



**D.G. KHAN CEMENT
COMPANY LIMITED**

A Fresh Perspective

ANNUAL REPORT
2025



ABOUT DGKC REPORT, SCOPE AND ITS BOUNDARIES

INTEGRATED THINKING AND DELIVERY ON OUR PURPOSE

ORGANIZATIONAL OVERVIEW & EXTERNAL ENVIRONMENT

What does the organization do and what are the circumstances under which it operates?

STRATEGY AND RESOURCE ALLOCATION

Where does the organization want to go and how does it intend to get there?

BUSINESS MODEL

What is the organization's business model?

RISKS AND OPPORTUNITIES

What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?

* Financial capital

Driving value creation through integrated thinking

Our commitment to our purpose is fundamental to how we manage our business, develop and deliver on our strategy and create sustainable value for our stakeholders. With this in mind, and by embracing integrated thinking as a central tenet of our strategy and purpose-led business model, we can manage the effects of our business activities on the six capitals, as referred to in the Integrated Reporting Framework.

As we connect for a better future our purpose-led strategy is designed to positively influence our operating context and meaningfully contribute to the United Nations Sustainable Development Goals (UN SDGs)."

* Manufactured capital

Reporting boundary and scope

Through our FY2025 Annual Report, we aim to provide concise communication about DGKC approach to value creation. This is provided in the context of our material matters addressed through our purpose, strategy and as informed by our key relationships, principal risks and associated opportunities. We also provide a succinct overview of our governance practices, business model and capitals performance in terms of financial and non-financial indicators for the financial year.

Governance

DGKC governance system led by the board and its committees, operates on the principles of transparency, accountability and good governance, by safeguarding the interest of the stakeholders. Our governance structure is explained in detail in the Corporate Governance section.

Strategic Focus and Future Outlook

Strategic objectives and outlook is the result of our well-articulated business strategy which defines these objectives. The resource allocation mechanism is in place to implement those strategic objectives, which also elaborates the measurement achievements and target outcomes. Our forward looking statement addresses our expected condition and performance, status of projects disclosed last year also explaining about the sources of information and assumptions used for projections.

Materiality

The topics discussed in this report reflect the issues that could impact the role we play in society, as well as how our business deals with evolving market dynamics and allocates resources to ensure we deliver.

In FY2025, we conducted a review of the material matters that could, in our judgement, significantly impact the value we create for our stakeholders. The content of this report is based on the outcome of this assessment

* Intellectual capital

OUR INTEGRATED REPORTING PROCESS

GOVERNANCE

How does the organization's governance structure support its ability to create value in the short, medium and long term?

* Human capital

PERFORMANCE

To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?

* Social and relationship capital

FUTURE OUTLOOK

What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?

BASIS OF PRESENTATION

How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?

* Natural capital

What process do we follow to complete the integrated report?

Process owners across the Company and its Subsidiaries provide the reporting packs prepared on the basis of reporting criteria as required by the applicable reporting frameworks detailed below. Materiality of information is taken into account while reporting the financial and non-financial information. Financial reviews are carried out by extracting information from the audited financial statements.

Sustainability section is prepared by a cross-functional team comprising of reporting representatives which produces the content of the report under the oversight from the management.

The report aims to demonstrate clarity and conciseness, and the information contained is concrete, specific, relevant and easy to understand. It also delivers effective sequence, structure, logic and flow.

Which reporting frameworks do we adhere to?

The Annual Integrated Report 2025 is prepared on the basis and guidelines of International <IR> Framework (2022) and BCR criteria defined by ICAP/ICMAP. Readers can conveniently access the cross-referenced BCR criteria, along with their respective page numbers in the annual report, via the Investor Relations section on the company's official website, www.dgcement.com.

The Report in its entirety also complies with requirements of Companies Act, 2017, Code of Corporate Governance 2019 and other applicable regulations explained in respective elements of report. The Financial Statements consistently comply with the requirements of International Financial Reporting Standards (IFRS), Companies Act, 2017 and other applicable regulations.

Assuring the integrity and approval of our report

We ensure the integrity of the report through our integrated reporting process, various reviews and approval processes. Directors' report and Financial Statements are reviewed by the Audit Committee and approved by the Board of Directors.

Independent External Review / Assurances

Our External Auditors M/S A. F. Ferguson & Co. Chartered Accountants (a member firm of PwC network) provides opinion/assurance on compliance with code of corporate governance, independent auditors report on standalone and consolidated financial statements. Certain reviews and external assurances specific to various Capitals are also detailed in their relevant section. Credit Rating of Entity has been conducted by PACRA.

OUR INTEGRATED REPORT

Reporting period

The report is prepared and published annually and covers the period July 01 to June 30, 2025.

Data Compilation Methodologies

The economic and social data presented in the report includes data covering DGKC manufacturing plants, marketing offices, and head office, while the environmental data relates to plant sites only and does not include the environmental impact of other locations except for the environmental impacts of fuel and electricity used.

The compilation of data has been done on the basic scientific measurement as well as industry specific logical methodologies. There are no changes in reporting period, scope, boundary, and data measurement methodologies. Previous years' figures have been regrouped/rearranged wherever found necessary to conform to this year's classification. The online PDF version can be accessed at www.dgcement.com.

Operating Businesses – DGKC, its Subsidiaries and Associates

DGKC, its subsidiaries and associated entities operates in packaging, dairy, hospitality, and automobile industry.

Financial and non-financial reporting

The report includes financial and non-financial performance, risks and opportunities, and outcomes attributable to our activities and key stakeholders that significantly influence our value-creation ability. Extensive details about financial position and performance are available on pages.

Targeted readers

The report is primarily intended to address the needs of investors and to provide them with a holistic view of our value creation potential taking into account financial and non-financial risks and opportunities. The information is also presented to other key stakeholders including our employees, suppliers, regulators, and society etc.

SDG Reporting

We report on activities, projects and targets that support United Nation (UN) SDGs

Feedback: For any question or suggestion regarding Report please visit www.dgcement.com.

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VISION

To transform the Company into a modern, dynamic cement manufacturer led by qualified professionals and fully equipped to play a meaningful and sustainable role in Pakistan's economy.

MISSION

To provide quality products to customers and explore new markets to promote and expand Company sales through good governance, while fostering a dynamic team to achieve optimum product pricing for the sustainable and equitable growth of the Company.

CODE OF CONDUCT

DG Khan Cement Company Limited continues to hold in high esteem the best practices of corporate governance and believes in widely propagating its values and ethics for strict adherence by all employees, contractors, suppliers and others while doing business for the Company. The Company's commitment to encouraging ethical and responsible practices is demonstrated by the fact that DG Khan Cement Company Limited had a comprehensive Code of Conduct in place well before the introduction of the Stock Exchange requirement.

Salient Features of Code of Conduct

Compliance Officer: The Company has designated Company Secretary/ HR department respectively, as its Compliance Officer to administer this Code.

Compliance with Law: Directors/Employees must comply with all of the laws, rules, and regulations of Pakistan and other countries applicable to either Company or its business.

Conflict of Interest: Any director/employee 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/ HR department.

Confidentiality: All directors/employees 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.

Fair Dealing: Each director/employee is expected to deal fairly with the respective customer of the Company, suppliers, competitors, officers, and employees.

Protection and Proper Use of Company Assets: All directors/employees are expected to exercise their business judgment in a manner that protects the assets of the Company and promotes their efficient use.

Reporting Any Illegal or Unethical Behaviour: Every director/employee of the Company is encouraged to promptly contact the Chairman of the Board or the Compliance Officer/ HR department if he or she has observed a violation of this Code, illegal or unethical behaviour.

Public Company Reporting: The Company expects directors/employees to provide prompt and accurate answers to enquiries relating to its public disclosure requirements.

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

Insider Trading: No director/employee 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.

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.

(Approved code of conduct for directors and employees is shown on website in detail)

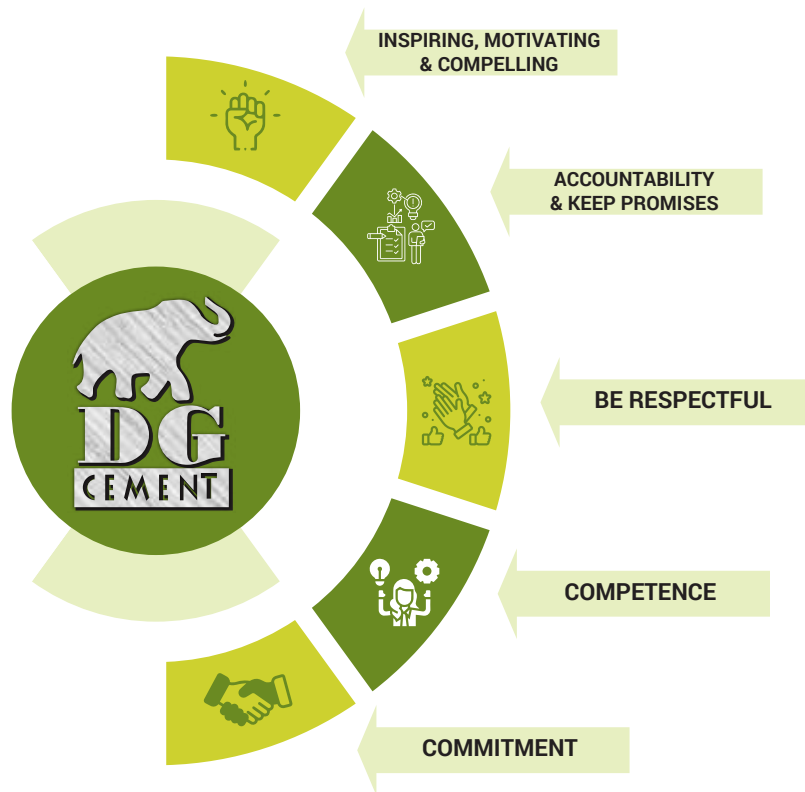
CULTURE

- P** Positive contribution and commitment
- R** Respect for self and others
- I** Integrity in actions and decisions
- D** Drive to continuously improve
- E** Excellence in everything we do

People at DGKC believe in shared values and goals. All team members collaborate, share knowledge, communicate and support one another. They believe that any result positive or not is an outcome of their

collaborative efforts. With this belief inculcated as DG culture, every member of the team positively contributes and selflessly commits for the cause of the team and the organisation; has self-belief and respect for himself and for others; imbibes integrity and passion in all his actions and decisions; has tremendous drive and zeal to continuously improve and seeks to achieve excellence in all its actions. This collaborative team spirit at DGKC has resulted in continuous improvement and made us stay at the top. Our culture is built on the strong pillar of 'Together We Perform. Together We Achieve. Together We Grow'.

ETHICS AND VALUES



INSPIRING, MOTIVATING & COMPELLING

We're ambitious and innovative. We get excited about our work. We bring energy and imagination to our work in order to achieve a level of performance, not achieved before. We achieve a higher standard of excellence.

ACCOUNTABILITY AND KEEP PROMISES

We are accountable for providing quality products & excellent services along with meeting the strict requirements of regulatory standards and ethical business practices.

Everything we do, should work perfectly. We maintain integrity & excellence. We believe in actions, not in words.

BE RESPECTFUL

We respect our customers, shareholders & others stakeholders and want to fulfil their needs. We always appreciate comments & suggestions from our stakeholders.

COMPETENCE

We can see things from different perspectives; we are open to change and not bounded by how we have done things in the past. We can respond rapidly and adjust our mode of operation to meet stakeholders' needs and achieve our goals.

COMMITMENT

Shareholders – Create sustainable economic value for our shareholders by utilizing an honest and efficient business methodology.

Community – Committed to serve the society through employment creation, support community projects & events, and be a responsible corporate citizen.

Customers – Render service to our customers by using state-of-the-art technology, offering diversified products and aspiring to fulfil their needs to the best of our abilities.

Employees – Be reliant on the inherent merit of the employees and honour our relationships. Work together to celebrate and reward the unique backgrounds, viewpoints, skills, and talents of everyone at the work place, at each level.

COMPANY INFORMATION



Board of Directors

Mrs. Naz Mansha	Chairperson / Non-Executive
Mr. Raza Mansha	Chief Executive / Executive
Mr. Khalid Niaz Khawaja	Non-Executive
Mr. Usama Mahmud	Independent
Mr. Shehryar Ahmad Buksh	Independent
Mr. Farid Noor Ali Fazal	Executive
Mr. Shahzad Ahmad Malik	Non-Executive

Female Director 01
Male Directors 06



Audit Committee

Mr. Shehryar Ahmad Buksh	Chairman/Member
Mr. Khalid Niaz Khawaja	Member
Mr. Shahzad Ahmad Malik	Member



Human Resource & Remuneration Committee

Mr. Usama Mahmud	Chairman/Member
Mr. Raza Mansha	Member
Mr. Khalid Niaz Khawaja	Member



Management

Mr. Raza Mansha	Chief Executive Officer
Dr. Arif Bashir	Director Technical & Operations
Mr. Farid Noor Ali Fazal	Director Marketing
Mr. Inayat Ullah Niazi	Director Finance/CFO



Company Secretary

Mr. Khalid Mahmood Chohan



Bankers

Allied Bank Limited	MCB Islamic Bank Limited
Bank Alfalah Limited	Meezan Bank Limited
Bank Al-Habib Limited	National Bank of Pakistan
Bank Islami Pakistan Limited	Samba Bank Limited
Dubai Islamic Bank	Soneri Bank Limited
Faysal Bank Limited	Standard Chartered Bank Limited
Habib Bank Limited Limited	The Bank of Punjab
Habib Metropolitan Bank	United Bank Limited
MCB Bank Limited	The Bank of Khyber
JS Bank Limited	Silk Bank Limited
BOP Taqwa Islamic Banking	Askari Bank Limited
Industrial and Commercial Bank of China (ICBC)	



External Auditors

A.F. Ferguson & Co., Chartered Accountants



Legal Advisors

Mr. Shahid Hamid, Bar-at-Law



Important Identification Numbers of Company

CUIN: 0006469
STRN: 0402252300164

NTN: 1213275-6
PSX Symbol: DGKC



Company Products

- | | |
|--------------------------------------|-----------------------|
| I. Clinker | iv. Low Alkali Cement |
| II. Ordinary Portland Cement (OPC) | |
| III. Sulphate Resistant Cement (SRC) | |



HS Code

Clinker: 2523.1000

Cement: 2523.2900



Applicable Laws & Regulations

Many laws and regulations apply to the Company including:

- The Companies Act
- Code of Corporate Governance
- International Accounting and Financial Reporting Standards
- International Auditing Standards
- Income Tax Law
- Excise Laws
- Labour Laws
- Environmental Laws
- Stock Exchange Regulations
- Mining Laws
- Sales Tax Law
- Property Laws
- Health & Safety Laws
- Banking Regulations, etc.



Company Rating

Long Term: AA -

Outlook: Stable

Rating Date: February 27, 2025

Short Term: A1+

Rating Agency: PACRA



Registered Office

Nishat House, 53-A, Lawrence Road, Lahore-Pakistan.

UAN: +92 42 111 11 33 33

Email: info@dgccement.com

Fax: +92 42 36367414

Web site: www.dgccement.com



Factories

Khofli Sattai, District, Dera Ghazi Khan

Phone: +92-641-460025-7

Email: dgcsite@dgccement.com

Fax: +92-641-462392

Tehsil Kallar Kahar, District Chakwal

Phone: +92-543-650215-8

Fax: +92-543-650231

District HUB

UAN: +92 42 111 11 33 33



Share Registrar: THK Associates (Pvt) Ltd

Head Office, Karachi

Plot No. 32-C, Jami Commercial

Street No. 2, DHA Phase-VII,

Karachi 75500.

UAN: 021 111 000 322

Tel: 021 353 10 191

Fax: 021 353 10 190

Branch Office, Lahore

Office No. 309, 3rd Floor,

North Tower, LSE Building,

19 Shahrah-e-Aiwan-e-Iqbal,

Lahore

Phone: +92 42 3630 2044



For Investors' Information, Comments, Inquiries, Complaints

Mr. Farid Noor Ali Fazal

E-mail: ffazal@dgccement.com

(Marketing related queries)

(Director Marketing)

Phone: +92 42 111 11 33 33

Mr. Inayat Ullah Niazi

E-mail: iniazi@dgccement.com

(Chief Financial Officer)

Phone: +92 42 111 11 33 33

Mr. Khalid Mahmood Chohan

E-mail: kchohan@dgccement.com

(Company Secretary)

Phone: +92 42 111 11 33 33

PRINCIPAL BUSINESS ACTIVITIES

D.G. Khan Cement Company Limited (DGKC/the Company) is a public limited company incorporated in Pakistan on September 27, 1978, as a limited liability company under the company laws of the Islamic Republic of Pakistan. It is listed on the Pakistan Stock Exchange and is considered a blue-chip stock. The Company is established and governed by its statutory documents, the Memorandum and Articles of Association, registered with the country's corporate authority.

The Company is primarily engaged in production and sale of Clinker and Cement with 1,829 regular employees. As at June 30, 2025; total market capitalization was about Rs 72.5 billion. Total market share of the company (local and export) is about 12%.

KEY BRANDS AND PRODUCT FEATURES

KEY PRODUCTS:

- ORDINARY PORTLAND CEMENT
- SULPHATE RESISTANT CEMENT
- CLINKER

KEY BRANDS:

- DG CEMENT
- ELEPHANT CEMENT
- HATHI CEMENT
- BLOCK CEMENT

QUALITY STANDARDS

OPC

PS 232:2008(R) Grade 43

PS 232:2008(R) Grade 53

PS 232:2015 CEMI Class 42.5N

Compliance with:

American Standard: ASTM C-150 Type I

British Standard: BS 12:1996

European Standard: EN 197-1/2000 CEMI 42.5 N/R

Indian Standard: IS No. 269:2015 Grade 53

Sri Lankan Standard: SL 107:2015 Strength Class 42.5N

SRC

PS 612-2014 Class 42.5N

Compliance with:

American Standard: ASTM C-150 Type V

European Standard: BS/EN 197-1/2011 CEMI SR5, Class 42.5N

ISO Certifications

ISO-9001-2015

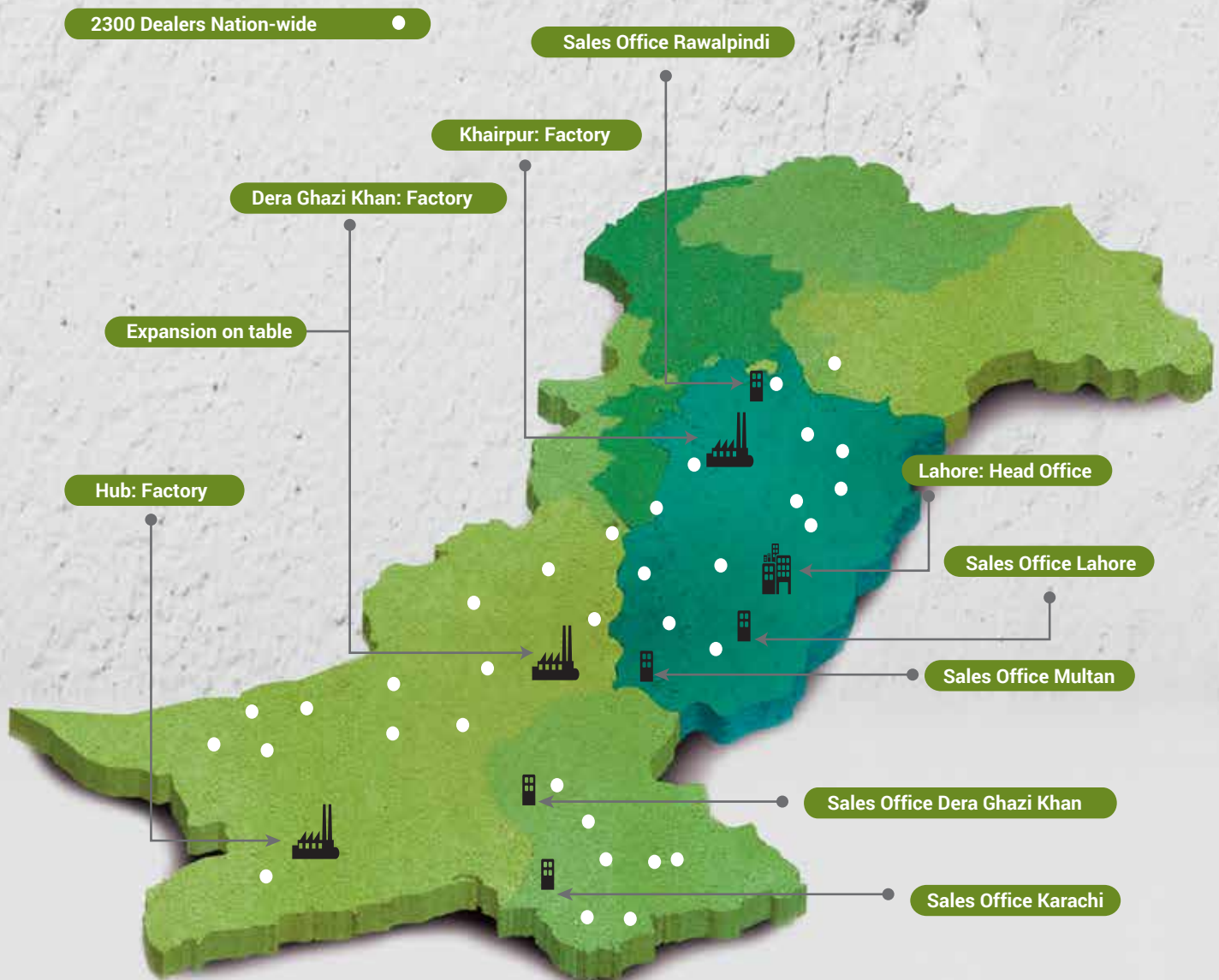
ISO-14001-2015



LOCAL & INTERNATIONAL MARKETS

DGKC has a strong presence across Pakistan. With its plants spread from the North to the Center and South, DGKC serves even remote areas through an extensive dealership network of 2,300 dealers.

The Company also has a notable presence in international markets, including Bangladesh, Afghanistan, the USA, China, Sri Lanka, and parts of Central Africa. It continues to explore new export markets through its HUB plant, which is located near the port.



China



Srilanka



Bangladesh



Afghanistan



Africa



USA

PRODUCTION FACILITIES



PLANT MAKE

Description	Site	Manufacturer	Capacity	Year Installed
Cement Plant (line-1)	DGK	UBE Industries, Japan	2,000 tpd	1986
Cement Plant (line-1)	DGK	FLSmidth, Denmark	200 tpd	1994
Cement Plant (line-2)	DGK	FLSmidth, Denmark	4,000 tpd	1998/2005
Cement Plant (line-1)	DGK	FLSmidth, Denmark	500 tpd	2005
Cement Plant	KHP	FLSmidth, Denmark	6,700 tpd	2007
Kiln	HUB	FLSmidth, Denmark	9,000 tpd	2018
Mills	HUB	Loesche GMBH, Germany		2018
Pack House	HUB	Haver & Boecker, Germany		2018
Captive Power Plant**	HUB	Niigata, Japan		
Captive Power Plant	DGK	Wartsila, Finland		
Captive Power Plant	KHP	Wartsila, Finland		
Coal Fired Power Plant	DGK	Sinoma, China	30 MW	2016
WHR Plant	DGK	Nanjing Turbine Electricity Machinery Group Company	10.4 MW	2010
WHR Plant	KHP	Sinoma, China	12 MW	2020
RDF Plant	KHP	Vecoplan, Germany & Elden, Germany		
RDF Plant	DGK	Vecoplan, Germany & Elden, Germany		
WHR Plant	HUB	Sinoma, China	10 MW	2021
Coal Fired Power Plant	HUB	Sinoma, China	30 MW	2021
Solar Power Plant	KHP	China	6.9 MW	2023
Solar Power Plant	KHP	China	3 MW	2024



PLANT CAPACITIES

Factory	Clinker (Tons per day)	Clinker (Tons per annum)
Dera Ghazi Khan	6,700	2,010,000
Khairpur	6,700	2,010,000
Hub	9,000	2,700,000
Total	22,400	6,720,000



IMPORTANT MACHINERIES' CAPACITIES

Machinery	DGK	KHP	HUB	TOTAL
Limestone Crusher	1125 tph	1500 tph	1350 tph	3975 tph
Raw Mill	490 tph	500 tph	654 tph	1644 tph
Coal Mill	50 tph	52 tph	66 tph	168 tph
Kiln	6700 tpd	6700 tpd	9,000 tpd	22,400 tpd
Cement Mill	552 tph	350 tph	445 tph	1347 tph
Pack House	960 tph (8x120)	600 tph (6x100)	792 h (6x132)	2362 tph



ELECTRICITY GENERATION CAPACITY (MW)

	Furnace Oil	Gas	Dual Fuel (FO+G)	WHR	Solar	Coal	Total
DGP	-	24.60	-	10.40		30.00	65.00
KHP	-	-	33.00	12.00	9.9	-	54.90
HUB	23.84	-	-	10.00	1.02	30.00	64.86
Total	23.84	24.60	33.00	32.40	10.92	60.00	184.76



ELECTRICITY REQUIREMENTS

Factory	MW
DGK	42
KHP	31
HUB	40
Total	113

**Transferred to HUB from DGK site

NISHAT PROFILE

About Founder:

Mian Mohammad Yahya, the founding father, was born in 1918 in Chiniot. In 1947, while running a leather business in Calcutta, he witnessed the momentous changes that swept the Indo-Pak subcontinent and culminated in the emergence of Pakistan. This is a story of success through sheer hard work and an undaunted spirit of entrepreneurship. Beginning with a cotton export house, he soon branched out into ginning, and cotton and jute textiles. He was elected Chairman of the All Pakistan Textile Mills Association, the prime textile body in the country.

He passed away in 1969 at the age of 51, having achieved so much in such a short time. After him, **Mian Mohammad Mansha**, like his father, carried forward the spirit of entrepreneurship and has led the Group to become a multi-dimensional corporation with wide-ranging interests. Nishat has grown from a cotton

export house into the premier business group of the country.

Nishat is a Pakistani business conglomerate group. It has a diversified presence across various sectors. All its entities are run by professionals using updated business practices in compliance with national and international regulations.

The Group has notable presence in following business sectors:

- Banking & Financial Services
- Cement
- Hospitality
- Aviation
- Packaging products
- Agriculture & Farming, Livestock & Dairy
- Insurance
- Textiles
- Energy
- Automobiles
- Real Estate



RELATIONSHIP WITH GROUP COMPANIES

No.	Name of Company	Associated
1	NISHAT MILLS LIMITED	Yes
2	NISHAT POWER LIMITED	Yes
3	LALPIR POWER LIMITED	No
4	PAKGEN POWER LIMITED	No
5	MCB BANK LIMITED	No
6	MCB ISLAMIC BANK LIMITED	Yes
7	ADAMJEE INSURANCE COMPANY LIMITED	No
8	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	Yes
9	NISHAT PACKAGING LIMITED	Yes
10	SECURITY GENERAL INSURANCE COMPANY LIMITED	No
11	NISHAT HOTELS AND PROPERTIES LIMITED	Yes
12	NISHAT (AZIZ AVENUE) HOTELS AND PROPERTIES LIMITED	Yes
13	NISHAT (RAIWIND) HOTELS AND PROPERTIES LIMITED	Yes
14	NISHAT ENERGY LIMITED	No
15	NISHAT HOSPITALITY (PVT) LIMITED	No
16	NISHAT LINEN (PVT) LIMITED	Yes
17	NISHAT AGRICULTURE FARMING (PVT) LIMITED	Yes
18	NISHAT DEVELOPERS (PVT) LIMITED	Yes
19	PAKISTAN AVIATORS & AVIATION (PVT) LTD.	No
20	NISHAT REAL ESTATE DEVELOPMENT (PVT) LIMITED	No
21	NISHAT DAIRY (PVT) LIMITED	Yes
22	HYUNDAI NISHAT MOTOR (PVT) LIMITED	Yes
23	NISHAT COMMODITIES (PVT) LIMITED	No
24	NISHAT USA INC.	No
25	NISHAT LINEN TRADING LLC	No
26	NISHAT INTERNATIONAL FZE	No
27	CHINA GUANGZHOU NISHAT GLOBAL CO. LTD.	No
28	MCB FINANCIAL SERVICES LIMITED	No
29	EURONET (PVT) LIMITED	Yes
30	NISHAT AGROTECH (PVT) LIMITED	Yes
31	EMPORIUM PROPERTIES (PVT) LIMITED	Yes
32	GOLF VIEW LAND (PVT) LIMITED	Yes
33	NISHAT SUTAS DAIRY LIMITED	No
34	NEXGEN AUTO (PRIVATE) LIMITED	Yes
35	DG KHAN CEMENT COMPANY (USA) LLC*	Yes

*Not operational as at reporting date.

DGKC-GROUP CROSS INVESTMENTS

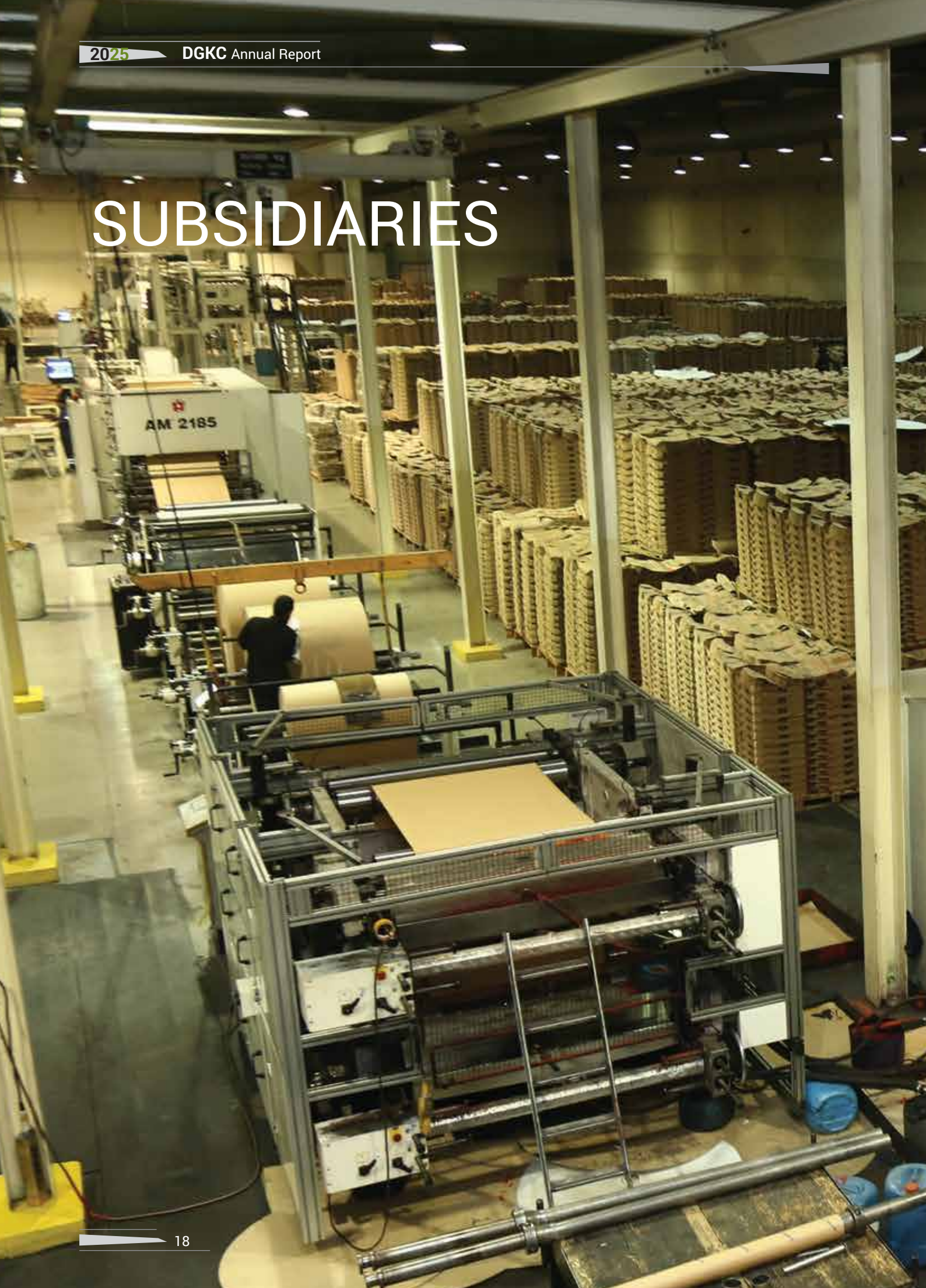
HOLDING IN DGKC

Share Holder	No. of Shares	%
Nishat Mills Limited	137,574,201	31.40
Security General Insurance Company Limited	428,500	0.10
Mrs. Naz Mansha	213,098	0.05
Mian Raza Mansha	12,796,880	2.92
Mrs. Ammil Raza Mansha	5,891,098	1.34
Mian Umer Mansha	27,565,313	6.29
Mian Hassan Mansha	27,139,917	6.19
	211,613,088	48.29

DGKC HOLDING IN

	No. of Shares	%
MCB Bank Limited	102,277,232	8.63
Nishat Mills Limited	30,289,501	8.61
Adamjee Insurance Co. Limited	27,877,735	7.97
Nishat Packaging Limited	25,595,398	55.00
Nishat Dairy (Pvt) Limited	243,675,000	55.10
Nishat Hotels and Properties Limited	104,166,667	8.55
Hyundai Nishat Motor (Pvt) Limited	195,623,000	10.00
Nishat Chunian Power Limited	5,683,067	1.55
DG Khan Cement Company (USA) LLC		100.00

SUBSIDIARIES



NISHAT PACKAGING LIMITED

Nishat Packaging Limited (NPL) - formerly Nishat Paper Products Company Limited - is a public company limited by shares, incorporated in Pakistan on July 23, 2004. It is principally engaged in the manufacture and sale of packaging material. Its manufacturing facilities are located in Khairpur and Sheikhpura. The Company has three main production lines with an annual production capacity of 250 million bags to facilitate the cement industry in meeting its packaging requirements. DGKC holds a 55% shareholding in NPL.





NISHAT DAIRY (PRIVATE) LIMITED

NDPL is a private company limited by shares, incorporated in Pakistan on October 28, 2011. It is principally engaged in the business of production and sale of raw milk. The company was set up with the principal object of carrying out dairy business in Pakistan. It has acquired 147 acres of land near Sukheki to set up the dairy operations. As at June 30, 2025 the Company has 3,634 mature milking animals.

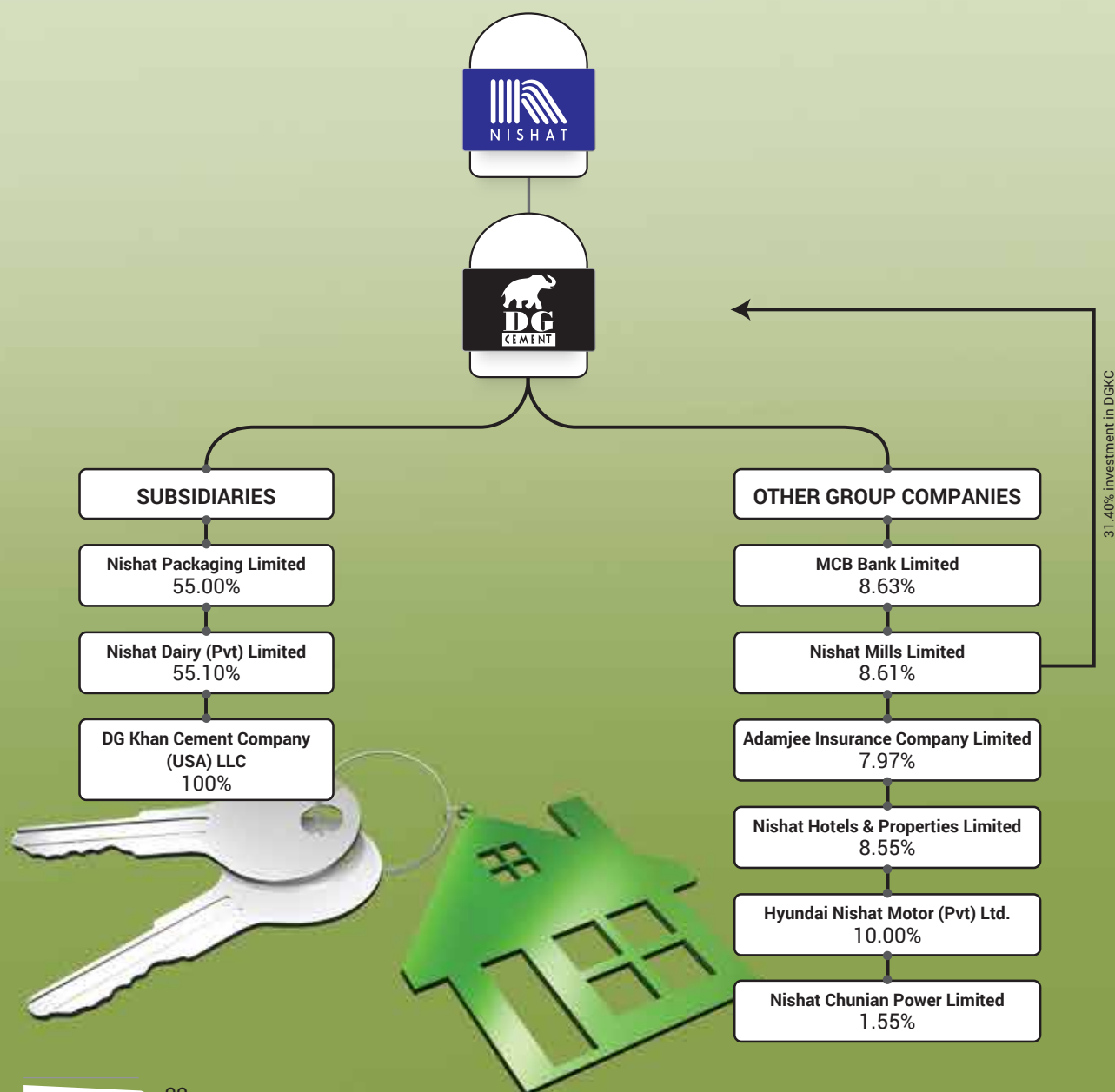
In October 2018, Nishat Group inked a joint agreement with SÜTAS, a Turkish brand which is one of the largest producers of milk and dairy products in Turkey. The agreement aimed at the manufacturing, marketing and sale of premium dairy products in Pakistan as well as the development of Pakistan's dairy sector. The venture has initiated a processed milk brand "MilkField". DGKC owns 55.1% holding in NDPL



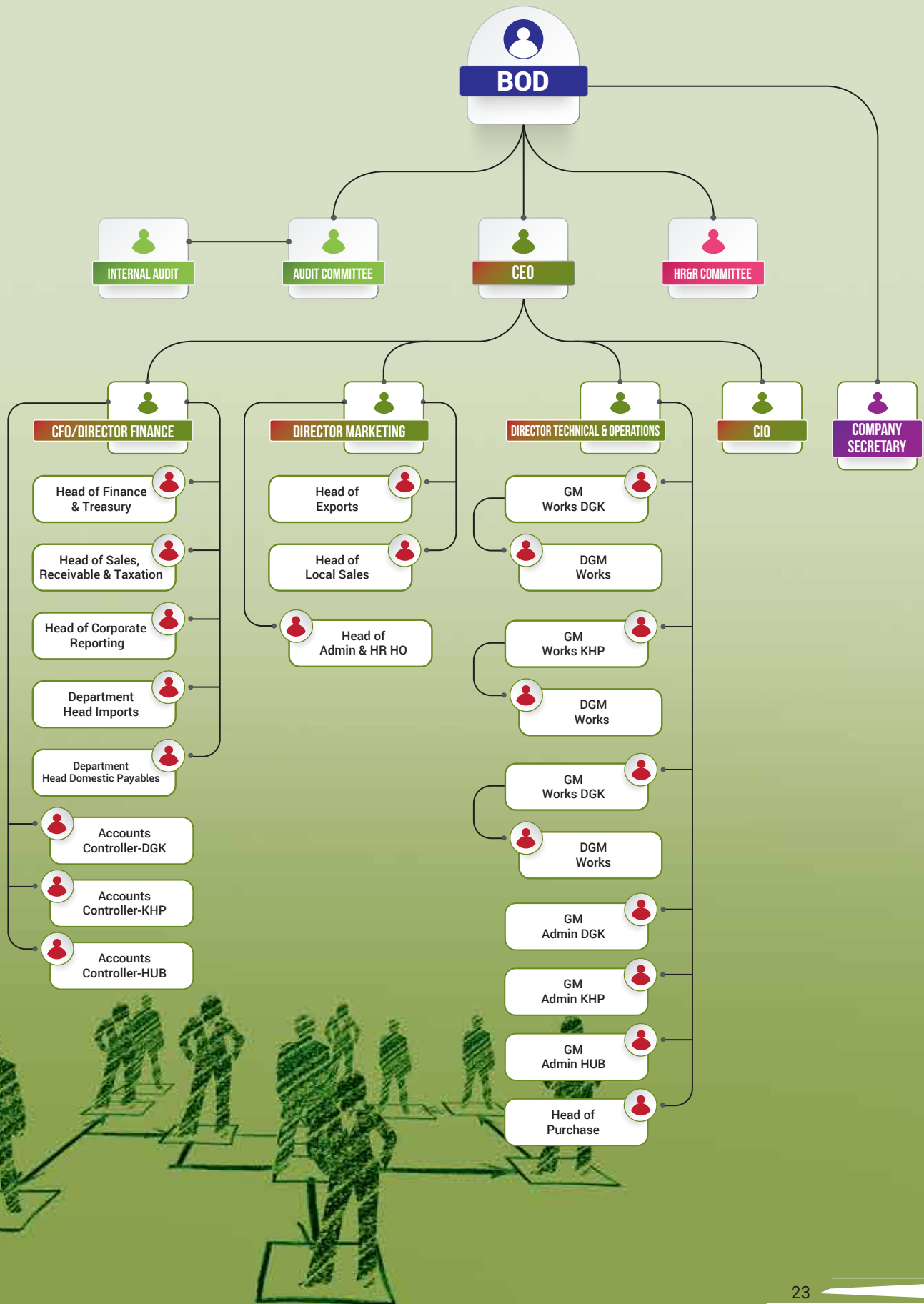
DISCLOSURE OF BENEFICIAL OWNERSHIP AND FLOW CHART OF INVESTMENTS

The Company hereby discloses its significant beneficial ownership, including indirect interests, in its subsidiaries: Nishat Packaging Limited (formerly Nishat Paper Products Company Limited) and Nishat Dairy (Private) Limited, in which it holds approximately 55% shareholding each, and DG Khan Cement Company USA LLC, over which it exercises 100% control. The Company presents consolidated financial statements encompassing these subsidiaries, ensuring transparency in financial reporting.

Furthermore, the Company maintains investments in various private and public companies within the group, which consistently generate dividends or capital appreciation. These include holdings in prominent entities such as MCB Bank Limited, Nishat Mills Limited, Adamjee Insurance Company Limited, Nishat Hotels and Properties Limited, Hyundai Nishat Motors (Private) Limited and Nishat Chunian Power Limited.



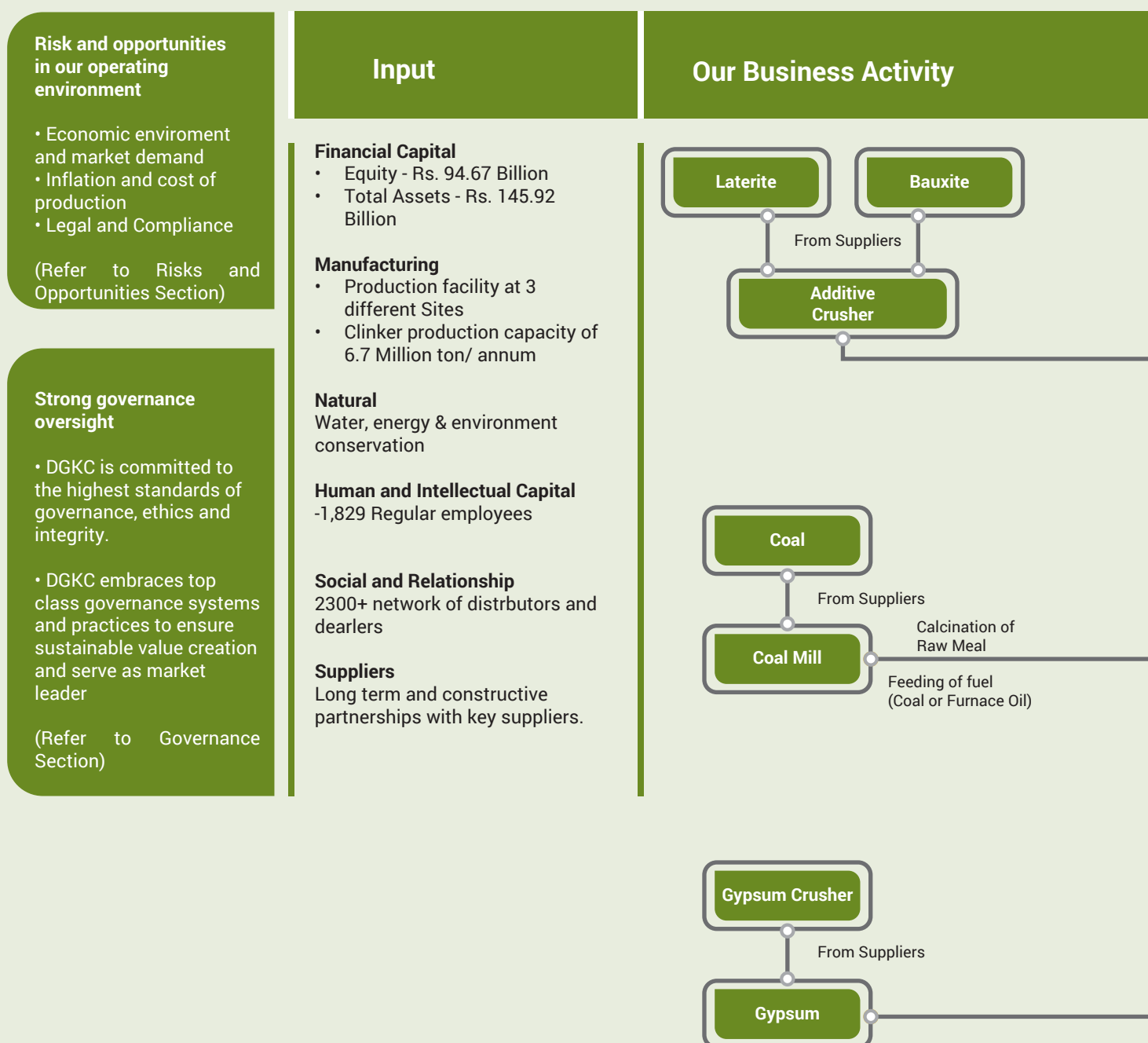
ORGANIZATION STRUCTURE



BUSINESS MODEL

D.G. Khan Cement Company Limited operates on a strong, sustainable business model, evolving into a high-quality building materials company with a primary focus on environmental responsibility and customer satisfaction. Our core strategy centers on the efficient production of cement using modern, energy-efficient manufacturing processes that minimize carbon emissions and reduce environmental impact.

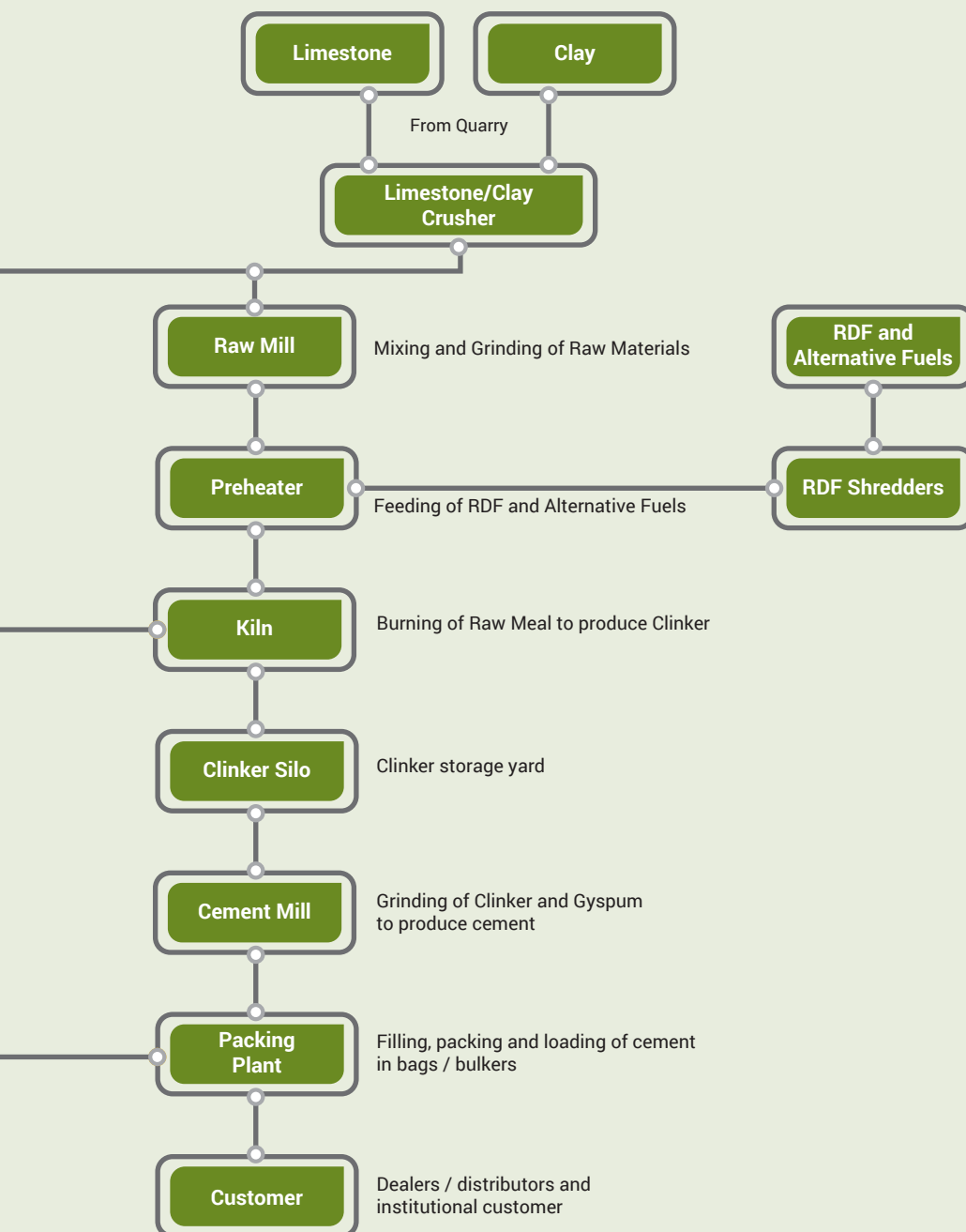
We strategically source raw materials such as limestone and clay from nearby quarries located close to our manufacturing plants, reducing transportation costs and supporting the local communities in which we operate.



We prioritize both residential and commercial customers to ensure a diverse customer base. Our distribution network is increasingly focused on regions experiencing growth in housing and commercial development, helping expand our market and customer reach - not only in Pakistan but also internationally. DGKC also invests significantly in R&D to develop cost-effective processes without compromising quality standards, producing environmentally friendly cement through the use of advanced technologies. Our revenue streams include cement sales, value-added services, and partnerships with construction companies to drive strong growth and profitability.

DGKC's goal is to become an industry leader by delivering high-quality cement, minimizing environmental impact, promoting sustainable construction practices, and placing customers and communities at the center of our business.

And Process



Our Capitals (Value Generated and Added)

Financial Capital

- Profit Before Levy and Tax - Rs. 13 Billion
- Rs 36 + Billion in government treasury

Human Capital

- Talent nourishment and growth
- Diversity focused at workplace
- Promoting employment

Social Capital

- Customer satisfaction
- Trust of vendors
- Growing network of vendors, dealers & customers

Manufactured Capital

- Contributing to substitute imports
- Providing better quality of Cement
- Higher market share

Natural Capital

- Better utilization of natural resources including water, energy & other natural resources.

