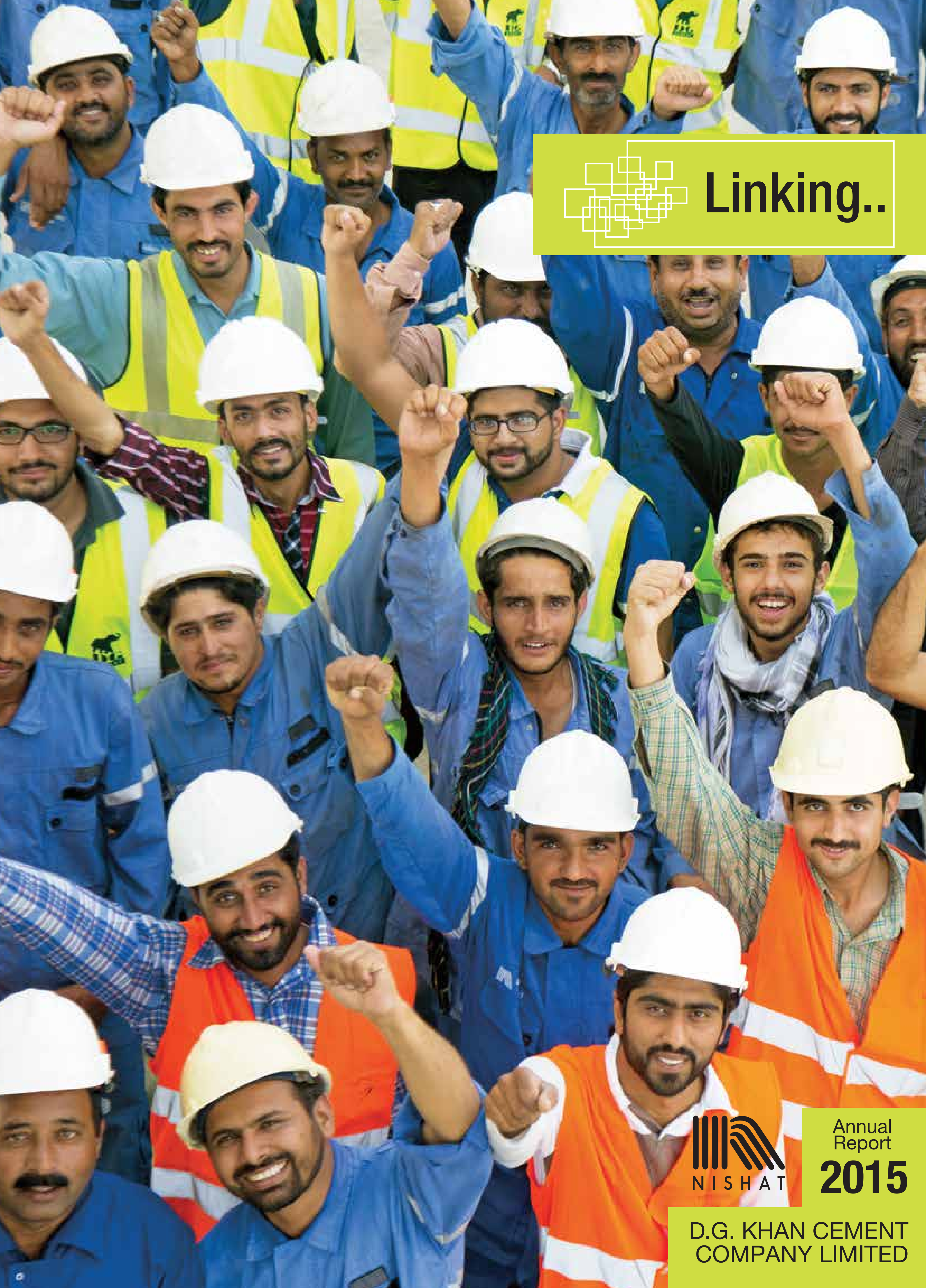


Linking..

NISHAT

Annual Report 2015

D.G. KHAN CEMENT COMPANY LIMITED


DG
CEMENT

Linking Possibilities Building Bonds

Contents

Linking Excellence To Commitment

About the Company

Vision Statement

To transform the Company into a modern and **dynamic cement manufacturing company** with **qualified professionals** and fully equipped to play a meaningful role on **sustainable basis** in the **economy of Pakistan**.

Mission Statement

To provide **quality products** to customers and **explore new markets** to promote/ expand sales of the Company through **good governance** and foster a sound and **dynamic team**, so as to achieve **optimum prices of products** of the Company for **sustainable and equitable growth** and prosperity of the Company.

Objectives

- Penetrate Local & Exports Markets
- Leader in use of Cutting Edge technology
- Cost Saving Through Innovation
- Committed Employees
- Broad Base & Satisfied Suppliers
- Better Returns to Shareholders
- Environment Friendly Operations
- Strong Supply Chain
- Safe Workplace

Values

- Ethics
- Adherence to Legal Framework
- Transparent Reporting
- Equitable Compensation
- Discipline

Company Introduction

DG Khan Cement Company Limited (DGKC) is part of Nishat group. It is one of the largest cement manufacturers in Pakistan. Having its head office at Lahore, Punjab its manufacturing facilities are located at Dera Ghazi Khan, Punjab (DGK) and Khairpur, District Chakwal, Punjab (KHP). Plants capacity is 6,700 tonnes per day clinker each, thereby making the total of 13,400 tpd. Annualised clinker production touches to 4.02 million tones and annualised cement production is about 4.221 million tones. DGKC is one of the blue chip companies of Pakistan listed on all the three stock exchanges of the country. Its sales network is composed of more than 2000 nation-wide dealers. Company also remained successful in foreign markets of Afghanistan, India, SriLanka, Ethiopia, Mozambique, Mauritius etc. DGKC hold about 10-12% share in domestic and exports markets. In respect of production capacity DGKC is about 9% of total country's capacity but with its efficient plants the utilisation is among the top plants of country. The Company is always in a leading role for state of the art technology, innovation, and business success. Company's historical operational and financial performances and other details can be easily accessible at www.dgcement.com.

Pakistan Cement Industry

The South of Pakistan is consisted of Balochistan and Sindh while North is composed of Punjab, Khyber Pakhtunkhwa, FATA, PATA, Gilgit-Baltistan. Total cement industry of Pakistan is at 43 million tones of annual clinker production and about 45.6 million tones of annualised cement production. In North there are about 19 cement plant units of 14 players with annualised cement production capacity of about 37 million tones (81% of total country capacity). South is having about 5 players with annualised cement production capacity of about 8.6 million tones (19% of total country capacity).

DGKC Brief History

- Incorporated in Lahore under management control of State Cement Corporation of Pakistan Limited in 1978 with factory at Dera Ghazi Khan.
- Started commercial production in April 1986 with capacity of 2,000 TPD.
- Acquired by NIshat Group in May 1992 and got listed on stock exchanges.
- Optimisation of 200 TPD in 1993-94.
- Capacity addition of 3,300 TPD in 1998.
- Capacity addition of 1,200 TPD in 2005.
- A separate plant at Khaipur, District Chakwal with capacity of 6,700 TPD was established in 2007.

Linking the Lines

Plants Make

Main Plant
UBE Industries of Japan
F.L.Smidth of Denmark.

DGK Power Unit
Niigata of Japan
Wartsila of Finland

KHP Power Unit
Wartsila of Finland

WHR Plant DGK
Nanjing Turbine Electricity Machinery Group Company

WHR Plant KHP
F.L.Smidth of Denmark.

RDF Plants
Vecoplan of Germany
Elden of Germany

Company Information

Board of Directors	Mrs. Naz Mansha	Chairperson
	Mian Raza Mansha	Chief Executive
	Mr. Khalid Niaz Khawaja	
	Mr. Khalid Qadeer Qureshi	
	Mr. Farid Noor Ali Fazal	
	Mr. Shahzad Ahmad Malik	
	Ms. Nabiha Shahnawaz Cheema	
Audit Committee	Mr. Khalid Niaz Khawaja	Member/chairman
	Mr. Khalid Qadeer Qureshi	Member
	Ms. Nabiha Shahnawaz Cheema	Member
Human Resource & Remuneration Committee	Mr. Khalid Qadeer Qureshi	Member/Chairman
	Mian Raza Mansha	Member
	Ms. Nabiha Shahnawaz Cheema	Member
Management	Mian Raza Mansha	Chief Executive Officer
	Mr. Aftab Ahmad Khan	Director Finance
	Dr. Arif Bashir	Director Technical & Operations
	Mr. Farid Noor Ali Fazal	Director Marketing
	Mr. Inayat Ullah Niazi	Chief Financial Officer
Company Secretary	Mr. Khalid Mahmood Chohan	
Local Bankers	Allied Bank Limited	Meezan Bank Limited
	Askari Bank Limited	National Bank of Pakistan
	Bank Alfalah Limited	NIB Bank Limited
	Bank Al-Habib Limited	Samba Bank Limited
	Bank Islami Pakistan Limited	Soneri Bank Limited
	Citibank N.A.	Standard Chartered Bank (Pakistan) Limited
	Deutsche Bank AG	Silk Bank Limited
	Dubai Islamic Bank	The Bank of Punjab
	Faysal Bank Limited	United Bank Limited
	Habib Bank Limited Limited	
	Habib Metropolitan Bank	
	MCB Bank Limited	
External Auditors	A.F. Ferguson & Co., Chartered Accountants	
Cost Auditors	Qadeer & Company, Chartered Accountants	
Legal Advisors	Mr. Shahid Hamid, Bar-at-Law	

Contact Us

Registered Office

Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan
UAN: 92 42 111 11 33 33
Fax: 92 42 36367414
Email: info@dgcement.com
web site: **www.dgcement.com**

Factory

1. Khofli Sattai, Distt., Dera Ghazi Khan-Pakistan
   Phone: 92-641-460025-7
   Fax: 92-641-462392
   Email: dgsite@dgcement.com

2. 12, K.M. Choa Saidan Shah Road,
   Khairpur, Tehsil Kallar Kahar,
   Distt. Chakwal-Pakistan
   Phone: 92-543-650215-8
   Fax: 92-543-650231

Share Registrar

THK Associates (Pvt) Ltd
Head Office, Karachi
Ground Floor, State Life Building No. 3,
Dr. Zia Uddin Ahmed Road, Karachi
Tel: (021) 111 000 322
Fax: (021) 35655595

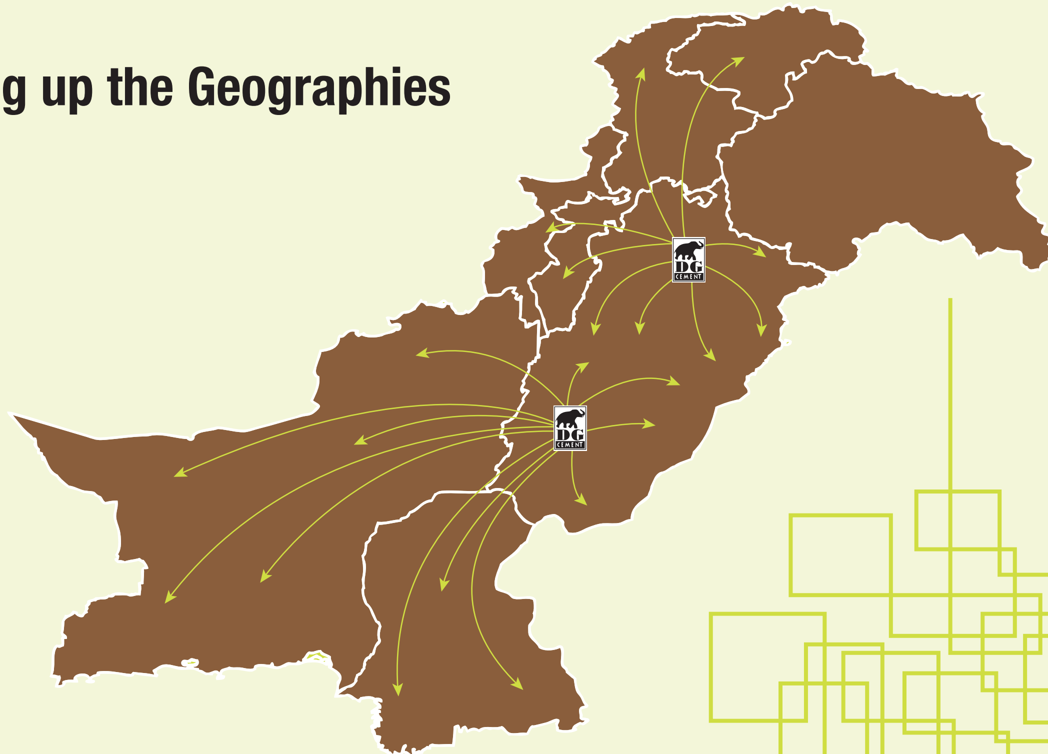
Branch Office, Lahore
2nd Floor, DYL Motorcycles Ltd. Office Building,
Plot No. 346 Block No. G-III,
KhokarChowk,Main Boulevard, Johar Town, Lahore
Tel: (042) 35290577, Fax (042) 35290667

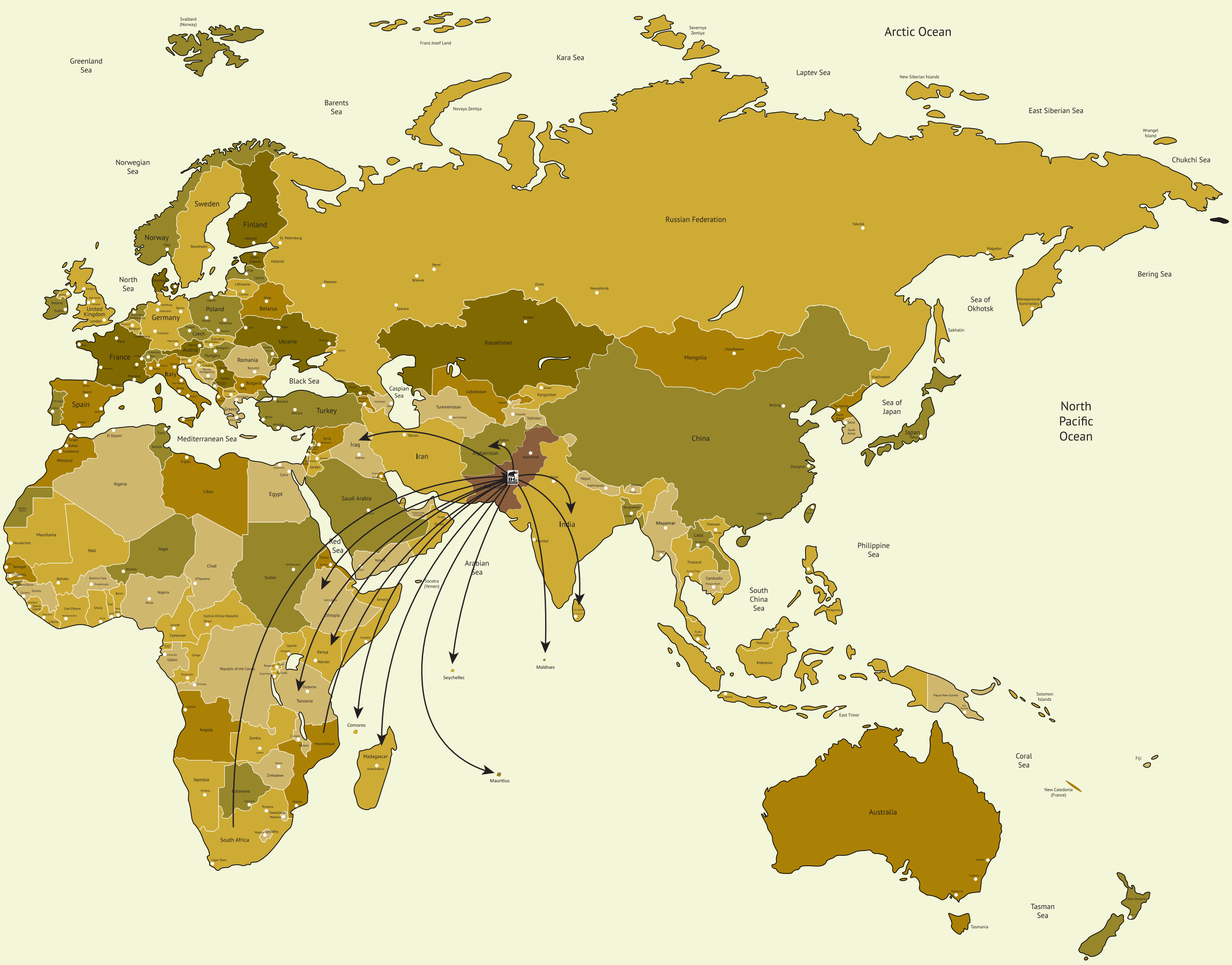
For Investors' Information, Comments, Inquiries, Complaints:

Mr. Inayat Ullah Niazi
Chief Financial Officer
E-mail: iniazi@dgcement.com
Phone: 0092 42 111 11 33 33

Mr. Khalid Mehmood Chohan
Company Secretary
E-mail: kchohan@dgcement.com
Phone: 0092 42 111 11 33 33

Linking up the Geographies





Products

Ordinary Portland & Sulphate Resistant

Quality Standards

OPC
PS 232:2008(R) Grade 43
PS 232:2008(R) Grade 53

Assured compliance with:
ASTM C-150 Type I
BS 12:1996
EN 197-1/2000 CEM I 42.5 N/R
IS No. 12269:1987 Grade 53

SRC
PS 612-1989 (R)
Assured compliance with:
BSS 4027 1996
ASTM C-150 Type V

Captive Power Generation Capacity

DGK Gas fired **25.5** MW

DGK F-Oil fired **23.84** MW

KHP Dual fuel **33** MW

DGK WHR **10.4** MW

KHP WHR **8.6** MW

Captive Power Generation During FY15

DGK **192,181,860** KWH

KHP **126,050,000** KWH

Plant Capacity

DG Khan Site **6700** TPD

Khairpur Site **6700** TPD

ISO Certifications

ISO-9001-2000

ISO-14001

Sales Offices

Lahore, Multan, Dera Ghazi Khan
Karachi, Rawalpindi

Over **2000**
Nationwide Dealers

Export Countries

Afghanistan, India, Kenya,
Madagascar, Maldives,
Mozambique, Seychelles,
Sri Lanka, Tanzania

Linking Opportunities

SWOT Analysis

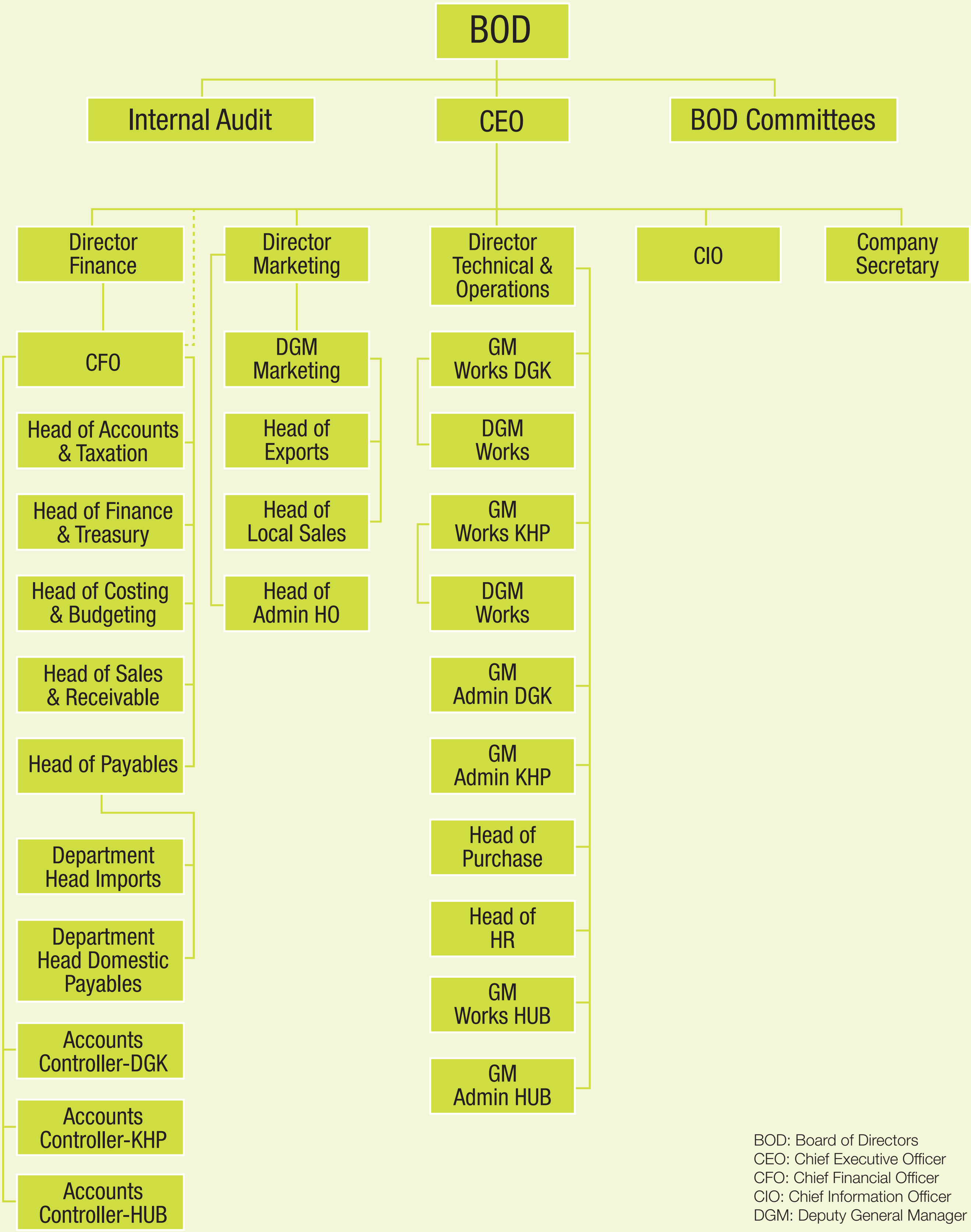
Strengths
- Excellent credibility & creditworthiness.
- Strong brand name.
- Economies of scale.
- Extensive dealer network.
- Easy access to financial markets.

Opportunities
- Taping foreign markets through exports.
- Establishing manufacturing facilities in attractive foreign markets, specially in African continent.
- Market in Southern Pakistan.
- Presently low population density and per capita cement consumption in Pakistan.

Weaknesses
- No physical presence near port and in southern areas of Pakistan.

Threats
- Inconsistent governmental policies.
- Unhealthy industry competition.

Company Organogram



BOD: Board of Directors
CEO: Chief Executive Officer
CFO: Chief Financial Officer
CIO: Chief Information Officer
DGM: Deputy General Manager

List of Group Companies

Associated

- Nishat Mills Limited - Listed
- MCB Bank Limited - Listed
- Nishat Power Limited - Listed
- Lalpir Power Limited - Listed
- Pakgen Power Limited - Listed
- Nishat Papers Products Company Limited
- Security General Insurance Company Limited
- Nishat Hotels And Properties Limited
- Nishat (Aziz Avenue) Hotels And Properties Limited
- Nishat (Raiwind) Hotels And Properties Limited
- Nishat (Gulberg) Hotels And Properties Limited
- Nishat Hospitality (Pvt) Limited
- Nishat Automobiles (Pvt) Limited
- Nishat Agriculture Farming (Pvt) Limited
- Nishat Developers (Pvt) Limited
- Pakistan Aviators & Aviation (Pvt) Ltd.
- Nishat Dairy (Pvt) Limited
- Nishat Farm Supplies Limited
- Nishat Spinning (Pvt) Limited
- MCB Financial Services Limited
- Adamje Life Assurance Company Limited
- Mnet Services (Pvt) Limited
- Euronet Pakistan (Pvt) Limited

Other Than Associated

- Adamjee Insurance Company Limited - Listed
- Nishat Energy Limited
- Nishat Linen (Pvt) Limited
- Nishat Real Estate Development (Pvt) Limited

Linking Divisions to Unity

Linking Principles to Governance

Governance

Governance Framework

Nothing in this world riskless and so are businesses. Sagacity demands that exposures to various risks be maintained and/or minimised but never to avoid taking risks. We follow a gearing approach to risks. Risks which are out of control are certainly out of question.

The Company's governance framework is made to foster sustainable growth, minimising of risks, ensuring transparency, compliance with rules and avoiding irregularities. It is developed to make sure that at each level, company's objectives and core values are incorporated. The governing framework of company is based on vast and rich experience of years.

Company's governance framework is headed with Vision & Mission transformed into objectives which are cascaded down to the very bottom. Company believes in high ethical and moral values.

Company is committed to its objectives and values. Adherence to all applicable laws and regulations lies to our core values.

Departmental Consolidation

The Company has installed strict rules to ensure its production facilities secure and safe. Effective controls have been established for smooth running of production. The spares and tools policy is to maintain at all time necessary spares. We are always online and in touch with our crucial suppliers in order to manage lead times, logistics and quality issues. We always keep our selves abreast of the new developments and research being carried out with our international suppliers. All the production process is carried out with internationally and nationally accepted rules. Our all assets are fully insured. The produced stuff is ensured to be of standard and stored in well equipped places to maintain the quality.

Dispatch mechanism is quick, responsive and round the clock. Uninterrupted logistics are ensured to reach our product throughout country and in foreign markets. Effective marketing is given due importance. Searching new markets, deriving new strategies and maintaining healthy competition are among our marketing principles. We have a strong network of more than 2000 nationwide dealers which ensure reach of our product to ultimate customers without any hindrance and loss. It is also ensured that our product is reached to consumer in fresh condition. We also put emphasis on institutional sales. Credit is given to only institutional consumers or consumers and dealers with satisfactory track record and financial health. Most of our local sales are on advance which is about 90% of local turnover. Thus we manage credit risk very effectively. Exports sales are also mostly on advance basis while rest are on sight letter of credit issued by reputable banks around the world. We select our foreign customers with due care. We have had a successful policy of branding our product and company in few foreign markets.

On the costs side we try to make a best possible relationship with its related benefit. Over years we have invested heavily in cost reduction measures.

Leverage is managed to gain ultimate benefits from it. Your company has easy access to financial market at discounted prices. For any short or long term need company can easily raise considerable amounts from lenders. Company always keeps a reasonable size of finance facilities in tact to meet any abrupt demand. The company is a reputed and renowned organization not only in Pakistan but abroad as well. We have and maintained a clean history of repayments of obligations and best relationships with local and international lenders. The management of your company keeps a constant eye on all foreign currency and interest rates movements. The borrowing of the company is maintained as a mixture of local and foreign currency borrowings in order to reap maximum benefits yet managing the currency and interest rate risks.

Separate departments are established for imports, purchasing, sales and receivables, payables, treasury and finance, accounts and taxation and MIS. The company has instituted a beautiful merger of centralisation and decentralisation for management of its affairs. Powers are delegated at appropriate levels in all departments. While all departments are independent yet they are working for common goal with interdepartmental cooperation and harmony. CEO office and Board of Directors work as point of conjunction for all departments and as highest decision making authority.

The company is ISO 9001 and 14001 certified.

Internal Controls

Internal controls have been established at each level to ensure segregation, efficiency, effectiveness and transparency at every level of transaction. These controls not only give a strong and professional working environment but also avoid fraud and embezzlement. Approval limits have been defined and adhered to. Company has whistleblower policy to discourage activities those are deemed illegal, dishonest, or not correct within an organization that is either private or public.

Human Resource

The company values its employees as most important assets. We always try to develop and nourish the skills of our employees. Company tries to compensate its human workforce in every best possible way. Professionalism and integrity are core values we instill in our employees.

Health & Safety

The company takes it on priority about Health and Safety of employees. Rules are developed and adherence to those is monitored for ensuring safety while working and minimizing and health & safety hazards.

Reporting

A proper system of reporting and action on it is in place. Top management regularly reviews all trends and reports. BOD quarterly reviews the performance and state of affairs of the company. To ensure transparency and truthfulness of reporting, internal audit system is in place. To further strengthen it, independent external auditors of satisfactory rating are appointed. Reporting within departments and inter departmental reporting are designed to ensure transparency and effectiveness. The reporting system is developed at each level within each department which ultimately reaches in a consolidated form to BOD.

Records

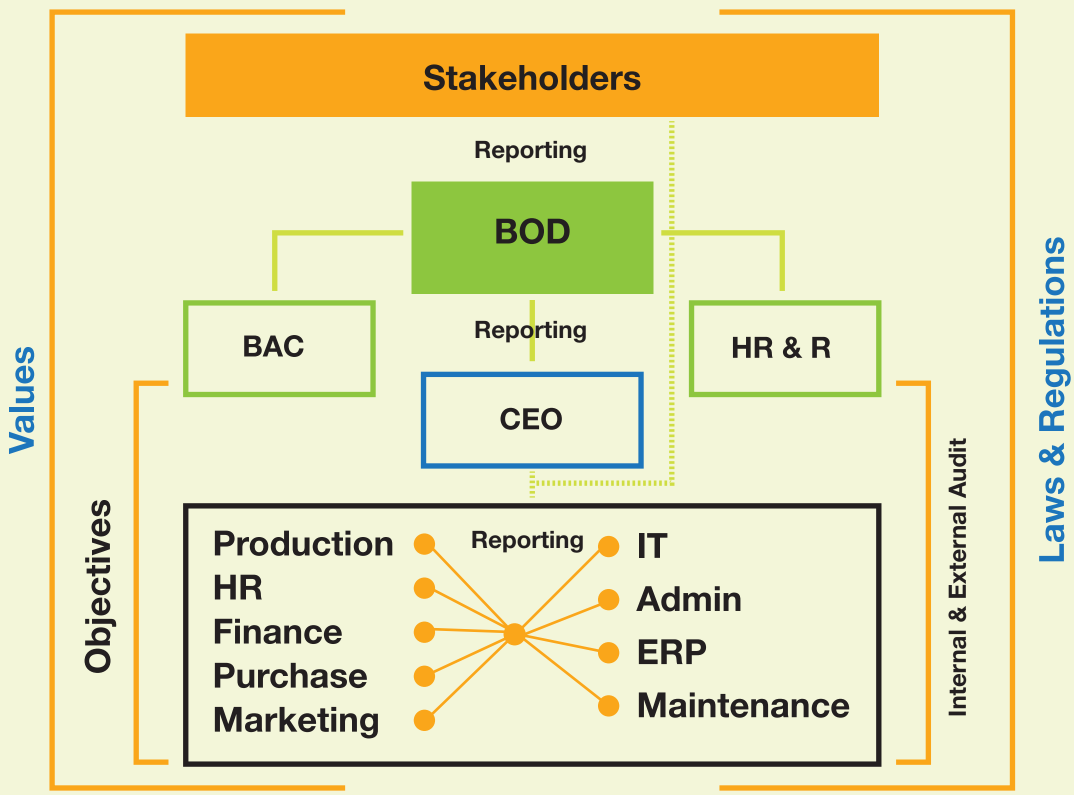
Company has established comprehensive measures to ensure safe keeping of it records and data. An effective disaster management plan is in place for all ERP data. Company complies with legal requirements of maintenance of data.

Internal Audit

Internal audit system is in place which is independent of the management of the company and reports to BOD. Internal Audit department is governed by the Board's instructions and terms. It carries out its activities quarterly, annually and as and when desired. Sites and Head Office are visited and checked by the internal audit team at various intervals. They have complete access to the company records and can call any explanation.

Investors' Relations

DGKC believes in easy access to its all investors through alll possible means of communication. Every possible step in taken to respond the queries and resolve the issues of investors.



Code of Conduct for Directors

D. G. Khan Cement Company Limited (“the Company”) is committed to maintain highest level of ethical conduct. The Company has adopted the following code of conduct (“Code”) for directors, which includes the business practices and principles of behaviour to meet this commitment. We expect every director to read, understand and apply this Code to the performance of his or her responsibilities. However, we can not anticipate every situation that may arise or replace the thoughtful behaviour of an ethical director.

Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Board of Directors (“the Board”).

Directors who also serve as executives of the Company should read this Code in conjunction with our “Code of Conduct for Employees”.

Corporate Values
The Company has adopted the following corporate values:

- To fulfil customer needs by producing quality products;
- To act with good governance;
- To achieve sustainable and equitable growth;
- To promote diversity and ethical behaviour;
- To develop a dynamic team of professionals to achieve excellence and innovation.

Compliance Officer
The Company has designated Company Secretary, as its Compliance Officer to administer this Code. Directors, at their discretion may make any report or complaint provided for in this Code to the Chairman of the Board or to the Compliance Officer. The Compliance Officer will refer complaints submitted to the Chairman of the Board.

Compliance with Laws
Directors must comply with all of the laws, rules, and regulations of Pakistan and other countries applicable to either Company or its business. The Compliance officer will provide to the directors information about specific laws, rules, and regulations from time to time. Directors are expected to consult with the Chairman of the Board or the Compliance Officer if they have questions about laws that they think may be applicable to either Company or its business.

Conflict of Interest
A "conflict of interest" may exist whenever the interests of a director conflict in any way (or even appear to conflict) with the interests of the Company. A conflict of interest may arise where a director derives personal benefit by making or influencing decisions relating to a business transaction. A conflict of interest also may arise when a director, or a member of his or her family, receives improper personal benefits as a result of his or her position with a Company, whether received from that Company or a third party. Gifts above a "de minims" value to, loans to, or guarantees of obligations of, directors, or their respective family members may create conflicts of interest.

Although it is not always possible to avoid conflicts of interest, it is each Company's policy to prohibit such conflicts when possible. Conflicts of interest may not always be clear-cut, so if directors have a question, they are expected to consult with the Chairman of the Board or the Compliance Officer. Any director who becomes aware of a conflict or potential conflict of interest is expected to bring it to the attention of the Chairman of the Board or the Compliance Officer.

Corporate Opportunity
Directors shall not:
- use corporate property, information or position for personal gain; or
- compete with the Company; or
- take for themselves personally any business opportunities that belong to the Company or are discovered through the use of corporate property, information or position.

Confidentiality
All directors must maintain the confidentiality of confidential information entrusted to them by either Company, except when the applicable Company authorizes disclosure or disclosure is required by laws, regulations, or legal proceedings. The term "confidential information" includes, but is not limited to, non-public information that might be of use to competitors of the

Company, or harmful to the Company or its customers if disclosed. Directors are expected to consult the Chairman of the Board or the Compliance Officer if they believe they have a legal obligation to disclose confidential information.

Fair Dealing

Each director is expected to deal fairly with the respective customer of the Company, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice and will not accept or receive gifts from any of the customers, stakeholders, suppliers, bankers etc. Inappropriate use of proprietary information, misusing trade secret information or inducing such disclosures by past or present employees of other companies is prohibited.

Protection and Proper Use of Company Assets

All directors are expected to exercise their business judgment in a manner that protects the assets of the Company and promotes their efficient use. All assets of the Company are to be used for legitimate business purposes.

Reporting Any Illegal or Unethical Behaviour

Every director of the Company is encouraged to promptly contact the Chairman of the Board or the Compliance Officer if he or she has observed a violation of this Code, illegal or unethical behaviour by any employee, officer or director, or by any one purporting to be acting on behalf of the Company or any violation or possible violation of this Code and the reporting director has any doubt as to the best course of action in a particular situation. Confidentiality will be maintained, to the extent permitted by law.

Public Company Reporting

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and the concerned Stock Exchange(s) on which the shares of the Company are or may be listed be full, fair, accurate, timely and understandable. Directors may be requested to provide information necessary to ensure that the Company's published reports meet these requirements. The Company expects directors to provide prompt and accurate answers to enquiries relating to its public disclosure requirements.

Disclosure of Interest

Directors are also required to disclose, at the time of appointment and on an annual basis the directorships and/or memberships they hold in other companies.

Where any director of the Company or his/her spouse sell, buy or transact, whether directly or indirectly, in shares of the Company, he/she shall immediately notify in writing to the Company Secretary of such transaction. Such director shall also deliver a written record of the price, number of shares, form of share certificate (physical or electronic), and nature of transaction to the Company Secretary within four days of effecting the transaction. The notice of the director shall be presented by the Company Secretary at the meeting of the Board immediately subsequent to such transaction.

Insider Trading

No director shall, directly or indirectly, deal in the shares of the Company in any manner during the Closed Period prior to the announcement of financial results. All directors shall be advised about the closed period at the time of circulating the agenda and working papers for the Board meetings.

The Closed Period shall start from the day when any document/statement, which form the basis of price sensitive information, is sent to the Board and terminate after the information is made public.

Amendment, Modification and Waiver

This Code may be amended, modified or waived only by the Company's Board of Directors and must be publicly disclosed if required by any applicable law or regulation. As a general Policy, the Board will not grant waivers to the Code.

Code of Conduct for Employees

This code is the source of guidance for conduct and applies to all employees (senior manager, staff and workers) of D. G. Khan Cement Company Limited ("the Company"). Employees are required to follow the code of conduct. Therefore, it is the personal responsibility of an employee to read, understand and apply this code in their day to day affairs.

If an employee is not at work and wears a shirt with the logo of the Company or drives a vehicle with the logo of the Company, people would perceive that the employee is representing its company. Employee is required to follow the code because an employee's conduct affects the image of the company.

The Code of Conduct will actively be made available to all employees and can be accessed at any time on the Company's website. If an employee has supervisory or leadership role, than they have additional responsibility to:

- Educate its employees on this Code of Conduct and the requirements applicable to its employees' work activities;
- Promote compliance with this Code of Conduct and other relevant policies, standards, and procedures; and
- Report suspicions or allegations of employee misconduct in accordance with company's procedures.

This Code of Conduct is not intended to supersede any other applicable legal or regulatory requirements of the country in which business of the Company is in operation.

Compliance Office
The Human Resources department will act as Compliance Office for the code. If an employee has any queries, problems or issues relating to the Code he or she should contact with Human Resources department. The Compliance Office is responsible to educate, train and develop understanding of the code among employees.

Compliance Obligations
The Company expects this Code of Conduct to be followed and will not tolerate any breaches. Therefore, it is an employee responsibility to read, understand and apply this code in its day to day affairs. An employee may contact its Human Resources department in case of any question about the Code.

Failure to comply with this Code or company policies may result in disciplinary action or termination. Discipline decisions can vary depending on the severity of the misconduct and the employee's disciplinary record, years of service and job duties. An employee must contact its Compliance Office / Human Resources representative for assistance in determining appropriate discipline.

Following is the code of conduct for employees

Safety
D. G. Khan Cement Company Limited tries to arrange a safe work environment on its premises. The safety of employees, customers and public is the most important issue on the company's production facilities, offices, outlets and any other place where the work of the company is in process. An employee must strictly follow the safety policies and procedures and immediately report to their supervisor in case of any occupational injuries and illness, injuries to non-employees, damage to property resulting from any business activities.

Fitness for Duty
An employee must be mentally and physically fit and should remain fit for the work. An employee must not be under the influence of a drug or un-prescribed medicine which impairs his/her ability to work efficiently and safely. An employee must report to his/her supervisor if he/she is taking some prescribed or over-the-counter medicines which might affect his/her ability to work efficiently and safely.

Attendance Report
An employee must inform to his/her senior or supervisor if he/she is unable to come at the place of his/her duty. For this an employee should always have the contact information of his/her supervisor.

Work Place Harassment and Discrimination
All staff will maintain an environment that is free from harassment and in which all employees are equally respected. Workplace harassment is defined as any action that creates an intimidating, hostile or offensive work environment. Such actions include, but are not limited to, sexual harassment, disparaging comments based on gender, religion, race or ethnicity.

The company will take appropriate measures to ensure a discrimination-free workplace. Every employee has the right to be protected from harassment. The principles of equal treatment apply in employees' daily dealings with each other and to all processes relating to the working relationship, including the hiring and promotion of personnel. Accordingly, there will be no potentially discriminatory questions posed in job advertisements, at job interviews or when making decisions on new appointments. The same applies to career prospects, promotions, vocational training, remuneration and dismissal.

Environment

To preserve and protect the environment, all staff members should:

- Design and operate the Company's facilities and processes so as to ensure the trust of adjoining communities.
- Promote resource conservations, waste minimization and the minimization of the release of chemicals / gas into the environment.
- Provide employees customers, suppliers, public authorities and communities with appropriate information for informed decision making; and
- Strive continuously to improve environmental awareness and protection.

Workplace Violence

An employee must not engage in acts or threats of violence. It is the duty of an employee to maintain a safe and secure workplace and avoid acts or threats of physical violence, intimidation, harassment or coercion, stalking, sabotage, and similar activities. Employees who are engaged in such activities will be terminated.

Weapons in the Workplace

An employee must not bring, carry, store, or use any type of weapon on the Company owned, leased, or rented property; in the company owned, leased, or rented vehicle; in a personal vehicle while on the Company's business; or at a job site, whether on or off duty, unless an employee is explicitly authorized and have a legitimate business reason to do so.

Protection and Proper Use of Company Assets

An employee is expected to exercise their business judgment in a manner that protects the Company's assets and promotes their efficient use. An employee must follow the acquisition, use, maintenance and disposal policies for the acquisition, use, maintenance and disposal of the Company's assets.

All Company assets are to be used for legitimate business purposes. An employee may use the company assets on limited basis with the permission of his/her senior or supervisor.

Computer and System Security

An employee is responsible for ensuring the security of the Company's computers and information system by complying with the company's information technology policy. It is the responsibility of an employee that he/she:

- Doesn't share passwords or other access credentials with any other person or group and don't use another person's password.
- Use only approved, authorized, and properly licensed software on the Company's computer systems.
- Connect only the Company's owned computers and equipment to the Company networks.
- Doesn't attempt to circumvent or attack security controls on a computer system or network.
- Doesn't access or download pornographic, gaming, file sharing, or other inappropriate files or websites.
- Doesn't store inappropriate or pirated content on his/her company equipment.

Immediately report any suspected or actual breach of the Company's computer system or network security to Information Security's.

Social Media

Social networking sites like Facebook and Twitter are used by many to share insights, opinions, and information. Unless an employee is an officially designated company spokesperson, he/she is not authorized to speak on behalf of D. G. Khan Cement Company Limited Mills Limited through social media channels, regardless of whether he/she is using a company device or personal device.

In the course of an employee's own personal use of these sites, if he/she chooses to post information related to the Company than an employee is personally accountable for what he/she posts online. Remember, once information is posted to the Internet, it is there for good. An employee must:

- Be open and honest about who he/she is and its role with the company.
- Always include a disclaimer stating that the views an employee publishes are his/her own and don't necessarily reflect those of D. G. Khan Cement Company Limited (unless an employee is authorized to speak on behalf of the company.

- Be truthful and accurate.
- Be respectful.
- Disagree agreeably and be professional.
- Protect confidential information and respect copyright and fair use laws.

Fair Dealing
Each employee is expected to deal fairly with the respective customer of the Company, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice and will not accept or receive gifts from any of the customers, stakeholders, suppliers, bankers etc. Inappropriate use of proprietary information, misusing trade secret information or inducing such disclosures by past or present employees of other companies is prohibited.

Bribery
The payment of bribes kickbacks or other payments in cash or kind to obtain business or otherwise gain advantage is strictly prohibited, irrespective of whether payments or offers are made directly or (knowingly) via an intermediary.

Such payments are fundamentally inconsistent with the desire to maintain high standards of integrity in its business and relationships.

Confidential Information
Staff members should not keep or make copies of correspondence, documents, papers and records, list of suppliers or consumers without the consent of the Company. Company's information and records should be kept on Company premises only and unpublished information may be disclosed to external organizations / individuals only on "need to know" basis. In case of doubt in this regard, the Management's advice should be sought.

Regulatory Compliance and Corporate Governance
D. G. Khan Cement Company Limited co-operates with all governmental and regulatory bodies and is committed to high standards of corporate governance. D. G. Khan Cement Company Limited is fully compliant to its obligations under the Listing Rules of three Stock Exchanges, of whom it is a listed member. All the employees of the Company are required to abide by the country's laws, rules and regulations.

Financial Integrity
Compliance with accepted accounting rules and procedure is required at all times. In addition to being duly authorized, all transactions must be properly and fully recorded. No record entry of document may be false or misleading and no undisclosed and unrecorded account, fund or asset may be established or maintained. No corporate payment may be requested, approved or made with the intention that any part of such payment is to be used for any purpose other than as described in the document supporting it. All information supplied to the auditors must be complete and not misleading.

An employee must not knowingly assist in fraudulent activities (e.g. tax evasion) by others. If an employee have any reason to believe that fraudulent activities are taking place (whether within or by others with whom we do business), he/she must report it to his/her manager immediately.

Alcohol, Drug and Gambling
An employee must not use alcohol in any form within the company premises. Similarly, the use of drugs, except under medical advice, is prohibited on all company locations / premises.

All forms of gambling / betting on the Company's premises are forbidden.

Insider Trading
The company has a stringent policy on insider trading and securities transactions. Certain senior executives and finance staff can deal in the company's shares any time outside the closed period announced by the company on the eve of quarterly Board meetings. The employee must adhere to the company policy on insider trading. An employee must follow the principle of confidentiality and must not disclose any information in the public unless the financial results are declared.

Sanctions

Any contravention of this Code will be internally investigated. In applicable cases it will also have consequences in labour law and may lead to external investigations and action in the Pakistani courts of law.

Linking Art to Technology

Policy on Level of Materiality

Purpose
The purpose of this policy is to define the level of materiality for transactions which are financially significant for the consideration of the Board of Directors (hereinafter referred to as the ‘Board’) of D. G. Khan Cement Company Limited (hereinafter referred to as 'DGKC') and.

Scope
This policy shall be applicable to all transactions which are financially material and any other transaction(s) which the Board may consider to be material whether defined or not.

Policy
Following transactions shall be considered material and shall be referred to the Board for its consideration and approval by means of a resolution passed at their meeting, namely:

(a) to incur capital expenditure on any single item or dispose of a fixed asset in accordance with the following limits:
  (i) in case of capital expenditure to be incurred on any single item, an amount exceeding one million rupees; and
  (ii) in case of disposal of fixed assets, an amount of book value exceeding one hundred thousand rupees;
(b) to undertake obligations under leasing contracts exceeding one million rupees;
(c) to approve bonus to employees;
(d) having regard to such amount as may be determined to be material by the Board:
  (i) to write off bad debts, advances and receivables;
  (ii) to write off inventories and other assets of DGKC; and
  (iii) to determine the terms of and the circumstances in which a law suit may be compromised and a claim or right in favour of DGKC may be released, extinguished or relinquished
(e) to make calls on shareholders in respect of moneys unpaid on their shares;
(f) to issue shares;
(g) to issue debentures, participation term certificate or any instrument in the nature of redeemable capital;
(h) to borrow moneys otherwise than on debentures;
(i) to invest the funds of DGKC;
(j) to make loans;
(k) to authorize a director or the firm of which he is a partner or any partner of such firm or a private company of which he is a member or director to enter into any contract with DGKC for making sale, purchase or supply of goods or rendering services with DGKC;
(l) to approve annual or half-yearly or other periodical accounts as are required to be circulated to the members;
(m) to declare interim dividend;
(n) all transactions or contract of sale and purchase with associated company/companies and related party/parties; and
(o) any other transaction which, in the opinion of the Board, is material and needs consideration and approval of the Board.

Whistleblower Policy

Purpose
D. G. Khan Cement Company Limited (hereinafter referred to as 'DGKC') is committed to high standards of ethical, moral and legal business conduct and open communication. In line with these commitments, this policy aims to provide an avenue for employees to raise their concerns and get assurance that they will be protected from reprisals or victimization for whistle blowing. This policy is also intended to address the protections available for employees if they raise concerns such as:

- unlawful activity;
- activities that are not in line with DGKC's policy, including the Code of Conduct;
- activities, which otherwise amount to serious improper conduct; or
- incorrect financial reporting.

