelve months from date of disbursement. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

The mark-up on such arrangements ranged between 8.19% to 10.04% (30 September 2019: 14.47%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Company.

- 13.2** During the last period, the Company entered into new loan arrangement with Habib Metropolitan Bank Limited under the State Bank of Pakistan's (SBP) "Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concern". The Company has obtained the said loan at subsidized rate in two tranches in May 2020 and June 2020. The term of the loan is 2.5 years from the date of disbursement with a grace period of 6 months, repayable in 8 equal quarterly installments starting from March 2021. Mark-up is payable at the concessional rate of 2.5% per annum.

During the period, the Company further entered into new loan arrangement with Habib Metropolitan Bank Limited under the State Bank of Pakistan's (SBP) "Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concern". The Company has obtained the said loan at subsidized rate in three tranches in August 2020 and September 2020. The term of the loan is 2.5 years from the date of disbursement with a grace period of 6 months, repayable in 8 equal quarterly installments starting from March 2021. Mark-up is payable at the concessional rate of 2.5% per annum.

The effective interest on such arrangements ranged between 8.68% to 10.16% per annum.

14. TRADE AND OTHER PAYABLES

	<i>Note</i>	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
Trade creditors		178,206	237,342
Bills payable		265,928	42,647
Commission payable		2,432	1,925
Accrued liabilities		274,143	394,528
Advances from customers		57,995	95,674
Provisions		243,834	237,414
Due to related parties	14.1	4,683	4,016
Payable to provident fund		1,897	2,067
Payable to staff retirement benefit funds		2,489	2,257
Retention money		12,866	10,471
Sales Tax payable		18,809	12,297
Withholding tax payable		2,351	1,504
Workers' Profit Participation Fund		13,555	2,061
Workers' Welfare Fund		8,734	4,114
Others		16,865	20,183
		1,104,787	1,068,500

- 14.1** This represents balances due to Shakarganj Limited amounting to Rs. 4.427 million (30 June 2020: Rs. 3.783 million), Premier Insurance Company amounting to Rs. 0.221 million (30 June 2020: Rs. 0.232 million) and The Citizen Foundation amounting to Rs. 0.035 million (30 June 2020: Rs. 0.035 million).

15. SHORT TERM BORROWINGS

	<i>Note</i>	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
Secured from banking companies			
Running finances under mark-up arrangements	15.1	433,146	582,317
Short term loans	15.2	1,314,656	2,093,043
		1,747,802	2,675,360

- 15.1** Short term running finance / money market available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,100 million (30 June 2020: Rs. 1,100.8 million) out of which Rs. 300 million (30 June 2020: Rs. 300 million), Rs. 150 million (30 June 2020: Rs. 150 million) and Rs. 450 million (30 June 2020: 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 9.36% to 10.54% (30 June 2020: 10.33% to 15.85%) per annum.
- 15.2** This includes an amount of Rs. 922.22 million (30 June 2020: Rs. 697.11 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 2020: Rs. 4,600 million) out of which Rs. 3,400 million (30 June 2020: Rs. 3,400 million), Rs. 255 million (30 June 2020: Rs. 255 million) and Rs. 350 million (30 June 2020: Rs. 350 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 9.36% to 10.54% (30 June 2020: 9.79% to 16.18%) per annum.
- 15.3** The facilities for opening letter of credit amounted to Rs. 4,600 million (30 June 2020: Rs. 4,600 million) out of which Rs. 300 million (30 June 2020: Rs. 300 million), Rs. 3,650 million (30 June 2020: Rs. 3,650 million) and Rs. 255 million (30 June 2020: Rs. 255 million) are interchangeable with short term running finance, short term loans and letter of guarantee respectively as mentioned in notes 15.1 and 15.2 above. The facility for letters of guarantee as at 30 September 2020 amounted to Rs. 1,749.8 million (30 June 2020: Rs. 1,794.1 million). Amounts unutilized for letters of credit and guarantees as at 30 September 2020 were Rs. 4,088.48 million and Rs. 269 million (30 June 2020: Rs. 4,458.24 million and Rs. 69.923 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 11.3). 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 2020.

16.2 Commitments

- 16.2.1** As at 30 September 2020, amount of lease rentals outstanding under the Ijarah financing arrangement is Rs. 119.126 million (30 June 2020: Rs. 121.692 million), which is payable in quarterly installments of Rs. 22.898 million (30 June 2020: 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. 1,480.8 million (30 June 2020: Rs. 1,251 million). This includes guarantee issued by Islamic banks amounting to Rs. 207.59 million (30 June 2020: Rs. 153.591 million).
- 16.2.3** Commitments in respect of capital expenditure contracted for as at 30 September 2020 amounted to Rs. 8.455 million (30 June 2020: Rs. 8.455 million).
- 16.2.4** Commitments under letters of credit (L/C) as at 30 September 2020 amounted to Rs. 511.523 million (30 June 2020: Rs. 228.486 million).

17. SALES - NET

	Unaudited	
	First quarter ended	
	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
Local sales		
Bare pipes	2,046,873	221,678
Pipe coating	-	83,130
Pre coated pipes	25,170	1,538
Cotton yarn / raw cotton	524,213	425,861
Others	27,052	16,407
Scrap / waste	70,575	29,621
Sales tax	2,693,883	778,235
	(391,426)	(113,673)
	2,302,457	664,562

- 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.

18. INCOME / (LOSS) FROM INVESTMENTS - NET

	<i>Note</i>	Unaudited	
		First quarter ended	
		30 September 2020	30 September 2019
		----- (Rupees in '000) -----	
Dividend income	18.1	1,051	1,657
Gain / (loss) on sale of FVTPL investments - net	18.2	1,111	(5,707)
Unrealized gain / (loss) on FVTPL investments - net	18.3	25,718	(12,090)
Rent from investment properties	18.5	2,081	641
		29,961	(15,499)

18.1 This includes Rs. 0.8 million earned on investments in Shariah Compliant Investee Companies.

18.2 This includes all investments related to Non-Shariah Compliant Investee Companies.

18.3 This includes gain of Rs. 12.045 million on investment in Shariah Compliant Investee Companies.

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

18.5 Direct operating expenses incurred against rental income from investment property amounted to Rs. 0.557 million (30 September 2019: Rs. 0.141 million). Further, Nil amount (30 September 2019: Rs. 0.085 million) was incurred against non rented out area.