(Refer to Performance Section)

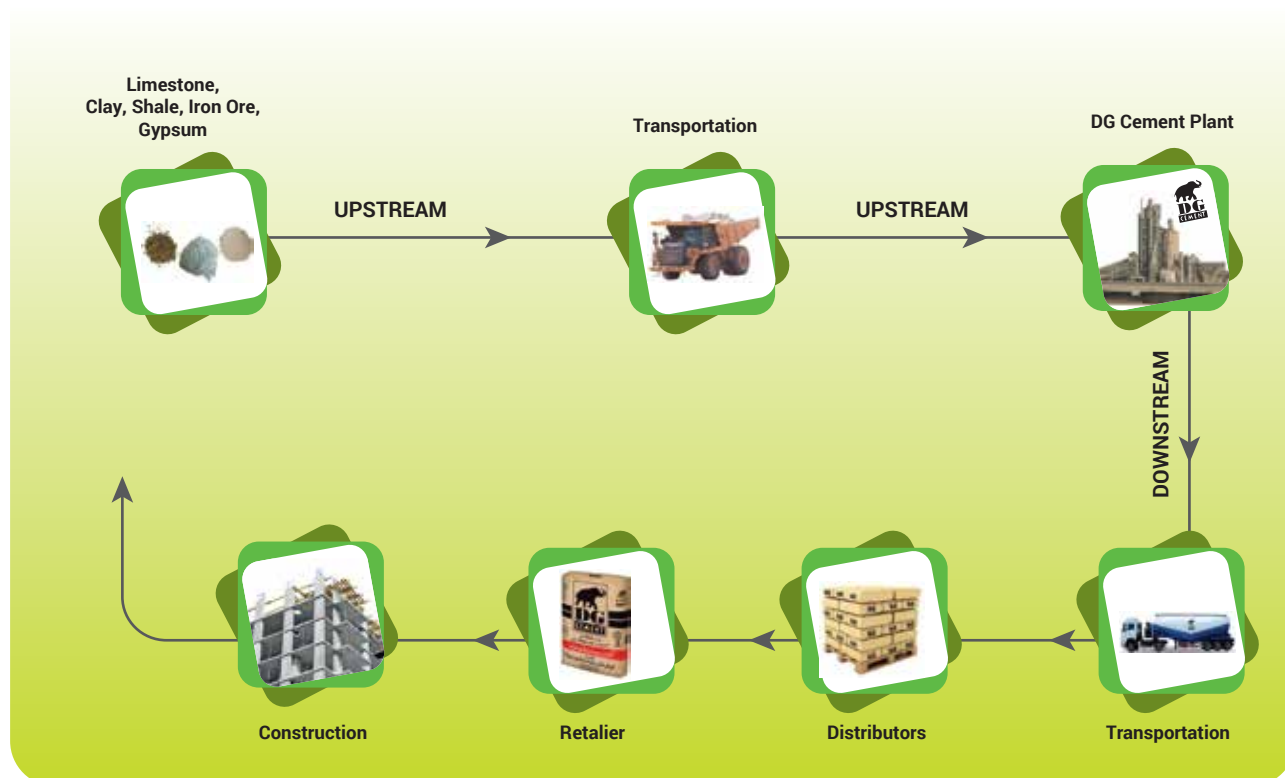
POSITION OF THE REPORTING ORGANIZATION WITHIN THE VALUE CHAIN

DG Cement is primarily engaged in cement production and distribution, which involves the precise blending of limestone and various minerals (raw meal) at high temperatures in kilns.

On the upstream part of value chain, we source essential raw materials like limestone, gypsum, and clay from mines. Mining sites are secured through leases, with monthly royalties paid to the Minerals department. Coal, a crucial component, is imported to fuel cement production. Stringent oversight by experts ensures the quality of the cement.

On the downstream part our efficient distribution is enabled by outsourced fleet of specialized trucks and vehicles, facilitating material movement and timely customer deliveries. Strong distribution and dealers' network in key markets enhance their delivery speed and service quality, setting them apart from competitors.

By fostering strong relationships with upstream suppliers, ensuring a seamless flow of raw materials, and collaborating efficiently with downstream partners, we strive to meet the demands of the construction industry and contribute to the growth and development of infrastructure worldwide. Together with our valued partners, we are committed to delivering high-quality cement products while promoting sustainability and responsible practices throughout the value chain.



The effective management of these connections ensures a steady supply of raw materials, energy, and equipment for cement production and the efficient delivery of cement products to construction companies and end-users. This integrated approach is crucial for the company's success and its contribution to the construction industry's value chain.

SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

FACTORS	DESCRIPTION	ORGANIZATION RESPONSES
 Political	- It determines how government policy and actions intervene in the economy and other factors that can affect a business. - Political instability and transition of government impacts the organization negatively. - Rapid changes in Government's macroeconomic policies also adversely impact the Company's business.	- Management looks at tariffs, trade deals as they are developed not only by the economics or business side but what political relationships influence those decisions. - Management proactively plans for the different demand scenarios with help of budgeting, forecasts and projections. - Timely adjustments are made in the organizational processes and policies in response to actual or anticipated changes in Government policies. - Issues relating to the Cement Industry are dealt with through the forum of APCMA.
 Economic	- Extensive competition, devaluation of currency, fluctuating interest rates and higher inflation. - Lower Government's development spending, lower economic growth and construction activities slow-down.	- Management continues to identify new markets for its products, internationally to offset local demand contraction and hedge currency fluctuation. - Company constantly strives to bring efficiencies in its manufacturing process and energy mix including BMR, which supports in mitigating adverse effect of increase in production cost.
 Social	Focus on Corporate Social Responsibility, Donations, development of communities and Scholarships.	- As a socially responsible corporate entity, DGKC strives hard to develop the communities in which it operates by ensuring compliance with all requirements of CSR. - It donates generously to various social and charitable causes including health, education and social sectors. - It also provides clean water, free education through schools, medical facilities and fire fighting services in areas nearby the sites.
 Technological	- Risk of technological obsolescence. - Technological innovation by competitors	- To continue its legacy of being among the unparalleled leaders of the cement industry, DGKC has always given priority to latest technological developments. - Installation of 9.9 MW Solar Plant at KHP. - Continuous investment in key technological software to achieve operational excellence.
 Environmental	Environmental Footprint, Recycling, Climatic Conditions Global warming, Natural disasters etc.	- The Company takes various steps to protect the environment including compliance with applicable environmental standards. - Company has approved standards of ISO for complying with an effective environmental management system. - Waste is collected from cities and is used as alternate fuel. - Investment in Waste Heat Recovery system so as to minimize Company's impact on the environment due to its operations.
 Legal	Compliance with the applicable legal and regulatory requirements	DGKC has a dedicated team of professionals which ensures that all its processes comply with the applicable regulatory requirements. It ensures that all taxes and duties payments, whether income tax or sales tax, are made timely by having an effective cash management system in place.

S.W.O.T. ANALYSIS

STRENGTHS

- Strong brand recognition
- Well diversified fuel mix % & efficient operations
- Strong financial position
- Quality and efficiency of human resources
- Easy access to production resources
- Trusted and efficient supply chain
- Geographically diversified & state-of-art production facilities
- Self sufficiency in electricity requirement

WEAKNESSES

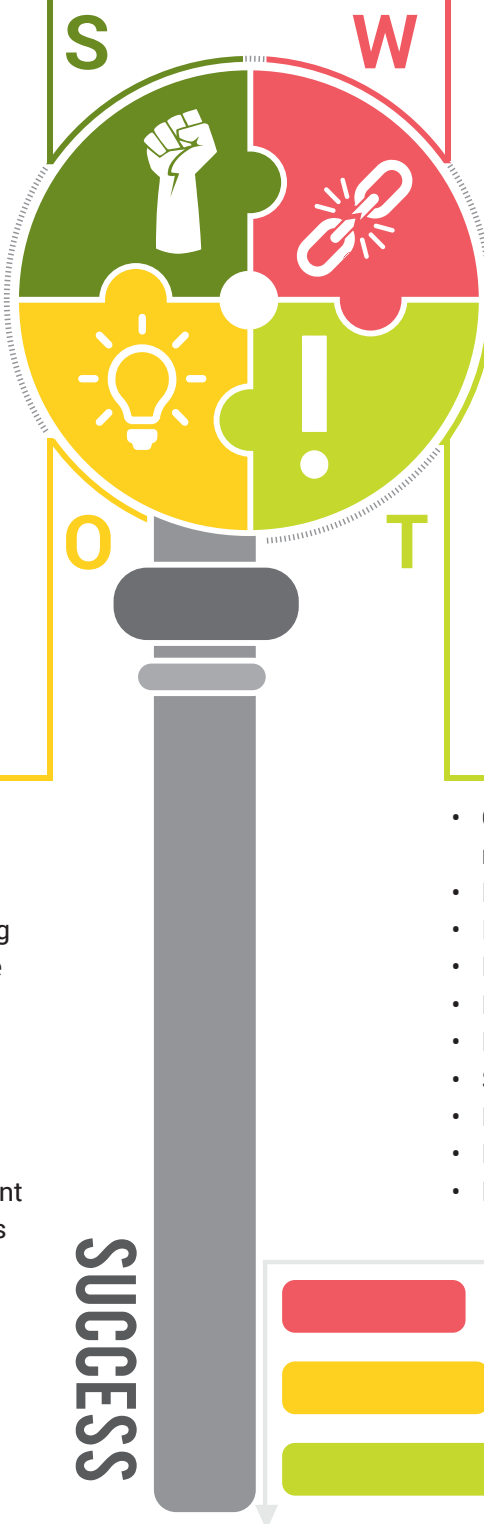
- Highly fragmented industry
- Demand supply gap, overcapacity
- High taxation and duties
- High energy cost and inflation
- High interest rates
- Tough competition in local market
- Low exports of cement
- Unstable exchange rate

OPPORTUNITIES

- Future growth potential particularly exports to USA
- Focus on cost optimizing
- Export opportunities due to fully operational HUB facility
- CPEC led growth opportunities
- Flood related infrastructure requirement
- Alternate energy sources

THREATS

- Overcapacity Affecting the margins
- Devaluation of money
- Inconsistent economic policies
- Protectionism in export market
- Rising cost of logistics
- High cost of financing
- Slashing PSDP funds
- Rise in coal prices
- Economic instability
- Price war threat



THE EFFECT OF SEASONALITY ON BUSINESS IN TERMS OF PRODUCTION AND SALES

Seasonality affects the cement market in Pakistan significantly. Sales generally peak during the hot summer months (March to June). Dry, warm weather is ideal for construction, motivating contractors, architects, homeowners and developers to start or accelerate projects. This increase in production increases demand for cement and bolsters sales.

In contrast, the rainy season (July to September) presents challenges. Heavy rains disrupt construction, delaying cement transport and causing logistics issues. Contractors may retire,

adversely affecting cement sales. The impact of winter (October to February) varies from region to region. While bitterly cold temperatures may slow exterior construction, indoor construction is likely to continue, providing some support for cement sales.

In conclusion, seasonal factors play an important role in the fluctuations in cement sales in Pakistan. Our Company evaluates its marketing strategies and inventory management to better navigate these seasonal changes.

POLITICAL ENVIRONMENT WHERE ORGANIZATION OPERATES

The political environment in Pakistan, where our cement company operates, is marked by a combination of challenges and opportunities that significantly affect our ability to implement our business strategies. These factors include regime changes, government policies, delays in elections, protests, inflation, economic and trade policies, and bans on the import of raw materials due to low foreign reserves.

Regime Change and Government Shifts: Pakistan has witnessed changes in government over the years, which can result in shifts in policies and regulations affecting the business environment. For instance, when a new government comes into power, it often brings its own economic and trade policies, which may differ from those of the previous administration. This can create uncertainty and impact our long-term business planning.

Inconsistency in Government Policies: Inconsistent government policies can pose a significant challenge to our company's operations. Frequent changes in tax regulations, import/export policies, and infrastructure development plans can disrupt our supply chain and production processes.

Delay in Elections and Protests: Delays in scheduled elections and political protests can lead to instability and uncertainty in the country. Protest events can disrupt the supply of raw materials and impact transportation logistics, ultimately affecting our production and distribution capabilities.

Inflation: High inflation rates in Pakistan can increase our production costs, making it more challenging to maintain competitive prices in the market. This can impact our profit margins and market share.

Economic and Trade Policies: Changes in economic and trade policies, such as tariffs and trade agreements, can have a direct impact on our company's exports and imports. For example, a shift in trade alliances or the imposition of tariffs on our products in other countries can affect our international

market presence.

Ban on Import of Raw Materials: Bans on the import of raw materials due to low foreign reserves can lead to supply chain disruptions, affecting our production capacity and potentially leading to product shortages in the market.

Global Energy Supply Disruptions: Disruptions in energy supplies, such as those caused by political tensions with major energy suppliers like Russia, can lead to increased energy prices. This not only raises our operational costs but also has the potential to deplete the country's national reserves, affecting our purchasing power and overall economic stability.

International Trade Restrictions: Political tensions between Pakistan and other countries, such as India, can affect our cement industry's export opportunities. For instance, the deterioration of relations between India and Pakistan following events like the Pulwama attack in 2019 and India's decision to abrogate Article 370 and 35A limited our access to the Indian market, which has been a significant destination for our exports.

Anti-Dumping Laws: In some countries, particularly in South Africa, anti-dumping laws can hinder our exports. These laws are designed to protect domestic industries from foreign competition by imposing tariffs or restrictions on imported goods.

In conclusion, the political environment in Pakistan and other countries play a crucial role in shaping the operating landscape for our cement company. To navigate these challenges effectively, we must maintain flexibility in our business strategies, closely monitor political developments, engage with relevant stakeholders, and diversify our market presence to mitigate risks associated with geopolitical tensions and policy fluctuations. Additionally, investing in sustainable practices and technologies can enhance our resilience in a volatile political climate.

LEGITIMATE NEEDS AND INTERESTS OF KEY STAKEHOLDERS

Overall, the cement industry ensures that stakeholder interests are duly respected. Customers are well attended to, and their grievances are addressed in a timely manner. The industry also maintains strong compliance with tax and corporate laws.

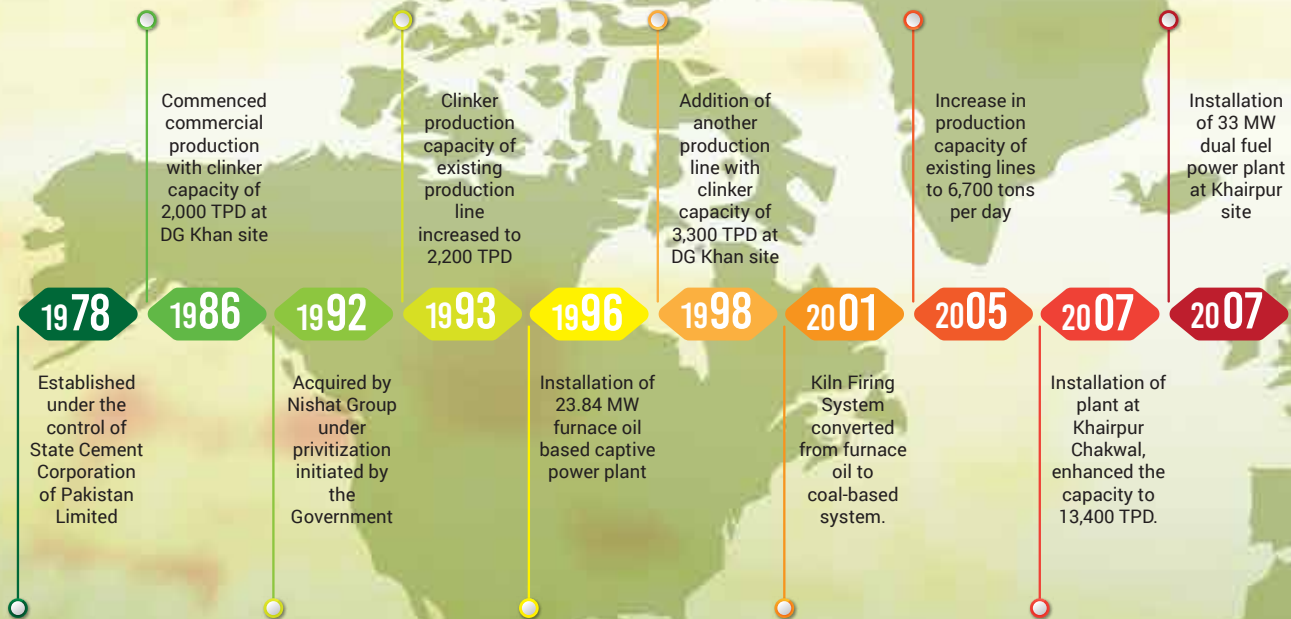


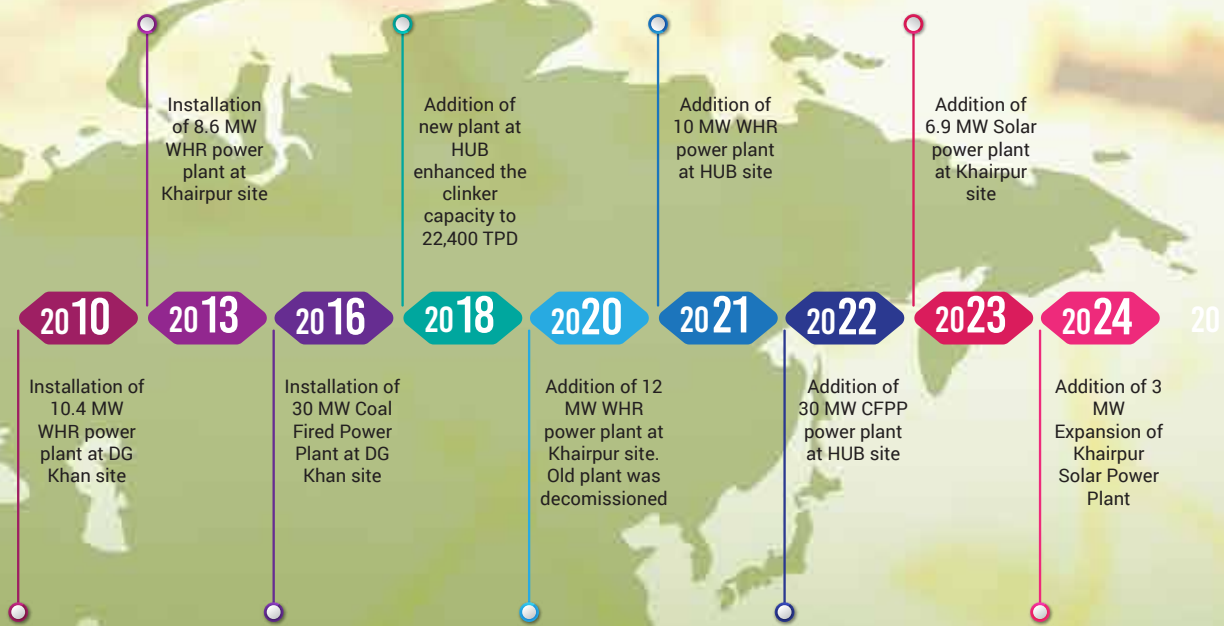
* Please refer to stakeholders engagement section for detailed analysis

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

MARKET POSITIONING FORCES	THREAT	NATURE OF THREAT
THREAT OF SUBSTITUTES	LOW	Concretes are considered substitute for cement but the market is dominated by cement and customers in Pakistan are more comfortable in cement product than concrete
THREAT OF COMPETITION	High	• High rivalry among competitors • Over-Capacity in local market • Demand -Supply gap is unfavorable • Low opportunities in export market due to political and economic reasons
THREAT OF NEW ENTRANT	Medium to Low	As high investments are required for cement plant, there is barrier for new entrants. However, already established cement mills regularly go for BMRs for capacity additions
BARGAINING POWER OF SUPPLIERS	Medium to Low	• Low in local market due to reputational strength of Company • While the impact of the commodity super cycle has eased, global input cost fluctuations still pose a moderate supplier bargaining power threat
BARGAINING POWER OF CUSTOMERS	Medium to Low	• Large number of customers and fragmented market • However, export markets are tense and have more negotiating powers

HISTORY OF MAJOR EVENTS (BRICK BY BRICK)

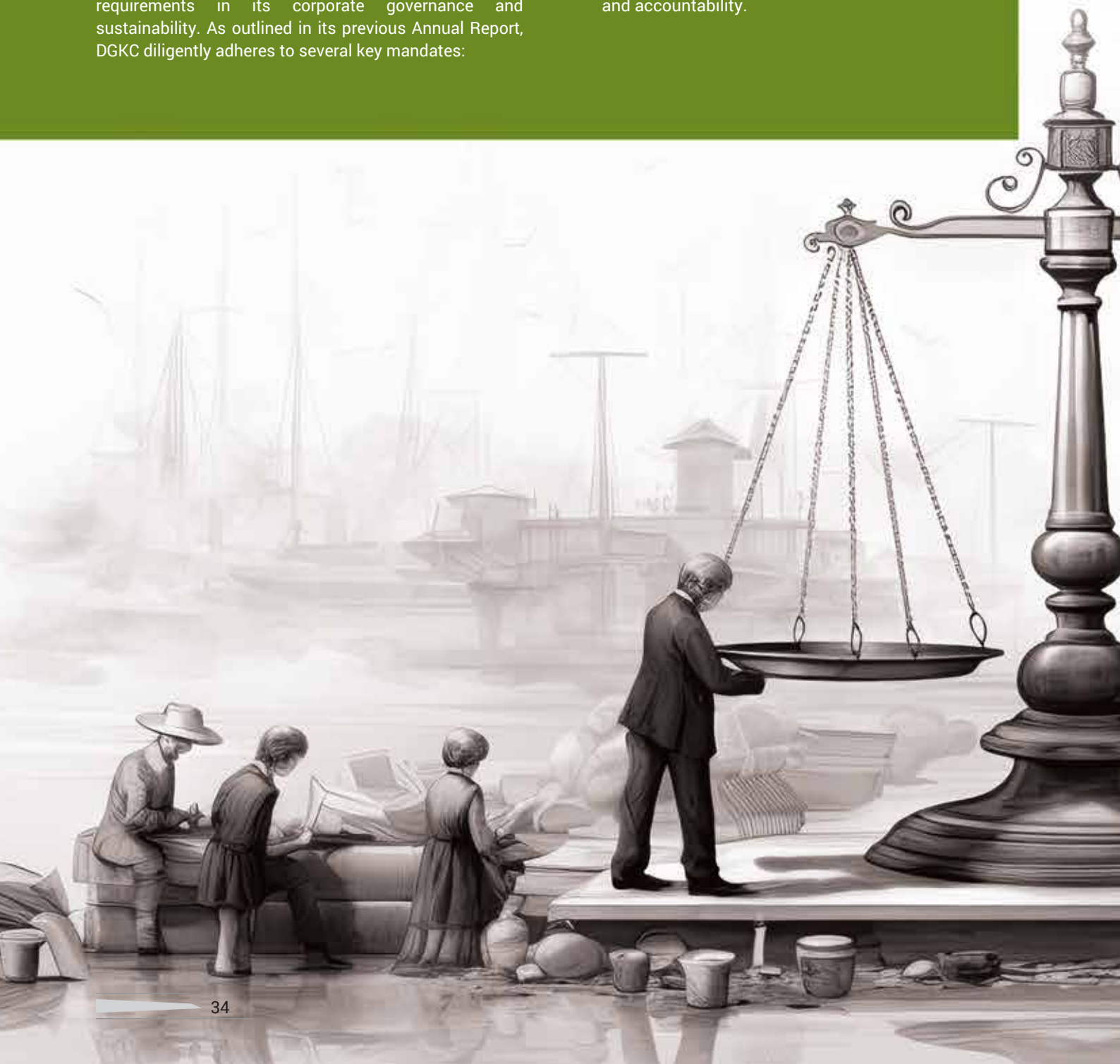




LEGISLATIVE AND REGULATORY REQUIREMENTS IN WHICH ORGANIZATION OPERATES

DG. Khan Cement Limited, is dedicated to operating within a framework of legality and ethics, recognizing the pivotal role of compliance with various legislative and regulatory requirements in its corporate governance and sustainability. As outlined in its previous Annual Report, DGKC diligently adheres to several key mandates:

- Under the Companies Act, 2017, DGKC conducts its operations, including corporate formation, governance, and reporting, ensuring transparency and accountability.



- Being a publicly listed entity, DGKC adheres to stock exchange regulations to safeguard market integrity and investor interests. It commits to high corporate governance standards through the Code of Corporate Governance, promoting transparency and accountability.
- The company follows international accounting and financial reporting standards to maintain financial reporting accuracy and global comparability. Compliance with income tax, sales tax, and excise laws at provincial and federal levels is vital for financial sustainability and legal standing.
- DGKC is in full compliance with the Mining Act, as well as the laws and regulations administered and supervised by the Ministry of Mines and Minerals.
- Property tax payments are made to maintain property legality.
- DGKC upholds labor rights, workplace safety, and environmental compliance. It adheres to labor laws, ensuring employee welfare, and complies with health and safety regulations to minimize workplace hazards.
- Environmental responsibility is acknowledged through compliance with emission standards, waste disposal regulations, and measures aimed at reducing environmental impact.

DGKC's commitment to these requirements, as evidenced in its Annual Report, underscores its dedication to ethical and responsible operations, reinforcing its reputation as a responsible corporate entity.



EVENT CALENDAR

July 01, 2024 to June 30, 2025

July 19, 2024

Disclosure of Material Information regarding the opportunity to establish a wholly owned subsidiary of the company in Houston, Texas, United States of America(USA)

August 22, 2024

Notice of Meeting of HR&R Committee sent to Members of HR&R Committee.

August 29, 2024

Meeting of the Members of HR&R Committee conducted.

September 06, 2024

Notice of Meeting of Audit Committee sent to Members of Audit Committee.

September 06, 2024

Notice for Meeting of Board Directors for consideration of Annual Audited Accounts for the year ended June 30, 2024 sent to Board of Directors.

September 16, 2024

Meeting of the Members of Audit Committee conducted for recommendation of Annual Audited Accounts for the year ended June 30, 2024, related party transactions, appointment of External Auditors etc.etc. to the Board of Directors for their approval.

September 16, 2024

Meeting of the Board of Directors conducted for consideration and approval of Annual Audited Accounts for the year ended June 30, 2024 Director's Report, Related Party Transactions, Appointment of External Auditors, Agenda and Venue of AGM, Special Business for approval of related party transaction.

September 16, 2024

Financial Results for the year ended June 30, 2024 and other Corporate Actions Sent to Stock Exchange immediately after conclusion of Board Meeting.

September 26, 2024

Notice of AGM Sent to Pakistan Stock Exchange

September 27, 2024

Notice of Annual General Meeting published in Newspapers.

October 10, 2024

Notice of Meeting of Audit Committee sent to Members of Audit Committee.

October 10, 2024

Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 1st Quarter ended October 17, 2024 Sent to Directors and Stock Exchange.

October 17, 2024

Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 1st Quarter ended September 30, 2024, Related Party Transactions etc. etc. to the Board of Directors for their approval.

October 17, 2024

Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the 1st Quarter ended September 30, 2024, Directors Report, Related Party Transactions etc. etc.

October 17, 2024

Financial Results for the 1st Quarter ended September 30, 2024 along with other Corporate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.

October 18, 2024

Annual General Meeting conducted and Shareholders approved Annual Audited Accounts, Appointment of External Auditors, Special Business for approval of Related Party Transaction.

October 18, 2024

Certified Copy of Resolutions Passed by the Shareholders in their Annual General Meeting held on October 18, 2024 sent to Stock Exchange.

November 14, 2024

Corporate Briefing Session on FY 2024 was held.

February 11, 2025

Notice of Meeting of Audit Committee sent to Members of Audit Committee.

April 18, 2025

Notice of Meeting of Audit Committee sent to Members of Audit Committee.

February 11, 2025

Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the Half Year ended December 31, 2024 Sent to Directors.

April 18, 2025

Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2025 Sent to Board of Directors.

February 19, 2025

Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the Half Year ended December 31, 2024, Related Party Transactions etc. etc. to the Board of Directors for their approval.

April 28, 2025

Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 3rd Quarter ended March 31, 2025, Related Party Transactions etc. etc. to the Board of Directors for their approval.

February 19, 2025

Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the Half Year ended December 31, 2024, Directors Report, Related Party Transactions.

April 28, 2025

Meeting of the Board of Directors conducted for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2025, Directors Report, Related Party Transactions etc. etc.

February 19, 2025

Financial Results for the Half Year ended December 31, 2024 along with other Corporate Actions, Sent to Stock Exchange immediately after conclusion of Board Meeting.

April 28, 2025

Financial Results for the 3rd Quarter ended March 31, 2025 along with other Corporate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.



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STRATEGY AND RESOURCE ALLOCATION

Our Corporate Strategy entails producing the highest quality of products benefitting all stakeholders. The Company emphasizes on transparency and building greater standards of ethical values. The Company focuses on its team and believes in regular training and development of its human resource given the technologically advanced nature of DGKC's plant and machinery. There is a strong commitment for continuous improvement of each process in order to optimize efficiency.

Strategic Objectives and Related Strategies in Place

1 Footprint Strengthened

Our strategically placed manufacturing plants from North to Center to South provide us unique ability to get access to all cities across Pakistan. Our enhanced footprint provides us with a unique platform to scale our strategy while we also selectively partner with institutional investors.

Primary capitals utilized and impacted: ◆ Financial Capital ◆ Human Capital
◆ Social and Relationship Capital
◆ Manufacturing Capital

Nature | ◆ Long term

Strategies in place

- Develop strong dealership network.
- Expand dealership network selectively depending on purpose and customer satisfaction index
- Developing strong relationship with institutional customers
- Develop and promote the brand as 'first choice' among its customers and develop the strong and loyal dealers'
- Quality assurance to keep customer loyalty

KPIs Monitored

- Number of dealers across Pakistan
- Number of complaints from end customers
- Customer satisfaction index

Relevance of KPIs

These KPIs will remain relevant in future

2 Sustainable and Profitable Cement Manufacturer

As we invest to deepen the quality and penetration of cement market across Pakistan, we intend to be a sustainable and profitable company. We have always been the first movers regarding investments in new technologies. DGKC aims to ensure optimum utilization of plant with operational efficiencies.

Primary capitals utilized and impacted: ◆ Financial Capital
◆ Social and Relationship Capital
◆ Manufacturing Capital

Nature | ◆ Medium term ◆ Long term

Strategies in place

- Capacity expansion in line with demand and supply gap in the market
- Continuously invest in new technologies to ensure competitive advantage over other manufacturers
- Eradicating operational inefficiencies via strong controls

KPIs Monitored

- Capacity utilization %
- Operational efficiencies in cement manufacturing (Cost per ton of cement)

Relevance of KPIs

These KPIs will remain relevant in future

3 Market Diversification

DGKC intends to diversify its market base to minimize market risk. Pakistan cement market largely depends on the infrastructure programs initiated by the Government. Considering the Pakistan economic challenges, diversification towards profitable exports is necessary to maintain sustainable profitability.

Primary capitals utilized and impacted:

- ◆ Financial Capital
- ◆ Social and Relationship Capital
- ◆ Manufacturing Capital
- ◆ Human Capital
- ◆ Intellectual Capital

Nature

- ◆ Short term to medium term

Strategies in place

- Continuously explore the profitable export markets
- Get certification regarding high quality of cement & clinker, as well as with regard to the plant to get access in international market (particularly China and USA).
- Financial planning to ensure effective and profitable sales utilization of plant.

KPIs Monitored

- Net retention in export and local market
- Increase in export%

Relevance of KPIs

These KPIs will remain relevant in future

4 Social and environmentally Responsible

DGKC is a cement manufacturer and the production process may have environmental impacts. DGKC intends to invest in technologies that are environmentally friendly and has minimum social impact. DGKC also has vision to engage local communities in terms of jobs, facilities and community service as a contributor towards society.

Primary capitals utilized and impacted:

- ◆ Financial Capital
- ◆ Social and Relationship Capital
- ◆ Manufacturing Capital
- ◆ Intellectual Capital

Nature

- ◆ Medium term ◆ Long term

Strategies in place

- Contribute to sustainable development of society through all commercial and social activities of the Company.
- Ensure compliance to all applicable laws via strong legal and compliance team.

KPIs Monitored

- Number of non-compliances
- Legal and other notices from competent authorities

Relevance of KPIs

These KPIs will remain relevant in future

5 HR Excellence

HR has been proven as an important asset of any Company. DGKC although is a capital intensive company, yet competent and skilled HR has been its backbone throughout its successful journey. Ensuring retention, planning and rewarding the skilled HR has been one of the pillars of our corporate strategy.

Primary capitals utilized and impacted:

- ◆ Financial Capital
- ◆ Social and Relationship Capital
- ◆ Intellectual Capital
- ◆ Human Capital

Nature

- ◆ Medium term ◆ Long term

Strategies in place

- Forecast future HR plans.
- Succession Plan
- Linking HR planning to overall business strategy
- Accept and absorb change to cope with future challenges

KPIs Monitored

- Employee turnover ratio
- Employees feedback and surveys

Relevance of KPIs

These KPIs will remain relevant in future

RESOURCE ALLOCATION PLANS TO IMPLEMENT THE STRATEGY

To achieve strategic objectives, our company strategically strives to enhance stakeholders' value and meticulously establishes strategies and plans. To achieve its strategic objectives, the Company deploys resources at its disposal in a planned manner.

1 Financial Capital

We intend to maintain sufficient liquidity available for operations. Our investments in banking, textile, and insurance sectors generate adequate return on investments throughout the year in the form of dividends. This provides the management with the flexibility to fund business expansion and invest in cost-saving initiatives. Moreover, the Company has an efficacious Cash Flow Management System in place whereby cash inflows and outflows are projected and monitored on a regular basis. Working capital requisites are managed mainly through internal cash generation and subsidized financing, whenever available.

2 Manufactured Capital

Realizing the significant impact of manufactured capital on the Company's ability to achieve its strategic objectives, DGKC makes a deliberate effort to create and maintain a technologically superior asset base. Infrastructure at our plant-sites, Head Office and the extensive marketing and distribution network constitute the Company's manufactured capital.

Proper technical and financial due diligences are carried out when new plant or machinery is to be installed to ensure that they provide depth to the Company in meeting its objectives. Power mix and future supply chain for stores and spares are also considered to avoid any disruption of the plant.

3 Intellectual Capital

Intellectual Capital is the value of the Company's cumulative knowledge and resources that it can utilize to enhance profits, gain new customers, improve product quality or otherwise improve the business.

DGKC accords highest priority to the development of its Information Systems resources to ensure accurate data processing, efficient communications, streamlined business processes and accumulation of market intelligence.

State-of the art ERP system and sales ordering system are in place to gather real time market information and plant performance. Business Continuity plan and assets backups are in place to ensure the protection of intellectual capital.

4 Human capital

Best available talents are not only attracted but also retained to maintain the quality of our human capital. Regular training and developments, proper reward and HR planning are regularly reviewed to ensure the HR capital remains in line with our strategic objectives and helps the organization in achieving them.

5 Social and relationship capital

Relationships with key stakeholders are always part of our plan in pursuance of our strategy. Regular meetings with Banks, trade associations, Government bodies etc are conducted for the purpose of communication in achieving shared objectives.

6 Natural Capital

The Company possesses sufficient natural capital, including raw materials and water, to meet its operational requirements. Through initiatives such as rainwater harvesting ponds, it ensures responsible and efficient use of resources and remains committed to advancing sustainable practices across its operations.

KEY RESOURCES AND CAPABILITIES

DGKC has been blessed with unique capabilities and resources that have been developed over the years through due diligence and planning keeping in view strategic objectives of the Company. Key resources and capabilities of the Company which provide sustainable competitive advantage over the years are:

Key Resources and Capabilities to Provide Sustainable Competitive Advantage

- Geographically diverse & state-of-the-art production facilities
- Self-sufficiency in electricity requirement

- Investments in multiple companies and regular dividend income
- Strong brand recognition
- Sufficient production capacity to meet the market demand

- Well diversified fuel mix % & efficient operations
- Strategic location at Hub site, boosting ability to export.
- Easy access to production resources



Value Creation

Indirect wealth creation through equitable business with suppliers and customers

Inclusive working environment for employees with career development, job security and personal development

Contribution towards Government treasury in the form of Royalty, Income and sales taxes, Federal Excise Duty

Forex reserve generation through export opportunities

High returns for shareholders

Growth in shareholders' wealth

Development of local communities across Pakistan (being Geographically diverse) in the form of education, health, job creation and social uplifting

Long term relationship with customers and suppliers

SUSTAINABILITY STRATEGY

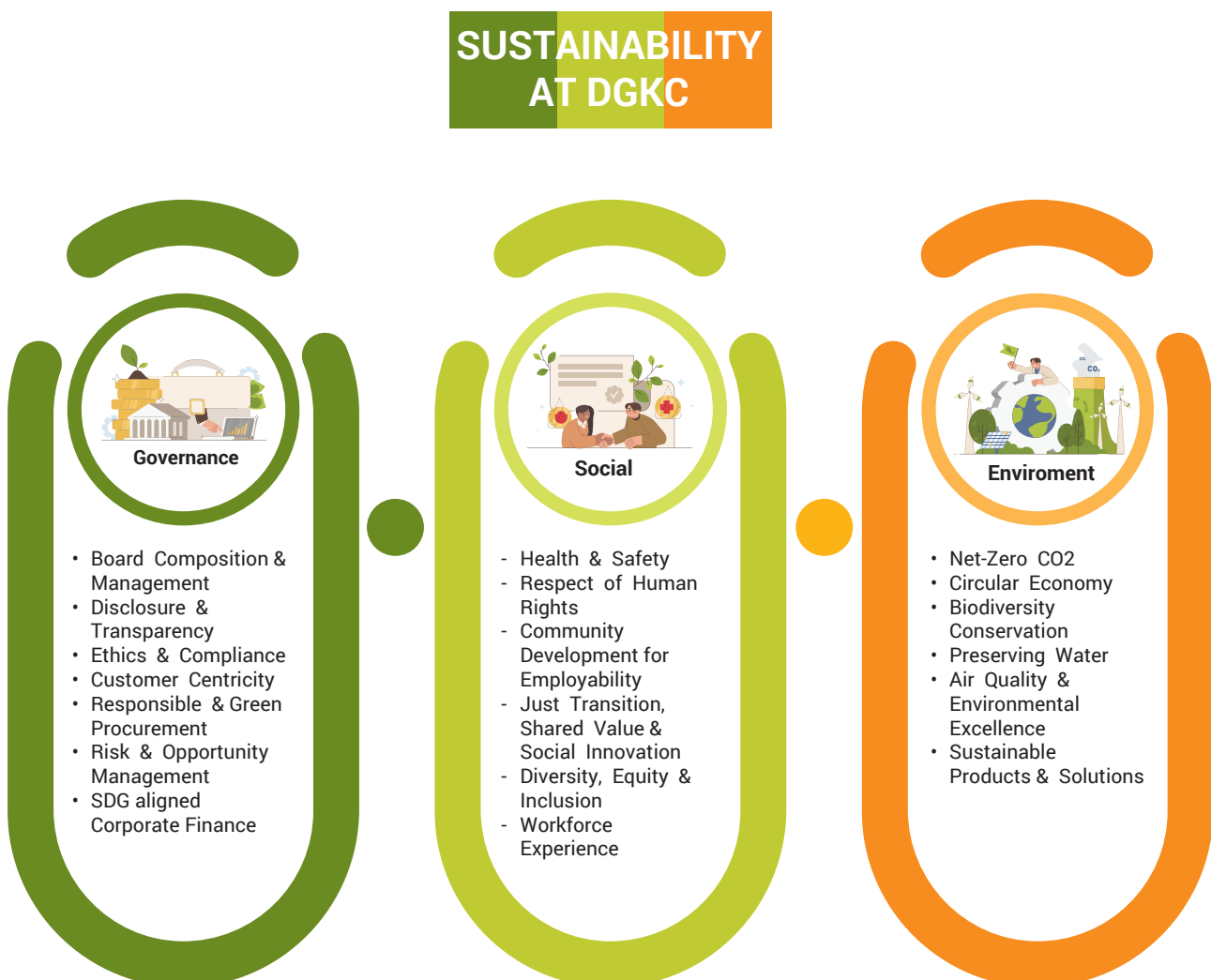
Sustainability Strategy and Measurable Objectives

Sustainability is one of the most important strategic priorities and is present in every aspect of our business. For this reason, our executive team evaluates and guides the board members regarding DGKC's efforts to achieve the following goals:

- Integrate sustainable development into our short- and long-term strategies
- Ensuring sustainable growth policies and practices
- Endorse our Sustainability Model, priorities and KPIs
- Evaluate the effectiveness of sustainability initiatives and their implementation
- Provide guidance to the executive board members on strategic sustainability decisions

ESG - Sustainability Model

The model has three objectives organized into environmental, social, and governance pillars, as well as 19 main priorities to integrate sustainability into every aspect of the business. Guided by this model, we focus our efforts and resources on issues relevant to our business and stakeholders.



SDG - SUSTAINABLE DEVELOPMENT GOALS

At DGKC we recognize the importance of sustainability and has made it our priority. Our businesses have embedded the sustainability throughout our organization in order to achieve real results. The UN 17 SDG- Sustainable Development Goals (a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity) are:



At DGKC , We actively pursue UN Sustainable Development Goals (SDGs) and we continue to align our practices to meet the Global goals by 2030. We have defined a new set of ambitions with a 2030 vision that strengthens our commitment to building a better world and helping to alleviate some of the most significant challenges communities face today and until today we are committed to integrate stated SDGs (relevant to our business process) into our business and have developed strategies accordingly:

Sustainability Targets	SDG Reference	Our Strategy
Carbon Footprint	SDG-13	We have focused on reducing our emissions, increasing energy efficiency in our operations, using lower emission alternatives to traditional fossil fuels, decreasing our clinker factor and promoting renewable energy. To reduce carbon foot prints and save valuable power cost: -We have Installed WHR plants (Waste Heat Recovery) at all sites that use waste heat from kilns and convert this to power thereby reducing consumption of fossil fuels. - We have planned to invest in On- Grid solar power plants at all sites. Solar Plant of 10 MW has been successfully installed at Khairpur.
Waste to Fuel	SDG-7	Utilization of waste from other industries as a source of energy –we’re contributing to a circular economy. For this DGKC has already installed : • Refuse-derived fuel Plants as an alternative energy source to produce energy from various types of waste such as municipal solid waste, industrial waste or commercial waste. • TDF Tyre-derived fuel plant at its KHP and DG sites and planning to install at HUB site as well in which Tyres may be mixed with coal or other fuels to be burned in concrete kilns. Usage of alternative fuel not only helps to get rid of different types of Industrial, agriculture, and municipal wastes but also reduce production costs in the times of global Commodity Super Cycle.
Enhancing Environmental Management	SDG-11	We are committed to doing whatever it takes to reduce our environmental footprint. As part of our ongoing efforts, we strive to: • Monitor major and minor emissions • Improve our measurement methods • Adapt to new and more stringent air emissions regulations, investing accordingly and executing required trainings • Go beyond local regulations and set ambitious targets for emissions mitigation DGKC is endeavoring to improve environment and the cleanliness of city. In this regard, thousands of trees are planted every year, heavy machinery was provided for cleaning. Worth millions of rupees were provided to the District Administration which are being utilized for the cleanliness of the city.
Water Resource Management	SDG-6 SDG-14	It is used in several stages during the production process of cement, ready-mix and aggregates as well as for cleaning plants, trucks and equipment. To protect this natural resource and help our business flourish, we work to increase our water efficiency and control our water waste.
Optimum Consumption	SDG-12	we seek gradually to implement the system “3 R’s of Environment”: Reducing, Reusing, and Recycling to manage effectively the resources we use to do our work.
Reduce Inequalities	SDG-10 SDG-5	The company ensures no discrimination on grounds including gender, race, ethnic origin and religion.
Education and Health	SDG-3 SDG-4	In addition to existing running schools and hospitals we are planning to add on more schools around the site areas to provide free education and health facilities.
Poverty Reduction and Skills Development	SDG-1 SDG-2	We are focused to create job opportunities for the local community and provides the platform to train technical staff at all levels particularly to fresh diploma holders and graduate engineers. In this way, we will empower the new generation to stand on their feet and contribute in the development of country.

Our Corporate Social Responsibility (CSR) section translates our aforementioned strategies into actionable initiatives.

FACTORS AFFECTING COMPANY'S STRATEGY AND RESOURCE ALLOCATION

Company's strategies and resource allocations are driven by not only by internal factors but external factors such as technological changes, societal issues, climate changes and environmental factors. DGKC has also considered these factors in shaping its strategies and has accordingly planned its resources.

Technological Changes

Technology has changed the pace of business and raised the expectations of our customers. Being a responsive Company towards change, DGKC always adapts the latest technology, whether it pertains to automation of business processes, advanced financial software for data analytics or adoption of latest technologies for production. The Company not only ensures that it acquires latest technologies and tools for its expansion projects, it also implements/replicates the newer technologies for its earlier plants as well. These investments in technology allows the Company to reap benefits in terms of efficiencies and lower costs in pursuance of its long and medium terms goals.

Societal Issues

DGKC believes in giving back to the society and accordingly the societal issues relating to education, health, donation, job creation, charity and poverty alleviation are the integral part of its strategic plans. DGKC has adequate health, safety and environment related policies and procedures. We also ensure that the demographic and population changes in the region we operate are accommodated in policies and procedures. We believe in giving back to the society in terms of various activities, capacity building programs, vocational training programs, sponsorship of schools, scholarships, medical clinics and other health related initiatives.

Environmental Issues

DGKC implements its strategies in accordance with well-defined environment policy. We consider all factors before taking strategic decisions about expansion and other activities which has impact on environment to mitigate its affects/ footprint on environments. All the business processes, new investments and any other strategic decision is made keeping in line with their environmental effects and the contribution they make towards society. Keeping up with its commitment for environment protection, the Company has implemented a solar power project at its Plant in Khairpur site.

Initiatives In Promoting And Enabling Innovation

DGKC takes following initiatives to boost innovation in business and encourages its employees to come up with new ways to improve products and processes:

- Regular workshops or occasional company away days to brainstorm ideas.
- Supportive atmosphere in which people feel free to express.
- Encourage risk taking and experimentation within the boundaries of acceptable risk tolerance and risk appetite
- Promote openness between individuals and teams.
- Delegation, teamwork and Job rotation
- Reward innovation and celebrate success.
- Look for imagination and creativity when recruiting new employees.

SIGNIFICANT PLANS & DECISIONS

The Company has two significant plans for coming years:

- Solar Power Plant at all sites.
- RDF / TDF Plant at HUB site.

However, for the time being, these projects have been deferred keeping in view the macro-economic indicators.

The Company does not have any immediate plans for further expansion or discontinuation of any operations, other than the ones already mentioned in the Directors' Report.

Rationale of Major Capital Expenditure

Company had plans to install Solar power plants at HUB and DG site but expensive capital and cost escalation caused the Company to defer these plans. Further, management intends to lower the debt profile in order to improve debt equity ratio and as part of our sustainability strategy.

DEFAULT IN PAYMENT OF DEBTS

DGKC enjoys good relationship with its financiers. DGKC has made timely payments of all its debt obligation and has not made any default in this regard during the year.

STRATEGY FOR LIQUIDITY PROBLEMS

The working capital and financing needs of the Company are managed through a robust treasury management system which ensures effective cash flow management while safeguarding against any related risks.

Cash flow management is achieved through effective forecasting and periodic evaluation of planned inflows in the form of turnover and investment income. There have been consistent stream of dividend income (mainly from MCB) that provides needed liquidity to our operations.

Further, maturity profiles of assets and liabilities are regularly maintained and evaluated to ensure optimization of cash inflows and outflows as per expected business operation needs.

All debt repayments maturing this year were paid on their due time and there have been no defaults in repayment of any debt during the year.

The strategy to overcome liquidity problem is to ensure minimum cash requirement for working capital. Cash generation left out after financing working capital will be used to finance capex (that has been strategically deferred or minimized). Rest of the funds available will be used to lower the total debt.

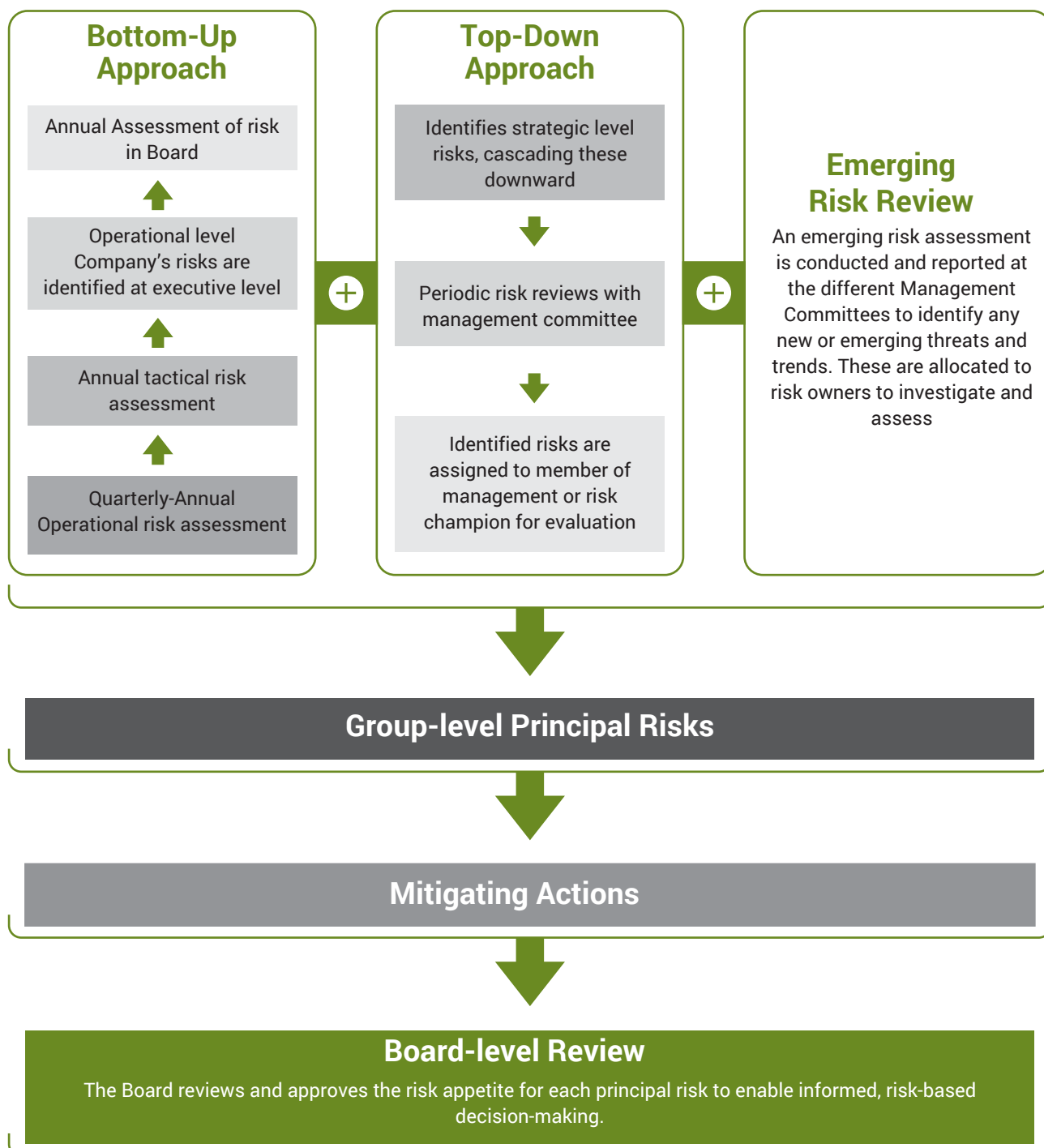


RISKS AND OPPORTUNITIES

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RISK MANAGEMENT FRAMEWORK

DGKC's enterprise risk management framework is aligned to the ISO 3100 International Risk Management Standard that ensures best practices in the governance of risk. Through enterprise risk management, we identify DGKC's key risks and provide the Board with a robust assessment of the Company's principal risks. An embedded enterprise risk management process supports the identification of these principal risks. The process adopts both a bottom-up and a top-down approach to identify and escalate risks across all levels of the organization.



The process outlined above guarantees that risk management is embedded across all levels of the organization, leading to risk-based, informed decision-making with the appropriate levels of accountability. In order to ensure that all risks are effectively mitigated and managed, we adopt a multiple line of defense model to provide assurance to our stakeholders.