Ownership
Head of Human Resource (HR) Department shall be the owner of the policy and shall be responsible for its maintenance, update and communication of this Policy to all relevant stakeholders.

Safeguards

Confidentiality - Every effort will be made to treat the complainant’s identity as strictly confidential.

Anonymous Allegations - This policy encourages employees to identify their names while raising allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be explored appropriately, but consideration will be given to:

- The seriousness of the issue raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

Bad Faith Allegations - Allegations in bad faith may result in serious disciplinary action.

Harassment or Victimization - Harassment or victimization for reporting concerns under this policy will not be tolerated.

Procedure: 1. Process for Raising a Concern

- The whistleblowing procedure is intended to be used for raising serious and sensitive issues. Such concerns, including those relating to unethical or illegal conduct may be reported directly to Head of HR Department.
- Reports shall be factual rather than speculative, and contain as much specific information as possible to allow for proper investigation. The motivation of a whistleblower in making a report is irrelevant to the consideration of the validity of the allegations. However, the intentional filing of a false report is itself considered an improper activity that DGKC has the right to act upon.
- To the extent possible within the limitations of law and policy and the need to conduct a competent investigation, confidentiality of whistleblowers shall be maintained. Whistleblowers that chose to identify themselves are cautioned that their identity may become known for reasons outside of the control of the investigators. Similarly, the identity of the subject(s) of the investigation shall be maintained in confidence with the same limitations.
- Employment-related concerns should continue to be reported through normal channels (such as HOD, GM HR or to the CEO).
- The earlier a concern is expressed, the easier it is to take action.
- Although the employee is not expected to prove the truth of an allegation, the employee should be able to demonstrate to the person contacted so that the report is being made in good faith.

Procedure: 2. How the Report of Concern Will be Handled

- Upon receipt of a concern or complaint, Head of HR Department shall:
    - o determine the nature of the concern or complaint
    - o acknowledge receipt of the concern or complaint to the submitter within ten (10) working days, when such complaint has been lodged on a confidential basis and

- o act accordingly, that is,

  (a). if the concern or complaint pertains to accounting matters, shall refer the matter to Audit Committee; and
  (b). all other concerns or complaints shall be referred to the Disciplinary Committee comprising of the following:

  1. Chief Financial Officer
  2. Head of HR Department
  3. Company Secretary

- Initial inquiries shall be made to determine whether an investigation is appropriate. Some concerns may be resolved by agreed action without the need for investigation.
- If the complaint relates to the accounting matters, the Audit Committee may delegate its power to investigate the matter to any employee(s) of DGKC having the requisite knowledge and experience of accounting and financial matters.
- The amount of contact between the complainant and the team conducting the investigation shall depend on the nature of the issue and the clarity of information provided. Further information may be sought from the complainant.
- In conducting any investigation, the Audit Committee/Disciplinary Committee shall use reasonable efforts to protect the confidentiality or anonymity of the complainant, consistent with the need to conduct an adequate review.
- Prompt and appropriate corrective action shall be taken as warranted in the judgment of the Audit Committee/ Disciplinary Committee.
- Where it is possible and determined appropriate by the Audit Committee/ Disciplinary Committee, notice of any corrective action taken will be reported back to the person who submitted the concern or complaint, if return email or other address is provided by the complainant.
- Subject to legal constraints, the complainant may also receive information regarding the outcome of the investigation.

Procedure: 3. Reporting and Retention of Complaints and Investigation

The Head of HR Department shall maintain a log of all reported concerns or complaints, tracking their receipt, their investigation and resolution and shall prepare a periodic summary report thereof for review of the Board of Directors, if required by them.

The Head of HR Department shall retain, as part of its records, any such complaints or concerns in the Personal File of the employee raising the concern.

Terms of Reference of Audit Committee

The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the listed company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise, it shall record the reasons thereof.

The terms of reference of the Audit Committee shall also include the following:

(a) determination of appropriate measures to safeguard the company's assets;
(b) review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
  • major judgmental areas;
  • significant adjustments resulting from the audit;
  • the going concern assumption;
  • any changes in accounting policies and practices;
  • compliance with applicable accounting standards;
  • compliance with listing regulations and other statutory and regulatory requirements; and
  • significant related party transactions.

(c) review of preliminary announcements of results prior to publication;
(d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
(e) review of management letter issued by external auditors and management's response thereto;
(f) ensuring coordination between the internal and external auditors of the listed company;
(g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the listed company;
(h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
(i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
(j) review of the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
(k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
(l) determination of compliance with relevant statutory requirements;
(m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
(n) consideration of any other issue or matter as may be assigned by the Board of Directors.

Terms of Reference of Human Resource and Remuneration Committee

(i) Recommending Human Resource Management Policies to the Board.
(ii) Recommending to the Board the Selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer.
(iii) Recommending to the Board the Selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit and
(iv) Consideration and approval on recommendations of CEO on such matters for Key management positions who directly report to Chief executive officer or COO.
(v) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource Management

The overall requirements of the job, relevant qualification and experience of the individual will be the determining factors in the selection of employees. The policy of the company is to develop its own employees and fill in the vacancies from within the organization whenever possible. In case of non availability of qualified personnel from within, the company will recruit qualified and appropriately experienced personnel in the respective discipline from outside.

New Officers will be inducted only on the basis of an employment requisition against a specific function within the approved manpower budget.

Statement on Environment

The company is committed in green and pure environment and minimum possible adverse impact on environment. For achieving its goal it:

- Use state of the art technology compliant with environmental rules and thereby reducing the impact on environment to its minimum level;
- Use alternate fuels to permissible extent, which otherwise be a waste and pollution-causing material;
- Use the plant running and heat as a source of energy;
- Preserve and restore the environment;
- Train its employees to do work in environment friendly manner;
- Raise awareness about environment in employees and nearby communities;

MIS and IT Governance

DG Khan Cement achieved management and operation excellence through plant and office automation. Easy management, smart monitoring, reduction of operational cost, significant resource saving and enhanced production are the main benefit of automation. It also helped to optimize office activities and procedure in smart way. The Key technology components are FLS Plant Automation system, Plant Guide, ERP System, Helpdesk, IP Telephony and state-of-art infrastructure.

Enterprise Resource Planning (ERP) system

DG Khan Cement has implemented state-of-the-art Enterprise Resource Planning (ERP) system “Oracle e-Business Suite” in 2008. ERP system enabled company to manage its Finance, manufacturing, maintenance, Human Resource, Order management, Sales and dispatch, inventory and purchasing in one application suite. All application are tightly integrated and helping company to eliminate the duplication of work. This application is implemented on world best practices and excellent security mechanism. Each user is restricted through security profile, and all database and application logs are enabled. Following are the few benefits of ERP.

Finance

- Excellent Financial management, monitoring and controls.
- Instant Financial results
- Automated Withholding Tax management.
- Reduced asset bases and costs, enhanced decision support, more accurate and timely information, reduced financial cycles, and increased procurement leverage
- A large number of processes have been automated, which has increased the efficiency and reduced overhead costs
- Business Intelligence provides fully interactive dashboards and reports with a rich variety of visualizations.
- Also Business Intelligence allows the creation of highly formatted templates, reports, and documents such as flash reports, checks

Manufacturing

- Automated production batches linked with Plant.
- Manufacturing information integrated with Plant
- Automated Daily Production report from Plant Guide
- Instant Truck loading information from pack house

Maintenance
- Efficient and cost effective maintenance with preventive and predicted maintenance.
- Online work orders, automated job scheduling, and online material and resource requests

Human Resource
- Effective HRMS management.
- Bio Metric Time management
- Secure and error free payroll and benefit system.

Order Management/Sales and Dispatch
- Online Customer management
- Online ordering system, with live order status.
- Increased customer satisfaction through integration and consistency
- Secure shipping and dispatch controls
- Automated dispatch and truck loading planning
- SMS system for customer, send SMS for each truck including truck, drive and dispatch information.
- Automated invoice email to customer

Inventory
- Efficient store management
- Centralize inventory management for all plants
- Online stocks, by item, category and locations.
- Inter-org transfer control.
- Secure receiving and issuance system

Purchasing
- Efficient Supplier management
- Online purchase requests, Purchase Orders, RFQ, and Quotations.
- Online Hierarchical Approval system.
- Automated Min-Max Planning.

Effective ERP Reporting System
ERP Reports have been generated containing classified information covering almost each area of the company e.g. financial statements, daily production report alongwith historical data, consumption norms, daily dispatch and booking information, detailed analytical report on inventory and consumption etc. ERP Reporting is available to all executives, they can monitor their respective data in office and as well as during out of office.

ICT & Networking Infrastructure
DKCCL is using branded Servers, Storage Personal computers and Laptops to keep better corporate hardware support. Internet connectivity to end users is served with firewall, Antivirus and Intrusion Detection & Prevention System (IPS) from head office to all plant sites and sales offices, Daily review logs and controls of network, security, threats, applications, and database done by internal team, which is audited by external auditors quarterly.

Disaster Recover Site
DR Site is located far away from head office data center. Backup of software and configuration is stored on DR site and Plant Sites. Disaster Drill are done quarterly and reported accordingly.

Quality Management

DGKC is compliant with international and national quality standards. Strict monitoring is in place to ensure quality of products. From raw materials to packed products, each and every step and procedure is tested, checked, reviewed and approved under standard operating procedures.

Corporate Social Responsibility

The company is well cognizant of its responsibilities towards society. The Company:

- Provides free ambulance service to local communities.
- Provides free fire brigade services to local and nearby areas.
- Provides free bus transportation facilities to and from nearby villages/dispensary.
- Provides heavy equipment, manpower and technical services in case of any mishaps/accidents to adjoining areas.
- Contributes to flood, earthquake and other disasters victims rehabilitation
- Contributes to Internally Displaced Persons (IDPs) rehabilitation.
- Supports deserving sports persons.
- Contributes to rehabilitation of disabled persons.

Stakeholders' Engagement

The guiding principles for engagement with stakeholders are:

- Timeliness
- Fairness
- Effectiveness
- Transparency

The ways of interaction and engagement are divided into scheduled and as and when required basis. The means of interaction could be formal & informal and direct & indirect.

Stake Holders	Methods Adopted
Shareholders/Investors	General Meetings
	Circulation of Minutes
	Circulation of Company Reports
	Through Company Secretariat
	Letters/Emails/Telephone
Lenders/Analysts	Meetings
	Visits
	Conferences
	Letters/Emails/Telephone
Suppliers	Office Meetings
	Visits
	Letters/Emails/Telephone
Customers	Office Meetings
	Visits
	Informal Gatherings
	Letters/Emails/Telephone
Employees	Supervisor Interaction
	Informal Meetings & Gatherings
	Appraisals, HR Department
Regulatory Authorities	Regular Reporting
	On Demand Reporting
	Office Meetings
	Information Notices
	Letters/Emails/Telephone
Communities	Meetings
	Letters/Emails/Telephone

Linking Subtlety to Work

Linking Success to Dignity

Pattern of Share Holding as at June 30, 2015

NO. OF SHAREHOLDERS	HAVING SHARES From	To	SHARES HELD	PERCENTAGE
1130	1	100	41954	0.0096
1342	101	500	474408	0.1083
868	501	1000	759123	0.1733
1192	1001	5000	3153942	0.7199
317	5001	10000	2552807	0.5827
91	10001	15000	1152487	0.2631
76	15001	20000	1418564	0.3238
56	20001	25000	1337065	0.3052
48	25001	30000	1354398	0.3091
38	30001	35000	1260890	0.2878
31	35001	40000	1189924	0.2716
17	40001	45000	741000	0.1691
31	45001	50000	1530100	0.3492
19	50001	55000	1004909	0.2294
15	55001	60000	884260	0.2018
6	60001	65000	381300	0.0870
10	65001	70000	686116	0.1566
15	70001	75000	1109000	0.2531
7	75001	80000	544956	0.1244
3	80001	85000	249722	0.0570
8	85001	90000	709200	0.1619
5	90001	95000	466249	0.1064
22	95001	100000	2187000	0.4992
4	100001	105000	414500	0.0946
8	105001	110000	876000	0.1999
6	110001	115000	673550	0.1537
5	115001	120000	590805	0.1348
2	120001	125000	242000	0.0552
2	125001	130000	252900	0.0577
6	130001	135000	797668	0.1821
2	135001	140000	272500	0.0622
2	140001	145000	286000	0.0653
7	145001	150000	1044810	0.2385
4	150001	155000	604885	0.1381
2	155001	160000	311292	0.0711
2	160001	165000	326500	0.0745
2	165001	170000	333000	0.0760
3	170001	175000	523000	0.1194
2	175001	180000	360000	0.0822
2	190001	195000	385500	0.0880
4	195001	200000	797000	0.1819
3	200001	205000	605830	0.1383
2	210001	215000	428000	0.0977
2	215001	220000	435292	0.0994
2	225001	230000	456500	0.1042
1	235001	240000	236700	0.0540
4	245001	250000	1000000	0.2282
1	255001	260000	259200	0.0592

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES From	To	SHARES HELD	PERCENTAGE
1	260001	265000	264000	0.0603
1	265001	270000	270000	0.0616
1	270001	275000	275000	0.0628
3	280001	285000	846500	0.1932
2	285001	290000	574700	0.1312
9	295001	300000	2700000	0.6163
1	305001	310000	308500	0.0704
1	310001	315000	312000	0.0712
2	320001	325000	643000	0.1468
1	325001	330000	326500	0.0745
3	330001	335000	1004500	0.2293
1	335001	340000	336000	0.0767
3	340001	345000	1029290	0.2349
2	345001	350000	700000	0.1598
1	350001	355000	352300	0.0804
2	355001	360000	719700	0.1643
1	370001	375000	375000	0.0856
3	375001	380000	1133000	0.2586
2	390001	395000	786500	0.1795
3	395001	400000	1200000	0.2739
1	410001	415000	414500	0.0946
1	420001	425000	425000	0.0970
1	445001	450000	446000	0.1018
1	460001	465000	465000	0.1061
1	470001	475000	475000	0.1084
1	480001	485000	485000	0.1107
2	495001	500000	997000	0.2276
2	510001	515000	1028500	0.2348
1	520001	525000	521500	0.1190
1	525001	530000	528320	0.1206
1	540001	545000	542000	0.1237
2	545001	550000	1100000	0.2511
1	550001	555000	553500	0.1263
1	570001	575000	575000	0.1312
2	580001	585000	1165500	0.2660
1	640001	645000	645000	0.1472
2	645001	650000	1299000	0.2965
1	665001	670000	667500	0.1524
1	670001	675000	670300	0.1530
1	675001	680000	679444	0.1551
1	730001	735000	732000	0.1671
1	745001	750000	750000	0.1712
2	750001	755000	1502200	0.3429
1	760001	765000	765000	0.1746
1	790001	795000	791000	0.1805
2	795001	800000	1599600	0.3651
1	800001	805000	802080	0.1831
1	805001	810000	808000	0.1844
1	835001	840000	837700	0.1912
2	870001	875000	1745380	0.3984

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES From	To	SHARES HELD	PERCENTAGE
1	890001	895000	894690	0.2042
1	895001	900000	900000	0.2054
1	915001	920000	920000	0.2100
2	940001	945000	1884001	0.4300
1	965001	970000	965500	0.2204
1	980001	985000	981849	0.2241
1	995001	1000000	998500	0.2279
1	1005001	1010000	1010000	0.2305
1	1010001	1015000	1014000	0.2314
1	1050001	1055000	1053232	0.2404
2	1090001	1095000	2187251	0.4992
2	1125001	1130000	2258000	0.5154
1	1205001	1210000	1209600	0.2761
1	1225001	1230000	1227500	0.2802
1	1235001	1240000	1238611	0.2827
2	1295001	1300000	2598546	0.5931
1	1315001	1320000	1317032	0.3006
2	1340001	1345000	2684222	0.6127
1	1345001	1350000	1350000	0.3081
1	1395001	1400000	1400000	0.3195
1	1470001	1475000	1472000	0.3360
1	1545001	1550000	1548485	0.3534
2	1585001	1590000	3173500	0.7243
1	1595001	1600000	1600000	0.3652
1	1645001	1650000	1647500	0.3760
1	1690001	1695000	1691500	0.3861
1	1705001	1710000	1705800	0.3893
1	1725001	1730000	1727000	0.3942
1	1740001	1745000	1742000	0.3976
1	1750001	1755000	1752000	0.3999
1	1835001	1840000	1840000	0.4200
1	1955001	1960000	1956760	0.4466
1	2060001	2065000	2063181	0.4709
1	2120001	2125000	2125000	0.4850
1	2230001	2235000	2234500	0.5100
1	2330001	2335000	2331000	0.5320
1	2440001	2445000	2443000	0.5576
1	2500001	2505000	2504800	0.5717
1	2550001	2555000	2551570	0.5824
1	2685001	2690000	2685500	0.6130
1	2810001	2815000	2812240	0.6419
1	2895001	2900000	2897400	0.6613
1	2900001	2905000	2902439	0.6625
2	2995001	3000000	6000000	1.3695
1	3010001	3015000	3012500	0.6876
1	3090001	3095000	3090911	0.7055
1	3200001	3205000	3204000	0.7313
1	3535001	3540000	3536500	0.8072
1	3625001	3630000	3628500	0.8282
1	3755001	3760000	3756032	0.8573

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES From	To	SHARES HELD	PERCENTAGE
1	4270001	4275000	4271617	0.9750
1	4425001	4430000	4425043	1.0100
1	4635001	4640000	4635974	1.0582
1	4905001	4910000	4909249	1.1205
1	5125001	5130000	5126300	1.1701
1	5870001	5875000	5872500	1.3404
1	6005001	6010000	6006253	1.3709
1	6275001	6280000	6275944	1.4325
1	6400001	6405000	6405000	1.4619
1	7350001	7355000	7350682	1.6778
1	8060001	8065000	8060906	1.8399
1	9430001	9435000	9433000	2.1531
1	11145001	11150000	11149920	2.5450
1	15725001	15730000	15729997	3.5903
1	21285001	21290000	21289060	4.8592
1	22925001	22930000	22929033	5.2335
1	114645001	114650000	114645168	26.1676
5582	**Company Total**		**438119118**	**100.0000**

Categories of Shareholders As on June 30, 2015

		Shares Held	%
1.	Directors, Chief Executive Officer, and their spouse and minor children	18,705,416	4.27
2.	Associated Companies, undertakings and related parties.	144,053,645	32.88
3.	NIT and ICP	2,064,681	0.47
4.	Banks Development Financial Institutions Non Banking Financial Institutions.	10,284,958	2.35
5.	Insurance Companies	12,980,650	2.96
6.	Modarabas and Mutual Funds	26,056,389	5.95
7.	Shareholders holding 10%	137,574,201	31.40
8.	General Public:		
	a. Local	54,168,525	12.36
	b. Foreign	1,771,651	0.40
9.	Others		
	Joint Stock Companies	153,368,227	35.01
	Investment Companies	894,056	0.20
	Pension Funds, Provident Funds etc.	8,905,482	2.03
	Foreign Companies	94,743,853	21.63

Information Under Listing Regulation No. 5.19.11 (x) of KSE Rule Book as on June 30, 2015

				No. of Shares	%
I.	**Associated Companies, undertakings and related parties**				
	Nishat Mills Limited	-	Associated Company	137,574,201	31.40
	Adamjee Insurance Company Limited	-	Related Party	6,275,944	1.43
	Security General Insurance Company Limited	-	Associated Company	203,500	0.05
II.	**Mutual Funds:**				
	CONFIDENCE MUTUAL FUND			573	0.00
	PRUDENTIAL STOCKS FUND LTD (03360)			64,800	0.01
	PRUDENTIAL STOCK FUND LTD.			413	0.00
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND			1,585,500	0.36
	MCBFSL - TRUSTEE JS VALUE FUND			135,000	0.03
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND			90,000	0.02
	CDC - TRUSTEE JS LARGE CAP. FUND			200,000	0.05
	CDC - TRUSTEE ATLAS STOCK MARKET FUND			500,000	0.11
	CDC - TRUSTEE MEEZAN BALANCED FUND			150,009	0.03
	CDC - TRUSTEE ALFALAH GHP VALUE FUND			134,500	0.03
	CDC - TRUSTEE AKD INDEX TRACKER FUND			52,037	0.01
	MC FSL - TRUSTEE JS KSE-30 INDEX FUND			9,257	0.00
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND			115,305	0.03
	CDC - TRUSTEE MEEZAN ISLAMIC FUND			1,343,722	0.31
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND			50,000	0.01
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND			2,443,000	0.56
	CDC - TRUSTEE NAFA STOCK FUND			2,234,500	0.51
	CDC - TRUSTEE NAFA MULTI ASSET FUND			513,500	0.12
	SAFEWAY FUND LIMITED			1,350,000	0.31
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND			150,397	0.03
	CDC - TRUSTEE APF-EQUITY SUB FUND			35,000	0.01
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND			149,500	0.03
	CDC - TRUSTEE HBL - STOCK FUND			1,647,500	0.38
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND			965,500	0.22
	CDC - TRUSTEE HBL MULTI - ASSET FUND			229,000	0.05
	CDC - TRUSTEE KASB ASSET ALLOCATION FUND			89,500	0.02
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND			300,000	0.07
	CDC - TRUSTEE ALFALAH GHP STOCK FUND			521,500	0.12
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND			322,500	0.07
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND			3,756,032	0.86
	CDC - TRUSTEE ABL STOCK FUND			732,000	0.17
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND			45,000	0.01
	CDC - TRUSTEE FIRST HABIB STOCK FUND			50,000	0.01
	CDC - TRUSTEE LAKSON EQUITY FUND			670,300	0.15
	CDC - TRUSTEE CROSBY DRAGON FUND			53,500	0.01
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND			808,000	0.18
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT			74,500	0.02
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND			287,500	0.07
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND			69,000	0.02
	CDC - TRUSTEE HBL PF EQUITY SUB FUND			48,000	0.01
	CDC - TRUSTEE ASKARI EQUITY FUND			25,000	0.01
	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND			20,000	0.00
	CDC - TRUSTEE ATLAS INCOME FUND - MT			500	0.00
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND			940,500	0.21
	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT			190,500	0.04
	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT			88,000	0.02
	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND			96,500	0.02
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND			35,900	0.01

CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I		335,000	0.08
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND		52,500	0.01
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND - MT		18,500	0.00
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT		136,500	0.03
CDC - TRUSTEE FAYSAL INCOME & GROWTH FUND - MT		6,000	0.00
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND		270,000	0.06
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND		264,000	0.06
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II		375,000	0.09
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND		31,500	0.01
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND		22,500	0.01
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND		377,500	0.09
CDC - TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND		100,000	0.02
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT		542,000	0.12
CDC - TRUSTEE PIML VALUE EQUITY FUND		27,000	0.01
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT		61,000	0.01
CDC - TRUSTEE HBL MUSTAHEKUM SARMAYA FUND 1		47,500	0.01
III. Directors and their spouse(s) and minor children:			
Mrs. Naz Mansha	Director/Chairperson	113,098	0.03
Mian Raza Mansha	Director/CEO	12,696,880	2.90
Mr. Khalid Niaz Khawaja	Director	2,000	0.00
Mr. Khalid Qadeer Qureshi	Director	720	0.00
Mr. Farid Noor Ali Fazal	Director	1,200	0.00
Mr. Shahzad Ahmad Malik	Director	100	0.00
Ms. Nabiha Shahnawaz Cheema	Director	320	0.00
Mrs. Ammil Raza Mansha	Spouse of CEO	5,891,098	1.34
IV. Executives:			
Mr. I.U. Niazi	Chief Financial Officer	2,775	0.00
V. Public Sector Companies and Corporations:			
Joint Stock Companies		153,368,227	35.01
VI. Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds:			
Investment Companies		894,056	0.20
Insurance Companies		12,980,650	2.96
Financial Institutions		10,284,958	2.35
Modaraba Companies		16,644	0.00
Mutual Funds		26,039,745	5.94
Pension Funds/Provident Funds Etc.		8,905,482	2.03
VII. Shareholders holding Five percent or more voting interest in the Listed Company			
Mian Umer Mansha		27,295,313	6.23
Mian Hassan Mansha		26,879,917	6.14
Nishat Mills Limited		137,574,201	31.40

Information Under Listing Regulation No. 5.19.11 (xii) of KSE Rule Book as on June 30, 2015

Name of Director	No. of Shares	Purchase / Sale
Ms. Nabiha Shahnawaz Cheema	2,500	Sale
Mr. Khalid Niaz Khawaja	2,000	Purchase
Mr. Khalid Niaz Khawaja	500	Sale

Attendance of Members in Meetings During the Year From July 01, 2014 To June 30, 2015

Audit Committee

During the year under review, Five Audit Committee Meetings were held, attendance position was as under:-

Sr. No.	Name of Member		No. of meetings attended
1.	Mr. Khalid Niaz Khawaja	(Member/Chairman)	5
2.	Mr. Khalid Qadeer Qureshi	(Member)	5
3.	Ms. Nabiha Shahnawaz Cheema	(Member)	3

HR&R Committee

During the year under review, one Human Resource & Remuneration (HR&R) Committee meeting was held, attendance position was as under:-

Sr. No.	Name of Member		No. of meetings attended
1.	Mr. Khalid Qadeer Qureshi	(Member/Chairman)	1
2.	Mr. Raza Mansha	(Member)	1
3.	Ms. Nabiha Shahnawaz Cheema	(Member)	0

Board Of Directors

During the year under review, Six Board of Directors Meetings were held, attendance position was as under:-

Sr. No.	Name of Dirctor		No. of meetings attended
1.	Mrs. Naz Mansha	(Chairperson)	4
2.	Mr. Raza Mansha	(Chief Executive Officer)	5
3.	Mr. Khalid Niaz Khawaja		5
4.	Mr. Khalid Qadeer Qureshi		4
5.	Mr. Farid Noor Ali Fazal		6
6.	Mr. Shehzad Ahmad Malik		5
7.	Ms. Nabiha Shahnawaz Cheema		3

Status of Director Training Programme

Name of Director	Status of Director Training Programme
Mrs. Naz Mansha (Chairperson)	Exempt
Mian Raza Mansha (CEO)	Exempt
Mr. Khalid Niaz Khawaja	Completed
Mr. Khalid Qadeer Qureshi	Exempt
Mr. Farid Noor Ali Fazal	Completed
Mr. Shahzad Ahmad Malik	Completed
Ms. Nabiha Shahnawaz Cheema	Completed

Report of the Board Audit Committee

The Board Audit Committee (BAC) is governed by the mandate given to it vide Code of Corporate Governance and Board of the Company. It is vital platform to ensure transparency of company reporting and checking effectiveness in achievement of company objectives.

BAC assists Board in scrutinizing the financial and non-financial information and maintaining an independent check on activities of management. It also provides a helping hand to Board in rsik management, internal controls, compliance and governance matters.

BAC comprises of three members:

Mr. Khalid Niaz Khawaja	Independent Director	Chairman
Mr. Khalid Qadeer Qureshi	Non-Executive Director	Member
Ms. Nabiha Shahnawaz Cheema	Non-Executive Director	Member

All the members have extensive knowledge and experience in the field of finance, accounting, controls, system management, reporting and compliance areas.

BAC takes into account information from various sources like reports from management, internal auditors' report, external auditors' report and any other source. BAC invites, questions and calls any person from management as and when required.

During FY15 BAC met five times. CFO and internal auditors are regular participants of the meeting. BAC also meets external and internal auditors independently once a year.

The terms of BAC are precisely defined by the Board. The Committee monitors including other things:

- Internal controls
- Risk management
- Integrity of financial information
- Internal and external audit reports
- Audit observations
- Compliance with applicable laws
- Management's decisions conformity with the Company objectives
- Related Party transactions
- Assessing accounting & financial estimates, going concern assumption, changes in accounting policies and compliance with standards.
- Recommendation of external auditors appointment based on independence, integrity and satisfactory rating with ICAP

The Board Audit Committee has reviewed the performance and operations of the Company for the year ended June 30, 2015 and reports that:

- Internal controls of the company are sound and are working properly;
- Departments of the company are working in line with company objectives;
- Records are maintained in accordance with applicable laws and regulations;
- Financial statements are in conformity with applicable laws and regulations;
- Code of Corporate Governance is followed;
- Being at arm's length, related party transactions are recommended to the Board for approval;
- Recommended the present auditors, M/S A.F. Ferguson & Co. Chartered Accountants, for reappointment for the year ending June 30, 2016.

Khalid Niaz Khawaja
Chairman
Board Audit Committee

Lahore
September 21, 2015

Statement of Compliance with the Code of Corporate Governance (CCG) [See clause (xl)]

Name of company: D. G. Khan Cement Company Limited
Year ended: June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Khalid Niaz Khawaja
Executive Directors	Mian Raza Mansha Mr. Farid Noor Ali Fazal
Non-Executive Directors	Mrs. Naz Mansha Mr. Khalid Qadeer Qureshi Mr. Shahzad Ahmad Malik Ms. Nabiha Shahnawaz Cheema

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. The directors have confirmed that they are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI and not a member of a stock exchange and none of them has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged followings for its directors during the year.

   Orientation Course: -

   All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.

Directors' Training Program: -

(i) Three (3) Directors of the Company are exempt due to 14 years of education and 15 years of experience on the board of a listed company.

(ii) Four directors Mr. Khalid Niaz Khawaja, Mr. Farid Noor Ali Fazal, Mr. Shahzad Ahmad Malik and Ms. Nabiha Shahnawaz Cheema have completed the directors training program.

10. No new appointments of CFO, Company Secretary and Head of Internal Audit, has been approved by the Board. The remuneration of CFO and Head of Internal Audit was revised during the year after due approval of the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 3 members, of whom 2 are non-executive directors and one is independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is a Non-Executive director.

18. The board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

MIAN RAZA MANSHA
Chief Executive Officer
Lahore: September 21, 2015

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

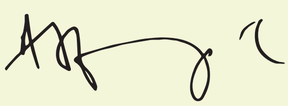
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the ‘Code’) prepared by the Board of Directors of D.G. Khan Cement Company Limited (the ‘Company’) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.



A. F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: September 21, 2015

Name of engagement partner: Muhammad Masood

Notice of Annual General Meeting

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the Shareholders of D. G. Khan Cement Company Limited (the "Company") will be held on October 29, 2015 (Thursday) at 11:00 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' reports thereon.
2. To approve Final Cash Dividend @ 50% [i.e. Rs. 5/- (Rupees Five Only) Per Ordinary Share] as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year ending June 30, 2016 and fix their remuneration.

By order of the Board

Lahore **(KHALID MAHMOOD CHOHAN)**
September 21, 2015 **COMPANY SECRETARY**

NOTES:

1. BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 22-10-2015 to 29-10-2015 (both days inclusive) for entitlement of 50% Final Cash Dividend [i.e. Rs. 5/- (Rupees Five Only) Per Ordinary Share] and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 21-10-2015 at Company's Share Registrar, M/s THK Associates (Pvt) Limited, Karachi Office, Ground Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, Lahore Office, THK Associates (Pvt) Ltd. 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, Khokar Chowk, Main Boulevard, Johar Town, Lahore, will be considered in time for entitlement of 50% Final Cash Dividend and attending of meeting.

2. A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

3. Shareholders are requested to immediately notify the change in address, if any.

4. <u>Submission of copy of CNIC (Mandatory):</u>

The Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 779 (i) 2011 dated August 18, 2011 has directed the company to print your Computerized National Identity Card (CNIC) number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued/ dispatched to you. In order to comply with this regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Share Registrar, M/s THK Associates (Pvt) Limited.

5. **Revision of Withholding Tax on dividend income under Section 150 of Finance Act 2014:**

It is further informed that pursuant to the provisions of Finance Act 2014, effective from July 01, 2015 a new criteria for withholding tax on dividend income has been introduced by Federal Board of Revenue (FBR), as 'Filer' and 'Non-Filer' shareholders and withholding tax @ 12.50% and 17.50% respectively.

You are therefore advised to check and ensure your Filer status from Active Tax Payer List (ATL) available at FBR website http://www.fbr.gov.pk/ as well as ensure that your CNIC / Passport number has been recorded by your Participant / Investor Account Services (in case your shareholding is in book entry form) or by Company's Share Registrar M/s THK Associates (Pvt) Limited (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in Active Tax Payer List at FBR website and recorded by Participant / Investor Account Services or by Company's Share Registrar (in case of physical shareholding).

6. **Dividend Mandate (Optional):**

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, M/s THK Associates (Pvt) Limited.

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's name	
Branch name and address	
Cell number of shareholder	
Landline number of shareholder, if any	

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

____

Name, signature, folio # and CNIC number of shareholder

Notes:

(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.

(2) If dividend mandate information has already been provided by you, ignore this request.

7. **Transmission of Annual Financial Statements Through Email:**

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.dgcement.com and send the said form duly signed by the shareholder along with copy of his/her CNIC to the Company's Share Registrar M/s THK Associates (Pvt) Limited. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to the registered address of the shareholders.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	Nishat Dairy (Private) Limited	Nishat Hotels and Properties Ltd
Total Investment Approved	Equity investment of Rs. 2,017,880,000 (Rupees Two Billion Seventeen Million Eight Hundred Eighty Thousand Only) for 244,000,000 shares of Rs. 10/- each at purchase price of Rs. 8.27 per share was approved by members in AGM held on October 29, 2014 for the period of (3) years.	Equity investment of Rs. 1,000,000,000 (Rupees One Billion Only) for 100,000,000 shares of Rs. 10/- each at a price of Rs. 10/- per share was approved by members in AGM held on October 29, 2014 for the period of (3) years.
Amount of Investment Made to date	Investment of Rs. 1,819,400,000 has been made for 220,000,000 shares against this approval to date.	Investment of Rs. 500,000,000 has been made for 50,000,000 shares against this approval to date.
Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	No further offer for sale of shares to date.	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. D. G. Khan Cement Company Limited will make further equity investment at a suitable time after considering the macro economic conditions of the country.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	At the time of approval, as per then available latest financial statement for the year ended 30 June 2014, the basic Loss per Share Re.1.58 and Break-up Value per Share was Rs.8.27. As per Latest available financial statements for the year ended 30 June 2015, the basic loss per share is Re. 0.63 and Break-up Value per Share is Rs.7.67.	At the time of approval, as per then available latest financial statement for the year ended 30 June 2014, the basic Loss per Share Re.0.11 and Break-up Value per Share was Rs.9.95. As per Latest available financial statements for the year ended 30 June 2015, the basic loss per share is Re.0.09 and Break-up Value per Share is Rs.9.91.

Linking Vision to Reality

Management and its Reviews

Linking Challenges to Opportunities

Linking Management to Lead

Mr. Khalid Mehmood Chohan
Company Secretary

Mr. Khalid Qadeer Qureshi
Non-Executive Director

Dr. Arif Bashir
Director Technical & Operations

Mr. Aftab Ahmad Khan
Director Finance

Mrs. Naz Mansha
Chairperson

Mian Raza Mansha Chief Executive Officer	Mr. Khalid Niaz Khawaja Independent Director	Mr. Farid Noor Ali Fazal Director Marketing	Mr. Inayat Ullah Niazi Cheif Financial Officer	Mr. Shahzad Ahmad Malik Non-Executive Director

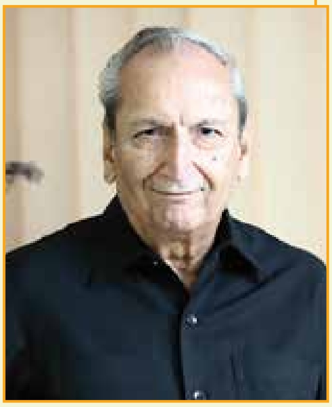
Management Profile

MRS. NAZ MANSHA (Chairperson)

Mrs. Naz Mansha has over 27 years experience as a Director on the Board of different companies. She has been associated with D. G. Khan Cement Company Limited since 1994 and she is also a Director on the Board of Nishat Paper Products Company Limited, a subsidiary of DGKC.

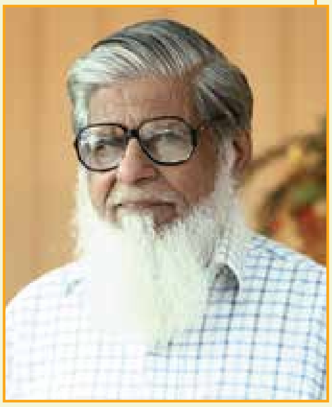
MIAN RAZA MANSHA (Chief Executive Officer)

Mr. Raza Mansha is the Chief Executive of D. G. Khan Cement Company Limited and Nishat Paper Products Co. Limited. He is also serving as a Director for MCB Bank Limited and Sui Northern Gas Pipe Lines Limited. Mr. Raza Mansha received his Bachelor of Arts degree from the University of Pennsylvania and has over 20 years of professional experience. He is also serving as Chairman of IT Committee and as member of Business Strategy & Development Committee and HR&R Committee at MCB. His experience encompasses various sectors including Banking, Textile, Insurance, Agriculture, Cement,Hotels etc. He is also on boards of various other companies including Adamjee Life Insurance Co. Ltd., MCB Financial Services Ltd., Nishat Dairy (Pvt.) Ltd., Euronet Pakistan (Pvt.) Ltd. and few more.



MR. KHALID NIAZ KHAWAJA (Independent Director)

Mr. Khalid Niaz Khawaja is a Fellow of Institute of Bankers, Pakistan. He has more than 45 years experience of banking. He has also served as Chairman of Lahore Stock Exchange Limited.

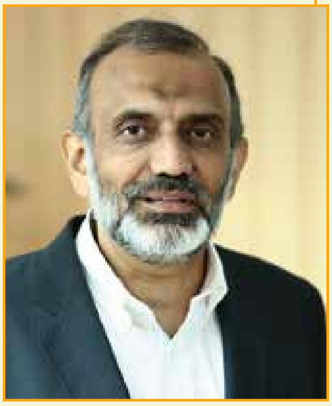


MR. KHALID QADEER QURESHI (Non-Executive Director)

Mr. Qureshi is a Fellow member of the Institute of Chartered Accountants of Pakistan. He has more than 45 years experience of comprehensive in-depth financial management across corporate, finance, accounting, treasury and information systems development and implementation. During his professional tenure he has been actively associated in mergers, IPOs, developing feasibilities reports, private placement of debt & equity as well as restructuring.

MR. FARID NOOR ALI FAZAL (Director Marketing)

Mr. Farid Noor Ali Fazal is a Bachelor of Commerce, Bachelor of Laws and Bachelor of Management. He has more than 40 years experience of marketing. He worked on various positions in Middle East and USA. He is associated with cement industry in one form or the other and was the acting chairman of All Pakistan Cement Manufacturers Association in 2002.

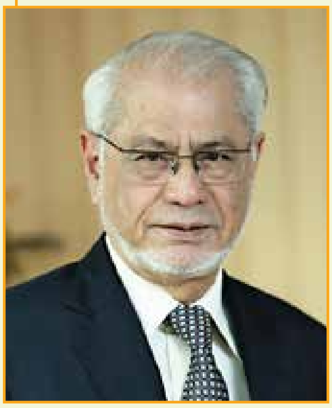


MR. SHAHZAD AHMAD MALIK (Non-Executive Director)

Mr. Shahzad Ahmad Malik has been associated with Nishat Group since 1998. Before joining the Group, he served as a Deputy Director in the Pakistan Audit and Accounts Service, Government of Pakistan. He has a degree in Civil Engineering and later on did his MBA from the Lahore University of Management Sciences. He is also a Director on the Board of Nishat Power Limited.

MS. NABIHA SHAHNAWAZ CHEEMA (Non-Executive Director)

Ms. Nabiha Shahnawaz Cheema is a Chartered Accountant. She has 12 years post qualification experience. She is also a Director in Nishat Mills Ltd, Nishat Hospitality (Pvt) Limited and is Chief Executive Officer of Security General Insurance Company Limited.

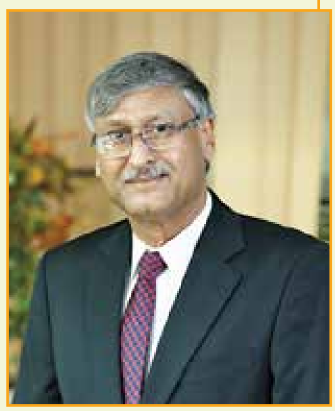


MR. AFTAB AHMAD KHAN (Director Finance)

Mr. Aftab Ahmad Khan is a Fellow Chartered Accountant of the Institute of Chartered Accountants of Pakistan. He has over 50 years of rich experience in various sectors and disciplines. He also served in Punjab Industrial Development Board and some other public sector organisations such as ghee, sugar and rice mills. He is a member of Audit Committee, IT Committee, Write off & Waiver Committee and Policy Review Committee at MCB. He has also served as Chairman of Lahore Stock Exchange. He is also in directors board of other companies which includes MCB Bank Ltd., NIshat Paper Products Co. Ltd., NIshat (Chunain) Ltd., NIshat Hotels & Properties Ltd. and few more.

DR. ARIF BASHIR (Director Technical & Operations)

Dr. Arif Bashir holds a PhD degree in Chemical Engineering and has over 31 years of vast experience. He is expert in the fields of project planning and execution, operation and maintenance of plants. He made many success stories in his field, which are evidence of his technical expertise.



MR. INAYAT ULLAH NIAZI (Cheif Financial Officer)

Mr. Inayat Ullah Niazi is a commerce graduate and CA inter with a vast and extensive experience of over 32 years. His fields of expertise include accounting, reporting, taxation, management affairs etc. He is presently serving as Director in Lahore Stock Exchange. He is director in NIshat Paper Products Co. Ltd., Security General Insurance Co. Ltd., Nishat Hotels & Properties Ltd., Pakistan Aviators and Aviation (Pvt.) Ltd. and few more.

MR. KHALID MEHMOOD CHOHAN (Company Secretary)

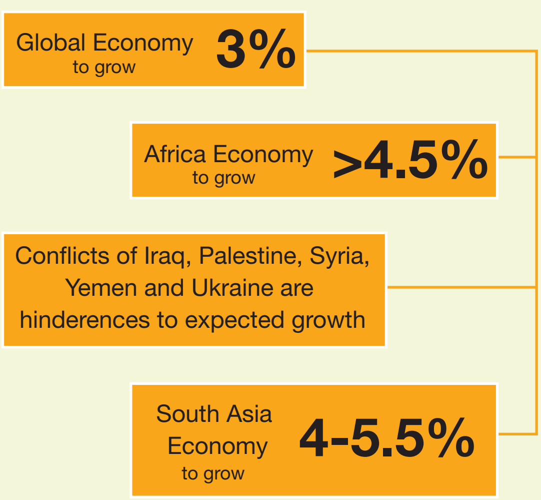
Mr. Khalid Mehmood Chohan is a commerce graduate. He has over 33 years of rich experience in the fields of corporate matters, secretarial practices, accounting & reporting, financial matters and taxation. He also looks after the corporate and secretarial affairs of many other group companies.

Directors' Report to Shareholders on FY15

The directors of your company are pleased to present their report on the financial statements of the company for the year ended on June 30, 2015.

Global Economic Environment

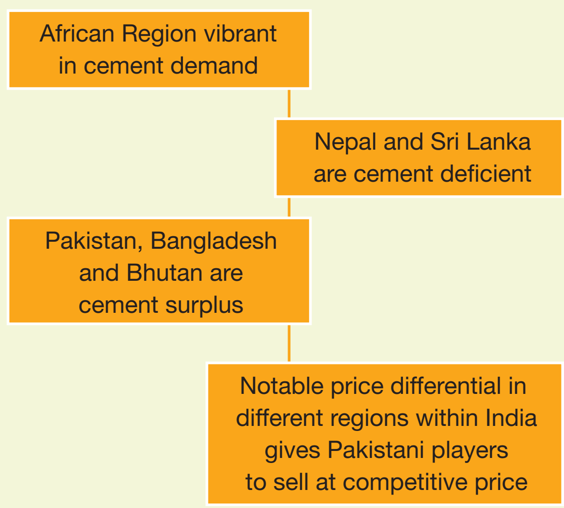
Different regions showed different patterns, however, Global economy modestly expanded in last year but was obstructed by acute political issues along-with other factors. World gross product growth for 2014 was about 2.6%. In 2015, it is expected to grow at about 3%. Economic situation in Europe is still wobbly with weak growth and recession in some areas. In coming year growth from developed countries is projected at about 2% which is better than that of completed year. On the other side for developing countries, the growth projections are about 4.8%. USA economy may expand at about 2.8-3%. Africa is expected to retain its momentum in growth of more than 4.5%. South Asia is expected to pick up growth between 4-5.5% with India to lead it. Reduced oil prices can lower inflation pressure in the region with risks associated with global feebleness and regional political issues. Iraq, Palestine, Syria, Yemen and Ukraine conflicts had and will give hard time in growth. With slow in growth China still is expected to significantly contribute to world growth. Oil prices are expected to range bound between $50-60 during 2015. Far Eastern countries are expected to portray a decent growth in next 3-5 years. While China and India growth rates are expected to be between 5.5-7%. The listed factors are directly and indirectly affecting our domestic economy and the industry and company as well.



Regional and Associated Cement Market

Despite additional cement production capacity in line in Africa, the scale of demand will require import of cement. As Africa is undergoing major expansions in cement, yet per capita cement consumption is significantly below the world average of 500 kg, meaning there is huge potential for growth. Currently, Nigeria is Sub Sahara's largest consumer followed by South Africa. Meanwhile, Africa's urban population is expected to rise to 865 million by 2050 thus could face housing shortage. Increasing production capacity has led to a sharp drop in cement imports in the region. Yet several African countries remain dependent on imports. The majority of imports come from South and Southeast Asia. In the future, the dominant exports in both West and East Africa are set to face major competition from emerging production hubs in Nigeria and Ethiopia, where capacity exceeds demand.

Indian cement market is expected to grow by about 8% but she has planned to take its indigenous capacity to 421 million MT by 2017 that will exceed its demand. There is notable price differential in different regions within India which gives Pakistani players to sell at competitive price. In South Asia region Pakistan, Bangladesh and Bhutan are in cement surplus situation while, Nepal and Sri Lanka are cement deficient. Expected economy growth in South Asian countries is 5-7% except Pakistan and Nepal which ranges between 3-4%. Sri Lanka has high dependency on imported cement.



Domestic Economic Environment

As per the Economic Survey of Pakistan (ESP) 2014-15, agriculture is about 22 % of GDP, Industry is about 17% and Service sector is about 51%. Agriculture sector employs about 44% of country's population. While manufacturing sector employs about 15%. During FY15, manufacturing sector reported a minor growth of just 2.5%. Tax to GDP ratio of Pakistan is 9%. Direct tax collection ratio is less than Indirect taxes. Wholesale & retail trade and transport & communication both have a combined more than agriculture share in GDP i.e., about 29%.

Service sector is mostly untapped in tax while manufacturing sector is neglected. Need is to flourish the Manufacturing & Agri sector. This will have a cascading effect on service sector.

There is about 6% unemployment in Pakistan while per capita is PKR 153,060 which is 7.5% higher than last figures. Population is estimated to be 192 million. 37% population is urban. Population density is about 240/km^2. While population density of India is 368, Sri Lanka is 308, Bangladesh is 964. Pakistan's per capita cement consumption is about 150kg which is far less then world average. All these figures clearly indicate the potential for growth of cement and construction industry in this land but this potential is yet unexplored.