19. OTHER OPERATING EXPENSES

	Unaudited	
	First quarter ended	
	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
Exchange loss	1,092	1,161
Provision for:		
- Workers' Profit Participation Fund	11,494	-
- Workers' Welfare Fund	4,620	-
Liquidated damages	6,246	-
	23,452	1,161

20. FINANCE COSTS

Profit on short term loans - Shariah arrangement	12,262	-
Interest on - Non - Shariah arrangement		
- finance lease obligations	2,112	3,776
- long term loans	5,889	9,745
- running finances / short term loans	46,479	54,593
Bank charges	8,418	1,987
	75,160	70,101

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

	Unaudited	
	First quarter ended	
Note	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
Profit / (loss) for the period	<u>140,172</u>	<u>(146,890)</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares in issue during the period	<u>77,632,491</u>	<u>77,632,491</u>
	----- (Rupees) -----	
Earnings / (loss) per share - Basic and diluted	<u>1.81</u>	<u>(1.89)</u>

22. CASH GENERATED FROM OPERATIONS

	Unaudited	
	First quarter ended	
	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
Profit / (loss) before taxation	204,403	(179,348)
Adjustments for non cash charges and other items		
Depreciation on operating fixed assets and investment properties	55,059	56,884
Amortisation of intangible assets	100	49
Charge for the period on staff retirement benefit funds	5,687	5,720
Dividend income	(1,051)	(1,657)
Unrealized gain on FVTPL investments - net	(25,718)	12,090
(Gain) / loss on sale of FVTPL investments - net	(1,111)	5,707
Provision for Workers' Welfare Fund	4,620	-
Provision for Workers' Profit Participation Fund	11,494	-
Provision for liquidated damages	6,246	-
Return on deposits and loan to wholly owned subsidiary companies	(124)	(31)
Gain on disposal of operating fixed assets	(15)	(787)
Deferred income	(1,865)	(1,815)
Unwinding of discount on long term deposit	(5,644)	(5,630)
Liabilities written back	-	(804)
Finance costs	75,160	70,101
Working capital changes	22.1 <u>577,063</u>	<u>356,568</u>
	<u>904,304</u>	<u>317,047</u>

22.1 Working capital changes

Decrease / (increase) in current assets

Stores, spares and loose tools	(1,253)	25,488
Stock-in-trade	1,108,906	235,435
Trade debts	(586,453)	(11,983)
Advances	(28,050)	21,785
Trade deposits and short term prepayments	(843)	26,993
Other receivables	71,003	24,934
	<u>563,310</u>	<u>322,652</u>

Increase in current liabilities

Trade and other payables	13,753	33,916
	<u>577,063</u>	<u>356,568</u>

23. CASH AND CASH EQUIVALENTS

	Unaudited	
	First quarter ended	
	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
Running finances under mark-up arrangements	(433,146)	(885,606)
Cash and bank balances	26,403	12,056
	<u>(406,743)</u>	<u>(873,550)</u>

24. SEGMENT REPORTING

24.1 Reportable segments

The Company's reportable segments are as follows:

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

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

24.2 Segment revenues and results

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

	Unaudited						Total
	Steel segment	Cotton segment	Energy segment	Hadeed (Billet) segment	IID segment	Inter-segments elimination / adjustments	
	----- (Rupees in '000) -----						
For the first quarter ended 30 September 2020							
Sales - net	1,812,578	455,764	-	34,115	-	-	2,302,457
Cost of sales	1,478,619	427,653	12,339	50,985	-	-	1,969,596
Gross profit / (loss)	333,959	28,111	(12,339)	(16,870)	-	-	332,861
Income from investments - net	-	-	-	-	29,961	-	29,961
	333,959	28,111	(12,339)	(16,870)	29,961	-	362,822
Distribution and selling expenses	1,522	817	-	131	-	-	2,470
Administrative expenses	48,537	10,021	591	2,610	4,482	-	66,241
Other expenses	23,454	160	-	(202)	40	-	23,452
	73,513	10,998	591	2,539	4,522	-	92,163
	260,446	17,113	(12,930)	(19,409)	25,439	-	270,659
Other income	7,466	1,438	-	-	-	-	8,904
Operating profit / (loss) before finance costs	267,912	18,551	(12,930)	(19,409)	25,439	-	279,563
Finance costs	68,588	4,077	-	2,495	-	-	75,160
Profit / (loss) before taxation	199,324	14,474	(12,930)	(21,904)	25,439	-	204,403
Taxation							64,231
Profit for the period							140,172
For the first quarter ended 30 September 2019							
Sales - net	298,167	366,395	-	-	-	-	664,562
Cost of sales	324,441	353,929	15,274	14,710	-	-	708,354
Gross (loss) / profit	(26,274)	12,466	(15,274)	(14,710)	-	-	(43,792)
Loss from investments - net	-	-	-	-	(15,499)	-	(15,499)
	(26,274)	12,466	(15,274)	(14,710)	(15,499)	-	(59,291)
Distribution and selling expenses	1,780	733	-	172	-	-	2,685
Administrative expenses	43,096	8,177	268	532	4,434	-	56,507
Other expenses	-	1,161	-	-	-	-	1,161
	44,876	10,071	268	704	4,434	-	60,353
	(71,150)	2,395	(15,542)	(15,414)	(19,933)	-	(119,644)
Other income	8,277	2,120	-	-	-	-	10,397
Operating (loss) / profit before finance costs	(62,873)	4,515	(15,542)	(15,414)	(19,933)	-	(109,247)
Finance costs	50,880	7,017	-	2,894	9,310	-	70,101
Loss before taxation	(113,753)	(2,502)	(15,542)	(18,308)	(29,243)	-	(179,348)
Taxation							(32,458)
Loss for the period							(146,890)

24.2.1 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 2020. 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. 1,786.467 million (30 September 2019: Rs. 231.140 million) of total Steel segment revenue of Rs. 1,812.578 million (30 September 2019: Rs. 298.167 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 206.142 million (30 September 2019: Rs. 51.813 million) of total Cotton segment revenue of Rs. 455.764 million (30 September 2019: Rs. 366.395 million). Revenue from major customers of Energy segment represents an aggregate amount of Rs. Nil (30 September 2019: Rs. Nil) of total Energy segment revenue of Rs. Nil (30 September 2019: Rs. Nil). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. Nil (30 September 2019: Rs. Nil) of total Hadeed (Billet) segment revenue of Rs. 34.115 million (30 September 2019: Rs. Nil).

