November 19, 2026
REP 019

CSAP — FY26 Analyst Briefing Takeaways

AKD Securities Limited

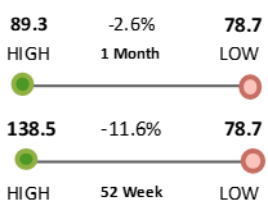
Crescent Steel & Allied Products Ltd (CSAP) held its corporate briefing today to discuss FY26 financial results and future outlook. Following are the key takeaways:

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- To recall, company posted FY26 PAT of PkR1.3bn (EPS PkR16.6), down 3.9% YoY from PkR1.3bn (EPS: PkR17.3) in SPLY. Moreover, company announced a DPS of PkR5.5 as compared to PkR7.5 SPLY.
- Company's steel and engineering segment consists of pipe manufacturing capacity of 200k MT manufacturing between 8-120 inches diameter, with offered grades upto API 5L X-100. Furthermore, company has a coating capacity of 600k sq. meters. Company has supplied 33% of the nation's active gas transmission pipeline network
- Other divisions include CS energy (15MW co-generation plant at Bhone) and equity/property investments.
- Company dispatched 198km of line pipe during FY26, down 3%YoY, while bare pipe production declined 51%YoY to 20k MT and line-pipe coating volumes fell by 23%YoY to 247k meter sq. Lower bare pipe production primarily reflected increased manufacturing of smaller-diameter pipes.
- FY26 marked the first year of internal cement mortar lining operations, with 129.5k sq meters lined. Moreover, under K-IV Phase I, 70% of the 210km pipeline has been delivered, with the remaining 65km to be completed against client-supplied HRC.
- Regarding 1QFY27 results, net sales declined 23%YoY to PkR977mn, while gross margins contracted to 23.7% from 33.4% in SPLY. Consequently, company recorded loss of PkR100mn (LPS: PkR1.29) against a net profit of PkR431mn (EPS: PkR5.55) in 1QFY26.
- Company supplied 25km of 12-inch and 24-inch bare pipes to a gas company during 1QFY27, resulting in a revenue of PkR763mn. Moreover, also delivered 3.1km of pipes for PkR96mn for a water transmission project. Company's trading portfolio recorded a negative ROI of 3.8% during the quarter, against a 5.7% decline in KSE100 as per management.
- Company has identified opportunities worth PkR50bn across water and energy sectors including K-IV (PkR22bn), White Oil Pipeline (PkR15bn), gas sector projects (PkR7bn) and other water transmission projects (PkR3bn), alongside PkR3.2bn of in-hand projects. K-IV Phase I balance orders are expected to resume in 2QFY27, while water transmission projects are targeted for completion by 3QFY27.
- Management stated that the K-IV Phase I order was valued at over PkR8.5bn, of which PkR2.5bn remains to be executed. Phase I involves supplying 260mn gallons/day from Keenjhar Lake to Karachi. Subsequently, K-IV Phase II is to be launched as a parallel transmission line, adding another 320mn gallons/day of supply capacity. Management indicated deemed revenue of approximately PkR28bn for the project.
- Management expects significant pipeline of energy projects over coming 12 –18 months; however, tender activity has been temporarily disrupted following revisions to PPRA procurement rules.
- The scrip is not under our formal coverage

87.1	77.6
Price (PkR/sh)	Shares (mn)
6,757.9	24.4
Market Capitalization (PkRmn)	Market Capitalization (USDmn)
0.249	22.5
3M Avg Turnover (mn)	3M Avg DT Value(PkRmn)

Price Performance



Source: PSX & AKD Research

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