Pakistan's import bill includes about 11% on food related items and 16% on agri items. Out of total exports 55% is from textile sector and 18% is from food related. There is immense potential in development of other sectors like carpets, leather, sports, engineering goods, jewelry, handicrafts, electric equipment etc.

The ESP states that GDP growth rate for ended fiscal year 2015 is 4.24%. During the year SBP discount rate comes down with 300 bps. Now the target policy rate is 6.0% with SBP reverse repo of 6.5%.

Pakistan Economy (Growth Rate) **4.2%**

Huge development potential in Pakistan

Pakistan per capita cement consumption about **150kg**

Pakistan Population density about **240/km^2**

	6M KIBOR
30/06/2014	10.17
30/09/2014	10.19
31/12/2014	9.63
31/03/2015	7.98
30/06/2015	7.04

Poor tax machinery, stagnant foreign investment and repayments of foreign debts have undoubtedly paved the way for foreign backing. Pakistan has a potential to tap other regions and products which are neglected yet.

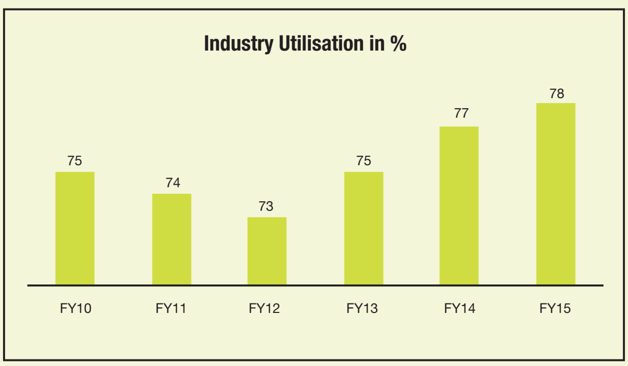
Pakistan's economy gained positive momentum - SBP rate is at a 42-year low, improved rating, well performing stock market, rising foreign reserves and falling inflation are good signs. But this food is not cooked solely by government. Many outside factors played a vital role in it like fall in oil prices which alone went on to lower the import bill and thus stabilizing Rupee and lowering inflation.

	PKR/USD	PKR/EUR
30/06/2014	98.75	134.73
30/09/2014	102.7	130.37
31/12/2014	100.6	122.37
31/03/2015	101.7	110.53
30/06/2015	101.7	113.79

Pak Rupee devalued by about 3% in FY15 against US Dollar. KIBOR slashed down by 30% during this year. But even reduced KIBOR could not attract private sector to take loans for expansions. It is expected that in coming year PKR will loose about 5-7% of its value against USD. Pakistan discount rate may remain stagnant for some time based on fundamentals and other regional and international factors. Energy crisis is still there to impede the progress objectives. Large and cottage industry along-with trading sector are hard hit with energy deficit. Short term measures are necessary but Long term measures to overcome the energy shortfall are more desirable. Uninterrupted and cheap energy is of the main things to do for revival of economy without which exports market would become uncompetitive. Gas reserves exploration should be done on fast track basis.

Pakistan Cement Industry

During FY15 industry dispatches registered a growth of 3% as compared to FY14. However, exports squeezed by 12% in contrast to local sales expansion of 8%. Industry utilization rate remained about 78% as compared to 77% of last year. Industry also witnessed decline in exports to Afghanistan and India as compared to last year.



Company Performance

Your company operated well during the FY15 and its financial results for the year are:

		PKR in thousands
Particulars	**FY15**	**FY14**
Sales	26,104,611	26,542,509
Cost of Sales	16,649,411	17,284,941
Gross Profit	9,455,200	9,257,568
Administrative Expenses	472,326	480,468
Selling and Distribution Expenses	746,723	1,445,225
Other Operating Expenses	727,805	518,745
Other Income	2,320,335	1,647,126
Profit from Operations	9,828,681	8,460,256
Finance Cost	281,504	608,859
Profit before Taxation	9,547,177	7,851,397
Taxation	1,922,497	1,885,899
Profit after Taxation	7,624,680	5,965,498
EPS	17.40	13.62

Volumetric performance figures in Metric Tons are as under:

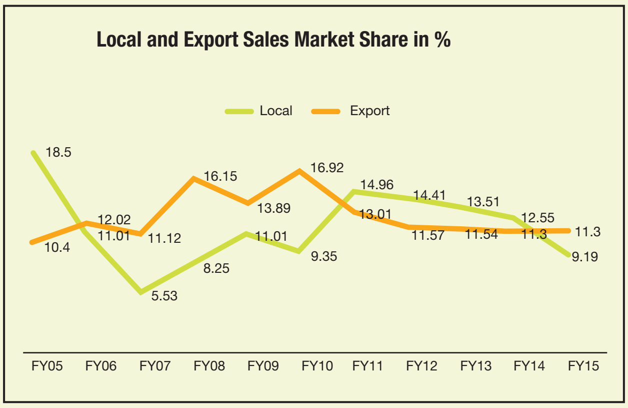
	FY15	**FY14**
Clinker Production	3,507,230	3,585,103
Cement Production	3,849,672	3,988,511
Total Sales	3,858,070	3,976,271
Local Sales	3,196,103	2,954,943
Export Sales	661,967	1,021,328

Company's production

During current year Clinker and Cement production decreased by 2% and 3.4% respectively. Plants operated at about 87% of its capacity as compared to 89% of last year. Our plants operational days on average remained about 750 as compared to 815 days in last year therefore, plant operational days are about 8% less than FY14 mainly due to maintenance and reduced exports. As plant operational days are comparatively less, so is the clinker production.

Sales

Overall cement sales are down by about 3% but with 8% growth in local sales as exports are 35% low with respect to last year. DGKC holds about 11% share in cement industry despatches. In local market the company is holding more than 11% share and in exports market its share is about 9%. DGKC's utilization rate remained about 96% during FY15 which is far better than overall industry utilization rate of 78%.



Volume & Value analysis for sales changes over two years is:

	FY15		**FY14**	
	MT	**PKR in thousands**	**MT**	**PKR in thousands**
Local	3,196,103	28,756,679	2,954,943	26,296,488
Exports	661,967	3,711,942	1,021,328	6,048,508
Total	3,858,070	32,468,621	3,976,271	32,344,996

	Difference between Sales of FY15 & FY14		**% Change**	
	MT	**PKR in thousands**	**MT**	**PKR in thousands**
Local	241,160	2,460,191	8.16	9.36
Exports	(359,361)	(2,336,566)	(35.19)	(38.63)
Total	(118,201)	123,625	(2.97)	0.38

On net sales basis increase of 1.65% is witnessed as compared to last year. Company's local sales growth is in line with industry local sales expansion. Company shifted its exports policy for the time being as local sales is more prolific. Exports reduction is attributed to tough competition in African market on price. Local market price remained almost stable. Supply was not much affected by floods.

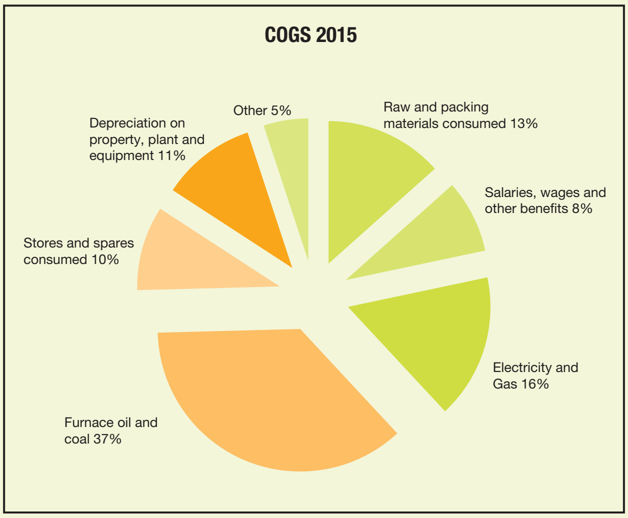
Company's volumetric country wise exports during the year are:

Country	**%**
Afghanistan	35.81
India	31.79
South Africa	13.41
Madagascar	5.90
Comoros	4.11
Others	8.99

In foreign trade the company traded approximately worth USD 85 million during FY15 of which approximately USD 37million is of exports.

Cost of Sales

The cost of sales registered a minimal increase of about 3.6%. In cost of sales, energy cost is the main component comprising about 53% of total cost of sales including gas, electricity, furnace oil, coal and alternate fuels. Electricity & gas jumped up by 14%. This increase is due to provisioning of GIDC amounting to PKR 273 million relating to last year which was reversed after Honorable Supreme Court strike down GIDC Act 2011. Furnace oil & coal are down by 12%. This is because of low coal prices. Other expenses remained in control and effective measures are taken for expense management.



Selling & Distribution Costs

Selling & distribution costs are 48% less than last year. This was mainly due to less freight cost owing to low volumes of exports.

Other Expenses

WPPF is up by 23% due to better profits. Utilisation of tax losses by profitability in the year resulted in taxable income and provisioning of WWF amounting to PKR 92 million. Donations were made to IDP fund, rehabilitation of disabled persons, welfare society and sports uplifting. Exchange loss represents loss incurred due to foreign currency exchange rate movements during the year. It includes exchange gain/loss on exports, imports, foreign currency denominated short and long term loans.

Other Income

Of total other income about 17% is under "Gain on investments at fair value through profit or loss" which is derived from money market mutual fund investments. 73% of other income is from dividend. Dividend income is increased by 18%. These are mainly from strategic investments.

Finance Costs

Overall finance costs decreased by about 54%. This is due to better margins on sales which gave company reasonable cash-flows to cater its fund requirements. Other reasons for this decline include reduction of country discount rate and KIBOR, low banking spreads and effective financial management between local and foreign currencies.

Taxation

Overall tax expense increase by 2% on YoY basis. Current year provision is up by 18% and deferred tax provision is down by 15%. Current tax provision is calculated at the rate of 33% and super tax at the rate of 3% under section 4B of the Ordinance as reduced by tax credit under section 65B, under normal tax regime of the Income Tax Law. It also includes tax under final tax regime under the heads of exports and dividend income.

The Company has adjusted its tax liability for the tax year 2015 by acquiring the losses of its subsidiary companies and consequently an aggregate sum of Rs 589 million equivalent to the tax value of the losses acquired has been paid to the subsidiary companies as under the provisions of Section 59B of the Income Tax Ordinance, 2001, whereby a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Per Share Analysis of Income Statement

	2015	2014
Sales	59.58	60.58
Cost of sales	(38.00)	(39.45)
Administrative expenses	(1.08)	(1.10)
Selling and distribution expenses	(1.70)	(3.30)
Other operating expenses	(1.66)	(1.18)
Other income	5.30	3.76
Finance cost	(0.64)	(1.39)
Taxation	(4.39)	(4.30)
Profit after taxation	17.40	13.62

Share Price

Share price of your company touched a maximum daily average rate of PKR 144 during the year. At the end of year market capitalization was about PKR 62 billion.

Important Ratios

Company's GP ratio improved to 36% from 35%. PAT to Sales is 29% in FY15 as compared to 22% in FY14. This is due to better GP ratio combined with increased other income and reduced selling and finance cost. Return on average Equity without fair value reserves is 24% for FY15 as compared to 22% for FY14. About 84% of company's total assets are financed by equity as at year-end of FY15. Interest coverage wrt EBITDA is 41 times. These all depict financial soundness.

Profit after taxation is on rise in monetary terms and improving in terms of percentage to sales basis. Cost of sales is getting down with respect to sales which shows that company's policies and procedures on cost reduction are working. GP margin is getting better.

EBITDA to Sales is improving remarkably. Debt to Equity ratio is now just 5%. Dividend payment is improving every year. EPS has jumped to PKR17.4 from PKR 0.45 from FY10.

Company's Risk Management & Operational Framework

At DGKC we believe in integrated departments with common motto – all working in alignment to achieve the shared objective. All decisions are taken prudently. A continuous monitoring system is in place at all levels and departments to ensure:

- Effective & strong supply chain
- Quality of products
- Transparent & timely reporting
- Reaction on reported events (Action-Reaction reporting)

In this management we take care of even minute and remote details and stakes. Departments are linked to give the best possible outcome. There is no end to perfection and we are and will keep on striving to achieve betterment in our strategy and procedures.

The company has devised effective strategies to tackle market, currency, cash flow, currency, credit, liquidity and capital risks. These are discussed at length in financial statements. The company is exposed to foreign currency transactions in respect of exports, imports, foreign currency loans either of short term or long term. Company vigilantly monitors the foreign exchange movements and has devised strategies to minimize undesirable impact of foreign exchange movements. The company has devised procedures for effective hedging as well. Equities markets are monitored minutely. Movements and news of financial sector on national and international levels are followed, discussed and analysed. Company's exports receipts are mostly in advance. Some are on sight letters of credit. Likewise most of the local sales are on advance. This reduces the credit risk to very minimal level. Our lenders panel is of good rating. Cashflows are available from operations. However, company has at its disposal sufficient banking lines to cater any need. Capital structure is monitored and its relation to assets financing is always considered. A desirable gearing ratio is always maintained. Prudent and effective controls are in place to manage cost of funds.

Risks

Risk Head	Type of Risk	Probable Impact	How it is handled/mitigated
Imported Coal	**Availability**	Imported coal is the main burning stuff of kilns and its non-availability could hamper production	• Maintaining stock levels. • Relationship with international coal suppliers. • Replacing some portion of coal with alternate fuels.
	Price	Coal price could heavily impact cost of sales and therefore income statement. Considering huge size of coal consumption its monetary effect would be large.	• Price is monitored vigilantly. • Shipments are booked at best available prices considering the stock levels.
	FX	As price is in USD therefore, any movement in PKR/USD parity could affect income statement.	• FX movements are monitored vigilantly and steps are taken to hedge against probable heavy FX losses.
Energy	**Availability**	Energy (either Electricity or Gas) availability from governmental sources is in serious situation and not guaranteed. Energy is the lifeline of plant and its non-availability could stop plant operations.	• Captive power houses are built. • Captive power units are designed on dual fuel basis i.e., Gas & Furnace oil. • Reliance on single fuel is avoided. • Waste Heat Recovery plants are installed. • Coal based captive power plant will be installed to avoid reliance on national grid and gas.
	Price	Prices of electricity, gas, furnace oil and coal could mark a reasonable impact on cost of sales.	• Mix of various energy sources is always made in a way so as to achieve best in cost terms. • New plants and innovations are being installed to minimize the cost of energy. • Waste Heat Recovery plants are a source of energy at negligible price.

Risk Head	Type of Risk	Probable Impact	How it is handled/mitigated
Raw materials Limestone, Gypsum etc.	**Availability**	If supply of raw is disrupted it could hamper the operations.	• Enough land areas and mines are obtained to secure supply of raw materials. • Factory sites are adjacent to main raw material quarries.
Freight & Logistics	**Price**	• Freight cost effect is reasonable on income statement under the heads of cost of sales and marketing & sales. Freight is necessary component of transporting the finished goods to desired destinations including ports. • It is also an important factor for inward shipments.	• Freight costs are negotiated to get maximum advantage under the prevailing situation. • In case of ocean freights, deals are carefully handled at right time and monitored at levels.
	FX	In case of international shipments FX movement has a multiplying effect on freight price.	Freight deals are done in a way to incorporate the probable FX movement effect.
Local Currency Loans	**Price**	• During times of heavy loans (Long & Short terms) markup expense holds an important place in income statement. • Movement in KIBOR, discount rates, spreads could affect the financial cost of company.	• Loans are negotiated at best possible spread. • Movement of KIBOR and discount rate is monitored. • Strong credibility and financial strength gives advantage.
Foreign Currency Loans	**Price**	LIBOR rate movement and spread are important factor in FCY loans.	• Loans are negotiated at best possible and competitive price. • Strong credibility and financial strength gives advantage
	FX	FX movement could cast an impact of reasonable size on income statement and cash flows.	• FX movements are monitored vigilantly. • Hedging the probable unfavourable movements.
Cement	**Demand**	• Local demand can affect the sale of cement considerably. • Demand in exports areas can also change the top line.	• Market dynamics are minutely considered all the time to devise the strategy. • New exports markets are hunted.

Risk Head	Type of Risk	Probable Impact	How it is handled/mitigated
	Price	• Cement price is volatile locally and so could bring remarkable changes in income statement. • Exports markets are also very competitive.	• Market dynamics are minutely considered all the time to devise the strategy. • Reducing costs to be competitive. • Search for new markets for exports.
Equity Investments	**Price Fluctuations**	Shares price fluctuations could hit the equity under fair value reserves or income statement in either way.	As far as strategic investments are concerned these are fix on balance sheet. Market movements are minutely monitored for Investments for gain.
	Dividend	Dividend increase/decrease can shape the bottom line.	Most of the dividends are from strategic investments.
Factory Operations	**Obsolescence**	If a technology becomes obsolete, it can affect operational capability and competitiveness.	Our plants are state of the art. Cement plants technology is not a rapid changing technology. However, our plants, allied machineries and processes are on a continuous improvement path.
	Accident/Theft	Accident or theft can hamper production or cast a monetary loss.	• Adequate security and safety arrangements are made at all assets sites to ensure smooth running of operations. • Proper Insurance coverage is obtained from reputable insurance companies.
	Laws	• Any legal change could bring with it its necessary changes. • Non compliance can materially affect business.	Company is compliant with all prevailing laws and regulations and capable of adapting changing situations.
	Human resources	Persons to run the company affairs and operations are a must.	Qualified and Experienced human resources are hired. Company considers its employees as an asset and compensate them for their value-able services. Company manages employee retention and retirement policies. Policies are in place to ensure integrity of employees.

The company is on scientific ways to determine its objectives, determining the performance indicators and monitoring its performance.

Objective	CPI	During the Year Performance
Penetrate Local & Exports Market	Market share	Stable market share Expansion plan in south
To be leader in use of cutting edge technology	Utilisation	Utilisation is among the top companies of the country
Brand	Market Acceptability	Market Survey indicates that DGKC brand has a wider acceptability in major Pakistan areas, Afghanistan and Africa.
Cost Saving through Innovative Means	Cost Reduction	Savings achieved in energy cost through WHR projects, automation and supply chain management.
Committed Employees	Turnover	There is minimal employee turnover
Broad Base of Satisfied Suppliers	Timely Supply of required Material	There is an uninterrupted supply of required items and materials. Suppliers are paid in time.
Better Returns for Shareholders	ROE , Capital Gains & Dividends	Company's ROE is attractive and so are the Capital Gains and Dividends.
Environment Friendly Operations	Emissions Environment standards compliance	Our emissions to environment are under control and comply with all standards.
Strong Supply Chain	Ensured Product Availability	Our products remained available throughout the year, which is an evidence that our End-to End Supply Chain mechanism is strong.

Future View

As we believe and figures, some of which are listed in preceding paragraphs, show there is a huge potential in Pakistan economy. Few sincere calculated steps in right direction can change the panorama altogether but certainly with time. Asia and South Asia has great potential. The most populated area of the world is not only the biggest market for products but have tremendous space and resources to be a manufacturing giant.

Asia and South Asia has great potential

Government consistent policies are loud demand of people. Without streamlined consistent policies under the pin pointed high aimed objectives, no progress is thinkable. Haphazard movements bring messy encounters. Documentation of economy is a basic requirement but it should be done in an appropriate way. Brining in the people to tax net by confidence building measures and facilitating them as citizens are reciprocals. Law & order, security & safety, swift & low-cost justice, respect for human and labour are basic for development of nation.

Consistent and clear policies from government are needed

We will continue to seek our existing objectives and try to reach more success in those. We expect to penetrate the market within and outside Pakistan.

Cement sales on a local view is expected to grow at about 5% minimum. Exports are expected to remain at the same level. South African imposition of anti dumping duty has an impact of about PKR 300-500 million on the company in revenue terms. However, with fast growing African economy we are optimistic for refilling this gap from other countries.

Local Cement sales to grow at minimum **5%**

Coal prices are expected to be range bound between USD40-USD60 per ton. On September 12, 2015 SBP further reduced discount rate by 50 bps. We expect that KIBOR on average would remain at ease. Banks liquidity position is expected to be relaxed.

New Projects

To minimize dependency on electricity national grid and natural gas supply which is already in scarcity, the company launched a project for 30MW coal fired captive power plant at its Dera Ghazi Khan site. Sinoma Energy Conservation of China is supplying this equipment along-with technical expertise. The project is expected to be running by first quarter FY 16. This project will give reasonable savings to the company.

The company is now actively working on its Hub expansion plan. This more of a strategic expansion will give physical presence in South with better ability to cater that part besides a cutting edge for sea-route exports. Given the present trend of average 5% p.a. volumetric increase in domestic market it is a wise decision to start an expansion which will take another 3-3.5 years to pump into the system. This project would be a State Of The Art project. It would be environment friendly and will comply with all the environmental standards. The project is one of its kind, 9000 tpd single production unit in Pakistan. The upcoming China Pakistan Economic Corridor (CPEC) project will give a boost to economy and thus will open more horizons for the Company as well. It is said that the most of the benefit from this CPEC will be reaped by Balochistan which would be having more than 35% part of CPEC.


Leveling and Grading work at Hub

Agreements with FLSmidth of Denmark and Loesche GMBH of Germany have been signed for supply of plant and machinery for Hub project. Work on this landmark USD 300 million project is in progress on fast track basis. We expect to complete it in FY18 as this will entitle the project to tax holiday for five years. This project will open up avenues for sea-route exports besides giving us a strong presence in south market.

CPEC is great project with multi dimensions. The development it is expected to bring is phenomenal. A huge network of roads, linkage of China and Central Asia, activity of Gawadar deep sea port, road side businesses, ships and transportation, etc all are linked to this project. This project's success could bring good prospects to company as well. This could give access to Central Asian markets. Our newly launched project at Hub could reap its benefits.

Contribution to National Exchequer

The company is a responsible corporate and is always current in its taxation obligations. The company is liable for various sorts of taxation like customs, sales tax, income tax, withholding tax etc. Besides company is also a revenue generating entity for many other governmental departments like royalty fees to mining department, toll and excise taxes for its vehicles, port charges for its inward and outward shipments etc.

Appropriation

The Board, keeping in view the profitability and capacity expansion requirements, decided to recommend dividend of PKR 5 per share for FY15.

Auditors

The present auditors, M/S A.F. Ferguson & Co. Chartered Accountants retire and offer themselves for reappointment. The Board has recommended the appointment of M/S A.F. Ferguson & Co. Chartered Accountants as auditors for the ensuing year as suggested by the Audit Committee subject to approval of the members in the forthcoming Annual General Meeting.

Information U/s 218 of the Companies Ordinance, 1984

In pursuance of Section 218 of the Companies Ordinance, 1984, the members of D. G. Khan Cement Company Limited ("the Company") are hereby informed that the Board of Directors of the Company in their meeting held on September 21, 2015 has approved 10% increase in the monthly remuneration of Mian Raza Mansha, Chief Executive Officer of the Company with effect from July 01, 2015 and bonus as per service rules of the Company. There is no change in other terms and conditions of his appointment.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by Karachi, Lahore and Islamabad Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2015 have been adopted by the company and have been fully complied with. A Statement to this effect is annexed to the Report.

Corporate and Financial Reporting Framework

The Directors of your company states that:

(a) The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
(b) Proper books of account of the company have been maintained;
(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
(d) The financial statements are prepared in conformity with the Companies Ordinance 1984 and International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
(e) The system of internal control is sound in design and has been effectively implemented and monitored;
(f) There are no significant doubts upon the company's ability to continue as a going concern;
(g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing regulations.
(h) Significant deviations from last year in operating results of the company are highlighted and reasoned in other parts of Directors report.
(i) Key operating and financial data of last six years is annexed in this annual report;
(j) Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed in the financial statements;
(k) Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, has been outlined along with future prospects, risks and uncertainties surrounding the company;
(l) The number of board and committees' meetings held during the year and attendance by each director is annexed in this annual report;
m) The details of training programs attended by directors is annexed in this annual report;
(n) The pattern of shareholding is annexed in this annual report.
(o) The company is current in its all financial obligations.
(p) All trades in the shares of the company, carried out by its directors, executives and their spouses and minor children is annexed in this annual report.
(q) Cost of investments of the Provident Fund is PKR 834.587 million (2014: 721.84 million) and of Gratuity is PKR 267 million (2014: 163 million).

We are cordially thankful to our all customers, dealers, suppliers, lenders and other stakeholders. We appreciate all our employees and admire their untiring efforts for betterment of company.

For and on behalf of the Board

Mian Raza Mansha
Chief Executive Officer

Lahore, September 21, 2015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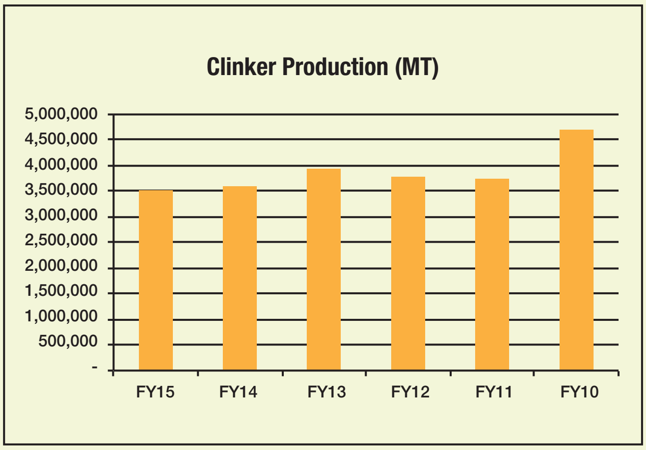
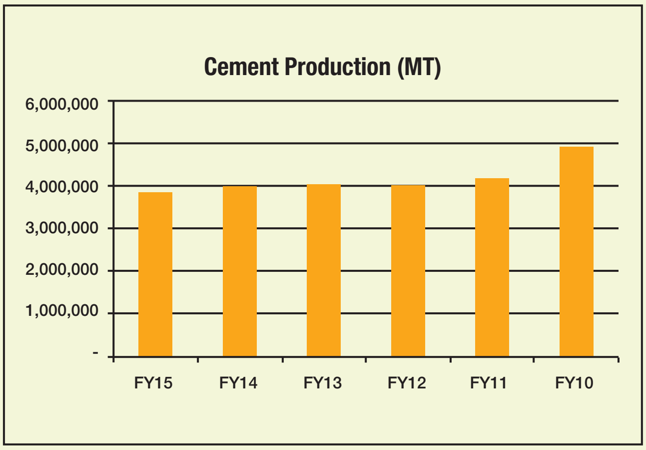
Linking Finesse to Finance

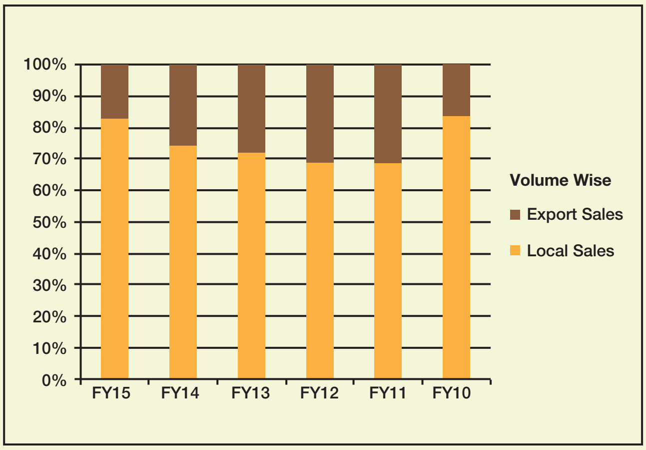
Operating and Financial Data

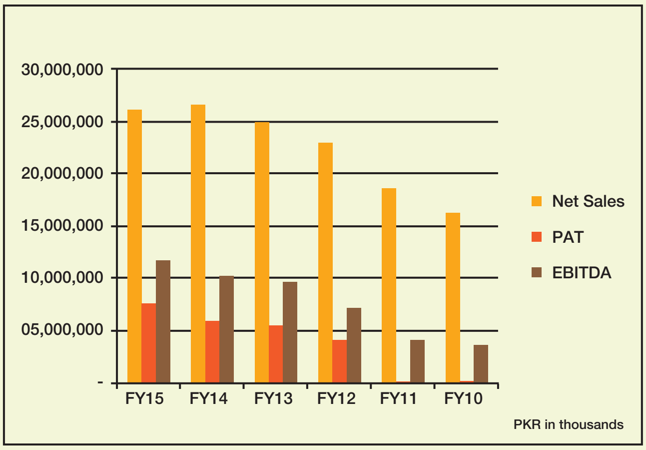
	2015	2014	2013	2012	2011	2010
						MT
Clinker	3,507,230	3,585,103	3,924,090	3,773,948	3,738,404	4,684,379
Cement	3,849,672	3,988,512	4,031,801	4,004,458	4,176,733	4,908,593
Cement sales:	3,858,070	3,976,272	4,008,276	4,018,956	4,165,635	4,908,962
Local	3,196,103	2,954,943	2,887,812	2,765,534	2,860,795	4,103,861
Export	661,967	1,021,329	1,120,464	1,253,422	1,304,840	805,101
Clinker Sale:						
Local	-	-	-	-	-	-
Export	-	-	6,000	5,945	98,521	71,041
						PKR in Thousands
Equity	62,296,071	61,516,535	47,956,798	32,899,525	30,217,283	26,519,220
Balance Sheet Footing	74,391,443	73,282,069	63,526,719	50,685,198	49,703,229	47,046,043
Fair Value Reserves	27,405,272	32,722,894	23,802,704	13,580,112	14,974,881	12,908,175
Fixed Assets	29,958,970	29,832,625	28,740,974	27,185,726	25,985,385	25,307,302
Capitalisation	925,479	3,465,403	3,750,420	2,039,499	764,442	2,364,052
Long Term Loan	1,348,522	2,111,513	4,327,841	6,785,851	6,875,127	7,222,988
Short Term Loan	1,826,072	2,551,676	5,420,290	6,733,467	8,691,982	9,585,642
Current Assets	31,426,342	32,068,626	25,789,989	18,265,583	18,325,209	16,417,492
Current Liabilities	6,583,476	5,940,563	9,307,593	11,205,943	12,687,375	13,786,189
Gross Sales	32,468,621	32,344,996	29,599,883	27,404,611	23,473,534	22,036,621
Net Sales	26,104,611	26,542,509	24,915,924	22,949,853	18,577,198	16,275,354
Cost of Sales	16,649,411	17,284,941	15,589,917	15,443,098	14,192,229	13,569,994
GP	9,455,200	9,257,568	9,326,007	7,506,755	4,384,969	2,705,360
Administrative Expenses	472,326	480,468	405,579	267,705	211,362	172,436
Selling Expenses	746,723	1,445,225	1,751,174	2,202,901	2,470,599	994,418
Other Expenses	727,805	518,745	544,806	500,835	37,964	189,015
Financial Expenses	281,504	608,859	994,879	1,670,784	2,079,146	1,902,760
Other Income	2,320,335	1,647,126	1,466,289	1,187,936	1,134,130	911,672
Taxation	1,922,497	1,885,899	1,593,689	-55,652	430,231	125,381
PAT	7,624,680	5,965,498	5,502,169	4,108,118	170,961	233,022
Operational Income (without other income, finance cost & tax)	7,508,346	6,813,130	6,624,448	4,535,314	1,665,044	1,349,491
Dividend Income	1,703,466	1,434,179	1,295,633	1,058,707	951,354	766,398

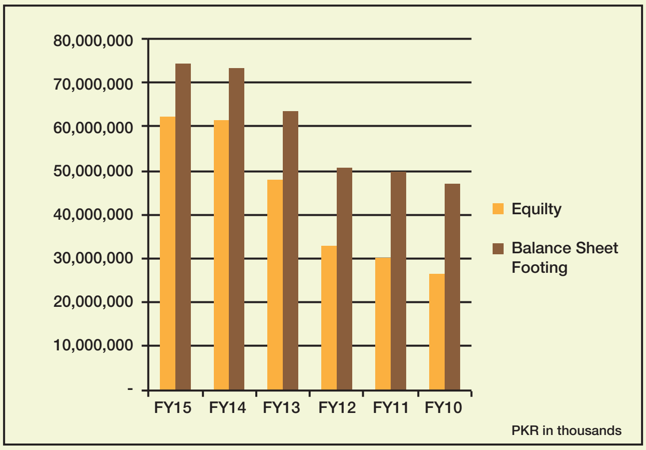
	2015	2014	2013	2012	2011	2010
Profitability Indicators						
EBITDA (PKR in thousands)	11,709,284	10,250,258	9,668,492	7,170,962	4,110,748	3,653,727
EBITDA-Other Income (PKR in thousands)	9,388,949	8,603,132	8,202,203	5,983,026	2,976,618	2,742,055
Depreciation (PKR in thousands)	1,880,603	1,790,002	1,577,755	1,447,712	1,430,410	1,392,564
GP to Sales (%)	36.22	34.88	37.43	32.71	23.60	16.62
PAT to Sales (%)	29.21	22.48	22.08	17.90	0.92	1.43
EBITDA to Sales (%)	44.86	38.62	38.80	31.25	22.13	22.45
ROE (wrt average equity) (%)	12.32	10.90	13.61	13.02	0.60	0.98
ROA (wrt to average total assets) (%)	10.33	8.72	9.64	8.18	0.35	0.52
ROE (withour fair value reserves) (%)	23.95	22.53	25.31	23.77	1.19	1.81
Liquidity Indicators						
Operating Cashflows (PKR in thousands)	9,954,056	8,724,257	6,685,968	4,011,634	370,314	842,005
Working Capital (PKR in thousands)	24,842,866	26,128,063	16,482,396	7,059,640	5,637,834	2,631,303
Current Ratio (times)	4.77	5.40	2.77	1.63	1.44	1.19
Activity Indicators						
Fixed Assets Turnover (average)	87.32	90.63	89.10	86.32	72.44	65.56
Investment/Market Indicators						
Ordinary Shares (No.)	438,119,118	438,119,118	438,119,118	438,119,118	438,119,118	365,099,266
Dividend/Share (PKR)	5.00	3.50	3.00	1.50	-	-
Stock Price/Share on year end (PKR)	142.77	87.96	83.69	39.38	22.99	23.62
EPS	17.40	13.62	12.56	9.38	0.45	0.72
PE Ratio	8.21	6.46	6.66	4.20	51.09	32.81
Dividend Payout Ratio (%)	28.74	25.70	23.89	15.99	-	-
Dividend Yield Ratio (wrt year end price) (%)	3.50	3.98	3.58	3.81	-	-
Break Up Value/Share (PKR)	142.19	140.41	109.46	75.09	68.97	72.64
Capital Structure Indicators						
Debt to Equity (%)	5.10	7.58	20.33	41.09	51.52	63.38
Equity to Total Assets (%)	83.74	83.94	75.49	64.91	60.80	56.37
Interest Coverage (wrt EBITDA) (%)	41.60	16.84	9.72	4.29	1.98	1.92

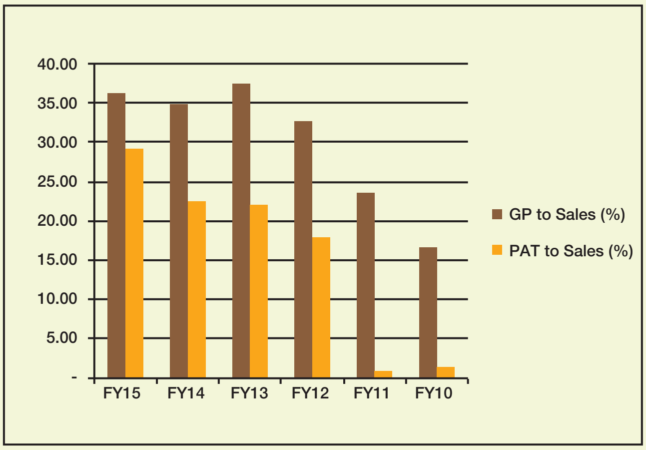

Clinker Production (MT)
5,000,000
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
FY15
FY14
FY13
FY12
FY11
FY10

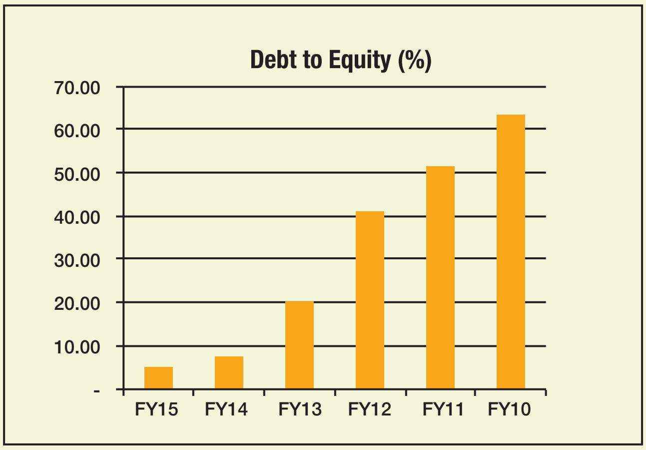

Cement Production (MT)
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
FY15
FY14
FY13
FY12
FY11
FY10

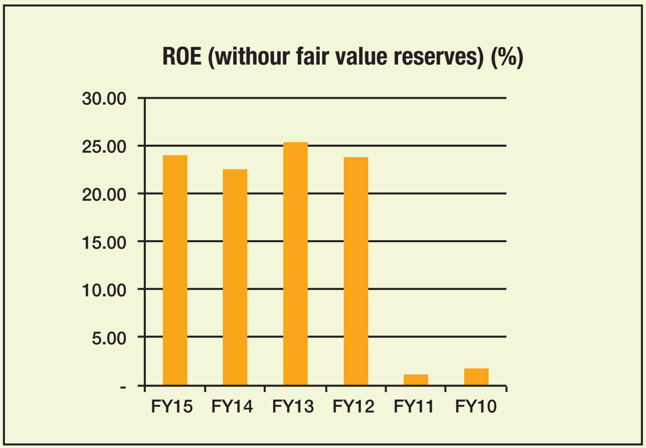

100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
FY15
FY14
FY13
FY12
FY11
FY10
Volume Wise
Export Sales
Local Sales

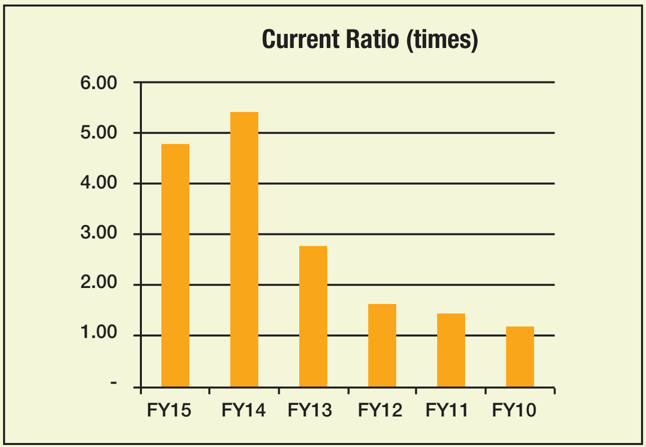

30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
05,000,000
-
FY15
FY14
FY13
FY12
FY11
FY10
Net Sales
PAT
EBITDA
PKR in thousands

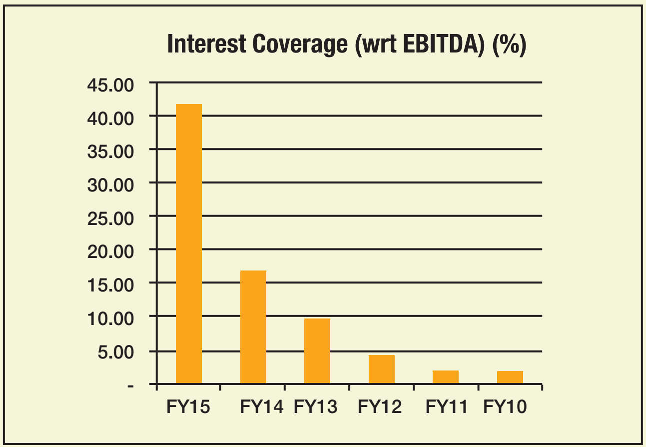

80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
FY15
FY14
FY13
FY12
FY11
FY10
Equilty
Balance Sheet Footing
PKR in thousands

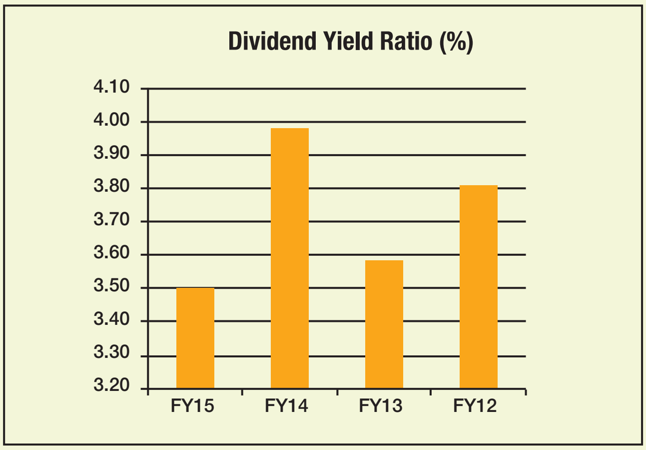

40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
-
FY15
FY14
FY13
FY12
FY11
FY10
GP to Sales (%)
PAT to Sales (%)

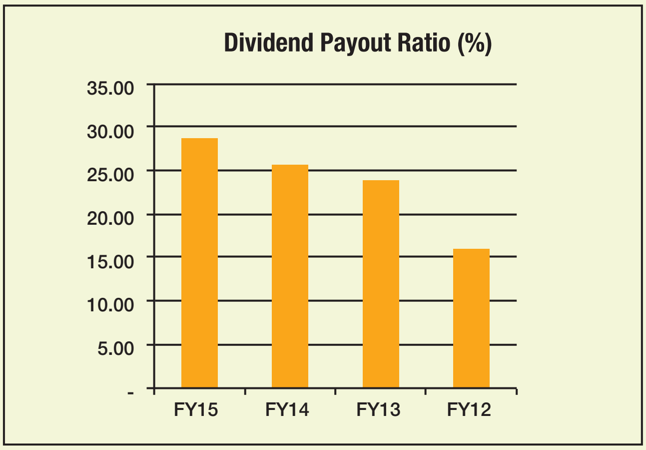

Debt to Equity (%)
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
FY15
FY14
FY13
FY12
FY11
FY10


ROE (withour fair value reserves) (%)
30.00
25.00
20.00
15.00
10.00
5.00
-
FY15
FY14
FY13
FY12
FY11
FY10


Current Ratio (times)
6.00
5.00
4.00
3.00
2.00
1.00
-
FY15
FY14
FY13
FY12
FY11
FY10


Interest Coverage (wrt EBITDA) (%)
45.00
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
-
FY15
FY14
FY13
FY12
FY11
FY10


Dividend Yield Ratio (%)
4.10
4.00
3.90
3.80
3.70
3.60
3.50
3.40
3.30
3.20
FY15
FY14
FY13
FY12


Dividend Payout Ratio (%)
35.00
30.00
25.00
20.00
15.00
10.00
5.00
-
FY15
FY14
FY13
FY12

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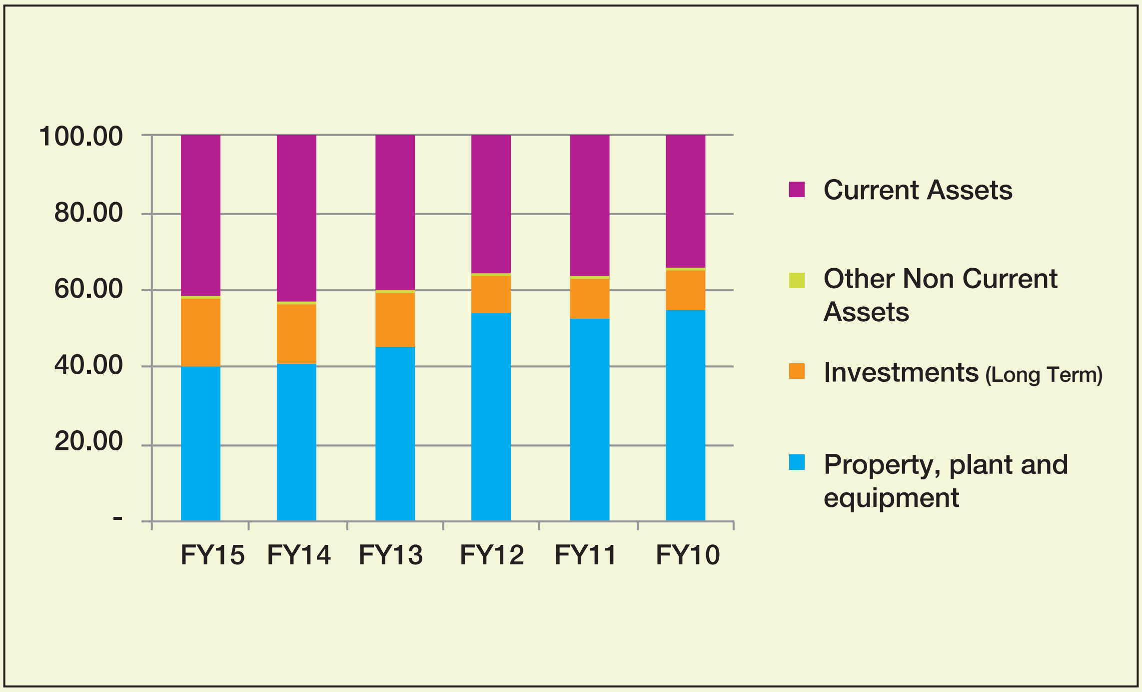
Vertical Analysis of Balance Sheet