24.5 Geographical information

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

24.5.2 All non-current assets of the Company as at 30 September 2020 and 30 June 2020 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	Energy segment	Hadeed (Billet) segment	IID segment	Total
----- (Rupees in '000) -----						
As at 30 September 2020 - (Unaudited)						
Segment assets for reportable segments	2,371,962	478,579	677,265	877,371	2,498,331	6,903,508
Unallocated corporate assets						2,049,185
Total assets as per unconsolidated statement of financial position						<u>8,952,693</u>
Segment liabilities for reportable segments	766,326	196,578	72,302	161,781	2,888	1,199,875
Unallocated corporate liabilities and deferred income						2,165,014
Total liabilities as per unconsolidated statement of financial position						<u>3,364,889</u>
As at 30 June 2020 - (Audited)						
Segment assets for reportable segments	2,934,338	506,150	660,381	846,220	2,470,678	7,417,767
Unallocated corporate assets						2,242,986
Total assets as per unconsolidated statement of financial position						<u>9,660,753</u>
Segment liabilities for reportable segments	756,226	269,746	72,385	57,488	1,445	1,157,290
Unallocated corporate liabilities and deferred income						3,055,175
Total liabilities as per unconsolidated statement of financial position						<u>4,212,465</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	Energy segment	Hadeed (Billet) segment	IID segment	
(Rupees in '000)						
For the first quarter ended 30 September 2020						
Capital expenditure	1,001	-	-	-	-	1,001
Depreciation and amortisation	18,620	7,420	15,097	13,406	616	55,159
Non-cash items other than depreciation and amortisation - net	86,851	5,149	-	2,495	(26,816)	67,679
For the first quarter ended 30 September 2019						
Capital expenditure	52	-	-	-	-	52
Depreciation and amortisation	20,081	7,862	15,104	13,180	706	56,933
Non-cash items other than depreciation and amortisation - net	47,532	6,801	-	2,894	25,667	82,894

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	
			First quarter ended 30 September 2020	30 September 2019
(Rupees in '000)				
CS Capital (Private) Limited	Subsidiary company	Reimbursable expenses	445	330
Solution de Energy (Private) Limited	Subsidiary company	Loan given	3,000	1
Shakarganj Limited	Associated company	Sales of finished goods	18,311	-
		Sales return	-	121
		Services received	465	-
		Reimbursable expenses	790	8
		Advance given for raw material	46,000	-
		Payment made	155	-
		Expenses incurred on behalf of Company	-	741
The Crescent Textile Mills Limited	Associated company	Reimbursable expenses- Payment received	-	3,514
		Sales of finished goods	-	3,660
		Sales return	-	146
The Citizens' Foundation *	Related party	Donation given	71	71
Premier Insurance Limited *	Related party	Insurance premium	914	295
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	1,215	-
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	1,596	1,577
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	4,327	4,142
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	2,430	5,252
CSAP - Staff Benevolent Fund	Staff Welfare Fund	Contribution made	15	-
Key management personnel	Related parties	Remuneration and benefits	23,199	15,594
Directors and their spouse	Related parties	Meeting fee	765	765

* 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 2020.

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

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

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

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

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

30 September 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	152,870	8,763	-	-	161,633	161,633	-	-
- unlisted equity securities	482,956	-	-	-	482,956	-	-	482,956
	635,826	8,763	-	-	644,589	161,633	-	482,956
Financial assets not measured at fair value								
Deposits	-	-	283,376	-	283,376	-	-	-
Trade debts	-	-	812,252	-	812,252	-	-	-
Loan to subsidiary	-	-	94,208	-	94,208	-	-	-
Mark-up accrued	-	-	-	-	-	-	-	-
Other receivables	-	-	35,136	-	35,136	-	-	-
Bank balances	-	-	22,836	-	22,836	-	-	-
	-	-	1,247,808	-	1,247,808	-	-	-
Financial liabilities not measured at fair value								
Long term loans	-	-	-	307,873	307,873	-	-	-
Lease liabilities	-	-	-	102,007	102,007	-	-	-
Trade and other payables	-	-	-	759,509	759,509	-	-	-
Mark-up accrued	-	-	-	34,668	34,668	-	-	-
Short term borrowings	-	-	-	1,747,802	1,747,802	-	-	-
Unclaimed dividend	-	-	-	26,436	26,436	-	-	-
	-	-	-	2,978,295	2,978,295	-	-	-

30 June 2020 (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
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- listed equity securities	124,611	9,419	-	-	134,030	134,030	-	-	134,030
- unlisted equity securities	482,956	-	-	-	482,956	-	-	482,956	482,956
	<u>607,567</u>	<u>9,419</u>	<u>-</u>	<u>-</u>	<u>616,986</u>	<u>134,030</u>	<u>-</u>	<u>482,956</u>	<u>616,986</u>
Financial assets not measured at fair value									
Deposits	-	-	278,446	-	278,446	-	-	-	-
Trade debts	-	-	225,799	-	225,799	-	-	-	-
Loan to subsidiary	-	-	91,208	-	91,208	-	-	-	-
Other receivables	-	-	39,658	-	39,658	-	-	-	-
Bank balances	-	-	22,560	-	22,560	-	-	-	-
	<u>-</u>	<u>-</u>	<u>657,671</u>	<u>-</u>	<u>657,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Long term loans	-	-	-	239,680	239,680	-	-	-	-
Lease liabilities	-	-	-	111,287	111,287	-	-	-	-
Trade and other payables	-	-	-	715,436	715,436	-	-	-	-
Mark-up accrued	-	-	-	54,214	54,214	-	-	-	-
Short term borrowings	-	-	-	2,675,360	2,675,360	-	-	-	-
Unclaimed dividend	-	-	-	26,443	26,443	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,822,420</u>	<u>3,822,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

----- (Rupees in '000) -----

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

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


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

26.1 Valuation techniques and significant unobservable inputs

The valuation techniques used in measuring level 3 fair values as at 30 September 2020 for unquoted equity investments were same as at 30 September 2020. There was no change in significant unobservable inputs from 30 September 2020; therefore, carried at same values.

27 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial statements was authorized for issue in the Board of Directors meeting held on 28 October 2020.