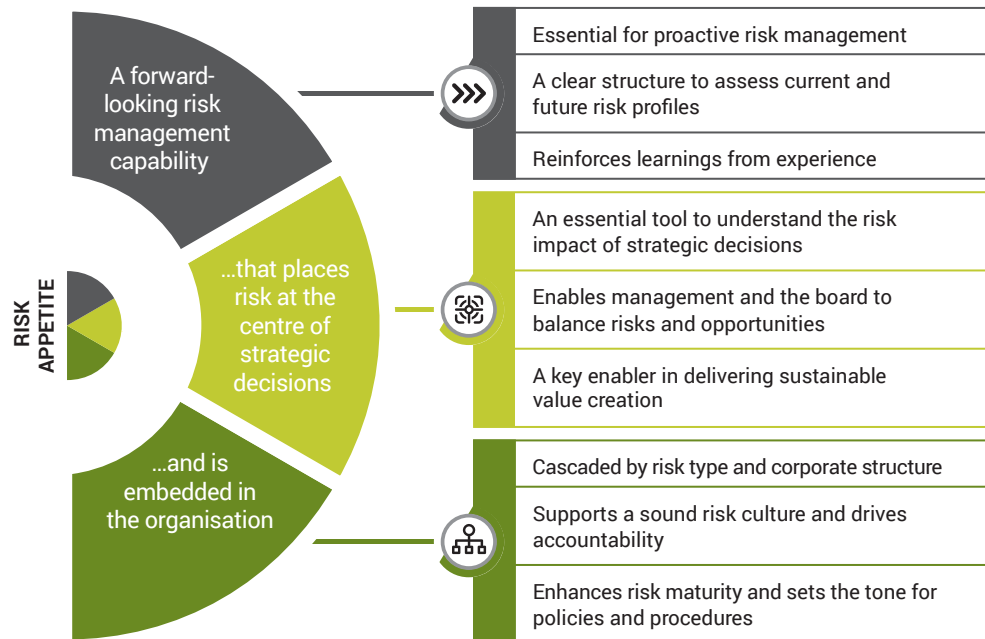
RISK APPETITE AND TOLERANCE

The board uses risk appetite and tolerance thresholds to evaluate the nature and extent of the risks and opportunities that DGKC is willing to take in the pursuit of its value-creation strategy. The board reviews Risk Management processes annually in terms of good governance and risk management practices in line with global best practice. Our risk appetite and tolerance thresholds are used in strategy development and business planning and act as a reference point for significant risk taking and risk mitigation decisions. The purpose of the risk appetite process is to ensure that the company is not exposed to more risk than it is willing and able to assume. These arrangements allow the board to evaluate whether DGKC is

- Exploiting the full potential of its risk appetite and whether it is sufficient to achieve its stated objectives
- Protecting itself sufficiently from risks associated with its pursuit of value creation
- Making the appropriate disclosures on risks and opportunities to its stakeholders.

The process of setting the overall risk appetite continues to provide the board with the opportunity to oversee the strategic direction of the business in a volatile macroeconomic environment, in which the rise of unpredictable risks and emerging structural opportunities will continue to have an impact on the business model into the future.

Placing Risk Appetite at the Core of Strategic Decision-Making



Balancing our Risk Capacity, Appetite and Tolerance

	RISK CAPACITY	RISK APPETITE	RISK TOLERANCE
DEFINITION	Risk capacity refers to the total amount of risk the company can bear	Risk appetite refers to the total risk we are willing to take to meet our strategic priorities	Risk tolerance describes the specific maximum amount of exposure by risk or risk category that is deemed acceptable
MEASUREMENT	Our risk capacity is assessed in terms of balance sheet strength	Our ability to service our debt obligations and preserve asset valuations is used as a yardstick to measure risk appetite	Our risk tolerance is measured according to qualitative thresholds aligned to our approved appetite levels
USE	- Used by the board in assessing risk and opportunities - Management considered the improved risk capacity in the annual insurance cycle	- Used in setting strategy and business planning - Aligned with Redefine's strategic priorities and uses our risk registers as a key reference point - Acts as a reference point for significant risk taking and risk mitigation decisions	- Used by the board as a reference point to assess, review and monitor the strategic direction of the business - Enables management to make prompt and proactive decisions to ensure risk management objectives are achieved in the ordinary course of business

RISK REPORTING

In alignment with our commitment to transparency, we provide the following risk reporting mechanisms:

Internal Reporting

- Quarterly risk assessments and reports to the board of directors.
- Monthly operational risk reviews with department heads.
- Regular updates to risk owners and relevant stakeholders.

External Reporting

- Full compliance with regulatory reporting requirements.
- Transparent disclosure of material risks in our annual reports.
- Ongoing communication with investors, analysts, and stakeholders about our risk management practices.

BOARD COMMITMENT TOWARDS RISK MANAGEMENT

The Board of Directors of DGKC is responsible for the risk management and determining the company's level of risk tolerance. The board regularly undertakes an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related system and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders. At DGKC, we have evaluated our risk tolerance carefully, considering market dynamics and stakeholder expectations. Our approach emphasizes proactive risk identification, mitigation, and compliance with all relevant regulations. We pledge transparency in our risk management practices, ensuring your confidence in our operations. This commitment will safeguard our financial stability, reputation, and long-term success while allowing us to pursue strategic opportunities.

The Board of Directors has carried out a detailed assessment of risks facing the Company originating from various sources. The Board of Directors is satisfied with the Company's risk management practices and the mitigating strategies adopted to counter such risks.

Board of Directors has conducted an exhaustive assessment of the primary risks confronting our company. This comprehensive evaluation included a thorough analysis of risks that have the potential to pose a significant threat to our business model, future performance, as well as our solvency and liquidity. This in-depth examination underscores our unwavering commitment to sound corporate governance and risk management. By identifying and understanding these critical risks, we can proactively implement measures to mitigate and manage them effectively.

Safeguarding our business model, ensuring sustained future performance, and maintaining robust solvency and liquidity are essential components of our corporate strategy. We firmly believe that this proactive approach will not only protect our organization from potential setbacks but also position us to seize opportunities for growth and innovation.

KEY RISKS AND OPPORTUNITIES

1 Political Instability Risk

Source: External

Capital Impacted: Financial Capital, Social and relationship capital, Human Capital

Strategic Objectives: Market diversification, sustainability

Context and Value Impact

Political turmoil often leads to investors' confidence shaken. The cement industry is also often subjected to unpredictable taxes, both direct and indirect. This, combined with the added pressure from consumers to reduce prices, creates a challenging operating environment. External factors, such as civil societal activism, rapidly changing Government policies and fiscal adjustments could also directly influence our operations.

Opportunity: As a significant tax contributor, highlighting the role we play as a partner to governments and citizens – especially as tax contributions enable governments to deliver their developmental agendas

Mitigating Action

- Enhance our operating model, as we deliver on our Social Contract, accelerate the impact of our foundations and support enabling regulation.
- Regularly communicate DGKC purpose through media statements and campaigns to educate DGKC's customers.
- Monitor changes to our political environments and engage with the government on regular basis.
- Consult regularly with tax advisers to understand the impact of our current operating environment.
- Proactively understand tax pressures in all jurisdictions and engage with governments to minimize impacts
- Improve technical skills around tax and regulatory-related issues

2 Unstable economic and market conditions

Source: External

Capital Impacted: Financial Capital, Manufactured Capital, Human Capital

Strategic Objectives: Sustainable and profitable cement manufacturer, footprint strengthened, market diversification

Context and Value Impact

Volatile macroeconomic conditions such as fluctuating foreign exchange and inflation rates may weaken consumer spend and enterprise investment, thereby presenting risk to our revenue outlook. Inflationary pressures could impact the DGKC's operating costs and CAPEX efficiency.

Opportunity: Weak PKR against USD provides us the opportunity to look for avenues in international markets

Mitigating Action

- Continuously improve products and services to enhance our customer value proposition.
- Create and implement a comprehensive stakeholder relations strategy.
- Include contingencies in our business plans to provide for the negative operational impacts of lower economic growth and changes in interest, inflation and exchange rates.
- Take an export-oriented approach to improve the plant utilization
- Ensure cost effective procurement and price adjustments where necessary

3 High-Interest Rate

Source: External

Capital Impacted: Financial Capital, Manufactured Capital

Strategic Objectives: Sustainable and profitable cement manufacturer, footprint strengthened, market diversification

Context and Value Impact

High interest rates may hinder Company ability to grow as funds would not be available at affordable rates. Further, it may also affect its ability to maintain high margins as compared to its competitors.

Opportunity: High-interest rates may pose a risk, but they also offer an opportunity for enhanced returns through strategic financial management.

Mitigating Action

- Defer the Capex expenditures so that all the cash generation would be utilized in debt reduction.
- Working capital management strategies to be placed to reduce the short term debt profile.
- Keeping eye on the inflation and interest rate trends and make appropriate strategies in this regard.
- Taking appropriate cash management strategies to reduce debt and to decrease the related finance costs.

4 Fluctuation in Coal Prices

Source: External

Capital Impacted: Financial Capital, Natural Capital

Strategic Objectives: Sustainable and profitable cement manufacturer

Context and Value Impact

Coal prices have been subject to fluctuations in both international and local market. Being major component of our cost of production, fluctuations in it would affect our profitability.

Opportunity: Fluctuations in foreign coal prices would provide opportunity to look for internal source of energy to make appropriate mix to reduce cost and to save valuable foreign exchange reserves. High Coal prices may also push the Company to replace Coal usage with RDF and TDF to some extent

Mitigating Action

- Diversify the energy sources in line with plant requirement
- Evaluate the various options of local coals to replace foreign coal and to reduce cost
- Keep an eye on international coal prices and make necessary stocks in line with coal anticipated prices.
- Negotiate the long term contracts with vendors to ensure sustainable supplies.

5

Cybersecurity Risk

Source: Internal/External

Capital Impacted: Financial Capital, Intellectual Capital

Strategic objectives: Strong brand image, HR Excellence

Context and Value Impact

An external cyber attack, insider threat or supplier breach – whether malicious or accidental – could lead to service interruption and/or the breach of confidential data. This could negatively impact DGKC's customers, revenue and reputation and lead to costs associated with fraud and/or extortion.

Opportunity: Providing world-class data security as part of our growing business needs, customer base and data sensitivity.

Mitigating Action

- Commission world-class security vendors to enhance methods of detecting sophisticated attackers.
- Proactively assess and increase security measures and controls in place across projects, infrastructure and while storing and transmitting confidential information.
- Enhance our third-party security reviews through efficient, standardized, automated tooling and processes, which decreases third-party security risk, including the number and impact of third-party incidents.
- Monitor the DGKC's cyber incident response and containment.
- Manage security risks by implementing continuous security improvement program and developing dynamic and responsive frameworks.
- Embed the DGKC security risk, control and assurance framework across our business.
- Embed the sustainable cyber skills program by attracting and retaining scarce cyber skills.

6

High Power Cost

Source: Internal/External

Capital Impacted: Financial Capital, Natural Capital, Manufactured Capital

Strategic objectives: Sustainable and profitable cement manufacturer

Context and Value Impact

High power cost has been a threat to all the sectors of Country. This would make the product uncompetitive in international market and less profitable as compared to the products offered by the competitors.

Opportunity: High power costs and future possible trend provides opportunity to diversify into renewables to ensure sustainable and cost-efficient energy source.

Mitigating Action

- Diversify the energy source to ensure optimum power mix and to reduce cost.
- Invest in energy-efficient technologies to reduce total power requirement.
- Develop the own power sources at all sites to make them independent of Wapda/K-Electric
- Explore the options of renewable energies like solar power plants for green and sustainable energies.

7 Legal and Compliance Risk

Source: Internal/External
Capital Impacted: Financial Capital, Social and Relationship Capital, Intellectual capital
Strategic objectives: Social and environmentally responsible

Context and Value Impact

The introduction of stringent regulatory and compliance requirements will impact profitability, growth and service delivery. This exposes us to significant financial and reputational damage.

Opportunity: Proactively responding to the changing regulatory context provides opportunities for “first-mover advantage”

Mitigating Action

- Engage with governments and regulatory and public bodies through our Social Contract.
- Engage with local Communications, Regulators and regional standard setting bodies to shape regulatory requirements and mitigate risk.
- Proactively engage with government and other key stakeholders to communicate key messages and proposals on how policy and regulatory decisions positively and negatively impact the sector.
- Participate in broader government objectives and public interest through national industry associations, other influential organizations.
- Keep update about the new regulatory changes and seek advice from experts about potential impact on DGKC business and operations.

8 Health and Safety Risk

Source: External/Internal
Capital Impacted: Human Capital, Financial Capital, Manufactured Capital
Strategic objectives: Ensuring the health and safety of our workforce, maintaining operational continuity, sustaining profitability, and contributing to public health efforts.

Context and Value Impact

A transmitted or infectious disease, such as Corona or viral infection, and any health and safety incident present a significant risk to our organization. Such events can directly impact our workforce, disrupt operations, strain healthcare resources, and lead to financial losses. Furthermore, they can affect our reputation and social responsibility commitments.

Opportunity: Strengthening health and safety measures can enhance employee well-being, improve workforce productivity, and bolster our reputation as a responsible employer and corporate citizen.

Mitigating Action

- Complete initial scanning of every individual joining the company along with medical certificate. Free hospitalization, laboratory tests and other medical facilities at sites and head office to every employee of the company. This also includes provision of free medicines up to a certain limit
- Implementation of strict HS&E policies and training workshops. Periodic review of safety related incidents and internal audits ensure process effectiveness.
- Prioritize the health and safety of employees by implementing robust safety protocols, providing personal protective equipment, and enforcing social distancing measures during outbreaks.
- Collaborate with local healthcare authorities and providers to support public health efforts, such as vaccination campaigns and testing initiatives, to help curb the spread of diseases.
- Educate employees on best practices for personal hygiene and disease prevention to reduce the risk of infection in the workplace.
- Offer mental health support and resources to employees to address the emotional toll that health crises can have on individuals.
- Continuously monitor global health trends and collaborate with health authorities to adapt our health and safety measures accordingly.

RISK OF SUPPLY CHAIN DISRUPTION

We acknowledge the inherent risk of supply chain disruption arising from environmental, social, or governance (ESG) incidents. These incidents, including natural disasters, labor disputes, regulatory changes, and reputational issues, can impact the flow of product essential to our operations.

To Address And Mitigate These Risks, We Have Implemented A Multifaceted Strategy:



SUPPLIER ASSESSMENT

Regular evaluation of supplier ESG practices ensures alignment with our values and expectations.



DIVERSIFICATION

We actively diversify our supplier base to reduce dependency on a single source, bolstering our supply chain resilience.



RISK ANALYTICS

We employ data analytics to monitor ESG-related trends, enabling proactive identification of potential risks and opportunities.



CONTINGENCY PLANNING

Robust contingency plans outline responses to supply chain disruptions, facilitating swift mitigation.



STAKEHOLDER ENGAGEMENT

Engaging with stakeholders fosters strong relationships, reducing the likelihood of ESG-related incidents.



SUSTAINABILITY INTEGRATION

Sustainability principles are integrated into supply chain management, promoting responsible sourcing and ethical practices among suppliers.

Our commitment to ESG risk management underscores our dedication to long-term sustainability and responsible business practices. By proactively monitoring and mitigating these risks, we aim to safeguard operations and contribute positively to the global ESG landscape.



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PROFILES OF DIRECTORS & MANAGEMENT



Mrs. Naz Mansha
Director/Chairperson

Mrs. Naz Mansha has over 38 years' experience as a Director on the Board of different companies. She has been associated with D. G. Khan Cement Company Limited (DGKCC) since 1994 and she is also a Chief Executive of Nishat Linen (Private) Limited, a subsidiary of Nishat Mills Limited and Director/Chief Executive of Emporium Properties (Pvt) Limited and Director on the Board of Golf View Land (Pvt) Limited, Adamjee Life Assurance Company Limited and Nishat (Aziz Avenue) Hotels & Properties Ltd. She is a graduate from Kinnaird College, Lahore.



Mr. Khalid Niaz Khawaja
Director/Non-Executive

Mr. Khalid Niaz Khawaja is a Fellow of Institute of Bankers, Pakistan. He has more than 51 years' experience to work in different capacities in banking industry and CEO in one of the leading Leasing company. He had been on the board as a director on the leading institutions Including Lahore Stock Exchange Limited.



Mr. Raza Mansha
Director/Chief Executive Officer

Mr. Raza Mansha has more than 30 years diversified professional experience in various business sectors including Banking, Textile, Power, Cement, Insurance, Hotels, Properties, Natural Gas, Agriculture, Dairy etc. He received his Bachelor degree from the University of Pennsylvania, USA. Currently he is on the Board of:

Director/Chief Executive Officer

- D. G. Khan Cement Company Limited
- Nishat Packaging Limited
- Nishat Agrotech Farms (Pvt) Ltd.

Chief Executive Officer

- Nishat Developers (Pvt.) Limited

Director

- MCB Islamic Bank Limited
- Nishat Hotels & Properties Limited
- Nishat (Raiwind) Hotels and Properties Ltd.
- Nishat (Aziz Avenue) Hotels and Properties Ltd
- Nishat Dairy (Pvt.) Limited
- Euronet Pakistan (Pvt.) Limited
- Nishat Agriculture Farming (Pvt.) Limited
- Hyundai Nishat Motor (Pvt.) Limited
- Nexgen Auto (Pvt.) Limited



Mr. USAMA MAHMUD
Director/Independent

Mr. Usama graduated from University of Pennsylvania (UPenn) with a B.S.E. in Bioengineering and a Masters in Public Administration. He is a seasoned professional with cross-cutting experience of working in both public and private sector. His areas of expertise include management consulting, technical assistance, policy development and project implementation. He has also worked with international organizations such as DFID, UN, and the World Bank. Mr. Usama has spearheaded large scale initiatives and reform programs, such as the education reforms in Punjab. He serves as the Director of Delivery Management Consultants (Pvt) Limited and Paisma (Pvt) Limited.



Mr. Shehryar Ahmad Buksh
Director/Independent

Mr. Shehryar has completed his MBA Management from Lahore University of Management Sciences. He has over 27 years of experience in the retail industry, mall development, product development and network expansion across Pakistan. He had been on the board as a director on the leading institutions including Lahore Chamber of Commerce and Industry, First Punjab Modaraba, Pakistan Board of Investments, Punjab Board of Investments, Punjab Small Industrial Corporation and Quaid – e – Azam Industrial Estate.

He is also serving as Director / Managing Director on the Boards of

- HKB Enterprises
- HKB Retail SMC (Pvt.) Limited.
- Fortress Square Mall
- World Wild Life Fund (WWF)
- Punjab Skill Development Fund



Mr. Farid Noor Ali Fazal
Director/Executive

He holds a bachelor degree in Commerce, Law and Management. He has a vast experience of about 58 years in marketing, selling, trading, logistics and administration. He started his career in 1967 with Fancy Group of Companies and later served as Marketing Manager of Steel Corporation of Pakistan before moving to Middle East in 1976. He remained associated with the cement and steel sector in the Middle East for more than a decade where he served in various capacities mostly as General Manager (Sales & Marketing).

He later moved to Houston, Texas, USA in 1987 where he successfully managed his entrepreneurial venture for next eleven years before returning to Pakistan and joining DG Khan Cement Company in 1998. His vast experience, leadership traits, business acumen, people skills and dedication to work have been key elements of his success in the role and he has contributed incredibly to the expansion in the market share of DG Khan Cement locally and internationally as well. He is very well known in the International market.

Apart from Executive Director's (Sales & Marketing) day to day operational activities, he is ex Senior Vice Chairman of All Pakistan Cement Manufacturers Association (APCMA) and has also served as its Acting Chairman in 2002. Moreover, he serves on boards of Directors of Nishat Packaging Limited and Nishat Mills Limited as well.

His latest achievement has been to penetrate in to the sophisticated and difficult market of the United States of America and has got DOT approvals in several USA states for DG Khan's low Alkali and Portland cement.



Mr. Shahzad Ahmad Malik
Director/Non-Executive

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.



Dr. Arif Bashir
Director Technical & Operations

Dr. Arif Bashir holds a Ph.D. degree, by profession he is Chemical Engineering. He joined cement sector in 1983. During his career spanning over 42 years, he has proven himself in technical, managerial and research areas.

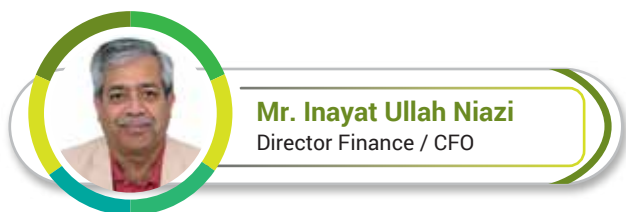
He has vast experience in the fields of chemical engineering, energy conservation, environmental studies, alternate fuels, renewable energy (biomass, solar & wind), project planning, execution and monitoring, operation and maintenance. He possesses good skills to develop and train technical teams having special interest in the field of applied engineering research.

He represented Pakistan on various national and international conferences. To his credit are number of international research publications. He is also associated with educational institutions as examiner and active member of board of studies. He supervised university students in applied research projects leading towards the degree of Ph.D.

He is pioneer in conversion of domestic cement industry from furnace oil to coal and alternate fuels firing that has changed the entire structure of Pakistan Cement Industry.

He is associated with DGKC since 1993, where he oversaw the expansion of plants and setting up of three new cement production lines with number of optimizing projects. In 2004, he was given challenging responsibility to set up state of the art greenfield 7000 tpd Khairpur project which was successfully completed in 2007. In 2011 he was posted on the top technical post of the Company as Director (Technical & Operations). He was also heading technical team who completed Pakistan largest 10,000 tpd Cement project in 2018 at Hub, district Lasbela Balochistan.

His technical expertise and leadership have been instrumental in vertical growth of the Company. He played a pivotal role in training and development of skilled professional team of engineers and technicians. He also serves on the boards of directors of Nishat Packaging Limited.



Mr. Inayat Ullah Niazi
Director Finance / CFO

He is a Commerce Graduate and C.A. Inter. His experience spans over 41 years, through out with DGKC. He supervised the financial matters related to expansion of DG Plant. He also oversaw critical financing arrangements for installation of new plants at Khairpur (2007) and Hub (2018). His expertise is in accounts, tax, audit, finance, treasury, budget and planning. He remained a crucial negotiator and dealer in transactions with international financial institutions, development institutions and export credit agencies.

He has served as director of Lahore Stock Exchange, National Clearing Company of Pakistan Limited, Security General Insurance Company Limited and LSE Financial Services Limited. He is also the CFO of Nishat Packaging Limited.

He is also serving as a director in Nishat Hotels & Properties Limited, Nishat (Aziz Avenue) Hotels & Properties Limited, Nishat (Raiwind) Hotels & Properties Limited, Nishat Energy Limited, Lalpir Power Limited and Pakistan Aviators and Aviation (Private) Limited.



Mr. Khalid Mahmood Chohan
Company Secretary

He is a Commerce graduate. His experience tenure is about 42 years. His fields of expertise include income tax, corporate matters and secretarial practices.

He is Company Secretary of various companies in Nishat Group.

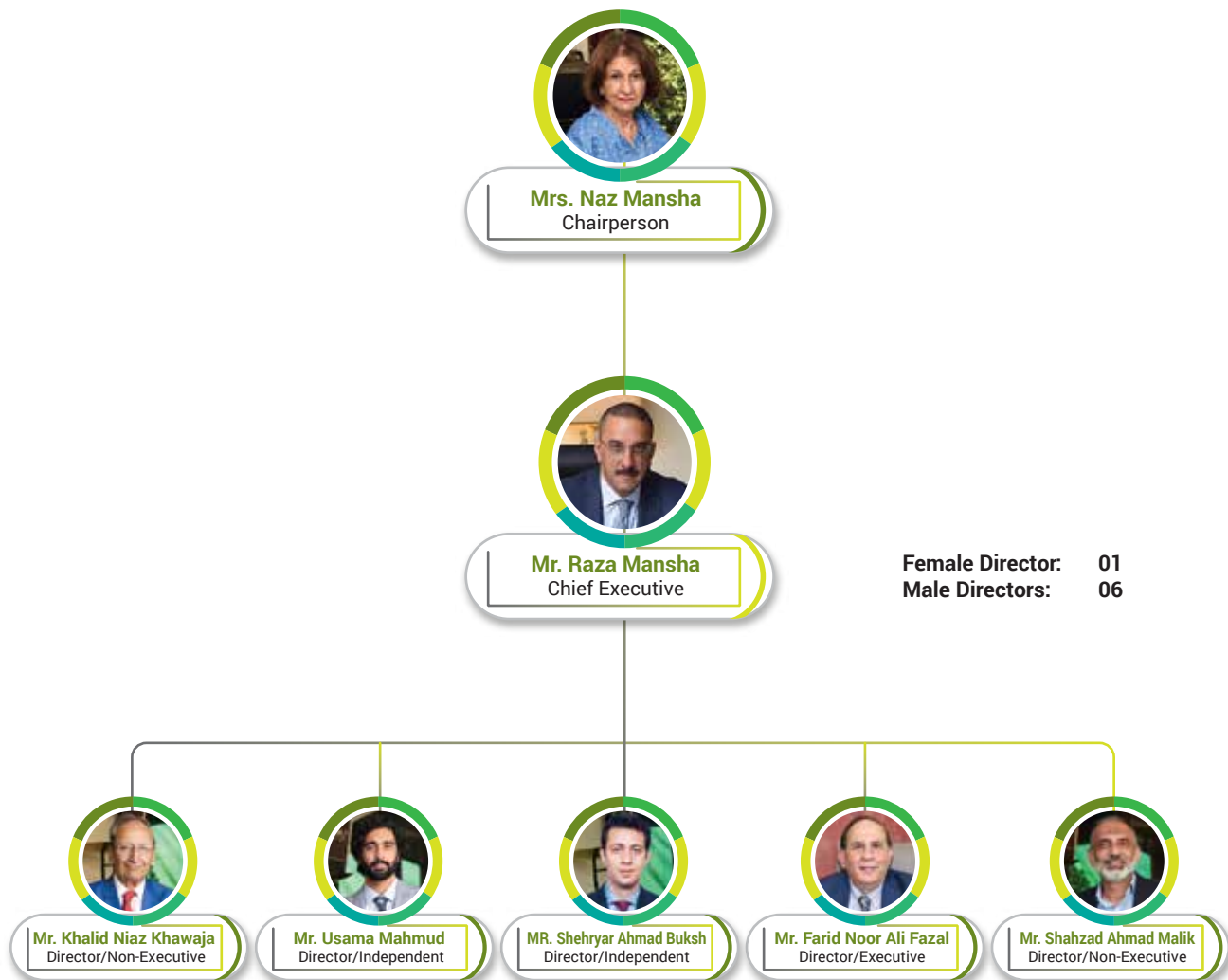


Mr. Nauman Yaqoob
Chief Information Officer

He holds Bachelors and Master's degree in Information Technology (IT) from Preston University. He has experience of over 30 years in different areas of IT including ERP, Software development, Network communication, Data Centers, Security and BMS. He also has many international affiliations and certifications. (CISCO, Microsoft, Oracle, Dell, IBM, Honeywell, Bosch etc.)

He started his career in 1994 from DGKC. After 13 years with Nishat Group, he moved to work at different positions in Government of Pakistan & Punjab's departments up to "BPS-20" (Expo Center Lahore, Punjab IT Board, TEVTA, Home department, ZTE Telecomm). He is one of the pioneers behind the concept of "E-Governance" in public sector enterprises and transform and implemented the technology of Punjab Prisons, Forensics and Securities.

BOARD COMPOSITION AND LEADERSHIP STRUCTURE



CHAIRPERSON'S SIGNIFICANT COMMITMENTS

Ms. Naz Mansha is committed to principles of good corporate governance consistent with prudent management and enhancement of shareholders' value based on her vast experience. She is also a Chief Executive of Nishat Linen (Pvt) Ltd., a subsidiary of Nishat Mills Limited and Director/Chief Executive of Emporium Properties (Pvt) Ltd. and Director on the Board of Golf View Land (Pvt) Ltd., Adamjee Life Assurance Co. Ltd. and Nishat (Aziz Avenue) Hotels & Properties Ltd.

ANNUAL EVALUATION BY EXTERNAL CONSULTANT

No annual evaluation is carried out by external consultant during the year.

BOARD MEETINGS HELD ABROAD

Since all the directors of the Company are based in Pakistan, no meeting of the Board of Directors of the Company was held abroad.

INDEPENDENT DIRECTORS - BASIS FOR INDEPENDENCE

Independent director means a director of company, not being a whole-time director and who is neither a promoter nor belongs to a promoter group. Here, promoter means a person or persons who are in over-all control of a company. Mr. Shehryar Ahmed Baksh and Mr. Usama Mahmood do not bear any executive role nor in any way related to the promoters. They are acting as an independent director in accordance with code of corporate governance rules.

DIVERSITY IN THE BOARD

Our Board diversity aims to cultivate a broad spectrum of demographic attributes and characteristics in the boardroom. All seven board members depict a true blend of diversity in the form of skills, exposure, expertise, knowledge, age and experience. Chairperson has over 38 years experience in running different businesses. CEO has more than 30 years of rich experience, particularly related to cement. Mr Khalid Niaz Khawaja and Shahzad Malik have rich banking and finance experience. Mr Usama Mahmood has engineering degree and skills in public administration. The blend of skills, experience and competencies provide diversity in the Board.

ROLE OF CHAIRPERSON AND CEO

The Chairman is responsible for leading the Board and focusing it on strategic matters, overseeing the Company's business and setting high governance standards. She plays a pivotal role in fostering the effectiveness of the Board and individual Directors.

The CEO is responsible for the day-to-day leadership and management of the business, in line with the strategic Framework, risk appetite and annual and long-term objectives approved by the Board.

ROLE AND RESPONSIBILITIES OF THE BOARD

DGKC's Board of Directors is fully cognizant of its roles and responsibilities towards the Company's esteemed shareholders. Its primary aim is to enhance shareholders' value in a transparent and efficient manner. The Board exercises responsibilities conferred to it in the Company's governance framework which exceeds the requirements of the regulatory framework.

These include but are not limited to:

- monitoring and review of governance practices;
- influence and monitor the strategic direction of the organization;
- appointment / removal, determination of remuneration and renewal of contracts, terms and conditions of key management positions;
- matters recommended by the Board's committees
- significant issues, placed by the Chief Executive Officer, for the information, consideration and decision of the Board or its committees;
- review and monitor the internal controls framework;
- investments in new ventures;
- evaluation of effective risk management framework;
- monitoring of integrity and ethical issues;
- approval and periodic reviews of annual business plan, cash flow projections, forecast and strategic plans;
- approval of related party transactions;
- review of internal audit reports;
- review of management letter issued by the external auditors; and
- approval of the Company's Financial Statements including interim and final dividend and review of internal / external audit observations regarding the overall control environment

Responsibilities have been delegated to the Committees by the Board and they function as per the approved Terms of Reference. They are responsible for review of requisite matters and make necessary recommendations.

Respective roles of the Board and management are pre-defined explicitly, while CEO has been entrusted with the routine business operations in an effective and ethical manner, in compliance with the Company's Articles of Association.

The Board has approved strategies and goals including but not limited to annual targets of production, sales, turnover, cost, profitability, identifying new areas of investment for the Company and compliance with legal and regulatory requirements. The management is also responsible for identification and administration of key risks, opportunities, establishment and maintenance of internal controls and preparation / presentation of financial statements in conformity with the applicable financial reporting framework consisting of approved accounting and financial reporting standards, Companies Act 2017 besides other Rules and regulations issued by Securities and Exchange Commission of Pakistan.

CHAIRPERSON'S REVIEW REPORT ON PERFORMANCE OF THE BOARD

DGKC complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees.

The Board has constituted adequate number of Committees like Audit Committee and Human Resource and Remuneration Committee. The Committees performed well according to their Terms of Reference. The Board has developed a mechanism for annual evaluation of Board's own performance, members of the Board and its Committees. The Board carried out annual evaluation of Board's own performance, Members of the Board and its Committees on April 28, 2025. The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory. The overall assessment as satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives.

Diversity in Board: The Board is composed of members with diverse background having relevant knowledge, skills and experience of cement. Its appropriate balance of two executive, three non-executive and two independent directors ensure its independence and empowerment.

Formulation of corporate strategy: Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The Board has spent sufficient time on strategy formulation and it has set annual goals and targets for the management in all major performance areas. The Board subsequently follows up and monitors overall corporate strategy, key financial performance indicators and other budgetary targets.

Process and procedures: The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.

Monitoring of organization's business activities: The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

Oversight: The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the company. The Board reviewed the Company's material accounting policies according to the financial reporting regulatory framework. Board also ensured the effective risk management system in place.



Mrs Naz Mansha
Chairperson

Lahore
August 28, 2025

BOARD'S ANNUAL EVALUATION OF PERFORMANCE

Listed Companies (Code of Corporate Governance) Regulations, 2019 requires the Board of DGKC to review its and the committees' performance annually. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. The Board has completed its annual self-evaluation on April 28, 2025 regarding which a report by the Chairman on Board's overall Performance is also attached with this Annual Report. For the purpose of Board evaluation, a comprehensive criterion has been developed. Key elements of the criteria are as follows:

Board Composition mainly:

- whether the Board has appropriate mix of skills, expertise and competencies.
- whether there is gender diversity
- whether the Board members have significant other commitments etc

Processes and Procedures mainly:

- Whether the agenda and related information are circulated in advance of meeting to allow Board members to study and understand the information
- Whether adequate and qualitative information is provided to directors
- Whether conflicts of interests between Board members are avoided and fully documented.
- Compliance with Code of Corporate Governance etc

Oversight mainly:

- Whether Board considers the quality and appropriateness of financial accounting and reporting and the transparency of disclosures
- Whether Board takes into account significant risks that may directly or indirectly affect the Company such as regulatory and legal requirements; market and competitive trends; export demand and price; energy availability and cost; foreign exchange fluctuations, interest rate risk; financial and liquidity risk
- Whether Board reviews details of financing facilities availed by the Company
- Whether Board evaluates the significant investment and divestment of funds etc

In addition to that, Board will also review the performance of its committees' performance in accordance with their TORs. The criteria also include

additional factors and questions as prescribed under S.R.O. 301(1)/2020 dated April 9, 2020

DIRECTORS' FORMAL ORIENTATION COURSES

The Company has made sufficient arrangements to carry out orientation sessions for their directors to acquaint them with company's operations, applicable laws and regulations and their duties and responsibilities in order to enable them to effectively govern the affairs of the company on behalf of shareholders. Non-executive directors are provided with exposure to operating management of the Company on a regular basis throughout the year. Moreover, non-executive directors may elect to contact any employee, customer, advisor or supplier of the Company.

DIRECTOR'S TRAINING PROGRAM

In compliance with regulatory requirements, the Board members (except Mr Shehryar Ahmad Buksh) are appropriately certified/exempted under the Directors' Training Program from SECP approved institutions. The company has planned to arrange Directors' Training Program certification for the remaining one director, Mr Shehryar Ahmad Buksh.

EXTERNAL OVERSIGHT OF VARIOUS FUNCTIONS AND MEASURES

The Board places great emphasis on transparency, accountability, good governance and safeguarding the interest of the stakeholders. DGKC has not only well-articulated internal control and systems in place within the company but also emphasized on external oversight to enhance the credibility of the information provided to stakeholders. These are:

- External audits of statutory accounts
- Cost Audit on annual basis
- Internal audit on regular basis
- ERP system audit by external auditors (PwC) and SCARLET Systems
- Independent assessment of technology environment and networks are carried out by CNS Engineering Services

DISCLOSURE OF RELATED PARTY TRANSACTIONS

All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions, under the Company's Related Party Policy developed in accordance with the law.

In compliance with the regulatory requirements, all related party transactions are placed before the Audit Committee for review and recommendation to the Board of Directors at the end of each quarter. The same are then considered and approved by the Board keeping in view the Committee's recommendations. Any transactions where majority of the directors are interested, are referred to the shareholders in General Meeting for approval.

The Company has made detailed disclosures about related party transactions (along with basis of

relationship with the related parties) in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

All transactions or arrangements with all related parties were carried out in the ordinary course of business on an arm's length basis.

During the year, there was no conflict of interest observed with any of the director in any of the contract or arrangement with the related party. However, all the related parties transactions have been annexed in the attached notice of AGM to seek approvals from shareholders in the AGM to be held on October 28, 2025.



CORPORATE GOVERNANCE FRAMEWORK

BOARD'S POLICY ON GOVERNANCE OF RISK AND INTERNAL CONTROL

The Company has developed a mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.

The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function. The Internal Audit function is responsible for providing assurance on the effectiveness and adequacy of internal control and risk management framework in managing risks within acceptable levels throughout the Company. The Company's approach towards risk management has been disclosed in the Risk and Opportunity section of this Report.

DIVERSITY IN CULTURE

The Board continues to have a firm commitment to promote diversity, equal opportunity and talent development at every level throughout the Company, including at Board and management level and is constantly seeking to attract and recruit highly qualified candidates for all positions in its business. The Company believes that diversity helps to ensure that it can achieve its overall business goals, especially in light of our geographical footprint, and is critical in promoting a diverse and inclusive culture across the whole Company. The Board of Directors firmly believes that the diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of the Board. In this regard, Board ensures that a diverse mix of directors are elected on the Board of the Company, which represent the interests of all stakeholders. Diversity and inclusion is a part of who we are, how we lead and what we believe in.

POLICY FOR DISCLOSURE OF CONFLICT OF INTEREST

No director of the Company shall take part in the

discussion or vote relating to contract or agreement where they are concerned or interested. Where majority of directors are interested, the matter is laid before the General meeting for approval.

POLICY FOR REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending Board and its Committee meetings. The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of Board and its Committees meetings. The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.

BOARD FEE ON ACTING AS NON-EXECUTIVE DIRECTOR IN OTHER COMPANIES

The Company will not pay any remuneration to its directors acting as a non-executive director in other group companies. However, they are entitled to get meeting fee on attending the Board and its Committee meetings, which of course shall be borne by the company in which they are acting as a non-executive director.

SECURITY CLEARANCE OF FOREIGN DIRECTORS

Since all member of board of directors are Pakistani, there is no need for security clearance.

HUMAN RESOURCE MANAGEMENT POLICY

DGKC believes that employees are assets of the Company and have been instrumental in driving the Company's performance year on year. Their passion, commitment, sense of ownership and team work has enabled the Company to maintain its leadership position in the challenging market scenario. The Company has always striven to offer a positive, supportive, open and high performance work culture where innovation and risk taking is encouraged, performance is recognized and employees are motivated to realize their true potential.

It is not only the employees who are important to DG. For us, the extended 'DG Family' that includes the family members of our employees is also critical to our success. It stems from the belief that a happy employee at work is the one who is happy back home. And hence, we aim to raise the happiness quotient of the families of our employees as well.

Recruitment and Selection

We at DGKC believe in hiring and retaining capable, qualified and potentially useful employees who are willing to contribute their best to accomplish the objectives of the Company. Appointments of jobs in the permanent cadre are made by promotions or through direct recruitment by the concerned appointing authority through the HR department.

Development and Training

Employees' development and capability building across functions and levels remained a key focus area to build a strong talent pipeline. The Company is committed to invest in enhancing its human capital through building technical skills and competencies of its employees. With the use of performance management processes, the Company aims to ensure that all employees know what is expected of them and possess the necessary skills, knowledge, values and experience to achieve the highest level of performance to their true potential.

Reward and Motivation

It is our policy to reward the employees with fair and competitive salaries and perks along with an opportunity to share in the success of the business in terms of promotions and personal growth. All the elements of the reward system are designed to support the achievement of the desired behaviour, values and standards as well as high performance and continuous improvement/development.

Equality, Diversity and Dignity at Work

Our employment policies are based on the principles of equality and diversity. We believe that the elimination of unfair discrimination in the workplace contributes to productivity and performance as it allows employees' talents to be most effectively realized. We are committed to dignity at work and fair treatment of all colleagues. The Head of Human Resource Department is accountable for ensuring that these principles are followed and for establishing appropriate action plans for their business.

Succession Plan

A succession plan is a component of good HR planning and management. Succession planning acknowledges that the staff will not be with an organization indefinitely and it provides a plan and process for addressing the changes that will occur when they leave. Keeping in view the need and importance of succession planning, the Company has formulated a comprehensive succession plan by focusing on all the key positions within the Company. The key positions can be defined as those positions that are crucial for the operations of the organization and which are hard to be replaced because of skill, seniority and/or experience requirements.

SOCIAL AND ENVIRONMENT RESPONSIBILITY POLICY

For DGKC, reaching environmental excellence is a main objective. We dedicate significant efforts to address key sustainability-related issues, from biodiversity and conservation to renewable energy, climate change and emissions monitoring.

At DGKC managing our environmental footprint is an integral part of our business philosophy. We are fully committed to carrying out our business activities in an environmentally responsible and sustainable manner and to minimize the environmental implications of our activities.

To meet this, we:

- Actively pursue a policy of pollution prevention.
- Comply with Company policies and procedures and all applicable local laws and regulations. Make strategic efforts to maximize our energy and resource efficiency, lower our carbon intensity and reduce emissions by managing our usage of energy, water consumption and waste generation.
- Responsibly manage the land within our operations to protect ecosystems and biodiversity and to maximize our contribution to nature conservation.

- Maintain open and effective communication channels with our employees, contractors, customers, the community and all those who work with us.
- Provide the necessary resources for instruction, training and supervision to appropriately manage the environmental aspects of our operations.
- Plan, review and assess our environmental performance against measurable targets and industry best practices to drive continuous improvement.
- Investigate, monitor and openly report our environmental performance.
- Set corporate requirements to assess the sustainability attributes of our suppliers and subcontractors.

Everyone who works for the company is responsible for demonstrating correct environmental behaviors and reporting potential environmental risks, including among others employees, suppliers, contractors, third parties, and out-sourcing partners. Managers are accountable for clearly defining environmental roles and responsibilities.

We comply through following plan of actions:

- KPIs and standard protocols follow up
- Emissions monitoring and reporting
- Waste and water management
- Regulation updates, trends and new technologies
- Promotion of best practices throughout our operations

COMMUNICATION WITH STAKEHOLDERS

The Board places great emphasis on transparency and accountability to forfend the interest of the stakeholders. For this purpose, Board has directed the management to continuously engage with all stakeholders to address their concerns. Management is also asked to discuss any concern of great importance in the Board meetings and other relevant sub-committee meetings. To update with the stakeholders, management annually holds a Corporate Briefing Session to interact with stakeholders, respond their concerns and brief them on company's business plans. Company also invites its stakeholders at AGM to discuss annual financial performance of the company and other matters of great importance. Further, Company has also dedicated a team comprises of its senior management to deal with the grievances and concerns of its stakeholders. Different forms of stakeholders' engagement have been discussed in Stakeholders Engagement Section of annual report.

INVESTORS' GRIEVANCE POLICY

Investors' service is an important imperative for

sustained business growth of an organization, therefore, the organization should ensure that investors receive exemplary service across different touch points of the organization. DGKC has developed an effective investor grievance policy to actively address and resolve the issues being faced by the investors and to fulfill the legal requirements. The Chief Financial Officer and Company Secretary of the Company are responsible for implementing the policy. The policy follows the following principles:

- Investors are treated fairly at all times;
- Complaints raised by investors are dealt with courtesy and in a timely manner;
- Investors are informed of avenues to raise their complaints within the Company, and their rights if they are not satisfied with the resolution of their complaints;
- Complaints are treated efficiently and fairly;
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

EMPLOYEE HEALTH, SAFETY AND PROTECTION

The discipline that goes into a safety program will spill over into production and quality control. People will be more aware of safety and how they do their jobs. We believe it will work to our benefit with production and quality.

As an employer, we identify hazards in our workplace and take steps to eliminate or minimize them. We have developed a safety plan to aware our employees what they will do to ensure their safety and what we expect from them.

Following initiatives are being taken to ensure employees health and safety, but not limited to:

- Regularly checking of all equipment and tools to ensure that they are well maintained and safe to use
- Proper training is made necessary for all employees, especially if where there is a risk for potential injury associated with a job.
- Even if an incident does not result in a serious injury, we conduct an incident investigation to help determine why an incident happened so we can take steps to ensure that it will not recur in future.
- Keep records of all first aid treatments, inspections, incident investigations, and training activities.
- Onsite gym, sports complex, swimming and other facilities for employee fitness
- Free dispensaries at sites
- Suitable medical policies in place to provide quality

treatment to employees' in case of major or minor illness.

- Mandatory breaks and time-off

SPEAK UP (WHISTLE-BLOWING POLICY)

At DGKC, any employee who suspects a wrongdoing at work, is strongly encouraged to report such wrongdoing through the whistle blowing procedure.

Policy and Procedures

DGKC whistle-blowing policy (Policy) gives employees (and people working with DGKC), trust and confidence in how their concerns will be treated. The whistle blowing policy allows employees to report their concerns on any breach of the Code of Conduct. The actions that can be reported include:

- Criminal Acts
- Putting Health or Safety at Risk
- Environmental Damage
- Bullying or Harassment
- Accounting Malpractices
- Failing to Comply with Legal Obligations
- Concealing any of the above activities.

The Policy through the procedures set out therein, ensures highest level of confidentiality for the whistle blower and the investigation process. Additionally, in order to encourage people to speak up, the Policy also mandates no reprisal against the whistle-blower, who may also report the concern anonymously.

Procedures for raising concerns are provided below:

Informal reporting: Voice concern with line manager or any other senior manager.

Formal reporting: Report the matter formally for investigation with line manager or any of the designated officer either verbally or in writing.

Designated Officer: Referred to by the individual directly or by the line manager for investigation but matter is kept confidential.

Anonymous reports: Individuals may wish to raise concerns anonymously.

Reporting a wrongdoing: If you have a concern you wish to raise, you may write to any of the Designated Officers or contact them via telephone or fax. The designated officers are:

- Director Marketing

- Chief Financial Officer
- GM HR & Admin

All employees of DGKC are made aware of this Policy and the safeguards it provides to the whistle-blower.

POLICY FOR SAFETY OF RECORDS

DGKC pursues an effective policy for the safety of its records to affirm its commitment to ensure that authentic, reliable and usable records are created, captured and managed to meet the standard of best practices and to meet the Company's business and statutory requirements.

The policy ensures that:

- A full and accurate record of the transactions of the Company is created, captured and maintained physically and in systems along with proper backup;
- Records are to be maintained in conditions suitable for the length of time to cater for the Company's needs and statutory requirements;
- Records and archives will be available within the constraints of security, confidentiality, privacy and archival access conditions;
- Records are destroyed or disposed of in accordance with the disposal policies, procedures and guidelines of the Company in accordance with law;
- Ownership of the records and archives is with the Company and not with an individual or any team.

BOARD ADOPTION OF GOVERNANCE, ESG, AND WORKPLACE POLICIES PURSUANT TO AMENDMENTS IN COCG REGULATIONS 2019

ANTI-HARASSMENT POLICY

DGKC's Anti-Harassment Policy has been developed in accordance with the Protection Against Harassment of Women at the Workplace Act, 2010 and applicable provincial laws. It includes a Code of Conduct, an Inquiry Committee for complaints, a designated Competent Authority, and display of the Code in accessible languages and reflects the Company's zero-tolerance stance on harassment and its commitment to a safe and respectful workplace.

SUSTAINABILITY AND ESG POLICY

The Company has adopted a Policy for Sustainability Risks and Opportunities, integrating Environmental, Social, and Governance (ESG) considerations into corporate strategy and risk management. Oversight rests with the Board, while management drives implementation. The policy focuses on climate action, responsible resource use, ethical labor practices, transparency, and stakeholder engagement, supported by KPIs, regular disclosures, and continuous improvement.

DIVERSITY, EQUITY & INCLUSION (DEI) POLICY

The Company's DEI Policy ensures equal opportunities, fairness, and inclusivity across all levels. It promotes diverse hiring, equitable pay, unbiased career advancement, and inclusive workplace practices. With clear accountability at Board, management, and HR levels, the policy underscores zero tolerance for discrimination and reinforces a culture of belonging and respect.

COMPANY APPROACH TO MANAGING AND REPORTING POLICIES

DGKC takes a comprehensive and diligent approach to managing and reporting policies, reflecting its commitment to transparency, accountability and ethical practices. While recognizing that well-defined policies form the foundation of a robust Governance framework, our systematic policy management system encompasses policy creation, dissemination, implementation, and review.

Our policies are formulated with input from relevant stakeholders, incorporating industry best practices and legal requirements. To ensure effective communication and understanding, we employ a clear and accessible policy dissemination strategy. This includes dissemination through emails, uploading on Company website (where relevant) and training and workshops across the organization.

The policies and procedures; including for procurement, waste and emissions are subject to review at regular intervals and take into account any change in regulatory environment, operational efficiencies and compliance with international best practices.

BUSINESS CONTINUITY PLAN / DISASTER RECOVERY PLAN

Operational continuity is of paramount importance for the long-term success and viability of any Company. DGKC has developed business continuity plans which also provide a mechanism for disaster recovery in the respective areas. The Company has arranged the security of all the factory sites by hiring well-trained security personnel on its payroll. All the physical assets are properly safeguarded and insured. Back up of virtual assets such as IT programs and software are regularly arranged. Very efficient and effective firefighting systems have been in place at all our manufacturing facilities. Standard Operating Procedures for all the processes have been devised and documented according to the best practices prevailing in the industry. All transactions and affairs of the Company are properly documented; and these documents are appropriately preserved according to our Policy for Safety of Records.

Board regularly reviews the Business Continuity Plan. Any new threats and risks arising from new and emerging external/internal environment are evaluated and strategies are formulated to minimize and eliminate those threats.

INDEPENDENT AUDITOR'S REVIEW REPORT ON STATEMENT OF COMPLIANCE

TO THE MEMBERS OF D.G. KHAN CEMENT COMPANY LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of D. G. Khan Cement Company Limited (the Company) for the year ended June 30, 2025 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2025.



A.F. Ferguson & Co.,
Chartered Accountants

Place: Lahore

Date: September 30, 2025

UDIN: CR2025100923SCv0UcHF

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company : D. G. Khan Cement Company Limited

Year ending : June 30, 2025

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:

- a. Male: 6
- b. Female: 1

2. The composition of board is as follows:

- | | |
|---|--|
| a) Independent Director | Mr. Shehryar Ahmad Buksh
Mr. Usama Mahmud |
| b) Other Non-executive Director | Mr. Khalid Niaz Khawaja
Mr. Shahzad Ahmad Malik |
| c) Executive Directors | Mr. Raza Mansha
Mr. Farid Noor Ali Fazal |
| d) Female Director (Non-executive Director) | Mrs. Naz Mansha |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. 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;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The following Directors have either obtained certificate of Directors' Training Program or are exempted from the requirement of Directors' Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019:

Mrs. Naz Mansha
Mr. Raza Mansha
Mr. Khalid Niaz Khawaja
Mr. Usama Mahmud
Mr. Farid Noor Ali Fazal
Mr. Shahzad Ahmad Malik

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The board has formed committees comprising of members given below:
 - a) **Audit Committee**
 1. Mr. Shehryar Ahmad Buksh (Independent Director) – Chairman
 2. Mr. Khalid Niaz Khawaja (Non-Executive Director)
 3. Mr. Shahzad Ahmad Malik (Non-Executive Director)
 - b) **HR and Remuneration Committee**
 1. Mr. Usama Mahmud – (Independent Director) - Chairman
 2. Mian Raza Mansha (Executive Director)
 3. Mr. Khalid Niaz Khawaja (Non-Executive Director)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee 4 quarterly meetings
 - b) HR and Remuneration Committee 1 annual meeting
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
 - a. In respect of regulation 6(1), the Company believes that it has sufficient impartiality & is able to exercise independence in decision making within the Board and hence, does not require to roundup the fraction to 3 independent directors.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation for Non-Compliance	Reg. No.
1	Representation of Minority shareholders: The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one has intended to contest election as director representing minority shareholders.	5
2	Responsibilities of the Board and its members: Adoption of the corporate governance practices.	Non-mandatory provisions of the CCG Regulations are partially complied.	10(1)
3	Role of the Board and its members to address Sustainability Risks and Opportunities The Board is responsible for governance and oversight of sustainability risks and opportunities, which includes the environmental, social and governance considerations.	Currently HR & R Committee of the Board is performing sustainability related duties and the Company is in the process of implementation of multiple initiative(s) and controls.	10(A)
4	Directors' Training Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training Program from July 2022.	The Company has planned to arrange Directors' Training Program certification for head of department over the next few years.	19(3)
5	Directors' Training Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from July 2020.	The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.	19(3)
6	Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29(1)
7	Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the board has not constituted a RMC and the Company's Risk Manager performs the requisite functions and appraises the board accordingly.	30(1)



(Mr. Raza Mansha)
Director/CEO



(Mrs. Naz Mansha)
Director/Chairperson

TERMS OF REFERENCE OF AUDIT COMMITTEE

the Audit Committee. shall be responsible to 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 and 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 and approved the following terms of references of Audit Committee

- (i) determination of appropriate measures to safeguard the Company's assets;
- (ii) review of annual and interim financial statements of the company, prior to their approval by the Board, focusing on,-
 - (a) major judgmental areas;
 - (b) significant adjustments resulting from the audit;
 - (c) going concern assumption;
 - (d) any changes in accounting policies and practices;
 - (e) compliance with applicable accounting standards;
 - (f) compliance with these Regulations and other statutory and regulatory requirements; and
 - (g) all related party transactions;
- (iii) review of preliminary announcements of results prior to external communication and publication;
- (iv) 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);
- (v) review of management letter issued by external auditors and management's response thereto;
- (vi) ensuring coordination between the internal and external auditors of the company;
- (vii) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- (viii) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- (ix) 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;
- (x) review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- (xi) instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- (xii) determination of compliance with relevant statutory requirements;
- (xiii) monitoring compliance with these Regulations and identification of significant violations thereof;
- (xiv) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- (xv) recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
- (xvi) consideration of any other issue or matter as may be assigned by the Board;

TERMS OF REFERENCE OF HR & REMUNERATION COMMITTEE

TORs include:-

- (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 Financial Officer, Company Secretary and Head of Internal Audit.
- (iv) Consideration and approval on recommendations of CEO on such matters for Key management positions who directly report to Chief executive officer.
- (v) Consideration of any other issue or matter as may be assigned by the Board of Directors.