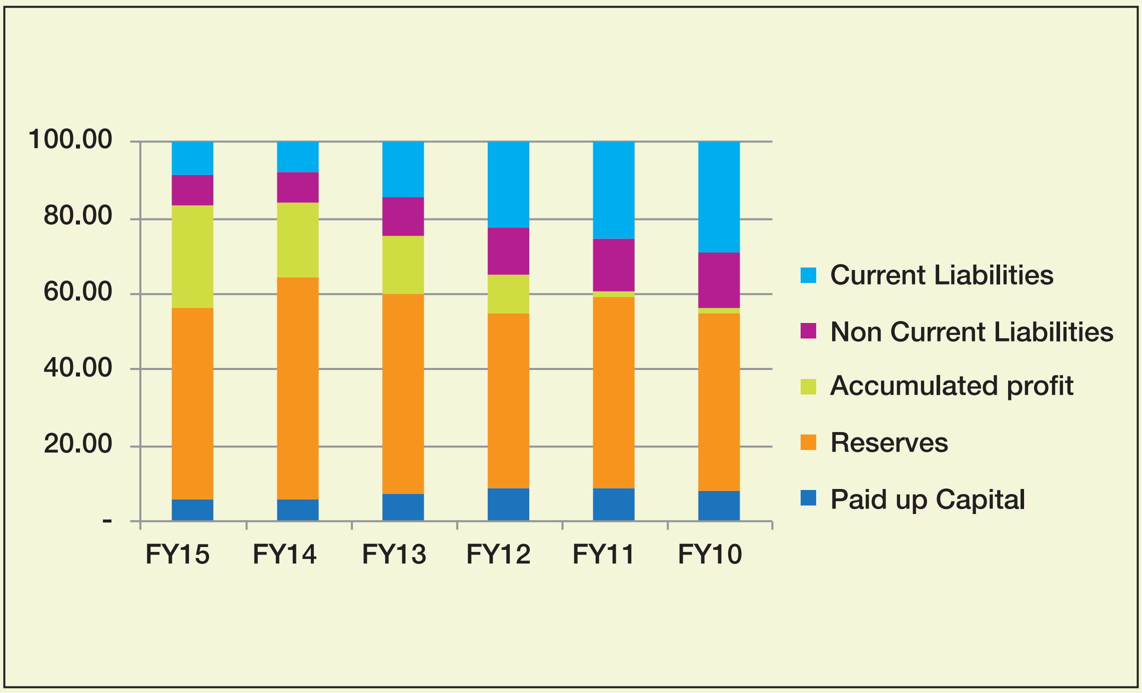
	2015	2014	2013 (Re-stated)	2012 (Re-stated)	2011	2010
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES						
Authorised capital - 950,000,000 (2013: 950,000,000) ordinary shares of Rs 10 each - 50,000,000 (2013: 50,000,000) preference shares of Rs 10 each Issued, subscribed and paid up capital 438,119,118 (2013: 438,119,118)						
ordinary shares of Rs 10 each	5.89	5.98	6.90	8.64	8.82	7.76
Reserves	50.26	58.28	53.18	46.49	50.24	47.10
Accumulated profit	27.59	19.69	15.41	9.78	1.77	1.50
	83.74	**83.94**	**75.49**	**64.91**	**60.83**	**56.37**
NON-CURRENT LIABILITIES						
Long term finances - secured	0.96	1.80	4.56	9.13	9.83	10.82
Long term deposits	0.10	0.09	0.10	0.13	0.14	0.17
Retirement and other benefits	0.18	0.27	0.24	0.46	0.28	0.22
Deferred taxation	6.17	5.78	4.95	3.25	3.44	3.12
	7.41	**7.95**	**9.86**	**12.98**	**13.69**	**14.33**
CURRENT LIABILITIES						
Trade and other payables	5.44	3.38	3.60	4.16	3.31	3.57
Accrued finance cost	0.04	0.08	0.20	0.32	0.57	0.74
Short term borrowings - secured	2.45	3.48	8.53	13.28	17.50	20.38
Current portion of non-current liabilities	0.87	1.10	2.27	4.27	4.03	4.55
Derivative financial instrument	-	0.02	-	-	-	-
Provision for taxation	0.05	0.05	0.06	0.07	0.07	0.07
	8.85	**8.11**	**14.65**	**22.11**	**25.48**	**29.30**
	100.00	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	40.27	40.71	45.55	53.98	52.31	54.78
Intangible assets	0.02	0.05	0.09	0.15	-	-
Investments	17.37	15.36	13.62	9.60	10.59	9.98
Long term loans and deposits	0.09	0.12	0.15	0.24	0.27	0.34
	57.76	**56.24**	**59.40**	**63.96**	**63.17**	**65.10**
CURRENT ASSETS						
Stores, spare parts and loose tools	4.89	5.03	6.16	7.82	7.13	6.41
Stock-in-trade	1.60	1.84	2.62	1.88	1.74	2.20
Trade debts	0.21	0.23	0.43	0.63	0.92	0.65
Investments	33.41	33.30	28.12	21.95	24.41	22.83
Advances, deposits, prepayments and other receivables	0.87	1.04	0.96	1.23	2.29	2.31
Income tax receivable	0.91	0.52	1.57	1.69	-	-
Derivative financial instrument	0.01	-	0.00	-	-	-
Cash and bank balances	0.35	1.79	0.74	0.85	0.34	0.49
	42.24	**43.76**	**40.60**	**36.04**	**36.83**	**34.90**
	100.00	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Vertical Analysis of Profit and Loss Account

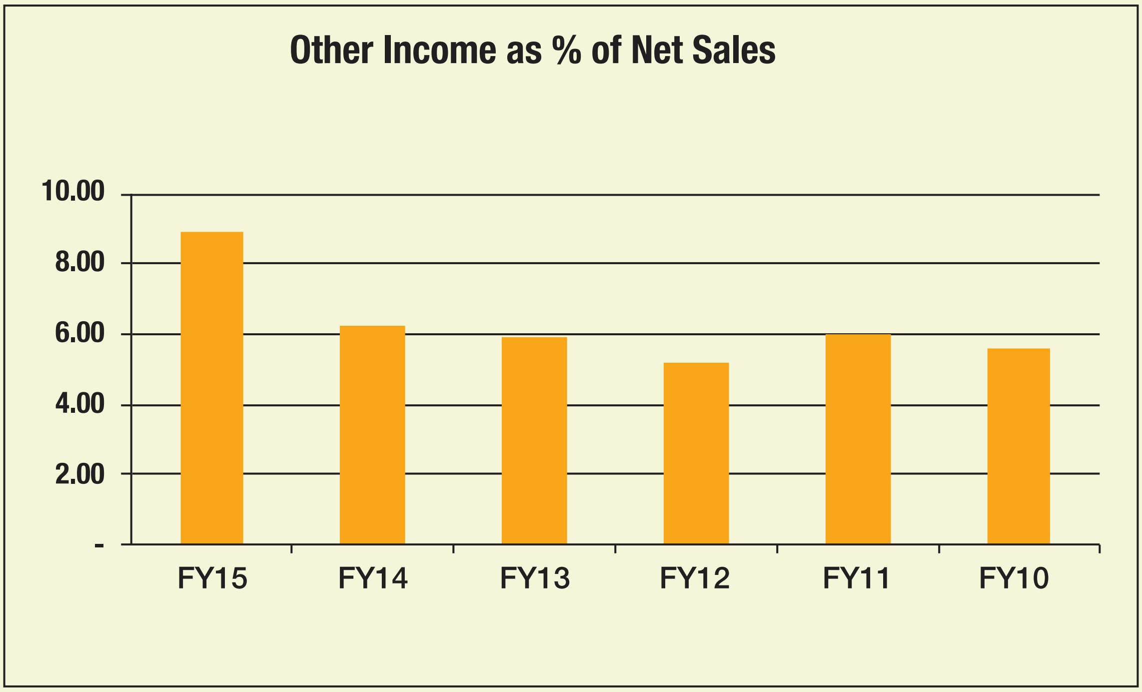
	2015	2014	2013	2012	2011	2010
Sales	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Cost of sales	-63.78	-65.12	-62.57	-67.29	-76.40	-83.38
Gross profit	**36.22**	**34.88**	**37.43**	**32.71**	**23.60**	**16.62**
Administrative expenses	-1.81	-1.81	-1.63	-1.17	-1.14	-1.06
Selling and distribution expenses	-2.86	-5.44	-7.03	-9.60	-13.30	-6.11
Other operating expenses	-2.79	-1.95	-2.19	-2.18	-0.20	-1.16
Other income	8.89	6.21	5.88	5.18	5.96	5.60
Impairment on investments	-	-	-	-	-0.64	-
Profit from operations	**37.65**	**31.87**	**32.47**	**24.94**	**14.28**	**13.89**
Finance cost	-1.08	-2.29	-3.99	-7.28	-11.04	-11.69
Profit before taxation	**36.57**	**29.58**	**28.48**	**17.66**	**3.24**	**2.20**
Taxation	-7.36	-7.11	-6.40	0.24	-2.32	-0.77
Profit after taxation	**29.21**	**22.48**	**22.08**	**17.90**	**0.92**	**1.43**

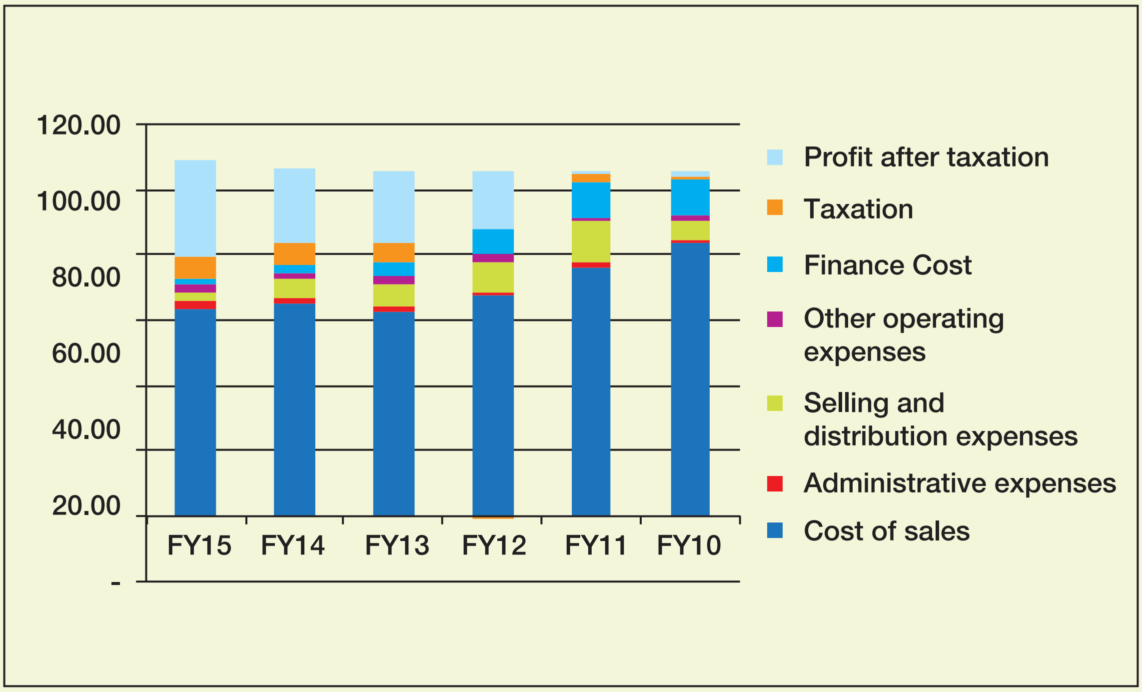
Vertical Analysis





Vertical Analysis





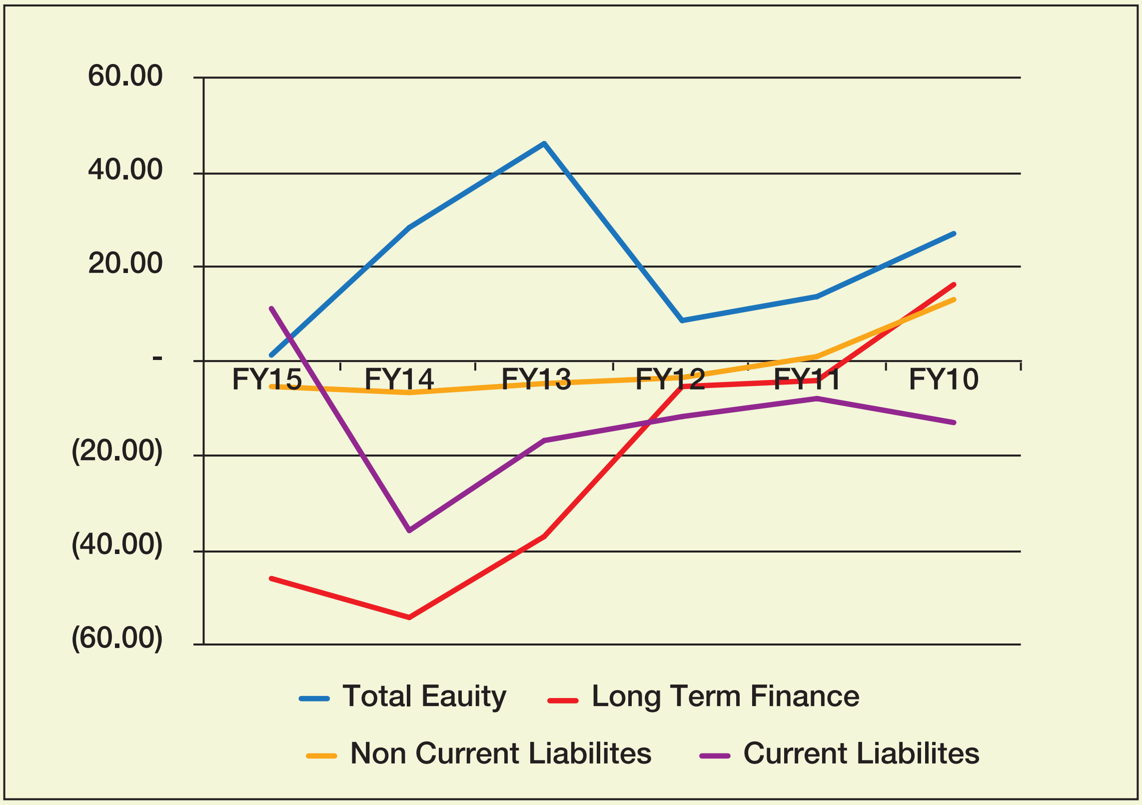
Horizontal Analysis of Balance Sheet YoY (PKR in thousands)

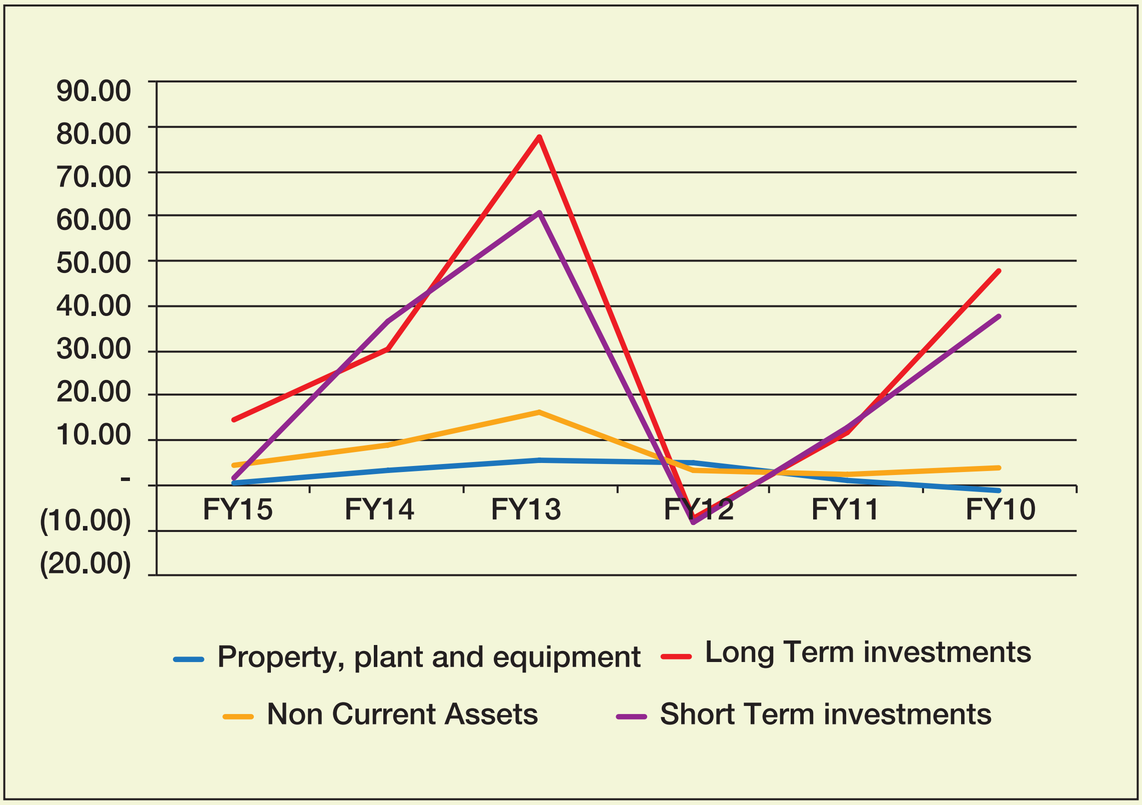
	2015	2014	2013 (Re-stated)	2012 (Re-stated)	2011	2010
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES						
Issued, subscribed and paid up capital	4,381,191	4,381,191	4,381,191	4,381,191	4,381,192	3,650,993
%	-	-	-	-0.00	20.00	20.00
Reserves	37,387,772	42,705,394	33,785,204	23,562,612	24,957,382	22,160,477
%	-12.45	26.40	43.38	-5.59	12.62	27.35
Accumulated profit	20,527,108	14,429,950	9,790,403	4,955,722	878,711	707,750
%	42.25	47.39	97.56	463.98	24.16	49.09
Shareholders' equity	62,296,071	61,516,535	47,956,798	32,899,525	30,217,285	26,519,220
%	1.27	28.27	45.77	8.88	13.94	26.77
NON-CURRENT LIABILITIES						
Long term finances - secured	714,261	1,321,009	2,899,187	4,629,083	4,880,579	5,089,507
%	-45.93	-54.44	-37.37	-5.15	-4.11	16.31
Long term deposits	72,003	68,970	65,383	68,355	70,893	81,138
%	4.40	5.49	-4.35	-3.58	-12.63	10.00
Retirement and other benefits	137,585	200,187	153,020	232,973	139,213	104,029
%	-31.27	30.82	-34.32	67.35	33.82	32.32
Deferred taxation	4,588,047	4,234,805	3,144,738	1,649,319	1,707,886	1,465,960
%	8.34	34.66	90.67	-3.43	16.50	1.69
Sub Total	5,511,896	5,824,971	6,262,328	6,579,730	6,798,571	6,740,634
%	-5.37	-6.98	-4.82	-3.22	0.86	12.91
CURRENT LIABILITIES						
Trade and other payables	4,048,079	2,476,304	2,286,351	2,108,894	1,644,045	1,679,749
%	63.47	8.31	8.41	28.27	-2.13	17.02
Accrued finance cost	27,304	59,417	125,830	162,931	284,511	346,425
%	-54.05	-52.78	-22.77	-42.73	-17.87	-34.85
Short term borrowings - secured	1,826,072	2,551,676	5,420,290	6,733,467	8,691,982	9,585,642
%	-28.44	-52.92	-19.50	-22.53	-9.32	5.70
Current portion of non-current liabilities	646,931	803,174	1,440,032	2,165,561	2,001,566	2,139,283
%	-19.45	-44.23	-33.50	8.19	-6.44	-55.09
Derivative financial instrument	-	14,902	-	-	-	-
%	-100.00	100.00	-	-	-	-
Provision for taxation	35,090	35,090	35,090	35,090	35,090	35,090
%	-	-	-	-	-	-
Sub Total	6,583,476	5,940,563	9,307,593	11,205,943	12,657,194	13,786,189
%	10.82	-36.18	-16.94	-11.47	-8.19	-12.94
Balance Sheet Total	74,391,443	73,282,069	63,526,719	50,685,198	49,673,050	47,046,043
%	1.51	15.36	25.34	2.04	5.58	10.12
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	29,958,970	29,832,625	28,934,979	27,360,520	25,985,385	25,772,952
%	0.42	3.10	5.75	5.29	0.82	-1.24
Intangible assets	18,452	36,904	55,356	73,808	-	-
%	-50.00	-33.33	-25.00	100.00	-	-
Investments	12,918,182	11,258,370	8,650,860	4,864,945	5,259,416	4,696,922
%	14.74	30.14	77.82	-7.50	11.98	48.05
Long term loans and deposits	69,497	85,544	95,535	120,342	133,219	158,677
%	-18.76	-10.46	-20.61	-9.67	-16.04	-4.95
Sub Total	42,965,101	41,213,443	37,736,730	32,419,615	31,378,020	30,628,551
%	4.25	9.21	16.40	3.32	2.45	4.05
CURRENT ASSETS						
Stores, spare parts and loose tools	3,635,858	3,688,795	3,912,998	3,962,468	3,543,034	3,017,742
%	-1.44	-5.73	-1.25	11.84	17.41	2.79
Stock-in-trade	1,188,376	1,348,742	1,661,721	954,645	862,141	1,036,876
%	-11.89	-18.83	74.07	10.73	-16.85	15.23
Trade debts	156,899	168,769	273,535	317,970	459,300	303,949
%	-7.03	-38.30	-13.97	-30.77	51.11	-40.86
Investments	24,855,796	24,405,153	17,862,718	11,126,051	12,126,349	10,740,972
%	1.85	36.63	60.55	-8.25	12.90	37.95
Advances, deposits, prepayments and other receivables	648,010	764,140	611,777	621,001	1,136,564	1,087,161
%	-15.20	24.90	-1.49	-45.36	4.54	19.72
Income tax receivable	673,807	384,001	996,522	855,007	-	-
%	75.47	-61.47	16.55	100.00	-	-
Derivative financial instrument	9,873	-	1,837	-	-	-
%	100.00	-100.00	100.00	-	-	-
Cash and bank balances	257,723	1,309,026	468,881	428,441	167,642	230,792
%	-80.31	179.18	9.44	155.57	-27.36	-5.35
Sub Total	31,426,342	32,068,626	25,789,989	18,265,583	18,295,030	16,417,492
%	-2.00	24.35	41.19	-0.16	11.44	23.56
Balance Sheet Total	74,391,443	73,282,069	63,526,719	50,685,198	49,673,050	47,046,043
%	1.51	15.36	25.34	2.04	5.58	10.12

Horizontal Analysis of Profit and Loss Account YoY (PKR in thousands)

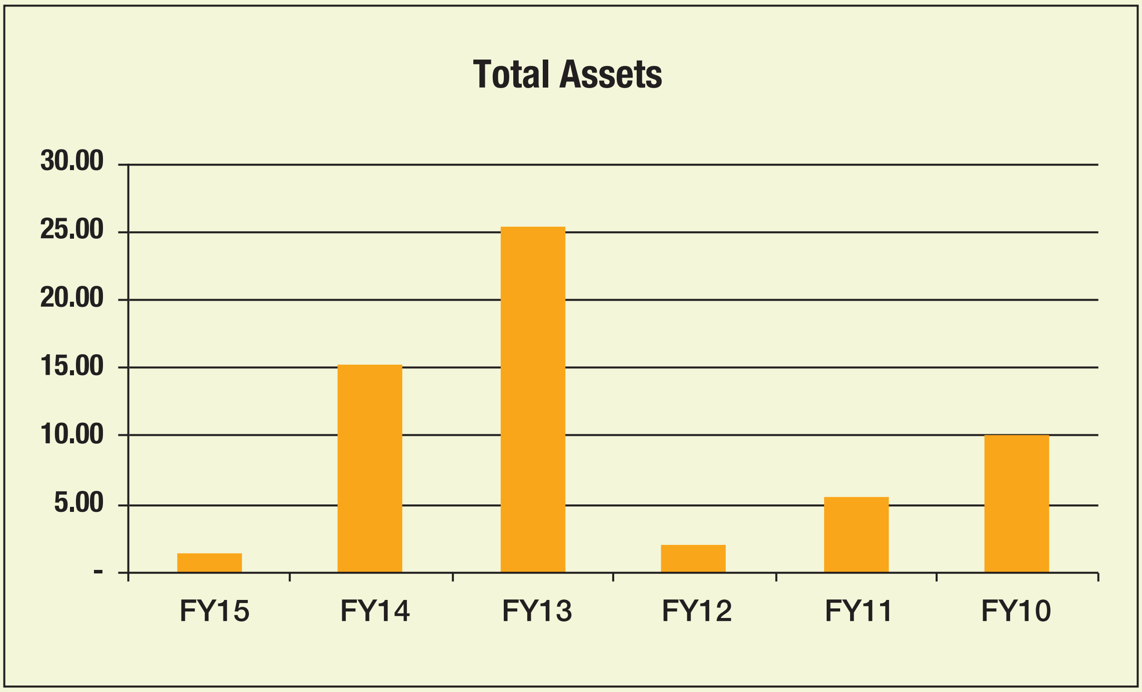
	2015	2014	2013	2012	2011	2010
Sales	26,104,611	26,542,509	24,915,924	22,949,853	18,577,198	16,275,354
%	-1.65	6.53	8.57	23.54	14.14	-9.77
Cost of sales	-16,649,411	-17,284,941	-15,589,917	-15,443,098	-14,192,229	-13,569,994
%	-3.68	10.87	0.95	8.81	4.59	9.80
Gross profit	9,455,200	9,257,568	9,326,007	7,506,755	4,384,969	2,705,360
%	2.13	-0.73	24.23	71.19	62.08	-52.37
Administrative expenses	-472,326	-480,468	-405,579	-267,705	-211,362	-172,436
%	-1.69	18.46	51.50	26.66	22.57	21.56
Selling and distribution expenses	-746,723	-1,445,225	-1,751,174	-2,202,901	-2,470,599	-994,418
%	-48.33	-17.47	-20.51	-10.84	148.45	-46.87
Other operating expenses	-727,805	-518,745	-544,806	-500,835	-37,964	-189,015
%	40.30	-4.78	8.78	1,219.24	-79.91	-76.25
Other income	2,320,335	1,647,126	1,466,289	1,187,936	1,134,130	911,672
%	40.87	12.33	23.43	4.74	24.40	18.38
Impairment on investments	-	-	-	-	-118,836	-
%	-	-	-	-	-	-100.00
Profit from operations	9,828,681	8,460,256	8,090,737	5,723,250	2,680,338	2,261,163
%	16.17	4.57	41.37	113.53	18.54	-33.17
Finance cost	-281,504	-608,859	-994,879	-1,670,784	-2,079,146	-1,902,760
%	-53.77	-38.80	-40.45	-19.64	9.27	-27.00
Profit before taxation	9,547,177	7,851,397	7,095,858	4,052,466	601,192	358,403
%	21.60	10.65	75.10	574.07	67.74	-53.87
Taxation	-1,922,497	-1,885,899	-1,593,689	55,652	-430,231	-125,381
%	1.94	18.34	2,963.67	-112.94	243.14	-50.11
Profit after taxation	7,624,680	5,965,498	5,502,169	4,108,118	170,961	233,022
%	27.81	8.42	33.93	2,302.96	-26.63	-55.66

Horizontal Analysis





Horizontal Analysis

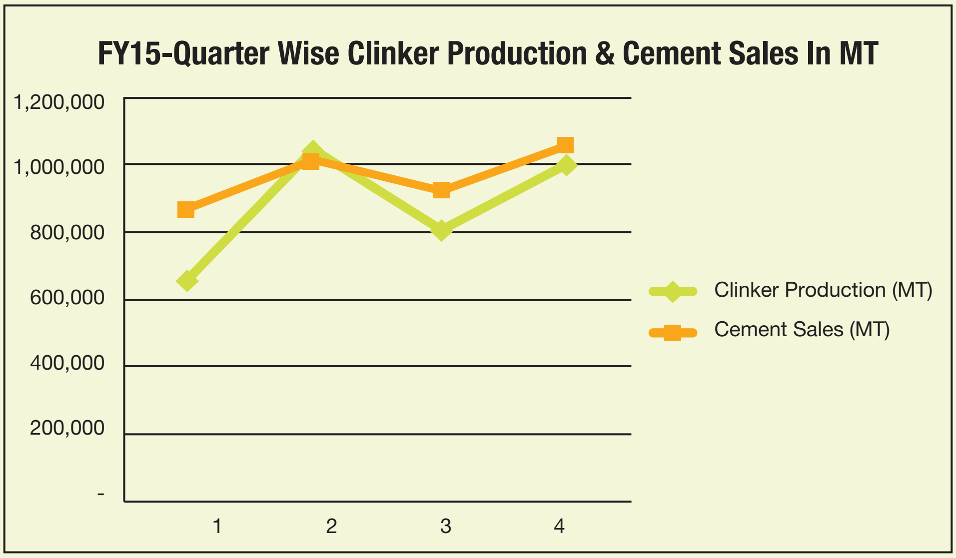


Value added Statement - Accrual Basis

	2015 (Rupees in thousand)			2014 (Rupees in thousand)		
Wealth Created						
Revenues:						
- Local sales	28,756,679			26,296,487		
- Exports	3,711,941	32,468,620	93%	6,048,508	32,344,995	95%
Income from other sources						
- Investment income	1,703,466			1,434,179		
- Other income	616,868	2,320,334	7%	212,946	1,647,125	5%
		34,788,954	100%		33,992,120	100%
Wealth Distributed						
Suppliers:						
- Against raw and packing materials	2,231,919			2,150,587		
- Against services	664,707			1,364,458		
- Against stores spares	1,804,299			1,999,556		
- Against fuels and other energy sources	8,819,867	13,520,792	39%	9,359,865	14,874,466	44%
Employees		1,712,741	5%		1,668,409	5%
Government:						
- Direct taxes	1,830,901			1,885,899		
- Indirect taxes	6,031,146			5,478,722		
- Other levies and duties	91,596	7,953,643	23%	-	7,364,621	22%
Providers of Capital:						
- Banks	281,504			608,858		
- Ordinary share holders	-	281,504	1%	-	608,858	2%
Reinvested in business						
- Depreciation	1,899,051			1,808,455		
- Profit/ (loss) for the period	7,624,680	9,523,731	27%	5,965,497	7,773,952	23%
Other operating costs - Net		1,796,543	5%		1,701,814	4%
		34,788,954	100%		33,992,120	100%

FY15 Quarter wise Analysis

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
				PKR in thousands
Equity	60,980,830	64,136,579	59,299,747	62,296,071
Balance Sheet Footing	74,597,827	78,734,155	72,235,587	74,391,443
Non Current Assets	40,707,808	43,905,573	41,686,714	42,965,101
Current Assets	33,890,019	34,828,582	30,548,873	31,426,342
Current Liabilities	7,650,873	9,271,886	7,411,148	6,583,476
Sales	5,811,545	6,843,642	6,290,060	7,159,364
Gross Profit	1,826,034	2,304,913	2,286,056	3,038,197
Operational Income	1,708,500	2,539,745	2,482,503	3,097,933
Profit after Tax	1,157,439	2,236,095	1,980,997	2,250,149
EPS (PKR)	2.64	5.10	4.52	5.14
				MT
Clinker Production	657,274	1,042,805	803,815	1,003,336
Cement Sales	869,497	1,010,917	920,098	1,057,558



Du Pont Analysis

ROE
21.85%

- PROFIT MARGIN 29.21%
  - COGS 63.78%
  - ADMIN Expense 1.81%
  - SELLING Expense 2.86%
  - OTHER Expense 2.79%
  - FINANCE Expense 1.08%
  - TAX 7.36%
  - OTHER INCOME 8.89%
- ASSETS TURNOVER 35.09%
  - FIXED ASSETS 40.27%
  - LONG TERM INVESTMENTS 17.37%
  - CURRENT ASSETS 42.24%
    - This includes investments
  - OTHERS 0.12%
- EQUITY MULTIPLIER 2.13 times
  - NON CURRENT LIABILITIES 7.41%
  - CURRENT LIABILITIES 8.85%
  - This includes fair value reserve on investment

ROE is calculated on year end total equity without fair value reserves.

- This is calculated wrt Net Sales.
- This is calculated wrt Total Assets.

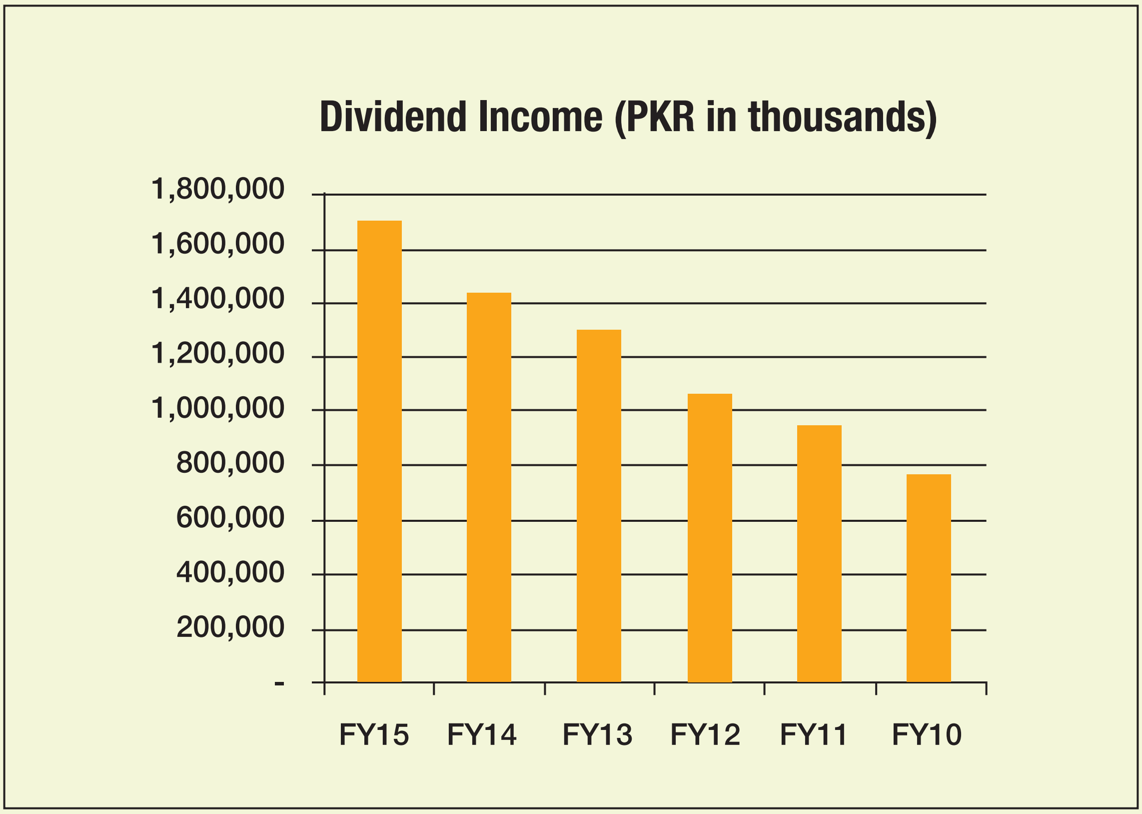
Linking Workmanship & Satisfaction

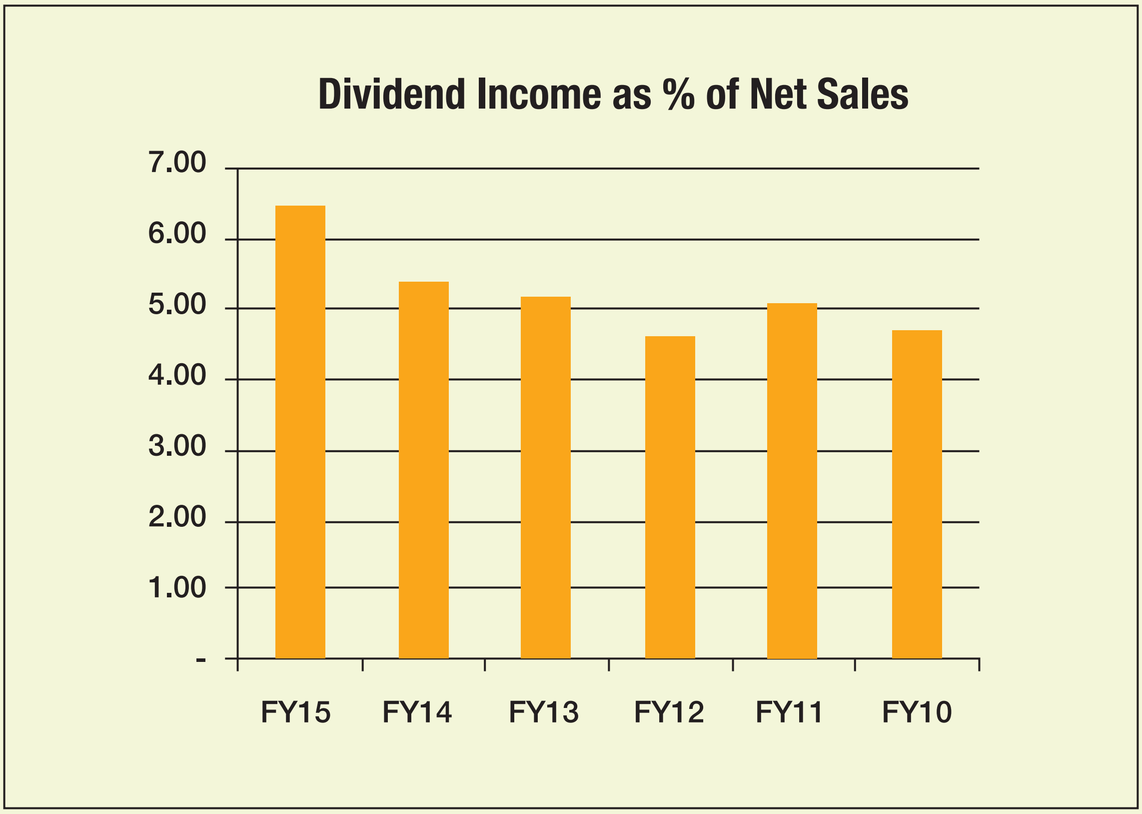
Investments

Investment in	Shares (Numbers)	Face Value (PKR in Millions)	Fair Value (PKR in Millions)	Equity Held
Equity instruments				
Nishat Chunian Limited	6,062,169	60.62	222.66	3.03%
Adamjee Insurance Company Limited	16,053,735	160.54	764.48	4.59%
Nishat Paper Products Company Limited	25,595,398	255.95	226.90	55.00%
Nishat Dairy (Private) Limited	270,000,000	2,700.00	2,700.00	55.10%
Nishat Mills Limited	30,289,501	302.90	3,460.00	8.61%
MCB Bank Limited	102,277,232	1,022.77	25,479.30	9.18%
Nishat Hotels and Properties Limited	50,000,000	500.00	500.00	6.25%
First Capital Mutual Fund	104,457	1.04	1.25	0.35%
Pakistan Petroleum Limited	459,782	4.60	72.53	0.02%
United Bank Limited	214,354	2.14	36.64	0.02%
Sub Total	**501,056,628**	**5,010.56**	**33,463.76**	
Mutual Funds				
ABL Government Securities Fund			3,173.00	
MCB Pakistan Soverign Fund			1,507.00	
Sub Total			**4,680.00**	

Sector wise Investment in Equity instruments in %	with respect to Face Value	with respect to Fair Value
Banking Sector	20.46	76.25
Textiles	7.26	11.00
Insurance	3.20	2.28
Paper	5.11	0.69
Dairy	53.89	8.07
Hotels, Properties & Other	10.08	1.71

* These include long and short term investments


Dividend Income (PKR in thousands)
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
FY15
FY14
FY13
FY12
FY11
FY10


Dividend Income as % of Net Sales
7.00
6.00
5.00
4.00
3.00
2.00
1.00
-
FY15
FY14
FY13
FY12
FY11
FY10


GRADE 53
DG
CEMENT
Net weight 50 kg.
20 BAGS TO A METRIC TON
FOR EXPORT ONLY
NOT FOR SALE IN PAKISTAN
ORDINARY PORTLAND CEMENT
MANUFACTURED BY:
D.G. KHAN CEMENT CO. LTD.
KHAIRPUR, CHAKWAL - PAKISTAN

Linking Ends
Building Bonds

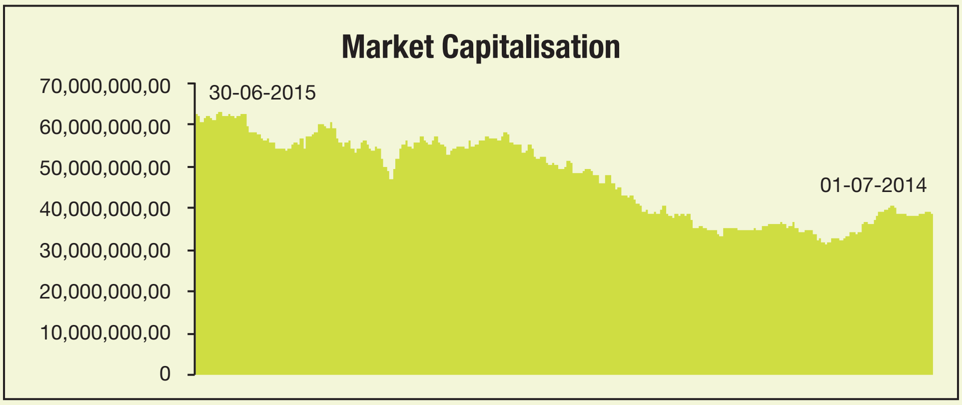
Share Price Sensitivity Analysis

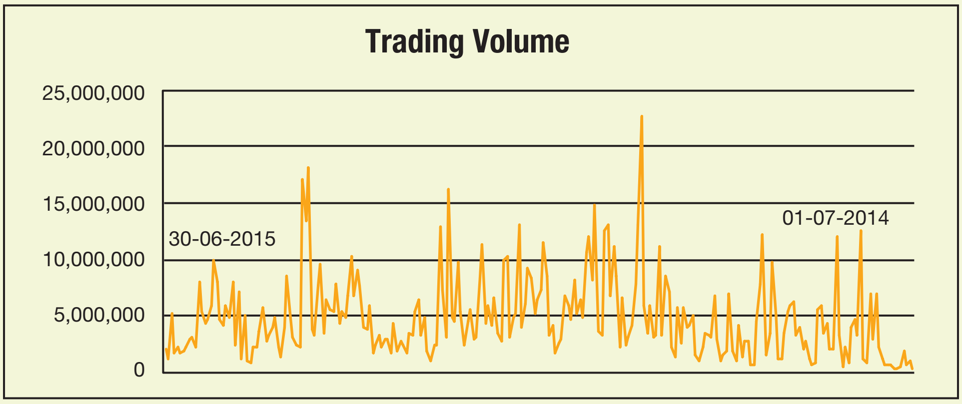
Share Price Sensitivity Analysis

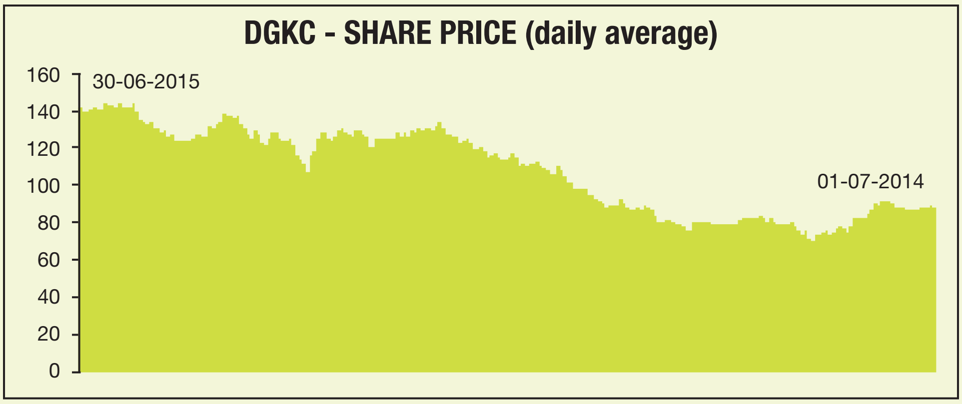
During FY15:

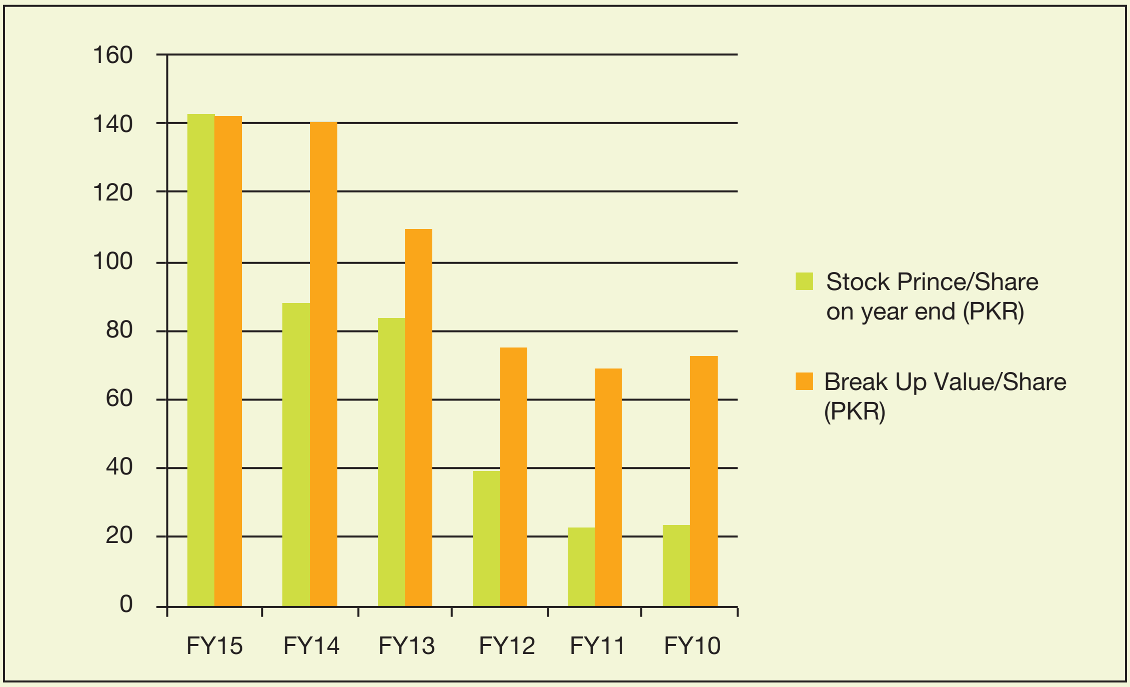
Max. Share Price	PKR 144.17
Min. Share Price	PKR 70.75
Average Share Price	PKR 107.84
Max. Capitalisation	PKR 62,813,135,367
Min. Capitalisation	PKR 31,417,520,661
Average Capitalisation	PKR 47,160,244,127

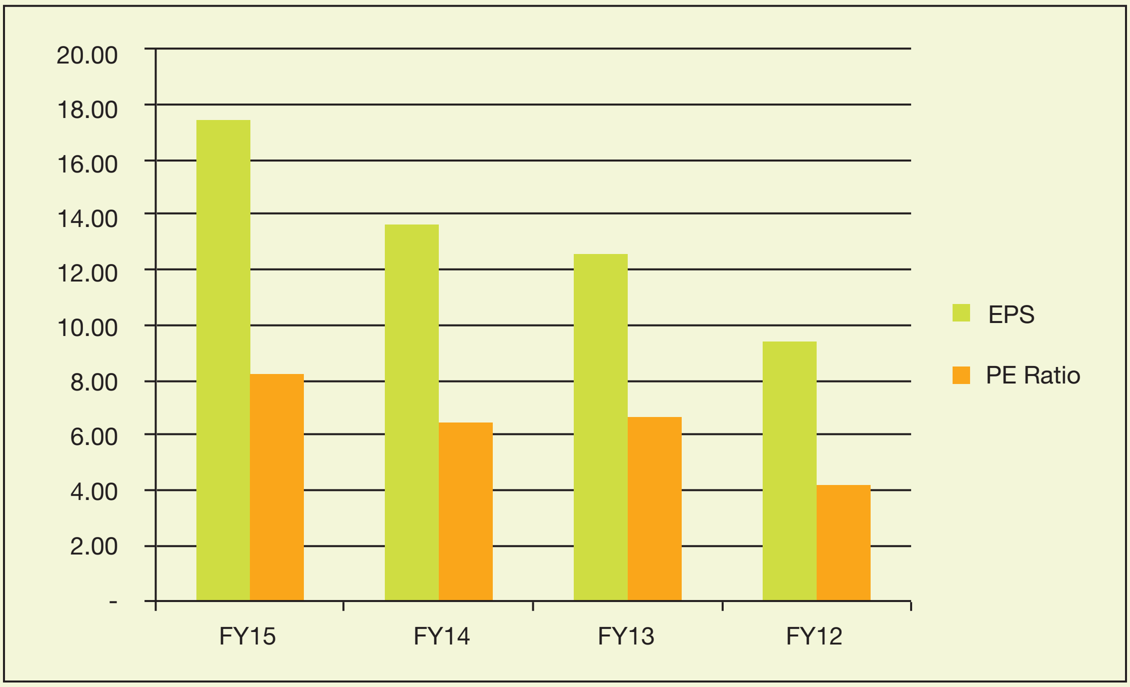
Closing Price on July 01, 2014	PKR 88.11
Closing Price on June 30, 2015	PKR 142.77
Capital Gain	PKR 54.66
Gain in %	62.04
Dividend Paid in FY14	35%