Chief Executive


Director


Chief Financial Officer

Crescent Steel and Allied Products Limited

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL
STATEMENTS**

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

Crescent Steel and Allied Products Limited
Condensed Interim Consolidated Statement of Financial Position
As at 30 September 2020

	Note	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,061,273	2,106,683
Right-of-use-assets		160,282	168,601
Intangible assets		147,763	145,728
Investment properties		50,048	51,061
Investment in equity accounted investees	6	3,323,567	3,087,141
Other long term investments	7	722,186	731,439
Long term deposits	8	230,121	224,748
Deferred taxation		222,213	291,489
		<u>6,917,453</u>	<u>6,806,890</u>
Current assets			
Stores, spares and loose tools		170,485	169,232
Stock-in-trade	9	1,021,835	2,130,741
Trade debts	10	812,252	225,799
Advances	11	79,067	54,017
Trade deposits and short term prepayments		66,945	66,102
Investments	12	412,822	339,692
Other receivables	13	136,315	207,404
Taxation - net		1,173,117	1,272,340
Cash and bank balances		27,189	23,748
		<u>3,900,027</u>	<u>4,489,075</u>
Total assets		<u><u>10,817,480</u></u>	<u><u>11,295,965</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		1,091,868	1,091,622
Revenue reserves		<u>5,509,838</u>	<u>5,140,316</u>
		<u>7,378,031</u>	<u>7,008,263</u>
Non-current liabilities			
Long term loans	14	227,538	190,335
Lease liabilities		68,346	64,820
Deferred income		8,948	7,053
Deferred liability		23,713	23,713
		<u>328,545</u>	<u>285,921</u>
Current liabilities			
Trade and other payables	15	1,151,754	1,115,336
Unclaimed dividend		26,436	26,443
Mark-up accrued		35,321	55,112
Short term borrowings	16	1,774,742	2,702,863
Current portion of long term loans	14	80,335	49,345
Current portion of lease liabilities		33,661	46,467
Current portion of deferred income		8,655	6,215
		<u>3,110,904</u>	<u>4,001,781</u>
Contingencies and commitments	17		
Total equity and liabilities		<u><u>10,817,480</u></u>	<u><u>11,295,965</u></u>

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



Chief Executive



Director



Chief Financial Officer

Crescent Steel and Allied Products Limited
Condensed Interim Consolidated Statement of Profit or Loss and
Other Comprehensive Income (Unaudited)
For the first quarter ended 30 September 2020

	Note	First quarter ended	
		30 September 2020	30 September 2019
----- (Rupees in '000) -----			
Sales	18	2,693,883	778,235
Less: Sales tax		391,426	113,673
		<u>2,302,457</u>	<u>664,562</u>
Cost of sales		1,969,596	708,354
Gross profit / (loss)		<u>332,861</u>	<u>(43,792)</u>
Income / (loss) from investments - net	19	76,475	(29,488)
		<u>409,336</u>	<u>(73,280)</u>
Distribution and selling expenses		2,470	2,685
Administrative expenses		67,979	57,846
Other operating expenses	20	23,452	1,161
		<u>93,901</u>	<u>61,692</u>
		<u>315,435</u>	<u>(134,972)</u>
Other income		8,904	10,397
Operating profit / (loss) before finance costs		<u>324,339</u>	<u>(124,575)</u>
Finance costs	21	75,816	72,350
Share of profit in equity accounted investees - net of taxation		236,180	39,616
Profit / (loss) before taxation		<u>484,703</u>	<u>(157,309)</u>
Taxation - current		(34,972)	(9,264)
- prior		(1,678)	-
- deferred		(69,277)	36,857
		<u>(105,927)</u>	<u>27,593</u>
Profit / (loss) for the period		<u>378,776</u>	<u>(129,716)</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)		(9,254)	7,658
<i>Items that will be reclassified subsequently to profit or loss</i>			
Proportionate share of other comprehensive income of equity accounted investees		246	101
		<u>(9,008)</u>	<u>7,759</u>
Total comprehensive income / (loss) for the period		<u><u>369,768</u></u>	<u><u>(121,957)</u></u>
Earnings / (loss) per share - Basic and diluted	22	<u>4.88</u>	<u>(1.67)</u>

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



Chief Executive



Director



Chief Financial Officer

Crescent Steel and Allied Products Limited
 Condensed Interim Consolidated Statement of Cash Flows (Unaudited)
 For the first quarter ended 30 September 2020

	Note	First quarter ended	
		30 September 2020	30 September 2019
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash generated from operations	23	907,666	313,362
Taxes refund received / (paid)		62,573	(21,575)
Finance costs paid		(91,750)	(65,967)
Contribution to gratuity and pension funds		(5,687)	(5,720)
Contribution to Workers' Profit Participation Fund		-	(5,885)
Long term deposits - net		271	(25,553)
Net cash generated from operating activities		873,073	188,662
Cash flows from investing activities			
Capital expenditure		(3,664)	(352)
Acquisition of intangible assets		603	(595)
Proceeds from disposal of operating fixed assets		15	1,581
Investments - net		(1,196)	43,225
Dividend income received		1,459	502
Interest income received		124	31
Net cash (used in) / generated from investing activities		(2,659)	44,392
Cash flows from financing activities			
Proceeds / (repayments) of long term loan - net		72,641	(42,223)
Payments against finance lease obligations		(11,486)	(15,433)
Payments of short term loans obtained - net		(778,387)	(221,168)
Dividends paid		(7)	(30)
Net cash used in financing activities		(717,239)	(278,854)
Net increase / (decrease) in cash and cash equivalents		153,175	(45,800)
Cash and cash equivalents at beginning of the period		(586,072)	(877,721)
Cash and cash equivalents at end of the period	24	(432,897)	(923,521)

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



Chief Executive



Director



Chief Financial Officer

Crescent Steel and Allied Products Limited
 Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)
 For the first quarter ended 30 September 2020

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves			Total
		Share premium	Others *	Fair value reserve	General reserve	Unappropriated profit	
------(Rupees in '000)-----							
Balance as at 1 July 2019	776,325	1,020,908	62,542	36,670	3,642,000	1,417,637	6,956,082
Total comprehensive loss for the period							
Loss after taxation for the period	-	-	-	-	-	(129,716)	(129,716)
Other comprehensive income							
Other comprehensive income for the period	-	-	101	7,658	-	-	7,759
Total comprehensive loss for the period	-	-	101	7,658	-	(129,716)	(121,957)
Balance as at 30 September 2019	776,325	1,020,908	62,643	44,328	3,642,000	1,287,921	6,834,125
Balance as at 30 June 2020	776,325	1,020,908	70,714	28,772	3,642,000	1,469,544	7,008,263
Total comprehensive income for the period							
Profit after taxation for the period	-	-	-	-	-	378,776	378,776
Other comprehensive income							
Other comprehensive loss for the period	-	-	246	(9,254)	-	-	(9,008)
Total comprehensive income for the period	-	-	246	(9,254)	-	378,776	369,768
Balance as at 30 September 2020	776,325	1,020,908	70,960	19,518	3,642,000	1,848,320	7,378,031

* 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



 Director



 Chief Financial Officer

Crescent Steel and Allied Products Limited

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the first quarter ended 30 September 2020

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 2020. 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 2020.