ANNOUNCEMENT OF FINANCIAL RESULTS

The Company has communicated its Quarterly / Half-Yearly and Annual Financial Results in a timely manner. Following is the timeline for authorization of financial statements by the Board of Directors:

Particulars	Date of authorization	Time from period end date
First Quarter Results	October 17, 2024	1 month
Half Yearly Results	February 19, 2025	2 months
Third Quarter Results	April 28, 2025	1 month
Annual Results	August 28, 2025	2 months

EXTERNAL SEARCH CONSULTANCY FOR APPOINTMENT OF ANY DIRECTOR

No external search consultancy was used for appointment of any director on the Board.

AUDIT COMMITTEE REPORT

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 the management. It also provides a helping hand to Board in risk management, internal controls, compliance and governance matters.

Composition of Audit Committee

BAC comprises of three members:

- Mr Shehryar Ahmad Buksh (Chairman / Independent Director)
- Mr Khalid Niaz Khawaja (Member/Non-Executive Director)
- Mr. Shahzad Ahmad Malik (Member/Non-Executive Director)

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

During the year, four meetings of the Audit Committee were held which the Chief Executive Officer and Chief Financial Officer also attended by invitation. The external auditors of the company also attended two of the meetings when issues related to accounts and audit were discussed.

Review of financial statements

The Audit Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended for approval of the Board of Directors. It has also reviewed preliminary announcements of results prior to publication. BAC ensured that:

- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws and financial reporting is consistent with management processes and adequate for shareholder needs.
- These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions of or directives under the Act prevail.
- The CEO and the CFO have endorsed the standalone as well as consolidated financial statements of the Company and the Board of Directors Report. They acknowledged their responsibility for true and fair presentation of the Company's financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the company.

Risk Management and IT Governance

The BAC has effectively implemented the internal control framework through an in-house Internal Audit function, which is independent of the External Audit function. The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.

The BAC has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.

BAC also evaluated the significant changes in the external and internal environment and risks arising out of. BAC ensured that significant controls and strategies are in place to mitigate those risk.

BAC also reviewed IT Governance practices and instances of cybersecurity breaches. Committee underscored that breach of cybersecurity may have implication for data authenticity and Company physical and virtual assets. CIO also apprised the committee about the controls in place and future plans in this regard.

Internal audit

The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the BAC. Further, the BAC has reviewed material Internal Audit findings and management's response thereto, taking appropriate action or bringing the matters to the Board's attention where required.

The Head of Internal Audit has direct access to the Chairman of the BAC and BAC has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to management and the right to seek information and explanations.

Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

Whistle-blowing to audit committee

The Committee regularly reviews the mechanism for employees and management to report concerns to the Audit Committee and ensures that any allegations are scrutinized seriously. During the year, no whistle was blown which needed to be reported to BAC.

Engagement with external auditors

The external auditors of the Company, M/s A.F. Ferguson & Co, Chartered Accountants, have completed their audit of the standalone and consolidated financial statements, the "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" for the year ended June 30, 2025.

The BAC has reviewed and discussed Key Audit Matters and observations with the external auditors. The final Management Letter including such audit observations is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the Code of Corporate Governance and shall therefore, accordingly be discussed in the next Board Audit Committee meeting.

The external auditors were allowed direct access to the Audit Committee.

Appointment of external Auditors

External auditors shall retire on the conclusion of the Annual General Meeting. Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review, recommended to the Board of Directors for reappointment of M/s. A.F. Ferguson & Co., Chartered Accountants, as external auditors for the year ending June 30, 2026. The current engagement partner has started his tenure from FY 2024.

The Company also obtains taxation related services from M/s. A.F. Ferguson & Co, Chartered Accountants as it is one of the reputed firm in provision of said services and has sound professional policies and procedure to ensure independence.

BAC ensured that sufficient safeguards are in place both at firm level and management level to ensure independence and objectivity of external auditors. Being one of the Big Four Audit firms, the Audit Committee is satisfied with the integrity, objectivity and effectiveness of the services provided by the firm.

M/s. A.F. Ferguson & Co., Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. The firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP and have indicated their willingness to continue as auditors for the year ending June 30, 2026.

Annual Report 2025

The Company is issuing a very comprehensive Integrated Annual Report, which gives fair, balanced and understandable information in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholders of

the Company.

The Audit Committee believes that the Integrated Annual Report 2025 includes both financial and non-financial performance, risks and opportunities and outcomes attributable to Company's activities and key stakeholders having significant influence on its value creation ability

Compliance with applicable legal requirements

BAC ensured that:

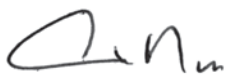
- The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company's Code of Conduct and Values and the international best practices of governance throughout the year.
- The Company has issued a "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" which has also been reviewed and certified by the External Auditors of the Company.
- The Company's Code of Conduct has been disseminated and placed on Company's website.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim/final results, distribution of dividend to the shareholders or communication of any other business decision, which could materially affect the market share price of the Company
- All direct or indirect trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding
- The statutory and regulatory obligations and requirements of best practices of governance have been met

Related parties transactions

The BAC has reviewed the related party transactions and recommended the same for approval of the Shareholders in the Annual General Meeting after ratification from the Board of Directors.

Self evaluation

The Committee members carried out the Annual Evaluation of the BAC in terms of structure, composition, frequency of meetings and contribution towards Board in decision making and policy making.



Shehryar Ahmad Buksh
Chairman

August 28, 2025

DISCLOSURE ON COMPANY'S USE OF ENTERPRISE RESOURCE PLANNING (ERP)

How ERP system of DGKC integrated the business processes

Company's Oracle ERP is the core back-office application for the company. It consists of several modules, including GL Module, Fixed Asset Module, Sales & Distribution Module, Purchase and payable module, Store and Inventory module, Production Planning, , Plant Maintenance Module, HR and Payroll module etc. All these modules are integrated with each other, which ensures data integrity and process controls. The close integration and central database ensure that information flows from one ERP component to another without the need of redundant data entry.

All the organization data and information reside inside the ERP. Information is either accessed directly from the ERP through system generated reports or information is prepared from the data accessed or retrieved from the ERP, thus being the single source of information

Management support in the effective implementation and continuous updating

ERP has full support of the management in terms of resources required and emphasis on use of the system. System is kept updated through regular upgrades. DGKC is currently on ORACLE for execution of business processes. A rectifying system is in place to address business users' issues and service requests. A full dedicated team is employed by DGKC in this regard.

User training of ERP software

We encourage and monitor that user trainings are held regularly at all sites for each module. In addition, focused sessions are held for infrequent processes and complex occasional scenarios. Valuable input by the users while using the system on critical / significant matters, if any, related to IT governance and ERP (including IT system flaws, Bugs, Glitches, integrity and availability) are provided to the respective technical professionals to develop and modify the procedures.

ERP Risk Management

A risk matrix is available which is continuously monitored and reviewed. Business process configuration and development are done through various techniques. Any process changes or development is first tested thoroughly before transporting the change system. Annual external audit is also conducted that provide valuable feedback to improve the internal control system. Any new change in processes/database is also subject to scrutiny from internal audit department.

ERP System security in connection with sensitivity of Data

Authorization to transactions and reports is granted based on business user role in organization. There are different levels ranging from entry level to checking and approval level to ensure segregation of duties. This is duly reviewed by our internal audit function, ERP department and process owners in finance department.



IT GOVERNANCE AND CYBER SECURITY

BOARD GOVERNANCE FRAMEWORK OVER IT, DATA PRIVACY, CYBERSECURITY AND AI OVERSIGHT

IT governance, otherwise referred to as “enterprise governance of IT” or “corporate governance of IT”, is a focus area of corporate governance that is concerned with the organization's IT assets. In analogy to corporate governance, it is concerned with the oversight of IT assets, their contribution to business value and the mitigation of IT-related risks.

Board has developed IT governance framework with the following stated objectives:

- Strategic alignment, with focus on aligning IT with the business and collaborative solutions
- Value delivery, concentrating on optimizing expenses and proving the value of IT
- Risk management, addressing the IT related business risks
- Resource management, optimising IT related knowledge and resources
- Performance management, monitoring IT enabled investment and service delivery.

In the line of above stated objectives, the Board has developed IT Governance policy for the management to implement. The policy is continuously evaluated and discussed keeping in view rapidly changing IT environment and cyber risks.

Further, the Board acknowledges its responsibility for overseeing the Company's internal controls, and AI strategy, ensuring compliance with legal and regulatory requirements on data privacy and cyber security. It works closely with management to maintain robust policies and monitoring mechanisms, and in the event of any breach, the Board requires prompt reporting, reviews remedial measures, and ensures corrective actions are taken; however, no such instance has occurred during the year under review. The Board remains committed to strong governance, transparency, and the ethical use of technology while continuously adapting the Company's IT and AI practices to evolving regulatory requirements and business needs.

THE EVALUATION AND ENFORCEMENT OF LEGAL AND REGULATORY IMPLICATIONS OF CYBER RISKS

Board is engaged in regularly monitoring & evaluation of legal and regulatory implications of cyber security risks and related threats. Board members are also engaged in the approval of IT Budgets and major IT related capital expenditures for network upgradation and strengthening of cyber security system. The Board also understands the implication of cyber security breaches. In this connection, under IT governance policy, the Company has taken sufficient measures to ensure its network security and has implemented stringent controls to protect its data privacy, compliance with legal and regulatory requirements of cyber security and continuously upgrades the systems. SOC (Security Operation Center) has been implemented along with EDR/XDR solution for Servers and Endpoints. Best practices are regularly researched and applied with the goal of effectively managing and monitoring cyber hazards. In collaboration with the legal advisors, the function keeps track of any amendments to laws and regulations, such as the Prevention of Electronic Crimes Act 2016 and the Copyright Ordinance of 1962. Company's CIO is empowered to enforce, evaluate and monitor this process on regular basis.

During the year, the system observed numerous cyber attacks on database and Information System. However, with proper controls, layers of latest security measures, these attacks were successfully thwarted. No compromise of data and physical assets were observed during the year.

IT GOVERNANCE AND CYBERSECURITY PROGRAMS, POLICIES AND PROCEDURES

IT Governance Framework provides basis for IT Governance policy that also include cybersecurity and IT related risk management. The features of the policy are as follows:

- Establishing information technology goals, and the strategies for achieving IT related goals.
- Establishing principles and guidelines for making information technology decisions and managing initiatives.

- Overseeing the management of institutional information technology initiatives.
- Establishing and communicating organizational information technology priorities.
- Resource allocation plans for IT priorities.
- Use of ERP across all departments and reporting requirements.
- Determination of access levels at different positions and procedures to restrict those accesses.
- Confidentiality of information will be assured by protection from unauthorized disclosure or intelligible interruption.
- Integrity of information (its accuracy and completeness) will be maintained by protecting against unauthorized modification.
- Regulatory and legislative requirements will be met, including record keeping.
- Disaster Recovery Plans and efficacy of its implementation.
- All breaches of information security, actual or suspected, will be reported to and investigated by the CIO / Internal and External Audit.
- The controls, rules and procedures for all individuals accessing and using an organization's IT assets and resource.

CYBERSECURITY AND BOARD'S RISK OVERSIGHT

Board actively oversees and understands emerging and constantly changing legal and regulatory environments. The Company's CIO regularly apprises the Board of Directors on overall performance / evaluation of IT infrastructure. He addresses knowledge gaps and support proposed measurements to fulfill the requirement to protect business interests from current and future threats.

COMMITTEE TO OVERSIGHT IT GOVERNANCE AND CYBERSECURITY MATTERS

Company holds 2-3 meetings annually comprising of Key Management Personnel, CIO and one executive director with an agenda of new developments, network upgradation, security risks, network, and system-level challenges and resolution strategy and approvals for the implementations of new tools and enhance security level over enterprise level. The recommendations from this committee is presented to Board Audit Committee for further recommendations. The recommendations are

then presented to Board for approvals or any or additional line of actions. The management committee is further tasked with apprising the Board about new and potential IT risks, their likelihoods and measures to address them.

DISCLOSURE RELATED TO COMPANY'S CONTROLS ON EARLY WARNING SYSTEM

To identify, assess, address, and make timely communications to the board about cybersecurity risks and incidents, your company has adopted following measures:

- Implemented a third-party vigilance system that filters the spam traffic for the internet and exchange as well.
- Spam emails/activities are being monitored through SEIM as well.
- Phishing attacks are being in control with strict password changes and no default password policy.
- Access Management is also implemented in a very controlled manner.
- BYOD is strictly prohibited in organizations.
- To monitor Physical Security, deployment of security appliances is in the implementation process with 24/7 surveillance.
- To secure Endpoints, external devices are prohibited to connect on LAN and four-level defenders/firewalls are implemented.

Any breaches to the system and above protocols are thoroughly monitored and investigated and can be marked as 'early warning sign' of any major threat; its magnitude and response are assessed and if necessary, presented to Board for any policy action.

INDEPENDENT COMPREHENSIVE SECURITY ASSESSMENT

Apart from the compliance with defined security policies and procedures, a third party independent assessment and review related to:

- Technology environment and networks are carried out By CNS Engineering Services.
- ERP assessment is carried out by SCARLET Systems and PwC (as part of external audit).

Both are carried out annually to ensure that adequate controls are in place to address the cyber security risks. These reviews related to risk assessments remain under observation from time to time as soon as some new vulnerabilities related to systems come to notice.

CONTINGENCY AND DISASTER RECOVERY PLAN

Disaster recovery and various backup plans are in place to ensure continuity of company's business and to cope with the failures resulting into a cyber breach. Company's cyber insurance is under consideration. For Disaster Recovery, we have three levels of backups of data of users, systems, configurations, etc. Disaster Recovery Plan related to IT contains the guidelines related to:

- The criteria to activate the plan including detection of a disaster and notification to relevant personnel;
- Procedures to implement the recovery strategy and recover all vital data, information, software, hardware and communication networks;
- Procedures to revert back to normal processing; testing procedures

Backup testing is performed on regularly basis to ensure the reliability and completeness of backup media.

ADVANCEMENT IN DIGITAL TRANSFORMATION TO IMPROVE TRANSPARENCY AND GOVERNANCE

Industry 4.0 is revolutionizing the way companies manufacture, improve and distribute their products. Manufacturers are integrating new technologies, including Internet of Things (IoT), cloud computing and analytics, and AI and machine learning into their production facilities and throughout their operations.

This digital transformation offered by Industry 4.0 will allow DGKC to create digital twins that are virtual replicas of processes, production lines, plants and supply chains. DGKC has deployed SSL certificated for web/Cloud traffic as we are using a hybrid solution and a complete cloud computing system is in process to transform company digitally.

DGKC automated the documentation system with D-files providing base for paperless environment in future. Further, the process provides complete trail of all the transactions enabling the users to have easy access to data and information.

DGKC also developed mobile app for the management to have easy access to MIS reports that are updated on real time. HR system was also developed for all the employees to have easy access to information regarding leaves, medical requests, attendance etc

EDUCATION AND TRAINING TO MITIGATE CYBER SECURITY RISKS

We encourage and monitor that user trainings are held regularly at all sites for development. In addition, focused sessions are held for infrequent processes and complex occasional scenarios relating to cyber security on regular basis live and through video conference. Company also provides awareness related to emerging cyber threats that is disseminated via emails to all Company users.

During the year, DGKC has also provided some specific training relating to cyber security to its employees from the NETCAD Academy (cyber security courses on the platform of a virtual university with an affiliation with CISCO) and some training courses from Udemy.

COMPLIANCE OF FINANCIAL ACCOUNTING AND REPORTING STANDARDS

DGKC is preparing its statutory financial statements in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- ii) Islamic Financial Accounting Standards ('IFAS') issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- iii) Provisions of and directives issued under the Companies Act, 2017 ('Act').

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Note 2.1 to the unconsolidated financial statement specify initial application of standards, amendments or an interpretation to existing standards.

The Board holds the responsibility for supervising the Company's financial reporting process. On the other hand, the management is accountable for both the creation and accurate presentation of the financial statements. Management is also tasked with establishing internal controls as necessary to ensure the preparation of financial statements devoid of significant errors or fraudulent activities.



Mrs Naz Mansha

Chairperson

ADOPTION OF INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

We're pleased about adopting the International Integrated Reporting (IR) Framework. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, leads to the creation of value over the short, medium and long-term. Keeping in view the globalized business scenario and the ever-increasing expectations of all the stakeholders being users of published annual report, integration of corporate governance briefings, social and environmental information with financial information is vital to organizational position and performance reporting.

DGKC fully applies the Fundamental Concepts, 'Content Elements' and 'Guiding Principles' of IR framework. This is a true and fair move that connects us to global standards, support us to reflect a complete picture of how we create value as a company.

Fundamental Concepts

Fundamental concept behind IR framework is to reinforce the fact that value is not created, preserved or eroded by or within an organization alone. It is:

- Influenced by the external environment
- Created through relationships with stakeholders
- Dependent on various resources

An integrated report therefore aims to provide insight about:

- The external environment that affects an organization
- The resources and the relationships used and affected by the organization named as financial, manufactured, intellectual, human, social and relationship, and natural capital
- How the organization interacts with the external environment and the capitals to create, preserve or erode value over the short, medium and long term.

Guiding Principles

The seven Guiding Principles underpin the preparation and presentation of an integrated report, informing the content of the report and how information is presented.

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

These Guiding Principles are applied individually and collectively for the purpose of preparing and presenting an integrated report; accordingly, judgement is needed in applying them, particularly when there is an apparent conflict between them (e.g. between conciseness and completeness).

Contents of elements

An integrated report includes eight Content Elements, posed in the form of questions to be answered. These are:

- Organizational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

We fully apply underlying concept behind IR framework for the purpose of transparent and fair communication with our stakeholders enabling them to make effective and timely decision.



Raza Mansha
Chief Executive

ATTENDANCE IN BOARD MEETINGS

ATTENDANCE OF MEMBERS IN HR&R COMMITTEE MEETINGS DURING THE YEAR FROM JULY 01, 2024 TO JUNE 30, 2025

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

Name of Members		Number of Meetings Attended
Mr. Usama Mahmud	(Chairman/Member)	1
Mr. Raza Mansha	(Member)	1
Mr. Khalid Niaz Khawaja	(Member)	1

ATTENDANCE OF DIRECTORS IN BOARD MEETINGS DURING THE YEAR FROM JULY 01, 2024 TO JUNE 30, 2025

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

Name of Directors		Number of Meetings Attended
Mr. Raza Mansha	(Chief Executive Officer)	4
Mrs. Naz Mansha	(Chairperson)	3
Mr. Khalid Niaz Khawaja		4
Mr. Shehryar Ahmed Buksh		4
Mr. Usama Mahmud		4
Mr. Farid Noor Ali Fazal		3
Mr. Shahzad Ahmad Malik		4

ATTENDANCE OF MEMBERS IN AUDIT COMMITTEE MEETINGS DURING THE YEAR FROM JULY 01, 2024 TO JUNE 30, 2025

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

Name of Members		Number of Meetings Attended
Mr. Shehryar Ahmed Buksh	(Chairman/Member)	4
Mr. Khalid Niaz Khawaja	(Member)	4
Mr. Shahzad Ahmad Malik	(Member)	4

PATTERN OF SHAREHOLDING

AS ON 30/06/2025

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
3753	1	100	134,080	0.031
2538	101	500	799,003	0.182
1325	501	1000	1,107,948	0.253
1684	1001	5000	4,274,472	0.976
449	5001	10000	3,535,605	0.807
143	10001	15000	1,824,503	0.416
86	15001	20000	1,580,765	0.361
73	20001	25000	1,718,328	0.392
38	25001	30000	1,066,369	0.243
33	30001	35000	1,066,956	0.244
31	35001	40000	1,179,239	0.269
13	40001	45000	555,644	0.127
37	45001	50000	1,833,608	0.419
16	50001	55000	852,681	0.195
13	55001	60000	760,143	0.174
8	60001	65000	507,700	0.116
13	65001	70000	886,065	0.202
12	70001	75000	884,377	0.202
6	75001	80000	474,027	0.108
6	80001	85000	505,656	0.115
7	85001	90000	613,095	0.140
3	90001	95000	282,299	0.064
26	95001	100000	2,589,052	0.591
2	100001	105000	204,000	0.047
6	105001	110000	656,163	0.150
4	110001	115000	450,111	0.103
7	115001	120000	832,250	0.190
3	120001	125000	373,000	0.085
3	125001	130000	385,980	0.088
5	130001	135000	666,500	0.152
2	135001	140000	275,500	0.063
2	140001	145000	288,220	0.066
4	145001	150000	592,979	0.135
2	150001	155000	305,377	0.070
2	155001	160000	315,700	0.072
1	160001	165000	161,640	0.037
4	165001	170000	672,442	0.153
3	170001	175000	520,009	0.119
2	175001	180000	355,283	0.081
4	185001	190000	752,700	0.172
2	190001	195000	388,983	0.089
4	195001	200000	800,000	0.183
2	210001	215000	426,500	0.097
2	215001	220000	431,222	0.098
2	220001	225000	448,400	0.102
2	225001	230000	456,500	0.104
2	230001	235000	461,899	0.105
1	240001	245000	243,000	0.055
5	245001	250000	1,241,061	0.283
2	250001	255000	508,000	0.116

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
1	255001	260000	259,200	0.059
1	260001	265000	263,500	0.060
3	275001	280000	831,915	0.190
1	280001	285000	284,000	0.065
4	295001	300000	1,200,000	0.274
2	315001	320000	639,000	0.146
1	320001	325000	320,500	0.073
1	335001	340000	336,619	0.077
1	340001	345000	340,152	0.078
1	345001	350000	350,000	0.080
1	360001	365000	365,000	0.083
1	365001	370000	369,946	0.084
1	375001	380000	380,000	0.087
1	380001	385000	382,126	0.087
1	385001	390000	386,553	0.088
2	395001	400000	800,000	0.183
1	405001	410000	406,400	0.093
1	410001	415000	414,500	0.095
1	420001	425000	425,000	0.097
2	425001	430000	858,500	0.196
1	430001	435000	435,000	0.099
2	440001	445000	886,900	0.202
1	450001	455000	452,500	0.103
1	465001	470000	468,500	0.107
1	470001	475000	474,590	0.108
2	495001	500000	1,000,000	0.228
1	500001	505000	505,000	0.115
1	505001	510000	507,647	0.116
1	520001	525000	525,000	0.120
1	525001	530000	530,000	0.121
1	545001	550000	546,800	0.125
1	565001	570000	568,661	0.130
1	570001	575000	575,000	0.131
1	575001	580000	579,400	0.132
1	585001	590000	587,000	0.134
1	610001	615000	610,277	0.139
1	615001	620000	620,000	0.142
1	630001	635000	630,718	0.144
2	640001	645000	1,289,848	0.294
2	670001	675000	1,340,620	0.306
1	690001	695000	695,000	0.159
1	695001	700000	700,000	0.160
1	705001	710000	707,500	0.161
1	720001	725000	725,000	0.165
1	800001	805000	803,500	0.183
2	820001	825000	1,648,032	0.376
1	885001	890000	887,132	0.202
1	905001	910000	907,914	0.207
1	940001	945000	941,000	0.215
2	960001	965000	1,924,400	0.439
1	995001	1000000	1,000,000	0.228
1	1000001	1005000	1,005,000	0.229
1	1020001	1025000	1,025,000	0.234
1	1030001	1035000	1,032,213	0.236
1	1040001	1045000	1,041,585	0.238

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
1	1075001	1080000	1,080,000	0.247
1	1120001	1125000	1,125,000	0.257
1	1155001	1160000	1,160,000	0.265
1	1165001	1170000	1,170,000	0.267
1	1170001	1175000	1,175,000	0.268
1	1295001	1300000	1,300,000	0.297
1	1335001	1340000	1,340,000	0.306
1	1385001	1390000	1,388,527	0.317
1	1465001	1470000	1,468,428	0.335
3	1495001	1500000	4,500,000	1.027
1	1520001	1525000	1,521,000	0.347
3	1575001	1580000	4,728,951	1.079
1	1615001	1620000	1,616,037	0.369
1	1650001	1655000	1,652,087	0.377
1	1700001	1705000	1,701,959	0.388
1	1795001	1800000	1,800,000	0.411
1	1830001	1835000	1,834,824	0.419
1	1845001	1850000	1,850,000	0.422
1	1855001	1860000	1,860,000	0.425
1	1950001	1955000	1,951,055	0.445
1	1955001	1960000	1,956,760	0.447
1	1960001	1965000	1,960,375	0.447
1	1975001	1980000	1,979,761	0.452
1	1980001	1985000	1,982,076	0.452
1	1995001	2000000	2,000,000	0.456
1	2100001	2105000	2,104,010	0.480
1	2255001	2260000	2,256,446	0.515
1	2365001	2370000	2,369,500	0.541
1	2575001	2580000	2,577,727	0.588
1	2695001	2700000	2,700,000	0.616
1	2880001	2885000	2,880,972	0.658
1	3300001	3305000	3,301,000	0.753
1	3410001	3415000	3,414,000	0.779
1	3650001	3655000	3,654,768	0.834
1	3715001	3720000	3,718,001	0.849
1	3865001	3870000	3,865,511	0.882
1	4080001	4085000	4,081,000	0.931
1	4780001	4785000	4,781,838	1.091
1	5220001	5225000	5,223,501	1.192
1	5890001	5895000	5,891,098	1.345
1	7495001	7500000	7,500,000	1.712
1	7535001	7540000	7,539,187	1.721
1	9025001	9030000	9,026,935	2.060
1	12795001	12800000	12,796,880	2.921
1	14995001	15000000	15,000,000	3.424
1	15020001	15025000	15,020,791	3.428
1	22925001	22930000	22,929,033	5.234
1	27135001	27140000	27,139,917	6.195
1	27565001	27570000	27,565,313	6.292
1	114645001	114650000	114,645,168	26.168
10,516	Company Total		438,119,118	100.00

CATEGORIES OF SHAREHOLDERS

AS ON JUNE 30, 2025

	SHARES HELD	%
1. Directors, Chief Executive Officer, and their spouse and minor children	18,905,576	4.32
2. Associated Companies, undertakings and related parties.	138,002,701	31.50
3. NIT and ICP	1,469,928	0.34
4. Banks Development Financial Institutions Non Banking Financial Institutions.	18,170,160	4.15
5. Insurance Companies	7,257,201	1.66
6. Modarabas and Mutual Funds	37,683,528	8.60
7. Shareholders holding 10%	137,574,201	31.40
8. General Public:		
a. Local	66,878,586	15.26
b. Foreign	4,268,274	0.97
9. Others		
Joint Stock Companies	28,026,434	6.40
Investment Companies	18,034	0.00
Pension Funds, Provident Funds etc.	10,996,207	2.51
Foreign Companies	50,177,634	11.45
Charitable Trusts, Foundations and Others	1,559,625	0.36

ADDITIONAL INFORMATION

AS ON JUNE 30, 2025

	No. of Shares	%	
I. Associated Companies, undertakings and related parties			
Nishat Mills Limited	- Associated Company	137,574,201	31.40
Security General Insurance Company Limited	- Related Party	428,500	0.10
II. Mutual Funds:			
CONFIDENCE MUTUAL FUND	573	0.00	
UNICOL LIMITED EMPLOYEES PROVIDENT FUND	10,000	0.00	
PRUDENTIAL STOCK FUND LTD.	413	0.00	
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1,300,000	0.30	
CDC - TRUSTEE HBL INVESTMENT FUND	180,000	0.04	
CDC - TRUSTEE JS LARGE CAP. FUND	670,432	0.15	
CDC - TRUSTEE HBL GROWTH FUND	620,000	0.14	
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	365,000	0.08	
CDC - TRUSTEE ATLAS STOCK MARKET FUND	3,414,000	0.78	
CDC - TRUSTEE MEEZAN BALANCED FUND	350,000	0.08	
CDC - TRUSTEE JS ISLAMIC FUND	159,900	0.04	
CDC - TRUSTEE ALFALAH GHP VALUE FUND	22,000	0.01	
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	406,400	0.09	
CDC - TRUSTEE AKD INDEX TRACKER FUND	75,677	0.02	
CDC - TRUSTEE AKD OPPORTUNITY FUND	25,000	0.01	
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	135,000	0.03	
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1,125,000	0.26	
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1,576,939	0.36	
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	3,301,000	0.75	
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1,521,000	0.35	
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	4,081,000	0.93	
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	587,000	0.13	
CDC - TRUSTEE APF-EQUITY SUB FUND	188,200	0.04	
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	36,750	0.01	
CDC - TRUSTEE HBL - STOCK FUND	213,000	0.05	
CDC - TRUSTEE APIF - EQUITY SUB FUND	226,500	0.05	
MC FSL - TRUSTEE JS GROWTH FUND	887,132	0.20	
CDC - TRUSTEE HBL MULTI - ASSET FUND	23,100	0.01	
CDC-TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY SUB FUND	17,946	0.00	
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,880,972	0.66	
CDC - TRUSTEE ABL STOCK FUND	1,032,213	0.24	
CDC - TRUSTEE AL HABIB STOCK FUND	670,188	0.15	
CDC - TRUSTEE LAKSON EQUITY FUND	530,000	0.12	
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	230,399	0.05	
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	194,734	0.04	
CDC - TRUSTEE HBL EQUITY FUND	80,000	0.02	
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	79,400	0.02	
CDC - TRUSTEE HBL PF EQUITY SUB FUND	37,920	0.01	
CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	79,180	0.02	
CDC - TRUSTEE KSE MEEZAN INDEX FUND	610,277	0.14	
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	30,000	0.01	
CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND	1,025,000	0.23	
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	452,500	0.10	
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	320,000	0.07	
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	10,000	0.00	
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	147,500	0.03	
CDC - TRUSTEE AWT ISLAMIC STOCK FUND	275,707	0.06	
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1,005,000	0.23	
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	695,000	0.16	
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	505,000	0.12	
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	42,500	0.01	
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	51,000	0.01	
CDC - TRUSTEE AWT STOCK FUND	52,900	0.01	

CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	400,000	0.09
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	38,500	0.01
CDC-TRUSTEE NITPF EQUITY SUB-FUND	50,000	0.01
CDC - TRUSTEE NBP SAVINGS FUND - MT	85,116	0.02
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	67,498	0.02
CDC - TRUSTEE ALFALAH MTS FUND - MT	1,669	0.00
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	127,980	0.03
CDC - TRUSTEE LAKSON TACTICAL FUND	15,963	0.00
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	16,049	0.00
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	29,800	0.01
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	50,000	0.01
CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	27,000	0.01
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	128,000	0.03
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	10,000	0.00
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	50,000	0.01
CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND	171,510	0.04
CDC - TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND	87,492	0.02
CDC - TRUSTEE ALFALAH CONSUMER INDEX EXCHANGE TRADED FUND	35,364	0.01
CDC - TRUSTEE JS MOMENTUM FACTOR EXCHANGE TRADED FUND	823,622	0.19
CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	1,834,824	0.42
CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND	100,000	0.02
CDC - TRUSTEE MAHAANA ISLAMIC INDEX EXCHANGE TRADED FUND	40,144	0.01
CDC-TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND - II	280,000	0.06
CDC - TRUSTEE LUCKY ISLAMIC STOCK FUND	645,000	0.15

III. Directors and their spouse(s) and minor children:

Mrs. Naz Mansha	Director/Chairperson	213,098	0.05
Mian Raza Mansha	Director/CEO	12,796,880	2.92
Mr. Khalid Niaz Khawaja	Director	2,000	0.00
Mr. Usama Mahmud	Director	200	0.00
Mr. Shehryar Ahmed Buksh	Director	1,000	0.00
Mr. Farid Noor Ali Fazal	Director	1,200	0.00
Mr. Shahzad Ahmad Malik	Director	100	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
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V. Public Sector Companies and Corporations:

Joint Stock Companies	28,026,434	6.40
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VI. Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds:

Investment Companies	18,034	0.00
Insurance Companies	7,257,201	1.66
Financial Institutions	18,170,160	4.15
Modaraba Companies	11,645	0.00
Mutual Funds	37,671,883	8.60
Pension Funds/Providend Funds/Charitable Trusts, Foundations Etc.	12,555,832	2.87

VII. Shareholders holding Five percent or more voting interest in the Listed Company

Mian Umer Mansha	27,565,313	6.29
Mian Hassan Mansha	27,139,917	6.19
Nishat Mills Limited	137,574,201	31.40

Trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children during the period July 01, 2024 to June 30, 2025, are as under:

S.No.	Name	Designation	No. of Shares Sold	Purchased
	NIL			





PERFORMANCE

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KEY PERFORMANCE INDICATORS



Net Revenue (000)

2025	71,892,837
2024	66,038,689
Percentage	9%



Gross Margin %

2025	25.7%
2024	15.9%
Percentage	61%



Total Assets (000)

2025	145,924,235
2024	138,385,754
Percentage	5%



Profit Before Tax & Levy (PBT&L) (000)

2025	13,004,612
2024	2,838,910
Percentage	4.6 times



Equity (000)

2025	94,667,478
2024	75,847,538
Percentage	25%



Profit / Loss After Tax (PAT) (000)

2025	8,675,059
2024	542,396
Percentage	16 times



Earnings per Share (EPS)

2025	19.80
2024	1.24
Percentage	16 times



Breakup Value/ Share

2025	216.08
2024	173.12
Percentage	25%



Market Value per share

2025	165.6
2024	90.3
Percentage	83%



Dividend per Share

2025	2
2024	Nil
Percentage	100%



No. of Employees (Average)

2025	1,829
2024	1,870
Percentage	-2%



Revenue per Employee (000)

2025	39,307
2024	35,315
Percentage	11%



Capacity Utilization

2025	75%
2024	65%



Production (MT)

2025	5,057,323
2024	4,341,467
Percentage	16%

CHAIRPERSON'S MESSAGE

It is a privilege to address you at a time when resilience is being tested, and leadership must rise above the short term to meet the moment with clarity, conviction, and purpose.

FY25 began with cautious optimism as Pakistan embarked on yet another stabilization program, seeking to restore macroeconomic order. Yet beyond the headlines - of fiscal strain, inflation, and regional uncertainties - lies a deeper imperative: to reimagine growth that is not just reactive, but durable. In this environment, the Company's strong profitability stands as a testament to its resilience and its capacity to create long-term value through strategic foresight and disciplined execution.

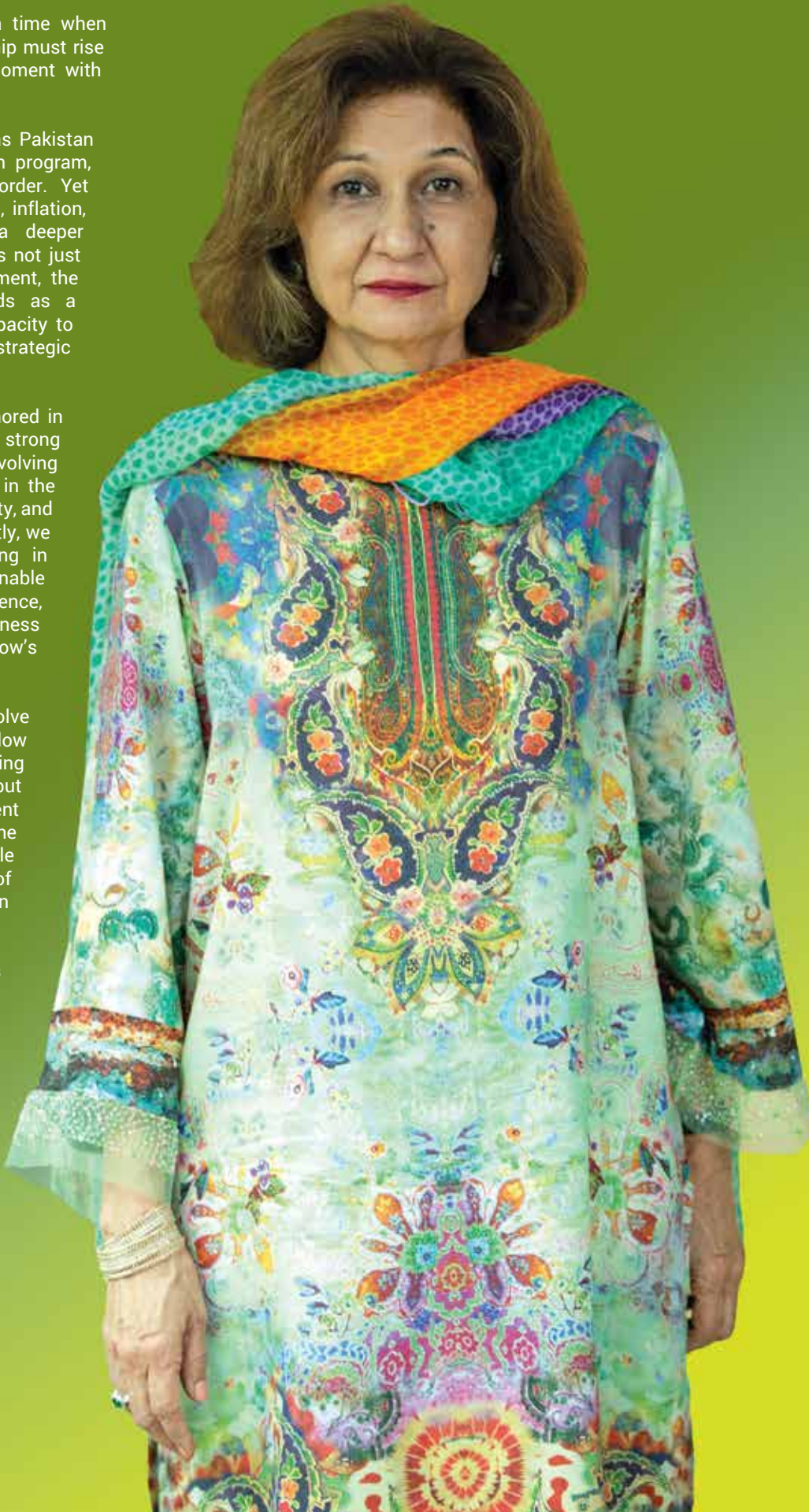
As the Board, our role is to stay anchored in long-term value creation while ensuring strong governance across a diverse and evolving portfolio. In this spirit, we take heart in the Group's continued discipline, adaptability, and financial prudence. But more importantly, we recognize the importance of investing in strategic capabilities - sustainable operations, digitalization, energy resilience, human capital, and responsible business practices - that will define tomorrow's industry leaders.

The road ahead will demand both resolve and reinvention. Policymakers must follow through on reforms. Businesses, including ours, must not merely endure cycles - but shape them. In this context, the recent floods serve as a stark reminder of the vulnerabilities the nation faces, while also underscoring the vital role of industry in supporting reconstruction and long-term resilience.

We remain confident in the Group's ability to navigate this journey with integrity and foresight. On behalf of the Board, I thank our shareholders for their continued trust, and commend our leadership teams for their enduring commitment in these testing times.

Mrs. Naz Mansha
Chairperson

Lahore
August 28, 2025



CHIEF EXECUTIVE'S MESSAGE

I am pleased to share my insights on the industry and the performance of your Company.

FY 2025 unfolded amid a fragile economic recovery, characterized by fiscal tightening, shifting global dynamics, and persistent inflationary pressures. While macro indicators showed tentative improvement, underlying demand remained subdued - particularly in the domestic construction sector.

For the cement industry, it was another year of imbalanced growth. Export volumes saw a notable surge - a silver lining in an otherwise constrained environment - but domestic dispatches contracted for the second consecutive year. In the North, where the bulk of our capacity resides, pricing volatility and escalating input costs, including an increased royalty on limestone, posed further challenges.

Despite these headwinds, DG Khan Cement demonstrated strong operational resilience. Through disciplined cost optimization, greater reliance on alternative fuels, and an active export strategy, the Company was able to strengthen margins and deliver a return to robust profitability after several challenging years. In a still tight monetary environment - despite a sharp easing of KIBOR - stable dividend income helped offset finance costs and was instrumental in delivering healthy profitability during the year.

The Group remains committed to long-term value creation. Nishat Packaging Limited's polypropylene plant commenced operations this year, and we expect its contribution to grow steadily. Meanwhile, we continue to explore opportunities to operationalize our USA entity at the right time.

Looking ahead, despite fiscal constraints from IMF-led reforms and lingering demand-side risks, early signs of government focus on housing and infrastructure could bolster domestic construction. We remain confident in the Group's ability to navigate uncertainty, staying agile, focused, and future-ready while pursuing emerging opportunities through strategic resilience and financial prudence.

Mr Raza Mansha
Chief Executive Officer

Lahore
August 28, 2025

(For insights into the company's business performance for the year, including our strategy for improvement and future outlook, a presentation video will be made available on www.dgkcement.com in due course.)

ANALYSIS OF FINANCIAL PERFORMANCE

After several challenging years, the Company delivered a healthy profit of PKR 8.68 billion during the period, reflecting the strength of its business fundamentals and resilience in navigating a volatile operating environment. This performance underscores management's continued focus on operational efficiency, cost discipline, and strategic initiatives aimed at sustainable growth. Comparison with last year and budgeted results are as follows:

Comparison with last year results

The Company delivered growth in both overall sales and gross profit during FY 2025. This positive momentum, together with a significant reduction in finance cost, translated into a notable improvement in profit before tax and levy.

	2025	2024
	Rs in million	
Sales	71,893	66,039
GP	18,506	10,528
PBT&L	13,005	2,839

Although the plant remained under-utilized due to the prevailing demand - supply gap in the local market, capacity utilization improved by 10% as the Company strategically leveraged export opportunities to mitigate the impact of softer domestic demand. Inflationary pressures, further compounded by a significant increase in royalty charges, could not be fully passed on to customers through price adjustments. In response, the Company undertook targeted cost optimization initiatives, including adjustments to the coal mix and the use of alternative fuels such as RDF and TDF.

Comparison with budget

The Company's results exceeded budget, with sales, gross profit, and profit before tax and levy showing marked improvement. Gross profit more than doubled, reflecting both improved volumes owing to exports and operational efficiencies, supported by the continued use of alternative fuels to mitigate cost pressures. Profit before tax and levy further benefited from lower finance costs following a reduction in discount rates, alongside steady dividend income.

	Actual	Budget
	Rs in million	
Sales	71,893	64,999
GP	18,506	9,038
PBT&L	13,005	5,862

Future Prospects Of Profit

Management remains cautiously optimistic about FY26, as sector growth will depend on supportive government policies and broader macroeconomic stability. Despite these challenges, the Company expects to sustain profitability through the following key drivers:

- Improvement in local dispatches, as early signs of supportive government policies are expected to lift demand compared to FY25.
- Reconstruction activities following recent floods, which are anticipated to provide incremental demand for cement during the year.
- Full-year contribution of the polypropylene bag plant, which commenced commercial operations in the last quarter of FY25 and will now operate at scale, strengthening the Group's bottom line.
- Sustained clinker exports, enabling the Company to maintain optimal capacity utilization and ensure efficient absorption of fixed costs.
- Exploration of export opportunities in the U.S. market, aimed at diversifying revenue streams and reinforcing the Company's international presence.

A detailed analysis of future prospects is available in the 'Future Outlook' section of this report.

ANALYSIS OF NON-FINANCIAL PERFORMANCE

Analysis of non-financial performance has been presented for material non-financial KPIs relevant for the business and stakeholders around other forms of capitals as mentioned under International Integrated Reporting Framework

Manufactured Capital

Our business activities of production, marketing and distribution of quality cement help us to create value for our stakeholders and economy. To meet the expectations of our customers and in line with our strategy, we are committed to producing only quality cement which correspond to the international environment and safety standards. During the year, our sales and marketing team did not receive any significant complaint about the quality of the cement from its dealers and distributors. In fact, Company has obtained certifications from different USA states regarding quality of cement and upkeeping of its plants, enabling DGKC to diversify its exports base to USA market.

As part of its strategy to invest in state-of-the-art and sustainable projects, DGKC's 10 MW solar power plant at the Khairpur site, installed last year, is now fully operational and contributing to the reduction of reliance on high-cost fossil fuels and IESCO power.

Intellectual Capital

Intellectual Capital is the value of the Company's cumulative knowledge and resources that it can utilize to enhance profits, gain new customers, or otherwise improve the business. The Company strongly believes in allocating resources to its development as we believe that it contributes significantly towards enhancing operational efficiency and gaining competitive advantage in the modern technological era.

DGKC accords highest priority to the development of its Information Systems resources to ensure accurate data processing, efficient communications, streamlined business processes and accumulation of market intelligence. The Company also continues to adopt and leverage the latest state of the art Information Technology infrastructure in line with best practices to streamline business processes and enhance operational efficiency.

Information Security has become a cause of concern globally, especially during the 'work from home' environment. Leading international and local

organizations have witnessed security breaches in the recent past. In view thereof, DGKC undertook a comprehensive and critical review of its Information Security function followed by several actions to further fortify protective measures. Active directions and support by the Board of Directors enabled swift execution. Further investment in the security infrastructure has also been approved to strengthen the security posture

Human Capital

DGKC has a well-defined Human Resource policy to manage HR priorities, succession planning, recognizing and rewarding the prestigious talent and leadership development. Our aim is to bring the most talented and imaginative people on board, nurture their talent and provide them with the best facilities to exhibit their talent.

- DGKC has employed 1,829 permanent employees in our operations including plants, marketing offices and head office. The Company offers the right mix of benefits, rewarding work and career advancement prospects to attract and retain competent people. Investing in Our Workforce In 2025, DGKC paid PKR 6.7 billion as workforce salaries and benefits compared to PKR 6.3 billion last year. The Company also maintains funded gratuity schemes for its eligible employees who joined prior to July 01, 2022.
- DGKC is committed to fostering an equitable and inclusive workplace, where benefits are structured in accordance with the nature of employment contracts and not influenced by gender. In line with SECP Circular 10 of 2024, the Company has shared gender-related pay disclosure. While such disclosure may not fully capture the inclusive practices embedded within DGKC's culture, management remains supportive of these initiatives and views them as an opportunity to further strengthen transparency and promote diversity in the corporate sector. Accordingly, the mean pay of females is 11% higher than that of males, whereas the median pay of females is 70% higher than that of males.
- To improve our competitiveness and value creation ability, skills retention and development are crucial. It is critical that we play an active role in supporting the existing workforce through reskilling and upskilling. DGKC believes that people learn every

day, through experiential, social or formal avenues. During the year, various training workshops were conducted at different plant sites, to keep employees updated about latest trends regarding operations, IT and sales.

- DGKC is committed to the wellbeing of employees by providing a safe working environment. We continue to focus on enhancing safety systems and adopt most recent industrial safety standards to eliminate or minimize the potential harm from the risks and hazards. Significant security investment has been made at different sites, especially at DG plant, keeping in view law and order situation in surrounding areas.

Social and Relationship Capital

DGKC is aware of its ethical responsibility for environment friendly and fair business transactions. Our employees are educated and trained to take responsibility in line with their function, authority and qualifications to enrich our corporate responsibility of ethical business.

- DGKC continues to prioritize local coal procurement, enabling the Company to create shared value with domestic partners while conserving valuable foreign exchange reserves. The Company also promotes sustainability in its supply chain by working closely with trusted partners to ensure long-term, responsible sourcing.
- We support local communities through payment of taxes, donations, investments in the field of education, health, sports and infrastructure developments as well as indirectly through our presence and procurement from local suppliers.
- Being a Socially Responsible Company protecting nature and environment through continued investments in environment friendly technologies and production processes is the top priority at DGKC. In this connection, the Company made two significant variations from its operations in the recent past; use of RDF and TDF in replacement of local coal, installation of 10 MW Solar Power Plant at KHP site with aim to slowly replace fossil fuels to great extent at all plant sites.



FINANCIAL RATIOS

		FY 25	FY 24	FY 23	FY 22	FY 21	FY 20
Profitability Ratios							
Gross Profit ratio	%	25.74	15.94	14.70	17.97	17.89	4.17
Net Profit to Sales	%	12.07	0.82	(5.60)	5.12	8.25	(5.68)
EBITDA Margin to Sales	%	28.80	22.25	21.31	23.27	24.99	12.06
Operating leverage ratio	%	19.89	21.25	18.58	18.74	22.89	21.57
Return on Equity (Average)	%	10.18	0.77	(5.42)	4.15	5.31	(3.14)
Return on Capital employed	%	14.48	9.84	9.28	8.24	6.56	0.79
Shareholders' Funds (Net Equity)	Rs ('000')	94,667,478	75,847,538	64,192,277	69,918,102	73,477,873	66,644,157
Return on Shareholders' Funds	%	9.16	0.72	(5.66)	4.25	5.06	(3.24)
Liquidity Ratios							
Current Ratio (times)	Times	1.85	1.30	0.80	0.89	0.91	0.91
Quick / Acid test ratio	Times	1.01	0.66	0.32	0.36	0.52	0.56
Cash to Current Liabilities	Times	0.02	0.02	0.01	0.01	0.33	0.36
Cash flow from operations to Sales	Rs ('000')	10,034,132	6,029,545	6,504,238	(3,932,479)	6,161,981	(343,131)
Cash flow to capital expenditures	Rs ('000')	(1,211,491)	(1,676,953)	(3,418,069)	(1,739,551)	(5,087,104)	(7,374,428)
Cash flow coverage ratio	Times	4.09	1.65	1.99	0.26	3.59	1.30
Investment /Market Ratios							
Earnings per Share (EPS) and diluted EPS	Rs/Share	19.80	1.24	(8.30)	6.78	8.49	(4.93)
Price Earnings ratio	Times	8.36	72.92	(6.18)	9.21	13.88	(17.32)
Price to Book ratio	Times	0.77	0.52	0.35	0.39	0.70	0.56
Dividend Yield ratio	%	1.21	-	-	1.60	0.85	1.17
Dividend Payout ratio	%	10%	0%	0%	15%	12%	0%
Cash Dividend per share	Rs/Share	2.00	-	-	1.00	1.00	-
Market value per share							
At 30-June	Rs/Share	165.56	90.27	51.30	62.50	117.92	85.33
High During the year	Rs/Share	168.39	95.32	62.95	120.39	141.48	87.90
Low during the year	Rs/Share	73.30	41.54	39.00	52.25	90.45	42.31
Breakup value per share							
(1) With FV reserves	Rs/Share	216.08	173.12	146.52	159.59	167.71	152.11
(2) Without FV reserves (all investments including Related party)	Rs/Share	138.91	119.05	117.74	127.05	121.38	112.75
Capital Structure							
Financial leverage ratio	%	15.01	24.80	31.57	34.03	31.76	36.65
Weighted average cost of debt (excluding taxation)	%	13.77	20.82	15.15	7.91	6.40	10.48
Debt to Equity ratio							
Debt/ (Debt+Equity) (%)	%	18.79	31.15	39.85	39.93	37.34	41.60
Debt/ (Debt+Equity) (%) (w.r.t Market value)	%	23.20	46.46	65.42	62.93	45.88	55.95
Net assets per share	Rs/Share	216.08	173.12	146.52	159.59	167.71	152.11
Interest Cover /Time Interest earned ratio	Times	5.35	1.84	2.05	3.78	3.86	0.99
Activity / Turnover Ratios							
Total Assets turnover ratio (based on average total assets)	%	50.57	48.36	47.91	42.30	33.73	29.77
Fixed Assets turnover ratio (based on average total assets)	%	91.51	81.47	78.74	69.17	53.52	46.52
No. of Days in Inventory (including stores and spares)	Days	140	133	150	175	154	126
No. of Days in Receivables	Days	8	5	7	9	14	22
No. of Days in Payables	Days	83	76	87	92	138	106
Operating cycle	Days	64	61	70	92	30	42
Others							
No of employees (average during the year)	No.	1,829	1,870	1,902	1,900	1,861	1,824
Production per Employee	Tons	2,765	2,322	2,433	3,353	3,361	3,751
Revenue per Employee	Rs ('000')	39,307	35,315	34,166	30,549	24,238	20,851
Staff turnover ratio	%	12.47	12.19	10.04	8.16	5.96	7.24
% of Plant Availability	%	75.26	64.61	68.87	94.79	93.08	101.81
Customer Satisfaction Index (based on average no. of distributors)	%	99.00	99.80	99.30	93.80	98.00	99.20
Spares Inventory as % of Assets Cost	%	6.02	5.94	5.40	5.18	4.50	4.41
Maintenance Cost as % of Operating Expenses	%	7.18	8.29	7.29	6.15	9.47	8.51

ANALYSIS OF FINANCIAL RATIOS

Profitability Ratios

The GP ratio showed a substantial improvement in FY25, rising to 25.74% compared to 15.94% in FY24, primarily driven by better capacity utilization, improved sales volumes owing to exports, and continued cost optimization through alternative fuels and local coal. This improvement is also reflected in the EBITDA margin, which increased to 28.80% from 22.25% last year, highlighting stronger operational efficiency.