Share Price Sensitivity Factors

- Sales Volumes
- Sales Price
- Foreign Currency Movements
- Interest Rates
- Energy Tariffs
- Any relevant change in regulations


DMP-

Linking Efforts to Goal

Financial Statements

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of D.G. Khan Cement Company Limited ('the Company') as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes resulted on initial application of standards, amendments or interpretations to existing standards, as stated in note 2.2.1 to the annexed financial statements with which we concur;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity and for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants
Lahore,
Dated: September 21, 2015
Name of engagement partner: **Muhammad Masood**

BALANCE SHEET

	Note	2015	2014
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (2014: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2014: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital 438,119,118 (2014: 438,119,118) ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Reserves	6	37,387,772	42,705,394
Accumulated profit		20,527,108	14,429,950
		62,296,071	61,516,535
NON-CURRENT LIABILITIES			
Long term finances - secured	7	714,261	1,321,009
Long term deposits	8	72,003	68,970
Retirement and other benefits	9	137,585	200,187
Deferred taxation	10	4,588,047	4,234,805
		5,511,896	5,824,971
CURRENT LIABILITIES			
Trade and other payables	11	4,048,079	2,476,304
Accrued finance cost	12	27,304	59,417
Short term borrowings - secured	13	1,826,072	2,551,676
Current portion of non-current liabilities	14	646,931	803,174
Derivative financial instrument	15	-	14,902
Provision for taxation		35,090	35,090
		6,583,476	5,940,563
CONTINGENCIES AND COMMITMENTS	16	-	-
		74,391,443	73,282,069

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

AS AT JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	29,958,970	29,832,625
Intangible assets	18	18,452	36,904
Investments	19	12,918,182	11,258,370
Long term loans and deposits	20	69,497	85,544
		42,965,101	41,213,443
CURRENT ASSETS			
Stores, spare parts and loose tools	21	3,635,858	3,688,795
Stock-in-trade	22	1,188,376	1,348,742
Trade debts	23	156,899	168,769
Investments	24	24,855,796	24,405,153
Advances, deposits, prepayments and other receivables	25	648,010	764,140
Income tax receivable		673,807	384,001
Derivative financial instrument	15	9,873	-
Cash and bank balances	26	257,723	1,309,026
		31,426,342	32,068,626
		74,391,443	73,282,069

David Dazal

Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales	27	26,104,611	26,542,509
Cost of sales	28	(16,649,411)	(17,284,941)
Gross profit		9,455,200	9,257,568
Administrative expenses	29	(472,326)	(480,468)
Selling and distribution expenses	30	(746,723)	(1,445,225)
Other operating expenses	31	(727,805)	(518,745)
Other income	32	2,320,335	1,647,126
Profit from operations		9,828,681	8,460,256
Finance cost	33	(281,504)	(608,859)
Profit before taxation		9,547,177	7,851,397
Taxation	34	(1,922,497)	(1,885,899)
Profit after taxation		7,624,680	5,965,498
Earnings per share - basic and diluted	35	17.40	13.62

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	(Rupees in thousand)	
Profit after taxation	7,624,680	5,965,498
Other comprehensive income for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments	(5,287,376)	8,921,162
Gain during the year transferred to profit and loss account on derecognition of available for sale investment	(30,246)	(972)
	(5,317,622)	8,920,190
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of retirement benefits	14,247	(17,835)
Tax effect	(8,352)	6,241
	5,895	(11,594)
Total comprehensive income for the year	2,312,953	14,874,094

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	36	11,673,448	9,617,544
Finance cost paid		(313,619)	(675,909)
Retirement and other benefits paid		(130,393)	(43,896)
Taxes paid		(1,278,413)	(370,382)
Taxes refunded		-	193,313
Long term deposits - net		3,033	3,587
Net cash generated from operating activities		9,954,056	8,724,257
Cash flows from investing activities			
Fixed capital expenditure		(2,017,180)	(2,735,037)
Proceeds from sale of property, plant and equipment		19,571	87,574
Long term loans, advances and deposits - net		16,047	9,991
Investment in equity instruments		(3,025,879)	(229,919)
Investment in finacial assets at fair value through profit or loss		(19,910,642)	-
Sale proceeds on disposal of investments		15,926,428	1,204
Interest received		39,326	37,314
Dividend received		1,703,466	1,434,179
Tax losses purchased from subsidiaries		(589,000)	-
Net cash used in investing activities		(7,837,863)	(1,394,694)
Cash flows from financing activities			
Settlement of derivative financial instrument		(46,642)	(58,667)
Repayment of long term finances		(804,984)	(2,232,288)
Dividend paid		(1,533,417)	(1,314,357)
Net cash used in financing activities		(2,385,043)	(3,605,312)
Net increase in cash and cash equivalents		(268,850)	3,724,251
Cash and cash equivalents at the beginning of the year		(1,242,650)	(4,951,409)
Exchange losses on cash and cash equivalents		(56,849)	(15,492)
Cash and cash equivalents at the end of the year	37	(1,568,349)	(1,242,650)

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Capital Reserve				Revenue Reserve		
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total
	Rupees in thousand						
Balance as on June 30, 2013	4,381,191	4,557,163	23,802,704	353,510	5,071,827	9,790,403	47,956,798
Transactions with owners recognised directly in equity							
Final dividend for the year ended June 30, 2013							
Rs 3.00 per share	-	-	-	-	-	(1,314,357)	(1,314,357)
- Profit for the year	-	-	-	-	-	5,965,498	5,965,498
- Other comprehensive income for the year							
- Changes in fair value of available for sale investments	-	-	8,920,190	-	-	-	8,920,190
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(11,594)	(11,594)
Total comprehensive income for the year	-	-	8,920,190	-	-	5,953,904	14,874,094
Balance as on June 30, 2014	4,381,191	4,557,163	32,722,894	353,510	5,071,827	14,429,950	61,516,535
Transactions with owners recognised directly in equity							
Final dividend for the year ended June 30, 2014							
Rs 3.50 per share	-	-	-	-	-	(1,533,417)	(1,533,417)
- Profit for the year	-	-	-	-	-	7,624,680	7,624,680
- Other comprehensive income for the year							
- Changes in fair value of available for sale investments	-	-	(5,317,622)	-	-	-	(5,317,622)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	5,895	5,895
Total comprehensive income for the year	-	-	(5,317,622)	-	-	7,630,575	2,312,953
Balance as on June 30, 2015	4,381,191	4,557,163	27,405,272	353,510	5,071,827	20,527,108	62,296,071

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. Legal status and nature of business

D. G. Khan Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. The registered office of the Company is situated at 53-A Lawrence Road, Lahore.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Company

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements except for the amendments as explained below:

- IAS 32 (Amendments), ‘Financial instruments: Presentation’, on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32,‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. There is no material impact of this amendment on the financial statments.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2015 or later periods, and the Company has not early adopted them:

- IFRS 11, 'Joint Arrangements', is applicable on annual periods beginning on or after January 01, 2013, however, SECP has adopted this IFRS for periods beginning on or after January 1, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company shall apply these amendments for the financial reporting period commencing on July 01, 2015 and does not expect to have any material impact on its financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company shall apply this standard from July 01, 2015 and is yet to assess the impact of these changes on its financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company shall apply this standard from July 01, 2015 and is yet to assess the impact on its financial statements.

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of the complexity, judgment and estimation involved in their application and their impact on these financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation - note 4.2 and 34
b) Employee retirement benefits and other obligations - note 4.3 and 9
c) Useful lives and residual values of property, plant and equipment- note 4.5 and 17.1

a) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Employee retirement benefits and other obligations

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on the assumptions as mentioned in note 4.3.

c) Useful lives and residual values of property plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost with any difference between proceeds (net of transaction costs) and redemption value being recognised in the profit and loss over the period of the borrowings on an effective interest rate basis.

Preference shares, which are mandatorily redeemable on a specific date at the option of the Company, are classified as liabilities. The dividend on these preference shares is recognised in the profit and loss account as finance cost.

Finance costs are accounted for on an accrual basis and are shown as accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as a current liability unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.2 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items charged or credited to equity in which case it is included in the statement of changes in equity.

4.3 Employees' retirement benefits and other obligations

The main features of the schemes operated by the Company for its employees are as follows:

4.3.1 Defined benefit plans

The Company operates an approved funded defined benefit gratuity plan for all employees having a service period of more than five years for management staff and one year for workers. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2015 using the "Projected Unit Credit Method".

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

The amount recognized in balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit and loss account.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

Discount rate	9.75% p.a.
Expected increase in eligible pay	8.75% p.a.
Duration of the plan (years)	8

The expected mortality rates assumed are based on the SLIC (2001-2005) mortality table set back one year.

The Company is expected to contribute Rs 41.527 million to the gratuity fund in the next year.

4.3.2 Defined contribution plan

The Company operates a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers. The Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

4.3.3 Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 90 days in case of officers. Any balance in excess of 90 days can be encashed up to 17 days a year only. Any further unutilised leaves lapse. In case of workers, unutilised leaves may be accumulated without any limit, however, accumulated leave balance above 50 days is encashable upon demand of the worker. Unutilised leaves can be used at any time by all employees, subject to the approval of the Company's management.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as at June 30, 2015 using the "Projected Unit Credit Method".

The amount recognised in the balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the profit and loss account immediately in the period when these occur.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

Discount rate	9.75% p.a.
Expected rate of increase in salary level per annum; and	8.75% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	8

4.4 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities

Trade and other payables are initially recognised at fair value plus directly attributable cost, if any, and subsequently at amortised cost using effective interest rate method.

4.5 Property, plant and equipment

4.5.1 Operating assets

Property, plant and equipment, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges and borrowing costs as referred to in note 4.17.

Depreciation on all property, plant and equipment is charged to the profit and loss account on the reducing balance method, except for plant and machinery which is being depreciated using the straight line method, so as to write off the historical cost of such asset over its estimated useful life at annual rates mentioned in note 17.1 after taking into account their residual values.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at June 30, 2015 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item shall flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.5.2 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to operating assets category as and when such items are available for use.

4.5.3 Capital work-in-progress

Capital work-in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.6 Intangible assets

Expenditure incurred to acquire Oracle Enterprise Resource Planning (ERP) system has been capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of five years.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

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

4.7 Leases

The Company is the lessee:

4.7.1 Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method except plant and machinery which is depreciated on straight line method. Depreciation of leased assets is charged to the profit and loss account.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

4.7.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

4.8 Investments

Investments in equity instruments of subsidiary company

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Consolidated and Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the profit and loss account.

Investments in equity instruments of associated company

Investments in associates where the Company has significant influence are measured at cost in the Company's separate financial statements.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 'Consolidated and Separate Financial Statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

At each balance sheet date, the Company reviews the carrying amounts of the investments in associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future stream of cash flows and an estimate of the terminal value of these investments. Impairment losses are recognised as expense in the profit and loss account.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed off or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss. Fair value of quoted investments is their bid price on Karachi Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date which is the date that the Company commits to purchase or sell the investment.

At each balance sheet date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.9 Stores and spares

Usable stores and spares are valued principally at moving weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.10 Stock-in-trade

Stock of raw materials (except for those in transit), work in process and finished goods are valued principally at the lower of weighted average cost and net realisable value. Stock of packing material is valued principally at moving average cost. Cost of work in process and finished goods comprises cost of direct materials, labour and related production overheads (based on normal operating capacity). It excludes borrowing cost.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to be incurred in sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.11 Financial instruments

4.11.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets, if expected to be settled within twelve months, otherwise they are classified as non-current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

4.11.2 Recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available for sale are recognized in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on held-to-maturity investments calculated using the effective interest method is recognized in the profit and loss account. Dividends on available for sale equity instruments are recognized in the profit and loss account when the Company’s right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.12.

4.11.3 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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

4.11.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.12 Trade debts and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debts are recognised initially at original invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts.

A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is doubtful. The provision is recognized in the profit and loss account. Debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term borrowings. In the balance sheet, short term borrowings are included in current liabilities.

4.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company has not designated any derivatives as hedging instruments and accordingly, the changes in fair value re-measurement are recognised in the profit and loss account. Trading derivatives are classified as a current asset or liability.

4.15 Foreign currency transactions and translation

a) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in income.

b) Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded to the nearest thousand.

4.16 Provisions

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources shall be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow shall be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.18 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods are transferred to the buyer i.e. on the dispatch of goods to the customers.

Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.19 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4.20 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability

5. Issued, subscribed and paid up capital

2015	2014		2015	2014
(Number of shares)			(Rupees in thousand)	
343,512,029	343,512,029	Ordinary shares of Rs 10 each fully paid in cash	3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs 10 each issued for consideration other than cash	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs 10 each issued as fully paid bonus shares	746,071	746,071
438,119,118	438,119,118		4,381,191	4,381,191

137,574,201 (2014: 137,574,201) and 203,500 (2014: Nil) ordinary shares of the Company are held by Nishat Mills Limited (associated company) and Security General Insurance Company Limited (associated company) respectively as at June 30, 2015. In addition, 6,275,944 (2014: 4,197,944) ordinary shares are held by Adamjee Insurance Company Limited, a related party as at June 30, 2015.

6. Reserves

Movement in and composition of reserves is as follows:

		2015	2014
		(Rupees in thousand)	
Capital reserves			
- Share premium			
At the beginning of the year		4,557,163	4,557,163
Additions during the year		-	-
At the end of the year	- note 6.1	4,557,163	4,557,163
- Fair value reserve			
At the beginning of the year		32,722,894	23,802,704
Fair value (loss) / gain during the year		(5,317,622)	8,920,190
At the end of the year	- note 6.2	27,405,272	32,722,894
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		32,315,945	37,633,567
Revenue reserves			
- General reserve			
At the beginning of the year		5,071,827	5,071,827
Transferred (to) / from accumulated profit		-	-
At the end of the year		5,071,827	5,071,827
		37,387,772	42,705,394

6.1 This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

6.2 As referred to in note 4.8 this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to profit and loss account on realisation.

6.3 The Capital redemption reserve fund represents fund created for redemption of preference shares and in accordance with the terms of issue of preference shares, to ensure timely payments, the Company was required to maintain a redemption fund with respect to preference shares. The Company had created a redemption fund and appropriated Rs 7.4 million each month from the profit and loss account in order to ensure that fund balance at redemption date was equal to the principal amount of the preference shares. The preference shares were redeemed during the year ended June 30, 2007.

7. Long term finances - secured

		2015	2014
		(Rupees in thousand)	
These are composed of:			
- Long-term loans	- note 7.1 - 7.2	1,348,522	1,941,513
- Loan under Musharika arrangement	- note 7.1 - 7.2	-	170,000
		1,348,522	2,111,513
Less : Current portion shown under current liabilities	- note 14	634,261	790,504
		714,261	1,321,009

7.1 Long term loans - secured

Lender	2015 (Rupees in thousand)	2014 (Rupees in thousand)	Rete of mark-up per annum	Number of instalments outstanding	Mark-up Payable
Local currency					
Loan 1 Bank of Punjab Foreign Currency	400,000	560,000	* Base rate + 0.5%	10 equal quarterly instalments ending in December, 2017.	Quarterly
Loan 2 Eco Trade and Development Bank US$ 9.327 million (2014: US$ 13.990)	948,522	1,381,513	** Base rate + 1.65%	4 equal semi-annual instalments ending in May, 2017	Semi - Annually
Musharika Arrangement					
Loan 3 Meezan Bank	-	170,000	* Base rate + 0.6%	The loan has been fully repaid during the year	Quarterly
	1,348,522	2,111,513			

* Base rate: Average ask rate of three-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period

** Base rate: Average ask rate of six-month London Inter Bank Offer Rate ("LIBOR") reset for each mark-up period

7.2 Security

Loan 1

The loan is secured by an initial ranking charge over present and future land, building and plant and machinery of the Company to the tune of Rs 1,066.667 million. The charge shall be upgraded to first pari passu during the first quarter of the forthcoming calendar year. The total facility amount available is Rs 800 million.

Loan 2

The loan is secured by first pari passu charge over all present and future fixed assets of the Company amounting to USD 27.980 million. The total facility amount available is USD 20.985 million.

Loan 3

The loan was secured by first pari passu charge on all present and future fixed assets of the Company. The charge amount at all times was at least equal the outstanding facility amount with 25% margin. The total facility amount available was Rs 850 million.

		2015	2014
		(Rupees in thousand)	

8. Long term deposits

	2015	2014
Customers	39,102	37,176
Others	32,901	31,794
	72,003	68,970

These represent interest free security deposits from stockists and suppliers and are repayable on cancellation / withdrawal of the dealership or on cessation of business with the Company.

		2015	2014
		(Rupees in thousand)	

9. Retirement benefits

		2015	2014
Staff gratuity	- note 9.1	33,345	112,513
Accumulating compensated absences	- note 9.2	104,240	87,674
		137,585	200,187

9.1 Staff gratuity

	2015	2014
The amounts recognised in the balance sheet are as follows:		
Present value of defined benefit obligation	352,380	273,597
Fair value of plan assets	(319,035)	(161,084)
Liability as at June 30	33,345	112,513

9.1.1 Movement in net liability for staff gratuity

	2015	2014
Net liability as at July 1	112,513	76,060
Current service cost	38,935	33,268
Net interest on defined benefit obligation	35,487	22,436
Return on plan assets during the year	(27,958)	(15,579)
	46,464	40,125
Total remeasurements for the year charged to other comprehensive income	(14,247)	17,835
Contributions made by the Company during the year	(111,385)	(21,507)
Net liability as at June 30	33,345	112,513

9.1.2 Movement in present value of defined benefit obligation

	2015	2014
Present value of defined benefit obligation as at July 1	273,597	225,816
Current service cost	38,935	33,268
Interest cost	35,487	22,436
Benefits paid during the year	(11,549)	(24,285)
Remeasurements:		
- Actuarial (gains) / losses from changes in demographic assumptions	-	-
- Actuarial (gains) / losses from changes in financial assumptions	-	-
- Experience adjustments	15,910	16,362
	15,910	16,362
Present value of defined benefit obligation as at June 30	352,380	273,597

	2015	2014
	(Rupees in thousand)	

9.1.3 Movement in fair value of plan assets

	2015	2014
Fair value of plan assets as at July 1	161,084	149,756
Interest income on plan assets	27,958	15,579
Contributions during the year	111,385	21,507
Benefits paid during the year	(11,549)	(24,285)
Remeasurements in fair value of plan assets	30,157	(1,473)
Fair value of plan assets as at June 30	319,035	161,084

9.1.4 Plan assets

Plan assets are comprised as follows:

	2015		2014	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and Bank	902	0.28%	34	0.02%
Debt instruments	318,133	99.72%	163,114	101.26%
	319,035	100.00%	163,148	101.28%
Plan liabilities				
Account payables	-	0.00%	(2,064)	-1.28%
	319,035	100.00%	161,084	100.00%

	2015	2014
	(Rupees in thousand)	

9.1.5 Charge for the year (including capitalised during the year)

	2015	2014
Current service cost	38,935	33,268
Interest cost	35,487	22,436
Interest income on plan assets	(27,958)	(15,579)
Total expense for the year	46,464	40,125
Less: Expense capitalized during the year	(1,314)	(428)
Expense charged to the profit and loss account	45,150	39,697

9.1.6 Total remeasurements charged to other comprehensive income

	2015	2014
Actuarial (gains) / losses from changes in demographic assumptions	-	-
Actuarial (gains) / losses from changes in financial assumptions	-	-
Experience adjustments	15,910	16,362
	15,910	16,362
Remeasurements in plan assets, excluding interest income	(30,157)	1,473
Total remeasurements charged to other comprehensive income	(14,247)	17,835

9.1.7 Amounts for current period and previous four annual periods of the fair value of plan assets and present value of defined benefit obligation are as follows:

	2015	2014	2013	2012	2011
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	352,380	273,597	225,816	167,467	127,935
Fair value of plan assets	(319,035)	(161,084)	(149,756)	(82)	(332)
Deficit	33,345	112,513	76,060	167,385	127,603
Experience adjustment arising on plan obligation	15,910	16,362	17,256	10,222	25,954
Experience adjustment arising on plan assets	30,157	(1,473)	1,396	33	1

9.1.8 Assumptions used for valuation of the defined benefit scheme for management and non-management staff are as under:

		2015	2014
Discount rate	Per annum	9.75%	13.25%
Expected rate of increase in salary	Per annum	8.75%	12.25%
Rate of interest income on plan assets	Per annum	13.25%	10.40%
Duration of the plan	Number of years	8	8

9.1.9 Year end sensitivity analysis (±100 bps) on defined benefit obligation is as follows:

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of defined benefit obligation	326,385	382,467	382,813	325,629

9.1.10 The Company expects to pay Rs 41.527 million in contributions to defined benefit plan during the year ending June 30, 2016.

		2015	2014
		(Rupees in thousand)	
9.2 Accumulating compensated absences			
Opening balance		100,344	88,338
Expenses recognised		35,574	34,394
Benefits paid		(19,008)	(22,388)
		116,910	100,344
Payable within one year	- note 14	(12,670)	(12,670)
Closing balance		104,240	87,674

	2015	2014
	(Rupees in thousand)	

9.2.1 Movement in liability for accumulating compensated absences

	2015	2014
Present value of accumulating compensated absences as at July 1	100,344	88,338
Current service cost	23,236	19,590
Interest cost	12,036	8,100
Benefits paid during the year	(19,008)	(22,388)
Remeasurements:		
- Actuarial (gains)/losses from changes in demographic assumptions	-	-
- Actuarial (gains)/losses from changes in financial assumptions	-	-
- Experience adjustments	302	6,704
	302	6,704
Present value of accumulating compensated absences as at June 30	116,910	100,344

9.2.2 Charge for the year (including capitalised during the year)

	2015	2014
Current service cost	23,236	19,590
Interest cost	12,036	8,100
Remeasurement during the year	302	6,704
Total expense for the year	35,574	34,394
Less: Expense capitalized during the year	(1,217)	(412)
Expense charged to the profit and loss account	34,357	33,982

Amounts for current period and previous four annual periods of the present value of accumulating compensated absences are as follows:

	2015	2014	2013	2012	2011
	(Rupees in thousand)				
As at June 30					
Present value of accumulated compensated absences	116,910	100,344	88,338	74,381	58,558
Experience adjustment arising on obligation	302	6,704	17,205	14,739	8,115

9.2.3 Assumptions used for valuation of the accumulating compensated absences are as under:

		2015	2014
Discount rate	Per annum	9.75%	13.25%
Expected rate of increase in salary	Per annum	8.75%	12.25%
Duration of the plan	Number of years	8	9
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

9.2.4 Year end sensitivity analysis (± 100 bps) on obligation:

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of obligation	108,544	126,664	126,798	108,281

	Officers		Workers	
	2015 (days)	2014 (days)	2015 (days)	2014 (days)
Average number of leaves				
- Utilised per annum	11.00	15.00	18.00	15.00
- Encashed per annum	9.00	8.00	9.00	12.00
- Encashed per annum in excess of accrued leave of 30 days	0.25	0.25	2.00	2.00

10. Deferred taxation

		2015	2014
		(Rupees in thousand)	
The liability for deferred taxation comprises temporary differences relating to:			
Deferred tax liability			
Accelerated tax depreciation		4,628,724	5,217,486
Deferred tax assets			
Provision for retirement and other benefits		(40,677)	(64,423)
Unabsorbed tax losses and tax credits		-	(918,258)
		4,588,047	4,234,805

11. Trade and other payables

		2015	2014
Trade creditors	- note 11.1	770,183	393,771
Infrastructure cess		89,164	89,164
Advances from customers		380,547	384,256
Accrued liabilities		1,235,957	563,891
Workers' profit participation fund	- note 11.2	1,305,760	880,273
Workers' welfare fund	- note 11.3	91,596	-
Federal excise duty payable		40,967	5,062
Withholding tax payable		14,138	11,217
Retention money payable		21,056	26,268
Unclaimed dividends		18,089	9,694
Advances against sale of scrap		6,949	2,791
Advance against sale of fixed assets		-	1,721
Unclaimed dividend on redeemable preference shares		125	125
Export commission payable		44,750	74,902
Others		28,798	33,169
		4,048,079	2,476,304

11.1 Trade creditors include amounts due to related parties amounting to Rs 115.447 million (2014: Rs 3.198 million)

	2015	2014
	(Rupees in thousand)	
Nishat Paper Product Company Limited (Subsidiary company)	111,560	-
Security General Insurance Company Limited (Associated company)	1,362	939
Adamjee Insurance Company Limited (Related party)	2,525	2,259
	115,447	3,198

11.2 Workers' profit participation fund

	2015	2014
Opening balance	880,273	541,681
Provision for the year	507,304	413,231
Interest for the year	360	1,734
	1,387,937	956,646
Less: Payments made during the year	(82,177)	(76,373)
Closing balance	1,305,760	880,273

11.3 Workers' welfare fund

		2015	2014
Opening balance		-	-
Provision for the year	- note 31	91,596	-
Closing balance		91,596	-

12. Accrued finance cost

	2015	2014
Accrued mark-up on:		
- Long term loans - secured	12,080	19,587
- Short term borrowings - secured	15,140	39,746
Preference dividend on redeemable preference shares	84	84
	27,304	59,417

13. Short term borrowings - secured

		2015	2014
Short term running finances	- note 13.1	1,094,647	176,970
Import finances - secured	- note 13.2	731,425	789,706
Export finances -secured	- note 13.3	-	1,585,000
		1,826,072	2,551,676

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 5,425 million (2014: Rs 8,075 million). The rates of mark up are based on Karachi Inter Bank Offer Rate ("KIBOR") plus spread and range from 6.81% to 10.43% (2014: 9.21% to 11.68%) or part thereof on the balance outstanding. These are secured by first registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, book debts, investments, receivables, pledge of Nil (2014: 10 million) shares of MCB Bank Limited and Nil (2014: 13.5 million) shares of Nishat Mills Limited.

13.2 Import finances - secured

The company has obtained import finance facilities aggregating to Rs 5,525 million (2014: 5,013 million) from commercial banks. The rates of mark up based on Karachi Inter Bank Offer Rate ("KIBOR") plus spread range from Nil (2014: 8.06% to 9.52%) and those based on London Inter Bank Offer Rate ("LIBOR") plus spread range from 1.90% to 2.73% (2014: 2.00% to 2.53%) The aggregate import finances are secured by a registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

Of the aggregate facility of Rs 10,578 million (2014: Rs 7,728 million) for opening letters of credit and Rs 2,020 million (2014: Rs 1,570 million) for guarantees, the amount utilised as at June 30, 2015 was Rs 3,271 million (2014: Rs 1,917.484 million) and Rs 942 million (2014: Rs 938.445 million) respectively. The aggregate facilities for guarantees are secured by a registered charge on current assets of the Company. Of the facility for guarantees, Rs 14.48 million (2014: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 26.2.

13.3 Export finances - secured

This represents export refinance loans obtained from various commercial banks, which carry mark up based on rates notified by State Bank of Pakistan ranging from 5.50% to 7.00% (2014: 8.50% to 9.31%), export finances which carry markup based on Karachi Inter Bank Offer Rate ("KIBOR") ranging from Nil per annum (2014: 8.57% to 9.11%) and London Inter Bank Offer Rate ("LIBOR") at Nil (2014: 2.23%) These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Company.

		2015	2014
		(Rupees in thousand)	
14. Current portion of non-current liabilities			
Long term finances	- note 7	634,261	790,504
Accumulating compensated absences	- note 9.2	12,670	12,670
		646,931	803,174
15. Derivative financial instrument			
Classified under current liabilities			
Cross currency interest rate swap	- note 15.1	-	14,902
Classified under current assets			
Cross currency interest rate swap	- note 15.1	9,873	-

15.1 This represents derivative cross currency interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Company pays Karachi Inter-Bank Offered Rate ('KIBOR') minus bank spread to the arranging bank on the notional Pak Rupee (PKR) amount for the purposes of the cross currency swap, and receives London Inter-Bank Offered Rate ('LIBOR') on the notional US Dollar (USD) amount from the arranging bank. There have been no transfers of liabilities under the arrangements, only the nature of the interest payment has changed. The derivative cross currency swap outstanding as at June 30, 2015 has been marked to market and the resulting loss has been included in the profit and loss account.

16. Contingencies and commitments

16.1 Contingencies

16.1.1 The Income Tax Officer, while framing the assessments for the assessment years 1984-85 to 1990-91, has taxed the income of the Company on account of the interest on the deposits and sale of scrap etc. The Appellate Tribunal on appeal filed by the Company issued an order in favour of the Company for the assessment years 1984-85 to 1990-91. The Income Tax Department filed reference before the Lahore High Court. Pending final outcome of such reference, no adjustment has been made in these financial statements for the relief granted by the Appellate Tribunal aggregating Rs. 35.090 million.

16.1.2 During the period 1994 to 1996, the Company imported plant and machinery relating to expansion unit, for which exemption was claimed under various SROs from the levy of custom duty and other duties including sales tax. As per the provisions of SRO 484 (I)/92, 978 (I)/95 and 569 (I)/95, the exemption from the statutory duty would be available only if the said plant and machinery was not manufactured locally. However, the Custom Authorities rejected the claim of the Company by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Company appealed before the Lahore High Court, Multan Bench, which allowed the Company to release the machinery on furnishing indemnity bonds with the Custom Authorities.

Collector of Customs and Central Excise, Multan has passed an order dated November 26, 1999, against the Company on the grounds that the said machinery was being manufactured locally during the time when it was imported.

After various appeals at different forums, the Honourable Supreme Court remanded the case back to the Customs Authorities to reassess the liability of the company. The custom authorities re-determined the liability of the Company upon which the Company preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Company, upon which the Company discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench. In case of any adverse decision, the management assesses liability to the tune of Rs 233.390 million. No provision for this amount has been made in the financial statements as according to the management of the Company, there are meritorious grounds that the ultimate decision would be in its favour.

16.1.3 The Competition Commission of Pakistan (the CCP) took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 28 August 2009 and imposed a penalty of Rs. 933 million on the Company. The Lahore High Court vide its order dated 31 August 2009 restrained the CCP from enforcing its order against the Company for the time being.

The vires of the Competition Commission of Pakistan, 2007 have been challenged by a large number of Petitioners and all have been advised by their legal counsels that prima facie the Competition Commission Ordinance, 2007 is ultra vires of the Constitution. A large number of grounds have been raised by these Petitioners and the matter is currently being adjudicated by the Lahore High Court, the Sindh High Court and the Supreme Court of Pakistan. In all these cases stay orders have been granted by the Courts. Based on the legal opinion, the management is confident that the Company has a good case and there are reasonable chances of success in the pending Petition in the Supreme Court of Pakistan.

16.1.4 The matter relating to interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 (1944 Act) has now attained finality after having been adjudicated by the honourable Supreme Court of Pakistan through its judgement dated January 27, 2009 (upholding its previous judgement dated February 15, 2007). The longstanding controversy between the revenue department and the tax payers related primarily to finer interpretation of the provisions of section 4(2) of the 1944 Act wherein the department had a view that excise duty shall be included as a component for determination of the value (retail price) for levying excise duty. The departmental view, being against the spirit of law, was challenged by the taxpayers in appeals before the honourable High Courts of the country which, duly appreciating the contentions of the taxpayers, overturned the departmental view and succeeded the appeals.

Now since the controversy has attained finality up to the highest appellate level, the Company has initiated the process of claiming refund of excess excise duty paid by it during the periods from 1994 to 1999 which aggregates to Rs. 1,115.145 million. The amount of refund, however, shall be incorporated in the books of accounts once it is realized by the Company.

16.1.5 The Company, consequent to the order passed by the Supreme Court of Pakistan against the decision of the Sindh High Court in the matter of infrastructure cess, filed a petition before the Sindh High Court, challenging the levy of fifth version of the law enforcing infrastructure cess. Earlier, the Sindh High Court, in August 2008, ruled out that only levies computed against consignments made on or after December 28, 2006 shall be payable by the petitioners. Although the parties have reached an interim arrangement, through an order of Sindh High Court dated May 31, 2011, for release of 50% of the guarantees, the final order from Sindh High Court is still pending. According to the legal counsel of the Company, chances of favourable outcome of the appeal are fair, therefore 50% of the amount of infrastructure cess payable has not been incorporated in these financial statements amounting to Rs. 89.164 million.

16.1.6 The Company, consequent to the order-in-appeal passed by the learned Customs, Federal Excise and Sales Tax Appellate Tribunal, Lahore, filed a petition before the Lahore High Court, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period of June 13, 1997 to August 11, 1998. According to the legal counsel of the Company, chances of favourable outcome of the petition are fair, therefore the payable amount has not been incorporated in these financial statements amounting to Rs. 212.239 million.

16.1.7 The Company has issued the following guarantees in favour of:

- Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs 54.377 million (2014: 42.176 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 425.9 million (2014: Rs 440.900 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs 3 million (2014: Rs 3 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2014: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use for Khairpur Project and for D.G Khan Project respectively amounting to Rs 382.235 million (2014: Rs 382.235 million).

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, DG Khan) amounting to Rs 0.05 million (2014: Rs 0.05 million).

- Sindh High Court against levy of Sales Tax, custom duty and excise amounting to Rs 15.423 million (2014: Nil).

- The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs 15 million (2014: Rs 10 million).

- Guarantees against export orders amounting to Rs 46.096 million (2014: Rs 45.208 million).

16.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs. 427.335 million (June 2014: Rs. 260.371 million).

(ii) Letters of credit for capital expenditure Rs. 2274.836 million (June 2014: Rs. 65.992 million)

(iii) Letters of credit other than capital expenditure Rs. 996.607 million (June 2014: Rs 1,212.026 million)

(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2015	2014
	(Rupees in thousand)	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	5,310	5,641
	6,966	7,297

17. Property, plant and equipment

		2015	2014
Operating assets	- note 17.1	27,979,032	28,951,966
Capital work-in-progress	- note 17.2	1,874,469	634,318
Major spare parts and stand-by equipment	- note 17.3	105,469	246,341
		29,958,970	29,832,625

17.1 Operating assets

2015 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2014	Additions/ (Deletions)	Cost as at 30 June 2015	Accumulated depreciation as at July 01, 2014	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015
Freehold land	-	601,362	120,007	721,369	-	-	-	721,369
Leasehold land	3.33	63,000	-	63,000	13,650	2,100	15,750	47,250
Buildings on freehold land								
- Factory building	10	6,575,135	125,042	6,700,177	2,998,692	367,738	3,366,430	3,333,747
- Office building and housing colony	5	826,806	11,016	837,822	304,409	26,512	330,921	506,901
Roads	10	572,480	5,862	578,342	287,792	29,055	316,847	261,495
Plant and machinery	4 - 11.08	32,610,992	414,771	33,011,721	10,182,131	1,210,040	11,388,264	21,623,457
			(14,042)			(3,907)		
Quarry equipment	20	1,762,387	127,722	1,890,109	1,136,885	100,318	1,237,203	652,906
Furniture and fittings	10	119,663	18,665	138,328	48,790	8,057	56,847	81,481
Office equipment	10	229,054	34,020	263,074	93,098	15,096	108,194	154,880
Vehicles	20	378,440	63,309	420,108	136,464	44,181	166,679	253,429
			(21,641)			(13,966)		
Aircraft	30	328,752	-	328,752	150,403	53,504	203,907	124,845
Power and water supply lines	10	493,463	5,065	498,528	257,254	24,002	281,256	217,272
		44,561,534	925,479	45,451,330	15,609,568	1,880,603	17,472,298	27,979,032
			(35,683)			(17,873)		

2014 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2013	Additions/ (Deletions)	Cost as at 30 June 2014	Accumulated depreciation as at July 01, 2013	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014
Freehold land	-	579,788	21,574	601,362	-	-	-	601,362
Leasehold land	3.33	63,000	-	63,000	11,550	2,100	13,650	49,350
Buildings on freehold land								
- Factory building	10	5,699,723	875,412	6,575,135	2,667,215	331,477	2,998,692	3,576,443
- Office building and housing colony	5	813,310	13,496	826,806	277,156	27,253	304,409	522,397
Roads	10	546,234	26,246	572,480	257,318	30,474	287,792	284,688
Plant and machinery	4 - 8.28	30,380,792	2,258,580 (28,380)	32,610,992	9,055,606	1,136,488 (9,963)	10,182,131	22,428,861
Quarry equipment	20	1,684,624	104,235 (26,472)	1,762,387	1,061,332	97,229 (21,676)	1,136,885	625,502
Furniture and fittings	10	104,072	15,591	119,663	41,824	6,966	48,790	70,873
Office equipment	10	216,517	12,573 (36)	229,054	78,793	14,310 (5)	93,098	135,956
Vehicles	20	306,014	112,190 (39,764)	378,440	108,845	42,398 (14,779)	136,464	241,976
Aircraft	30	328,752	-	328,752	73,968	76,435	150,403	178,349
Power and water supply lines	10	467,957	25,506	493,463	232,382	24,872	257,254	236,209
		41,190,783	3,465,403 (94,652)	44,561,534	13,865,989	1,790,002 (46,423)	15,609,568	28,951,966

17.1.1 Freehold land and building include book values of Rs 12 million (2014: Rs 12 million) and Rs 6.089 million (2014: Rs 6.409 million) respectively which are held in the name of Chief Executive of the Company. This property is located in the locality of Defence Housing Authority where the by-laws restrict transfer of title of the residential property in the name of the Company.

17.1.2. The depreciation charge for the year has been allocated as follows:

		2015	2014
		(Rupees in thousand)	
Cost of sales	- note 28	1,789,684	1,679,470
Administrative expenses	- note 29	86,591	106,685
Selling and Distribution expenses	- note 30	4,328	3,847
		1,880,603	1,790,002

17.1.3 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

2015 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant & Machinery	**Asset written off**	7,042	1,955	5,087	-	(5,087)	Assets written off
	Asset retired for overhauling	7,000	1,953	5,047	-	-	Retired from use
Vehicles	**Employees**						
	Munir Shah	662	452	210	218	8	Company policy
	Akhund Saeed Khaliq	1,325	653	672	706	34	Company policy
	Outside parties						
	Nasir Zahoor	275	191	84	549	465	Auction
	Adnan Anwar	662	460	202	627	425	-do-
	Rizwan Khan	1,269	804	465	1,060	595	-do-
	Muhammad Bilal	1,269	804	465	1,140	675	-do-
	Rashid Saleemi	1,337	724	613	1,210	597	-do-
	Khurram Imtiaz	2,449	1,718	731	3,235	2,504	-do-
	Habib Asad Khan	969	732	237	964	727	-do-
	Mirza Abdul Hafeez	1,306	1,118	188	627	439	-do-
	Muhammad Asim	2,679	1,589	1,090	2,398	1,308	-do-
	Nadeem Gull	822	456	366	732	366	-do-
	Irfan Ahmad	1,354	837	517	1,066	549	-do-
	Syed Mazhar Jamil	1,756	1,265	491	1,650	1,159	-do-
	Muhammad Awais	427	309	118	432	314	-do-
	Faisal Mahmood	969	757	212	831	619	-do-
	Asim Mumtaz	555	437	118	653	535	-do-
	Muhammad Naeem	500	277	223	473	250	-do-
	Security General Insurance Company limited	1,056	382	674	1,000	326	Insurance Claim
Other assets with book value less than Rs 50,000		-	-	-	-	-	
		35,683	17,873	17,810	19,571	6,808	

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
		2014					(Rupees in thousand)
Plant & Machinery							
	Outside parties						
	Nishat Mills Limited	28,380	9,963	18,417	23,187	4,770	Auction
Vehicles							
	Employees						
	Major (Retired) Aslam Pervaiz	555	388	167	167	-	Company policy
	Khawar Butt	662	413	249	727	478	Auction
	Muhammad Aslam	1,450	567	883	883	-	Company policy
	Outside parties						
	Nasir Zahoor	662	413	249	652	403	Auction
	Mohsin Ali Sheikh	1,269	711	558	558	-	-do-
	Security General Insurance Company Limited	1,337	592	745	1,100	355	Insurance Claim
	Mr. Naveed Iqbal	1,973	874	1,099	1,735	636	Auction
	Ishtiaq Khan	2,750	1,940	810	1,800	990	-do-
	Performance Automotive (Pvt) Limited	25,763	6,740	19,023	28,328	9,305	-do-
	Nasir Zahoor	272	170	102	528	426	-do-
	Sajid Habib	657	416	241	738	497	-do-
	Aadil Khan	1,005	669	336	985	649	-do-
	Nasir Zahoor	829	443	386	542	156	-do-
	Muhammad Dawood	350	271	79	250	171	-do-
Quarry equipment							
	Outside party						
	Adamjee Insurance Company Limited	26,472	21,676	4,796	25,300	20,504	Insurance Claim
Other assets with book value less than Rs 50,000		266	177	89	94	5	Auction
		94,652	46,423	48,229	87,574	39,345	

17.2 Capital work-in-progress

2015 (Rupees in thousand)

	Balance as at June 30, 2014	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2015
Civil works	288,234	553,375	-	-	-	(117,368)	724,241
Plant and machinery	101,548	767,345	-	(306)	-	(212,239)	656,348
Advances	60,903	140,833	-	-	-	(115,347)	86,389
Others	16,813	32,193	-	-	-	(6,487)	42,519
Expansion Project:							
- Civil works	24,701	52,147	-	-	-	-	76,848
- Others	142,119	146,005	-	-	-	-	288,124
	634,318	1,691,898	-	(306)	-	(451,441)	1,874,469

2014 (Rupees in thousand)

	Balance as at June 30, 2013	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2014
Civil works	306,123	705,609	-	-	77,947	(801,445)	288,234
Plant and machinery	977,982	1,375,537	-	(22)	-	(2,251,949)	101,548
Advances	62,155	106,813	-	-	(77,947)	(30,118)	60,903
Others	405	51,028	-	-	-	(34,620)	16,813
Expansion Project:							
- Civil works	19,038	5,663	-	-	-	-	24,701
- Others	50,477	91,642	-	-	-	-	142,119
	1,416,180	2,336,292	-	(22)	-	(3,118,132)	634,318

		2015	2014
		(Rupees in thousand)	

17.3 Major spare parts and stand-by equipment

		2015	2014
Balance at the beginning of the year		246,341	194,005
Additions during the year		167,272	121,679
Transfers made during the year		(308,144)	(69,343)
Balance at the end of the year		105,469	246,341

18. Intangible assets

This represents Oracle ERP system.

		2015	2014
Cost			
As at July 1		92,260	92,260
Additions		-	-
As at June 30		92,260	92,260
Less: Accumulated amortisation			
As at July 1		55,356	36,904
Amortisation for the year	- note 18.1	18,452	18,452
As at June 30		73,808	55,356
		18,452	36,904

18.1 Oracle ERP system is being amortised over a useful life of five years.

18.2 The amortisation charge for the year has been allocated as follows:

		2015	2014
Cost of sales	- note 28	12,916	12,916
Administrative expenses	- note 29	2,768	2,768
Selling and distribution expenses	- note 30	2,768	2,768
		18,452	18,452

19. Investments

These represent the long term investments in:

		2015	2014
- Related parties	- note 19.1	5,076,176	2,431,432
- Others - available for sale	- note 19.2	133,089	30,132
		5,209,265	2,461,564
Cumulative fair value gain	- note 19.3	7,708,917	8,796,806
		12,918,182	11,258,370

19.1 Related Parties

	2015	2014
Nishat Chunian Limited - quoted - available for sale		
5,961,549 (2014: 5,961,549) fully paid ordinary shares of Rs 10 each		
Equity held: 2.98% (2014: 2.98%)		
Market value - Rs 218.968 million (2014: Rs 252.710 million)	45,254	45,254
	45,254	45,254
Adamjee Insurance Company Limited		
16,053,735 (2014: 10,019,735) fully paid ordinary shares of Rs 10 each		
Equity held: 4.59% (2014: 2.86%)		
Market value - Rs 764.479 million (2014: Rs 458.603 million)	643,459	348,857
Less: Cumulative impairment Loss	(118,703)	(118,703)
	524,756	230,154

	2015	2014
	(Rupees in thousand)	
Subsidiary - unquoted - at cost		
Nishat Paper Products Company Limited		
25,595,398 (2014: 23,268,398) fully paid ordinary shares of Rs 10 each		
Equity held: 55% (2014: 50%)	221,873	203,631
	221,873	203,631
Nishat Dairy (Private) Limited		
270,000,000 (2014: 50,000,000) fully paid ordinary shares of Rs 10 each		
Equity held: 55.10% (2014: 10.42%)	2,331,900	500,000
	2,331,900	500,000
Associates - quoted - available for sale		
Nishat Mills Limited		
30,289,501 (2014: 30,289,501) fully paid ordinary shares of Rs 10 each		
Equity held: 8.61% (2014: 8.61%)		
Market value - Rs 3,460 million (2014: Rs 3,390 million)	1,577,174	1,577,174
Less: Cumulative impairment Loss	(250,615)	(250,615)
	1,326,559	1,326,559
MCB Bank Limited		
21,305,315 (2014: 21,305,315) fully paid ordinary shares of Rs 10 each		
Equity held: 1.91% (2014: 1.91%)		
Market value Rs 5,307.580 million (2014: Rs 6,420.357 million)	125,834	125,834
	125,834	125,834
Associates - unquoted		
Nishat Hotels and Properties Limited		
50,000,000 (2014: Nil) fully paid ordinary shares of Rs 10 each		
Equity held: 6.25% (2014: Nil)	500,000	-
	500,000	-
	5,076,176	2,431,432

Nishat Mills Limited, MCB Bank Limited and Nishat Hotels and Properties Limited are associated companies as per the Companies Ordinance, 1984, however, for the purpose of measurement, these have been classified as available for sale and measured at fair value as the Company does not have significant influence over these companies.

	2015	2014
	(Rupees in thousand)	
19.2 Others - available for sale		
First Capital Mutual Fund		
104,457 (2014: 104,457) certificates of Rs 10 each		
Equity held 0.35% (2014: 0.35%)		
Market value - Rs 1.250 million (2014: Rs 1.151 million)	890	890
Less: Cumulative impairment Loss	(678)	(678)
	212	212

	2015	2014
	(Rupees in thousand)	
Pakistan Petroleum Limited		
459,782 (2014: Nil) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2014: Nil)		
Market value - Rs 72.525 million (2014: Nil)	99,231	-
	99,231	-
United Bank Limited		
214,354 (2014: 189,354) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2014: 0.02%)		
Market value - Rs 36.637 million (2014: Rs 31.918 million)	33,646	29,920
	33,646	29,920
	133,089	30,132

19.3 Cumulative fair value gain

	2015	2014
As at July 01	8,796,806	6,419,051
Fair value (loss) / gain recognized in other comprehensive income	(1,087,889)	2,378,727
	7,708,917	8,797,778
Gain during the year transferred to profit and loss account on derecognition of investment in shares	-	(972)
As at June 30	7,708,917	8,796,806

19.4 Investments with a face value of Nil (2014: Rs 135 million) are pledged as security against bank facilities. 3,860,267 (2014: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

20. Long term loans, advances and deposits

		2015	2014
		(Rupees in thousand)	
Considered Good			
- Loans to related parties	- note 20.1	17,205	34,411
- Other loans and advances	- note 20.2	52,292	51,133
		69,497	85,544

20.1 Loans and advances to related parties

		2015	2014
Loan to related party	- note 20.1.1	34,411	51,617
Less: Receivable within one year		(17,206)	(17,206)
		17,205	34,411

20.1.1 This represents an unsecured loan of Rs 24.500 million and Rs 9.911 million (2014: Rs 36.750 million and Rs 14.867 million) given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of infrastructure for the supply of natural gas to the plants at D.G. Khan and Khairpur respectively. Mark up is charged at rates ranging from 1.5% to 2% per annum (2014: 1.5% to 2% per annum) respectively and is received annually. The principal amount is receivable in 4 equal annual instalments ending December, 2016 and March, 2017, respectively. The maximum aggregate amount outstanding during the year was Rs 34.411 million (2014: Rs 51.617 million).