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

3.2.1 A number of other pronouncements are effective from 1 July 2020 as detailed in Group's audited annual consolidated financial statements as at and for the year ended 30 June 2020, 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.

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 2020.

5. PROPERTY, PLANT AND EQUIPMENT

	<i>Note</i>	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
Operating fixed assets	5.1	1,969,802	2,015,212
Capital work-in-progress		91,471	91,471
		<u>2,061,273</u>	<u>2,106,683</u>

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

	Unaudited First quarter ended 30 September 2020		Unaudited First quarter ended 30 September 2019	
	Additions / Transfers	Disposals	Additions / Transfers	Disposals
----- (Rupees in '000) -----				
Electrical / office equipment and installation	224	-	-	-
Computers	777	495	187	464
Motor vehicles - owned	-	-	-	3,728
	<u>1,001</u>	<u>495</u>	<u>187</u>	<u>4,192</u>

6. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

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

Unaudited 30 September 2020 (Number of shares)	Audited 30 June 2020		Note	Unaudited 30 September 2020 (Rupees in '000)	Audited 30 June 2020
		Quoted			
63,967,500	63,967,500	Altern Energy Limited (Chief Executive Officer - Mr. Umer Shehzad Sheikh)	6.1	3,191,260	2,875,409
35,011,347	35,011,347	Shakarganj Limited (Chief Executive Officer - Mr. Anjum M. Saleem)	6.1	132,307	211,732
		Unquoted			
3,430,000	3,430,000	Crescent Socks (Private) Limited (Chief Executive Officer - Mr. Shehryar Mazhar)	6.1	-	-
				<u>3,323,567</u>	<u>3,087,141</u>

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

Description	30 September 2020			
	Altern Energy Limited	Shakarganj Limited	Crescent Socks (Private) Limited	Total
	Rupees in '000			
Opening balance as at 1 July 2020	2,875,409	211,732	-	3,087,141
Share of profit / (loss)	315,605	(79,425)	-	236,180
Share of equity	246	-	-	246
Dividend received	-	-	-	-
Closing balance as at 30 September 2020	<u>3,191,260</u>	<u>132,307</u>	<u>-</u>	<u>3,323,567</u>
Description	30 June 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	370,961	(197,482)	-	173,479
Share of equity	152	8,020	-	8,172
Dividend received	(361,416)	-	-	(361,416)
Closing balance as at 30 June 2020	<u>2,875,409</u>	<u>211,732</u>	<u>-</u>	<u>3,087,141</u>

6.2 These figures are based on financial statements / information of these companies as at 30 June 2020.

6.3 Percentage of holding of equity in associates is as follows

	<i>Note</i>	Unaudited 30 September 2020	Audited 30 June 2020
Altern Energy Limited	6.3.1	17.60	17.60
Shakarganj Limited	6.3.2	28.01	28.01
Crescent Socks (Private) Limited		48.99	48.99

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

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

6.4 The fair value of investments in associates as at 30 September 2020 is Rs. 2,977.594 million (30 June 2020: Rs. 3,284.274 million).

7. **OTHER LONG TERM INVESTMENTS**

	<i>Note</i>	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
Fair value through other comprehensive income (FVOCI)	7.1	123,615	132,868
Fair value through profit or loss (FVTPL)	7.2 & 7.3	598,571	598,571
		<u>722,186</u>	<u>731,439</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. 462.459 million and Rs. 136.112 million, respectively.

8. **LONG TERM DEPOSITS**

This includes security deposit amounting to Rs. 204.632 million (30 June 2020: Rs. 199.694 million) under Ijarah financing arrangement.

9. **STOCK-IN-TRADE**

	<i>Note</i>	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
Raw materials			
Hot rolled steel coils (HR Coil)		281,605	1,470,714
Coating materials		39,315	39,315
Remelting steel scrap		22,868	56,030
Others		121,556	117,476
Raw cotton		166,145	118,521
Stock-in-transit		258,147	58,535
		<u>889,636</u>	1,860,591
Work-in-process		(7,956)	46,508
Finished goods	9.1	128,011	214,215
Scrap / cotton waste		12,144	11,466
		<u>132,199</u>	272,189
		<u>1,021,835</u>	<u>2,130,741</u>

9.1 Stock in trade as at 30 September 2020 includes item valued at net realisable value (NRV). Reversal in respect of stock written down to NRV amounting to Nil (30 June 2020: Reversal of Rs. 6.906 million) has been recognised in cost of goods sold.

10. TRADE DEBTS

	Unaudited 30 September 2020	Audited 30 June 2020
	----- (Rupees in '000) -----	
Secured		
Considered good	742,294	158,208
Unsecured		
Considered good	69,958	67,591
Considered doubtful	30,706	30,706
	100,664	98,297
Impairment loss on trade debts	(30,706)	(30,706)
	812,252	225,799

11. ADVANCES

This includes amounting to Rs. 77.672 million (30 June 2020: Rs. 52.731 million) advances given to suppliers for goods and services.

12. INVESTMENTS

	Note	Unaudited 30 September 2020	Audited 30 June 2020
		----- (Rupees in '000) -----	
At fair value through profit or loss (FVTPL)	12.1	412,822	339,692

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 2020: Rs. Nil).

12.2 Investments having an aggregate market value of Rs. 2,001.430 million (30 June 2020: Rs. 1,871.782 million) have been pledged with financial institutions as security against financing facilities (see note 16.4) out of which Rs. 1,482.516 million (30 June 2020: Rs. 1,468.823 million) relates to long term investments.

13. OTHER RECEIVABLES

	Note	Unaudited 30 September 2020	Audited 30 June 2020
		----- (Rupees in '000) -----	
Receivable against sale of investments		17,723	17,723
Provision there against		(17,723)	(17,723)
Receivable against sale of investments		-	-
Receivable against rent from investment property		305	305
Claim receivable		-	989
Due from related parties	13.1	1,113	1,102
Sales tax refundable		88,654	154,859
Margin on letter of credit and guarantee		18,751	15,359
Receivable from staff retirement benefits funds		24,995	24,995
Mark-up accrued		29	29
Others		2,468	9,766
		136,315	207,404

13.1 This represents balances due from Shakarganj Limited - associate amounting to Rs. 1.113 million (30 June 2020: Rs. 1.102 million).