Net profit to sales rose sharply to 12.07% (FY24: 0.82%), supported by higher gross margins, reduced finance costs following lower discount rates and a lower effective tax rate. Consequently, returns also strengthened significantly, with ROE rising to 10.18% (FY24: 0.77%) and ROCE improving to 14.48% (FY24: 9.84%). Shareholders' funds expanded to PKR 94.7 billion, reflecting robust profitability as well as an increase in other comprehensive income arising from the appreciation in the value of investments held at FVOCI.

The operating leverage ratio eased slightly to 19.89% from 21.25% in FY24, indicating a more favorable balance between fixed and variable costs owing to higher production and sales volumes. Overall, FY25 profitability ratios demonstrate a marked turnaround driven by enhanced efficiency measures and improved financial discipline.

Liquidity Ratios

The Company's liquidity position strengthened during FY25, with the current ratio improving to 1.85 (FY24: 1.30) and the quick ratio rising to 1.01 (FY24: 0.66), reflecting a stronger short-term financial position. Cash to current liabilities remained stable at 0.02, indicating prudent cash management. Operating cash flows increased to PKR 10.03 billion compared to PKR 6.03 billion last year, supported by better working capital management.

Improved cash generation also enabled repayment of debt, further reducing reliance on short-term borrowings. The cash flow coverage ratio strengthened to 4.09 (FY24: 1.65), underscoring the Company's ability to comfortably meet short-term obligations, debt repayments, and statutory dues. Overall, FY25 liquidity ratios reflect a healthy financial position, underpinned by disciplined cash flow management, debt reduction, and lower capital expenditure requirements.

Market ratios

Earnings per share rose significantly to PKR 19.80 in

FY25 compared to PKR 1.24 last year, reflecting strong profitability and improved operational performance. Over the past six years, the Company's EPS has averaged PKR 3.85 per share, demonstrating its ability to generate shareholder value despite challenging business conditions. The price-to-earnings ratio normalized to 8.36 (FY24: 72.92), highlighting a more realistic alignment between earnings and market valuation.

The market price of the share closed at PKR 165.56 on June 30, 2025, against PKR 90.27 in FY24, with price movements broadly aligned with overall market dynamics. The share reached a high of PKR 168.39 and a low of PKR 73.30. The breakup value per share improved to PKR 216.08 (without FV reserves: PKR 138.91), indicating further potential for share price appreciation.

Capital Structure

The Company's capital structure strengthened in FY25 with reduced debt levels and higher equity, supported by retained earnings and appreciation in fair value of investments. Consequently, the debt-to-equity ratio improved to 18.79% (FY24: 31.15%). The weighted average cost of debt declined to 13.77% from 20.82% last year reflecting a materially lower cost of financing. Interest coverage improved sharply to 5.35 times (FY24: 1.84), reflecting greater capacity to service obligations. Net assets per share also increased to PKR 216.08 from PKR 173.12 in FY24, in line with the stronger equity base.

Turnover Ratio

Total and fixed assets turnover improved to 50.57% and 91.51%, respectively, indicating more efficient utilization of the asset base. Inventory days rose modestly to 56 (FY24: 51), while receivable days remained low at 8, reflecting strong collection efficiency. Payable days extended to 83, providing added support to working capital management.

Others

The average number of employees decreased slightly to 1,829, while the staff turnover ratio remained broadly stable at 12.47%. Production and revenue per employee improved to 2,765 tons and PKR 39,307 thousand, respectively, supported by better operational performance. Plant availability also increased to 75.26% (FY24: 64.61%), reflecting improved plant utilization. Spares inventory as a percentage of asset cost remained stable at 6.02%, while maintenance cost as a share of operating expenses declined to 7.18%, indicating tighter cost control.

HORIZONTAL AND VERTICAL ANALYSIS

Horizontal Analysis (%)

Balance sheet

	FY25	FY24	FY23	FY22	FY21	FY20
	YOY % Change					
Net Equity	24.81	18.16	(8.19)	(4.84)	10.25	(6.04)
Non-Current Liabilities	(16.38)	38.76	6.28	(14.79)	(4.60)	21.76
Current Liabilities	(19.60)	(33.80)	5.61	14.38	7.10	9.86
Property plant and equipment	(3.29)	(2.88)	(0.67)	(2.61)	1.78	4.46
Non-Current Assets	1.45	0.97	(0.07)	(5.24)	5.87	3.40
Current Assets	14.69	7.03	(4.38)	10.75	8.05	1.40
Total Assets	5.45	2.73	(1.35)	(0.97)	6.44	2.87

Profit and loss accounts

	FY25	FY24	FY23	FY22	FY21	FY20
	YOY % Change					
Sales	8.86	1.62	11.96	28.68	18.60	(6.13)
COS	(3.82)	0.15	16.41	28.57	1.61	3.68
Gross Profit	75.77	10.18	(8.37)	29.19	408.98	(70.43)
Finance Cost	(51.63)	18.67	88.80	22.26	(37.23)	40.83
Profit before tax	358.08	(10.23)	(47.46)	26.16	(227.03)	(288.67)
Profit after tax	1,499.40	(114.92)	(222.34)	(20.13)	(272.39)	(234.10)

Vertical Analysis (%)

Balance sheet

	FY25	FY24	FY23	FY22	FY21	FY20
	% of Total Assets					
Net Equity	64.9	54.8	47.7	51.2	53.3	51.4
Non-Current liabilities	17.4	21.9	16.2	15.1	17.5	19.5
Current Liabilities	17.8	23.3	36.1	33.7	29.2	29.0
Property plant and equipment	52.9	57.7	61.1	60.6	61.7	64.5
Non-Current Assets	67.2	69.8	71.0	70.1	73.3	73.7
Current Assets	32.8	30.2	29.0	29.9	26.7	26.3

Profit and loss accounts

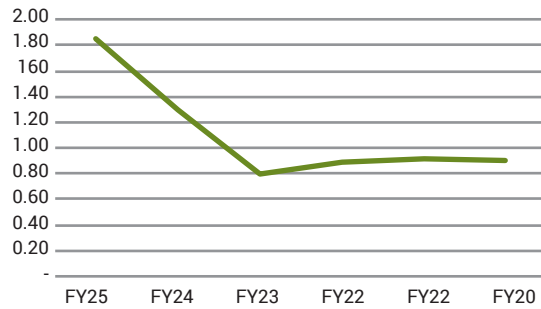
	FY25	FY24	FY23	FY22	FY21	FY20
	% of Net Sales					
Sales	100.00	100.00	100.00	100.00	100.00	100.00
COS	(74.26)	(84.06)	(85.30)	(82.03)	(82.11)	(95.83)
Gross Profit	25.74	15.94	14.70	17.97	17.89	4.17
Finance Cost	(5.38)	(12.12)	(10.38)	(6.15)	(6.48)	(12.23)
Profit before tax	18.09	4.30	4.87	10.37	10.58	(9.88)
Profit after tax	12.07	0.82	(5.60)	5.12	8.25	(5.68)

During FY25, the total balance sheet footing increased considerably, supported by retained earnings and fair value gains on investments. Vertically, net equity as a percentage of total assets rose to 64.9% (FY24: 54.8%), reflecting strong profitability and a healthier equity base. Non-current liabilities declined to 17.4% (FY24: 21.9%), while current liabilities reduced slightly to 17.8% (FY24: 23.3%), driven by lower debt levels and improved cash flow management. Property, plant, and equipment represented 52.9% of total assets (FY24: 57.7%), with non-current assets at 67.2% (FY24: 69.8%) and current assets at 32.8% (FY24: 30.2%).

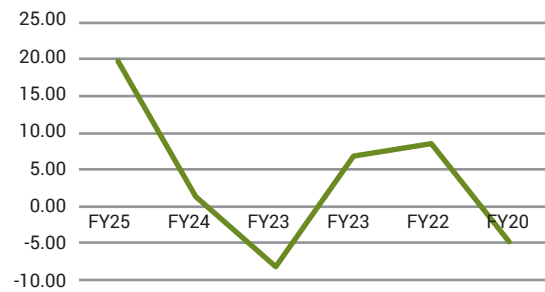
From a vertical perspective of the profit and loss statement, gross profit improved significantly to 25.74% of sales (FY24: 15.94%), reflecting better plant utilization, cost optimization, and improved efficiency. Finance costs fell to 5.38% of sales (FY24: 12.12%), further strengthening pre-tax profitability to 18.09% (FY24: 4.30%). Consequently, net profit after tax and levy surged to 12.07% of sales (FY24: 0.82%).

Horizontal year-over-year analysis shows net equity increased by 24.81% compared to FY24, while non-current liabilities declined by 16.38% and current liabilities fell by 19.60%, reflecting debt reduction and improved working capital. On the profit and loss side, sales rose by 8.86%, while cost of sales declined by 3.82%, resulting in a 75.77% improvement in gross profit. Finance costs decreased by 51.63%, translating into a 4.58 times increase in profit before tax and levy and a remarkable 16 times growth in net profit, driven by higher operational efficiency, lower financing costs, and favorable effective tax rate.

Current Ratio



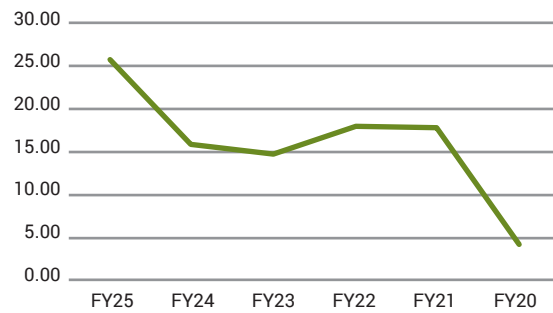
EPS



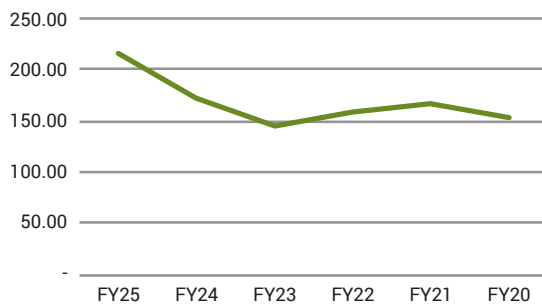
Return on Equity (Average)



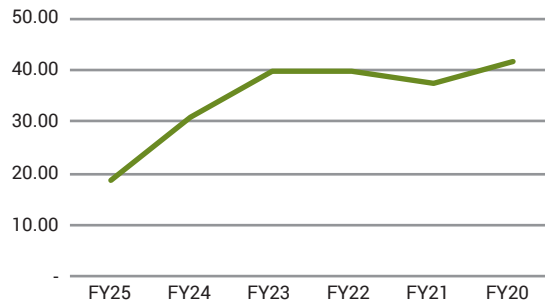
GP%



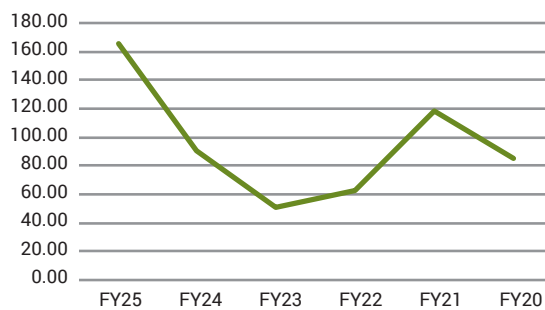
Breakup Value Per Share



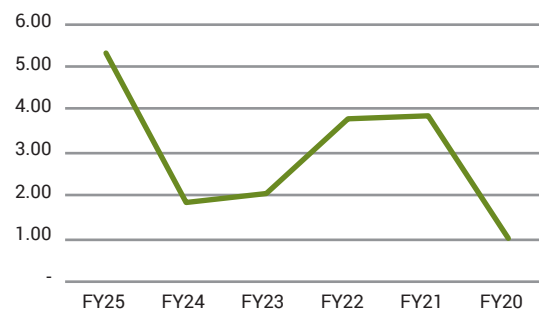
Debt to Equity Ratio



Market Value Per Share



Interest Cover Ratio



DUPONT ANALYSIS

Year			2025	2024	2023	2022	2021	2020
Net Profit Margin %	Net Profit / Turnover	A	12.07	0.82	(5.60)	5.12	8.25	(5.68)
Asset Turnover	Turnover / Average Total Assets	B	0.51	0.48	0.48	0.42	0.34	0.30
Equity Multiplier	Average Total Assets / Average Equity	C	1.67	1.95	2.02	1.91	1.91	1.86
Return on Equity %		AxBxC	10.18	0.77	(5.42)	4.15	5.31	(3.14)

Net Profit Margin improved significantly from 0.82% in 2024 to 12.07% in 2025, reflecting higher gross margins from operational efficiency, lower discounting, reduced finance costs from loan repayments, and a lower effective tax rate.

Asset Turnover rose modestly from 0.48 to 0.51, supported by a significant year-on-year increase in export sales, which enhanced revenue generation relative to the asset base.

Equity Multiplier declined from 1.95 to 1.67 following loan repayments, reducing financial leverage. While this moderated the magnifying effect of debt on ROE, it strengthened the Company's balance sheet and lowered risk.

SUMMARY OF CASH FLOW STATEMENT

(Rs in thousand)

	FY25	FY24	FY23	FY22	FY21	FY20
Profit/(loss) before tax	12,427,487	2,318,062	2,798,489	6,019,761	4,771,405	(3,756,188)
Profit before working capital changes	16,871,953	11,088,947	11,422,923	12,139,783	9,056,333	3,271,235
Effect on cash flows due to working capital changes	(1,060,525)	2,133,701	1,974,379	(11,197,917)	1,416,096	2,791,064
Cash flows from operating activities	10,034,132	6,029,545	6,504,238	(3,932,479)	6,161,981	(343,131)
Cash flows from investing activities	3,000,535	2,277,223	(1,747,153)	1,461,646	(2,962,160)	(5,082,796)
Cash flows from financing activities	(9,357,687)	4,051,021	(4,883,572)	(1,192,517)	(4,504,679)	2,519,577
Net increase/(decrease) in cash and cash equivalents	3,676,980	12,357,789	(126,487)	(3,663,350)	(1,304,858)	(2,906,350)
Cash and cash equivalents at the beginning of the year	(12,332,550)	(24,819,321)	(24,799,703)	(17,555,677)	(23,148,133)	(19,769,652)
Cash and cash equivalents at the end of the year	(8,656,147)	(12,332,550)	(24,819,321)	(24,799,703)	(17,555,677)	(23,148,133)

An analysis of the cash flow statement shows that the Company generated over PKR 10 billion from operating activities, reflecting robust cash inflows from operations. Cash inflows from investing activities amounted to PKR 3 billion, primarily driven by dividend income. Financing activities utilized PKR 9.36 billion mainly for debt repayment. As a result, net cash increased by PKR 3.68 billion, with cash and cash equivalents at year-end at a negative PKR 8.66 billion, reflecting disciplined cash management and a reduction in overall debt levels.

METHODS AND ASSUMPTIONS IN COMPILING INDICATORS

The Company monitors its indicators which effectively reflect the Company's performance. The Company analyze its market positioning, competitors and general market conditions while compiling its indicators. It also analyses sales, gross profit, profit after tax and EPS on regular basis to gauge its performance. These are basic indicators of Company's financial performance and profitability.

Share price is the measure of perception of the Company in the market. It also reflects how the investors project about the future prospects of the Company. Market price of the Company's shares mainly linked with projected demand, coal prices and interest rates.

The Company manages its dividend policy with the purpose of increasing shareholders' wealth. Dividend is

the amount allocated out of profit for the payment to shareholders. The Company takes its decisions of cash or stock dividend based on market conditions, share price and governing laws and regulations.

Comparing cash flow from operating activities with profit before tax and levy can give insights into how a company finances short-term capital. The Company regularly analyses its cash flows and tries to keep it on positive side.

Capex is determined keeping in view available cash at reasonable rates, requirement in the Company and return on investments.

CASH FLOW STATEMENT FROM DIRECT METHOD

(Rs in thousand)

Cash flows from operating activities

Cash received from customers	101,999,093	86,404,614
Cash paid to suppliers/employees for goods and services	(86,187,665)	(73,181,939)
Finance cost paid	(4,921,199)	(8,460,206)
Retirement and other benefits paid	(198,725)	(204,892)
Income tax paid	(447,791)	1,859,765
Levy - final taxes paid	(577,125)	(520,848)
Long term deposits - net	367,544	133,051
Net cash inflow/(outflow) from operating activities	10,034,132	6,029,545

Cash flows from investing activities

Payments for property plant and equipment and Intangible	(1,211,491)	(1,620,798)
Payments for intangible asset	-	(56,155)
Proceeds from disposal of property plant and equipment	70,240	180,069
Long term loans advances and deposits - net	555	2,858
Investment in subsidiary	(8,462)	-
Proceeds from disposal of investment	128,250	135,000
Interest received	63,185	12,480
Dividend received	3,958,258	3,623,769
Net cash outflow from investing activities	3,000,535	2,277,223

Cash flows from financing activities

Proceeds from long term finances	-	11,200,706
Repayment of long term finances	(9,357,639)	(7,149,183)
Dividend paid	(48)	(502)
Net cash inflow from financing activities	(9,357,687)	4,051,021

Net increase/(decrease) in cash and cash equivalents	3,676,980	12,357,789
Cash and cash equivalents at the beginning of the year	(12,332,550)	(24,819,321)
Effect of exchange rate changes on cash and cash equivalents	(577)	128,982
Cash and cash equivalents at the end of the year	(8,656,147)	(12,332,550)

SEGMENTAL REVIEW AND ANALYSIS

Cement Segment

Clinker capacity (per annum) 6,720,000 tons

Actual production during the year 5,057,323 tons

Rs in thousand

Cement Sector	FY25	FY24
Revenue	71,892,837	66,038,689
GP	18,505,671	10,528,260
PBT&L	13,004,612	2,838,910
PAT	8,675,059	542,396
GP%	25.7%	15.9%
PBT&L%	18.1%	4.3%
Total Assets	145,924,235	138,385,754
Total liabilities	51,256,757	62,538,216

Cement sector performance in FY25 was constrained by contracting local demand, with plant utilization supported primarily by higher export volumes. Inflationary pressures and a significant increase in royalty costs continued to impact production costs, while lower discount rates helped reduce finance costs and supported overall profitability.

Dairy Segment

Milk production capacity (per annum) 40,150,000 litres

Actual production 39,710,384 litres

Rs in thousand

Dairy	FY25	FY24
Revenue	5,791,699	5,622,128
GP	942,786	938,408
PBT	1,137,650	1,141,080
PAT	674,708	759,164
GP%	16.3%	16.7%
PBT%	19.6%	20.3%
Total Assets	5,573,063	5,268,136
Total liabilities	1,464,669	1,601,701

Dairy segment revenue increased modestly, supported by stable volumes and prices. Profitability remained largely stable, with slight margin compression due to

higher input costs, while the balance sheet strengthened with lower liabilities. Under achievement of production capacity was due to mortality of milking cows and low health of some animals.

As at June 30, dairy segment has 3,634 (2024: 3,406) mature milking animals.

Packaging Segment

Paper bag production capacity 160,000,000 bags

Actual paper bags produced 43,151,383 bags

Polypropylene bag production capacity 90,000,000 bags

Actual polypropylene bags produced 29,715,285 bags

Rs in thousand

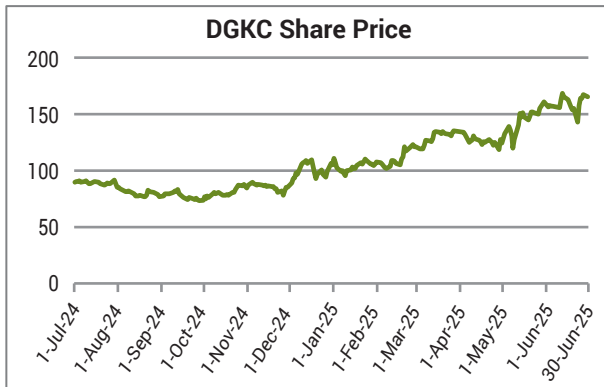
Paper	FY25	FY24
Revenue	3,293,830	2,496,760
GP	434,563	254,364
PBT&L	645,453	(166,082)
PAT	510,181	(284,531)
GP%	13.2%	10.2%
PBT&L%	19.6%	-6.7%
Total Assets	10,837,425	6,785,449
Total liabilities	7,840,699	4,582,596

The packaging segment reported revenue of PKR 3.29 billion (FY24: PKR 2.50 billion), supported by higher volumes and improved operational efficiency. PBT&L rose sharply to PKR 645.5 million, largely driven by a gain on the sale of the paper bag line following reduced demand, which also led to a decline in paper bag production capacity. Gross profit improved to PKR 434.6 million (GP%: 13.2%).

Total assets increased to PKR 10.84 billion (FY24: 6.79 billion) with the commissioning of the polypropylene bag plant, while total liabilities rose to PKR 7.84 billion (FY24: 4.58 billion), primarily for project financing. Overall, the segment returned to profitability and is now strategically positioned to meet market demand with its polypropylene operations.

SHARE PRICE SENSITIVITY

DGKC share price trend over the year FY25 can be graphically represented as follows:



DGKC shares are traded on Pakistan. Its free float is 50.0% and total market capitalization at the end of financial year was PKR 72.5 billion. Its beta is 1.46. Share price is exposed to numerous quantitative or qualitative factors during the year some of which are listed below:

- High inflation and utility costs continue to pose a risk to profitability. DGKC remains exposed to K-Electric and WAPDA for electricity requirements, and any significant fluctuation in electricity tariffs may materially affect overall margins.
- Commodity prices, particularly coal, remain a key cost driver. The Company continues to source local and Afghan coal and uses RDF/TDF in partial substitution of coal to mitigate the impact of

imported coal price volatility.

- Government regulations and taxation policies, particularly those impacting the cement sector, may influence operational and financial performance. Changes in royalty rates and other sector-specific levies could affect profitability.
- Exchange rate volatility continues to indirectly affect DGKC's performance by influencing inflation and the purchasing power of end consumers.
- Performance of equity investments remains relevant to investors. DGKC holds major investments in MCB Bank Limited, Hyundai Nishat Motor (Pvt) Limited, and Nishat Mills Limited, and positive or negative developments in these companies may impact DGKC's dividend income and market perception.
- Interest rate environment and financial expenses remain a critical factor for profitability. Lower discount rates in FY25 contributed to reduced finance costs, supporting improved profitability, while DGKC's debt exposure of approximately PKR 22 billion continues to make it sensitive to any significant shifts in KIBOR or borrowing costs.
- General market and industry risks, including demand fluctuations in the cement and packaging sectors, remain relevant. Macroeconomic challenges, including subdued local demand, may affect production and sales, while export markets provide partial mitigation.

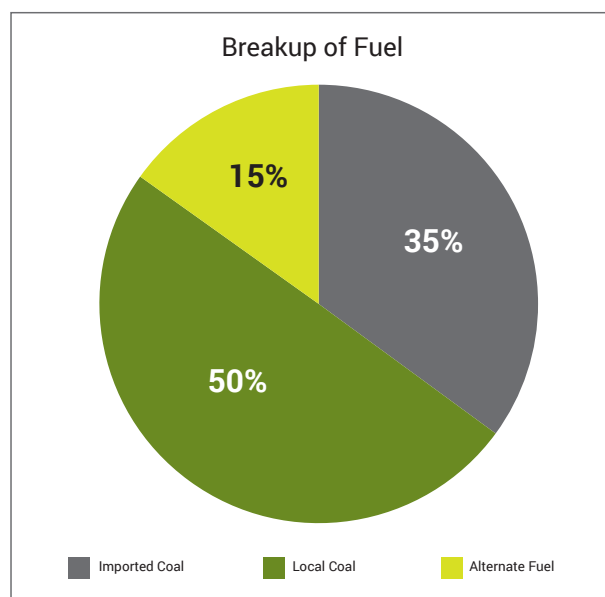
DECLARATION OF DIVIDEND

Consistent with our commitment to creating shareholder value, the Board of Directors, at its meeting on August 28, 2025, has recommended a final cash dividend of PKR 2 per share, subject to approval at the forthcoming Annual General Meeting scheduled for October 28, 2025.

LOCAL VS IMPORTED RAW MATERIAL

The greatest strength of a cement manufacturer is the availability of raw materials at low cost. Limestone and shale quarries are typically leased from the government on a long-term basis, while other additives are either self-mined or sourced from local markets. Packing materials are primarily procured from a subsidiary, Nishat Packaging Limited (formerly Nishat Paper Products Company Limited).

Coal, which is the major fuel for both cement production and power generation, accounts for about 47% of manufacturing costs. DGKC has successfully diversified its coal supply by purchasing from Afghan and local markets, in addition to the international market. Moreover, the company has partially transitioned to alternative energy sources, such as RDF, as part of its cost-saving and environmental sustainability initiatives. These efforts have allowed DGKC to mitigate the negative impacts of high international coal prices without disrupting operations.



STATEMENT OF ECONOMIC VALUE ADDED (EVA)

	FY25	FY24
Cost of Capital		
WACC	20.46%	19.36%
Average Capital Employed (without FV reserve)	84,624,067	90,296,034
Cost of Capital	17,313,889	17,481,497
Net Operating Profit After Tax (NOPAT)		
EBIT	16,875,017	10,840,015
Effective tax rate	33.29%	80.89%
NOPAT	11,257,324	2,071,527
Economic Value Added (EVA)		
EVA = NOPAT-Cost of Capital	(6,056,565)	(15,409,971)
Enterprise Value		
Market Value of Equity	72,535,001	39,549,013
Add: Debt	21,907,100	34,321,806
Less: Cash and Bank	568,832	732,168
Enterprise Value	93,873,269	73,138,651
NOPAT/Average Capital Employed (without FV reserve)	13%	2%
EVA/Average Capital Employed (without FV reserve)	(7%)	(17%)
Enterprise Value/Average Capital Employed (without FV reserve)	1.11 times	0.81 times

QUARTERLY ANALYSIS

Extracts of Profit and loss (Rs in thousands)

	FY24	Q1	Q2	Q3	Q4	FY 25
Sales- Net	66,038,689	15,300,920	21,690,256	18,125,324	16,776,337	71,892,837
Gross Profit	10,528,260	2,994,348	5,451,115	4,721,557	5,338,651	18,505,671
Finance cost	8,001,105	1,589,456	1,050,096	660,078	570,775	3,870,405
Profit before tax and levy	2,838,910	1,318,243	3,884,894	3,557,118	4,244,357	13,004,612
Taxation	2,296,514	514,114	1,165,778	1,561,402	1,088,259	4,329,553
Profit after tax	542,396	804,129	2,719,117	1,995,715	3,156,098	8,675,059
GP%	15.9%	19.6%	25.1%	26.0%	31.8%	25.7%
PBT%	4.3%	8.6%	17.9%	19.6%	25.3%	18.1%
EPS (PKR)	1.24	1.84	6.21	4.56	7.20	19.80

Extracts of Cash flow Statement (Rs in thousands)

	FY24	Q1	Q2	Q3	Q4	FY 25
Cash flow from operating activities	6,029,545	2,328,884	3,688,683	(168,686)	4,185,251	10,034,132
Cash flow from investing activities	2,277,223	821,036	354,715	788,058	1,036,726	3,000,535
Cash flow from Financing activities	4,051,021	(1,964,353)	(2,265,820)	(3,564,365)	(1,563,149)	(9,357,687)

Operational Data (figures in tons)

	FY24	Q1	Q2	Q3	Q4	FY 25
Clinker production	4,341,467	886,735	1,370,089	1,460,208	1,340,291	5,057,323
Cement production	3,762,813	748,803	1,085,877	1,024,638	894,186	3,753,504
Total Cement sales	3,770,701	760,968	1,104,280	956,047	888,865	3,710,160
Local Cement sales	3,611,075	745,381	1,027,741	896,661	797,538	3,467,321
Export cement sales	159,626	15,587	76,539	59,386	91,327	242,839
Clinker sales	1,070,871	352,282	471,219	446,049	307,075	1,576,625

The Company delivered a strong performance across FY25, with revenue peaking in Q2 and gross profit margin improving steadily from 19.6% in Q1 to 31.8% in Q4, reflecting better cost management and operational efficiency. The improvement in profitability was further supported by a decline in finance costs, which reduced the burden on pre-tax earnings and enhanced net margins despite macroeconomic pressures.



FUTURE OUTLOOK

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FORWARD-LOOKING STATEMENT

As we navigate the future of our cement business, it is important to assess both existing and emerging risks that may affect our products, financial stability, and operations across the short, medium, and long term. This analysis aims to underscore key trends in the Pakistani cement industry and their potential impact on our company.

Demand Outlook

With the U.S. LLC now incorporated, the Company is preparing to expand its export footprint and strengthen its presence in key international markets. The Hub plant will continue to support export growth, helping to offset subdued local demand in the southern region. Early indications point to a modest pickup in domestic demand, supported by some government fiscal measures and the medium-term need for reconstruction and rehabilitation following recent floods, although further policy support is required for sustained growth.

Rising input costs, including higher royalty rates, continue to challenge profitability. The Company remains focused on operational efficiency, disciplined cost management, and strategic market allocation to maintain margins while positioning itself to capitalize on both export and emerging domestic demand opportunities.

Challenges in the Construction Sector

The construction sector continues to face headwinds from elevated material and labor costs, which constrain builders' ability to initiate new projects. However, recent government measures, including tax incentives and housing subsidies, are expected to provide a short-term boost to real estate and construction activity, helping cement manufacturers maintain reasonable capacity utilization and cover fixed costs. Limited public sector spending and cautious private investment mean large-scale construction activity will remain gradual, but the combination of policy support and reconstruction demand following recent floods should provide measured relief to the sector.

Impact of Interest Rates and Economic Instability

While discount rates are not expected to decline as sharply as they did in FY25 and are likely to remain largely stable, DGKC's profitability will continue to benefit from a lower overall debt exposure following repayments in the past year. The Company's financing requirements, though reduced, remain significant,

keeping it exposed to interest rate fluctuations. Economic uncertainties and elevated input costs may continue to temper investment in construction projects and large infrastructure initiatives in the near term. Nonetheless, the Company's disciplined financial management and debt reduction strategies help mitigate these risks, supporting stable profitability amid a challenging macroeconomic environment.

Dealing with High Energy Costs And Inflation

Rising energy costs remain a key challenge, prompting operational adjustments to improve efficiency and protect profitability. Under current market conditions, these higher costs cannot be fully passed on to customers through price increases. Additionally, inflationary pressures and exchange rate volatility may affect the cost of raw materials and the Company's ability to maintain competitive pricing.

Competition in the Medium Term

Looking ahead, we anticipate a more competitive landscape as industry peers strengthen. To sustain market leadership and profitability, we are focusing on pricing discipline, cost optimization, and operational efficiency. Our alternate fuel strategy has proven effective, keeping input costs under control despite ongoing inflationary pressures. We are also investing in innovation, enhancing workplace diversity, and forming strategic partnerships across supply chain, export markets, and energy initiatives to drive growth and efficiency.

Having posted healthy profitability, the Company remains committed to further strengthening performance and pursuing additional opportunities to deliver long-term, sustainable success.

Following is the projected results management believes to achieve despite all above factors:

	Rs in millions
	2026
Total sales	76,163
Gross Profits	17,263
Profit before Tax	11,741

PERFORMANCE OF THE COMPANY AGAINST FORWARD-LOOKING DISCLOSURES MADE LAST YEAR

In the current year, the Company has broadly realized the expectations outlined in last year's forward-looking disclosures. Challenges anticipated in the cement sector, including subdued local demand and inflationary pressures, were largely mitigated through strategic focus on exports, operational efficiency, and alternative fuel usage. Finance costs declined due to lower discount rates as predicted, but the reduction was sharper than anticipated, contributing to higher-than-expected profitability. Dividend income from investments continued to provide a positive contribution.

Overall, the Company's performance confirms that the strategic initiatives and risk management measures identified last year have effectively guided operations amid evolving market conditions.

STATUS OF THE PROJECTS

This year, the 3 MW solar power plant at the Khairpur site, installed last year, became fully operational, marking a significant step in enhancing our energy efficiency and sustainability. These initiatives demonstrate our commitment to adopting eco-friendly energy solutions and managing operational costs prudently, even amid challenging economic and inflationary conditions.

SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR PROJECTIONS / FORECASTS

We have conducted a thorough analysis of current economic conditions and the state of the cement industry, assessing past performance and future trends.

Our forecasting is based on a comprehensive review of data from various authoritative sources, including the All-Pakistan Cement Manufacturers Association (APCMA), the Annual Fiscal Budget, economic research reports, the Pakistan Bureau of Statistics (PBS), and the International Monetary Fund (IMF), among others.

Internally, our management team has diligently evaluated the market dynamics and identified growth opportunities. They have also gathered insights directly from dealers and distributors, as well as considered historical data to inform their projections.

It is important to note that these forecasts are derived from the expertise and experience of our management team, who have a deep understanding of the cement industry and broader business environment. No external consultants were involved in this process.





STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

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STAKEHOLDERS ENGAGEMENT POLICY

DGKC recognizes that stakeholder engagement is an integral part of our business operations. We strive to provide long-term sustainable value to our stakeholders such as investors, employees, customers, dealers/retailers, trade union and suppliers, government and communities. To this end, it is vital for us to develop an understanding of our stakeholders' needs, interests and expectations. We endeavor to achieve this through collaboration and regular interaction with all our stakeholder groups. Effective stakeholder engagement on an ongoing basis is essential for us to identify the opportunities and concerns arising from stakeholders' material issues and work towards their effective resolution. The objectives of that policy are:

- to outline the methodologies, systems and processes for identifying and engaging with stakeholders;
- to continue to enhance stakeholders' trust and confidence in our processes and activities, while promoting a good understanding of stakeholders' needs and expectations;
- to improve the communication to engage stakeholders; and
- to convey and reinforce DGKC commitment towards all its stakeholders.

Identification of stakeholders

We identify stakeholders as those individuals, groups of individuals or organizations that affect us and/or could be affected by our activities, products or services and the associated performance. In line with the AA1000

Stakeholder Engagement Standard, DGKC analyses its internal and external environment to identify its internal and external stakeholders, which may include those individuals, groups of individuals and/or organizations:

- that are directly or indirectly dependent on DGKC's activities, products or services and associated performance, or on whom DGKC is dependent in order to operate
- to whom DGKC has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities; and
- who can influence or have impact on DGKC's strategic or operational decision-making;

Our key stakeholders include:

- Investors
- Dealers/retailers
- Consumers
- Employees
- Local communities
- Suppliers
- Banks/financial institutions
- Trade Associations and Industrial Bodies
- Media
- Government authorities and regulators

Stakeholders are prioritized based on the relevance and profiled into different categories depending upon the specific context of engagement.

STAKEHOLDERS ENGAGEMENT PROCESS

At DGKC, we promote a culture of ongoing engagement with every stakeholder group, collecting feedback. The most appropriate engagement tools and methods range from written communications, one-to-one meetings, feedbacks, information sessions, joint projects, surveys, focus group discussions etc. We strive to abide by the following when engaging with any stakeholder:

- Prior to engaging with a stakeholder, define the purpose, scope and frequency of engagement and design appropriate engagement methods. The method and the level of engagement with a stakeholder is defined by nature of relationship that DGKC has with them or aims to develop with them;
- Assign adequate resources and responsibilities for effective stakeholder engagement, striving to imbibe the principles of inclusiveness and transparency at all times;
- Acknowledge and assume responsibility about the impact of DGKC's policies, decisions, products, services and associated operations on the stakeholders;
- Consider potential stakeholder engagement risks prior to selecting the level or method of engagement, and devise ways and means to address them. Potential risks may include participation fatigue, lack of stakeholder integrity, conflicts of interest, disruptive or uninformed stakeholders, and an unwillingness to engage.

- Allow stakeholders to provide feedback and engage positively in business operations;
- Proactively engage with and respond to those that are disadvantaged, vulnerable and marginalized. Additionally, DGKC gives special attention and develops special initiatives in relation to stakeholders in areas that are underdeveloped;
- Settlement of stakeholder grievances in a fair, equitable and timely manner;
- Align our goals and actions with the stakeholders' high priority areas based on our assessment; and
- Communicate and report the outcome of the stakeholder engagement to internal and external stakeholder groups through various modes as appropriate, including but not limited to the annual report, notices on our official website, one-to-one meetings etc.

SIGNIFICANCE AND MANAGEMENT OF RELATIONSHIP WITH STAKEHOLDERS

Stakeholder Group	Significance	Management	Frequency
 Employees	Employee engagement drives motivation, productivity, and innovation. Satisfied employees contribute to a positive work culture and company growth.	HR department oversees employee engagement initiatives, while department managers maintain daily interactions.	Team meetings, performance evaluations, and feedback sessions.
 Dealers Retailers	Strong dealer/retailer relationships expand our distribution network and enhance brand visibility in the market, leading to increased sales and market share.	Sales and Marketing departments coordinate interactions, ensuring effective collaboration.	Ongoing communication to discuss product availability, sales strategies, and marketing efforts, annual meetings and feedback collection, dealers conventions and iftar party
 Consumers	Consumer engagement fosters brand loyalty, product improvement, and word-of-mouth marketing. Satisfied consumers drive revenue growth.	Customer Support and Marketing teams manage consumer interactions, responding to inquiries and feedback.	Continuous engagement through customer support channels, social media, and feedback mechanisms.
 Trade Association and Industrial Bodies	Relationships with trade associations and industrial bodies keep us updated on industry trends, regulations, and best practices, ensuring compliance and competitiveness.	Our Legal and Regulatory Affairs team along with Director marketing oversees engagement with these entities, representing our company's interests and staying informed about industry developments.	Regular participation in industry events, conferences, meetings, ongoing membership and collaboration.
 Institutional Shareholders	Institutional investors provide significant capital and have a considerable impact on our company's overall performance. Frequent communication allows us to understand their expectations and investment approaches.	Our Investor Relations team is accountable for preserving those relationships, delivering timely updates, and responding to queries.	Quarterly, by-annual reviews and gatherings.

Stakeholder Group	Significance	Management	Frequency
 Clients & Suppliers	Customer satisfaction and supplier relationships are essential for product quality and reliability. Conversation allows us to align our services and products with their requirements.	Our Sales and Procurement divisions are responsible for handling these connections and ensuring smooth transactions.	Continuous communication with key customers and suppliers, annual events, and feedback surveys.
 Banks and Other Creditors	Preserving a great reputation with creditors is crucial for obtaining financing and favorable terms.	Our finance department closely collaborates with creditors to fulfill financial obligations and secure financing for expanded projects.	Periodic meetings, financial reports, and covenant compliance examinations.
 Media	Media may substantially influence public opinion. Open and true dialogue is key to success.	The Public Relations squad oversees media interaction, guaranteeing accurate and time-sensitive data dissemination.	As necessary, press statements and proactive media interaction.
 Regulators	Compliance with regulations is of utmost importance in our sector. Interacting with regulators guarantees adherence to legal necessities.	It is the responsibility of the Legal and Regulatory Affairs division to guarantee on-going compliance and to converse with regulatory agencies.	Repeated compliance reporting and when needed in regard to regulatory issues.
 Local Committees	We intentionally take part in localized committees to address environmental, social and community matters.	The Community Relations unit manages these ties and interacts with local committees to resolve problems and collaborate on initiatives.	Recurrent meetings and participation in community activities.
 Analysts	Analysts' observations and rankings can have an impact on investor attitudes and stock performance.	The Investor Relations section affiliates with analysts, issuing them with vital data and insights.	Constant briefings, presentations, and updates on fiscal and operational performance.

To summarize, our stakeholder engagement procedure is an essential and ever-evolving part of DGKC's activities. Through committed teams and adapted communication tactics, we guarantee these connections are handled correctly, permitting us to surpass difficulties, take advantage of opportunities, and establish durable value for all stakeholders.

ENCOURAGEMENT OF MINORITY SHAREHOLDERS TO ATTEND THE GENERAL MEETINGS

We value our shareholders who are the providers of Financial Capital. Each shareholder is important to the Company irrespective of the holding and voting power. We value our investors, their concerns and grievances (if any). We take the following steps to encourage our minority shareholders to attend the general meetings:

- We organize general meetings at appropriate times and places to accommodate a wide range of stakeholders. Notice of the meeting is sent to all the shareholders at least 21 days before the meeting.
- Notices are published in the English and Urdu newspapers having country-wide circulation.
- DVDs of the Annual Report of the Company along with the printed proxy forms are circulated to every shareholder.
- We provide proxy voting services to shareholders who are unable to attend in person, making it easier for them to have their say on matters of importance to them. Proxy forms enable them to nominate someone to attend the meeting on their behalf.
- Notices are posted on the Company's website and disseminated to PSX for better reach to the shareholders.
- We also provide video link facility to all shareholders for the general meetings.
- We encourage and appreciate two-way communication in the general meetings, in this way we listen to our shareholders views and concerns.
- We first provide detailed information on meeting agendas, resolutions and financial statements, and ensure that shareholders are well informed.
- We structure interactive sessions to be engaging and informative, providing opportunities for shareholders through corporate briefing session to ask questions, raise concerns and participate in discussions.

By implementing these policies, we aim to create an inclusive environment that encourages minority shareholders to actively participate.

ISSUES RAISED IN THE LAST AGM

Shareholders raised concerns about low dividend payouts, high costs, management plan regarding high amount of debt and future expansion plans.

The management justified dividend recommendation was in line with Company's financial positions, debt profile and future demand cycle. Shareholders were also briefed about the cost saving initiatives and comparison with the competitors. Plans regarding future expansion were also

discussed and shareholders were informed that any future expansion would be in line with debt profile, macro-economic indicator and favorable financing rates.

Shareholders' approvals were also sought regarding appointment of statutory auditors.

Shareholders gave their approvals after deliberation.

VALUE ADDED AND ITS DISTRIBUTION

Wealth Created

Revenues:

- Local sales
- Exports

Income from other sources

- Investment income
- Other income

Wealth Distributed

Suppliers:

- Against raw and packing materials
- Against services
- Against stores spares
- Against fuels and other energy sources

Employees

Government:

- Direct taxes
- Indirect taxes
- Other levies and duties

Providers of Capital:

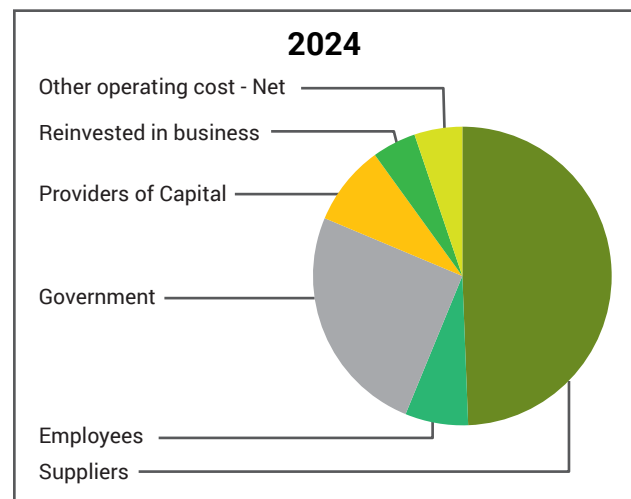
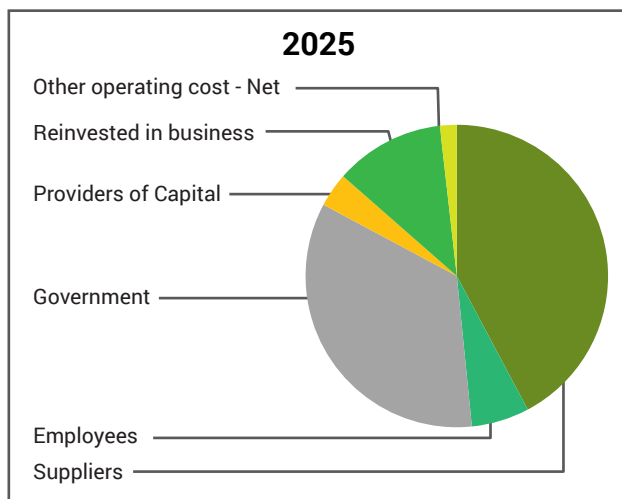
- Banks
- Ordinary share holders

Reinvested in business

- Depreciation
- Retained profits after dividend

Other operating costs - Net

	FY25 (Rupees in thousand)			FY24 (Rupees in thousand)		
Revenues:						
- Local sales	84,943,340			75,993,881		
- Exports	17,046,633	101,989,973	96%	11,589,607	87,583,488	95%
Income from other sources						
- Investment income	3,958,258			3,623,769		
- Other income	313,312	4,271,570	4%	611,028	4,234,797	5%
		<u>106,261,543</u>	100%		<u>91,818,285</u>	100%
Suppliers:						
- Against raw and packing materials	4,277,671			4,742,190		
- Against services	3,913,754			2,538,456		
- Against stores spares	4,240,997			4,826,536		
- Against fuels and other energy sources	32,439,487	44,871,909	42%	33,230,721	45,337,903	49%
Employees		6,569,242	6%		6,271,881	7%
Government:						
- Direct taxes	4,329,553			2,296,514		
- Indirect taxes	28,489,998			20,226,570		
- Other levies and duties	3,741,868	36,561,419	34%	939,814	23,462,898	26%
Providers of Capital:						
- Banks	3,870,405			8,001,105		
- Ordinary share holders	-	3,870,405	4%	-	8,001,105	9%
Reinvested in business						
- Depreciation	3,802,916			3,829,907		
- Retained profits after dividend	8,675,059	12,477,975	12%	542,396	4,372,303	5%
Other operating costs - Net		1,910,593	2%		4,372,195	5%
		<u>106,261,543</u>	100%		<u>91,818,285</u>	100%



BOARD'S COMMITMENT TOWARDS CORPORATE BRIEFING SESSIONS

At DGKC, we acknowledge and honor the trust reposed in us by our stakeholders; and strive to enforce a transparent relationship with them. For this purpose, the Company conducts frequent and transparent interactions to share its financial and operational performance, outlook, regulatory and economic environment etc.

The Company generally holds annual analysts' briefings to present its business perspective to the investors enabling them in making sound investment decisions. Board values these engagements and feedbacks from such briefings are discussed in their next meetings. An executive director, on behalf of the Board, is present in the briefings to address the concerns raised by the stakeholders and if necessary, take them to Board for necessary action.

During the year, DGKC held a analysts' briefings where top management apprised all stakeholders with Company's performance, capital investments, in-depth analysis of future outlook, strategies to meet the challenges ahead and various CSR initiatives conducted during the year.

This briefing was held at DGKC's head office and was keenly attended by representatives of Pakistan Stock Exchange, investment analysts and other stakeholders; and were followed by detailed 'questions & answers' sessions where all queries raised by the esteemed participants were appropriately answered.

Detailed presentations of the Analysts' Briefings can be accessed at our website:

<https://www.dgcement.com/CorporateBriefingSession.html>

HIGHLIGHTS ABOUT REDRESSAL OF INVESTORS' COMPLAINTS

Shareholders / investors log-in numerous complaints during the year; from unclaimed and undelivered dividends to queries pertaining to transmission cases, dividend payout, simple clarifications and CSR activities etc.

Each shareholder is personally contacted and in collaboration with corporate department and registrar; complainants were satisfied amicably.

INVESTORS' RELATIONSHIP SECTION ON WEBSITE

Company has dedicated a section at its website that includes all material information, notices, queries & complaint handling and all other information necessary to keep an investor update link to website is as follows:

<https://www.dgcement.com>

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

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STATEMENT FOR ADOPTION OF BEST PRACTICES FOR CSR

At DGKC, we are serious about adopting the best practices of Corporate Social Responsibility (CSR). Our company's leaders are dedicated to following CSR principles, which means doing good things for society and the environment.

We strongly believe that CSR is not just a moral obligation but also a strategic essence. We committed to make CSR principles a fundamental part of how we do business. This encompasses environmental sustainability, active community engagement, ethical

governance, and the well-being of our valued employees.

Our dedication goes beyond mere words; it reflects our genuine desire to create a positive and lasting impact in the communities we serve. We view CSR as an opportunity, not a burden, and are determined to be leaders in this regard. Our Board is committed to driving our organization towards a future where business success is synonymous with societal and environmental well-being.

STATEMENT ABOUT THE COMPANY'S STRATEGIC OBJECTIVES ON ESG

As a vigilant Board, we consider ESG and sustainability reporting as integral components of our corporate strategy. Our strategic objectives revolve around transparency and accountability. We commit to robustly report our environmental impact, social initiatives, and governance practices to all stakeholders. By setting realistic targets and adopting sustainable practices, we are determined to mitigate environmental risks, draw

positive social outcomes, and strengthen governance frameworks. Through regular and comprehensive reporting, we aim to build trust, engage stakeholders, and promote sustainable value creation. By adopting the principles of ESG, we see a strong and responsible company that not only excels financially but also plays a vital role in advancing a more sustainable and equitable future for all.

CHAIRPERSON'S OVERVIEW ON COMPANY'S SUSTAINABLE PRACTICES

Adoption of sustainable practices provide opportunities to support our financial bottom line. Optimizing resources and minimizing waste through efficient manufacturing processes can lead to cost savings. By implementing energy-efficient technologies like CFP, WHR, Solar and utilizing alternative fuels, we can reduce operational expenses significantly, thereby enhancing profitability.

Sustainable practices improve our market reputation and brand's value, fostering customer loyalty and attracting environmentally conscious consumers. This increased market appeal can result in higher sales and market share, driving revenue growth. This also strengthen our relationships with stakeholders, including investors, regulators, and communities. Improved stakeholder engagement can lead to increased access to capital and reduced risk premiums, thus positively impacting our cost of capital. Specially these

practices can mitigate regulatory risks and potential legal liabilities associated with environmental and social issues, safeguarding our company from financial penalties and reputation damage.

Our investors also incorporate above stated practices into their decision-making and our company becomes more attractive to socially responsible investors and sustainable investment funds. This broader investor base can improve share price performance and increase the liquidity of our shares.

In conclusion, our cement company's sustainable practices hold the potential to drive cost savings, revenue growth, improved access to capital, and enhanced brand value. Embracing sustainability is not only the right thing to do for our planet and communities but also a strategic imperative for ensuring our long-term financial success. Together, we can forge a sustainable path that benefits both our stakeholders and our financial performance.

SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Sustainability considerations are integral to the long-term success of our business. The cement industry faces challenges such as carbon emissions, energy intensity, water scarcity, and environmental impacts, while at the same time encountering opportunities in low-carbon innovation, circular economy practices, and growing demand for sustainable construction solutions.

Our approach is to manage risks while positioning the company to capture opportunities by improving efficiency, diversifying energy sources, developing innovative products, and strengthening stakeholder engagement. The following section outlines the key sustainability themes most relevant to our business and how we are responding.

 **Climate & Carbon** – Exposure to carbon pricing and emission regulations.

Response: Advancing low-carbon production pathways and exploring carbon capture solutions.

Outlook: Short, Medium, Long – immediate compliance costs, growing regulatory pressure, long-term decarbonization imperative.