		2015	2014
		(Rupees in thousand)	

20.2 Other loans and advances

		2015	2014
Loans to employees			
- Executives	- note 20.2.1	137	40
- Others		2,848	4,129
		2,985	4,169
Less: Receivable within one year			
- Executives		32	33
- Others		875	1,115
		907	1,148
		2,078	3,021
Security deposits		50,214	48,112
		52,292	51,133

20.2.1 Executives

	2015	2014
Opening balance	40	94
Transfer from others to executives	145	-
Interest accrued	10	2
	195	96
Less: Repayment during the year	58	56
	137	40

These represent secured loans given to executives and other employees for house building and purchase of motor vehicles and are recoverable in equal monthly instalments over a period of 24 to 96 months. The loans given to executives and other employees carry interest at the rate of 10% per annum (2014: 10% per annum) except for loans given to workers which are interest free.

The loans of Rs 2.985 million (2014: Rs 2.565 million) are secured against the employees' respective retirement benefits.

The maximum aggregate amount due from executives at any time during the year was Rs 0.185 million (2014: Rs 0.331 million).

	2015	2014
	(Rupees in thousand)	

21. Stores and spares

	2015	2014
Stores [including in transit: Rs 284.723 million (2014: Rs 169.236 million)]	1,140,537	1,244,431
Spare parts [including in transit Rs 3.139 million (2014: Rs 23.683 million)]	2,492,767	2,438,602
Loose tools	2,554	5,762
	3,635,858	3,688,795

21.1 Stores and spare parts include items which may result in fixed capital expenditure but are not distinguishable.

		2015	2014
		(Rupees in thousand)	

22. Stock-in-trade

		2015	2014
Raw materials		167,603	153,595
Packing material [including in transit amounting to Nil (2014: Rs 5.027 million)]		206,455	286,076
Work-in-process		508,578	560,634
Finished goods		305,740	348,437
		1,188,376	1,348,742

23. Trade debts - considered good

		2015	2014
Secured		61,038	86,260
Unsecured			
- Related parties	- note 23.1	12,402	42,523
- Others		83,459	39,986
		156,899	168,769

23.1 Related parties - unsecured

	2015	2014
Nishat Hospitality (Private) Limited	537	598
Nishat Linen (Private) Limited	-	112
Nishat Hotels and Properties Limited	10,114	41,752
MCB Bank Limited	-	61
Nishat Spinning (Pvt) Ltd	711	-
Nishat Dairy (Private) Limited	600	-
Nishat Chunian Limited	440	-
	12,402	42,523

Age analysis of the amounts due from related parties is as follows:

	1 to 3 months	More than 3 months	As at June 30, 2015	As at June 30, 2014
	(Rupees in thousand)			
Nishat Hospitality (Private) Limited	-	537	537	598
Nishat Linen (Private) Limited	-	-	-	112
Nishat Hotels and Properties Limited	1,383	8,731	10,114	41,752
MCB Bank Limited	-	-	-	61
Nishat Spinning (Pvt) Ltd	711	-	711	-
Nishat Dairy (Private) Limited	468	132	600	-
Nishat Chunian Limited	-	440	440	-
	2,562	9,840	12,402	42,523

		2015	2014
		(Rupees in thousand)	

24. Investments

		2015	2014
Available for sale - quoted			
Related parties	- note 24.1	479,066	479,066
		479,066	479,066
Cumulative fair value gain	- note 24.2	19,696,354	23,926,087
At fair value through profit or loss			
Others	- note 24.3	3,173,170	-
Related Parties	- note 24.4	1,507,206	-
		4,680,376	-
		24,855,796	24,405,153

24.1 Related Parties

	2015	2014
Nishat Chunian Limited - quoted		
100,620 (2014: 100,620) fully paid ordinary shares of Rs 10 each		
Equity held: 0.05% (2014: 0.05%)		
Market value - Rs 3.696 million (2014: Rs 4.265 million)	832	832
	832	832
MCB Bank Limited - Associated company - quoted		
80,971,917 (2014: 80,971,917) fully paid ordinary shares of Rs 10 each		
Equity held: 7.27% (2014: 7.27%)		
Market value Rs 20,171.724 million (2014: Rs 24,400.887 million)	478,234	478,234
	478,234	478,234
	479,066	479,066

MCB Bank Limited is an associated company as per the Companies Ordinance, 1984, however, for the purpose of measurement, this has been classified as available for sale and measured at fair value as the Company does not have significant influence over this company.

	2015	2014
	(Rupees in thousand)	

24.2 Cumulative fair value gain

	2015	2014
As at July 01	23,926,087	17,383,652
Fair value (loss) /gain recognized in other comprehensive income	(4,199,487)	6,542,435
	19,726,600	23,926,087
Gain during the year transferred to profit and loss account on derecognition of investment in shares	(30,246)	-
As at June 30	19,696,354	23,926,087

24.3 Others - At fair value through profit or loss

	2015	2014
ABL Government Securities fund		
316,292,242 (2014: Nil) units		
Cost Rs 3,171.589 million (2014: Nil)	3,173,170	-
	3,173,170	-

		2015	2014
		(Rupees in thousand)	

24.4 Related parties - At fair value through profit or loss

MCB Pakistan Sovereign Fund (MCB-PSF)			
15,057,137 (2014: Nil) units			
Cost Rs 1,505.964 million (2014: Nil)		1,507,206	-
		1,507,206	-

25. Advances, deposits, prepayments and other receivables

		2015	2014
Current portion of loans to employees - considered good		907	1,148
Current portion of long term receivable from related party		17,206	17,206
Advances - considered good			
- To employees	- note 25.1	2,015	54,452
- To suppliers		241,082	79,485
		243,097	133,937
Due from related parties	- note 25.2	6,625	270,367
Prepayments		3,623	4,460
Mark-up receivable from related party	- note 25.3	280	29,783
Profit receivable on bank deposits		1,956	841
Advance against investment in shares	- note 25.4	30,311	100,000
Balances with statutory authorities			
- Sales tax	- note 25.5	260,678	114,531
- Excise duty		17,243	17,243
- Export rebate		63,696	71,399
		341,617	203,173
Other receivables		2,388	3,225
		648,010	764,140

25.1 Included in advances to employees are amounts due from executives of Rs 1.105 million (2014: Rs 53.704 million).

		2015	2014
		(Rupees in thousand)	

25.2 Due from related parties - unsecured

		2015	2014
Nishat Mills Limited		6,136	11,927
Nishat Developers (Private) Limited		489	733
Nishat Paper Products Company Limited	- note 25.2.1	-	257,707
		6,625	270,367

25.2.1 This represents amount due from subsidiary company relating to advance for purchase of paper bags carrying interest at average borrowing rate of the Company.

25.3 This represents mark-up receivable from Sui Northern Gas Pipelines Limited against the loan as referred to in note 20.1.1.

25.4 This represents advance for purchase of shares of Nishat Chunian Limited.

25.5 Sales tax recoverable includes amounts which have been recovered by the sales tax department against miscellaneous demands raised by it. The Company has filed appeals against the demands at different forums as referred to in note 16.

		2015	2014
		(Rupees in thousand)	

26. Cash and bank balances

		2015	2014
At banks:			
Savings accounts			
Local currency	- note 26.1 - 26.2	124,920	801,566
Foreign Currency: US$ 765,885 (2014: US$ 2,197,766)		77,737	216,590
Cash deposit receipts		-	135,960
Current accounts		53,636	154,595
		256,293	1,308,711
In hand		1,430	315
		257,723	1,309,026

26.1 The balances in saving accounts bear mark-up ranging from 4.5% to 7.1% per annum (2014: 7% to 10.31% per annum).

26.2 Included in balances at banks on saving accounts are Rs 14.480 million (2014: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.2.

		2015	2014
		(Rupees in thousand)	

27. Sales

		2015	2014
Local sales		28,756,679	26,296,488
Export sales	- note 27.1	3,711,942	6,048,508
		32,468,621	32,344,996
Less:			
Sales tax		4,658,118	4,296,702
Excise duty and special excise duty		1,373,029	1,182,021
Commission to stockists and export agents		332,863	323,764
		6,364,010	5,802,487
		26,104,611	26,542,509

27.1 Export sales include rebate on exports amounting to Rs 20.527 million (2014: Rs 32.419 million).

		2015	2014
		(Rupees in thousand)	

28. Cost of sales

		2015	2014
Raw and packing materials consumed		2,231,919	2,150,587
Salaries, wages and other benefits	- note 28.1	1,378,058	1,345,368
Electricity and gas		2,729,317	2,400,858
Furnace oil and coal		6,078,717	6,945,644
Stores and spares consumed		1,597,051	1,724,684
Repairs and maintenance		207,249	274,873
Insurance		68,049	65,720
Depreciation on property, plant and equipment	- note 17.1.2	1,789,684	1,679,470
Amortisation of intangible assets	- note 18.2	12,916	12,916
Royalty		274,437	278,999
Excise duty		26,248	27,183
Vehicle running		31,215	37,410
Postage, telephone and telegram		5,203	4,395
Printing and stationery		5,209	3,642
Legal and professional charges		2,094	2,197
Travelling and conveyance		11,309	20,941
Estate development		23,672	19,065
Rent, rates and taxes		42,492	34,391
Freight charges		38,576	10,967
Other expenses		25,793	27,321
		16,579,208	17,066,631
Opening work-in-process	- note 22	560,634	856,587
Closing work-in-process	- note 22	(508,578)	(560,634)
		52,056	295,953
Cost of goods manufactured		16,631,264	17,362,584
Opening stock of finished goods	- note 22	348,437	320,318
Closing stock of finished goods	- note 22	(305,740)	(348,437)
		42,697	(28,119)
Less: Own consumption		(24,550)	(49,524)
		16,649,411	17,284,941

28.1 Salaries, wages and other benefits include Rs 35.445 million (2014: Rs 31.936 million), Rs 32.539 million (2014: Rs 28.734 million) and Rs 24.726 million (2014: Rs 24.570 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

	2015	2014
	(Rupees in thousand)	

28.1.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

	2015	2014
Gratuity		
Current service cost	27,267	23,824
Interest cost for the year	24,851	16,066
Interest income on plan assets	(19,579)	(11,156)
	32,539	28,734

		2015	2014
		(Rupees in thousand)	
Accumulating compensated absences			
Current service cost		16,151	13,995
Interest cost for the year		8,366	5,786
Remeasurements		209	4,789
		24,726	24,570

29. Administrative expenses

		2015	2014
Salaries, wages and other benefits	- note 29.1	223,642	216,533
Electricity, gas and water		9,876	11,770
Repairs and maintenance		10,990	9,521
Insurance		2,648	2,418
Depreciation on property, plant and equipment	- note 17.1.2	86,591	106,685
Amortisation of intangible assets	- note 18.2	2,768	2,768
Vehicle running		10,255	14,020
Postage, telephone and telegram		7,729	8,991
Printing and stationery		11,385	12,020
Legal and professional services	- note 29.2	21,803	18,098
Travelling and conveyance		27,792	22,319
Rent, rates and taxes		743	452
Entertainment		2,864	3,045
School expenses		23,576	21,103
Fee and subscription		15,719	13,925
Other expenses		13,945	16,800
		472,326	480,468

29.1 Salaries, wages and other benefits include Rs 7.679 million (2014: Rs 7.061 million), Rs 8.526 million (2014: Rs 7.555 million) and Rs 6.482 million (2014: Rs 6.459 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

	2015	2014
	(Rupees in thousand)	

29.1.1 Salaries, wages and other benefits

	2015	2014
Salaries, wages and other benefits include the following in respect of retirement benefits:		
Gratuity		
Current service cost	7,144	6,264
Interest cost for the year	6,511	4,224
Interest income on plan assets	(5,129)	(2,933)
	8,526	7,555
Accumulating compensated absences		
Current service cost	4,234	3,679
Interest cost for the year	2,193	1,521
Remeasurements	55	1,259
	6,482	6,459

		2015	2014
		(Rupees in thousand)	

29.2 Legal and professional charges

	2015	2014
Legal and professional charges include the following in respect of auditors' remuneration for:		
Statutory audit	2,000	1,815
Half-yearly review	605	550
Tax services	4,375	5,609
Other certification charges	100	100
Out of pocket expenses	117	75
	7,197	8,149

30. Selling and distribution expenses

		2015	2014
Salaries, wages and other benefits	- note 30.1	111,042	106,508
Electricity, gas and water		1,956	1,593
Repairs and maintenance		1,405	1,392
Insurance		650	639
Depreciation on property, plant and equipment	- note 17.1.2	4,328	3,847
Amortisation of intangible assets	- note 18.2	2,768	2,768
Vehicle running		4,187	4,527
Postage, telephone and telegram		1,004	2,139
Printing and stationery		3,873	2,128
Legal and professional services		3,999	-
Rent, rates and taxes		1,971	2,362
Travelling and conveyance		2,782	3,112
Entertainment		886	933
Advertisement and sales promotion		10,348	7,103
Freight and handling charges		593,360	1,295,681
Debtors written off		-	8,115
Other expenses		2,164	2,378
		746,723	1,445,225

30.1 Salaries, wages and other benefits include Rs 4.787 million (2014: Rs 4.017 million), Rs 4.085 million (2014: 3.408 million) and Rs 3.149 million (2014: Rs 2.953 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

	2015	2014
	(Rupees in thousand)	

30.1.1 Salaries, wages and other benefits

	2015	2014
Salaries, wages and other benefits include the following in respect of retirement benefits:		
Gratuity		
Current service cost	3,423	2,826
Interest cost for the year	3,120	1,906
Interest income on plan assets	(2,458)	(1,324)
	4,085	3,408
Accumulating compensated absences		
Current service cost	2,057	1,682
Interest cost for the year	1,066	695
Remeasurements	26	576
	3,149	2,953

		2015	2014
		(Rupees in thousand)	

31. Other operating expenses

Workers' profit participation fund		507,304	413,231
Donations	- note 31.1	4,245	3,953
Realized loss on derivative financial instrument		46,642	58,666
Un-realized loss on derivative financial instrument		-	16,740
Exchange loss		78,018	26,155
Workers' Welfare Fund		91,596	-
		727,805	518,745

31.1 None of the directors and their spouses had any interest in any of the donees.

		2015	2014
		(Rupees in thousand)	

32. Other income

Income from financial assets

Income on bank deposits		8,369	5,076
Interest on loans to employees		-	72
Mark-up on loan / advances to related parties		9,823	31,039
Unrealized gain on derivative financial instruments		24,775	-
Gain on disposal of available for sale investments		30,246	1,040
Gain on investments at fair value through profit or loss		387,738	-
Dividend income from:			
- Related parties	- note 32.1	1,695,827	1,434,168
- Others		7,639	11
		1,703,466	1,434,179
		2,164,417	1,471,406

Income from non-financial assets

Rental income		813	813
Gain on disposal of property, plant and equipment	- note 17.1.4	6,808	39,345
Scrap sales		140,391	125,733
Provisions and unclaimed balances written back		7,901	-
Others		5	9,829
		155,918	175,720
		2,320,335	1,647,126

32.1 Dividend income from related parties

Nishat Mills Limited	121,158	121,158
MCB Bank Limited	1,534,159	1,283,115
Adamjee Insurance Company Limited	34,448	18,873
Nishat Chunian Limited	6,062	11,022
	1,695,827	1,434,168

	2015	2014
	(Rupees in thousand)	

33. Finance costs

	2015	2014
Interest and mark-up on:		
- Long term loans - secured	84,510	170,729
- Short term borrowings - secured	170,805	401,986
- Workers' profit participation fund	360	1,734
Guarantee commission	2,550	3,788
Bank charges	23,279	30,622
	281,504	608,859

34. Taxation

	2015	2014
Current		
- For the year	951,000	809,003
- Prior	37,608	(19,412)
	988,608	789,591
Deferred	933,889	1,096,308
	1,922,497	1,885,899

34.1 The provision for current taxation represents tax under normal tax regime of the Income Tax Ordinance ('Ordinance'), 2001 at the rate of 33% and super tax at the rate of 3% under section 4B of the Ordinance as reduced by tax credit under section 65B. In addition to this, it includes tax on exports and dividend income which is full and final discharge of Company's tax liability in respect of income arising from such source.

For purposes of current taxation, the tax losses available for carry forward as at June 30, 2015 are estimated approximately at Nil (2014: Rs 625.336 million).

34.2 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 ('the Ordinance'), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Company has adjusted its tax liability for the tax year 2015 by acquiring the losses of its subsidiary companies and consequently an aggregate sum of Rs 589 million equivalent to the tax value of the losses acquired has been paid to the subsidiary companies.

34.3 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate

	2015 %	2014 %
Applicable tax rate	33.00	34.00
Tax effect of amounts that are:		
- Not deductible for tax purposes	0.05	0.24
Effect of change in prior years' tax	(1.69)	(0.28)
Effect of change in tax rate	(8.04)	0.70
Effect of tax credits	(0.43)	(2.88)
Effect of apportionment of expenses	3.06	0.42
Effect of presumptive tax regime	(5.79)	(8.18)
Rounding and others	(0.02)	-
	(12.86)	(9.98)
Average effective tax rate charged to profit and loss account	20.14	24.02

		2015	2014

35. Earnings per share

35.1 Earnings per share - Basic

		2015	2014
Profit for the year	Rupees	7,624,676,570	5,965,497,980
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	17.40	13.62

35.2 Earnings per share - Diluted

There is no dilution effect on the basic earnings per share as the Company has no such commitments.

36. Cash generated from operations

	2015	2014
	(Rupees in thousand)	
Profit before tax	9,547,177	7,851,397
Adjustments for:		
- Depreciation on property, plant and equipment	1,880,603	1,790,002
- Amortisation on intangible assets	18,452	18,452
- Gain on disposal of investments	(30,246)	(1,040)
- Gain on investments at fair value through profit or loss	(387,738)	-
- Gain on disposal of property, plant and equipment	(6,808)	(39,345)
- Realized (gain) / loss on derivative financial instruments	46,642	58,666
- Unrealized loss on derivative financial instruments	(24,775)	16,740
- Dividend income	(1,703,466)	(1,434,179)
- Mark-up income	(9,823)	(31,039)
- Provision for retirement benefits	79,507	73,679
- Exchange loss	78,018	26,155
- Finance costs	281,504	608,859
Profit before working capital changes	221,870	1,086,950
Effect on cash flows due to working capital changes		
- Decrease in stores, spares and loose tools	52,937	224,203
- Decrease in stock-in-trade	160,366	312,979
- Decrease in trade debts	24,756	130,719
- Decrease/ (increase) in advances, deposits, prepayments and other receivables	86,627	(158,638)
- Increase in trade and other payables	1,579,715	169,934
	1,904,401	679,197
	11,673,448	9,617,544

37. Cash and cash equivalents

		2015	2014
Cash and bank balances	- note 26	257,723	1,309,026
Short term borrowings - secured	- note 13	(1,826,072)	(2,551,676)
		(1,568,349)	(1,242,650)

38. Remuneration of Chief Executive, Directors and Executives

38.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working directors and Executives of the Company are as follows:

	(Rupees in thousand)					
	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
Managerial remuneration	15,760	14,198	11,575	19,788	371,947	277,777
Contributions to Provident and Gratuity Fund	-	-	2,122	3,628	36,462	42,642
Housing	270	270	335	707	134,926	98,191
Utilities	-	-	-	-	28,794	21,340
Leave passage	-	-	1,157	1,076	10,852	7,624
Bonus	1,183	1,020	869	1,422	85,778	63,674
Medical expenses	389	305	268	413	17,119	18,966
Others	10,237	9,196	549	1,777	61,711	35,701
	27,839	24,989	16,875	28,811	747,589	565,915
	1	1	1	2	332	250

38.2 The Company also provides the chief executive and some of the directors and executives with Company maintained cars, travelling and utilities.

38.3 During the year the Company paid meeting fee amounting to Rs 220 thousand (2014: Rs 80 thousand) to its non-executive directors.

39. Transactions with related parties

The related parties comprise subsidiary company, associated companies, other related companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, dividend income is disclosed in note 32.1, expense charged in respect of staff retirement benefit plans is disclosed in note 9, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 38. Other significant transactions with related parties are as follows:

		2015	2014
		(Rupees in thousand)	
Relationship with the Company	**Nature of transactions**		
i. Subsidiary company	Purchase of goods	1,124,699	1,068,748
	Sale of goods services	20,493	-
	Rental income	813	813
	Interest income	9,005	29,901
ii. Other related parties	Sale of goods	321,747	689,292
	Sale of equipment	-	23,187
	Purchase of asset	-	-
	Insurance premium	104,235	101,076
	Purchase of services	1,268,675	1,273,125
	Insurance claims received	6,284	41,295
	Mark-up income on balances with related parties	4,625	3,780
	Dividend income	1,695,827	1,434,168
	Dividend paid	499,582	420,846
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans (including capitalized)	82,038	74,519
	Expense charged in respect of contributory provided fund	47,910	43,015
	Funds paid to contributory provident fund	157,735	137,054

40. Plant capacity and actual production

		Capacity		Actual production	
		2015	2014	2015	2014
Clinker (Metric Tonnes)					
Unit I		810,000	810,000	463,886	695,888
Unit II	-note 40.1	1,200,000	1,200,000	1,243,109	1,186,886
Unit III		2,010,000	2,010,000	1,800,235	1,702,329

40.1 Normal capacity is based on 300 working days, this can be exceeded if the plant is operational for more than 300 days during the year

	2015	2014

41. Number of employees

	2015	2014
Total number of employees as at June 30	1,132	1,115
Average number of employees during the year	1,123	1,113

42. Provident Fund Related Disclosures

The company operates a provident fund for its employees.

			2015	2014
			(Rupees in thousand)	
(i)	Size of the fund - total assets		1,396,755	1,120,364
(ii)	Cost of investments made		834,587	721,184
(iii)	Fair value of investments	- note 42.1	1,247,794	1,013,439
(iv)	Percentage of investments made		89.34%	90.46%

42.1 The breakup of fair value of investments is:

	2015		2014	
	Fair value of investment	Percentage of size of fund	Fair value of investment	Percentage of size of fund
	(Rs in '000')	--%--	(Rs in '000')	--%--
Category wise break-up of investments				
Special accounts in a scheduled bank	88,476	6.33%	187,212	18.47%
Government securities	423,458	30.32%	198,347	19.57%
Listed securities				
- Mutual funds	116,093	8.31%	93,862	9.26%
- Other listed securities	545,340	39.04%	466,384	46.02%
Un-listed securities	74,427	5.33%	67,634	6.67%
	1,247,794	89.34%	1,013,439	90.46%

The figures for 2015 are based on un-audited financial statements of the Provident Fund. The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose except for:

- investments in unlisted securities (NIT units, un-listed preference shares and un-listed term finance certificates)

The management is taking steps to dispose off such investments.

43. Financial risk management

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and amounts receivable from / payable to the foreign entities.

	2015	2014
	(in thousand)	
Cash and bank balances - USD	766	2,198
Receivable against sales to foreign parties - USD	601	875
Long term loan - USD	(9,327)	(13,990)
Net liability exposure - USD	(7,960)	(10,917)

At June 30, 2015, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 80.947 million (2014: Rs 70.073 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified as available for sale. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Company's investment strategy is to maximise investment returns.

The Company's investments in equity of other entities that are publicly traded are included in all of the following three stock exchanges; Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Company's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE had increased / decreased by 10% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

	Impact on post-tax profit		Impact on other components of equity	
	2015	2014	2015	2014
	(Rupees in thousand)		(Rupees in thousand)	
Karachi Stock Exchange	468,025	-	3,003,983	349,599

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available for sale. As at June 30, 2014, the Company had no investments classified as fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises from short term and long-term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At June 30, 2015, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 27.503 million (2014: Rs 46.849 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk of the Company arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2015	2014
	(Rupees in thousand)	
Long term loans and deposits	69,497	85,544
Trade debts - unsecured	95,861	82,509
Advances, deposits, prepayments and other receivables	29,362	322,570
Balances with banks	256,293	1,308,711
	451,013	1,799,334

The ageing analysis of trade receivables - unsecured is as follows:

	2015	2014
Up to 90 days	78,870	60,390
91 to 180 days	9,776	7,517
181 to 365 days	3,653	13,716
Above 365 days	3,562	886
	95,861	82,509

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off are credited directly to profit and loss account.

(ii) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2015	2014
				(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	-	701,013
Askari Bank Limited	A-1+	AA	JCR-VIS	442	46
Bank Alfalah Limited	A1+	AA	PACRA	77,737	225,728
Bank Islami Pakistan Limited	A1	A+	PACRA	14	313
Bank of Punjab	A1+	AA-	PACRA	300	117
Barclay's Bank PLC Pakistan	A-1	A	S&P	-	4,564
Citibank N.A.	P-1	A2	Moody's	74	76
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	872	452
Faysal Bank Limited	A1+	AA	PACRA	4	169
Habib Bank Limited	A-1+	AAA	JCR-VIS	6,943	63,392
HSBC Bank Middle East Limited	P-1	A2	Moody's	-	16
MCB Bank Limited	A1+	AAA	PACRA	133,019	166,777
Meezan Bank Limited	A-1+	AA	JCR-VIS	23	50
National Bank of Pakistan	A1+	AAA	JCR-VIS	4,082	2,667
NIB Bank Limited	A1+	AA-	PACRA	15,933	14,537
Silk Bank Limited	A-2	A-	JCR-VIS	5	155
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,300	3,993
United Bank Limited	A-1+	AA+	JCR-VIS	13,775	4,857
Soneri Bank Limited	A1+	AA-	PACRA	769	-
Deutsche Bank AG	A-1	A	S&P	-	16,670
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1	102,261
Samba Bank Limited	A-1	AA	JCR-VIS	-	858
				256,293	1,308,711

(c) Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents (note 37) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

				(Rupees in thousand)
At June 30, 2015	**Carrying value**	**Less than 1 years**	**Between 1 and 2 years**	**3 to 5 years**
Long term finances	1,348,522	634,261	634,261	80,000
Trade and other payables	3,660,583	3,660,583	-	-
Accrued finance cost	27,304	27,304	-	-
Short term borrowings - secured	1,826,072	1,826,072	-	-
	6,862,481	6,148,220	634,261	80,000
At June 30, 2014	**Carrying value**	**Less than 1 years**	**Between 1 and 2 years**	**3 to 5 years**
Long term finances	2,111,513	790,504	620,504	700,504
Trade and other payables	2,087,536	2,087,536	-	-
Accrued finance cost	59,417	59,417	-	-
Short term borrowings - secured	2,551,676	2,551,676	-	-
Derivative financial instruments	14,902	14,902	-	-
	6,825,044	5,504,035	620,504	700,504

43.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as total debt divided by total capital employed. Total debt represents long term and short-term finances obtained by the Company. Total capital employed includes equity as shown in the balance sheet plus total debt. The Company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at June 30, 2015 and June 30, 2014 is as follows:

	2015	2014
	(Rupees in thousand)	
Total interest bearing borrowings	3,174,594	4,663,189
Total equity	62,296,071	61,516,535
Total capital employed	65,470,665	66,179,724
Gearing ratio	5%	7%

43.3 Fair value estimation

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value:

As at June 30, 2015	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investments - Available for sale	30,039,829	500,000	-	30,539,829
Investments at fair value through profit and loss	4,680,376	-	-	4,680,376
Derivative financial instruments	-	9,873	-	9,873
Total assets	34,720,205	500,000	-	35,230,078
Liabilities	-	-	-	-
Total liabilities	-	-	-	-
As at June 30, 2014				
Assets				
Investments - Available for sale	35,459,892	-	-	35,459,892
Derivative financial instruments	-	-	-	-
	35,459,892	-	-	35,459,892
Liabilities				
Derivative financial instruments	-	14,902	-	14,902
Total liabilities	-	14,902	-	14,902

43.4 Financial instruments by categories

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2015				
Assets as per balance sheet				
Derivative financial instrument	9,873	-	-	9,873
Long term loans and advances	-	-	69,497	69,497
Trade debts	-	-	156,899	156,899
Loans, advances and other receivables	-	-	29,362	29,362
Investments	4,680,376	30,039,829	-	34,720,205
Cash and bank balances	-	-	257,723	257,723
	4,690,249	30,039,829	513,481	35,243,559

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2014				
Assets as per balance sheet				
Long term loans and advances	-	-	85,544	85,544
Loans, advances and other receivables	-	-	322,570	322,570
Trade debts	-	-	168,769	168,769
Investments	-	35,459,892	-	35,459,892
Cash and bank balances	-	-	1,309,026	1,309,026
	-	35,459,892	1,885,909	37,345,801

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	2015	2014	2015	2014
	(Rupees in thousand)		(Rupees in thousand)	
Liabilities as per balance sheet				
Long term finance - secured	-	-	1,348,522	2,111,513
Accrued mark up	-	-	27,304	59,417
Trade and other payables	-	-	3,660,583	2,087,536
Short term borrowings - secured	-	-	1,826,072	2,551,676
Derivative financial instrument	-	14,902	-	-
	-	14,902	6,862,481	6,810,142

43.5 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforcable master netting arrangements and similar agreements.

44. Date of authorisation for issue

These financial statements were authorised for issue on September 21, 2015 by the Board of Directors of the Company.

45. Events after the balance sheet date

45.1 The Board of Directors have proposed a final dividend for the year ended June 30, 2015 of Rs 5 per share (2014: Rs 3.50 per share), amounting to Rs 2,190.596 million (2014: Rs 1,533.417 million) at their meeting held on September 21, 2015 for approval of the members at the Annual General Meeting to be held on October 29, 2015. These financial statements do not reflect this appropriation.

45.2 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

Chief Executive

Director

Linking Diversity to Growth

Consolidated Financial Statements

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FY15

The Directors of your company are pleased to submit their report along with audited consolidated financial statements for the year ended June 30, 2015.

The consolidated accounts represent accounts of DG Khan Cement Company Limited (DGKC) the holding company and Nishat Paper Products Company Limited (NPPCL) and Nishat Dairy (Private) Limited (NDL).

Global economic environment is getting better. Developing and developed economies, both are participating in it. In times of financial meltdown the world growth was mainly contributed by developing economies. Now developed ones are also in line. China, India and African region are with highest growth rates. Some international dilemmas, though creating impediments, world growth is expected to be better in forthcoming year. Eurozone is consistently weak. South East Asia is expected to see a comparatively better year ahead. Low oil prices will give a good space to these oil importing countries. Pakistan's growth target for completed year though missed due to non-integrated approach. Integration of policies backed by sound footings and realities are vital. Areas still need attention are law & order, energy, consistent policies and tax base broadening.

During the second quarter of FY15 DG Khan Cement Company Limited made its stake to reach 55% in each of two subsidiary companies.

	No. of Shares	Face Value (PKR)	Cost (PKR)
Nishat Paper Products Company Limited	25,595,398	260,000,000	250,927,660
Nishat Dairy (Private) Limited	270,000,000	2,700,000,000	2,331,900,000

Here are the annual consolidated performance highlights for FY15 in comparison with last year:

	FY15	FY14
Sales	28,221,467	27,748,869
Cost of Sales	(18,545,841)	(18,196,063)
Gross Profit	9,675,626	9,552,806
Administrative Cost	(516,780)	(488,007)
Selling Cost	(764,832)	(1,462,929)
Other Operating Cost	(788,921)	(528,377)
Other Income	2,365,321	1,619,011
Changes in fair value of biological assets	(66,227)	-
Operational Income	9,904,187	8,692,504
Finance Cost	(356,858)	(745,943)
Income before Tax	9,547,329	7,946,561
Taxation	(1,692,172)	(1,923,041)
Net Profit	7,855,157	6,023,520
EPS	17.72	13.68

Consolidated sales and GP increased by 1.7% and 1.3% respectively. Profit after tax increased by 30% thereby, increasing the consolidated earnings per share.

During FY15 DGKC reported an increase of PKR 3.78 per share in EPS (about 27% increase) due to growth in domestic sales, decrease in financial and selling expenses and increased GP margin. A detailed separate report is presented on affairs of the holding company.

Sales of NDL increased by about 87% crossing the PKR one billion mark and closed at PKR 1.49 billion. However, NDL reported a gross loss of PKR 413 million and loss after tax of about PKR 309 million. NDL is a newly incorporated company came into existence in 2011 and started operations in 2013. It is in its initial operational phases and presently making gross losses.

With an increase of 1.9% and 45.5% NPPCL's sales and gross profit are PKR 2.3 billion and PKR 463 million during FY15. PAT showed phenomenal increase of 225% touching PKR 265 million thereby giving an EPS of 5.69 against 1.75 of last year. This is due to increased sales prices despite volumetric decline accompanied with reduced kraft paper prices. Financial costs reduced as well. NPPCL also announced dividend of PKR 1 per share for FY15.

During the year the Holding company DGKC acquired approximately 55.10% shareholding in Nishat Dairy (Private) Limited resulting in acquisition of control on November 26, 2014. The result of Nishat Dairy (Private) Limited's operations for the period November 26, 2014 to June 30, 2015 have been consolidated with the holding company's statement of comprehensive income. As this interim period is unaudited, therefore the auditors have expressed a qualified opinion regarding the group's share of loss from Nishat Dairy (Private) Limited. Furthremore, the holding company increased its shareholding in Nishat Paper Products Company Limited from 50% to 55% through acquisition of 5% shareholding on December 8, 2014. As the interim period December 8, 2014 to June 30, 2015 is un-audited, therefore the auditors have expressed a qualified opinion regarding the group's share of profit from Nishat Paper Products Company Limited

In upcoming year FY16 it is expected that consolidated results will be healthier as cement sector is expected to flourish and this will benefit the NPPCL as well. Kraft paper prices are expected to remain under pressure. NDL is also expected to become profitable by next year with an expectation that new animals will start milking thereby increasing volumes.

We are cordially thankful to our all customers, dealers, suppliers, lenders and other stakeholders. We appreciate all our employees and admire their untiring efforts for betterment of company.

For and on behalf of the Board

Mian Raza Mansha
Chief Executive Officer

Lahore: September 21, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of D.G. Khan Cement Company Limited (the holding company) and its subsidiary companies (hereinafter referred to as 'the Group') as at June 30, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of D.G. Khan Cement Company Limited and its subsidiary Nishat Dairy (Private) Limited. Its subsidiary company, Nishat Paper Products Company Limited, was audited by another firm of auditors, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

As stated in note 2.2.1 to the annexed consolidated financial statements, the Group has changed its accounting policies on initial application of standards, amendments or an interpretation to existing standards.

Included in the consolidated profit and loss account is profit amounting to Rs 100.655 million based on unaudited financial statements of subsidiaries.

Except for the effect, if any, of the matter referred to in the preceding paragraph, in our opinion, the consolidated financial statements present fairly the financial position of D.G. Khan Cement Company Limited and its subsidiary companies (the Group) as at June 30, 2015 and the results of their operations for the year then ended.

A. F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: September 21, 2015

Name of engagement partner: **Muhammad Masood**

CONSOLIDATED BALANCE SHEET

	Note	2015	2014
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
950,000,000 (2014: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
50,000,000 (2014: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital			
438,119,118 (2014: 438,119,118) ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Reserves	6	37,352,272	42,744,418
Accumulated profit		20,708,896	14,454,708
		62,442,359	61,580,317
Non-controlling interest		2,232,260	304,960
		64,674,619	61,885,277
NON-CURRENT LIABILITIES			
Long term finances - secured	7	945,511	1,657,884
Long term deposits	8	72,003	68,970
Retirement and other benefits	9	137,585	200,187
Deferred taxation	10	4,866,434	4,215,327
		6,021,533	6,142,368
CURRENT LIABILITIES			
Trade and other payables	11	4,353,727	2,652,542
Accrued finance cost	12	41,130	72,753
Short term borrowings - secured	13	2,348,534	3,118,137
Current portion of non-current liabilities	14	780,056	905,049
Derivative financial instrument	15	-	14,902
Provision for taxation		35,090	35,090
		7,558,537	6,798,473
CONTINGENCIES AND COMMITMENTS	16	-	-
		78,254,689	74,826,118

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive

AS AT JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	33,693,078	30,817,019
Biological assets	18	1,149,799	-
Intangible assets	19	18,452	36,904
Investments	20	10,364,409	11,054,741
Long term loans, advances and deposits	21	70,402	86,448
		45,296,140	41,995,112
CURRENT ASSETS			
Stores, spares and loose tools	22	3,765,849	3,755,732
Stock-in-trade	23	1,913,314	1,953,976
Trade debts	24	431,072	419,631
Investments	25	24,855,842	24,405,190
Advances, deposits, prepayments and other receivables	26	980,024	506,975
Income tax recoverable		736,598	477,278
Derivative financial instrument	15	9,873	-
Cash and bank balances	27	265,977	1,312,224
		32,958,549	32,831,006
		78,254,689	74,826,118

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
Sales	28	28,221,467	27,748,869
Cost of sales	29	(18,545,841)	(18,196,063)
Gross profit		9,675,626	9,552,806
Administrative expenses	30	(516,780)	(488,007)
Selling and distribution expenses	31	(764,832)	(1,462,929)
Other operating expenses	32	(788,921)	(528,377)
Other income	33	2,365,321	1,619,011
Changes in fair value of biological assets	18	(66,227)	-
Profit from operations		9,904,187	8,692,504
Finance cost	34	(356,858)	(745,943)
Profit before taxation		9,547,329	7,946,561
Taxation	35	(1,692,172)	(1,923,041)
Profit after taxation		7,855,157	6,023,520
Attributable to:			
Equity holders of the parent		7,765,530	5,994,509
Non-controlling interest		89,627	29,011
		7,855,157	6,023,520
Earnings per share - basic and diluted	36	17.72	13.68

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	(Rupees in thousand)	
Profit after taxation	7,855,157	6,023,520
Other comprehensive income for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments	(5,287,376)	8,921,162
Gain during the year transferred to consolidated profit and loss account on derecognition of investment in shares	(30,246)	(972)
Loss on re-measuring to fair value the existing interest in Nishat Dairy (Private) Limited on acquisition of control (note 46)	(74,524)	-
	(5,392,146)	8,920,190
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of retirement benefits	14,247	(17,835)
Tax effect	(8,352)	6,241
	5,895	(11,594)
Total comprehensive income for the year	2,468,906	14,932,116
Attributable to:		
Equity holders of the parent	2,379,279	14,903,105
Non-controlling interest	89,627	29,011
	2,468,906	14,932,116

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	37	11,825,953	9,914,256
Finance cost paid		(388,483)	(819,767)
Retirement and other benefits paid		(130,393)	(43,895)
Taxes paid		(1,308,737)	(370,382)
Taxes refunded		-	266,431
Long term deposits - net		(17,467)	3,587
Net cash generated from operating activities		9,980,873	8,950,230
Cash flows from investing activities			
Payment for acquisition of subsidiary - net of cash aquired	46.2	(1,777,840)	-
Fixed capital expenditure		(2,252,673)	(2,739,188)
Proceeds from sale of property, plant and equipment		27,797	87,574
Purchase of/cost incurred on biological assets		(403,836)	-
Proceeds from sale of biological assets		123,004	-
Long term loans, advances and deposits - net		16,046	9,993
Investment in equity instruments		(1,175,735)	(229,919)
Investment in finacial assets at fair value through profit or loss		(19,910,642)	-
Proceeds from disposal of investments		15,926,447	1,204
Interest received		957	1,279
Dividend received		1,703,469	1,434,180
Net cash used in investing activities		(7,723,006)	(1,434,877)
Cash flows from financing activities			
Proceeds from long term finances		-	220,000
Repayment of long term finances		(879,359)	(2,263,538)
Settlement of derivative financial instrument		(46,642)	(58,667)
Transaction with non-controlling interests	47	(18,244)	-
Dividend paid		(1,533,417)	(1,314,357)
Net cash used in financing activities		(2,477,662)	(3,416,562)
Net (decrease) / increase in cash and cash equivalents		(219,795)	4,098,791
Cash and cash equivalents at the beginning of the year		(1,805,913)	(5,889,212)
Exchange loss on cash and cash equivalents		(56,849)	(15,492)
Cash and cash equivalents at the end of the year	38	(2,082,557)	(1,805,913)

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

			Capital Reserve		Revenue Reserve				
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total equity attributable to shareholders of parent company	Non-Controlling Interest	Total equity
	Rupees in thousand								
Balance as on June 30, 2013	4,381,191	4,557,163	23,802,704	353,510	5,110,851	9,786,150	47,991,569	275,949	48,267,518
Transactions with owners recognised directly in equity									
Final dividend for the year ended June 30, 2013 Rs 3.00 per share	-	-	-	-	-	(1,314,357)	(1,314,357)	-	(1,314,357)
- Profit / (loss) for the year	-	-	-	-	-	5,994,509	5,994,509	29,011	6,023,520
- Other comprehensive income for the year									
- Changes in fair value of available for sale investments	-	-	8,920,190	-	-	-	8,920,190	-	8,920,190
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(11,594)	(11,594)	-	(11,594)
Total comprehensive income for the year	-	-	8,920,190	-	-	5,982,915	14,903,105	29,011	14,932,116
Balance as on June 30, 2014	4,381,191	4,557,163	32,722,894	353,510	5,110,851	14,454,708	61,580,317	304,960	61,885,277
Transactions with owners recognised directly in equity									
Final dividend for the year ended June 30, 2014 Rs 3.50 per share	-	-	-	-	-	(1,533,417)	(1,533,417)	-	(1,533,417)
Non-controlling interests on acquisition of subsidiary (note 46.1.2)	-	-	-	-	-	-	-	1,872,097	1,872,097
Transactions with non-controlling interests (note 47)	-	-	-	-	-	16,180	16,180	(34,424)	(18,244)
- Profit for the year	-	-	-	-	-	7,765,530	7,765,530	89,627	7,855,157
- Other comprehensive income for the year									
- Changes in fair value of available for sale investments	-	-	(5,317,622)	-	-	-	(5,317,622)	-	(5,317,622)
- Loss on re-measuring to fair value the existing interest in Nishat Dairy (Private) Limited on acquisition of control (note 46.1.1)	-	-	(74,524)	-	-	-	(74,524)	-	(74,524)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	5,895	5,895	-	5,895
Total comprehensive income for the year	-	-	(5,392,146)	-	-	7,771,425	2,379,279	89,627	2,468,906
Balance as on June 30, 2015	4,381,191	4,557,163	27,330,748	353,510	5,110,851	20,708,896	62,442,359	2,232,260	64,674,619

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive

Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. Legal status and nature of business

The group comprises of:
- D. G. Khan Cement Company Limited ("the Parent Company");
- Nishat Paper Products Company Limited ("NPPCL")
- Nishat Dairy (Private) Limited ("NDL")

D. G. Khan Cement Company Limited is a public limited company incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement.

Nishat Paper Products Company Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on July 23, 2004. It is principally engaged in the manufacture and sale of paper products and packaging material. During the year, the Parent Company aquired a further shareholding of 5% in NPPCL thereby increasing its cumulative shareholding in NPPCL to 55% as referred to in note 47.

Nishat Dairy (Private) Limited is a private limited company incorporated in Pakistan. It is principally engaged in the business of production and sale of raw milk. During the year, the Parent company, on November 26, 2014, aquired a further shareholding of approximately 44.68% in NDL, thereby increasing its cumulative shareholding in NDL to approximately 55.10% as referred to in note 46. Consequently, NDL has become a subsidiary of the Parent Company.

The registered offices of the Parent Company, NPPCL and NDL are situated at 53-A, Lawrence Road, Lahore.

	% age of holding
- Nishat Paper Products Company Limited	55.00%
- Nishat Dairy (Private) Limited	55.10% (approx)

2. Basis of preparation

2.1 These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Ordinance or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Group's consolidated financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Group

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements except for the amendments as explained below:

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32,'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. There is no material impact of this amendment on the financial statments.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after July 01, 2015 or later periods, and the Group has not early adopted them:

- IFRS 11, 'Joint Arrangements', is applicable on annual periods beginning on or after January 01, 2013, however, SECP has adopted this IFRS for periods beginning on or after January 1, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company shall apply these amendments for the financial reporting period commencing on July 01, 2015 and does not expect to have any material impact on its financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company shall apply this standard from July 01, 2015 and is yet to assess the impact of these changes on its financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company shall apply this standard from July 01, 2015 and is yet to assess the impact on its financial statements.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under the historical cost convention except for revaluation of biological assets and certain financial instruments at fair value, and recognition of certain employee retirement benefits at present value.

3.2 The Group's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of the complexity, judgment and estimation involved in their application and their impact on these consolidated financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

a) Provision for taxation - note 4.3 and 35
b) Provision for employees' retirement benefits - note 4.4 and 9
c) Residual values and useful lives of depreciable assets - note 4.6 and 17.1
d) Fair valuation of biological assets - note 4.7 and 18

a) Provision for taxation

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Employee retirement benefits and other obligations

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on the assumptions as mentioned in note 4.4.

c) Useful lives and residual values of property plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

d) Fair valuation of biological assets

The Group values it biological assets at fair value less estimated point of sale costs. Any change in estimate might affect the carrying amount of the biological asset with a corresponding charge to the profit and loss account.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Principles of consolidation

a) Subsidiaries

The consolidated financial statements include the financial statements of D. G. Khan Cement Company Limited and its subsidiaries Nishat Paper Products Company Limited with 55% (2014: 50%) holding and Nishat Dairy (Private) Limited with an approximate 55.10% (2014: 10.42%) holding. (hereinafter referred to as "the Group Companies").

Subsidiaries are those enterprises in which Parent Company directly or indirectly controls, beneficially owns or holds more than 50% of voting securities or otherwise has power to elect and appoint more then 50% of its Directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and carrying value of investments held by the Parent Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. Material intra-group balances and transactions have been eliminated.

Non-controlling interests are that part of the net reserves of the operation and of net assets of subsidiaries attributable to interests which are not owned by the Group. Non-controlling interest is presented as a separate line item in the consolidated financial statements.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss or through other comprehensive income as appropriate.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value / propotionate share (depending on the choice of policy) of non-controlling interest of the acquired entity's net assets over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.2 Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost with any difference between proceeds (net of transaction costs) and redemption value being recognised in the profit and loss over the period of the borrowings on an effective interest rate basis.

Preference shares, which are mandatorily redeemable on a specific date at the option of the Group, are classified as liabilities. The dividend on these preference shares is recognised in the profit and loss account as finance cost.

Finance costs are accounted for on an accrual basis and are shown as accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as a current liability unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.3 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the consolidated profit and loss account, except in the case of items charged or credited to equity in which case it is included in the consolidated statement of changes in equity.

4.4 Employees' retirement benefits and other obligations

The main features of the schemes operated by the Group for its employees are as follows:

Parent Company

Defined benefit plans

The Parent Company operates an approved funded defined benefit gratuity plan for all employees having a service period of more than five years for management staff and one year for workers. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2015 using the "Projected Unit Credit Method".

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Parent Company as reduced by benefits paid during the year.