14 LONG TERM LOANS

	<i>Note</i>	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
Secured - Under non-shariah arrangement			
Allied Bank Limited	<i>14.1</i>	190,604	195,240
Habib Metropolitan Bank Limited - Government grant	<i>14.2</i>	117,269	44,440
		307,873	239,680
Less: Current portion shown under current liabilities		80,335	49,345
		227,538	190,335

- 14.1** The Company has a long term loan arrangement with Allied Bank Limited for an amount of Rs. 312 million. The term of the loan was 5 years from the date of disbursement with a grace period of one year, repayable in 16 equal quarterly installments started from December 2015. The Company has made full repayment of its loan 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. 4.636 million (30 September 2019: Rs. 4.636 million). Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During year ended 30 June 2018, the 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; however, due to COVID-19 the bank has allowed one year more grace period, repayable in 12 equal quarterly installments starting after twelve months from date of disbursement. Mark-up is payable at the rate of 3 months KIBOR plus 1.5% per annum.

During the period, mark-up on such arrangements ranged between 8.19% to 10.04% (30 September 2019: 14.47%) per annum. The facility is secured against first joint pari passu hypothecation / equitable mortgage on plant, machinery and property of the Holding Company.

- 14.2** During the last period, the Holding Company entered into new loan arrangement with Habib Metropolitan Bank Limited under the State Bank of Pakistan's (SBP) "Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concern". The Holding Company has obtained the said loan at subsidized rate in two tranches in May 2020 and June 2020. The term of the loan is 2.5 years from the date of disbursement with a grace period of 6 months, repayable in 8 equal quarterly installments starting from March 2021. Mark-up is payable at the concessional rate of 2.5% per annum.

During the period, the Holding Company further entered into new loan arrangement with Habib Metropolitan Bank Limited under the State Bank of Pakistan's (SBP) "Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concern". The Holding Company has obtained the said loan at subsidized rate in three tranches in August 2020 and September 2020. The term of the loan is 2.5 years from the date of disbursement with a grace period of 6 months, repayable in 8 equal quarterly installments starting from March 2021. Mark-up is payable at the concessional rate of 2.5% per annum.

The effective interest on such arrangements ranged between 8.68% to 10.16% per annum.

15. TRADE AND OTHER PAYABLES

	<i>Note</i>	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
Trade creditors		204,313	263,949
Bills payable		265,928	42,647
Commission payable		2,432	1,925
Accrued liabilities		291,530	411,753
Advances from customers		58,077	95,674
Provisions		243,834	237,414
Due to related parties	<i>15.1</i>	4,683	4,016
Payable to provident fund		1,897	2,067
Payable to staff retirement benefit funds		2,489	2,257
Retention money		12,866	10,471
Sales tax payable		18,809	12,297
Withholding tax payable		2,351	1,504
Workers' Profit Participation Fund		13,555	2,061
Workers' Welfare Fund		8,734	4,114
Others		20,256	23,187
		<u>1,151,754</u>	<u>1,115,336</u>

- 15.1** This represents balances due to Shakarganj Limited amounting to Rs. 4.427 million (30 June 2020: Rs. 3.783 million), Premier Insurance Company amounting to Rs. 0.221 million (30 June 2020: Rs. 0.232 million) and The Citizen Foundation amounting to Rs. 0.035 million (30 June 2020: Nil).

16. SHORT TERM BORROWINGS

	<i>Note</i>	Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----			
Secured from banking companies			
Running finances under mark-up arrangements	<i>16.1</i>	460,086	609,820
Short term loans	<i>16.2</i>	1,314,656	2,093,043
		<u>1,774,742</u>	<u>2,702,863</u>

- 16.1** Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs. 1,300 million (30 June 2020: Rs. 1,310.8 million) out of which Rs. 300 million (30 June 2020: Rs. 300 million) and Rs. 150 million (30 June 2020: Rs. 150 million) and Rs. 450 million (30 June 2020: 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 9.36% to 10.54% (30 June 2020: 10.33% to 15.85%) per annum.

- 16.2** This includes an amount of Rs. 922.22 million (30 June 2020: Rs. 697.11 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 2020: Rs. 4,600 million) out of which Rs. 3,400 million (30 June 2020: Rs. 3,400 million), Rs. 255 million (30 June 2020: Rs. 255 million) and Rs. 350 million (30 June 2020: Rs. 350 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 9.36% to 10.54% (30 June 2020: 9.79% to 16.18%) per annum.

- 16.3** The facilities for opening letters of credit amounted to Rs. 4,600 million (30 June 2020: Rs. 4,600 million) out of which Rs. 300 million (30 June 2020: Rs. 300 million), Rs. 3,650 million (30 June 2020: Rs. 3,650 million) and Rs. 255 million (30 June 2020: Rs. 255 million) are interchangeable with short term running finance, short term loans and letter of guarantee facility respectively as mentioned in notes 16.1 and 16.2 above. The facility for letters of guarantee as at 30 September 2020 amounted to Rs. 1,807.3 million (30 June 2020: Rs. 1,826.1 million). Amounts unutilized for letters of credit and guarantees as at 30 September 2020 were Rs. 4,088.48 million and Rs. 270.54 million (30 June 2020: Rs. 4,458.24 million and Rs. 71.423 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 15 to the Group's annual consolidated financial statements for the year ended 30 June 2020.

17.2 Commitments

- 17.2.1** As at 30 September 2020, amount of lease rentals outstanding under the Ijarah financing arrangement is Rs. 119.126 million (30 June 2019: Rs. 160.286 million), which is payable in quarterly installments of Rs. 22.898 million (30 June 2020: 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. 1,536.85 million (30 June 2020: Rs. 1,654 million). This includes guarantee issued by Islamic banks amounting to Rs. 207.590 million (30 June 2020: Rs. 153.591 million).
- 17.2.3** Commitments in respect of capital expenditure contracted for by the Holding Company as at 30 September 2020 amounted to Rs. 511.523 million (30 June 2020: Rs. 8.455 million).
- 17.2.4** Commitments under letters of credit as at 30 September 2020 amounted to Rs. 234 million (30 June 2020: Rs. 228.486 million).