 **Energy & Resources** – High energy intensity and reliance on fossil fuels.

Response: Enhancing energy efficiency while increasing the use of renewable sources and alternative fuels, including waste heat recovery (WHR) and solar power.

Outlook: Short, Medium, Long – volatile energy prices now, transition risks mid-term, stranded asset risk long-term.

 **Water & Environment** – Operations in water-stressed regions and environmental impacts.

Response: Advancing water efficiency initiatives and reinforcing environmental stewardship, including the use of rainwater harvesting in water-stressed regions to meet most of our operational needs.

Outlook: Medium, Long – water costs rising over time, long-term operational resilience at risk.

 **Communities & License to Operate** – Air quality and community health expectations.

Response: Enhancing emission controls, monitoring, and transparent engagement with stakeholders.

Outlook: Short, Medium – immediate regulatory and reputational impacts, growing stakeholder expectations over time.

 **Market & Customer Trends** – Growing demand for sustainable construction solutions.

Response: Exploring opportunities to develop eco-labeled, low-carbon products and to collaborate with customers on sustainable building solutions.

Outlook: Medium, Long – demand increasing steadily, major revenue opportunity in long-term market growth.

 **Circular Economy** – Pressure to reduce waste and resource dependency.

Response: Embedding circularity in operations by using industrial by-products, improving recycling, and working towards waste-free processes.

Outlook: Medium, Long – substitution lowers costs mid-term, long-term competitive advantage from resource efficiency.

FOUR PILLARS OF SUSTAINABILITY

Governance The HR&R Committee of the Board currently oversees sustainability matters, with implementation supported by dedicated operational teams. Regular reporting on environmental performance, resource use, and stakeholder engagement ensures that sustainability considerations are integrated into decision-making.

Strategy Our strategy acknowledges the material sustainability challenges facing the cement industry, including carbon emissions, energy intensity, water use, and community expectations. We are working to integrate low-carbon pathways, resource efficiency, and circular economy principles into future business planning.

Risk Management Sustainability-related risks are incorporated into our broader risk management processes. Key risks include regulatory changes (such as carbon pricing), fuel and energy cost volatility, water availability in certain locations, and social license to operate. These are managed through efficiency initiatives, operational controls, and ongoing stakeholder dialogue.

Metrics and Targets Across our operations, approximately 31% of the energy we produce on-site is derived from alternative and renewable sources, with the remainder supplied from captive conventional sources. We actively monitor our key sustainability indicators and continue to explore opportunities for improvement, with the objective of defining formal targets in the future. Other sustainability metrics, covering environmental, governance, and social performance, are presented in the relevant sections of this report.

HIGHLIGHTS OF THE COMPANY'S INITIATIVES TOWARDS SUSTAINABILITY AND CSR

Being a part of one of the largest conglomerates in Pakistan, DGKC has always been a purpose driven Organization. We aspire to exceed the expectations of business goals and endeavor to fulfil sustainable social development. This vision is demonstrated by our Administration Departments at all production sites which strive to improve the lives of people in close vicinity of plant sites.

DGKC community engagement initiatives including social investments and business inclusive projects, combining financial and managerial resources to enrich lives and pave the way for sustainable living.

These initiatives are based on following pillars:

- Education and capability development for employment.
- Sustainable and resilient infrastructure and mobility.
- Charity, Social welfare and reducing poverty level.
- Culture of environmental protection, health and safety.
- Reduction of carbon footprints.
- Job creation opportunity for local communities.

In our Sustainability Strategies and Sustainable Development Goals section of this report, we have provided a comprehensive explanation of our SDG goals, their corresponding targets, and the strategies we have in place to attain those objectives. In this particular section, we have explained how our CSR activities and initiatives are actively translating our sustainability targets into concrete actions:

Site	Education	Medical	Training and Jobs	Charity	Alternate fuel	Natural Calamity	Environment protection
DGP	✓	✓	✓	✓	✓	✓	✓
KHP	✓	✓	✓	✓	✓	✓	✓
HUB	✓	✓	✓	✓	✓	✓	✓

EDUCATION

At DG Khan Site, two schools are currently operational, accommodating over 800 students. Additionally, the company has taken the initiative to provide school teachers to nearby institutions, addressing the need of educators at remote areas of DG Khan Site. Notably, the students who have received their education at DG Khan Site have proved themselves responsible citizens of Pakistan and are playing significant role in different spheres of life.

At the Hub plant, we have constructed "The Citizen Foundation School" (TCF) for the local community on main RCD Highway. The school's inauguration took place on June 7, 2023, in presence of DG Cement's Chief Executive and TCF Management.

At our Khairpur site, we offer technical support to students attending the Mining Training Centre in Katas on a regular basis. We actively provide internship



opportunities to both students and university graduates, collaborating with universities to engage in applied research projects in the fields of engineering and specialized sciences. Throughout the year, we have made significant contributions, including donations to the Special Education School in Kallar Kahar and the announcement of merit-based scholarships for the better future of handicapped children. Additionally, we have invested millions of rupees in the construction of Dalailpur Boys School in Khairpur.

MEDICAL

Medical services to local community are being provided by establishing free dispensary at sites where around 10,000 patients are managed yearly under the supervision of qualified doctors, lady doctors and Nursing staff. Free factory ambulance services, medicines and lab test facilities are available for local patients 24/7 in case of emergencies.

TRAINING, JOB AND CAPACITY DEVELOPMENT

DGKC creates job opportunities for the local community and provides the platform to train technical staff at all levels particularly to fresh diploma holders and graduate engineers. Majority of unskilled labor is engaged from the local population. Our internship program at DGKCCL has benefited thousands of students from various universities and colleges. The program's primary goal is to familiarize recent engineering graduates with the industrial environment, which is instrumental in fostering their professional growth and career development. Various awareness trainings have also been conducted by DGKC Safety department as well as organized through Rescue 1122, Motorway Police and Civil Defense department for capacity building and general public awareness regarding safety measures.

EMPLOYEES SAFETY

As part of our commitment to employee safety and corporate social responsibility (CSR), we prioritize the well-being of our workforce through a range of initiatives:

- We provide free Personal Protective Equipment (PPEs) to our entire workforce to ensure their safety on the job. Additionally, we supply job-specific PPEs to address hazards associated with specific work activities. Regular training sessions are conducted to keep our employees well-informed about safety protocols and practices.
- We believe in recognizing and rewarding employees who exhibit a positive attitude towards Occupational Health Safety, and Environment (OHSE) with safety awards and badges.



- Our commitment to safety extends beyond internal efforts. We provide third-party training to our employees to foster and develop an OHSE culture. Furthermore, all new hires and visitors receive comprehensive safety inductions.
- Our dedication to safety is reflected in our ISO 45001 certification for Occupational Health and Safety Management System (OHSMS). We undergo independent audits conducted by ISO representatives to ensure compliance with the highest safety standards.

All our work activities strictly adhere to company Standard Operating Procedures (SOPs). We have a Permit-to-Work (PTW) system in place, which is closely monitored and supervised at the senior level. Prior to commencing critical activities, thorough Risk Assessments are conducted, and pre-job training is administered to ensure the safety of our employees and those involved. At our core, safety is paramount, and these initiatives collectively contribute to a safe and secure working environment.

NATURAL CALAMITY AND DISASTERS

Free fire-fighting service is available for nearby areas in case of extreme emergencies. DGKC also provides facilities in the shape of equipment and manpower to combat natural disasters such as flood and earthquake etc.

CHARITY

At the DG Khan site, we have undertaken several initiatives to support the local community. Firstly, we installed two water filtration plants in the D.G. Khan District, serving the adjacent community. Additionally, our company's water pipelines and water tankers provide a daily supply of water to thousands of people in the area. To address water issues in the Tribal Area, we've implemented solar-operated water pumps. Furthermore, we established three "Langar Khanna" food points, where deserving locals received daily meals. DGKC also extends food assistance to needy individuals in neighboring regions. Moreover, we try to offer free transportation to residents of the Tribal Area near the Quarry and Long Belt Conveyor using company buses allocated for employee transportation.

In times of natural disasters like floods, DGKC stands in solidarity with affected communities across Pakistan. We provide support for flood-affected individuals, including the reconstruction of damaged roads. Our contributions include food items and tents for flood victims.

At the Khairpur site, we've installed a water filtration plant to ensure clean water for the surrounding communities. This project involved an expenditure of Rs. 20 million at our KHP site.

At the Hub site, DGKC has made considerable contribution for Solar plant at Ramzan Goth. We've also made donations for the Annual Convention of Jamia Qasim-Ul-Aloom in Bhawani and for a mosque on the RCD highway.

Furthermore, we have undertaken a variety of charitable activities, including:

- Distribution of Food Hampers
- Construction of Link Track – KHP
- Financial Support to Cadet College
- Donation for Mosque
- Donation for Earthquake Victims



- Distribution of Dry Rations during Ramadan
- Donation of Public Awareness Sign Boards
- Repair of Water Filtration Plant
- Donation on the URS of Wali Wilayat (Saint in KHP)

ENVIRONMENTAL STEWARDSHIP & ECOLOGICAL FOOTPRINT

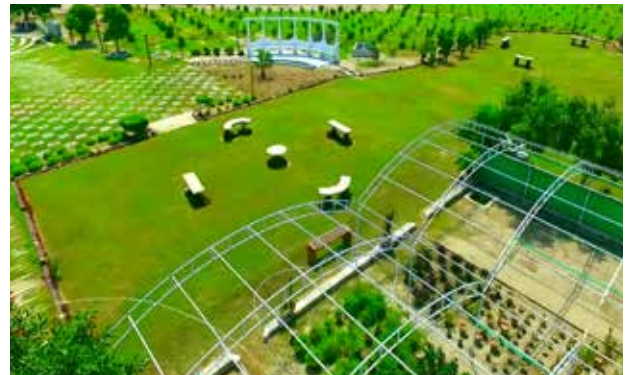
DGKC has taken significant steps to enhance sustainability and reduce environmental impact. One major initiative involves reducing the reliance on costly imported coal in favor of local coal sources, supplemented by city-collected waste and imported tires. This shift towards alternative fuels not only addresses a variety of waste streams, including industrial, agricultural, and municipal sources, but also results in reduced production costs, carbon foot prints and the preservation of valuable foreign exchange reserves.

In alignment with the "Go Green" initiative, the company has invested in a 10MW solar power plant at the Khairpur site, with plans for additional 30 MW solar power plants at Khairpur, DG Khan and Hub sites in the near future. Additionally, management has decided to install necessary plant and machinery for processing alternative fuels, including the potential incorporation of shredded tires with coal and other fuels at Hub site.

Furthermore, DG Cement Hub Plant has commissioned an automatic "FLY ASH FEEDING SYSTEM" for controlled feed of fly ash from Coal Fired Power Plants into the Cement Mill.

The use of fly ash in the cement manufacturing process brings both environmental benefits and economic advantages. It contributes to sustainability by reducing air pollution and emissions of hazardous gases typically associated with the transportation of coal residue and carbon contents. This reduction in air pollution also has positive implications for soil pollution, benefiting human health. Economically, fly ash usage enhances cement production and reduces the cost of raw materials that would otherwise be required to replace fly ash. Additionally, it aids in waste reduction by converting coal combustion waste into valuable products, further minimizing the environmental impact.

DGKC is committed to environmental protection and conducts regular campaigns in the surrounding areas. Throughout the year, we carried out a plantation drive across all our sites, contributing thousands of plants to the local municipal committee. In 2024-25, over 6,000 fruit trees including mango and orange varieties were planted, along with a wide range of ornamental trees. These efforts are helping transform the local landscape.



We also provided heavy machinery for the cleaning of the Manka Canal, which flows through the center of DG Khan city. In addition, we supplied Mini Loaders/Loader Rickshaws worth millions of rupees to the District Administration, supporting city cleanliness efforts.

To ensure rigorous environmental monitoring, we have engaged an independent consultant, SGS-Pakistan. Monthly third-party environmental monitoring is an integral part of our operations. We submit quarterly reports to the Baluchistan Government and maintain strict compliance with ISO 14001 (Environmental Management System). Our environmental management system undergoes external audits on a quarterly basis.

We've developed an internal system to oversee environmental compliance and protection, promptly reporting any noncompliance or deviations and taking corrective actions as necessary. Our commitment to sustainability is evident in the planting of over 100,000 trees, predominantly indigenous species, and the employment of an expert Horticulturist to oversee plantation activities and tree care. We proudly received the Excellence Certificate Award at the 19th Annual Environment Ceremony hosted by NFEH on August 22, 2022, underscoring our dedication to environmental stewardship.



COMPLIANCE WITH CSR GUIDELINES, 2013 ISSUED BY SECP

DGKC is committed to promote the development and implementation of a framework for CSR initiatives and determined to strive and work in cooperation with stakeholders for implementing a transparent and socially responsible strategy.

CSR initiatives endorsed by the top management reflecting their understanding and commitment to CSR, thereby ensuring that:

- CSR practice is incorporated into the vision, code of ethics and business plan/strategy of the company
- Guidelines, processes and systems exist to support the CSR initiatives by the Company and the philosophy is to be incorporated into ethical values of the Company
- Defining objectives for carrying out CSR activities and setting targets for these objectives
- Determining the working model and devising action plan (time, resources, budget)
- Delegating responsibility and management of resources with respect to CSR guidelines
- Sensitization and training of the senior management and employees for implementation of CSR targets
- Mechanism for stakeholder engagement prior, during and on conclusion of CSR plans
- Periodic monitoring and evaluation of CSR activities
- Disclosure and reporting of CSR achievements
- Recognizing and documenting the shortfalls/failures
- Incorporating improvement in future CSR policy/plans

Areas of interest and initiatives in this regard have been thoroughly explained in "Initiatives Towards Corporate Social Responsibility Section" reflecting our compliance with the CSR guidelines, 2013 issued by SECP.

CERTIFICATIONS & ACCREDITATIONS



DIRECTORS' REPORT

THE DIRECTORS OF D.G KHAN CEMENT COMPANY LIMITED
ARE PLEASED TO PRESENT YOU THEIR REPORT

The Directors of D. G. Khan Cement Company Limited (the "Company") are pleased to submit to its shareholders the report for year ended June 30, 2025. A summary of financial performance is given below:

	FY25	FY24
	Rupees in '000'	
Sales	71,892,837	66,038,689
Cost of sales	(53,387,166)	(55,510,429)
Gross profit	18,505,671	10,528,260
Administrative expenses	(1,294,974)	(1,206,105)
Selling and distribution expenses	(3,874,688)	(2,608,537)
Net impairment reversal on financial assets	(6,899)	(103,367)
Other expenses	(725,663)	(5,033)
Other income	4,271,570	4,234,797
Finance cost	(3,870,405)	(8,001,105)
Profit before tax and levy	13,004,612	2,838,910
Levy	(577,125)	(520,848)
Profit before income tax	12,427,487	2,318,062
Taxation	(3,752,428)	(1,775,666)
Profit for the period	8,675,059	542,396

Production and Sales volumetric data is as under:

Figures in MT	FY25	FY24
	In MT	
Production:		
Clinker	5,057,323	4,341,467
Cement	3,753,504	3,762,813
Sales:		
Total Cement Sale	3,710,160	3,770,701
Local Cement (excluding own consumption)	3,467,321	3,611,075
Export Cement	242,839	159,626
Clinker Sale	1,576,625	1,070,871

EPS (Rs/share)	19.80	1.24
GP%	25.74%	15.94%
PBT&L%	18.09%	4.30%
PAT%	12.07%	0.82%

Overview

Pakistan's trade deficit rose to USD 26.3 billion in FY25, up 9% from USD 24.1 billion in FY24. While exports improved modestly by 4.5% to USD 32 billion, the sharper 6.6% increase in imports - reaching USD 58.4 billion - kept the external account under pressure. Import growth was driven by higher commodity prices, increased industrial demand, and a gradual recovery in domestic consumption. Despite the export uptick, structural challenges - particularly energy costs and

competitiveness - continue to constrain sustainable growth. Encouragingly, the trade deficit for June 2025 narrowed to USD 2.4 billion, down 0.5% year-on-year and 6.7% month-on-month, aided by lower oil prices and import controls. Looking ahead, however, the devastating floods and cloudburst events that recently struck Pakistan pose significant downside risks, with potential implications for agricultural output, supply chains, and external balances in the months ahead. Nonetheless, long-term stability remains contingent on progress in export diversification and reduced import dependency.

Cement industry dispatches and analysis

As regards the cement industry, total sales volumes increased by 2.1% to 46.2 million tons during FY 25, compared to the corresponding period last year. Local dispatches fell by a cumulative 1.16 million tons, driven by a 2.6% reduction in the North Zone (0.8 million tons) and a 5.2% decline in the South Zone (0.3 million tons). Conversely, exports registered a robust recovery, increasing by 30% to reach 2.1 million tons. Despite subdued domestic demand, overall industry utilization remained relatively stable at 55% as compared to last year. Domestic sales accounted for 44% of this utilization, while exports contributed 11%.

Business Performance Review

Kiln operational days of your Company increased by 10% from 691 days to 760 days. Clinker production % increased to 75% (FY 24: 65%), primarily due to sustained capacity utilization exceeding 100% at the HUB site for the most part of FY 25. Sales utilization also showed improvement and increased to 79% (FY 24: 72%), which is far better than the industry trend mentioned above.

During the period under review, the Company's total sales value improved by 8.9%, driven by varying performance across domestic and export markets. In the local market, cement dispatches fell by 4%, though stable sales prices helped offset some of the volume loss. Conversely, the Company maintained a strategic focus on boosting exports to cover fixed costs, resulting in a 49% increase in export volumes compared to the corresponding period. The decrease in financial expenses was mainly due to lower discount rates, better fund management, and substantial loan repayments enabled by the Company's improved cash flow position during the year. The year's performance further benefitted from the reversal of electricity duty amounting to PKR 817 million, following a favorable ruling by the Honorable Supreme Court of Pakistan.

FY25 proved to be another year of imbalance for the cement sector. While total industry dispatches recorded a marginal uptick - driven entirely by strong double-digit growth in exports - domestic demand remained subdued for the second consecutive year. Unlike the South, producers in the North contended with sharp pricing volatility amid weak demand and escalating cost pressures, including a recent hike in limestone and clay royalty. With local offtake stagnating and capacity utilization hovering near historic lows, the industry's growing reliance on exports is fast becoming a necessity rather than a strategic choice.

Consolidated Results

Consolidated results for FY25 are as follows:

Rs in Million	FY25	FY24
Net Sales	78,634	71,888
Gross Profit	19,799	11,612
PBT&L	14,685	3,679
PAT	9,757	882
EPS (PKR/Share)	21.09	1.42

Detail analysis of consolidated results are provided in "Segmental Review of Business Performance" Section

Future Outlook

Going forward, the outlook hinges less on industry dynamics and more on government policy. Without targeted support - through housing stimulus, infrastructure push, and rationalization of taxes and royalties - the sector risks underutilizing its substantial investments. The Company remains focused on prioritizing profitability through cost discipline, operational efficiency, prudent market allocation and sustained reliance on exports; an approach that has already contributed to an improved gross profit profile compared to the prior year, while ensuring the Company remains well positioned to capitalize as market conditions improve. In the wake of the recent floods, large-scale reconstruction and rehabilitation are set to drive additional cement demand in the medium term, reaffirming the sector's central role in supporting national rebuilding and development. Ultimately, however, long-term sustainability will require more than internal optimization; it calls for a coordinated policy response that recognizes cement as a foundational input to development.

Dividend and Appropriation

In line with our commitment to delivering value to shareholders, the Board of Directors, at its meeting held on August 28, 2025, recommended a final cash dividend of PKR 2 per share, subject to approval at the forthcoming Annual General Meeting to be held on October 28, 2025.

Principal Risks

Principal activity of the Company is manufacture and sale of cement and clinker and following are the principal risks the Company face:

- Tight price market and tough competition
- Capacity utilization

- Interest rate
- Foreign currency fluctuations
- Shrinking cement exports market

Directors' Remuneration

The Board of Directors has approved Directors' Remuneration Policy. The main features of the policy are as follows:

- The Company shall not pay remuneration of its non-executive directors including independent directors except for meeting fee for attending Board and its Committee meetings.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of Board and its Committees meetings.
- The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.

Chief Executive remuneration package includes salary (including allowances), bonus and medical reimbursements.

Executive director remuneration package includes salary (including allowances), bonus, medical reimbursements, housing, utilities reimbursement and retirement benefits (Provident Fund and Gratuity).

Please also refer to note 38 of unconsolidated financial statements for remuneration of Chief Executive and executive director.

Directors:

Following are the directors of the Company:

Mrs. Naz Mansha (Chairperson)	Non- Executive
Mr. Raza Mansha (Chief Executive)	Executive
Mr. Khalid Niaz Khawaja	Non-Executive
Mr. Usama Mahmud	Independent
Mr. Shehryar Ahmed Buksh	Independent
Mr. Farid Noor Ali Fazal	Executive
Mr. Shahzad Ahmad Malik	Non-Executive

Female Directors: 01

Male Directors: 06

Audit Committee:

Mr. Shehryar Ahmad Buksh	Chairman
Mr. Khalid Niaz Khawaja	Member
Mr. Shahzad Ahmad Malik	Member

Human Resource & Remuneration Committee:

Mr. Usama Mahmud	Chairman
Mr. Raza Mansha	Member
Mr. Khalid Niaz Khawaja	Member

Post Balance Sheet Events:

There are no material post balance sheet events affecting the year end position.

Business Impact on Environment:

Our plants and operations are complying with international and national environmental standards. DGKC is fully cognizant of its responsibility towards society and welfare. The Company is spending on education, health, medical and fire-fighting facilities, water supply to nearby localities, aiding in emergency and disaster situations in nearby areas, awareness campaigns etc.

Corporate Social Responsibility:

DGKC is fully cognizant of its responsibility towards society and welfare.

Education

The company runs two schools namely Bloomfield Hall School and Cement Model trust School at DG Khan.

Medical & Fire Fighting

- Free Dispensary facility is available at DG Khan, Khairpur and Hub sites. Dispensary facility is in use by people of localities free of any charge.
- Free van transportation facility at site from and to Dispensary and nearby villages.
- Company runs free ambulance services for local communities.
- Company also runs a free fire -fighting service for nearby areas.

Water Supply and food distribution

- Company has also made arrangements for water supply to local areas/villages close to our production facilities.
- Emergency and Disaster Help.
- Company used to supply equipment and services on need basis in case of any mishap/accident in adjoining areas.
- Company used to contribute towards natural disasters victims rehabilitation.
- Food distribution to flood affectees near plant sites.

Awareness & HSE

- Company conducts various awareness sessions on diseases and prevention there-from.
- Company conducts sessions on security, health and safety and conduct mock exercises of emergency situations.
- General
- Company supports deserving sports persons.
- Company also contributes in rehabilitation of disabled persons.
- Company replaces the use of coal, to some extent, with the waste collected from the city. The process, though economically unviable but it contributed towards Company policy of maintaining clean environment.

Othe CSR activities undertaken by the company are detailed in other parts of annual report.

Significant Changes:

There are no changes that have occurred during the period under review concerning the nature of the business of the company or of its subsidiaries, or any other company in which the company has interest.

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.

Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019 (the Regulations):

The requirements of the Regulations relevant for the year ended June 30, 2025 have been adopted by the Company and have been complied with. A Statement to this effect is annexed to the Report.

Principal activity of the Company

The principal activity of the Company is manufacture and sale of cement and clinker. Information related to subsidiaries are disclosed in annual report.

Related parties' transactions:

Board has developed the related parties policy in accordance with law that has been summarized in the annual report. All the related parties transactions are disclosed in the notes to financial statements.

Corporate 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 Company Laws 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 including IT controls 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/annual report. Other significant business matters have been discussed in annual 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) Value of investments on the basis of unaudited accounts of Provident Fund is Rs 4,576 million (FY24: Rs 4,083 million) and of Gratuity Fund is Rs 874 million (FY24: Rs 733 million).
- (r) The Board has assessed sustainability-related risks and has taken appropriate measures to manage and mitigate them. The Company has also taken steps to promote diversity, equity and inclusion through policies and initiatives designed to support equal opportunity and an inclusive workplace culture.

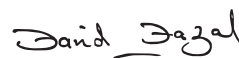
We thank all our stakeholders and admire efforts of our employees.

For and on behalf of the Board

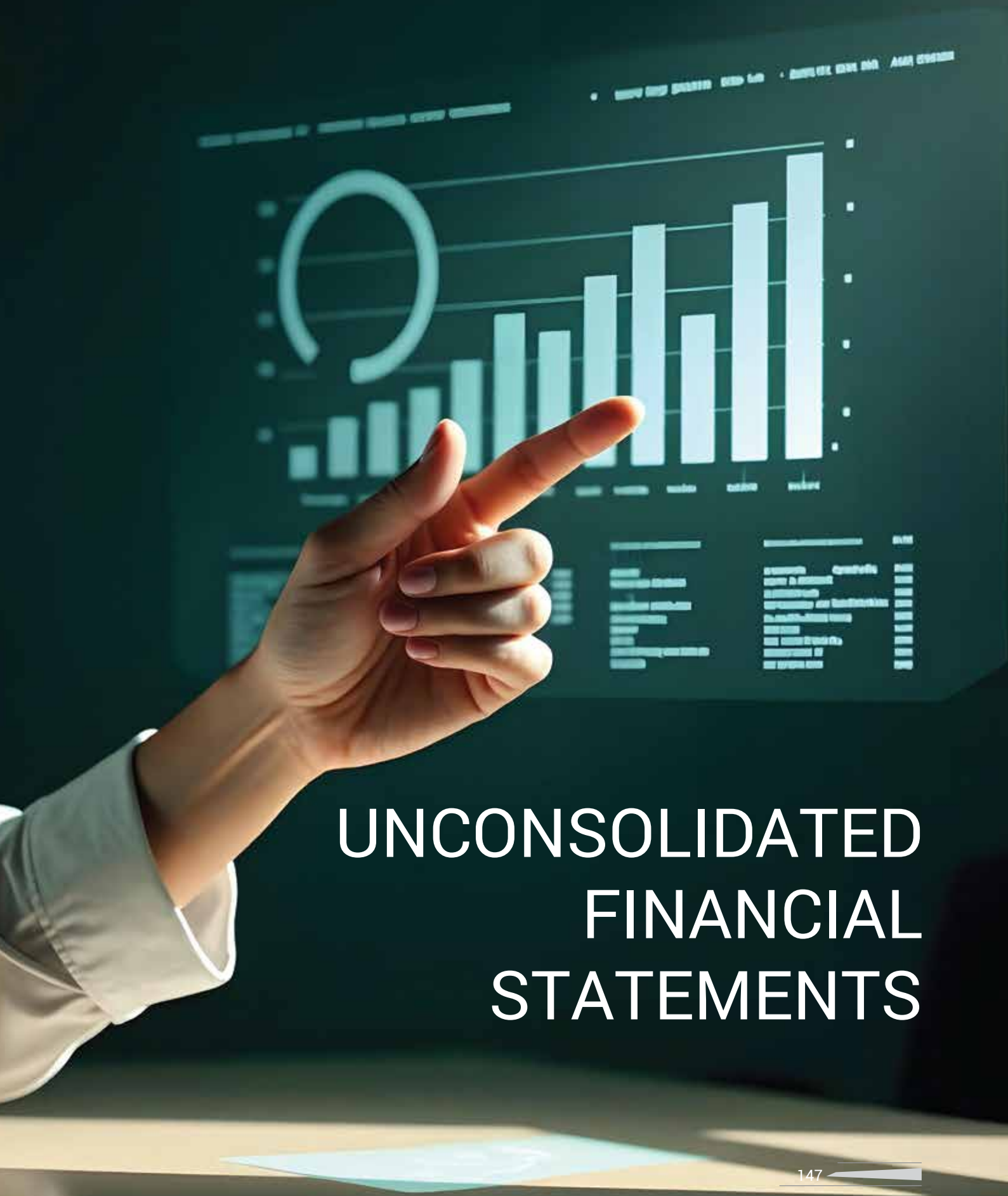


Raza Mansha
Chief Executive Officer

Lahore
August 28, 2025



Farid Noor Ali Fazal
Director



UNCONSOLIDATED FINANCIAL STATEMENTS



A.F. FERGUSON & CO.

Independent Auditor's Report

To the members of D.G. Khan Cement Company Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of D. G. Khan Cement Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2025, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
(i)	Deferred taxation (Refer notes 4.2 and 11 to the annexed unconsolidated financial statements) The Company has recognised deferred tax in respect of specific unused tax credits and unused tax losses. Deferred tax assets on such items have been recognised as it is probable that sufficient taxable profits will be available in future, before their expiry, for their utilisation on the basis of the approved business plan. Due to the significant level of judgement and estimation required in preparing the business plan	Our audit procedures included the following: - Obtained an understanding of the Company's process of preparing the deferred tax working and tested internal controls over management's valuation of deferred tax assets; - Obtained an understanding regarding the relevant tax laws with respect to availability of tax credits and unused tax losses; - Recalculated the amount of tax credits and unused tax losses in accordance with the provisions of the Income

Sr. No.	Key audit matters	How the matters were addressed in our audit
	for determining recoverability of deferred tax assets and the significance of the amounts involved, we consider it to be a key audit matter.	Tax Ordinance, 2001; - Involved internal tax specialist to check the income tax computation for the year and assessed the management's conclusion on carry forward of the tax credits and unused tax losses; - Obtained the approved business plan and evaluated the management's assumptions used in the preparation of business plan; - Assessed the reasonableness of computation of taxable income derived from the Company's approved business plan; - Checked the management's analysis regarding the timing of utilisation of unused tax credits and unused tax losses by considering the year wise utilisation of such amounts and evaluated the selection of the expected tax rate in this regard; and - Assessed the appropriateness of accounting policy in respect of recognition of deferred tax assets on unused tax credits and unused tax losses and the adequacy of the disclosures made by the Company in this area with regard to the applicable accounting and reporting standards.
(ii)	Investments measured at fair value (Refer notes 4.13, 19.1.4 and 19.1.5 to the annexed unconsolidated financial statements) The Company holds investments in equity instruments of Nishat Hotels and Properties Limited ('NHPL') and Hyundai Nishat Motor (Private) Limited ('HNMPL'). Due to NHPL and HNMPL being non-listed companies, their shares do not have a quoted price in an active market. Therefore, fair values of their shares have been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flows of respective businesses and related discount rates. Management involved an expert to perform these valuations on its behalf. Due to the significant level of judgment and estimation required to determine the fair value of the investments, we consider it to be a key audit matter.	Our audit procedures included the following: - Understood and evaluated the process by which the cash flow forecasts were prepared and approved, including confirming the mathematical accuracy of the underlying calculations; - Evaluated the cash flow forecasts by obtaining an understanding of respective businesses of NHPL and HNMPL; - Obtained an understanding of the work performed by the management's expert on the models for the purpose of valuations; - Examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; - Obtained corroborating evidence relating to the values as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecasts by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; - Performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the values of the investments; and - Assessed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

Sr. No.	Key audit matters	How the matters were addressed in our audit
(iii)	Stock-in-trade and Stores, spare parts and loose tools (Refer notes 3.2, 4.11, 4.12, 21 and 22 to the annexed unconsolidated financial statements) As at June 30, 2025, the Company held certain items of stock-in-trade and stores, spare parts and loose tools ('inventory' items) which included clinker as work-in-process and coal as stores. The above inventory items are stored in purpose-built sheds, stockpiles and silos. As the weighing of these inventory items is not practicable, the management assesses the reasonableness of the quantities on-hand by obtaining measurements of stockpiles and converting these measurements into unit of volume by using angle of repose and bulk density values. As the determination of quantities of on-hand inventory items, by measuring the volume and density of these items as at the reporting date, involved significant estimates, this has been considered to be a key audit matter.	Our audit procedures to assess the existence of inventory included the following: • Obtained an understanding of the measurement process and procedures with respect to the specific items of the stock-in-trade and stores held in the form of stockpiles; • Attended physical inventory counts performed by the Company on a sample basis and assessed the reasonableness of the management's process of measurement of stockpiles and the determination of volume using angle of repose and bulk density values; • Involved an independent auditor's expert having expertise in the measurement and technical assessment for determination of quantities for certain inventory items; and • Obtained and reviewed the inventory count report prepared by the management and the report prepared by the auditor's expert.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.



**A.F. Ferguson & Co.,
Chartered Accountants**

Lahore

Date: September 30, 2025

UDIN: AR202510092tOwN0Snjx

Unconsolidated Statement of Financial Position

	Note	2025 (Rupees in thousand)	2024
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
- 950,000,000 (2024: 950,000,000)		9,500,000	9,500,000
ordinary shares of Rs 10 each			
- 50,000,000 (2024: 50,000,000)		500,000	500,000
preference shares of Rs 10 each		10,000,000	10,000,000
Issued, subscribed and paid up share capital			
438,119,118 (2024: 438,119,118)			
ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Other reserves	6	43,790,127	33,670,663
Revenue reserve: Un-appropriated profits		46,496,160	37,795,684
Total equity		94,667,478	75,847,538
NON-CURRENT LIABILITIES			
Long term finances from financial institutions - secured	7	10,093,829	15,965,116
Deferred government grant	8	70,135	154,614
Long term deposits	9	940,292	572,748
Employee benefits obligations	10	954,639	944,549
Deferred taxation	11	13,286,942	12,675,472
		25,345,837	30,312,499
CURRENT LIABILITIES			
Trade and other payables	12	13,333,448	12,394,455
Short term borrowings from financial institutions - secured	13	9,878,499	13,064,718
Accrued mark-up	14	229,652	1,280,446
Current portion of non-current liabilities	15	2,069,243	5,416,807
Unclaimed dividend		34,154	34,201
Income tax payable		330,834	-
Provision for taxation		35,090	35,090
		25,910,920	32,225,717
CONTINGENCIES AND COMMITMENTS			
	16	145,924,235	138,385,754

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



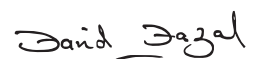
Chief Executive

As At June 30, 2025

	Note	2025 (Rupees in thousand)	2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	77,252,559	79,877,839
Intangible assets	18	13,076	42,762
Long term investments	19	20,689,545	16,633,064
Long term deposits	20	61,013	61,568
		<u>98,016,193</u>	<u>96,615,233</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	21	12,306,679	12,559,774
Stock-in-trade	22	8,188,678	7,693,067
Trade debts	23	1,493,080	855,742
Short term investments	24	24,005,100	18,384,882
Loans, advances, deposits, prepayments and other receivables	25	1,345,673	160,289
Income tax receivable		-	1,384,599
Cash and bank balances	26	568,832	732,168
		<u>47,908,042</u>	<u>41,770,521</u>
		<u>145,924,235</u>	<u>138,385,754</u>



Chief Financial Officer



Director

Unconsolidated Statement of Profit or Loss

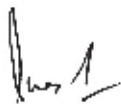
For the Year Ended June 30, 2025

	Note	2025 (Rupees in thousand)	2024
Revenue from contracts with customers - net	27	71,892,837	66,038,689
Cost of sales	28	(53,387,166)	(55,510,429)
Gross profit		18,505,671	10,528,260
Administrative expenses	29	(1,294,974)	(1,206,105)
Selling and distribution expenses	30	(3,874,688)	(2,608,537)
Net impairment loss on financial assets	31	(6,899)	(103,367)
Other expenses	32	(725,663)	(5,033)
Other income	33	4,271,570	4,234,797
Finance cost	34	(3,870,405)	(8,001,105)
Profit before levy and income tax		13,004,612	2,838,910
Levy	35	(577,125)	(520,848)
Profit before income tax		12,427,487	2,318,062
Income tax	36	(3,752,428)	(1,775,666)
Profit for the year		8,675,059	542,396
		Rupees	Rupees
Earnings per share - basic and diluted	37	19.80	1.24

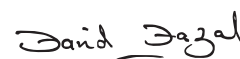
The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Statement of Comprehensive Income

For the Year Ended June 30, 2025

	2025	2024
	(Rupees in thousand)	
Profit for the year	8,675,059	542,396
Other comprehensive income for the year		
<i>Items that may be reclassified subsequently to profit or loss:</i>	-	-
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Change in fair value of investments at fair value through other comprehensive income (OCI)	9,125,482	12,334,494
Tax effect of change in fair value of investments at fair value through OCI	993,983	(1,255,999)
Remeasurement of retirement benefits	41,666	56,343
Tax effect of remeasurement of retirement benefits	(16,249)	(21,974)
	10,144,882	11,112,864
Other comprehensive income for the year	10,144,882	11,112,864
Total comprehensive income for the year	18,819,941	11,655,260

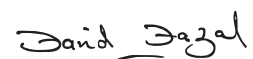
The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Statement of Cash Flows

For the Year Ended June 30, 2025

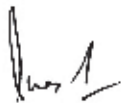
	Note	2025 (Rupees in thousand)	2024
Cash flows from operating activities			
Cash generated from operations	39	15,811,428	13,222,675
Finance cost paid		(4,921,199)	(8,460,206)
Retirement and other benefits paid		(198,725)	(204,892)
Income tax (paid) / refunded		(447,791)	1,859,765
Levy - final taxes paid		(577,125)	(520,848)
Long term deposits - net		367,544	133,051
Net cash inflow from operating activities		10,034,132	6,029,545
Cash flows from investing activities			
Payments for property, plant and equipment		(1,211,491)	(1,620,798)
Payments for intangible asset		-	(56,155)
Proceeds from disposal of property, plant and equipment		70,240	180,069
Long term deposits - net		555	2,858
Investment in subsidiary		(8,462)	-
Proceeds from disposal of investments		128,250	135,000
Interest received		63,185	12,480
Dividends received		3,958,258	3,623,769
Net cash inflow from investing activities		3,000,535	2,277,223
Cash flows from financing activities			
Proceeds from long term finances from financial institutions - secured	7	-	11,200,706
Repayment of long term finances from financial institutions - secured	7	(9,357,639)	(7,149,183)
Dividend paid		(48)	(502)
Net cash (outflow) / inflow from financing activities		(9,357,687)	4,051,021
Net increase in cash and cash equivalents		3,676,980	12,357,789
Cash and cash equivalents at the beginning of the year		(12,332,550)	(24,819,321)
Effect of exchange rate changes on cash and cash equivalents		(577)	128,982
Cash and cash equivalents at the end of the year	40	(8,656,147)	(12,332,550)

Refer note 48 for reconciliation of liabilities arising from financing activities.

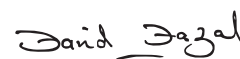
The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Statement Of Changes In Equity

For the Year Ended June 30, 2025

	Capital Reserves			Revenue Reserves		Total
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated profits
				Rupees in thousand		
Balance as on July 1, 2023	4,381,191	4,557,163	12,609,667	353,510	5,071,827	37,218,919
Total comprehensive profit for the year						
- Profit for the year	-	-	-	-	-	542,396
- Other comprehensive profit for the year	-	-	11,078,495	-	-	-
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	-	-	-	34,369
- Remeasurements of retirement benefits - net of tax	-	-	11,078,495	-	-	576,765
Balance as on June 30, 2024	4,381,191	4,557,163	23,688,162	353,510	5,071,827	75,847,537
Total comprehensive income for the year						
- Profit for the year	-	-	-	-	-	8,675,059
- Other comprehensive income for the year	-	-	10,119,465	-	-	-
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	-	-	-	25,417
- Remeasurements of retirement benefits - net of tax	-	-	10,119,465	-	-	8,700,476
Balance as on June 30, 2025	4,381,191	4,557,163	33,807,627	353,510	5,071,827	94,667,478

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.


Chief Executive


Chief Financial Officer


Director

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2025

1. The Company and its activities

D. G. Khan Cement Company Limited (the 'Company') is a public company limited by shares incorporated in Pakistan in 1978 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 53-A, Nishat House, Lawrence Road, Lahore.

The Company is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. It has four cement plants, two plants located at Khofli Sattai, District Dera Ghazi Khan ('D.G. Khan'), one at Khairpur, Tehsil Kallar Kahar, District Chakwal ('Khairpur') and one at District Hub ('Hub').

These financial statements (hereinafter may be referred to as 'unconsolidated financial statements') are the separate financial statements of the Company in which the investment in subsidiary has been carried at cost less accumulated impairment losses, if any. Consolidated financial statements are prepared separately. Details of the investments held by the Company in its subsidiaries have been presented in note 19.

The Company has regional offices located across Pakistan, the geographical locations of which are listed below:

Regional office	Geographical location
Lahore region	Nishat House, 53-A, Lawrence Road, Lahore
Multan region	17-E-1, Officers Colony, Near Eid Gah, Main Khanewal Road, Multan Cantt, Multan
Karachi region	D-247, KDA Scheme No. 1/A, Karachi
Rawalpindi region	Office # 13-16, Third Floor, Rizwan Arcade, Adamjee Road, Saddar, Rawalpindi
D.G. Khan region	16-B, Khayaban-e-Sarwar, Manka Road, D.G. Khan

2. Basis of preparation

2.1 Statement of compliance

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

- i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- ii) Islamic Financial Accounting Standards ('IFAS') issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- iii) Provisions of and directives issued under the Companies Act, 2017 ('Act').

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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 unconsolidated 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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated financial statements, except for the following:

a) Amendment to International Accounting Standard (IAS) 1, "Non-current liabilities with covenants" (effective for annual period beginning on January 1, 2024)

The amendment clarifies how conditions that an entity must comply with within twelve months after the reporting period affect the classification of a liability. The amendment also aims to improve the information an entity provides related to liabilities subject to these amendments. The amendment clarifies that a liability should be classified as a current liability if a breach of covenant that gives the lender the right to demand immediate repayment occurs at or prior to the end of the reporting period, unless sufficient relief is granted by the lender before or at the end of the reporting period.

The above amendment did not result in any significant changes to these unconsolidated financial statements.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2025 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 unconsolidated financial statements, except for the following:

a) International Financial Reporting Standard (IFRS) S1, "General requirements for disclosure of sustainability-related financial information" and International Financial Reporting Standard (IFRS) S2, "Climate-related disclosures"

The International Sustainability Standards Board ('ISSB') issued its first two sustainability reporting standards on June 26, 2023, applicable on reporting periods beginning on or after January 01, 2024, subject to endorsement of the standards by local jurisdictions. These standards include the core framework for the disclosure of material information about sustainability-related risks, opportunities across an entity's value chain and set out the requirements for entities to disclose information about climate-related risks and opportunities.

IFRS S1 requires entities to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reporting in making decisions relating to providing resources to the entity. The standards provide guidance on identifying sustainability-related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability related risks and opportunities.

IFRS S2 is a thematic standard that builds on the requirements of IFRS S1 and is focused on climate-related disclosures. IFRS S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium and long term. In addition, IFRS S2 requires entities to consider other industry-based metrics and seven cross-industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor, and manage the identified material climate-related risks and opportunities. The cross-industry metrics include disclosures on Green House Gas ('GHG') emissions, transition risks, physical risks, climate-related opportunities, capital deployment, internal carbon prices and remuneration.

The Securities and Exchange Commission of Pakistan ('SECP') vide order dated December 31, 2024 has adopted the afore-mentioned standard(s) in a phased manner with application for the Company effective from annual reporting periods beginning on or after July 1, 2025. The Company is yet to assess the impact of this Standard on its unconsolidated financial statements.

b) Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective for annual period beginning on or after January 1, 2026)

The IASB has issued narrow-scope amendments to IFRS Standards. The amendments aim to:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

- clarify and add further guidance for assessing whether a financial asset meets the Solely Payments of Principal and Interest ('SPPI') criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance ('ESG') targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income ('FVOCI').

An important clarification brought about in these amendments is that a payment instruction (e.g. a cheque) that is prepared for a future payment will generally not meet the requirements for the financial liability to be discharged and hence derecognised. The previous practice of financial liabilities being derecognized upon issuance of cheques would need to be reconsidered.

c) Annual improvements to International Financial Reporting Standards – Volume 11 (effective for annual period beginning on July 1, 2026)

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IAS 7 Statement of Cash Flows.

d) IFRS 18 "Presentation and Disclosure in Financial Statements" (effective for annual periods beginning on or after January 1, 2027)

The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. IFRS 18 will replace IAS 1 'Presentation of financial statements', introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Company is yet to assess the impact of this Standard and above amendments / improvements to existing standards on its unconsolidated financial statements.

3. Basis of measurement

3.1 These unconsolidated financial statements have been prepared on a historical cost basis except for the following:

- certain financial instruments, government grant, and plan assets of defined benefit gratuity at fair value, and
- certain employee benefit obligations and provisions at present value.

3.2 Critical accounting estimates and judgements

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

- a) Provision for taxation and recognition of deferred tax asset for tax credits and for carried-forward tax losses - notes 4.2, 11, 35 and 36
- b) Employee benefits obligations - notes 4.4 and 10
- c) Useful lives and residual values of property, plant and equipment - notes 4.7 and 17.1
- d) Fair value of unquoted Fair Value through Other Comprehensive Income ('FVOCI') investments - notes 4.13 and 19
- e) Impairment of financial assets (other than investments in equity instruments) - note 4.13.4
- f) Existence of stores, spare parts and loose tools and stock-in-trade items ('inventory' items) - note 4.11 and 4.12

The Company's certain stock-in-trade items [i.e. raw materials (gypsum, iron ore, laterite etc.), work-in-process (raw meal and clinker) and finished goods (cement)] and certain store items (i.e. coal and refused derived fuel) ('inventory' items) are stored in purpose-built sheds, stockpiles and silos. As weighing these items is not practicable, the management assesses the reasonableness of the quantities on-hand inventory items by obtaining measurement of these items and converting these measurements into unit of volume by using angle of repose and bulk density values.

- g) Estimate of Net Realisable Value ('NRV') of stock-in-trade - note 4.12
- h) Contingencies - note 16
- i) Estimate of present value of provisions - notes 4.6 and 12

4. Material accounting policy information

The material accounting policies adopted in the preparation of these unconsolidated 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 initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in unconsolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the unconsolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in unconsolidated statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Covenants that the Company is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Company is required to comply with after the reporting period do not affect the classification at the reporting date.

4.2 Income tax

Income tax comprises of current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that relates to items recognised directly in statement of changes in equity or statement of comprehensive income, in which case it is recognised directly in the unconsolidated statement of changes in equity or statement of comprehensive income.

Current Tax

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. 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. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

4.3 Levies

Minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime or any minimum taxes which are not adjustable against future income tax liability, are classified as levy in the statement of profit or loss as they fall under the scope of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

4.4 Employee benefits

4.4.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the unconsolidated statement of financial position.

4.4.2 Post employment benefits

(a) Defined benefit plan - Gratuity

The Company operates an approved funded defined benefit gratuity plan for all eligible regular employees having joining date on or before June 30, 2022 and a service period of more than five years for officers and six months for workers. Provisions are made in the unconsolidated 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, 2025 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 recognised in the unconsolidated statement of financial position 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 the unconsolidated statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in the unconsolidated statement of profit or loss.

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

	2025	2024
Discount rate per annum	11.75%	14.75%
Expected increase in eligible salary level per annum	10.75%	13.75%
Duration of plan (years)	7	7

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

(b) 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 unconsolidated statement of profit or loss as and when incurred.

4.4.3 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 30 days in case of officers. However, leave policy for officers whose leave balance was already accumulated to 90 days or above as of July 01, 2019 may keep leaves accumulated up to 90 days. An officer is entitled to encash the unutilised earned leave accrued during the year. In addition, he can also encash some portion of his accumulated leave balance during the year. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries. In case of workers, unutilised leaves may be accumulated up to 120 days, 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 the unconsolidated statement of profit or loss. The most recent valuation was carried out as at June 30, 2025 using the "Projected Unit Credit Method".

The amount recognised in the unconsolidated statement of financial position represents the present value of

the defined benefit obligations. Actuarial gains and losses are charged to the unconsolidated statement of profit or loss 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:

	2025	2024
Discount rate per annum	11.75%	14.75%
Expected rate of increase in salary level per annum	10.75%	13.75%
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	2	3

4.5 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.6 Provisions

Provisions for legal claims and make good obligations 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 will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.7 Property, plant and equipment

4.7.1 Operating fixed assets

Operating fixed assets 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 operating fixed assets signifies historical cost and borrowing costs as referred to in note 4.20.

Depreciation on all operating fixed assets is charged to the unconsolidated statement of profit or loss on the reducing balance method, except for plant and machinery and leasehold land which is being depreciated using the straight line method, so as to write off the depreciable amount of an asset over its estimated useful life at following annual rates.

	Depreciation method	Annual depreciation rate
- Leasehold land	Straight line	3.3%
- Plant and machinery	- do -	3.34% to 6.59%
- Buildings on freehold land	Reducing balance	5%
- Roads	- do -	10%
- Quarry equipment	- do -	10%
- Office equipment	- do -	30%
- Furniture and fittings	- do -	30%
- Vehicles	- do -	20%
- Aircraft parts	- do -	30%
- Power and water supply lines	- do -	10%

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets during the year has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.9 to these unconsolidated financial statements.

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 will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the unconsolidated statement of profit or loss during the year in which they are incurred.

Proceeds from the sale of items while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of an item of property, plant and equipment. Instead, the Company recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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.

4.7.2 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 for more than one year. Transfers are made to operating fixed assets category as and when such items are available for use.

4.7.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.8 Intangible assets - Computer software

Expenditure incurred to acquire computer software is capitalised as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Computer software and license are amortised using the straight line method on rates ranging from 33.33% - 50% respectively.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.9 to these unconsolidated financial statements).

4.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.10 Investments

Investments intended to be held for less than twelve months from the reporting 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.

4.10.1 Investments in equity instruments of subsidiaries

Investment in equity instruments of subsidiaries are measured at cost as per the requirements of IAS-27 "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 unconsolidated statement of profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. It assesses whether there have been favourable events or changes in circumstances, since impairment loss was recognised. If any such indication exists, the Company estimates the recoverable amount of that investment and reverses the impairment loss. The amount of any reversal recognised is restricted to increasing the carrying value of investment to the carrying value that would have been recognised if the original impairment had not occurred.

The Company is required to issue consolidated financial statements along with its separate unconsolidated financial statements in accordance with the requirements of IFRS 10, "Consolidated financial statements" and IAS 27, "Separate financial statements".

4.11 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and / or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

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 ('NRV'). 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).

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 make the 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 unconsolidated financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.13 Financial assets

4.13.1 Classification

The Company classifies its financial assets other than investments in subsidiaries in the following measurement categories:

- those to be measured subsequently at fair value [either through Other Comprehensive Income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value through Other Comprehensive Income ('FVOCI').

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

4.13.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.13.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value through Profit or Loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the unconsolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- i) **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the unconsolidated statement of profit or loss. Impairment losses are presented as a separate line item in the unconsolidated statement of profit or loss.
- ii) **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the unconsolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the unconsolidated statement of profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the unconsolidated statement of profit or loss.
- iii) **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the unconsolidated statement of profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments except for investments in subsidiaries, at fair value through other comprehensive income. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair

value gains and losses to the unconsolidated statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the unconsolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.13.4 Impairment of financial assets other than investment in equity instruments

The Company assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the company applies IFRS 9 ('Financial Instruments') simplified approach to measure the expected credit losses ('loss allowance') which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits, loans, bank balances and other receivables i.e. to measure ECL through loss allowance at an amount equal to twelve-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Long term deposits;
- Deposits and other receivables; and
- Bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an impairment gain or loss in the unconsolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.14 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gain and losses are recognised in the unconsolidated statement of profit or loss, when the liabilities are derecognised as well as through effective interest rate amortization process.

A financial liability is derecognised 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 statement of profit or loss.

4.15 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated 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.

4.16 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Company. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

4.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the unconsolidated statement of financial position.

4.18 Contract asset and contract liability

A contract asset is recognised for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.19 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the unconsolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the unconsolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the unconsolidated statement

of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the unconsolidated statement of profit or loss on a net basis within other gains / (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the unconsolidated statement of profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in the unconsolidated statement of comprehensive income.

4.20 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. Qualifying assets are assets that necessarily take a substantial time to get 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 the unconsolidated statement of profit or loss in the period in which they are incurred.

4.21 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies.

In case of local sales, revenue is recognised at the time of dispatch of goods from the factory.

In case of export sales, the delivery of goods and transportation are two distinct performance obligations and the total transaction price is allocated to each performance obligation. Revenue relating to each performance obligation is recognised on satisfaction of each distinct performance obligation.

4.22 Other income

Other income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments. Interest income is recognised as it accrues in the unconsolidated statement of profit or loss, using effective interest method. Dividend income is recognised in the unconsolidated statement of profit or loss on the date that the Company's right to receive payment is established.