The amount recognized in the consolidated balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in consolidated other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the consolidated profit and loss account.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

Discount rate	9.75% p.a.
Expected increase in eligible pay	8.75% p.a.
Expected rate of return on plan assets	8

The expected mortality rates assumed are based on the SLIC (2001-2005) mortality table set back one year.

The Parent Company is expected to contribute Rs 41.527 million to the gratuity fund in the next year.

Defined contribution plan

The Parent Company operates a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Parent Company and the employees at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated profit and loss account as and when incurred.

Accumulating compensated absences

The Parent Company provides for accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 90 days in case of officers. Any balance in excess of 90 days can be encashed up to 17 days a year only. Any further unutilised leaves lapse. In case of workers, unutilised leaves may be accumulated without any limit, however accumulated leave balance above 50 days is encashable upon demand of the worker. Unutilised leaves can be used at any time by all employees, subject to the approval of the Parent Company's management.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to consolidated profit and loss account. The most recent valuation was carried out as at June 30, 2015 using the "Projected Unit Credit Method".

The amount recognised in the consolidated balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated profit and loss account immediately in the period when these occur.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

Discount rate	9.75% p.a.
Expected rate of increase in salary level per annum; and	8.75% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	8

NDL and NPPCL ('Subsidiary Companies')

Defined contribution plan

NDL and NPPCL ('Subsidiairy Companies') operate a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Subsidiary Companies and the employees at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated profit and loss account as and when incurred.

4.5 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value plus directly attributable cost, if any, and subsequently at amortised cost using effective interest rate method.

4.6 Property, plant and equipment

4.6.1 Operating assets

Property, plant and equipment except freehold land, capital work-in-progress and major spare parts and stand-by equipment are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges and borrowing costs as referred to in note 4.19.

Depreciation on all property, plant and equipment of the Parent Company and NPPCL is charged to the consolidated profit and loss account on the reducing balance method, except for plant and machinery which is being depreciated using the straight line method, as for NDL, all property, plant and equipment is depreciated using the reducing balance method so as to write off the historical cost of such asset over its estimated useful life at annual rates mentioned in note 17.1 after taking into account their residual values.

The assets' residual values and useful lives are continually reviewed by the Group and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its property, plant and equipment as at June 30, 2015 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item shall flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated profit and loss account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.6.2 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to operating assets category as and when such items are available for use.

4.6.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.7 Biological assets

4.7.1 Livestock

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes. Milk is measured at its fair value less estimated point-of-sale costs at the time of milking.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock is recognized in the consolidated profit and loss account.

Livestock are categorized as mature or immature. Mature livestock are those that have attained harvestable specifications. Immature livestock have not yet reached that stage.

4.7.2 Crops

Crops are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognised in the profit and loss account.

Costs incurred in plantation and management of crops are capitalized as part of the asset. All other costs are charged to the consolidated profit and loss account.

The fair value is determined using the present value of expected net cash-flows from the asset based on significant assumptions. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

Crops are categorized as mature or immature. Mature crops are those that have attained harvestable specifications. Immature agricultural assets have not yet reached that stage. Crops that are expected to mature after more than a period of 12 months are classified in long term assets and those expected to mature before 12 months are included in current assets.

4.8 Intangible assets

Expenditure incurred by the Parent Company to acquire Oracle enterprise resource planning (ERP) system has been capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of five years.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

The Parent Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.9 Leases

4.9.1 Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method except plant and machinery which is depreciated on straight line method at the rates mentioned in note 17.1. Depreciation of leased assets is charged to the consolidated profit and loss account.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

4.9.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

4.10 Investments

Investments in equity instruments of associated company

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' post acquisition profits or losses is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values cannot be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed off or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to consolidated profit and loss account. Fair value of quoted investments is their bid price on Karachi Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date which is the date that the Group commits to purchase or sell the investment.

At each balance sheet date, the Group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the consolidated profit and loss account. Impairment losses recognised in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account.

Investments at fair value through profit or loss

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as 'at fair value through profit or loss' and are included in current assets. They are initially measured at cost and at subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Realised and unrealised gains and losses arising from changes in fair value are included in consolidated profit or loss for the period in which they arise.

All purchases and sales of investments are recognised on the trade date which is the date that the Group commits to purchase or sell the investment.

4.11 Stores and spares

Usable stores and spares are valued principally at moving weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.12 Stock-in-trade

Stock of raw materials (except for those in transit), work in process and finished goods are valued principally at the lower of weighted average cost and net realisable value. Stock of packing material is valued principally at moving average cost. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

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

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.13 Financial instruments

4.13.1 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets, if expected to be settled within twelve months, otherwise they are classified as non-current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the consolidated balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the consolidated balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

4.13.2 Recognition and measurement

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated profit and loss account as part of other income when the Group's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in consolidated other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on held-to-maturity investments calculated using the effective interest method is recognized in the consolidated profit and loss account. Dividends on available-for-sale equity instruments are recognized in the consolidated profit and loss account when the Group’s right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities) , the Group measures the investments at cost less impairment in value, if any.

The Group assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the consolidated profit and loss account. Impairment losses recognized in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.14.

4.13.3 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated profit and loss account.

4.13.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the Group financial statements only when there is a legally enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.14 Trade debts

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debts are recognised initially at original invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts.

A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is doubtful. Debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the consolidated profit and loss account.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purpose of consolidated cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term borrowings. In the consolidated balance sheet, short term borrowings are included in current liabilities.

4.16 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any derivatives as hedging instruments and accordingly, the changes in fair value re-measurement are recognised in the consolidated profit and loss account. Trading derivatives are classified as a current asset or liability.

4.17 Foreign currency transactions and translation

a) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in consolidated profit and loss account.

b) Functional and presentation currency

The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded to the nearest thousand.

4.18 Provisions

Provisions are recognised when; the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources shall be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow shall be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

4.20 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods are transferred to the buyer i.e. on the dispatch of goods to the customers.

Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.21 Dividend

Dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved.

4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group executive committee.

4.23 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5. Issued, subscribed and paid up capital

2015	2014		2015	2014
(Number of shares)			(Rupees in thousand)	
343,512,029	343,512,029	Ordinary shares of Rs 10 each fully paid in cash	3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs 10 each issued for consideration other than cash	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs 10 each issued as fully paid bonus shares	746,071	746,071
438,119,118	438,119,118		4,381,191	4,381,191

137,574,201 (2014: 137,574,201) and 203,500 (2014: Nil) ordinary shares of the Company are held by Nishat Mills Limited (associated company) and Security General Insurance Company Limited (associated company) respectively as at June 30, 2015. In addition, 6,275,944 (2014: 4,197,944) ordinary shares are held by Adamjee Insurance Company Limited, a related party as at June 30, 2015.

6. Reserves

Movement in and composition of reserves is as follows:

		2015	2014
		(Rupees in thousand)	
Capital reserves			
- Share premium			
At the beginning of the year		4,557,163	4,557,163
Additions during the year		-	-
At the end of the year	- note 6.1	4,557,163	4,557,163
- Fair value reserve			
At the beginning of the year		32,722,894	23,802,704
Fair value (loss) / gain during the year - net		(5,392,146)	8,920,190
At the end of the year	- note 6.2	27,330,748	32,722,894
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		32,241,421	37,633,567
Revenue reserves			
- General reserve			
At the beginning of the year		5,110,851	5,110,851
Transferred (to) / from consolidated profit and loss account		-	-
At the end of the year		5,110,851	5,110,851
		37,352,272	42,744,418

6.1 This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

6.2 As referred to in note 4.8 this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to profit and loss account on realisation.

6.3 The Capital redemption reserve fund represents fund created for redemption of preference shares and in accordance with the terms of issue of preference shares, to ensure timely payments, the Company was required to maintain a redemption fund with respect to preference shares. The Company had created a redemption fund and appropriated Rs 7.4 million each month from the consolitated profit and loss account in order to ensure that fund balance at redemption date was equal to the principal amount of the preference shares. The preference shares have been redeemed during the year ended June 30, 2007.

		2015	2014
		(Rupees in thousand)	

7. Long term loans - secured

These are composed of:

- Long-term loans	- note 7.1 - 7.2	1,712,897	2,380,263
- Loan under Musharika arrangement	- note 7.1 - 7.2	-	170,000
		1,712,897	2,550,263
Less : Current portion shown under current liabilities	- note 14	767,386	892,379
		945,511	1,657,884

7.1 Long term loans - secured

Loan	Lender	2015 (Rupees in thousand)	2014 (Rupees in thousand)	Rate of mark-up per annum	Number of instalments outstanding	Mark-up Payable
1	The Bank of Punjab	400,000	560,000	* Base rate + 0.5%	10 equal quarterly instalments ending in December, 2017.	Quarterly
2	The Bank of Punjab	171,875	218,750	* Base rate +0.75%	11 equal quarterly installments ending in December, 2017	Quarterly
3	United Bank Limited	192,500	220,000	** Base rate + 0.75%	7 equal semi-annual installments ending in March 2018	Semi-annually
Foreign Currency						
4	Eco Trade and Development Bank USD 9.327 million (2014: USD 13.990 million)	948,522	1,381,513	*** Base rate + 1.65%	4 equal semi-annual instalments ending in May, 2017	Semi-annually
		1,712,897	2,380,263			
Musharika Arrangement						
5	Meezan Bank	-	170,000	* Base rate + 0.6%	The loan has been fully repaid during the year	Quarterly
		1,712,897	2,550,263			

* Base rate: Average ask rate of three-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period

** Base rate: Average ask rate of six-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period

*** Base rate: Average ask rate of six-month London Inter Bank Offer Rate ("LIBOR") reset for each mark-up period

7.2 Security

Loan 1

The loan is secured by an initial ranking charge over present and future land, building and plant and machinery of the Parent Company to the tune of Rs 1,066.667 million. The charge shall be upgraded to first pari passu during the first quarter of the forthcoming calendar year. The total facility amount available is Rs 800 million.

Loan 2

The loan is secured by first pari passu charge over the present and future fixed assets of the Subsidiary Company - NPPCL amounting to Rs 334 Million.

Loan 3

The loan is secured by first pari passu charge on equipment and machinery of the Subsidiary Company - NPPCL amounting Rs. 293.33 million.

Loan 4

The loan is secured by first pari passu charge over all present and future fixed assets of the Parent Company amounting to USD 27.980 million. The total facility amount available is USD 20.985 million.

Loan 5

The loan was secured by first pari passu charge on all present and future fixed assets of the Parent Company. The charge amount at all times was at least equal to the outstanding facility amount with 25% margin. The total facility amount available was Rs 850 million.

		2015	2014
		(Rupees in thousand)	

8. Long term deposits

	2015	2014
Customers	39,102	37,176
Others	32,901	31,794
	72,003	68,970

These represent interest free security deposits from stockists and suppliers and are repayable on cancellation / withdrawal of the dealership or on cessation of business with the Group respectively.

		2015	2014
		(Rupees in thousand)	

9. Retirement benefits

		2015	2014
Staff Gratuity	- note 9.1	33,345	112,513
Accumulating compensated absences	- note 9.2	104,240	87,674
		137,585	200,187

9.1 Staff gratuity

The amounts recognised in the consolidated balance sheet are as follows:

	2015	2014
Present value of defined benefit obligation	352,380	273,597
Fair value of plan assets	(319,035)	(161,084)
Liability as at June 30	33,345	112,513

9.1.1 Movement in net liability for staff gratuity

	2015	2014
Net liability as at July 1	112,513	76,060
Current service cost	38,935	33,268
Net interest on defined benefit obligation	35,487	22,436
Return on plan assets during the year	(27,958)	(15,579)
	46,464	40,125
Contributions made by the Parent Company during the year	(14,247)	17,835
Contributions made by the Company during the year	(111,385)	(21,507)
Liability as at June 30	33,345	112,513

	2015	2014
	(Rupees in thousand)	

9.1.2 Movement in present value of defined benefit obligation

	2015	2014
Present value of defined benefit obligation as at July 1	273,597	225,816
Current service cost	38,935	33,268
Interest cost	35,487	22,436
Benefits paid during the year	(11,549)	(24,285)
Remeasurements:		
- Actuarial (gains) / losses from changes in demographic assumptions	-	-
- Actuarial (gains) / losses from changes in financial assumptions	-	-
- Experience adjustments	15,910	16,362
	15,910	16,362
Present value of defined benefit obligation as at June 30	352,380	273,597

9.1.3 Movement in fair value of plan assets

	2015	2014
Fair value of plan assets as at July 1	161,084	149,756
Interest income on plan assets	27,958	15,579
Contributions during the year	111,385	21,507
Benefits paid during the year	(11,549)	(24,285)
Remeasurements in fair value of plan assets	30,157	(1,473)
Fair value of plan assets as at June 30	319,035	161,084

9.1.4 Plan Assets

Plan assets consist of the following:

	2015		2014	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and other deposits	902	0.28%	34	0.02%
Debt instruments	318,133	99.72%	163,114	101.26%
	319,035	100.00%	163,148	101.28%
Plan liabilities				
Account payables	-	0.00%	(2,064)	-1.28%
	319,035	100.00%	161,084	100.00%

9.1.5 Charge for the year (including capitalised during the year)

	2015	2014
	(Rupees in thousand)	
Current service cost	38,935	33,268
Interest cost	35,487	22,436
Interest income on plan assets	(27,958)	(15,579)
Total expense for the year	46,464	40,125
Less: Expense capitalized during the year	(1,314)	(428)
Expense charged to the profit and loss account	45,150	39,697

	2015	2014
	(Rupees in thousand)	

9.1.6 Total remeasurements charged to other comprehensive income

	2015	2014
Actuarial (gains) / losses from changes in demographic assumptions	-	-
Actuarial (gains) / losses from changes in financial assumptions	-	-
Experience adjustments	15,910	16,362
	15,910	16,362
Remeasurements in plan assets, excluding interest income	(30,157)	1,473
Total remeasurements charged to other comprehensive income	(14,247)	17,835

9.1.7 Amounts for current period and previous four annual periods of the fair value of plan assets and present value of defined benefit obligation are as follows:

	2015	2014	2013	2012	2011
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	352,380	273,597	225,816	167,467	127,935
Fair value of plan assets	(319,035)	(161,084)	(149,756)	(82)	(332)
Deficit	33,345	112,513	76,060	167,385	127,603
Experience adjustment arising on plan obligation	15,910	16,362	17,256	10,222	25,954
Experience adjustment on plan assets	30,157	(1,473)	1,396	33	1

9.1.8 Assumptions used for valuation of the defined benefit scheme for management and non-management staff are as under:

		2015	2014
Discount rate	Per annum	9.75%	13.25%
Expected rate of increase in salary	Per annum	8.75%	12.25%
Rate of interest income on plan assets	Per annum	13.25%	10.40%
Duration of the plan	Number of years	8	8

9.1.9 Year end sensitivity analysis (±100 bps) on defined benefit obligation is as follows:

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of defined benefit obligation	326,385	382,467	382,813	325,629

9.1.10 The parent company expects to pay Rs 41.527 million in contributions to defined benefit plan during the year ending June 30, 2016.

		2015	2014
		(Rupees in thousand)	
9.2 Accumulating compensated absences			
Opening balance		100,344	88,338
Expenses recognised		35,574	34,394
Benefits paid		(19,008)	(22,388)
		116,910	100,344
Payable within one year	- note 14	(12,670)	(12,670)
Closing balance		104,240	87,674
9.2.1 Movement in liability for accumulating compensated absences			
Present value of accumulating compensated absences as at July 1		100,344	88,338
Current service cost		23,236	19,590
Interest cost		12,036	8,100
Benefits paid during the year		(19,008)	(22,388)
Remeasurements:			
- Actuarial (gains)/losses from changes in demographic assumptions		-	-
- Actuarial (gains)/losses from changes in financial assumptions		-	-
- Experience adjustments		302	6,704
		302	6,704
Present value of accumulating compensated absences as at June 30		116,910	100,344
9.2.2 Charge for the year (including capitalised during the year)			
Current service cost		23,236	19,590
Interest cost		12,036	8,100
Remeasurement during the year		302	6,704
Total expense for the year		35,574	34,394
Less: Expense capitalized during the year		(1,217)	(412)
Expense charged to the profit and loss account		34,357	33,982

Amounts for current period and previous four annual periods of the present value of accumulating compensated absences are as follows:

	2015	2014	2013	2012	2011
	(Rupees in thousand)				
As at June 30					
Present value of accumulated compensated absences	116,910	100,344	88,338	74,381	58,558
Experience adjustment arising on obligation	302	6,704	17,205	14,739	8,115

9.2.3 Assumptions used for valuation of the accumulating compensated absences are as under:

		2015	2014
Discount rate	Per annum	9.75%	13.25%
Expected rate of increase in salary	Per annum	8.75%	12.25%
Duration of the plan	Number of years	8	9
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

9.2.4 Year end sensitivity analysis (± 100 bps) on obligation:

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of obligation	108,544	126,664	126,798	108,281

	Officers		Workers	
	2015 (days)	2014 (days)	2015 (days)	2014 (days)
Average number of leaves				
- Utilised per annum	11.00	15.00	18.00	15.00
- Encashed per annum	9.00	8.00	9.00	12.00
- Encashed per annum in excess of accrued leave of 30 days	0.25	0.25	2.00	2.00

10. Deferred income tax liabilities

	2015	2014
	(Rupees in thousand)	
The liability for deferred taxation comprises temporary differences relating to:		
Deferred tax liability		
Accelerated tax depreciation	5,030,036	5,425,550
Deferred tax assets		
Provision for retirement and other benefits	(40,677)	(64,423)
Unabsorbed tax losses and tax credits	(122,925)	(1,145,800)
	4,866,434	4,215,327

Deferred tax asset on tax losses available for carry forward, minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 and Alternate Corporate Tax ('ACT') paid available for carry forward u/s 113C of the Income Tax Ordinance, 2001 are recognized to the extent that the realisation of related tax benefits through future taxable profits is probable. Minimum tax paid u/s 113 by NPPCL aggregating to Rs 90.19 million will not be available for carry forward against future tax liabilities subsequent to tax years 2016 through 2020. ACT paid u/s 113C by NPPCL aggregating to Rs 32.71 million will not be available for carry forward against future tax liabilities subsequent to tax year 2025.

The Group has not recognised deferred tax assets of Rs 183.206 million (2014: Nil) in respect of tax losses, as sufficient taxable profits would not be available to set these off in the foreseeable future. Tax losses amounting to Rs 1.193 million, 58.779 million and 123.234 million will expire in tax years 2018, 2019 and 2020, respectively.

During the year, the NDL and NPPCL have surrendered their available tax losses amounting to Rs 1,575.758 million and Rs 209.091 million respectively, with a collective tax value of Rs 589 million in favour of the Parent company through Group relief under section 59B of the Income Tax Ordinance, 2001.

11. Trade and other payables

		2015	2014
		(Rupees in thousand)	
Trade creditors	- note 11.1	933,036	488,508
Infrastructure cess		140,641	122,867
Advances from customers		380,547	384,256
Accrued liabilities		1,252,021	566,790
Workers' profit participation fund	- note 11.2	1,342,564	900,718
Workers' welfare fund	- note 11.3	91,596	-
Federal excise duty payable		40,967	5,062
Custom duty payable		2,278	23,998
Withholding tax payable		14,138	11,369
Retention money payable		25,331	26,268
Unclaimed dividends		18,089	9,694
Advances against sale of scrap		6,949	2,791
Advance against sale of fixed asset		-	1,721
Unclaimed dividend on redeemable preference shares		125	125
Export commission payable		44,750	74,902
Others	- note 11.4	60,695	33,473
		4,353,727	2,652,542

11.1 Trade creditors include amount due to related parties amounting to Rs 6.798 million (2014: Rs 3.198 million).

	2015	2014
	(Rupees in thousand)	
Nishat Agriculture Farming (Private) Limited	2,725	-
Adamjee Insurance Company Limited	2,590	2,259
Security General Insurance Company Limited	1,483	939
	6,798	3,198

11.2 Workers' profit participation fund

		2015	2014
Opening balance		900,718	554,977
Provision for the year	- note 32	524,619	419,449
Interest for the year	- note 34	2,380	2,665
		1,427,717	977,091
Less: payments made during the year		85,153	76,373
Closing balance		1,342,564	900,718

		2015	2014
		(Rupees in thousand)	

11.3 Workers' welfare fund

Opening balance		-	-
Provision for the year	- note 32	91,596	-
Closing balance		91,596	-

11.4 Includes an amount of Rs 0.266 million (2014 : Nil) and Rs 0.199 million (2014: Rs 0.244 million) payable to Employees Provident Fund of the NDL and NPPCL respectively.

12. Accrued finance cost

Accrued mark-up on:		
- Long term loans - secured	21,622	27,412
- Short term borrowings - secured	19,424	45,257
Preference dividend on redeemable preference shares	84	84
	41,130	72,753

13. Short term borrowings - secured

Short term running finances - secured	- note 13.1	1,106,861	528,660
Import finances - secured	- note 13.2	1,241,673	1,004,477
Export finances - secured	- note 13.3	-	1,585,000
		2,348,534	3,118,137

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 6,125 million (2014: Rs 8,775 million). The rates of mark up are based on Karachi Inter-Bank Offer Rate ("KIBOR") plus spread and range from 6.81% to 11.74% (2014: 9.21% to 11.68%) per annum or part thereof on the balance outstanding. These are secured by first registered charge on all present and future current assets of the Parent Company and NPPCL wherever situated including stores and spares, stock in trade, book debts, investments, receivables and pledge of Nil (2014: 10 million) shares of MCB Bank Limited and Nil (2014: 13.5 million) shares of Nishat Mills Limited.

13.2 Import finances - secured

The Group has obtained import finance facilities aggregating to Rs 7,975 million (2014: Rs 7,463 million) from commercial banks. The rates of mark up based on Karachi Inter-Bank Offer Rate ("KIBOR") plus spread range from 10.44% to 10.56% (2014: 8.06% to 9.52%) per annum and those based on London Inter-Bank Offer Rate ("LIBOR") plus spread range from 1.90% to 4.8% (2014: 2.00% to 4.79%) per annum. The aggregate import finances are secured by a registered charge on all present and future current assets of the Parent Company and NPPCL, wherever situated, including stores and spares, stock in trade, book debts, investments and receivables.

Of the aggregate facility of Rs 10,578 million (2014: Rs 9,128 million) for opening letters of credit and Rs 2,020 million (2014: Rs 1,637.354 million) for guarantees, the amount utilised as at June 30, 2015 was Rs 3,271 million (2014: Rs 2,015.707 million) and Rs 942 million (2014: Rs 990.799 million) respectively. The aggregate facilities for guarantees are secured by a registered charge on current assets of the Parent Company and NPPCL. Of the facility for guarantees, Rs 14.48 million (2014: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 27.2.

13.3 Export finances - secured

This represents export refinance loans obtained from various commercial banks, which carry mark up based on rates notified by State Bank of Pakistan ranging from 5.50% to 7.00% (2014: 8.50% to 9.31%), export finances which carry markup based on Karachi Inter Bank Offer Rate ("KIBOR") ranging from Nil per annum (2014: 8.57% to 9.11%) and London Inter Bank Offer Rate ("LIBOR") at Nil (2014: 2.23%) These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Parent Company.

		2015	2014
		(Rupees in thousand)	
14. Current portion of non-current liabilities			
Long term finances	- note 7	767,386	892,379
Retirement and other benefits	- note 9.2	12,670	12,670
		780,056	905,049
15. Derivative financial instrument			
Classified under current liabilities			
Cross currency interest rate swap	- note 15.1	-	14,902
Classified under current assets			
Cross currency interest rate swap	- note 15.1	9,873	-

15.1 This represents derivative cross currency interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Parent Company pays Karachi Inter-Bank Offered Rate ('KIBOR') minus bank spread to the arranging bank on the notional Pak Rupee (PKR) amount for the purposes of the cross currency swap, and receives London Inter-Bank Offered Rate ('LIBOR') on the notional US Dollar (USD) amount from the arranging bank. There have been no transfers of liabilities under the arrangements, only the nature of the interest payment has changed. The derivative cross currency swap outstanding as at June 30, 2015 has been marked to market and the resulting loss has been included in the consolidated profit and loss account.

16. Contingencies and commitments

16.1 Contingencies

16.1.1 The Income Tax Officer, while framing the assessments for the assessment years 1984-85 to 1990-91, has taxed the income of the Parent Company on account of interest on deposits and sale of scrap, etc. The Appellate Tribunal on appeal filed by the Parent Company issued an order in favour of the Parent Company for the assessment years 1984-85 to 1990-91. The Income Tax Department filed reference before the Lahore High Court. Pending final outcome of such reference, no adjustment has been made in these consolidated financial statements for the relief granted by the Appellate Tribunal aggregating Rs 35.090 million.

16.1.2 During the period 1994 to 1996, the Parent Company imported plant and machinery relating to expansion unit, for which exemption was claimed under various SROs from the levy of custom duty and other duties including sales tax. As per the provisions of SRO 484 (I)/92, 978 (I)/95 and 569 (I)/95, the exemption from the statutory duty would be available only if the said plant and machinery was not manufactured locally. However, the Custom Authorities rejected the claim of the Parent Company by arguing that the said machinery was on the list of locally manufactured machinery, published by the

Federal Board of Revenue. Consequently, the Parent Company appealed before the Lahore High Court, Multan Bench, which allowed the Parent Company to release the machinery on furnishing indemnity bonds with the Custom Authorities.

Collector of Customs and Central Excise, Multan has passed an order dated November 26, 1999, against the Parent Company on the grounds that the said machinery was being manufactured locally during the time when it was imported.

After various appeals at different forums, the Honourable Supreme Court remanded the case back to the Customs Authorities to reassess the liability of the Parent Company. The custom authorities re-determined the liability of the Parent Company upon which the Parent Company preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Parent Company, upon which the Parent Company discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench. In case of any adverse decision, the management assesses liability to the tune of Rs 233.390 million. No provision for this amount has been made in the consolidated financial statements as according to the management of the Parent Company, there are meritorious grounds that the ultimate decision would be in its favour.

16.1.3 The Competition Commission of Pakistan (the CCP) took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Parent Company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated August 24, 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on August 28, 2009 and imposed a penalty of Rs 933 million on the Parent Company. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Parent Company for the time being.

The vires of the Competition Commission of Pakistan, 2007 have been challenged by a large number of Petitioners and all have been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution. A large number of grounds have been raised by these Petitioners and the matter is currently being adjudicated by the Lahore High Court, the Sindh High Court and the Supreme Court of Pakistan. In all these cases, stay orders have been granted by the Courts. Based on the legal opinion, the management is confident that the Parent Company has a good case and there are reasonable chances of success in the pending Petition in the Supreme Court of Pakistan.

16.1.4 The matter relating to interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 (1944 Act) has now attained finality after having been adjudicated by the honourable Supreme Court of Pakistan through its judgement dated January 27, 2009 (upholding its previous judgement dated February 15, 2007). The longstanding controversy between the revenue department and the tax payers related primarily to finer interpretation of the provisions of section 4(2) of the 1944 Act wherein the department had a view that excise duty shall be included as a component for determination of the value (retail price) for levying excise duty. The departmental view, being against the spirit of law, was challenged by the taxpayers in appeals before the honourable High Courts of the country which, duly appreciating the contentions of the taxpayers, overturned the departmental view and succeeded the appeals.

Now since the controversy has attained finality up to the highest appellate level, the Parent Company has initiated the process of claiming refund of excess excise duty paid by it during the periods from 1994 to 1999 which aggregates to Rs 1,115.145 million. The amount of refund, however, shall be incorporated in the books of accounts once it is realised by the Parent Company.

16.1.5 The Parent Company, consequent to the order passed by the Supreme Court of Pakistan against the decision of the Sindh High Court in the matter of infrastructure cess, filed a petition before the Sindh

High Court, challenging the levy of fifth version of the law enforcing infrastructure cess. Earlier, the Sindh High Court, in August 2008, ruled out that only levies computed against consignments made on or after December 28, 2006 shall be payable by the petitioners. Although the parties have reached an interim arrangement, through an order of Sindh High Court dated May 31, 2011, for release of 50% of the guarantees, the final order from Sindh High Court is still pending. According to the legal counsel of the Parent Company, chances of favourable outcome of the appeal are fair, therefore 50% of the amount of infrastructure cess payable has not been incorporated in these consolidated financial statements amounting to Rs. 89.164 million.

16.1.6 The Parent Company, consequent to the order-in-appeal passed by the learned Customs, Federal Excise and Sales Tax Appellate Tribunal, Lahore, filed a petition before the Lahore High Court, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period of June 13, 1997 to August 11, 1998. According to the legal counsel of the Parent Company, chances of favourable outcome of the petition are fair, therefore the payable amount has not been incorporated in these consolidated financial statements amounting to Rs. 212.239 million.

16.1.7 NPPCL filed an appeal before the Commissioner Inland Revenue (CIR) (Appeals), against the amended assessment order dated 29 June 2014 passed by the Additional Commissioner Inland Revenue u/s 122(9)/122(5A) of the Income Tax Ordinance, 2001 for the tax year 2008. Through this order an income tax demand of Rs 184.611 million was created against the Company. Objection was raised on various issues like difference in raw material purchases in income tax and sales tax records, unexplained/unsubstantiated tax deductions claimed, difference in federal excise duty and sales tax liability as per income tax and sales tax returns, brought forward losses not allowed, etc. The assessment order was decided in favour of NPPCL by the CIR (appeals) against which the department has filed appeal before the Appelate Tribunal Inland Revenue. The managment of NPPCL, based on the advice of its legal counsel, is confident that the matter will be decided in its favour and no financial obligation is expected to accrue. Consequently, no provision been made in these financial statements on this account.

16.1.8 NPPCL filed a petition before the Islamabad High Court, against the valuation ruling no 601/2013 which was subsequently superseded by ruling no 721/2015 passed by the Directorate General of Customs Valuation, Custom House, Karachi, u/s 25-A of the Customs Act, 1969. As per the valuation ruling, kraft liner board and sack kraft paper shall be assessed to duty/taxes on fixed rate per kilogram, rather than the existing transaction value based assessment. The honorable Islamabad High Court on 23 January 2015, while allowing the goods to be released on furnishing of bank guarantee, dismissed the aforementioned writ petition due to non-jurisdiction of the Court. Consequently, NPPCL filed writ petitions no 806/2015 and 846/2015 before the honorable Sindh High Court for declaration and permanent injunction to the effect that value of the goods imported by NPPCL to be assessed u/s 25(2) of the Customs Act, 1969 (existing transaction value based assessment), that ruling 721/2015 is arbitrary and for restraining the custom authorities from encashment of bank guarantees. The honorable Sindh High Court in writ petitions no 806/2015 has granted interim stay while restraining encashment of bank guarantees amounting to Rs 29.09 million. Both the writ petitions are pending adjudication. NPPCL, through its legal counsel, is of the view that they have a strong case and are hopeful of the favorable outcome.

16.1.9 On 9 March 2015, the Deputy Commissioner Inland Revenue (DCIR) served a notice NPPCL requiring to deposit leftover balance of allocated Workers Profit Participation Fund as Workers Welfare Fund in respect of tax year 2014. NPPCL filed a writ petition, against the above notice, before the honorable Lahore High Court praying to suspend the aforesaid notice and further restraining the DCIR from taking any coercive measures during the pendency of writ petition. Stay has been granted against the notice by the Honorable Lahore High Court.

16.1.10 In the year 2012, NPPCL had written back the provisions created on account of Workers' Welfare Fund (WWF) relating to years 2010 and 2011 based on the judgment issued by the Honorable Lahore High

Court through order dated 19 August 2011. The Honorable Lahore High Court, through such order, has held the amendments introduced to the Workers Welfare Fund Ordinance, 1971 through Finance Act, 2006 and Finance Act, 2008 as ultra vires the constitution and, since NPPCL did not have any taxable income for said years, NPPCL had reversed the provision made for WWF in respect of above mentioned years amounting to Rs 2.10 million. Furthermore, pursuant to the order of the Honorable Lahore High Court, no provision for WWF has been made by NPPCL for the year 2012 to the current year based on the rationale that NPPCL does not have taxable income in those years. In the absence of the Lahore High Court order, the provision for WWF based on accounting profit for the year 2012 to the current year amounts to Rs 8.48 million. However, NPPCL remains contingently liable for the WWF amounts as aforementioned till such time that finality is achieved at the highest appellate forum.

16.1.11 The Parent Company has issued the following guarantees in favour of:

- Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs 54.377 million (2014: 42.176 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 425.9 million (2014: Rs 440.900 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs 3 million (2014: Rs 3 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2014: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use for Khairpur Project and for D.G Khan Project respectively amounting to Rs 382.235 million (2014: Rs 382.235 million).

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, DG Khan) amounting to Rs 0.05 million (2014: Rs 0.05 million).

- Sindh High Court against levy of Sales Tax, custom duty and excise amounting to Rs 15.423 million (2014: Nil).

- The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs 15 million (2014: Rs 10 million).

- Guarantees against export orders amounting to Rs 46.096 million (2014: Rs 45.208 million).

16.1.12 With respect to the NPPCL, Habib Bank Limited has issued a bank guarantee for Rs 29.09 million (2014: Rs 17.29 million) in favour of Directorate General of Customs Valuation, Custom House, Karachi as a security against the pending case. The guarantee will expire after the final decision on this case is announced.

16.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 427.335 million (2014: Rs 260.371 million)

(ii) Letters of credits for capital expenditure Rs 2,274.836 million (2014: Rs 65.992 million)

(iii) Letter of credit other than capital expenditure Rs 1,183.407 million (2014: Rs 1,307.327 million).

(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2015	2014
	(Rupees in thousand)	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	5,310	5,641
	6,966	7,297

17. Property, plant and equipment

		2015	2014
Operating assets	- note 17.1	31,693,136	29,936,360
Capital work-in-progress	- note 17.2	1,894,473	634,318
Major spare parts and stand-by equipment	- note 17.3	105,469	246,341
		33,693,078	30,817,019

17.1 Operating assets

2015 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2014	Acquisition of subsidiary (note 46.1.2)	Additions/ (Deletions)	Cost as at 30 June, 2015	Accumulated depreciation as at July 01, 2014	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015
Freehold land	-	601,362	332,960	120,007	1,054,329	-	-	-	1,054,329
Leasehold land	3.33	63,000	-	-	63,000	13,650	2,100	15,750	47,250
Buildings on freehold land									
- Factory building	5 - 10	6,862,482	1,488,101	205,508	8,556,091	3,089,726	469,050	3,558,776	4,997,315
- Office building and housing colony	5	827,410	-	11,016	838,426	304,505	26,537	331,042	507,384
Roads	10	582,737	-	5,862	588,599	293,259	29,534	322,793	265,806
Plant and machinery	3.33 - 10	33,600,494	591,049	604,587	34,764,279	10,398,517	1,284,848	11,676,597	23,087,682
				(31,851)			(6,768)		
Factory and quarry equipment	10 - 20	1,762,387	46,319	128,860	1,937,566	1,136,885	103,148	1,240,033	697,533
Furniture, fixture and									
office equipment	10 - 30	356,034	16,374	58,251	430,659	146,892	25,406	172,298	258,361
Vehicles	20	382,014	37,362	86,179	477,527	138,659	49,140	171,178	306,349
				(28,028)			(16,621)		
Aircraft	30	328,752	-	-	328,752	150,352	53,504	203,856	124,896
							-		
Power and water supply lines									
and installations	10	507,111	113,223	23,247	643,581	264,978	32,372	297,350	346,231
2015		45,873,783	2,625,388	1,243,517	49,682,809	15,937,423	2,075,639	17,989,673	31,693,136
				(59,879)			(23,389)		

(Rupees in thousand)

	2014							
	Annual rate of depreciation %	Cost as at July 01, 2013	Additions/ (Deletions)	Cost as at 30 June, 2014	Accumulated depreciation as at July 01, 2013	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014
Freehold land	-	579,788	21,574	601,362	-	-	-	601,362
Leasehold land	3.33	63,000	-	63,000	11,550	2,100	13,650	49,350
Buildings on freehold land								
- Factory building	5 - 10	5,987,070	875,412	6,862,482	2,750,310	339,416	3,089,726	3,772,756
- Office building and housing colony	5	813,914	13,496	827,410	277,225	27,280	304,505	522,905
Roads	10	556,491	26,246	582,737	262,253	31,006	293,259	289,478
Plant and machinery	3.33 - 8.28	31,366,776	2,262,098	33,600,494	9,238,778	1,169,702	10,398,517	23,201,977
			(28,380)			(9,963)		
Factory and quarry equipment	20	1,684,624	104,235	1,762,387	1,061,332	97,229	1,136,885	625,502
			(26,472)			(21,676)		
Furniture, fixture and office equipment	10 - 30	327,273	28,797	356,034	125,286	21,611	146,892	209,142
			(36)			(5)		
Vehicles	20	309,588	112,190	382,014	110,591	42,847	138,659	243,355
			(39,764)			(14,779)		
Aircraft	30	328,752	-	328,752	73,917	76,435	150,352	178,400
Power and water supply lines and installations	10	481,605	25,506	507,111	239,447	25,531	264,978	242,133
2014		42,498,881	3,469,554	45,873,783	14,150,689	1,833,157	15,937,423	29,936,360
			(94,652)			(46,423)		

17.1.1 Freehold land and building include book values of Rs 12 million (2014: Rs 12 million) and Rs 6.089 million (2014: Rs 6.409 million) respectively which are held in the name of Chief Executive of the Parent Company. This property is located in the locality of Defence Housing Authority where the by-laws restrict transfer of title of the residential property in the name of the Parent Company.

17.1.2. The depreciation charge for the year has been allocated as follows:

		2015	2014
		(Rupees in thousand)	
Cost of sales	- note 29	1,982,504	1,722,486
Administrative expenses	- note 30	88,807	106,824
Selling and Distribution expenses	- note 31	4,328	3,847
		2,075,639	1,833,157

17.1.3 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

2015 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant & Machinery	Asset written off	7,042	1,955	5,087	-	(5,087)	Assets written off
	Asset retired for overhauling	7,000	1,953	5,047	-	-	Retired from use
	Outsider						
	M/s Shareef Dairy Farm	1,427	285	1,142	510	(632)	Negotiation
	M/s Umer Farms (Private) Limited	5,706	1,098	4,608	2,372	(2,236)	Negotiation
	Mr. Rafaqat Ali	1,141	229	912	405	(507)	Negotiation
	M/s Cemcon (Private) Limited	6,103	605	5,498	1,538	(3,960)	Negotiation
	Mr. Ijaz Hussain	285	48	237	284	47	Negotiation
	M/s Zulfiqar Dairy Farm	285	57	228	86	(142)	Negotiation
	M/s Monaco Dairy Farm	143	28	115	49	(66)	Negotiation
	M/s Akeel Enterprises	71	14	57	26	(31)	Negotiation
	M/s Shareef Dairy Farm	1,427	289	1,138	510	(628)	Negotiation
	M/s Eastern Dairy (Private) Limited	650	86	564	838	274	Negotiation
	Mr. Syed Hassan Ali	571	121	450	202	(248)	Negotiation
Vehicles	Employees						
	Munir Shah	662	452	210	218	8	Company policy
	Akhund Saeed Khaliq	1,325	653	672	706	34	Company policy
	Irfan Ahmad	1,301	804	497	1,088	591	Company policy
	Outside parties						
	Nasir Zahoor	275	191	84	549	465	Auction
	Adnan Anwar	662	460	202	627	425	-do-
	Rizwan Khan	1,269	804	465	1,060	595	-do-
	Muhammad Bilal	1,269	804	465	1,140	675	-do-
	Rashid Saleemi	1,337	724	613	1,210	597	-do-
	Khurram Imtiaz	2,449	1,718	731	3,235	2,504	-do-
	Habib Asad Khan	969	732	237	964	727	-do-
	Mirza Abdul Hafeez	1,306	1,118	188	627	439	-do-
	Muhammad Asim	2,679	1,589	1,090	2,398	1,308	-do-
	Nadeem Gull	822	456	366	732	366	-do-
	Irfan Ahmad	1,354	837	517	1,066	549	-do-
	Syed Mazhar Jamil	1,756	1,265	491	1,650	1,159	-do-
	Muhammad Awais	427	309	118	432	314	-do-
	Faisal Mahmood	969	757	212	831	619	-do-
	Asim Mumtaz	555	437	118	653	535	-do-
	Muhammad Naeem	500	277	223	473	250	-do-
	Security General Insurance Company	1,056	382	674	1,000	326	Insurance Claim
	M/s Burden Bros.	5,086	1,852	3,234	318	(2,916)	Negotiation
Other assets with book value less than Rs 50,000		-	-	-	-	-	
		59,879	23,389	36,490	27,797	(3,646)	

(Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
		2014					
Plant & Machinery							
	Outside parties						
	Nishat Mills Limited	28,380	9,963	18,417	23,187	4,770	Auction
Vehicles							
	Employees						
	Major (Retired) Aslam Pervaiz	555	388	167	167	-	Company policy
	Muhammad Aslam	1,450	567	883	883	-	-do-
	Khawar Butt	662	413	249	727	478	Auction
	Outside parties						
	Security General Insurance Company Limited	1,337	592	745	1,100	355	Insurance Claim
	Mr. Naveed Iqbal	1,973	874	1,099	1,735	636	Auction
	Nasir Zahoor	662	413	249	652	403	-do-
	Mohsin Ali Sheikh	1,269	711	558	558	-	-do-
	Ishtiaq Khan	2,750	1,940	810	1,800	990	-do-
	Performance Automotive (Pvt) Limited	25,763	6,740	19,023	28,328	9,305	-do-
	Nasir Zahoor	272	170	102	528	426	-do-
	Sajid Habib	657	416	241	738	497	-do-
	Aadil Khan	1,005	669	336	985	649	-do-
	Nasir Zahoor	829	443	386	542	156	-do-
	Muhammad Dawood	350	271	79	250	171	-do-
Quarry equipment							
	Outside party						
	Adamjee Insurance Company Limited	26,472	21,676	4,796	25,300	20,504	Insurance Claim
Other assets with book value less than Rs 50,000		266	177	89	94	5	Auction
		94,652	46,423	48,229	87,574	39,345	

17.2 Capital work-in-progress

2015 (Rupees in thousand)

	Balance as at June 30, 2014	Acquisition of subsidiary (note 46.1.2)	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2015
Civil works	288,234	58,785	563,529	-	(275)	-	(181,495)	728,778
Plant and machinery	101,548	43,764	890,234	-	(306)	-	(378,892)	656,348
Advances	60,903	-	156,300	-	-	-	(115,347)	101,856
Others	16,813	-	35,253	-	-	-	(9,547)	42,519
Expansion Projects:								
- Civil works	24,701	-	52,147	-	-	-	-	76,848
- Others	142,119	-	146,005	-	-	-	-	288,124
	634,318	102,549	1,843,468	-	(581)	-	(685,281)	1,894,473

2014 (Rupees in thousand)

	Balance as at June 30, 2013	Acquisition of subsidiary	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2014
Civil works	306,123	-	705,609	-	-	77,947	(801,445)	288,234
Plant and machinery	977,982	-	1,375,537	-	(22)	-	(2,251,949)	101,548
Advances	62,155	-	106,813	-	-	(77,947)	(30,118)	60,903
Others	405	-	51,028	-	-	-	(34,620)	16,813
Expansion Projects:								
- Civil works	19,038	-	5,663	-	-	-	-	24,701
- Others	50,477	-	91,642	-	-	-	-	142,119
	1,416,180	-	2,336,292	-	(22)	-	(3,118,132)	634,318

		2015	2014
		(Rupees in thousand)	

17.3 Major spare parts and stand-by equipment

Balance at the beginning of the year		246,341	194,005
Additions during the year		167,272	121,679
Transfers made during the year		(308,144)	(69,343)
Balance at the end of the year		105,469	246,341

18 Biological assets

Dairy livestock			
- Mature		1,032,166	-
- Immature		117,633	-
	- note 18.1	1,149,799	-

18.1 Reconciliation of carrying amounts of livestock

Acquisition of subsidiary	- note 46.1.2	960,457	-
Increase due to purchases during the year		403,836	-
		1,364,293	-
Fair value gain due to new births		36,494	-
Changes in fair value (due to price change and biological transformation)		(102,721)	-
		(66,227)	-
Decrease due to deaths/ livestock losses		(40,058)	-
Decrease due to sale of livestock		(108,209)	-
		(148,267)	-
Carrying amount at the end of the year which approximates the fair value		1,149,799	-

18.2 As at June 30, 2015 the Group held 4,390 mature assets able to produce milk and 2,115 immature assets that are being raised to produce milk in the future. During the post-acquistion period, 392 cows were sold and the Group produced approximately 16,290,250 gross liters of milk from these biological assets.

18.3 The valuation of dairy livestock as at June 30, 2015 has been carried out by an independent valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Group as at June 30, 2015. Further, in the absence of an active market of the Group's dairy livestock in Pakistan, market and replacement values of similar live stock from active markets in USA, Europe and Australia, have been used as basis of valuation model by the independent valuer.

		2015	2014
		(Rupees in thousand)	

19. Intangible assets

This represents Oracle ERP system.

		2015	2014
Cost			
As at July 1		92,260	92,260
Additions		-	-
As at June 30		92,260	92,260
Less: Accumulated amortisation			
As at July 1		55,356	36,904
Amortisation for the year	- note 19.1	18,452	18,452
As at June 30		73,808	55,356
		18,452	36,904

19.1 Oracle ERP system is being amortised over a useful life of five years.

19.1.1 The amortisation charge for the year has been allocated as follows:

		2015	2014
		(Rupees in thousand)	
Cost of sales	- note 29	12,916	12,916
Administrative expenses	- note 30	2,768	2,768
Selling and distribution expenses	- note 31	2,768	2,768
		18,452	18,452

20. Investments

These represent the long term investments in:

		2015	2014
- Related parties	- note 20.1	2,522,403	2,227,802
- Others - available for sale	- note 20.2	133,089	30,132
		2,655,492	2,257,934
Cumulative fair value gain	- note 20.3	7,708,917	8,796,807
		10,364,409	11,054,741

20.1 Related Parties

	2015	2014
Nishat Chunian Limited - quoted - available for sale		
5,961,549 (2014: 5,961,549) fully paid ordinary shares of Rs 10 each		
Equity held: 2.98% (2014: 2.98%)		
Market value - Rs 218.968 million (2014: Rs 252.710 million)	45,254	45,254
	45,254	45,254
Adamjee Insurance Company Limited		
16,053,735 (2014: 10,019,735) fully paid ordinary shares of Rs 10 each		
Equity held: 4.59% (2014: 2.86%)		
Market value - Rs 764.479 million (2014: Rs 458.603 million)	643,459	348,858
Less: Cumulative impairment Loss	(118,703)	(118,703)
	524,756	230,155

		2015	2014
		(Rupees in thousand)	
Associates - quoted - available for sale			
Nishat Mills Limited			
30,289,501 (2014: 30,289,501) fully paid ordinary shares of Rs 10 each			
Equity held: 8.61% (2014: 8.61%)			
Market value - Rs 3,460 million (2014: Rs 3,390 million)		1,577,174	1,577,174
Less: Cumulative impairment Loss		(250,615)	(250,615)
		1,326,559	1,326,559
MCB Bank Limited			
21,305,315 (2014: 21,305,315) fully paid ordinary shares of Rs 10 each			
Equity held: 1.91% (2014: 1.91%)			
Market value Rs 5,307.580 million (2014: Rs 6,420.357 million)		125,834	125,834
		125,834	125,834
Associates - unquoted			
Nishat Hotels and Properties Limited			
50,000,000 (2014: Nil) fully paid ordinary shares of Rs 10 each			
Equity held: 6.25% (2014: Nil)		500,000	-
		500,000	-
Nishat Dairy (Private) Limited			
Nil (2014: 50,000,000) fully paid ordinary shares of Rs 10 each			
Equity held: Nil (2014: 10.42%)	- note 20.1.2	-	500,000
		-	500,000
		2,522,403	2,227,802

20.1.1 Nishat Mills Limited, MCB Bank Limited and Nishat Hotels and Properties Limited are associated companies as per the Companies Ordinance, 1984, however, for the purpose of measurement, these have been classified as available for sale and measured at fair value as the Group does not have significant influence over these companies.