18. SALES - net

	Unaudited	
	First quarter ended	
	30 September	30 September
	2020	2019
	----- (Rupees in '000) -----	
Local sales		
Bare pipes	2,046,873	221,678
Pipe coating	-	83,130
Pre coated pipes	25,170	1,538
Cotton yarn / raw cotton	524,213	425,861
Others	27,052	16,407
Scrap / waste	70,575	29,621
	2,693,883	778,235
Export sales		
Sales tax	(391,426)	(113,673)
	2,302,457	664,562

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. INCOME / (LOSS) FROM INVESTMENTS - NET

	Note	Unaudited	
		First quarter ended	
		30 September 2020	30 September 2019
		----- (Rupees in '000) -----	
Dividend income	19.1	1,459	4,844
Gain / (loss) on sale of FVTPL investments - net	19.2	2,655	(7,557)
Unrealized gain / (loss) on FVTPL investments - net	19.3	69,280	(28,406)
Rent from investment properties	19.5	3,081	1,631
		<u>76,475</u>	<u>(29,488)</u>

19.1 This includes Rs. 0.861 million earned on investments in Shariah Compliant Investee Companies.

19.2 This includes gain of Rs. 0.432 million incurred on investments in Shariah Compliant Investee Companies.

19.3 This includes gain of Rs. 43.32 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. 1.239 million (30 September 2019: Rs. 0.141 million). Further, Rs. Nil (30 September 2019: Rs. 0.085 million) were incurred against non rented out area.

20. OTHER OPERATING EXPENSES

	First quarter ended	
	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
Exchange loss	1,092	1,161
Provision for:		
Workers' Profit Participation Fund	11,494	-
Workers' Welfare Fund	4,620	-
Liquidated damages	6,246	-
	<u>23,452</u>	<u>1,161</u>

21. FINANCE COSTS

	First quarter ended	
	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
Mark-up on short term loans - Shariah arrangement	12,262	-
Interest on - Non - Shariah arrangement		
- finance lease obligations	2,112	3,776
- long term loan	5,889	9,745
- running finances / short term loans	47,132	56,841
Bank charges	8,421	1,988
	<u>75,816</u>	<u>72,350</u>

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

	Unaudited	
	First quarter ended	
	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
Profit / (loss) for the period	378,776	(129,716)
	----- (Number of shares) -----	
Weighted average number of ordinary shares in issue during the period	77,632,491	77,632,491
	----- Rupees -----	
Basic and diluted earnings / (loss) per share	4.88	(1.67)

23. CASH GENERATED FROM OPERATIONS

	Unaudited	
	First quarter ended	
	30 September 2020	30 September 2019
	----- (Rupees in '000) -----	
Profit / (loss) before taxation	484,703	(157,309)
Adjustments for non cash charges and other items		
Depreciation on operating fixed assets and investment properties	55,671	57,863
Amortization of intangible assets	100	49
Charge for the period on staff retirement benefit funds	5,687	5,720
Dividend income	(1,459)	(4,844)
Unrealized (gain) / loss on FVTPL investments - net	(69,280)	28,406
Loss on sale of FVTPL investments - net	(2,655)	7,557
Provision for Workers' Welfare Fund	4,620	-
Provision for Workers' Profit Participation Fund	11,494	-
Provision for liquidated damages	6,246	-
Return on deposits	(124)	(31)
Gain on disposal of operating fixed assets	(15)	(787)
Deferred income	(1,865)	(1,815)
Unwinding of discount on long term deposit	(5,644)	(5,630)
Liabilities written back	-	(804)
Finance costs	75,816	72,350
Share of profit from equity accounted investees - net of taxation	(236,180)	(39,616)
Working capital changes	580,551	352,253
	907,666	313,362

Note

23.1

23.1 Working capital changes

Decrease / (increase) in current assets

Stores, spares and loose tools	(1,253)	25,488
Stock-in-trade	1,108,906	235,435
Trade debts	(586,453)	(11,983)
Advances	(25,050)	21,785
Trade deposits and short term prepayments	(843)	23,751
Other receivables	71,360	19,904
	566,667	314,380

Increase / (decrease) in current liabilities

Trade and other payables	13,884	37,873
	580,551	352,253

24. CASH AND CASH EQUIVALENTS

Unaudited 30 September 2020	Audited 30 June 2020
----- (Rupees in '000) -----	
Running finances under mark-up arrangements	(460,086) (936,868)
Cash and bank balances	27,189 13,347
(432,897)	(923,521)

25. SEGMENT REPORTING

25.1 Reportable segments

The Group's reportable segments are as follows:

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

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

25.2 Segment revenues and results

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

For the first quarter ended 30 September 2020	----- Unaudited -----						Total
	Steel Segment	Cotton Segment	Energy Segment	Hadeed (Billet) Segment	IID Segment	Inter- segments elimination /	
	----- (Rupees in '000) -----						
Sales - net	1,812,578	455,764	-	34,115	-	-	2,302,457
Cost of sales	1,478,619	427,653	12,339	50,985	-	-	1,969,596
Gross profit / (loss)	333,959	28,111	(12,339)	(16,870)	-	-	332,861
Income from investments	-	-	-	-	76,475	-	76,475
	333,959	28,111	(12,339)	(16,870)	76,475	-	409,336
Distribution and selling expenses	1,522	817	-	131	-	-	2,470
Administrative expenses	48,537	10,021	617	2,610	6,194	-	67,979
Other operating expenses	23,454	160	-	(202)	40	-	23,452
	73,513	10,998	617	2,539	6,234	-	93,901
	260,446	17,113	(12,956)	(19,409)	70,241	-	315,435
Other income	7,466	1,438	-	-	-	-	8,904
Operating profit / (loss) before finance costs	267,912	18,551	(12,956)	(19,409)	70,241	-	324,339
Finance costs	68,588	4,077	1	2,495	655	-	75,816
Share of profit in equity accounted investees - net of taxation	-	-	-	-	236,180	-	236,180
Profit / (loss) before taxation	199,324	14,474	(12,957)	(21,904)	305,766	-	484,703
Taxation							(105,927)
Profit for the period							378,776

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

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

25.2.2 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 2020. 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. 1,786.467 million (30 September 2019: Rs. 231.140 million) of total Steel segment revenue of Rs. 1,812.578 million (30 September 2019: Rs. 298.167 million). Revenue from major customers of Cotton segment represents an aggregate amount of Rs. 206.142 million (30 September 2019: Rs. 51.813 million) of total Cotton segment revenue of Rs. 455.764 million (30 September 2019: Rs. 366.395 million). Revenue from major customers of Energy segment represents an aggregate amount of Rs. Nil (30 September 2019: Rs. Nil) of total Energy segment revenue of Rs. Nil (30 September 2019: Rs. Nil). Revenue from major customers of Hadeed (Billet) segment represents an aggregate amount of Rs. Nil (30 September 2019: Rs. Nil) of total Hadeed (Billet) segment revenue of Rs. 34.115 million (30 September 2019: Rs. Nil).