4.23 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

All ordinary shares of the Company rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

4.24 Dividend

Dividend distribution to the Company's members is recognised as a liability in the period in which dividends are approved.

4.25 Contingent liabilities and assets

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.

Contingent liabilities are not recognised. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the unconsolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.27 Rounding of amounts

All amounts disclosed in the unconsolidated financial statements and notes have been rounded off to the nearest thousand rupees unless otherwise stated.

4.28 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of additional ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5. Issued, subscribed and paid up share capital

2025 (Number of shares)			2024 (Rupees in thousand)	
2025	2024		2025	2024
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 - note 5.2	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

5.1 137,574,201 (2024: 137,574,201), 428,500 (2024: 428,500) and nil (2024: 4,081) ordinary shares of the Company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited and Adamjee Life Assurance Company Limited respectively.

Nishat Mills Limited is an investor and the Company is an associate of Nishat Mills Limited as per IAS 28, "Investments in Associates and Joint Ventures".

- 5.2** 20,000,000 ordinary shares of Rs 10 each were issued to the shareholders of D.G. Khan Electric Company Limited upon its merger with D.G. Khan Cement Company Limited on July 1, 1999. These shares were issued as consideration of merger against all assets, properties, rights, privileges, powers, bank accounts, trade marks, patents, leaves and licenses of D.G. Khan Electric Company Limited.

2025	2024
(Rupees in thousand)	

6. Other reserves

Composition of reserves is as follows:

Capital reserves

- Share premium	- note 6.1	4,557,163	4,557,163
- FVOCI reserve	- note 6.2	33,807,627	23,688,163
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		38,718,300	28,598,836

Revenue reserve

- General reserve	- note 6.4	5,071,827	5,071,827
		43,790,127	33,670,663

- 6.1** This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

- 6.2** This represents the unrealised gain on remeasurement of equity investments at FVOCI and is not available for distribution.

- 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 statement of profit or loss 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.

- 6.4** The balance in general reserve has been accumulated by way of transfers from un-appropriated profits as per approval of the Board of Directors of the Company.

2025	2024
(Rupees in thousand)	

7. Long term finances from financial institutions - secured

From banking companies:

Loans under refinance scheme	- note 7.1	1,741,654	2,750,502
Long term loans	- note 7.2	10,286,947	18,506,586
		12,028,601	21,257,088
Current portion shown under current liabilities	- note 15	(1,934,772)	(5,291,972)
		10,093,829	15,965,116

7.1 Loans under refinance scheme - secured

Lender	2025 (Rupees in thousand)	2024	Number of instalments outstanding	Mark-up / Profit Payable
State Bank of Pakistan's Temporary Economic Refinance Facility (TERF)				
Loan 1				
National Bank of Pakistan	1,455,475	2,518,475	7 equal quarterly instalments ending in March 2027	Quarterly
State Bank of Pakistan's Islamic Temporary Economic Refinance Facility (ITERF)				
Loan 2				
Faysal Bank Limited - note 7.1.1 - Islamic (Diminishing Musharakah)	435,777	510,777	Equal semi-annual instalments of each tranche - note 7.1.1	Half yearly
	<u>1,891,252</u>	<u>3,029,252</u>		

Such facilities are available at mark-up / profit rates ranging from base rate plus 0.7% to 0.75% (2024: 0.7% to 0.75%) per annum. The base rate applicable during the year on such facilities is State Bank of Pakistan ('SBP') rate of 1% resulting in coupon rate ranging from 1.7% to 1.75% (2024: 1.7% to 1.75%) per annum.

Loan 1

This represents long term financing facility availed under SBP Temporary Economic Refinance Scheme ('TERF'). The loan is secured by joint pari passu charge over present and future fixed assets of the Company for Rs 6,993.333 million with 25% margin.

Loan 2

This represents long term financing facility availed under SBP Islamic Temporary Economic Refinance Scheme ('ITERF'). The loan is secured by joint pari passu charge of Rs 800 million over present and future fixed assets of the Company (including land and machinery).

7.1.1 Lender - Faysal Bank Limited

Tranche	2025 (Rupees in thousand)	2024	Number of instalments outstanding	Mark-up / Profit Payable
Tranche 1	71,108	85,330	10 equal semi-annual instalments ending in May 2030	Half yearly
Tranche 2	92,717	108,170	12 equal semi-annual instalments ending in January 2031	Half yearly
Tranche 3	117,192	136,724	12 equal semi-annual instalments ending in February 2031	Half yearly
Tranche 4	154,760	180,553	12 equal semi-annual instalments ending in June 2031	Half yearly
	<u>435,777</u>	<u>510,777</u>		

2025 2024
(Rupees in thousand)

7.1.2 The reconciliation of the carrying amount is as follows:

Balance as at beginning of the year		3,029,252	3,742,052
Repayments during the year		(1,138,000)	(712,800)
	- note 7.1	1,891,252	3,029,252
Impact of deferred government grant:			
Balance as at beginning of the year		(278,750)	(450,333)
Unwinding of discount on liability		129,152	171,583
		(149,598)	(278,750)
Balance as at end of the year		1,741,654	2,750,502
Current portion shown under current liabilities	- note 15	(839,389)	(794,717)
		902,265	1,955,785

7.2 Long term loans

Lender	2025 (Rupees in thousand)	2024 (Rupees in thousand)	Number of instalments outstanding	Mark-up / Profit Payable
Loan 1 The Bank of Punjab - Islamic (Diminishing Musharakah)	-	50,000	-	Half yearly
Loan 2 The Bank of Punjab - Demand Finance	-	900,000	-	Half yearly
Loan 3 The Bank of Punjab - Islamic (Diminishing Musharakah)	-	600,000	-	Half yearly
Loan 4 Habib Bank Limited - Term Finance	-	250,000	-	Quarterly
Loan 5 Habib Bank Limited	-	249,980	-	Quarterly
Loan 6 Bank Alfalah Limited - Term Finance	-	250,000	-	Quarterly
Loan 7 Bank Alfalah Limited - Term Finance	-	562,500	-	Quarterly
Loan 8 National Bank of Pakistan - Demand Finance	-	299,000	-	Quarterly
Loan 9 National Bank of Pakistan - Islamic (Diminishing Musharaka)	-	300,000	-	Half yearly
C/F	-	3,461,480		

Lender	2025 (Rupees in thousand)	2024	Number of instalments outstanding	Mark-up / Profit Payable
B/F		- 3,461,480		
Loan 10 Allied Bank Limited - Term Finance	-	360,000	-	Quarterly
Loan 11 Allied Bank Limited - Combination of conventional and islamic syndicated term finance facility	-	980,667	-	Quarterly
Loan 12 Allied Bank Limited - Term Finance	-	500,000	-	Quarterly
Loan 13 The Bank of Punjab - Term Finance (SBP Re-Finance Scheme)	408,447	627,573	18 equal semi-annual instalments ending in June 2034	Quarterly
Loan 14 Allied Bank Limited - Term Finance	-	787,500	-	Quarterly
Loan 15 Meezan Bank Limited - Islamic (Diminishing Musharaka)	-	648,366	-	Quarterly
Loan 16 Askari Bank - Combination of conventional and islamic syndicated term finance facility	6,000,000	7,000,000	17 equal quarterly instalments ending in March 2030	Monthly
Loan 17 Allied Bank - Term Finance	1,837,500	2,100,000	21 equal quarterly instalments ending in August 2030	Quarterly
Loan 18 MCB Bank Limited - Term Finance (SBP Re-Finance Scheme) Related Party	241,000	241,000	20 equal semi-annual instalments starting in November 2026	Quarterly
Loan 19 Dubai Islamic Bank - Islamic (Long term islamic finance facility)	1,800,000	1,800,000	20 equal quarterly instalments starting in September 2026	Monthly
	10,286,947	18,506,586		

Such facilities are available at mark-up / profit rates ranging from one to six months Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.15% to 0.35% per annum (2024: three to six months KIBOR plus 0.15% to 0.35% per annum). Markup / profit rate charged during the year on outstanding balance ranged from 11.55% to 23.22% (2024: 20.20% to 24.19%) per annum.

7.2.1 Security

Loan 1

Joint pari passu charge over present and future fixed assets of the Company for Rs 667 million.

Loan 2

Joint pari passu charge over present and future fixed assets of the Company for Rs 2,000 million.

Loan 3

Joint pari passu charge over present and future fixed assets of the Company for Rs 1,333 million.

Loan 4

Joint pari passu charge over present and future fixed assets of the Company for Rs 3,333 million.

Loan 5

Joint pari passu charge over present and future fixed assets of the Company for Rs 3,333 million.

Loan 6

Joint pari passu charge over present and future fixed assets of the Company for Rs 3,333 million.

Loan 7

First pari passu charge over present and future fixed assets of the Company for Rs 2,667 million.

Loan 8

Joint pari passu charge over present and future fixed assets of the Company for Rs 4,000 million.

Loan 9

Joint pari passu charge over present and future fixed assets of the Company for Rs 1,333 million.

Loan 10

Joint pari passu charge over present and future fixed assets of the Company for Rs 1,200 million.

Loan 11

Joint pari passu charge over present and future fixed assets of the Company for Rs 7,867 million.

Loan 12

Joint pari passu charge over present and future fixed assets of the Company for Rs 1,333 million.

Loan 13

Joint pari passu charge over present and future fixed assets of the Company for Rs 1,056 million.

Loan 14

Joint pari passu charge over present and future fixed assets of the Company for Rs 1,125 million.

Loan 15

Joint pari passu charge over all present and future fixed assets of the Company for Rs 1,125 million.

Loan 16

Joint pari passu charge over all present and future fixed assets of the Company for Rs 8,750 million.

Loan 17

Joint pari passu charge over all present and future fixed assets of the Company for Rs 2,625 million.

Loan 18

Ranking charge on pledge of shares for Rs 547 million.

Loan 19

Joint pari passu chargeover present and future fixed assets of the Company for Rs 2,400 million.

2025

2024

(Rupees in thousand)

7.2.2 The reconciliation of the carrying amount is as follows:

Opening balance		18,506,586	13,742,264
Disbursements during the year		-	11,200,706
Repayments during the year		(8,219,639)	(6,436,384)
Closing balance		10,286,947	18,506,586
Current portion shown under current liabilities	- note 15	(1,095,383)	(4,497,255)
		9,191,564	14,009,331

8. Deferred government grant

This represents deferred grant recognised in respect of the benefit of below-market interest rate on the facilities as referred to in note 7.1 to these unconsolidated financial statements. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans. The discount rates used range from 7.34% to 7.53% per annum. The reconciliation of the carrying amount is as follows:

		2025	2024
		(Rupees in thousand)	
Opening balance		278,752	450,334
Amortized during the year	- note 34	(129,152)	(171,582)
Closing balance		149,600	278,752
Current portion shown under current liabilities	- note 15	(79,465)	(124,138)
		70,135	154,614

There are no unfulfilled conditions or other contingencies attached to these grants.

2025

2024

(Rupees in thousand)

9. Long term deposits

Customers	801,522	438,466
Others	138,770	134,282
	940,292	572,748

These include 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. As per the agreements signed with these parties, the Company has the right to utilise the amounts for the furtherance of their business, hence, the amounts are not required to be kept in a separate account maintained in a scheduled bank. Therefore, the Company is in compliance with section 217 of the Companies Act, 2017. These deposits have not been carried at amortised cost since the effect of discounting is immaterial in the context of these unconsolidated financial statements.

2025

2024

(Rupees in thousand)

10. Employee benefits obligations

Gratuity	- note 10.1	734,857	729,262
Accumulating compensated absences	- note 10.2	219,782	215,287
		954,639	944,549

10.1 Gratuity

The amounts recognised in the unconsolidated statement of financial position are as follows:

		2025	2024
		(Rupees in thousand)	
Present value of defined benefit obligation	- note 10.1.2	1,608,666	1,462,680
Fair value of plan assets	- note 10.1.3	(873,809)	(733,418)
Net liability as at June 30		734,857	729,262

10.1.1 Movement in net liability for staff gratuity

Net liability as at beginning of the year	729,262	657,255
Charged to unconsolidated statement of profit or loss:		
Current service cost	122,044	114,613
Net interest on defined benefit obligation	201,295	193,037
Return on plan assets during the year	(109,301)	(96,124)
	214,038	211,526
Net remeasurements for the year charged to other comprehensive income	(41,666)	(56,343)
Contributions made by the Company during the year	(166,778)	(83,176)
Net liability as at end of the year	734,856	729,262

10.1.2 Movement in present value of defined benefit obligation

Present value of defined benefit obligation as at beginning of the year	1,462,680	1,243,229
Current service cost	122,044	114,613
Interest cost	201,295	193,037
Payments against opening payables	(7,248)	(8,967)
Benefits paid during the year	(151,568)	(72,058)
Remeasurements:		
- Actuarial gain from changes in financial assumptions	(6,133)	(2,826)
- Experience adjustments	(12,404)	(4,348)
	(18,537)	(7,174)
Present value of defined benefit obligation as at end of the year	1,608,666	1,462,680

10.1.3 Movement in fair value of plan assets

Fair value of plan assets as at beginning of the year	733,418	585,974
Interest income on plan assets	109,301	96,124
Contributions during the year	166,778	83,176
Benefits paid during the year	(158,817)	(81,025)
Return on plan assets	23,129	49,169
Fair value of plan assets as at end of the year	873,809	733,418

10.1.4 Plan assets

Plan assets are comprised as follows:

	2025		2024	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Cash and bank balances	6,810	1%	4,304	1%
Debt instruments	866,999	99%	729,114	99%
	873,809	100%	733,418	100%

	2025	2024
	(Rupees in thousand)	
10.1.5 Charge for the year to unconsolidated statement of profit or loss		
Current service cost	122,044	114,613
Interest cost	201,295	193,037
Interest income on plan assets	(109,301)	(96,124)
	<u>214,038</u>	<u>211,526</u>
10.1.6 Total remeasurements charged to other comprehensive income		
Actuarial gain from changes in financial assumptions	(6,133)	(2,826)
Experience adjustments	(12,404)	(4,348)
	<u>(18,537)</u>	<u>(7,174)</u>
Return on plan assets, excluding interest income	(23,129)	(49,169)
	<u>(41,666)</u>	<u>(56,343)</u>

10.1.7 Assumptions used for valuation of the gratuity are as under:

		2025	2024
Discount rate per annum	Per annum	11.75%	14.75%
Expected increase in eligible salary level per annum	Per annum	10.75%	13.75%
Duration of plan	Number of years	7	7
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

10.1.8 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumptions		Impact on defined benefit obligation					
			Increase in assumption		Decrease in assumption			
	2025	2024	2025	2024	2025	2024	2025	2024
Discount rate	-3.00%	-1.50%	Decrease by 7.72%	7.29%	Increase by 5.73%	6.19%		
Salary growth rate	-3.00%	-1.50%	Increase by 5.80%	6.26%	Decrease by 7.89%	7.46%		

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the unconsolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

10.1.9 Risks associated with the defined benefit plan

- Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what is currently assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Demographic risks

- Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- Investment risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

10.1.10 Expected contribution to the defined benefit plan for the year ending June 30, 2026 is Rs 208.455 million.

10.1.11 The weighted average duration of the defined benefit obligation is 7 years (2024 – 7 years). The expected benefit payment for the next 10 years and beyond is as follows:

	Less than a year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
	(Rupees in thousand)				
June 30, 2025	208,455	184,304	495,158	10,702,433	11,590,350
June 30, 2024	196,330	153,818	580,875	20,221,859	21,152,882
				2025	2024
	(Rupees in thousand)				

10.2 Accumulating compensated absences

Opening liability	215,287	192,260
Charged to unconsolidated statement of profit or loss	90,752	98,528
Payments made during the year	(31,251)	(74,804)
Liability as at year end	274,788	215,984
Current portion shown under current liabilities - note 15	(55,006)	(697)
	219,782	215,287

10.2.1 Movement in liability for accumulating compensated absences

Present value of accumulating compensated absences as at beginning of the year	215,287	192,260
Current service cost	80,220	78,033
Interest cost	25,391	25,108
Benefits due but not paid	(55,006)	(697)
Benefits paid during the year	(31,251)	(74,804)
Actuarial gain from changes in financial assumptions	(871)	(431)
Experience adjustments	(13,988)	(4,182)
Present value of accumulating compensated absences as at year end	219,782	215,287

10.2.2 Charge for the year

Current service cost	80,220	78,033
Interest cost	25,391	25,108
Remeasurement during the year	(14,859)	(4,613)
Total expense for the year	90,752	98,528

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

		2025	2024
Discount rate	Per annum	11.75%	14.75%
Expected rate of increase in salary	Per annum	10.75%	13.75%
Duration of the plan	Number of years	2	3
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

10.2.4 The sensitivity of the accumulating compensated balances to changes in the weighted principal assumptions is:

	Change in assumptions			Impact on accumulating compensated balances					
				Increase in assumption				Decrease in assumption	
				2025	2024	2025	2024	2025	2024
Discount rate	-3.00%	-1.50%	Decrease by	6.98%	6.97%	Increase by	7.99%	7.98%	
Salary growth rate	-3.00%	-1.50%	Increase by	7.91%	7.89%	Decrease by	7.03%	7.01%	

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the accumulating leave absences to significant actuarial assumptions the same method (present value of the accumulating compensated absences calculated with the projected unit credit method at the end of the reporting period) has been applied for valuation of balance of accumulating compensated absences in the unconsolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

10.2.5 Risks associated with the accumulating compensated absences

- Final Salary Risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Demographic risks

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- Investment Risk

The risk of the investment underperforming and being not sufficient to meet the liabilities"

2025 2024
(Rupees in thousand)

11. Deferred taxation

The net liability for deferred taxation comprises taxable / (deductible) temporary differences, unused tax credits and unused tax losses relating to:

Deferred tax liability

Accelerated tax depreciation	18,421,492	18,222,439
Un-realised gain on investments - net	2,183,713	3,177,696
	20,605,205	21,400,135

Deferred tax asset

Available unused minimum tax credit	(1,430,125)	(1,430,125)
Available unused Alternative Corporate Tax credit	(774,517)	(492,992)
Available unused tax losses	(4,591,254)	(6,306,986)
Loss allowance on financial assets	(128,605)	(125,914)
Employee benefit obligations	(393,762)	(368,646)
	(7,318,263)	(8,724,663)
	13,286,942	12,675,472

The gross movement in net deferred tax liability during the year is as follows:

Opening balance	12,675,472	10,613,603
Charged to unconsolidated statement of comprehensive income	(977,734)	1,277,967
Charged to unconsolidated statement of profit or loss - note 36	1,240,306	783,902
Loss surrendered to Nishat Dairy (Private) Limited under group relief - note 25.3.2	348,898	-
Closing balance	13,286,942	12,675,472

Deferred tax asset on tax losses and tax credits available for carry forward have been recognised to the extent that the realisation of related tax benefits is probable from reversal of existing taxable temporary differences and future taxable profits. Based on the Company's approved business plan, it is probable that sufficient taxable profits will be available for utilisation of deferred tax asset.

2025 2024
(Rupees in thousand)

12. Trade and other payables

Trade creditors	- note 12.1	3,900,142	5,046,744
Contract liabilities	- note 12.2	3,186,488	1,722,828
Accrued liabilities	- note 12.3	3,377,704	3,659,335
Workers' Profit Participation Fund	- note 12.4	689,431	166,991
Workers' Welfare Fund	- note 12.5	184,757	-
Withholding tax payable		11,813	39,216
Retention money payable		34,364	37,460
Export commission payable		308,695	220,506
Federal Excise Duty payable		-	42,970
Infrastructure cess		1,563,097	1,365,576
Others	- note 12.6	76,957	92,829
		13,333,448	12,394,455

	2025	2024
	(Rupees in thousand)	
12.1 Trade creditors include amounts due to following related parties:		
Nishat Packaging Limited	146,377	365,084
Security General Insurance Company Limited	1,058	1,083
Nishat Dairy (Private) Limited	45,071	45,071
Pakistan Aviators and Aviation (Private) Limited	393	512
Nishat Hotels and Properties Limited	2,226	101
	195,125	411,851

12.2 This represents contract liabilities of the Company towards various parties and includes contract liabilities from Hyundai Nishat Motors (Private) Limited amounting to Rs 0.169 million (2024: Rs 0.047 million).

Revenue recognised in the current year that was included in the contract liability balance at the beginning of the year amounts to Rs 1,475.192 million (2024: Rs 906.317 million).

12.3 Includes Gas Infrastructure Development Cess ('GIDC') amounting to Rs. 1,345.019 million (2024: Rs. 1,345.019 million) that was levied through the GIDC Act, 2015. The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Company were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government of Pakistan in 24 equal monthly instalments. The Company has partially paid GIDC amounting to Rs 84.5 million. The Company also filed a Suit with the Sindh High Court against collection of GIDC instalments, before a factual determination of GIDC passed on to end consumers or not is carried out. The Sindh High Court granted a stay in March 2021 against recovery of GIDC payable from the Company till the finalisation of matter by the Court. The matter is currently pending in the Sindh High Court. The Company has followed the relevant accounting standards and ICAP guidelines in this regard.

Furthermore, this includes provision in respect of royalty expense on limestone and argillaceous clay for the province of Punjab. The Company alongwith other petitioners has contested the calculation of royalty as per notification of Mines & Mineral Department, Government of the Punjab dated August 1, 2024 before the honorable Supreme Court (SC). The SC through order dated June 25, 2025 has given interim relief to the Company by maintaining status quo till the decision of the petition.

12.3.1 Trade and other payables include provision for royalty expense (including the aforementioned provision in respect of royalty expense on limestone and argillaceous clay for the province of Punjab) amounting to Rs. 787.318 million as at June 30, 2025 (June 30, 2024: Rs. 198.453 million). During the year, expense amounting to Rs. 2,848.805 million was recognised, while payments amounting to Rs. 2,259.940 million were made by the Company.

	2025	2024
	(Rupees in thousand)	
12.4 Workers' Profit Participation Fund		
The reconciliation of carrying amount is as follows:		
Opening balance	166,991	202,984
Provision for the year - note 32	486,203	-
Interest for the year - note 34	36,237	2,787
	689,431	205,771
Payments made during the year	-	(38,780)
Closing balance	689,431	166,991

2025

2024

(Rupees in thousand)

12.5 Workers' welfare fund

The reconciliation of carrying amount is as follows:

Opening balance		-	-
Provision for the year	- note 32	184,757	-
		184,757	-
Payments made during the year		-	-
Closing balance		184,757	-

12.6 Includes payable to employees' provident fund amounting to Nil (2024: Rs 42.217 million).

2025

2024

(Rupees in thousand)

13. Short term borrowings from financial institutions - secured**From banking companies:****Short term running finances / short term borrowings**

- Commerical banks		1,119,523	1,904,400
- Islamic banks		9,409	2,102,157
	- note 13.1	1,128,932	4,006,557

Import finances

- Commerical banks		-	5,543,161
- Islamic banks		-	-
	- note 13.2	-	5,543,161

Export finances

- Commerical banks		7,849,567	2,615,000
- Islamic banks		900,000	900,000
	- note 13.3	8,749,567	3,515,000
		9,878,499	13,064,718

13.1 Short term running finances / short term borrowings

Short term running finance facilities and short term borrowings available from various banks under mark-up / profit arrangements aggregate to Rs 38,600 million (2024: Rs 37,050 million). Such facilities are available at mark-up / profit rates ranging from one to three months KIBOR minus 4.5% to KIBOR plus 1% (2024: One to three months KIBOR minus 0.05% to KIBOR plus 1%) per annum. The mark-up / profit rate charged during the year on the outstanding balance ranged from 7.74% to 22.49% (2024: 17.95% to 24%) per annum and mark-up / profit is payable monthly to quarterly. These are secured by ranking / joint registered pari passu 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.

13.1.1 This includes short term running finance amounting to Rs 719.448 million from MCB Bank Limited - a related party.

13.2 Import finances

Import finance facilities available from various banks, all being either main limits or sub-limits of the running finance facilities, under mark-up / profit arrangements aggregate to Rs 21,100 million (2024: Rs 24,650 million). Such facilities are available at mark-up / profit rates ranging from one to six months KIBOR minus 0.15% to KIBOR plus 0.5% (2024: one to six months KIBOR plus 0.02% to 0.07%) per annum. The mark-up / profit rate charged during the year on the outstanding balance ranged from 12.08% to 21.45% (2024: 21.12% to 23.21%) per annum and mark-up / profit is payable on settlement. These are secured by ranking / joint registered pari passu 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.

13.3 Export finances

Export finance facilities available from various banks, all being either main limits or sub-limits of the running finance facilities, under mark-up / profit arrangements aggregate to Rs 19,950 million (2024: Rs 14,250 million). Such facilities are available at mark-up / profit rate agreed as per State Bank of Pakistan plus 0.25% to 1.00% (2024: State Bank of Pakistan agreed rate plus 0.25% to 1.00%) per annum. The Export Finance Scheme rate has ranged from 8.25% to 17.5% (2024: 16% to 18%) throughout the year. These loans are obtained for a period of 180 days and are secured by ranking / joint registered pari passu 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.

13.3.1 This includes export finance amounting to Rs 500.00 million from MCB Bank Limited - a related party.

13.4 Letters of credit and guarantees

Of the aggregate facility of Rs 42,900 million (2024: Rs 46,720 million) for opening letters of credit and Rs 4,850 million (2024: Rs 5,350 million) for guarantees, all being either main limits or sub-limits of the running finance facilities, the amount utilised as at June 30, 2025 was Rs 1,990 million (2024: Rs 1,621 million) and Rs 3,953 million (2024: Rs 3,806 million) respectively. The facilities for opening letters of credit are secured against lien over import documents whereas aggregate facilities for guarantees are secured against registered joint pari passu charge over the present and future current assets of the Company. Of the facility for guarantees, Rs 14.48 million (2024: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 26.2.

2025

2024

(Rupees in thousand)

14. Accrued mark-up

Accrued mark-up / profit on:

- Long term finances from financial institutions - secured	- note 14.1	63,932	525,707
- Short term borrowings from financial institutions - secured	- note 14.2	165,720	754,739
		<u>229,652</u>	<u>1,280,446</u>

14.1 This includes accrued interest relating to commercial banks of Rs. 38.42 million (2024: 338.18 million) and profit relating to Islamic banks of Rs 25.51 million (2024: 187.52 million).

14.2 This includes accrued interest relating to commercial banks of Rs. 144.40 million (2024: 645.69 million) and interest relating to Islamic banks of Rs 21.32 million (2024: 109.05 million).

2025

2024

(Rupees in thousand)

15. Current portion of non-current liabilities

Loans under refinance scheme	- note 7.1.2	839,389	794,717
Long term loans	- note 7.2.2	1,095,383	4,497,255
Accumulating compensated absences	- note 10.2	55,006	697
Deferred government grant	- note 8	79,465	124,138
		<u>2,069,243</u>	<u>5,416,807</u>

16. Contingencies and commitments

16.1 Contingencies

Contingent assets:

16.1.1 Interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 ('1944 Act') has been decided by the honorable Supreme Court of Pakistan through its judgment dated January 27, 2009 (upholding its previous judgment dated February 15, 2007). The longstanding controversy between the Revenue Department and the taxpayers primarily related to the 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 was challenged by the taxpayers in appeals before the honorable High Court(s) of Pakistan 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 Rs 1,115.145 million. The amount of refund, however, shall be incorporated in the books of account once it is realized by the Company.

16.1.2 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 to Rs 35.090 million.

Contingent liabilities

16.1.3 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, 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 honorable Supreme Court of Pakistan 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 on November 19, 2013. Last hearing of the case was conducted on June 25, 2018. 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.

16.1.4 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. Similar notices were also issued to All Pakistan Cement Manufacturers Association ('APCMA') and its member cement manufacturers. The Company 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 Company. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Company for the time being.

The vires of the Competition Commission of Pakistan were challenged by a large number of petitioners / companies and all had been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution of Pakistan. Pursuant thereto, the Parliament enacted the Competition Commission Ordinance, 2009 which was also challenged by the Company before the Lahore High Court. All these petitions were eventually disposed off with the direction to the Competition Appellate Tribunal ('CAT') to decide the Appeals on merits. In the meantime, owing to the amendments brought into the law by virtue of the Competition Act, 2010, the Honourable Supreme Court of Pakistan also remanded the matter to the CAT for decision on merits. The Company thereafter challenged sections 42, 43 and 44 of the Competition Act, 2010 in the Sindh High Court. The Honourable Sindh High Court upon petition filed by large number of petitioners gave direction to CAT to continue with the proceedings and not to pass a final order till the time petition is pending in Sindh High Court. However, on February 24, 2025 the Sindh High Court vacated the interim order thereby allowing the CAT to pass a final order. The Appeal was recently heard by the CAT on merits and has been reserved for Judgment. 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 the Company's favour.

16.1.5 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 on March 27, 2008, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period from June 13, 1997 to August 11, 1998. Last hearing of the case was conducted on December 17, 2015. According to the legal counsel of the Company, meritorious grounds exist to support the position of the Company and the ultimate decision would be in the Company's favour, therefore the liability has not been incorporated in these financial statements amounting to Rs 212.239 million.

16.1.6 The banks have issued the following guarantees on Company's behalf in favor of:

- Collector of Customs, Excise and Sales Tax against levy of sales tax, custom duty and excise amounting to Rs 30.538 million (2024: Rs 30.538 million).
- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 1,617.900 million (2024: Rs 1,527.900 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 (2024: Rs 0.5 million).
- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use at plants at Khairpur and at D.G. Khan respectively amounting to Rs 544.414 million (2024: Rs 544.414 million).
- Sindh High Court against levy of sales tax, custom duty and excise amounting to Rs 176.860 million (2024: Rs 228.174 million).
- Directorate General of Mines & Minerals, Punjab against enhanced royalty rates on minerals amounting to Rs 291.716 million (2024: Rs 172.08 million).
- K-Electric against security deposits for electricity bills amounting to Rs 193.713 million (2024: Rs 142.400 million).
- Pakistan Railways against supply of cement amounting to Nil (2024: Rs 10.808 million).
- Controller of Military Accounts (Defence Purchase) Rawalpindi against sale of cement amounting to Rs 37.726 million (2024: Nil).

16.1.7 The Company has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs 1,060.186 million (2024: Rs 1,149.328 million).

16.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 50.206 million (2024: Rs 107.609 million).
- (ii) Letters of credit for capital expenditure Nil (2024: Rs 48.046 million).
- (iii) Letters of credit other than capital expenditure Rs 253.664 million (2024: Rs 1,573.272 million).
- (iv) The amount of future payments under leases and the period in which these payments will become due are as follows:

	2025	2024
	(Rupees in thousand)	
Not later than one year	412	425
Later than one year and not later than five years	1,650	1,650
Later than five years	2,648	3,061
	4,710	5,136

17. Property, plant and equipment

Operating fixed assets	- note 17.1	76,142,612	78,206,501
Capital work-in-progress	- note 17.2	798,312	1,341,029
Major spare parts and stand-by equipment	- note 17.3	311,635	330,309
		77,252,559	79,877,839

17.1 Operating fixed assets

2025

(Rupees in thousand)

	Depreciation rate (Percentage)	Cost as at July 01, 2024	Additions / (disposals)	Cost as at June 30, 2025	Accumulated depreciation and impairment as at July 01, 2024	Depreciation charge / (disposals) for the year	Accumulated depreciation and impairment as at June 30, 2025	Book value as at June 30, 2025
Owned assets:								
Freehold land - note 17.1.2	-	1,995,088	33,200	2,028,288	-	-	-	2,028,288
Buildings on freehold land								
- Factory building	5%	23,354,723	7,259	23,361,982	9,297,781	703,059	10,000,840	13,361,142
- Office building and housing colony	5%	4,097,026	691,226	4,788,252	1,284,467	143,350	1,427,817	3,360,435
Roads	10%	2,454,172	-	2,454,172	1,283,054	117,112	1,400,166	1,054,006
Plant and machinery	3.34%-6.59%	81,338,397	682,885	82,021,282	28,320,562	2,230,650	30,551,212	51,470,070
Quarry equipment	10%	4,420,051	3,500 (6,570)	4,416,981	2,648,644	133,611 (2,031)	2,780,224	1,636,757
Furniture and fittings	30%	557,204	36,760	593,964	420,922	48,538	469,460	124,504
Office equipment	30%	690,144	113,396	803,540	498,147	75,927	574,074	229,466
Vehicles	20%	1,167,020	198,730 (69,783)	1,295,967	598,503	110,129 (40,467)	668,165	627,802
Aircraft parts	30%	328,752	5,741	334,493	323,710	3,234	326,944	7,549
Power and water supply lines	10%	4,314,865	185	4,315,050	2,029,611	228,539	2,258,150	2,056,900
		124,717,442	1,772,882 (76,353)	126,413,971	46,705,401	3,794,149 (42,498)	50,457,052	75,956,919
Leased assets:								
Leasehold land	3.33%	263,000	-	263,000	68,540	8,767	77,307	185,693
		263,000	-	263,000	68,540	8,767	77,307	185,693
		124,980,442	1,696,529	126,676,971	46,773,941	3,760,418	50,534,359	76,142,612

2024							(Rupees in thousand)	
	Depreciation rate (Percentage)	Cost as at July 01, 2023	Additions / (disposals)	Cost as at June 30, 2024	Accumulated depreciation and impairment as at July 01, 2023	Depreciation charge / (disposals) for the year	Accumulated depreciation and impairment as at June 30, 2024	Book value as at June 30, 2024
Owned assets:								
Freehold land	-	1,940,890	54,198	1,995,088	-	-	-	1,995,088
Buildings on freehold land								
- Factory building	5%	23,197,126	157,597	23,354,723	8,559,270	738,511	9,297,781	14,056,942
- Office building and housing colony	5%	4,039,384	57,642	4,097,026	1,138,068	146,399	1,284,467	2,812,559
Roads	10%	2,452,118	2,054	2,454,172	1,153,105	129,949	1,283,054	1,171,118
Plant and machinery	3.34 %-6.59%	80,172,288	1,374,109 (208,000)	81,338,397	26,223,280	2,192,117 (94,835)	28,320,562	53,017,835
Quarry equipment	10%	4,479,526	-	4,420,051	2,541,726	149,274 (42,356)	2,648,644	1,771,407
Furniture and fittings	30%	516,833	(59,475)	557,204	372,688	48,234	420,922	136,282
Office equipment	30%	648,573	41,867	690,144	424,234	74,160 (247)	498,147	191,997
Vehicles	20%	1,105,790	138,122 (76,892)	1,167,020	549,246	99,565 (50,308)	598,503	568,517
Aircraft parts	30%	328,752	-	328,752	321,551	2,159	323,710	5,042
Power and water supply lines	10%	4,026,745	288,120	4,314,865	1,788,839	240,772	2,029,611	2,285,254
		122,908,025	2,154,080 (344,663)	124,717,442	43,072,007	3,821,140 (187,746)	46,705,401	78,012,041
Leased assets:								
Leasehold land	3.33%	263,000	-	263,000	59,773	8,767	68,540	194,460
		263,000	-	263,000	59,773	8,767	68,540	194,460
		123,171,025	1,809,417	124,980,442	43,131,780	3,642,161	46,773,941	78,206,501

17.1.1 Freehold land and building include book values of Rs 12 million (2024: Rs 12 million) and Rs 3.821 million (2024: Rs 4.252 million) respectively which are held in the name of the Chief Executive of the Company. This property is located in the locality of Defence Housing Authority, Lahore, where the bye-laws restrict transfer of title of the residential property in the name of the Company.

17.1.2 Following are the particulars of the Company's immovable fixed assets:

Location	Total Area (in Acres)	
	2025	2024
Hub, Mauza Chichai, Balochistan	1462.5	1462.5
Khairpur district, Chakwal, Punjab	901.5	901.5
Kanrach Nai, District Lasbela, Balochistan	723.1	723.1
Dera Ghazi Khan, Punjab	590.0	590.0
Lakho Dair, Lahore, Punjab	44.0	44.0
Gulberg, Lahore, Punjab	1.5	1.5
Others	0.3	0.3
Usage of immovable property		
Plant site and staff colony	1462.5	1462.5
Plant site and staff colony	901.5	901.5
Source of raw material	723.1	723.1
Plant site and staff colony	590.0	590.0
Processing site	44.0	44.0
Administrative offices	1.5	1.5
Sales offices	0.3	0.3
2025 (Rupees in thousand)		
	3,687,395	3,738,197
	101,013	79,017
	14,508	12,693
	3,802,916	3,829,907

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

Cost of sales	- note 28
Administrative expenses	- note 29
Selling and distribution expenses	- note 30

17.1.4 Sale of operating fixed assets

Detail of operating fixed assets sold during the year is as follows:

		2025					(Rupees in thousand)	
Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss) on sale	Mode of sale		
Quarry Equipment								
	Outside parties							
	M/s Caterpillar	6,570	4,540	6,570	2,030	Auction		
Vehicles								
	Outside parties							
	Mr. Muneeb Ahmed	4,548	1,149	6,704	5,555	Auction		
	Mr. Ali Subhani	3,476	1,061	6,451	5,390	-do-		
	Mr. Asad Ali	1,704	416	2,875	2,459	-do-		
	Mr. Khurram Imtiaz	3,132	736	5,657	4,921	-do-		
	M/s Kausar Sons Leisure Private Limited	31,065	17,734	25,000	7,266	-do-		
	Mr. Sultan Mohammad	54	6	18	12	-do-		
	Mr. Abdul Rahim	70	26	64	38	-do-		
	Mr. Furqan Ahmed	1,250	373	1,930	1,557	-do-		
	Mr. Muhammad Umer	64	20	56	36	-do-		
	Mr. Mohammad Farooq	2,163	584	3,368	2,784	-do-		
	Mr. Khalil Ahmad	1,127	279	1,400	1,121	-do-		
	Mr. Asim Muntaz	1,931	483	3,708	3,225	-do-		
	Employees							
	Brid. (R) Jawed Akhtar	2,299	772	772	-	As per Company Policy		
	Maj.(R) Aslam Pervaiz	2,306	741	741	-	-do-		
	Mr. Khalid Mehmood Khalid	1,923	525	430	(95)	-do-		
	Mr. Mukhtar Hussain Shafqat	2,512	1,294	1,294	-	-do-		
	Mr. Malik Abdul Majeed	2,219	685	685	-	-do-		
	Col. (R) Taimur Malik	2,244	614	606	(8)	-do-		
	Mr. Syed Javed Hussain Zaidi	1,924	491	491	-	-do-		
	Mr. Imran Razzak	1,716	604	604	-	-do-		
	Mr. Muhammad Ramzan	2,054	723	723	-	-do-		

Particulars of assets	2024					(Rupees in thousand)	
	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss) on sale	Mode of sale	
Plant & Machinery							
	Outside parties						
	M/s Latif & Brothers						
	M/s Gulzar & Brothers	208,000	113,165	33,638	(79,527)	As per Company Policy	
Quarry Equipment							
	Related party						
	Security General Insurance Company Limited	59,475	17,119	68,063	50,944	Insurance claim	
Vehicles							
	Outside parties						
	Mr. Agha Ali	26,607	7,445	18,000	10,555	Auction	
	Mr. Muhammad Awais	4,577	1,358	7,556	6,198	-do-	
	Mr. Syed Salman Ali	2,503	585	3,377	2,792	-do-	
	Related party						
	Security General Insurance Company Limited	8,153	6,499	9,523	3,024	Insurance claim	
	Employees						
	Mr. Muhammad Nasrullah	2,455	1,582	1,582	-	As per Company Policy	
	Mr. Syed Ghulam Mujtaba	2,384	1,031	1,031	-	-do-	
	Mr. Abdul Ghani Nizamani	2,335	970	970	-	-do-	
	Mr. Amin Uddin	1,751	632	632	-	-do-	
	Mr. Elahi Baksh	2,100	606	606	-	-do-	
	Mr. Amir Noor	2,062	668	3,278	2,610	Auction	
	Mr. Arif Sattar	1,651	549	3,020	2,471	-do-	

17.2 Capital work-in-progress

	2025						(Rupees in thousand)	
	Balance as at July 1, 2024	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Charged off during the year	Transfers within capital work-in-progress	Transfers to operating fixed assets	Transfers to major spare parts and stand by equipment	Balance as at June 30, 2025
Civil works	664,340	184,287	-	-	(116,781)	(701,617)	-	30,229
Plant and machinery	540,356	834,316	-	-	(253,875)	(496,758)	(2,659)	621,380
Advances to suppliers and contractors - note 17.2.1	110,943	253,177	-	-	(249,813)	-	-	114,307
Others:								
- Intangible assets	16,051	633	-	-	-	-	-	16,684
- Unallocated capital expenditure	9,339	32,135	-	-	19,629	(45,391)	-	15,712
	1,341,029	1,304,548	-	-	(600,840)	(1,243,766)	(2,659)	798,312

	2024						(Rupees in thousand)	
	Balance as at July 1, 2023	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Charged off during the year	Transfers within capital work-in-progress	Transfers to operating fixed assets	Transfers to major spare parts and stand by equipment	Balance as at June 30, 2024
Civil works	771,299	433,697	-	-	-	(540,656)	-	664,340
Plant and machinery	1,097,624	1,591,700	-	-	(981,919)	(1,167,049)	-	540,356
Advances to suppliers and contractors	91,594	364,873	-	-	(345,524)	-	-	110,943
Others:								
- Intangible assets	11,744	4,307	-	-	-	-	-	16,051
- Unallocated capital expenditure	34,603	27,323	26,722	(1,785)	-	(77,524)	-	9,339
	2,006,864	2,421,900	26,722	(1,785)	(1,327,443)	(1,785,229)	-	1,341,029

17.2.1

This includes advance paid to Pakistan Aviators & Aviation (Private) Limited, a related party, amounting to Nil (2024: Rs 82.195 million) for procurement of aircraft parts. The maximum aggregate amount outstanding at the end of any month during the year was Rs 92.201 million (2024: Rs 83.915 million). The balances are neither past due nor impaired.

2025 2024
(Rupees in thousand)

17.3 Major spare parts and stand-by equipment

The reconciliation of carrying amount is as follows:

Balance at the beginning of the year	330,309	199,541
Additions during the year	21,649	202,433
	351,958	401,974
Transfers made during the year	(40,323)	(71,665)
Balance at the end of the year	311,635	330,309

17.4 All property, plant and equipment are pledged as security against long term finances as referred to in note 7.

18. Intangible assets

This represents computer software and related license(s). The reconciliation of carrying amount is as follows:

2025 2024
(Rupees in thousand)

COST

Balance as at July 01	77,655	21,500
Additions during the year	-	56,155
Balance as at June 30	77,655	77,655

AMORTIZATION

Balance as at July 01	34,893	11,348
Charge for the year	29,686	23,545
Balance as at June 30	64,579	34,893
Book value as at June 30	13,076	42,762
Annual amortization rate %	33.33% - 50%	33.33% - 50%

- note 29

2025 2024
(Rupees in thousand)

19. Long term investments

These represent the long term investments in:

- Related parties	- note 19.1	20,136,405	16,293,887
- Others	- note 19.2	553,140	339,177
		20,689,545	16,633,064

19.1 Related parties

Subsidiaries - unquoted - at cost:

Local subsidiaries:

Nishat Packaging Limited

25,595,398 (2024: 25,595,398) fully paid

ordinary shares of Rs 10 each

Equity held: 55% (2024: 55%)

Cost - Rs 250.811 million (2024: Rs 250.811 million)

Cumulative impairment loss - Nil (2024: Nil)

- note 19.1.1

250,811

250,811

Nishat Dairy (Private) Limited

243,675,000 (2024: 256,500,000) fully paid

ordinary shares of Rs 10 each

Equity held: 55.10% (2024: 55.10%)

Cost - Rs 2,104.540 million (2024: Rs 2,215.305 million)

Cumulative impairment loss - Nil (2024: Nil)

- note 19.1.2

2,104,540

2,215,305

2,355,351

2,466,116

Foreign subsidiary:

D.G. Khan Cement Company (USA) LLC

Equity held: 100% (2024: Nil)

Cost - Rs 8,461.500 million (2024: Nil)

Cumulative impairment loss - Nil (2024: Nil)

- note 19.1.3

8,462

-

8,462

-

2,363,813

2,466,116

Associate - quoted - FVOCI:

Nishat Mills Limited

30,289,501 (2024: 30,289,501) fully paid

ordinary shares of Rs 10 each

Equity held: 8.61% (2024: 8.61%)

Cost - Rs 1,326.559 million (2024: Rs 1,326.559 million)

3,812,842

2,146,011

3,812,842

2,146,011

Related Parties - quoted - FVOCI:

Nishat (Chunian) Power Limited

5,683,067 (2024: 5,683,067) fully paid

ordinary shares of Rs 10 each

Equity held: 1.55% (2024: 1.55%)

Cost - Rs 102.408 million (2024: Rs 102.408 million)

138,155

170,208

		2025	2024
		(Rupees in thousand)	
MCB Bank Limited			
21,305,315 (2024: 21,305,315) fully paid ordinary shares of Rs 10 each			
Equity held: 1.80% (2024: 1.80%)			
Cost - Rs 125.834 million (2024: Rs 125.834 million)	- note 19.4	6,143,175	4,836,755
Adamjee Insurance Company Limited			
27,877,735 (2024: 27,877,735) fully paid ordinary shares of Rs 10 each			
Equity held: 7.97% (2024: 7.97%)			
Cost - Rs 1,239.698 million (2024: Rs 1,239.698 million)		1,394,166	1,001,089
		7,675,496	6,008,052
Other Related Parties - FVOCI - unquoted:			
Nishat Hotels and Properties Limited			
104,166,667 (2024: 104,166,667) fully paid ordinary shares of Rs 10 each			
Equity held: 8.55% (2024: 8.55%)			
Cost - Rs 1,041.667 million (2024: Rs 1,041.667 million)	- note 19.1.4	2,721,875	2,002,083
Hyundai Nishat Motor (Private) Limited			
195,623,000 (2024: 195,623,000) fully paid ordinary shares of Rs 10 each			
Equity held: 10% (2024: 10%)			
Cost - Rs 1,956.23 million (2024: Rs 1,956.23 million)	- note 19.1.5	3,562,379	3,671,625
		6,284,254	5,673,708
		20,136,405	16,293,887

19.1.1 Nishat Packaging Limited (formerly known as Nishat Paper Products Company Limited) is principally engaged in the manufacture and sale of packaging material. The registered office of the subsidiary is situated at 53-A, Nishat House, Lawrence Road, Lahore and the manufacturing facilities are located at Khairpur, District Chakwal on the Company's land and Quaid-e-Azam Business Park, Industrial Estate, Sheikhpura.

19.1.2 The principal activity of Nishat Dairy (Private) Limited is to carry on the business of production of raw milk. The registered office of the subsidiary is situated at 53-A, Nishat House, Lawrence Road, Lahore and its production facility and factory is situated at 1- KM Sukheki Road, Pindi Bhattian.

19.1.3 D.G. Khan Cement Company (USA) LLC is a wholly owned subsidiary of D.G. Khan Cement Company Limited situated in 509 Branard Street, Houston Texas, United States of America. The principle business of the subsidiary is sale of cement products. The subsidiary has not yet commenced its commercial operations.

19.1.4 This represents investment in the ordinary shares of Nishat Hotels and Properties Limited ('NHPL') which is principally engaged in establishing and managing a multi-purpose facility including a shopping mall, hotel, and banquet halls in Johar Town, Lahore, by the name of 'Nishat Emporium'. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 26.13 per ordinary share as at June 30, 2025 (2024: Rs 19.22 per share) through a valuation technique based on discounted cash flow analysis of NHPL. Hence, it has been classified under level 3 of fair value

hierarchy as further explained in note 45.3 to these financial statements. The fair value gain of Rs 719.792 million recognised during the year is included in unconsolidated statement of comprehensive income.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL.
- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 16.12% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation with a range of 6.50% to 7.70% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 270.833 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 98.958 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 20.833 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 5.208 million lower.

- 19.1.5** This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 18.21 per ordinary share as at June 30, 2025 (2024: Rs 18.77 per share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 45.3 to these financial statements. The fair value loss of Rs 109.246 million recognised during the year is included in unconsolidated statement of comprehensive income.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 17.01% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation both of 4% per annum respectively, and revenue are also linked to currency devaluation at 4% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

19.3.1 This represents the disposal of 12,825,000 ordinary shares held in Nishat Dairy (Private) Limited pursuant to the buyback of shares arrangement offered by Nishat Dairy (Private) Limited. The Company sold 12.825 million shares at a price of Rs 10 per share for a total consideration of Rs 128.25 million.

19.3.2 This represents the reversal of impairment loss against un-quoted equity shares held of Nishat Dairy (Private) Limited, a subsidiary company. As per guidance of IAS 36 "Impairment of Assets", the management assessed the recoverable amount of the investment to evaluate existence of any potential indicator(s) of impairment against the recognised carrying amount. Subsequent to the assessment performed, the management had reversed the impairment loss previously recognised in profit or loss amounting to Rs 162.789 million, and recognised the same as 'Other Income'.

19.4 3,860,267 (2024: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

20. Long term deposits

These represent security deposits against various goods and services. These deposits have not been carried at amortized cost mainly because the period after which the deposits are to be refunded is indefinite. Further, the effect of discounting is immaterial in the context of these unconsolidated financial statements.

21. Stores, spare parts and loose tools

Stores [including in transit: Rs 176.26 million
(2024: Rs 88.61 million)]
Spare parts [including in transit Rs 257.24 million
(2024: Rs 495.65 million)]
Loose tools

	2025	2024
	(Rupees in thousand)	
	3,451,370	4,275,798
	8,782,572	8,213,354
	72,737	70,622
	<u>12,306,679</u>	<u>12,559,774</u>

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

22. Stock-in-trade

Raw materials
Packing material
Work-in-process - note 22.1
Finished goods

	2025	2024
	(Rupees in thousand)	
	437,076	484,518
	595,695	550,216
	5,260,633	5,050,433
	1,895,274	1,607,900
	<u>8,188,678</u>	<u>7,693,067</u>

22.1 This includes write-back during the year against net realizable value allowance amounting to Rs 57.975 million (2024: Nil).

23. Trade debts

Others
Related parties - note 23.1
Loss allowance - note 23.2

	2025	2024
	(Rupees in thousand)	
	1,620,874	1,109,552
	201,962	69,047
	1,822,836	1,178,599
	(329,756)	(322,857)
	<u>1,493,080</u>	<u>855,742</u>

2025 2024
(Rupees in thousand)

23.1 This includes balances due from the following related parties:

Nishat Mills Limited	57,896	30,755
Nishat Packaging Limited	143,326	38,274
Nishat Dairy (Private) Limited	324	14
Nishat Agriculture Farming (Private) Limited	416	4
	201,962	69,047

23.1.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs 144.347 million (2024: Rs 69.047 million). The aging analysis of trade debts from related parties that are past due and carry loss allowance is as follows:

2025 2024
(Rupees in thousand)

Up to 90 days	7,341	43,237
91 to 180 days	8,103	11,447
181 to 365 days	115,420	12,586
Above 365 days	71,098	1,777
	201,962	69,047
Loss allowance	(50,956)	(19,281)
	151,006	49,766

23.2 Loss allowance

The reconciliation of loss allowance is as follows:

Balance at the beginning of the year		322,857	219,490
Loss allowance recognised during the year	- note 31	6,899	103,367
Balance as at end of the year		329,756	322,857

24. Short term investments

These represent the short term investments in:

Investments at fair value through OCI:

- Related party	- note 24.1	23,347,443	18,382,245
- Others	- note 24.2	4,137	2,637

Investments at fair value through profit or loss:

- Related party	- note 24.3	653,520	-
		24,005,100	18,384,882

24.1 Investments at fair value through OCI - Related party

MCB Bank Limited

80,971,917 (2024: 80,971,917) fully paid ordinary shares of Rs 10 each

Equity held: 6.83% (2024: 6.83%)

Cost - Rs 478.234 million (2024: Rs 478.234 million)

23,347,443	18,382,245
------------	------------

		2025	2024
		(Rupees in thousand)	
24.2 Investments at fair value through OCI - Others			
Nishat (Chunian) Limited			
100,620 (2024: 100,620) fully paid ordinary shares of Rs 10 each			
Equity held: 0.042% (2024: 0.042%)			
Cost - Rs 0.832 million (2024: Rs 0.832 million)		4,137	2,637
24.3 Investments at fair value through profit or loss			
- Related party			
Mutual funds			
MCB Cash Management Optimizer (Number of units: 6,387,825 (2024: Nil))		653,520	-
24.4 Reconciliation of carrying amount			
Opening balance		18,384,882	9,270,898
Fair value gain recognised in unconsolidated statement of comprehensive income		4,966,698	9,113,984
Fair value gain recognised in unconsolidated statement of profit or loss		653,520	-
Closing balance		24,005,100	18,384,882
25. Loans, advances, deposits, prepayments and other receivables			
Advances			
- To employees		11,206	13,659
- To suppliers	- note 25.1	104,114	37,685
		115,320	51,344
Prepayments	- note 25.2	9,740	5,900
Due from related parties	- note 25.3	157,081	10,995
Letters of credit - margins, deposits, opening charges etc.		-	574
Profit receivable on bank deposits		20,826	99
Balances with statutory authorities:			
- Sales tax - net		890,840	73,900
- Excise duty - net		128,144	-
- Export rebate		16,766	15,304
		1,035,750	89,204
Other receivables	- note 25.4	6,956	2,173
		1,345,673	160,289
25.1	This includes advance payment to Pakistan Aviators and Aviation (Pvt.) Ltd, a related party, of Rs 0.25 million (2024: Nil). The maximum aggregate amount outstanding at the end of any month during the year was Rs 0.25 million (2024: Nil). The balances are neither past due nor impaired.		
25.2	This represents prepayments to Adamjee Insurance Company Limited, a related party, of Rs 9.740 million (2024: Rs 5.900 million) on account of insurance premium. The maximum aggregate amount outstanding at the end of any month during the year was Rs 62.932 million (2024: Rs 19.728 million). The balances are neither past due nor impaired.		