20.1.2 On November 26, 2014, the Parent company acquired approximately 44.68% further shareholding in Nishat Dairy (Private) Limited bringing the total shareholding to approximately 55.10%. Consequently, NDL has become a subsidiary company of the Parent company as referred to in note 46.

	2015	2014
	(Rupees in thousand)	

20.2 Others - available for sale

	2015	2014
First Capital Mutual Fund		
104,457 (2014: 104,457) certificates of Rs 10 each		
Equity held 0.35% (2014: 0.35%)		
Market value - Rs 1.250 million (2014: Rs 1.151 million)	890	890
Less: Cumulative impairment Loss	(678)	(678)
	212	212
Pakistan Petroleum Limited		
459,782 (2014: Nil) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2014: Nil)		
Market value - Rs 72.525 million (2014: Nil)	99,231	-
	99,231	-
United Bank Limited		
214,354 (2014: 189,354) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2014: 0.02%)		
Market value - Rs 36.637 million (2014: Rs 31.918 million)	33,646	29,920
	33,646	29,920
	133,089	30,132

20.3 Cumulative fair value gain

	2015	2014
As at July 01	8,796,807	6,419,052
Fair value (loss) / gain recognized in other comprehensive income	(1,087,890)	2,378,727
	7,708,917	8,797,779
Gain during the year transferred to profit and loss account on derecognition of investment in shares	-	(972)
As at June 30	7,708,917	8,796,807

20.4 Investments with a face value of Nil (2014: Rs 135 million) are pledged as security against bank facilities. 3,860,267 (2014: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

21. Long term loans, advances and deposits

		2015	2014
		(Rupees in thousand)	
Considered Good			
- Loans to related parties	- note 21.1	17,205	34,411
- Other loans and advances	- note 21.2	53,197	52,037
		70,402	86,448

21.1 Loans and advances to related parties

		2015	2014
Loan to related party	note 21.1.1	34,411	51,617
Less: receivable within one year		17,206	17,206
		17,205	34,411

21.1.1 This represents an unsecured loan of Rs 24.500 million and Rs 9.911 million (2014: Rs 36.750 million and Rs 14.867 million) given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of infrastructure for the supply of natural gas to the plants at D.G. Khan and Khairpur respectively. Mark up is charged at rates ranging from 1.5% to 2% per annum (2014: 1.5% to 2% per annum) respectively and is received annually. The principal amount is receivable in 4 equal annual instalments ending December, 2016 and March, 2017, respectively. The maximum aggregate amount outstanding during the year was Rs 34.411 million (2014: Rs 51.617 million).

		2015	2014
		(Rupees in thousand)	
21.2 Other loans and advances			
Loans to employees			
- Executives	- note 21.2.1	137	40
- Others		2,848	4,129
		2,985	4,169
Less: receivable within one year			
- Executives		32	33
- Others		875	1,115
		907	1,148
		2,078	3,021
Security deposits		51,119	49,016
		53,197	52,037

21.2.1 Executives

	2015	2014
Opening balance	40	94
Transfer from others to executives	145	-
Interest accrued	10	2
	195	96
Less: repayment during the year	58	56
	137	40

These represent secured loans given to executives and other employees for house building and purchase of motor vehicles and are recoverable in equal monthly instalments over a period of 24 to 96 months. The loans given to executives and other employees carry interest at the rate of 10% per annum (2014: 10% per annum) except for loans given to workers which are interest free.

The loans of Rs 2.985 million (2014: Rs 2.565 million) are secured against the employees' respective retirement benefits.

The maximum aggregate amount due from executives at any time during the year was Rs 0.185 million (2014: Rs 0.331 million).

22. Stores and spares

	2015	2014
	(Rupees in thousand)	
Stores [including in transit Rs 284.723 million (2014: Rs 169.236 million)]	1,213,055	1,249,980
Spare parts [including in transit Rs 12.262 million (2014: Rs 25.863 million)]	2,548,784	2,498,514
Loose tools	4,010	7,238
	3,765,849	3,755,732

22.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

		2015	2014
		(Rupees in thousand)	
23. Stock-in-trade			
Raw materials [including in transit Rs 78.09 million (2014: Rs 78.09 million)]		656,271	684,231
Packing material [including in transit Rs 8.795 million (2014: Rs 5.027 million)]		190,884	271,199
Animal Forage		179,039	-
Work-in-process		508,578	560,634
Finished goods		378,542	437,912
		1,913,314	1,953,976
24. Trade debts - considered good			
Secured		61,038	86,260
Unsecured			
- Related parties	- note 24.1	11,802	42,523
- Others		358,232	290,848
		431,072	419,631
24.1 Related parties - unsecured			
Nishat Hospitality (Private) Limited		537	598
Nishat Linen (Private) Limited		-	112
Nishat Hotels and Properties Limited		10,114	41,752
MCB Bank Limited		-	61
Nishat Spinning (Pvt) Ltd		711	-
Nishat Chunian Limited		440	-
		11,802	42,523

Ageing analysis of the amounts due from related parties is as follows:

	1 to 3 months	More than 3 months	As at June 30, 2015	As at June 30, 2014
	(Rupees in thousand)			
Nishat Hospitality (Private) Limited	-	537	537	598
Nishat Linen (Private) Limited	-	-	-	112
Nishat Hotels and Properties Limited	1,383	8,731	10,114	41,752
MCB Bank Limited	-	-	-	61
Nishat Spinning (Pvt) Ltd	711	-	711	-
Nishat Chunian Limited	-	440	440	-
	2,094	9,708	11,802	42,523

		2015	2014
		(Rupees in thousand)	

25. Investments

		2015	2014
Available for sale - quoted			
Related parties	- note 25.1	479,066	479,066
		479,066	479,066
Cumulative fair value gain	- note 25.2	19,696,355	23,926,087
		20,175,421	24,405,153
At fair value through profit or loss			
Others	- note 25.3	3,173,215	37
Related Parties	- note 25.4	1,507,206	-
		4,680,421	37
		24,855,842	24,405,190

25.1 Related Parties - quoted

	2015	2014
MCB Bank Limited - Associated company		
80,971,917 (2014: 80,971,917) fully paid ordinary shares of Rs 10 each		
Equity held: 7.27% (2014: 7.27%)		
Market value Rs 20,171.724 million (2014: Rs 24,400.887 million)	478,234	478,234
	478,234	478,234
Nishat Chunian Limited		
100,620 (2014: 100,620) fully paid ordinary shares of Rs 10 each		
Equity held: 0.05% (2014: 0.05%)		
Market value - Rs 3.696 million (2014: Rs 4.265 million)	832	832
	832	832
	479,066	479,066

MCB Bank Limited is an associated undertaking as per the Companies Ordinance, 1984, however, for the purpose of measurement, this has been classified as available for sale and measured at fair value as the Parent Company does not have significant influence over this company.

	2015	2014
	(Rupees in thousand)	

25.2 Cumulative fair value gain

	2015	2014
As at July 01	23,926,087	17,383,652
Fair value (loss) / gain recognized in other comprehensive income	(4,199,486)	6,542,435
	19,726,601	23,926,087
Gain during the year transferred to consolidated profit and loss account on derecognition of investment in shares	(30,246)	-
As at June 30	19,696,355	23,926,087

		2015	2014
		(Rupees in thousand)	

25.3 Others - At fair value through profit or loss

		2015	2014
Habib Bank Limited - Quoted			
210 (2014: 191) fully paid ordinary shares of Rs 10 each			
Equity held: 0.00% (2014: 0.00%)			
Cost - Rs 0.024 million (2014: 0.024 million)		45	37
		45	37
ABL Government Securities fund			
316,292,242 (2014: Nil) units			
Cost Rs 3,171.589 million (2014: Nil)		3,173,170	-
		3,173,170	-
		3,173,215	37

25.4 Related parties - At fair value through profit or loss

		2015	2014
MCB Pakistan Sovereign Fund (MCB-PSF)			
15,057,137 (2014: Nil) units			
Cost Rs 1,505.964 million (2014: Nil)		1,507,206	-
		1,507,206	-

26. Advances, deposits, prepayments and other receivables

		2015	2014
Current portion of loans to employees - considered good		907	1,148
Current portion of long term receivable from related party		17,206	17,206
Advances - considered good			
- To employees	- note 26.1	2,421	54,602
- To suppliers		260,621	79,668
		263,042	134,270
Due from related parties	- note 26.2	6,625	12,660
Prepayments		5,025	4,637
Mark-up receivable from related party	- note 26.3	280	419
Profit receivable on bank deposits		1,956	841
Advance against investment in shares	- note 26.4	30,311	100,000
Letters of credit - margins, deposits, opening charges, etc		9,537	-
Claims recoverable from government			
- Sales tax	- note 26.5	507,274	143,908
- Excise duty		17,825	17,243
- Export rebate		63,696	71,399
		588,795	232,550
Other receivables		56,340	3,244
		980,024	506,975

26.1 Included in advances to employees are amounts due from executives of Rs 1.411 million (2014: Rs 53.704 million).

	2015	2014
	(Rupees in thousand)	

26.2 Due from related parties - unsecured

	2015	2014
Nishat Mills Limited	6,672	11,927
Nishat Developers (Private) Limited	489	733
Nishat Farms Supplies (Private) Limited- Related party	128	-
	7,289	12,660

26.3 This represents mark-up receivable from Sui Northern Gas Pipelines Limited against the loan as referred to in note 21.1.

26.4 This represents advance for purchase of shares of Nishat Chunian Limited (2014: Pakistan Petroleum Limited).

26.5 Sales tax recoverable includes amounts which have been recovered by the sales tax department against miscellaneous demands raised by it. The Group has filed appeals against the demands at different forums as referred to in note 16.

27. Cash and bank balances

		2015	2014
		(Rupees in thousand)	
At banks:			
Saving accounts			
Local currency	- note 27.1 & 27.2	126,175	801,832
Foreign Currency: US$ 765,885 (2014: US$ 2,197,766)		77,737	216,590
Cash deposit receipts		-	135,960
Current accounts		60,499	157,527
		264,411	1,311,909
Cash in hand		1,566	315
		265,977	1,312,224

27.1 The balances in saving accounts bear mark-up which ranges from 4.5% to 8.25% per annum (2014: 7% to 10.31% per annum).

27.2 Included in balances at banks on saving accounts are Rs 14.48 million (2014: Rs 14.48 million) which are under lien to secure bank guarantees referred to in note 13.2.

28. Sales

		2015	2014
		(Rupees in thousand)	
Local sales		31,268,137	27,707,929
Export sales	- note 28.1	3,711,942	6,048,508
		34,980,079	33,756,437
Less:			
Sales tax		5,052,720	4,501,783
Excise duty and special excise duty		1,373,029	1,182,021
Commission to stockists and export agents		332,863	323,764
		6,758,612	6,007,568
		28,221,467	27,748,869

28.1 Export sales include rebate on exports amounting to Rs 20.527 million (2014: Rs 32.419 million).

29. Cost of sales

		2015	2014
		(Rupees in thousand)	
Raw and packing materials consumed		2,818,388	2,964,520
Forage		663,728	-
Medicines and related items		128,112	-
Salaries, wages and other benefits	- note 29.1	1,451,996	1,375,324
Electricity and gas		2,769,468	2,421,281
Furnace oil and coal		6,098,129	6,942,814
Stores and spares consumed		1,617,130	1,750,859
Repairs and maintenance		232,206	288,785
Insurance		127,167	70,569
Depreciation on property, plant and equipment	- note 17.1.2	1,982,504	1,722,486
Amortisation of intangible assets	- note 19.1.1	12,916	12,916
Royalty		274,437	278,999
Excise duty		26,248	27,183
Vehicle running		31,825	38,206
Postage, telephone and telegram		5,709	4,416
Printing and stationery		5,213	3,646
Legal and professional charges		2,226	2,297
Travelling and conveyance		18,093	21,581
Estate development		23,672	19,065
Rent, rates and taxes		52,543	34,416
Technical consultancy charges		5,472	-
Freight charges		55,242	11,476
Other expenses		56,541	27,759
		18,458,965	18,018,598
Opening work-in-process	- note 23	560,634	856,587
Closing work-in-process	- note 23	(508,578)	(560,634)
		52,056	295,953
Cost of goods manufactured		18,511,021	18,314,551
Opening stock of finished goods	- note 23	437,912	368,948
Closing stock of finished goods	- note 23	(378,542)	(437,912)
		59,370	(68,964)
Less: Own consumption		24,550	49,524
		18,545,841	18,196,063

29.1 Salaries, wages and other benefits include Rs 37.566 million (2014: Rs 32.624 million), Rs 32.539 million (2014: Rs 28.734 million) and Rs 24.726 million (2014: Rs 24.570 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences.

29.1.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

	2015	2014
	(Rupees in thousand)	
Gratuity		
Current service cost	27,267	23,824
Interest cost for the year	24,851	16,066
Interest income on plan assets	(19,579)	(11,156)
	32,539	28,734
Accumulating compensated absences		
Current service cost	16,151	13,995
Interest cost for the year	8,366	5,786
Remeasurements	209	4,789
	24,726	24,570

30. Administrative expenses

		2015	2014
Salaries, wages and other benefits	- note 30.1	239,733	220,893
Electricity, gas and water		9,876	11,770
Repairs and maintenance		11,370	9,521
Insurance		2,667	2,446
Depreciation on property, plant and equipment	- note 17.1.2	88,807	106,824
Amortisation of intangible assets	- note 19.1.1	2,768	2,768
Vehicle running		10,267	14,042
Postage, telephone and telegram		9,283	9,025
Printing and stationery		11,599	12,053
Legal and professional services	- note 30.2	42,072	20,512
Travelling and conveyance		28,431	22,338
Rent, rates and taxes		743	452
Entertainment		2,911	3,101
School expenses		23,576	21,103
Fee and subscription		16,968	13,925
Advances / debts written off		898	434
Other expenses		14,811	16,800
		516,780	488,007

30.1 Salaries, wages and other benefits include Rs 8.660 million (2014: Rs 7.138 million), Rs 8.526 million (2014: Rs 7.555 million) and Rs 6.482 million (2014: Rs 6.459 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences.

	2015	2014
	(Rupees in thousand)	
30.1.1 Salaries, wages and other benefits		
Salaries, wages and other benefits include the following in respect of retirement benefits:		
Gratuity		
Current service cost	7,144	6,264
Interest cost for the year	6,511	4,224
Interest income on plan assets	(5,129)	(2,933)
	8,526	7,555
Accumulating compensated absences		
Current service cost	4,234	3,679
Interest cost for the year	2,193	1,521
Remeasurements	55	1,259
	6,482	6,459
30.2 Legal and professional charges		
Legal and professional charges include the following in respect of auditors' services for:		
A. F. Ferguson & Co.		
Statutory audit:		
- Parent Company	2,000	1,815
- NDL	600	-
	2,600	1,815
Half-yearly review - Parent Company	605	550
Tax services:		
- Parent Company	4,375	5,609
- NDL	3,546	-
	7,921	5,609
Other certification charges - Parent Company	100	100
Out of pocket expenses	117	75
KPMG Taseer Hadi & Co.		
Statutory audit - NPPCL	534	485
Out of pocket expenses - NPPCL	28	25
	11,905	8,659

		2015	2014
		(Rupees in thousand)	

31. Selling and distribution expenses

Salaries, wages and other benefits	- note 31.1	111,835	107,165
Electricity, gas and water		1,956	1,593
Repairs and maintenance		1,405	1,392
Insurance		1,774	1,486
Depreciation on property, plant and equipment	- note 17.1.2	4,328	3,847
Amortisation of intangible assets	- note 19.1.1	2,768	2,768
Vehicle running		4,239	4,687
Postage, telephone and telegram		1,041	2,182
Printing and stationery		3,873	2,128
Rent, rates and taxes		1,971	2,362
Legal and professional charges		3,999	-
Travelling and conveyance		4,337	3,132
Entertainment		886	933
Advertisement and sales promotion		10,348	7,103
Freight and handling charges		607,218	1,311,442
Debtors written off		-	8,115
Other expenses		2,854	2,594
		764,832	1,462,929

31.1 Salaries, wages and other benefits include Rs 4.828 million (2014: Rs 4.053 million), Rs 4.085 million (2014: Rs 3.408 million) and Rs 3.149 million (2014: Rs 2.953 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

	2015	2014
	(Rupees in thousand)	

31.1.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

Gratuity		
Current service cost	3,423	2,826
Interest cost for the year	3,120	1,906
Interest income on plan assets	(2,458)	(1,324)
	4,085	3,408
Accumulating compensated absences		
Current service cost	2,057	1,682
Interest cost for the year	1,066	695
Remeasurements	26	576
	3,149	2,953

		2015	2014
		(Rupees in thousand)	

32. Other operating expenses

Workers' profit participation fund	- note 11.2	524,619	419,449
Workers' welfare fund	- note 11.3	91,596	-
Donations	- note 32.1	4,245	3,953
Realized loss on derivative financial instrument		46,642	58,666
Un-realized loss on derivative financial instrument		-	16,740
Exchange loss		87,673	29,569
Loss on disposal of property, plant and equipment	- note 17.1.3	3,646	-
Loss on disposal of biological assets		25,263	-
Loss on sale of store items		1,528	-
Contractual penalties		3,709	-
		788,921	528,377

32.1 None of the directors and their spouses had any interest in any of the donees.

		2015	2014
		(Rupees in thousand)	

33. Other income

Income from financial assets

Income on bank deposits		8,404	5,433
Gain on investments at fair value through profit or loss		387,766	14
Interest on loans to employees		-	72
Mark-up on loan / advances to related parties		818	1,138
Unrealized gain on derivative financial instruments		24,775	-
Gain on disposal of available for sale investments		30,246	1,040
Dividend income from:			
- Related parties	- note 33.1	1,695,827	1,434,168
- Others		7,642	12
		1,703,469	1,434,180
		2,155,478	1,441,877

Income from non-financial assets

Gain on disposal of property, plant and equipment	- note 17.1.3	-	39,345
Scrap sales		144,458	127,960
Sale of bull calves		3,669	-
Provisions and unclaimed balances written back		8,605	-
Gain on bargain purchase arising on acquisition of control of subsidiary (NDL)	- note 46.1.2	52,697	-
Others		414	9,829
		209,843	177,134
		2,365,321	1,619,011

		2015	2014
		(Rupees in thousand)	

33.1 Dividend income from related parties

	2015	2014
Nishat Mills Limited	121,158	121,158
MCB Bank Limited	1,534,159	1,283,115
Adamjee Insurance Company Limited	34,448	18,873
Nishat Chunian Limited	6,062	11,022
	1,695,827	1,434,168

34. Finance costs

		2015	2014
Interest and mark-up on:			
- Long term loans - secured		126,730	215,019
- Short term borrowings - secured		200,284	493,544
- Workers' profit participation fund	- note 11.2	2,380	2,665
Guarantee commission		2,670	3,788
Bank charges		24,794	30,927
		356,858	745,943

35. Taxation

	2015	2014
Current		
- For the year	1,006,927	831,767
- Prior	37,608	(19,401)
	1,044,535	812,366
Deferred		
- For the year	647,637	1,110,675
	1,692,172	1,923,041

35.1 Taxation - Parent company

The provision for current taxation represents tax under normal tax regime of the Income Tax Ordinance ('Ordinance'), 2001 at the rate of 33% and super tax at the rate of 3% under section 4B of the Ordinance as reduced by tax credit under section 65B. In addition to this, it includes tax on exports and dividend income which is full and final discharge of Parent Company's tax liability in respect of income arising from such source.

For purposes of current taxation, the tax losses available for carry forward as at June 30, 2015 are estimated approximately at Nil (2014: Rs 625.336 million).

In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 ('the Ordinance'), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Parent Company has adjusted its tax liability for the tax year 2015 by acquiring the losses of its subsidiary companies and consequently an aggregate sum of Rs 589 million equivalent to the tax value of the losses acquired has been paid to the subsidiary companies.

35.2 Taxation - NPPCL

In view of available losses, the provision for current taxation of NPPCL represents Alternate Corporate Tax (ACT) under section 113C of the Income Tax Ordinance, 2001 at the rate of 17% of accounting income (2014:

Minimum tax at 1% of turnover).

For the purposes of current taxation, the tax losses available for carry forward as at year end are Nil (2014: Rs 558.639 million). During the year, NPPCL has surrendered its available tax losses amounting to Rs 209.091 million with a tax benefit of Rs 69 million in favour of the Parent company through Group Relief under section 59B of the Income Tax Ordiannce, 2001

35.3 Taxation - NDL

For the purposes of current taxation , the tax losses available for carry forward as at June 30, 2015 are estimated approximately at Rs 641.423 million (2014: Rs 1,608.67 million). During the year, NDL has surrendered its available tax losses amounting to Rs 1,575.76 million with a tax benefit of Rs 520 million in favour of the Parent company through Group Relief under section 59B of the Income Tax Ordinance, 2001.

35.4 Tax charge reconciliation

	2015 %	2014 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	33.00	34.00
Tax effect of amounts that are:		
- Not deductible for tax purposes	0.05	0.24
Effect of change in prior years' tax	(1.69)	(0.28)
Effect of change in tax rate	(8.04)	0.70
Effect of tax credits	(0.43)	(2.88)
Effect of apportionment of expenses	3.06	0.42
has been recognised	-	-
Effect of presumptive tax regime	(5.79)	(8.18)
Rounding and others	(2.44)	-
	(15.28)	(9.98)
Average effective tax rate charged to consolidated profit and loss account	17.72	24.02

36. Earnings per share

36.1 Earnings per share - Basic

		2015	2014
Profit for the year - attributable to equity holders of the Parent Company	Rupees	7,765,530,000	5,994,509,000
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	17.72	13.68

36.2 Earnings per share - Diluted

There is no dilution effect on the basic earnings per share as the Group has no such commitments.

		2015	2014
		(Rupees in thousand)	

37. Cash generated from operations

		2015	2014
Profit before tax		9,547,329	7,946,561
Adjustments for:			
- Gain on bargain purchase arising on acquisition of control of subsidiary (NDL)		(52,697)	-
- Depreciation on property, plant and equipment		2,075,639	1,833,157
- Amortisation on intangible assets		18,452	18,452
- Gain on disposal of investments		(30,246)	(1,040)
- Gain on investments at fair value through profit or loss		(387,766)	(14)
- Loss / (gain) on disposal of property, plant and equipment		3,646	(39,345)
- Loss on disposal of biological assets		25,263	-
- Changes in fair value of biological assets		66,227	-
- Realized loss on derivative financial instruments		46,642	58,666
- Unrealized (gain) / loss on derivative financial instruments		(24,775)	16,740
- Dividend income		(1,703,469)	(1,434,180)
- Mark-up income		(818)	(1,138)
- Provision for retirement benefits		79,507	73,679
- Exchange loss		87,673	29,569
- Finance costs		356,858	745,943
Profit before working capital changes		560,136	1,300,489
Effect on cash flow due to working capital changes			
- Decrease in stores, spares and loose tools		36,906	237,804
- Decrease in stock-in-trade		227,637	265,688
- Decrease in trade debts		30,458	88,211
- Increase in advances, deposits, prepayments and other receivables		(118,555)	(88,778)
- Increase in trade and other payables		1,542,042	164,281
		1,718,488	667,206
		11,825,953	9,914,256

38. Cash and cash equivalents

		2015	2014
Cash and bank balances	- note 27	265,977	1,312,224
Short term borrowings - secured	- note 13	(2,348,534)	(3,118,137)
		(2,082,557)	(1,805,913)

39. Remuneration of Chief Executive, Directors and Executives

39.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working Directors and Executives of the Group are as follows:

	(Rupees in thousand)					
	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
Managerial remuneration	15,760	14,198	12,403	20,729	381,869	284,654
Contributions to Provident and Gratuity Fund	-	-	2,122	3,628	37,104	43,236
Housing	270	270	708	1,131	136,238	101,286
Utilities	-	-	-	-	29,144	21,340
Bonus	1,183	1,020	869	1,422	86,243	63,674
Leave passage	-	-	1,157	1,076	10,852	7,624
Medical expenses	389	305	268	413	17,469	18,966
Others	10,237	9,196	728	1,981	63,464	36,657
	27,839	24,989	18,255	30,380	762,383	577,437
Number of persons	**2**	**1**	**5**	**3**	**350**	**259**

The Group also provides the chief executive and some of the directors and executives with Group maintained cars, travelling and utilities.

39.2 During the year the Group paid meeting fee amounting to Rs 220 thousand (2014: Rs 80 thousand) to its non-executive directors.

39.3 Remuneration to other directors

Aggregate amount charged in the consolidated financial statements for the year for remuneration to directors is Rs 1.600 million (2014: Rs 1.649 million).

40. Transactions with related parties

The related parties comprise associated companies, other related companies, directors, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, dividend income is disclosed in note 33.1, expense charged in respect of staff retirement benefit plans is disclosed in note 9, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 39. Other significant transactions with related parties are as follows:

Relationship with the group	Nature of transactions	2015 (Rupees in thousand)	2014 (Rupees in thousand)
i. Relaated Parties	Sale of goods and services	322,575	689,292
	Sale of equipment	-	23,187
	Purchase of asset	-	-
	Insurance premium	169,973	101,076
	Purchase of goods and services	1,272,819	1,273,125
	Insurance claims received	6,284	41,295
	Mark-up income on balances with related parties	4,625	3,780
	Dividend income	1,695,827	1,434,168
	Dividend paid	499,582	420,846
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	82,038	74,519
	Expense charged in respect of contributory provided fund	49,123	43,816
	Funds paid to contributory provident fund	159,639	138,492

41. Plant capacity and actual production

		Capacity		Actual production	
		2015	2014	2015	2014
Clinker (Metric Tonnes)					
Unit I	-note 41.1	810,000	810,000	463,886	695,888
Unit II	-note 41.1	1,200,000	1,200,000	1,243,109	1,186,886
Unit III	-note 41.1	2,010,000	2,010,000	1,800,235	1,702,329
Cement bags (number of bags in thousand)		120,000	120,000	100,908	105,477

Actual cement bags produced by NPPCL's plant is dependent on the quantity demanded by the customers.

41.1 Normal capacity is based on 300 working days, this can be exceeded if the plant is operational for more than 300 days during the year

	2015	2014
42. Number of employees		
Parent Company		
Total number of employees as at June 30	1,132	1115
Average number of employees during the year	1,123	1113
Subsidiary company - NPPCL		
Total number of employees as at June 30	56	49
Average number of employees during the year	52	53
Subsidiary company - NDL		
Total number of employees as at June 30	145	NA
Average number of employees during the year	131	NA

43. Provident Fund Related Disclosures

43.1 Parent Company

The Parent Company operates a provident fund for its employees.

			2015	2014
			(Rupees in thousand)	
(i)	Size of the fund - total assets		1,396,755	1,120,364
(ii)	Cost of investments made		834,587	721,184
(iii)	Fair value of investments	- note 43.1.1	1,247,794	1,013,439
(iv)	Percentage of investments made		89.34%	90.46%

43.1.1 The breakup of fair value of investments is :

	2015		2014	
	Fair value of investment	Percentage of size of fund	Fair value of investment	Percentage of size of fund
	(Rs in '000')	--%--	(Rs in '000')	--%--
Category wise break-up of investments				
Special accounts in a scheduled bank	88,476	6.33%	187,212	16.71%
Government securities	423,458	30.32%	198,347	17.70%
Listed securities				
- Mutual funds	116,093	8.31%	93,862	8.38%
- Other listed securities	545,340	39.04%	466,384	41.63%
Un-listed securities	74,427	5.33%	67,634	6.04%
	1,247,794	89.34%	1,013,439	90.46%

The figures for 2015 are based on un-audited financial statements of the Provident Fund. The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies

Ordinance, 1984 and the rules formulated for this purpose except for:
- investments in unlisted securities (NIT units, un-listed preference shares and un-listed term finance certificates)
The management is taking steps to dispose off such investments

43.2 Subsidiary company - NPPCL

The Subsidiary Company, NPPCL operates a provident fund for its employees.

			2015	2014
			(Rupees in thousand)	
(i)	Size of the fund - total assets		8,582	6,009
(ii)	Cost of investments made		7,620	5,568
(iii)	Fair value of investments	- note 43.2.1	7,742	5,628
(iv)	Percentage of investments made		90.21%	93.66%

43.2.1 The breakup of fair value of investments is:

	2015		2014	
	(Rs in '000')	--%--	(Rs in '000')	--%--
Break up of investments - at fair value				
Special accounts in a scheduled bank	7,742	90.21%	5,628	93.66%

The figures are based on audited financial statements of the fund. Investments out of the Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.

43.3 Subsidiary Company - NDL

The Subsidiary Company, NDL operates a provident fund for its employees.

			2015	2014
			(Rupees in thousand)	
(i)	Size of the fund - total assets		5,367	-
(ii)	Cost of investments made		4,845	-
(iii)	Fair value of investments	- note 43.3.1	4,845	-
(iv)	Percentage of investments made		90.27%	-

43.3.1 The breakup of fair value of investments is:

	2015		2014	
	Fair value of investment	Percentage of size of fund	Fair value of investment	Percentage of size of fund
	(Rs in '000')	--%--	(Rs in '000')	--%--
Category wise break-up of investments				
Special accounts in a scheduled bank	4,845	90.27%	-	-

The figures for 2015 are based on the un-audited financial statements of the Provident fund. For 2015, investments out of the Provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

44. Financial risk management

44.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's Board of Directors (the Board). The Group's finance department evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's overall risk management procedures to minimise the potential adverse effects of financial market on the Group's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Group's foreign exchange risk exposure is restricted to bank balances and amounts receivable from / payable to the foreign entities.

	2015	2014
	(In thousand)	
Cash and bank balances - USD	766	2,198
Receivable against sales to foreign parties - USD	601	875
Long term loan - USD	(9,327)	(13,990)
Advance received against sale - USD	-	-
Finances under mark-up arrangements - USD	3,590	(1,681)
Mark-up payable - USD	26	(9)
Trade and other payables - USD	501	(765)
Net exposure - USD	(3,843)	(13,372)
Finances under mark-up arrangements - Euro	1,275	(362)
Mark-up payable - Euro	12	(1)
Trade and other payables - Euro	426	-
Net exposure - Euro	1,713	(363)

At June 30, 2015, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 39.076 million (2014: Rs 132.049 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

At June 30, 2015, if the Rupee had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs 19.458 million (2014: Rs 4.89 million) lower /

higher, mainly as a result of foreign exchange losses / gains on translation of Euro-denominated financial assets and liabilities.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified as available for sale and fair value through profit or loss. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments in equity of other entities that are publicly traded are included in all of the following three stock exchanges; Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE had increased / decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	Impact on post-tax profit		Impact on other components of equity	
	2015	2014	2015	2014
	(Rupees in thousand)		(Rupees in thousand)	
Karachi Stock Exchange	468,029	-	3,003,983	349,599

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss, this impact is considered to be immaterial. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available for sale.

(iii) Interest rate risk

As the Group has no significant floating interest rate assets, the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on consolidated profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At June 30, 2015, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 33.773 million (2014: Rs 74.471 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2015	2014
	(Rupees in thousand)	
Long term loans, advances and deposits	70,402	86,448
Trade debts - unsecured	370,034	333,371
Advances, deposits, prepayments	83,314	35,518
Balances with banks	264,411	1,311,909
	788,161	1,767,246

The ageing analysis of trade receivables - unsecured is as follows:

	2015	2014
Up to 90 days	328,008	179,110
90 to 180 days	32,926	120,508
181 to 365 days	5,538	29,231
Above 365 days	3,562	4,522
	370,034	333,371

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Group when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited directly to consolidated profit and loss account.

(ii) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2015	2014
				(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	-	701,013
Askari Bank Limited	A-1+	AA	JCR-VIS	477	81
Bank Alfalah Limited	A1+	AA	PACRA	77,829	225,728
Bank Islami Pakistan Limited	A1	A+	PACRA	14	313
Bank of Punjab	A1+	AA-	PACRA	587	134
Barclay's Bank PLC Pakistan	A-1	A	S&P	-	4,564
Citibank N.A.	P-1	A2	Moody's	74	76
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	872	452
Faysal Bank Limited	A1+	AA	PACRA	115	223
Habib Bank Limited	A-1+	AAA	JCR-VIS	6,943	63,392
HSBC Bank Middle East Limited	P-1	A2	Moody's	-	16
MCB Bank Limited	A1+	AAA	PACRA	139,418	168,672
Meezan Bank Limited	A-1+	AA	JCR-VIS	37	302
National Bank of Pakistan	A1+	AAA	JCR-VIS	5,010	2,932
NIB Bank Limited	A1+	AA-	PACRA	15,933	14,537
Silk Bank Limited	A-2	A-	JCR-VIS	5	155
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,367	4,080
United Bank Limited	A-1+	AA+	JCR-VIS	13,955	5,450
Soneri Bank Limited	A1+	AA-	PACRA	769	-
Deutsche Bank AG	A-1	A	S&P	-	16,670
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1	102,261
Samba Bank Limited	A-1	AA	JCR-VIS	5	858
				264,411	1,311,909

(c) Liquidity risk

Liquidity risk represents the risk that the Group shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's businesses, the Group's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Group’s cash and cash equivalents (note 38) on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

At June 30, 2015	Carrying value	Less than 1 years	Between 1 and 2 years	3 to 5 years
				(Rupees in thousand)
Long term finances	1,712,897	767,386	751,761	193,750
Trade and other payables	3,966,231	3,966,231	-	-
Accrued finance cost	41,130	41,130	-	-
Derivative financial instrtument	-	-	-	-
Short term borrowings - secured	2,348,534	2,348,534	-	-
	8,068,792	7,123,281	751,761	193,750

At June 30, 2014	Carrying value	Less than 1 years	Between 1 and 2 years	3 to 5 years
				(Rupees in thousand)
Long term finances	2,550,263	892,379	738,004	919,880
Trade and other payables	2,263,774	2,263,774	-	-
Accrued finance cost	72,753	72,753	-	-
Derivative financial instrtument	14,902	14,902	-	-
Short term borrowings - secured	3,118,137	3,118,137	-	-
	8,019,829	6,361,945	738,004	919,880

44.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as total debt divided by total capital employed. Total debt represent long term and short-term finances obtained by the Group. Total capital employed includes equity as shown in the consolidated balance sheet plus total debt. The Group's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at June 30, 2015 and June 30, 2014 is as follows:

	2015	2014
	(Rupees in thousand)	
Total debt	4,061,431	5,668,400
Total equity - attributable to shareholders of the Parent Company	62,442,359	61,580,317
Total capital employed	66,503,790	67,248,717
Gearing ratio	6%	8%

44.3 Fair value estimation

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value:

As at June 30, 2015	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investment - At fair value through profit or loss	4,680,421	-	-	4,680,421
Investments - Available for sale	30,039,830	500,000	-	30,539,830
Derivative financial instruments	-	9,873	-	9,873
Total assets	34,720,251	500,000	-	35,220,251
Liabilities				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

As at June 30, 2014	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investment - At fair value through profit or loss	37	-	-	37
Investments - Available for sale	35,459,894	-	-	35,459,894
Derivative financial instruments	-	-	-	-
	35,459,931	-	-	35,459,931
Liabilities	-	14,902	-	14,902
Total liabilities	-	14,902	-	14,902

44.4 Financial instruments by categories

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2015				
Assets as per balance sheet				
Derivative financial instrument	9,873	-	-	9,873
Long term loans and advances	-	-	70,402	70,402
Trade debts			431,072	431,072
Advances, deposits, prepayments and other receivables	-	-	83,314	83,314
Investments	4,680,421	30,539,830	-	35,220,251
Cash and bank balances	-	-	265,977	265,977
	4,690,294	30,539,830	850,765	36,080,889

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
	(Rupees in thousand)			
As at June 30, 2014				
Assets as per balance sheet				
Long term loans and advances	-	-	86,448	86,448
Trade debts	-	-	419,631	419,631
Loans, advances and other receivables	-	-	35,518	35,518
Investments	37	35,459,894	-	35,459,931
Cash and bank balances	-	-	1,312,224	1,312,224
	37	35,459,894	1,853,821	37,313,752

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	2015	2014	2015	2014
	(Rupees in thousand)		(Rupees in thousand)	
Liabilities as per balance sheet				
Long term finance - secured	-	-	1,712,897	2,550,263
Accrued mark up	-	-	41,130	72,753
Trade and other payables	-	-	3,966,231	2,263,774
Short term borrowings - secured	-	-	2,348,534	3,118,137
Derivative financial instruments	-	14,902	-	-
	-	14,902	8,068,792	8,004,927

44.5 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforcable master netting arrangements and similar agreements.

45. Operating Segments

Segment information is presented in respect of the Group's business. The primary format, business segment, is based on the Group's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Group's operations comprise of the following main business segment types:

Type of segments	Nature of business
Cement	Production and sale of clinker, ordinary portland and sulphate resistant cements
Paper	Manufacture and supply of paper products and packing material
Dairy	Production and sale of raw milk

The identification of operating segments was based on the internal organisational and reporting structure, built on the different products and services within the Group. Allocation of the individual organisational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under Companies Ordinance, 1984.

45.1 Segment analysis and reconciliation

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments.

(Rupees in thousand)

	Cement		Paper		Dairy		Elimination - net		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from										
- External customers	26,104,611	26,542,509	1,196,487	1,206,360	920,369	-	-	-	28,221,467	27,748,869
- Inter group	-	-	1,124,700	1,070,051	-	-	(1,124,700)	(1,070,051)	-	-
	26,104,611	26,542,509	2,321,187	2,276,411	920,369	-	(1,124,700)	(1,070,051)	28,221,467	27,748,869
Segment gross profit	9,455,201	9,257,568	462,572	317,772	(222,634)	-	(19,513)	(22,534)	9,675,626	9,552,806
Segment expenses	(1,946,855)	(2,444,438)	(43,749)	(31,461)	(64,243)	-	(15,686)	(3,414)	(2,070,533)	(2,479,313)
Other income	2,320,334	1,647,126	4,162	2,599	4,739	-	36,086	(30,714)	2,365,321	1,619,011
Changes in fair value of biological assets	-	-	-	-	(66,227)	-	-	-	(66,227)	-
Financial charges	(281,503)	(608,859)	(93,995)	(170,399)	(344)	-	18,984	33,315	(356,858)	(745,943)
Taxation	(1,922,497)	(1,885,899)	(64,055)	(37,142)	294,380	-	-	-	(1,692,172)	(1,923,041)
Profit after taxation	7,624,680	5,965,498	264,935	81,369	(54,329)	-	19,871	(23,347)	7,855,157	6,023,520
Segment assets	74,391,442	73,282,069	1,794,915	1,828,487	4,188,640	-	(2,120,308)	(284,438)	78,254,689	74,826,118
Segment liabilities	12,095,374	11,765,534	1,167,507	1,466,016	428,750	-	(111,561)	(290,709)	13,580,070	12,940,841
Depreciation and amortisation	1,899,055	1,808,454	32,711	33,080	135,648	-	26,677	10,075	2,094,091	1,851,609
Net cash generated from / (used in) operating activities	9,954,056	8,724,257	125,173	188,724	464,743	-	(563,099)	37,249	9,980,873	8,950,230
Capital expenditure	(2,017,180)	(2,735,037)	(7,676)	4,151	(227,817)	-	-	(8,302)	(2,252,673)	(2,739,188)
Net cash used in investing activities	(7,837,863)	(1,394,694)	(6,537)	(2,934)	(501,509)	-	622,903	(37,249)	(7,723,006)	(1,434,877)

45.2 Geographical segments

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

46. Business Combination

46.1 Summary of acquisition

Prior to November 26, 2014, the Parent Company held 10.42% of the share capital of Nishat Dairy (Private) Limited ('NDL'). On November 26, 2014 the Parent Company acquired a further 44.68% (approximate) shareholding and obtained control of NDL, a company principally engaged in the production and sale of raw milk.

Details of the purchase consideration, the net assets aquired and goodwill are as follows:

46.1.1 Purchase consideration:

		Rupees in thousands
Cash	-note 46.2	1,819,400
Fair value of equity interest held in Nishat Dairy (Private) Limited held before the business combination		425,476
Total purchase consideration		2,244,876

Acquisition-related costs of Rs 12.5 million have been charged to administrative expenses in the consolidated profit or loss account for the year ended June 30, 2015.

The group recognised a loss of Rs 74.524 million as a result of measuring at fair value its 10.42% equity interest in NDL held before the business combination. The loss has been recognised in other comprehensive income in the consolidated statement of comprehensive income.

46.1.2 The assets and liabilities recognised as a result of the acquisition are as follows:

		Fair value (Rupees in thousand)
Property, Plant and Equipment:		
- Land and buildings	- note 17.1	1,821,061
- Plant and equipment	- note 17.1	804,327
- Capital work in progress	- note 17.1	102,549
Biological assets	- note 18.1	960,457
Stores, spares and loose tools		47,023
Stock-in-trade		186,975
Trade debts		29,013
Advances, deposits, prepayments and other receivables		354,633
Cash and bank balances	- note 46.2	41,560
Long term deposits		(20,500)
Trade and other payables		(157,428)
Net identifiable assets aquired		4,169,670
Less: Non-controlling interest		(1,872,097)
Less: Gain on gargain purchase		(52,697)
Net assets aquired		2,244,876

Gain on bargain purchase has been recognised in other income in the consolidated profit or loss account for the year ended June 30, 2015.

The carrying value of assets and liabilities aquired, except freehold land and buildings included in property, plant and equipment, approximate their fair values. Fair value of freehold land and buildings is based on the market value of such land at the aquisition date which has been determined by an independent valuer.

The revenue included in the consolidated profit and loss account since November 26, 2014 contributed by NDL was Rs 920.369 million, NDL also contributed loss after tax of Rs 70.930 million over the same period. Had NDL been consolidated from July 1, 2014, the consolidated statement of income would show pro-forma revenue of Rs 1,496.624 million and loss after tax of Rs 337.324 million.

46.2 Purchase consideration - cash outflow

		2015	2014
		(Rupees in thousand)	
Outflow of cash to aquire subsidiary, net of cash aquired:			
Cash consideration	-note 46.1	1,819,400	-
Less: Cash and cash equivalents aquired			
- Cash and balances	-note 46.1.2	(41,560)	-
Net outflow of cash - investing activities		1,777,840	-

46.3 Accounting policy choice for non-controlling interest

The group recognises any non-controlling interest in an acquired entity either at fair value or at the non-controlling interest’s proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition by acquisition basis (note 4.1). For the non-controlling interest in NDL, the group has elected to recognise the non-controlling interest at its proportionate share of the aquired net identifiable assets.

47. Transactions with non-controlling interests - acquisition of further interest in subsidiary -NPPCL

On December 8, 2014, the parent company acquired a further 5% of the issued share capital of NPPCL for a consideration of Rs 18.244 million. The Group now holds 55% of the issued share capital of NPPCL. The carrying amount of the 50% non-controlling interest in NPPCL immediately prior to the further acquisition was Rs 344.236 million. The Group derecognised non-controlling interest of Rs 34.424 million and recorded an increase in equity attributable to shareholders of the Parent Company of Rs 16.180 million.

The effect of changes in ownership interest of the Group on the equity attributable to owners of the Parent Company is summarised as follows:

	2015	2014
	(Rupees in thousand)	
Carrying amount of non-controlling interest acquired	34,424	-
Consideration paid to non-controlling interest	(18,244)	-
Excess of the carrying amount of non-controlling interest aquired over consideration paid recognised in equity attribtable to owners of the Parent Company	16,180	-

There were no transactions with non-controlling interest during the year ended June 30, 2014.

48. Date of authorisation for issue

These consolidated financial statements were authorised for issue on September 21, 2015 by the Board of Directors of the Parent Company.

49. Events after the balance sheet date

49.1 The Board of Directors of the Parent Company have proposed a final dividend for the year ended June 30, 2015 of Rs 5 per share (2014: Rs 3.5 per share), amounting to Rs 2,190.596 million (2014: Rs 1,533.417 million) at their meeting held on September 21, 2015 for approval of the members at the Annual General Meeting to be held on October 29, 2015. These financial statements do not reflect this appropriation.

49.2 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised in the financial statements of the respective taxable entity when the prescribed time period for distribution of dividend expires.

Chief Executive

Director

Glossary

Term	Meaning
BAC	Board Audit Committee
Breakup Value	Shareholders' Equity/Number of Shares
Current Ratio	Current Assets divided by Current Liabilities
Debt to Equity	Total Debt/Equity
DGK	Dera Ghazi Khan
DGKC	D.G. Khan Cement Company Limited
Dividend Yield	Dividend Per Share/Stock Price
Divident Payout	Dividend per Share/ EPS
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortisation
EPS	Earnings Per Share
FATA	Federally Administered Tribal Areas
FX	Foreign Exchange (Currency)
FY	Financial Year
GDP	Gross Domestic Product
GP	Gross Profit
HR & R	Human Resource & Remuneration Committee
Interest Coverage	EBITDA/Interest
IT	Information Technology
KHP	Khairpur
KIBOR	Karachi Interbank Offer Rate
LIBOR	London Interbank Offer Rate
MIS	Management Information System
MT	Metric Ton
MW	Mega Watt
OPC	Ordinary Portand Cement
PAT	Profit After Tax
PATA	Provincially Administered Tribal Areas
PE	Price Earning Ratio= Stock Price/EPS
PKR	Pakistani Rupee
ROA	Return Assets
ROE	Return on Equity
SRC	Sulphate Resistant Cement
TPD	Tons Per Day
USD	United States Dollar
Working Capital	Current Assets less Current Liabilities
WPPF	Workers Profit Participation Fund
WWF	Workers Welfare Fund

D.G. KHAN CEMENT COMPANY LIMITED

FORM OF PROXY

IMPORTANT

Proxies, in order to be effective, must be received at the Company's registered Office not less than forty eight hours before the time for holding the meeting and must be stamped, signed and witnessed. Proxies of the members through CDC shall be accompanied with attested copies of thier CNIC. The shareholders through CDC are requested to bring their original CNIC, Sub Account Number and Participant I.D. Number. to produce at the time of attending the meeting.

Please quote Registered Folio Number/CDC Account Number

Folio No. ____________________ CDC Participant I.D. No. ____________________

CDC Participant's Name ____________________ A/C, Sub A/C No. ____________________

Shares Held ____________________

I/We ____

of ____

being a member of D.G. KHAN CEMENT COMPANY LIMITED hereby appoint ____________________

or failing him/her ____

of ____

who is also a member of the Company, vide Registered Folio No./CDC A/C Sub A/C No.__________________as my/our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 29th October 2015 at 11:00 a.m. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore and at any adjournment thereof.

As witness my/our hand this ____________________ day of ____________________ 2015

Signed by the said ____ in the presence

of ____________________

____
(Member's Signature)

____
Member's CNIC No.

____
(Witness's Signature)

____
Witness's CNIC No.

Place ____________________

Date ____________________

Affix Rs. 5/-

Revenue Stamp which must be cancelled either by signature over it or by some other means

D.G. KHAN CEMENT
COMPANY LIMITED

AFFIX
CORRECT
POSTAGE

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Lahore-Pakistan.
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