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 30 September 2020 and 30 June 2020 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	Energy Segment	Hadeed (Billet) Segment	IID Segment	Total
----- (Rupees in '000) -----						
As at 30 September 2020 - Unaudited						
Segment assets for reportable segments	2,371,962	478,579	828,546	877,371	1,206,103	5,762,561
Investment in equity accounted investees	-	-	-	-	3,323,567	3,323,567
Unallocated corporate assets						1,731,352
Total assets as per consolidated statement of financial position						<u>10,817,480</u>
Segment liabilities for reportable segments	766,329	196,578	118,030	161,781	31,717	1,242,718
Unallocated corporate liabilities and deferred income						2,165,014
Total liabilities as per consolidated statement of financial position						<u>3,407,732</u>
As at 30 June 2020 - Audited						
Segment assets for reportable segments	2,934,338	506,150	809,174	846,220	1,143,380	6,239,262
Investment in equity accounted investees	-	-	-	-	3,087,141	3,087,141
Unallocated corporate assets						1,969,562
Total assets as per consolidated statement of financial position						<u>11,295,965</u>
Segment liabilities for reportable segments	756,226	269,746	118,597	57,488	30,470	1,232,527
Unallocated corporate liabilities and deferred income						3,055,175
Total liabilities as per consolidated statement of financial position						<u>4,287,702</u>

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

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

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

25.7 Other segment information

	----- Unaudited -----					Total
	Steel Segment	Cotton Segment	Energy Segment	Hadeed (Billet) Segment	IID Segment	Total
----- (Rupees in '000) -----						
For the first quarter ended 30 September 2020						
Capital expenditure	1,001	-	2,060	-	-	3,061
Depreciation and amortization	18,620	7,420	15,097	13,406	1,228	55,771
Non-cash items other than depreciation and amortization	86,851	5,935	1	2,495	(308,641)	(213,359)
For the first quarter ended 30 September 2019						
Capital expenditure	52	-	300	-	-	352
Depreciation and amortization	20,081	7,862	15,104	13,180	1,685	57,912
Non-cash items other than depreciation and amortization	27,451	6,496	(15,103)	(10,286)	(5,964)	2,594

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	First quarter ended	
			30 September 2020	30 September 2019
			----- (Rupees in '000) -----	
Shakarganj Limited	Associated company	Sale of finished goods	<u>18,311</u>	-
		Sales return	<u>-</u>	121
		Services received	<u>465</u>	-
		Reimbursable expenses	<u>790</u>	8
		Advance given for raw material	<u>46,000</u>	-
		Payment made	<u>155</u>	-
		Expenses incurred on behalf of the Company	<u>-</u>	741
The Crescent Textile Mills Limited	Associated company	Reimbursable expenses - Payment received	<u>-</u>	3,514
		Sales of finished goods	<u>-</u>	3,660
		Sales return	<u>-</u>	146
The Citizens' Foundation*	Related party	Donation given	<u>71</u>	71
Premier Insurance Limited*	Related party	Insurance premium	<u>914</u>	295
CSAP - Staff Benevolent Fund	Staff Welfare Fund	Contribution made	<u>15</u>	-
Crescent Cotton Products - Staff Provident Fund	Retirement benefit fund	Contribution made	<u>1,215</u>	-
Crescent Steel and Allied Products Limited - Gratuity Fund	Retirement benefit fund	Contribution made	<u>1,596</u>	1,577
Crescent Steel and Allied Products Limited - Pension Fund	Retirement benefit fund	Contribution made	<u>4,327</u>	4,142
Crescent Steel and Allied Products Limited - Staff Provident Fund	Retirement benefit fund	Contribution made	<u>2,430</u>	5,252
Key management personnel	Related parties	Remuneration and benefits	<u>23,199</u>	15,594
Directors and their spouse	Related parties	Meeting fee	<u>765</u>	765

* 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 2020.

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

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

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

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

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

	30 September 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	412,822	123,615	-	-	536,437	536,437	-	-	536,437
- Unlisted equity securities	598,571	-	-	-	598,571	-	-	598,571	598,571
	1,011,393	123,615	-	-	1,135,008	536,437	-	598,571	1,135,008
Financial assets not measured at fair value									
Deposits	-	-	286,421	-	286,421	-	-	-	-
Trade debts	-	-	812,252	-	812,252	-	-	-	-
Other receivables	-	-	22,666	-	22,666	-	-	-	-
Bank balances	-	-	23,622	-	23,622	-	-	-	-
	-	-	1,144,961	-	1,144,961	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	307,873	307,873	-	-	-	-
Lease liabilities	-	-	-	102,007	102,007	-	-	-	-
Trade and other payables	-	-	-	806,394	806,394	-	-	-	-
Mark-up accrued	-	-	-	35,321	35,321	-	-	-	-
Short term borrowings	-	-	-	1,774,742	1,774,742	-	-	-	-
	-	-	-	3,026,337	3,026,337	-	-	-	-

30 June 2020 (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	339,692	132,868	-	-	472,560	472,560	-	-	472,560
- Unlisted equity securities	598,571	-	-	-	598,571	-	-	598,571	598,571
	938,263	132,868	-	-	1,071,131	472,560	-	598,571	1,071,131
Financial assets not measured at fair value									
Deposits									
	-	-	281,491	-	281,491	-	-	-	-
Trade debts									
	-	-	225,799	-	225,799	-	-	-	-
Other receivables									
	-	-	27,550	-	27,550	-	-	-	-
Bank balances									
	-	-	23,748	-	23,748	-	-	-	-
	-	-	558,588	-	558,588	-	-	-	-
Financial liabilities not measured at fair value									
Long term loan									
	-	-	-	239,680	239,680	-	-	-	-
Lease liabilities									
	-	-	-	111,287	111,287	-	-	-	-
Trade and other payable									
	-	-	-	762,271	762,271	-	-	-	-
Unclaimed dividend									
	-	-	-	26,443	26,443	-	-	-	-
Mark-up accrued									
	-	-	-	55,112	55,112	-	-	-	-
Short term borrowings									
	-	-	-	2,702,863	2,702,863	-	-	-	-
	-	-	-	3,897,656	3,897,656	-	-	-	-

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 valuation techniques used in measuring level 3 fair values as at 30 September 2020 for unquoted equity investments were same as at 30 June 2020. There was no change in significant unobservable inputs from 30 June 2020; therefore, carried at same values.

28. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial statements was authorized for issue in the Board of Directors meeting held on 28 October 2020.



Chief Executive



Director



Chief Financial Officer