2025 **2024**
(Rupees in thousand)

25.3 This includes balances due from the following related parties:

Hyundai Nishat Motor (Private) Limited	3,655	10,995
Nishat Power Limited	41	-
Nishat Chunian Power Limited	3,872	-
Nishat Dairy Private Limited	148,898	-
Nishat Mills Limited	615	-
	<u>157,081</u>	<u>10,995</u>

25.3.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs 359.293 million (2024: Rs 10.995 million). This amount is neither past due nor impaired.

25.3.2 This represents Rs 148.898 million as receivable against losses surrendered to Nishat Dairy Private Limited, the subsidiary company. For the tax year 2024, the Company surrendered losses amounting to Rs 894.610 million to the subsidiary company, resulting in related tax effect receivable amounting to Rs 348.898 million, under group relief arrangement as per section 59B of the Income Tax Ordinance, 2001.

25.4 Includes a receivable of Rs 6.620 million (2024: Rs 0.833 million) from Hyundai Nishat Motor (Private) Limited, being a related party of the Company. The maximum aggregate amount outstanding at the end of any month during the year of Hyundai Nishat Motor (Private) Limited was Rs 6.620 million (2024: Rs 4.817 million). This amount is neither past due nor impaired.

2025 **2024**
(Rupees in thousand)

26. Cash and bank balances

At banks:		
Savings accounts		
Local currency	- notes 26.1, 26.2 & 26.3	163,590
Foreign currency: US\$ 247,674 (2024: US\$ 1,248,304)		69,523
Current accounts		
Local currency		38,466
Foreign currency: US\$ 1,049,799 (2024: US\$ 876,481)		297,021
		<u>568,600</u>
In hand		232
		<u>568,832</u>

26.1 The balances in saving accounts bear mark-up / profit of 9.5% per annum (2024: 20.5% per annum).

26.2 Included in balances at banks on saving accounts are Rs 14.48 million (2024: Rs 14.48 million) which are under lien to secure bank guarantees referred to in note 13.4.

26.3 Included in balances at banks in saving accounts is Rs 0.007 million (2024: Rs 0.006 million) which relates to unpaid dividend held by the Company.

		2025	2024
		(Rupees in thousand)	
27. Revenue from contracts with customers - net			
Local sales		84,943,340	75,993,881
Export sales	- note 27.1	17,046,633	11,589,607
		101,989,973	87,583,488
Less:			
Sales tax		14,622,515	13,012,128
Federal Excise Duty		13,867,483	7,214,442
Trade discount		810,303	742,881
Commission to stockists and export agents		491,572	381,485
Ocean freight	- note 27.2	305,263	193,863
		30,097,136	21,544,799
		71,892,837	66,038,689
27.1 Disaggregation of revenue (gross sales exclusive of rebate and incentive on exports)			
Primary geographical markets			
Bangladesh		3,719,540	5,662,487
West Africa		3,306,739	442,366
Sri Lanka		3,299,506	2,757,117
Kenya		2,055,279	-
USA		1,240,207	1,954,140
Madagascar		1,080,213	235,752
Tanzania		580,136	70,119
Qatar		433,305	430,639
South Africa		427,626	-
Afghanistan		279,845	13,719
Gabon		255,303	-
Comoros		253,592	-
Seychelles		104,866	-
Mexico		-	320
		17,036,157	11,566,659

27.1.1 It includes rebate and incentive on exports amounting to Rs 7.613 million (2024: Rs 4.636 million) and Rs 2.862 million (2024: Rs 18.311 million) respectively. Incentive is received due to early shipment made under the contract.

27.2 Represents freight cost incurred upon shipping goods to export customers under cost and freight terms in the capacity of agent.

		2025	2024
		(Rupees in thousand)	
28. Cost of sales			
Raw materials consumed		1,102,062	1,002,628
Packing materials consumed		3,175,609	3,739,562
Salaries, wages and other benefits	- note 28.1	5,651,159	5,436,224
Fuel and power	- note 28.2	32,319,091	33,101,770
Stores and spares consumed		3,886,988	4,481,460
Repairs and maintenance		354,009	345,076
Insurance		203,818	175,058
Depreciation on operating fixed assets	- note 17.1.3	3,687,395	3,738,197
Royalty	- note 28.3	2,848,805	541,591
Excise duty		222,103	398,223
Vehicle running		461,859	527,603
Security expenses		247,628	247,505
Input sales tax written off		2,433	53,831
Postage, telephone and telegram		13,285	12,807
Printing and stationery		21,153	25,589
Legal and professional charges		7,040	9,407
Travelling and conveyance		3,971	7,557
Plant cleaning and gardening expenses		77,359	62,999
Rent, rates and taxes	- note 28.4	(564,557)	274,623
Freight charges		36,609	82,517
Water charges		41,648	6,108
Other expenses		86,588	103,094
		53,886,055	54,373,429
Work-in-process:			
Opening work-in-process	- note 22	5,050,433	6,199,920
Closing work-in-process	- note 22	(5,260,633)	(5,050,433)
		(210,200)	1,149,487
Cost of goods manufactured		53,675,855	55,522,916
Finished goods:			
Opening stock of finished goods	- note 22	1,607,900	1,610,067
Closing stock of finished goods	- note 22	(1,895,274)	(1,607,900)
		(287,374)	2,167
Own consumption		(1,315)	(14,654)
		53,387,166	55,510,429

28.1 Salaries, wages and other benefits include Rs 122.149 million (2024: Rs 115.102 million), in respect of provident fund contribution by the Company. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2025	2024
	(Rupees in thousand)	
Gratuity		
Current service cost	95,095	90,915
Interest cost for the year	156,847	153,123
Interest income on plan assets	(85,166)	(76,249)
	166,776	167,789
Accumulating compensated absences		
Current service cost	62,557	63,673
Interest cost for the year	19,800	20,487
Remeasurements	(11,587)	(3,764)
	70,770	80,396

28.2 The company has shared expenses aggregating to Rs 12 million (2024: Rs 12 million) on account of combined offices with Nishat Packaging Limited. These expenses have been recorded in respective account.

28.3 This includes reversal of provision of royalty amounting to Nil (2024: Rs 628.026 million) pursuant to the decision of the honorable Supreme Court of Pakistan in favor of the Company to the extent of retrospective application of revised royalty rate(s) through impugned notification of the Secretary Mines and Minerals Department, Government of Baluchistan.

28.4 This includes rentals of heavy machinery used at quarry site where raw materials i.e. clay and limestone, are extracted.

28.4.1 This includes the reversal of the electricity duty expense amounting to Rs 817.153 million, pursuant to the decision of the honorable Supreme Court of Pakistan dated October 8, 2024, in Civil Appeals Nos. 256 to 472 of 2011 (2024 SCP 348), which held that no electricity duty can be recovered from the entities using generators exceeding 500 KW capacity for self-consumption.

		2025	2024
		(Rupees in thousand)	
29. Administrative expenses			
Salaries, wages and other benefits	- note 29.1	581,966	510,286
Electricity, gas and water		114,539	123,552
Repairs and maintenance		13,233	12,129
Insurance		36,755	37,690
Amortization of intangible assets	- note 18	29,686	23,545
Depreciation on operating fixed assets	- note 17.1.3	101,013	79,017
Vehicle running		53,207	45,026
Postage, telephone and telegram		15,000	12,439
Printing and stationery		44,596	46,513
Legal and professional services	- note 29.2	73,076	71,700
Travelling and conveyance		110,061	100,111
Rent, rates and taxes		1,345	1,994
Entertainment		9,977	7,778
School expenses		84,679	72,481
Fee and subscription		13,348	30,691
Other expenses		12,493	31,153
		1,294,974	1,206,105

- 29.1** Salaries, wages and other benefits includes Rs 14.879 million (2024: Rs 14.123 million) in respect of provident fund contribution by the Company. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2025	2024
	(Rupees in thousand)	
Gratuity		
Current service cost	16,992	14,570
Interest cost for the year	28,027	24,540
Interest income on plan assets	(15,218)	(12,220)
	29,801	26,890
Accumulating compensated absences		
Current service cost	11,255	8,651
Interest cost for the year	3,562	2,784
Remeasurements	(2,085)	(511)
	12,732	10,924
29.2 Legal and professional charges		
Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:		
Statutory audits	4,359	3,694
Interim review	1,100	933
Tax services	33,859	43,473
Certifications required under various regulations	474	402
Out of pocket expenses	1,090	924
	40,882	49,426

30. Selling and distribution expenses

Salaries, wages and other benefits	- note 30.1	336,117	325,371
Electricity, gas and water		5,857	5,399
Repairs and maintenance		1,727	1,557
Insurance		1,316	1,610
Depreciation on operating fixed assets	- note 17.1.3	14,508	12,693
Vehicle running		19,213	23,356
Postage, telephone and telegram		5,163	4,761
Printing and stationery		2,503	3,200
Rent, rates and taxes		3,495	3,342
Travelling and conveyance		12,817	18,643
Entertainment		3,779	2,155
Advertisement and sales promotion		55,700	32,140
Freight and handling charges		3,366,602	2,130,235
Legal and professional charges		-	12,670
Other expenses		45,891	31,405
		3,874,688	2,608,537

- 30.1** Salaries, wages and other benefits includes Rs 13.191 million (2024: Rs 12.517 million) in respect of provident fund contribution by the Company. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

		2025	2024
		(Rupees in thousand)	
Gratuity			
Current service cost		9,956	9,128
Interest cost for the year		16,421	15,373
Interest income on plan assets		(8,917)	(7,655)
		17,460	16,846
Accumulating compensated absences			
Current service cost		6,409	5,709
Interest cost for the year		2,028	1,837
Remeasurements		(1,187)	(338)
		7,250	7,208
31. Net impairment loss on financial assets			
Expected credit loss recognised during the year	- note 23.2	6,899	103,367
32. Other expenses			
Workers' Profit Participation Fund	- note 12.4	486,203	-
Workers' Welfare Fund	- note 12.5	184,757	-
Exchange loss		48,377	-
Donations	- note 32.1	6,326	5,033
		725,663	5,033

- 32.1** This includes donation made to Pakistan Agricultural Coalition. None of the Directors or their spouses have any interest in the donee.

		2025	2024
		(Rupees in thousand)	
33. Other income			
Income on bank deposits	- note 33.1	125,830	12,480
Dividend income from:			
- Related parties	- note 33.2	3,935,390	3,610,229
- Others		22,868	13,540
		3,958,258	3,623,769
Rental income		4,075	6,021
Reversal of impairment loss against investment held in subsidiary	- note 19.3	-	162,789
Gain on disposal of operating fixed assets		36,385	23,152
Scrap sales		119,563	138,029
Gain on disposal of investments	- note 19.3.1	17,485	18,405
Provisions and unclaimed balances written back		9,974	50,122
Exchange gain		-	200,018
Others		-	12
		4,271,570	4,234,797

- 33.1** Included in this is profit earned from shariah compliant deposits amounting to Rs 7.344 million (2024: Rs 8.094 million).

	2025	2024
	(Rupees in thousand)	
33.2 Dividend income from related parties		
Nishat Mills Limited	90,869	151,448
Adamjee Insurance Company Limited	83,633	83,633
MCB Bank Limited	3,681,982	3,375,148
Nishat Chunian Private Limited	39,781	-
Hyundai Nishat Motor (Private) Limited	39,125	-
	<u>3,935,390</u>	<u>3,610,229</u>

34. Finance cost

Interest / mark-up / profit on:

- Long term finances from financial institutions - secured	- note 34.1	2,338,476	3,994,553
- Short term borrowings from financial institutions - secured		1,442,023	3,927,638
- Workers' Profit Participation Fund		36,237	2,787
- Bank charges		53,669	76,127
		<u>3,870,405</u>	<u>8,001,105</u>

- 34.1** Included in this is the finance cost incurred on TERF and ITERF, which has been set off against the amount of unwinding of grant as referred in note 8.

35. Levy

Levy represents final taxes paid under section 5 of the Income Tax Ordinance, 2001 (the 'ITO, 2001'), in terms of requirements of IFRIC 21 / IAS 37.

- 35.1** Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	2025	2024
	(Rupees in thousand)	
Unconsolidated statement of profit or loss		
Current tax liability for the year as per applicable tax laws	4,329,553	2,296,514
Portion of current tax liability as per tax laws, representing income tax under IAS 12	3,752,428	1,775,666
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	577,125	520,848
Difference	-	-

- 35.2** The aggregate of minimum / final tax and income tax, amounting to Rs 4,329.553 million (2024: Rs. 2,296.514 million) represents tax liability of the Company calculated under the relevant provisions of the ITO, 2001.

		2025	2024
		(Rupees in thousand)	
36. Income tax			
Current:			
- For the year		2,882,407	1,055,746
- Prior years'	- note 36.1	(370,285)	(63,982)
		2,512,122	991,764
Deferred	- note 11	1,240,306	783,902
		3,752,428	1,775,666

36.1 This includes Rs 170.575 million related to the tax credit under Section 65B of the Income Tax Ordinance, 2001. Initially, the Company had recognized credit at the rate of 5% in its books, as per amendment introduced through the Finance Act, 2019. However, the honorable Supreme Court of Pakistan, vide its judgment dated September 18, 2024, allowed companies to claim the credit at the rate of 10% for the period up to June 30, 2019, thereby resulting in recognition of the additional credit.

		2025	2024
		Percentage	Percentage
36.2 Tax charge reconciliation			
Numerical reconciliation between the average effective tax rate and the applicable tax rate			
Applicable tax rate as per Income Tax Ordinance, 2001		29.00	29.00
Tax effect of:			
- Amounts that are not deductible for tax purposes - net		1.60	0.27
- Change in prior years' tax		(1.61)	21.39
- Super tax		10.56	10.17
- Income not subject to tax		0.02	0.09
- Previously recognised deferred tax asset charged off		-	37.85
- Amounts allowable as tax credit		(1.31)	-
- Tax benefit on loss surrender under group relief		(0.69)	-
- Income chargeable under final tax regime		(4.28)	(17.88)
		4.29	51.89
Average effective tax rate (including income tax and levy)		33.29	80.89

37. Earnings per share - basic and diluted

37.1 Earnings per share - Basic

Profit for the year	Rupees	8,675,059,000	542,396,000
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	19.80	1.24

37.2 Earnings per share - Diluted

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2025, and June 30, 2024, which would have any effect on the earnings per share if the option to convert is exercised.

38. Remuneration of Chief Executive, Directors and Executives

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

	(Rupees in thousand)					
	Chief Executive		Executive Director		Executives	
	2025	2024	2025	2024	2025	2024
Short term employee benefits						
Managerial remuneration	62,068	38,308	25,463	28,393	950,423	825,511
Housing	270	270	356	-	346,235	306,617
Utilities	-	20,252	-	670	72,874	67,308
Leave passage	-	-	1,090	1,435	30,074	26,028
Bonus	-	-	-	-	122,070	127,064
Medical expenses	8,043	3,873	2,682	1,007	120,042	31,868
Others	37,056	23,412	468	219	235,813	123,402
Post employment benefits						
Contributions to Provident and Gratuity Fund	-	-	4,668	5,205	156,689	131,121
	107,437	86,115	34,727	36,929	2,034,220	1,638,919
Number of persons	1	1	1	1	413	328

38.2 The Company also provides the Chief Executive, certain Directors and Executives with Company maintained car, travelling and utilities. Certain Executives are provided with housing facilities.

38.3 During the year, the Company paid meeting fee amounting to Rs 0.92 million (2024: Rs 0.76 million) to its Non-Executive Directors. The number of Non-Executive Directors is 5 (2024: 5).

		2025	2024
		(Rupees in thousand)	
		(Re-stated)	
39. Cash generated from operations			
Profit before income tax		12,427,487	2,318,062
Adjustments for:			
- Depreciation on operating fixed assets	- note 17.1.3	3,802,916	3,829,907
- Amortization of intangible assets	- note 18	29,686	23,545
- Gain on disposal of operating fixed assets	- note 33	(36,385)	(23,152)
- Dividend income	- note 33	(3,958,258)	(3,623,769)
- Capital work-in-progress projects charged off during the year	- note 17.2	-	1,785
- Gain on disposal of investments	- note 33	(17,485)	(18,405)
- Reversal of impairment loss over subsidiary	- note 33	-	(162,789)
- Income on bank deposits	- note 33	(84,011)	(12,480)
- Provision for retirement benefits	- notes 10.1.5 & 10.2.2	304,790	310,054
- Exchange loss / (gain)	- note 32	577	(128,982)
- Provisions and unclaimed balances written back	- note 33	(9,974)	(50,122)
- Unrealised gain on mutual funds	- note 33	(41,819)	-
- Net impairment loss on financial assets	- note 23.2	6,899	103,367
- Levy	- note 35	577,125	520,848
- Finance cost	- note 34	3,870,405	8,001,105
Profit before working capital changes		16,871,953	11,088,974
Effect on cash flows due to working capital changes:			
- Decrease in stores, spares and loose tools		253,095	1,292,231
- (Increase) / decrease in stock-in-trade		(495,611)	1,180,103
- (Increase) / decrease in trade debts		(644,237)	234,331
- (Increase) / decrease in loans, advances, deposits, prepayments and other receivables		(1,122,739)	765,758
- Increase / (decrease) in trade and other payables		948,967	(1,338,722)
		(1,060,525)	2,133,701
		15,811,428	13,222,675
40. Cash and cash equivalents			
Cash and bank balances	- note 26	568,832	732,168
Short term borrowings - secured	- note 13	(9,878,499)	(13,064,718)
Mutual funds held at fair value through profit or loss	- note 24	653,520	-
		(8,656,147)	(12,332,550)

The related parties include the subsidiaries, the Investor, related parties on the basis of common directorship, group companies, key management personnel and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. 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. Related party transactions carried out during the year are as follows:

		2025	2024
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
i. Subsidiary companies	Purchase of goods	2,554,074	2,614,724
	Sales of goods and services	158,818	105,764
	Rental income	1,080	966
	Investment in subsidiary	8,462	-
	Proceeds from disposal of investments	128,250	135,000
ii. Investor	Sale of goods	27,467	29,174
	Purchase of goods and services	948	2,467
	Dividend income	90,869	151,448
iii. Other related parties	Sale of goods	972	53,320
	Insurance premium	307,332	269,692
	Purchase of goods and services	227,221	292,923
	Reimbursement of expenses	22,515	16,576
	Insurance claims received	50,440	108,057
	Rental income	955	855
	Dividend income	3,844,521	3,458,781
	Markup and principal payments	198,011	339,995
iv. Key management personnel	Remuneration - note 41.1	413,383	351,079
v. Post employment benefit plans	Expense charge in respect of retirement benefit plan	304,790	310,054
	Expense charge in respect of contributory provident fund	150,220	141,743

41.1 This represents remuneration of the chief executive, executive director and certain executives that are included in the remuneration disclosed in note 38 to these unconsolidated financial statements.

- 41.2 Transactions with related parties have been carried out on mutually agreed terms and conditions. The related parties with whom the Company had entered into transactions or had arrangements / agreements in place during the year have been disclosed below along with their basis of relationship:

Name	Relationship	%age of shareholding in the Company
Adamjee Insurance Company Limited	Group company	-
Hyundai Nishat Motor (Private) Limited	Common directorship	-
Lalpir Power Limited	Common directorship	-
MCB Bank Limited	Group company	-
Nishat Sutas Dairy Limited	Group company	-
Nishat Dairy (Private) Limited	Subsidiary	-
Nishat Hospitality (Private) Limited	Group company	-
Nishat Hotels and Properties Limited	Common directorship	-
Nishat Agriculture Farming (Private) Limited	Common directorship	-
Nishat Linen (Private) Limited	Subsidiary of Investor	-
Nishat Mills Limited	Investor	31.40%
Nishat Packaging Limited	Subsidiary	-
Pakgen Power Limited	Group company	-
Pakistan Aviators & Aviation (Private) Limited	Group company	-
Security General Insurance Company Limited	Group company	0.10%
Mrs. Naz Mansha	Director / Chairperson	0.05%
Mian Raza Mansha	Director / Chief Executive	2.92%
Mrs. Ammil Raza Mansha	Spouse of Chief Executive	1.34%
Mian Hassan Mansha	Close family member of director	6.19%
Mian Umer Mansha	Close family member of director	6.29%
Mr. Shehryar Ahmed Baksh	Director	-
Mr. Shahzad Ahmad Malik	Director	-
Mr. Khalid Niaz Khawaja	Director	-
Mr. Usama Mahmud	Director	-
Mr. Farid Noor Ali Fazal	Director	-
Mr. Arif Bashir	Key Management Personnel	-
Mr. Inayat Ullah Niazi	Key Management Personnel	-
Adamjee Life Assurance Company Limited	Common Directorship	-
Delivery Management Consultant (Pvt) Limited	Common Directorship	-
Emporium Properties (Pvt) Limited	Common Directorship	-
Euronet Pakistan (Pvt) Limited	Common Directorship	-
Fortress Square Mall	Common Directorship	-
Golf View Land (Pvt) Limited	Common Directorship	-
NexGen Auto (Private) Limited	Common Directorship	-
DG Khan Cement Company (USA) LLC	Subsidiary	-
Paismo (Private) Limited	Common Directorship	-
World Wild Life Fund (WWF)	Common Directorship	-
Punjab Skill Development Fund	Common Directorship	-
Nishat Chunian Power Limited	Common Directorship	-
HKB Enterprises	Common Directorship	-
MCB Islamic Bank Limited	Common Directorship	-
Nishat (Aziz Avenue) Hotels and Properties Limited	Common Directorship	-
Nishat (Raiwind) Hotels and Properties Limited	Common Directorship	-
HKB Retail SMC (Pvt) Limited	Common Directorship	-
Nishat Agrotech Farm Supplies (Pvt) Ltd.	Common Directorship	-
Nishat Commodities (Pvt) Limited	Group company	-
Nishat Developers (Private) Limited	Common Directorship	-
Nishat Energy Limited	Group company	-
Nishat Power Limited	Common Directorship	-
Nishat Real Estate Development Co. (Pvt) Ltd.	Group company	-
Company's Employees Gratuity Fund	Post Employment Benefit Plan	-
Company's Employees Provident Fund	Post Employment Benefit Plan	-

42. Plant capacity and actual production

	Capacity		Actual production	
	2025	2024	2025	2024
Clinker (Metric Tonnes)				
Plant I & II - D.G. Khan	2,010,000	2,010,000	1,200,269	1,054,593
Plant III - Khairpur	2,010,000	2,010,000	1,126,633	1,051,594
Plant IV - Hub	2,700,000	2,700,000	2,730,421	2,235,280

42.1 Plant capacity is based on 300 working days, that can be exceeded if the plant is operational for more than 300 days during the year. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply of cement.

43. Number of employees

	2025	2024
Total number of employees as at June 30	1,798	1,871
Average number of employees during the year	1,829	1,870

44. Provident fund trust

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

45. Financial risk management**45.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other 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.

Risk management is carried out by the 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 and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

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

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions and recognised assets and liabilities 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, amounts payable to / receivable from foreign entities and short term borrowings.

	2025	2024
	(USD in thousand)	
Cash and bank balances	1,297	2,125
Trade receivables from foreign parties	2,240	1,191
Net asset exposure	3,537	3,316

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2025	2024	2025	2024
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
USD	279.46	283.29	283.76	278.34

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Company's profit before tax and equity. The Company's exposure to foreign currency changes for all currencies other than USD is not material.

	Change in Exchange Rate	Effect on profit before tax	Effect on Equity
		(Rupees in thousands)	
2025	10%	100,366	61,223
	-10%	(100,366)	(61,223)
2024	10%	92,298	56,302
	-10%	(92,298)	(56,302)

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified as fair value through other comprehensive income. 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 certain investments in equity instruments are publicly traded on the Pakistan Stock Exchange Limited.

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

	Impact on other components of equity	
	2025	2024
	(Rupees in thousand)	
Pakistan Stock Exchange Limited	2,158,975	1,639,565

As at June 30, 2025, the Company had no investments classified as at fair value through profit or loss, hence there is no impact on the profit for the year.

(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.

The Company's interest rate risk arises from loan to related party, bank balances, 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 or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

	2025	2024
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	233,113	420,946
Financial liabilities		
Export finances	(8,749,567)	(3,515,000)
Net exposure	(8,516,454)	(3,094,054)
Floating rate instruments:		
Financial liabilities		
Long term finances	(10,286,947)	(18,506,586)
Short term borrowings	(1,128,932)	(9,549,718)
Net exposure	(11,415,879)	(28,056,304)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a possible change in the interest rate, with all other variables held constant, of the Company's profit before tax and equity against the floating rate instruments.

	Change in Exchange Rate	Effect on profit before tax	Effect on Equity
	(Rupees in thousands)		
2025	1%	114,159	69,637
	-1%	(114,159)	(69,637)
2024	1%	280,563	171,143
	-1%	(280,563)	(171,143)

(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 Company arises from deposits with banks and other financial institutions, as well as credit exposures to 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. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2025	2024
	(Rupees in thousand)	
Long term deposits	61,013	61,568
Trade debts	1,493,080	855,742
Loans, deposits and other receivables	162,087	15,118
Balances with banks	568,600	731,765
	<u>2,284,780</u>	<u>1,664,193</u>

(ii) Impairment of financial assets

The Company's financial assets, other than investments in equity instruments, are subject to the expected credit losses model. While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

Trade debts

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade debts. The Company has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Security deposits pledged by the customers to Company have been regarded as collateral against trade receivables. These security deposits are in liquid form.

The amount of loss allowance that best represents maximum exposure to credit risk at the end of the reporting period without taking into account any collateral is Rs 454.253 million (2024: Rs 366.831 million).

Generally, default is triggered when more than 360 days have passed. However, in case of certain parties, extended credit period is allowed by the Credit Committee of the Company. The names of defaulting parties of outstanding trade debts from export sales and their respective default amount is as follows:

	2025	2024
	(Rupees in thousand)	
Nobel Translink Private Limited	1,353	1,328
Hizbullah & Saeed Ullah House Limited	663	651
Vikrant Traders	86,210	84,599
	<u>88,226</u>	<u>86,578</u>

On that basis, the loss allowance as at June 30, 2025 and June 30, 2024 was determined as follows:

June 30, 2025	Local sales			Export sales		
	Expected	Trade debts	Loss	Expected	Trade debts	Loss
	loss rate		allowance	loss rate		allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Net trade debts*						
Up to 30 days	1.73%	308,322	5,346	0.00%	50,002	-
31 to 60 days	3.87%	243,490	9,433	0.00%	126,627	-
61 to 90 days	7.87%	37,827	2,978	0.00%	338,775	-
91 to 120 days	14.85%	84,642	12,570	0.00%	1,609	-
121 to 150 days	22.52%	21,023	4,734	0.00%	-	-
151 to 180 days	32.12%	6,144	1,973	0.00%	-	-
181 to 210 days	38.43%	6,051	2,325	0.00%	-	-
211 to 240 days	47.34%	9,511	4,502	0.00%	29,968	-
241 to 270 days	52.66%	21,918	11,542	0.00%	-	-
271 to 300 days	60.50%	23,660	14,315	0.00%	-	-
301 to 330 days	70.69%	20,688	14,623	0.00%	-	-
331 to 360 days	79.57%	24,764	19,705	0.00%	-	-
Above 360 days	42.39%	324,299	137,483	100.00%	88,226	88,226
		1,132,339	241,529		635,207	88,226
Trade debts against which collateral is held		154,145	-		-	-
Gross Trade debts		1,286,484	241,529		635,207	88,226

June 30, 2024	Local sales			Export sales		
	Expected	Trade debts	Loss	Expected	Trade debts	Loss
	loss rate		allowance	loss rate		allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Net trade debts*						
Up to 30 days	0.09%	62,353	56	0.00%	122,491	-
31 to 60 days	0.37%	73,540	272	0.00%	122,315	-
61 to 90 days	1.24%	7,558	94	0.00%	-	-
91 to 120 days	3.17%	7,375	234	0.00%	-	-
121 to 150 days	6.25%	3,491	218	0.00%	-	-
151 to 180 days	11.68%	2,922	341	0.00%	-	-
181 to 210 days	16.32%	3,792	619	0.00%	-	-
211 to 240 days	22.47%	1,561	351	0.00%	-	-
241 to 270 days	28.42%	5,296	1,505	0.00%	-	-
271 to 300 days	34.87%	54,388	18,965	0.00%	-	-
301 to 330 days	44.40%	54,560	24,225	0.00%	-	-
331 to 360 days	54.28%	20,650	11,209	0.00%	-	-
Above 360 days	57.66%	309,041	178,193	100.00%	86,577	86,577
		606,527	236,282		331,383	86,577
Trade debts against which collateral is held		343,889	-		-	-
Gross Trade debts		950,416	236,282		331,383	86,577

* This represents amounts net of trade debts against which security deposits and inland letters of credit, considered as collateral, are held amounting to Rs 154.145 million (2024: Rs 343.889 million).

(iii) Credit quality of financial assets

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

	Rating		Rating	2025	2024
	Short term	Long term	Agency		
(Rupees in thousand)					
Bank Alfalah Limited	A1+	AAA	PACRA	70,774	348,255
BankIslami Pakistan Limited	A1	AA-	PACRA	133,543	41,757
The Bank of Punjab	A1+	AA+	PACRA	179	1,024
The Bank of Khyber	A1	A+	PACRA	346	82
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	227	63
MCB Bank Limited - related party	A1+	AAA	PACRA	31,139	28,972
MCB Islamic Bank Limited - related party	A1	A+	PACRA	78,496	81,317
Meezan Bank Limited	A1+	AAA	JCR-VIS	15	15
National Bank of Pakistan	A1+	AAA	PACRA	2,964	2,846
Silk Bank Limited	A2	A-	JCR-VIS	5	5
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	103,705	121,061
United Bank Limited	A1+	AAA	JCR-VIS	26,520	6,365
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	70	254
Faysal Bank Limited	A1+	AA	JCR-VIS	7	5,076
JS Bank Limited	A1+	AA	PACRA	12	12
Industrial and Commercial Bank of China	F1 +	A	PACRA	56	56
Soneri Bank Limited	A1+	AA-	PACRA	350	-
Samba Bank Limited	A1	AA	PACRA	397	-
Allied Bank Limited	A1+	AAA	PACRA	55	-
Habib Bank Limited - Islamic	A1+	AAA	JCR-VIS	-	-
Askari Bank Limited	A1+	AA+	PACRA	-	22,060
Habib Bank Limited	A1+	AAA	PACRA	119,921	72,726
				568,781	731,946

(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 business, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines. As at June 30, 2025, the Company has Rs 38,600 million available borrowing limits from financial institutions under short term mark-up / profit arrangements, Rs 21,100 million available borrowing limits from financial institutions under import finance facilities and Rs 1,180 million in cash and bank balances.

Management monitors the forecasts of the Company's cash and cash equivalents (note 40 to these financial statements) 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 statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	(Rupees in thousand)					Total contractual cashflows	Carrying value
	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years			
At June 30, 2025							
Long term finances	1,934,772	2,098,781	4,481,114	3,273,633	11,788,300	12,028,601	
Trade and other payables	7,915,940	-	-	-	7,915,940	7,915,940	
Long term deposits*	940,292	-	-	-	940,292	940,292	
Accrued mark-up	229,652	-	-	-	229,652	229,652	
Short term borrowings							
- secured	9,878,499	-	-	-	9,878,499	9,878,499	
Unclaimed dividend	34,154	-	-	-	34,154	34,154	
	<u>20,933,309</u>	<u>2,098,781</u>	<u>4,481,114</u>	<u>3,273,633</u>	<u>30,786,837</u>	<u>31,027,138</u>	

*The maturity period of long term deposit is not ascertainable.

	(Rupees in thousand)					Total contractual cashflows	Carrying value
	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years			
At June 30, 2024							
Long term finances	5,291,972	3,642,843	8,480,994	3,507,395	20,923,204	21,257,088	
Trade and other payables	9,077,431	-	-	-	9,077,431	9,077,431	
Long term deposits*	572,748	-	-	-	572,748	572,748	
Accrued mark-up	1,280,446	-	-	-	1,280,446	1,280,446	
Short term borrowings							
- secured	13,064,718	-	-	-	13,064,718	13,064,718	
Unclaimed dividend	34,201	-	-	-	34,201	34,201	
	<u>29,321,516</u>	<u>3,642,843</u>	<u>8,480,994</u>	<u>3,507,395</u>	<u>44,952,748</u>	<u>45,286,632</u>	

*The maturity period of long term deposit is not ascertainable.

45.2 Capital 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 net debt divided by total equity (as shown in the statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) including bank overdraft (if any) less cash and bank balances and liquid investments.

The gearing ratios as at June 30, 2025 and June 30, 2024 were as follows:

	2025	2024
	(Rupees in thousand)	
Borrowings - notes 7, 13 and 15	21,907,100	34,321,806
Less: Liquid investments and Cash and bank balances - note 24 & 26	(1,222,352)	(732,168)
Net debt	<u>20,684,748</u>	<u>33,589,638</u>
Total equity	94,667,478	75,847,538
Gearing ratio	Percentage 22%	44%

In accordance with the terms of agreements with the lenders of long term finances (as referred to in note 7 to these financial statements), the Company is required to comply with certain financial covenants. The Company has complied with these covenants throughout the reporting period.

At the minimum, the Company is required to comply with the following ratios:

- The gearing ratio must not be more than 3 times;
- The current ratio should be greater than or equal to 0.75 times; and
- The interest coverage ratio should not fall below 1 times

The Company is complied with these covenants as of the reporting period.

There are no indications that the Company would have difficulties complying with the covenants when they will be next tested as at June 30, 2026.

45.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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, 2025	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Recurring fair value measurements				
Assets				
Investments - FVOCI	35,393,058	-	6,284,254	41,677,312
Investments - FVPL	653,520	-	-	653,520
Total assets	<u>36,046,578</u>	<u>-</u>	<u>6,284,254</u>	<u>42,330,832</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at June 30, 2024	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Recurring fair value measurements				
Assets				
Investments - FVOCI	26,878,122	-	5,673,708	32,551,830
Total assets	<u>26,878,122</u>	<u>-</u>	<u>5,673,708</u>	<u>32,551,830</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movement in the above mentioned assets has been disclosed in notes 19 and 24 to these unconsolidated financial statements and movement in fair value reserve has been disclosed in the statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the year. Since the ordinary shares of Nishat Hotels and Properties Limited, and Hyundai Nishat Motor (Private) Limited are not listed, an investment advisor engaged by the Company has estimated fair values of Rs 26.13 and Rs 18.21 per ordinary share, respectively, as at June 30, 2025, through a valuation technique based on discounted cash flow analysis. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair values for the remaining financial instruments. An appropriate discount for lack of control and lack of marketability is also applied, where relevant.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

45.4 Financial instruments by categories

	At fair value through other comprehensive income	At amortised cost	Total
		(Rupees in thousand)	
As at June 30, 2025			
Assets as per unconsolidated statement of financial position			
Long term deposits	-	61,013	61,013
Trade debts	-	1,493,080	1,493,080
Loans, deposits and other receivables	-	162,087	162,087
Investments	42,330,832	-	42,330,832
Cash and bank balances	-	568,832	568,832
	42,330,832	2,285,012	44,615,844

	At fair value through other comprehensive income	At amortised cost (Rupees in thousand)	Total
As at June 30, 2024			
Assets as per statement of financial position			
Long term deposits	-	61,568	61,568
Trade debts	-	855,742	855,742
Loans, deposits and other receivables	-	15,118	15,118
Investments	32,551,830	-	32,551,830
Cash and bank balances	-	732,168	732,168
	32,551,830	1,664,596	34,216,426

**Financial liabilities at
amortized cost**

2025 **2024**
(Rupees in thousand)

Liabilities as per unconsolidated statement of financial position

Long term finances - secured	12,028,601	21,257,088
Long term deposits	940,292	572,748
Accrued mark-up	229,652	1,280,446
Trade and other payables	7,915,940	9,077,431
Short term borrowings - secured	9,878,499	13,064,718
Unclaimed dividend	34,154	34,201
	31,027,138	45,286,632

45.5 Offsetting financial assets and financial liabilities

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

2025 **2024**
(Rupees in thousand)

46. Disclosures by Company Listed on Islamic Index

Loans/advances obtained as per Islamic mode:

Loans obtained as per Islamic mode	6,573,756	11,156,466
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Shariah compliant bank deposits/bank balances:

Bank balances	212,468	124,184
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Profit earned from shariah compliant bank deposits/bank balances

Profit on deposits with banks	7,344	8,094
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Revenue earned from shariah compliant business

	71,892,837	66,038,689
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Gain or dividend earned from shariah compliant investments

Dividend income	136,155	155,556
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Exchange gain

	-	200,018
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Profit paid on Islamic mode of financing

	1,592,401	1,470,529
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Profits earned or interest paid on any conventional loan or advance

Profit earned on deposits with banks	118,486	4,386
Interest paid on loans	3,328,798	6,989,677

Relationship with shariah compliant banks

The Company has obtained short term borrowings and long term finances, and has maintained bank balances with shariah compliant banks.

47. Disclosure requirements for Companies not engaged in Shariah non-permissible business activities

Following information has been disclosed as required under Part 1 Clause VII of the Fourth Schedule to the Companies Act, 2017 as amended via S.R.O.1278(I)/2024 dated August 15, 2024:

	2025	2024
	(Rupees in thousand)	
Description		
Unconsolidated statement of financial position		
Financing obtained as per Islamic mode	6,573,756	11,156,466
Accrued finance cost on conventional loan	182,817	983,874
Long-term and short-term Shariah compliant Investments	12,367,849	10,382,056
Bank balances - Shariah compliant	212,468	124,184
Unconsolidated statement of profit or loss		
Revenue earned from a shariah-compliant business segment	71,892,837	66,038,689
Source and detailed break up of other income		
Other income earned from shariah compliant:		
Rental Income	4,075	6,021
Profit on bank deposits	7,344	8,094
Gain on disposal of operating fixed assets	36,385	23,152
Gain on disposal of investments	17,485	18,405
Sale of scrap	119,563	138,029
Miscellaneous	9,974	412,941
Dividend income	136,155	155,556
Other income earned from non - shariah compliant		
Income on bank deposits	118,486	4,386
Dividend income	3,822,103	3,468,213

Relationship with shariah compliant banks

Name	Relationship
Faysal Bank Limited	Funded / Non-funded facility & Bank Balances
The Bank of Punjab	Funded facility
MCB Islamic Bank Limited	Bank Balances
Meezan Bank Limited	Funded / Non-funded facility & Bank Balances
Askari Bank Limited	Funded facility (Syndicated loan)
BankIslami Pakistan Limited	Funded / Non-funded facility & Bank Balances
Dubai Islamic Bank Pakistan Limited	Bank Balances
Habib Bank Limited - Islamic	Bank Balances

48. Reconciliation of movements in liabilities to cash flows arising from financing activities

	Unclaimed dividend	Long term financing from financial institutions - secured	Total
	(Rupees in thousands)		
As at July 01, 2024	34,201	21,257,088	21,291,289
Change in liability:			
Finance cost	-	129,152	129,152
Dividend announced during the year	-	-	-
Total liability related change	-	129,152	129,152
Changes from financing cash flows			
Dividend paid during the year	(48)	-	(48)
including unclaimed / unpaid balances			
Long term financing paid	-	(9,357,639)	(9,357,639)
Total changes from financing cash flows	(48)	(9,357,639)	(9,357,687)
As at June 30, 2025	34,153	12,028,601	12,062,754
As at July 01, 2023	34,703	17,033,983	17,068,686
Change in liability:			
Finance cost	-	171,583	171,583
Dividend announced during the year	-	-	-
Total liability related change	-	171,583	171,583
Changes from financing cash flows			
Dividend paid during the year	(502)	-	(502)
including unclaimed / unpaid balances			
Long term financing received	-	11,200,706	11,200,706
Long term financing paid	-	(7,149,184)	(7,149,184)
Total changes from financing cash flows	(502)	4,051,522	4,051,020
As at June 30, 2024	34,201	21,257,088	21,291,289

49. Date of authorization for issue

These financial statements were authorised for issue on August 28, 2025 by the Board of Directors of the Company.

50. Events after the reporting date

The Board of Directors in its meeting held on August 28, 2025 has announced a final cash dividend in respect of the year ended June 30, 2025 of Rs 2 per share (2024: Nil). These unconsolidated financial statements for the year ended June 30, 2025 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

51. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant rearrangements and reclassifications have been made, except for the following:

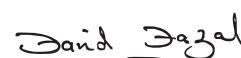
	Rupees in thousand
Provision in respect of 'Infrastructure cess' previously classified under 'Trade Creditors' within 'Trade and other payables', is now reclassified to 'Infrastructure cess' within 'Trade and other payables'	1,187,248



Chief Executive



Chief Financial Officer



Director



CONSOLIDATED FINANCIAL STATEMENTS



Independent Auditor's Report

To the members of D.G. Khan Cement Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of D. G. Khan Cement Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
(i)	Deferred taxation (Refer notes 4.3 and 11 to the annexed consolidated financial statements) The Group has recognised deferred tax in respect of specific unused tax credits and unused tax losses. Deferred tax assets on such items have been recognised as it is probable that sufficient taxable profits will be available in future, before their expiry, for their utilisation on the basis of the approved business plan. Due to the significant level of judgement and estimation required in preparing the business plan for determining recoverability of deferred tax assets and the significance of the amounts involved, we consider it to be a key audit matter.	Our audit procedures included the following: - Obtained an understanding of the Group's process of preparing the deferred tax working and tested internal controls over management's valuation of deferred tax assets; - Obtained an understanding regarding the relevant tax laws with respect to availability of tax credits and unused tax losses; - Recalculated the amount of tax credits and unused tax losses in accordance with the provisions of the Income Tax Ordinance, 2001; - Involved internal tax specialist to check the income tax computation for the year and assessed the

Sr. No.	Key audit matters	How the matters were addressed in our audit
		management's conclusion on carry forward of the tax credits and unused tax losses; - Obtained the approved business plan and evaluated the management's assumptions used in the preparation of business plan; - Assessed the reasonableness of computation of taxable income derived from the approved business plan; - Checked the management's analysis regarding the timing of utilisation of unused tax credits and unused tax losses by considering the year wise utilisation of such amounts and evaluated the selection of the expected tax rate in this regard; and - Assessed the appropriateness of accounting policy in respect of recognition of deferred tax assets on unused tax credits and unused tax losses and the adequacy of the disclosures made by the Group in this area with regard to the applicable accounting and reporting standards.
(ii)	Investments measured at fair value (Refer notes 4.15, 20.1.1 and 20.1.2 to the annexed consolidated financial statements) The Group holds investments in equity instruments of Nishat Hotels and Properties Limited ('NHPL') and Hyundai Nishat Motor (Private) Limited ('HNMPL'). Due to NHPL and HNMPL being non-listed companies, their shares do not have a quoted price in an active market. Therefore, fair values of their shares have been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flows of respective businesses and related discount rates. Management involved an expert to perform these valuations on its behalf. Due to the significant level of judgment and estimation required to determine the fair value of the investments, we consider it to be a key audit matter.	Our audit procedures included the following: - Understood and evaluated the process by which the cash flow forecasts were prepared and approved, including confirming the mathematical accuracy of the underlying calculations; - Evaluated the cash flow forecasts by obtaining an understanding of respective businesses of NHPL and HNMPL; - Obtained an understanding of the work performed by the management's expert on the models for the purpose of valuations; - Examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; - Obtained corroborating evidence relating to the values as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecasts by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; - Performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the values of the investments; and - Assessed the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.

Sr. No.	Key audit matters	How the matters were addressed in our audit
(iii)	Stock-in-trade and Stores, spare parts and loose tools (Refer notes 3.2, 4.13, 4.14, 23 and 24 to the annexed consolidated financial statements) As at June 30, 2025, the Group held certain items of stock-in-trade and stores, spare parts and loose tools ('inventory' items) which included clinker as work-in-process and coal as stores. The above inventory items are stored in purpose-built sheds, stockpiles and silos. As the weighing of these inventory items is not practicable, the management assesses the reasonableness of the quantities on-hand by obtaining measurements of stockpiles and converting these measurements into unit of volume by using angle of repose and bulk density values. As the determination of quantities of on-hand inventory items, by measuring the volume and density of these items as at the reporting date, involved significant estimates, this has been considered to be a key audit matter.	Our audit procedures to assess the existence of inventory included the following: • Obtained an understanding of the measurement process and procedures with respect to the specific items of the stock-in-trade and stores held in the form of stockpiles; • Attended physical inventory counts performed by the Group on a sample basis and assessed the reasonableness of the management's process of measurement of stockpiles and the determination of volume using angle of repose and bulk density values; • Involved an independent auditor's expert having expertise in the measurement and technical assessment for determination of quantities for certain inventory items; and • Obtained and reviewed the inventory count report prepared by the management and the report prepared by the auditor's expert.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



A.F. Ferguson & Co.,
Chartered Accountants

Lahore

Date: September 30, 2025

UDIN: AR2025100922PIhZHR9V

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2025 (Rupees in thousand)	2024
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
950,000,000 (2024: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
50,000,000 (2024: 50,000,000)			
preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up share capital			
438,119,118 (2024: 438,119,118)			
ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Other reserves	6	44,133,217	33,857,722
Revenue reserve: Un-appropriated profits		47,705,604	38,441,045
Attributable to owners of the parent company		96,220,012	76,679,958
Non-controlling interests		3,408,827	2,867,117
Total equity		99,628,839	79,547,075
NON-CURRENT LIABILITIES			
Long term finances from financial institutions - secured	7	13,434,057	17,435,308
Deferred government grant	8	81,557	170,232
Long term deposits	9	940,292	572,748
Employee benefits obligations	10	954,639	944,549
Deferred taxation	11	14,100,697	13,495,346
		29,511,242	32,618,183
CURRENT LIABILITIES			
Trade and other payables	12	14,438,779	13,319,937
Short term borrowings from financial institutions - secured	13	12,347,094	15,108,379
Accrued markup	14	550,953	1,417,035
Current portion of non-current liabilities	15	2,082,405	5,577,710
Unclaimed dividend		34,153	34,200
Income tax payable		330,834	-
Provision for taxation		117,413	209,416
		29,901,631	35,666,677
CONTINGENCIES AND COMMITMENTS			
	16	159,041,712	147,831,935

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive

AS AT JUNE 30, 2025

	Note	2025 (Rupees in thousand)	2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	83,883,406	83,859,386
Intangible asset	18	13,076	42,763
Biological assets	19	1,286,798	1,167,436
Long term investments	20	19,694,305	15,213,597
Long term deposits	21	61,013	61,568
		104,938,598	100,344,750
CURRENT ASSETS			
Stores, spares and loose tools	22	12,733,731	14,445,071
Stock-in-trade	23	11,211,964	9,528,482
Trade debts	24	1,699,018	956,035
Contract assets	25	253,466	84,893
Short term investments	26	24,360,184	18,409,908
Loans, advances, deposits, prepayments and other receivables	27	2,426,669	991,894
Income tax recoverable		462,885	2,083,669
Cash and bank balances	28	955,197	987,233
		54,103,114	47,487,185
		159,041,712	147,831,935



Chief Financial Officer



Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year Ended June 30, 2025

	Note	2025	2024
		(Rupees in thousand)	
Revenue	29	78,633,908	71,888,079
Cost of sales	30	(58,834,577)	(60,276,300)
Gross profit		19,799,331	11,611,779
Administrative expenses	31	(1,488,442)	(1,366,546)
Selling and distribution expenses	32	(3,879,054)	(2,612,900)
Net impairment loss on financial assets		(6,920)	(102,654)
Changes in fair value of biological assets	19	469,855	372,431
Other expenses	33	(971,273)	(28,623)
Other income	34	5,050,139	4,357,946
Finance cost	35	(4,288,179)	(8,552,123)
Profit before tax and levy		14,685,457	3,679,310
Levy	36	(630,520)	(574,923)
Profit before income tax		14,054,937	3,104,387
Taxation	37	(4,297,247)	(2,221,957)
Profit for the year		9,757,690	882,430
Profit is attributable to:			
Owners of the parent company		9,239,142	620,898
Non-controlling interests		518,548	261,532
		9,757,690	882,430
Earnings per share - basic and diluted in Rupees	38	21.09	1.42

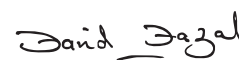
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended June 30, 2025

	2025	2024
	(Rupees in thousand)	
Profit for the year	9,757,690	882,430
Other comprehensive income for the year - net of tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>	-	-
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Change in fair value of investments at fair value through other comprehensive income (OCI)	9,409,174	12,853,393
Tax effect of change in fair value of investments at fair value through OCI	993,983	(1,255,999)
Remeasurement of retirement benefits	41,666	56,343
Tax effect of remeasurement of retirement benefits	(16,249)	(21,974)
	10,428,574	11,631,763
Other comprehensive income for the year	10,428,574	11,631,763
Total comprehensive income for the year	20,186,264	12,514,193
Total comprehensive income is attributable to:		
Owners of the parent company	19,540,054	12,019,157
Non-controlling interests	646,210	495,036
	20,186,264	12,514,193

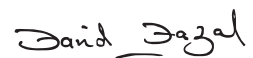
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2025

	Note	2025 (Rupees in thousand)	2024
Cash flows from operating activities			
Cash generated from operations	39	17,109,436	13,398,026
Finance cost paid		(5,154,261)	(8,992,731)
Retirement and other benefits paid		(198,725)	(204,891)
Income tax (paid) / refundable		(854,547)	1,476,885
Levy paid		(630,520)	(574,923)
Long term loans, advances and deposits - net		368,099	135,909
Net cash inflow from operating activities		10,639,482	5,238,275
Cash flows from investing activities			
Payments for property, plant and equipment		(4,239,803)	(2,296,298)
Proceeds from disposal of property, plant and equipment		688,896	155,304
Payments for intangible asset		-	(56,155)
Payments for purchase of biological assets		(7,650)	(13,300)
Proceeds from sale of biological assets		186,391	461,699
Investment in equity and debt instruments		(368,279)	(20,000)
Interest received		131,742	72,644
Dividends received		4,125,456	3,775,912
Net cash inflow from investing activities		516,753	2,079,806
Cash flows from financing activities			
Proceeds from long term finances acquired		1,879,007	12,602,529
Repayment of long term finances		(9,518,547)	(7,332,634)
Dividends paid to owners of the parent company		(47)	(504)
Buy-back of shares of subsidiary from non-controlling shareholders (note 1.1)		(104,500)	(110,000)
Net cash (outflow) / inflow from financing activities		(7,744,087)	5,159,391
Net increase in cash and cash equivalents		3,412,148	12,477,472
Cash and cash equivalents at the beginning of the year		(14,121,146)	(26,717,163)
Effect of exchange rate changes on cash and cash equivalents		(29,379)	118,545
Cash and cash equivalents at the end of the year	40	(10,738,377)	(14,121,146)

Refer note 51 for reconciliation of liabilities arising from financing activities.

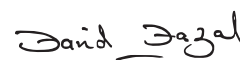
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended June 30, 2025

	Capital Reserve			Revenue Reserve		Total equity attributable to owners of parent company	Non-Controlling Interest	Total equity
	Share Capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated Profits		
	Rupees in thousand							
Balance as on July 1, 2023	4,381,191	4,557,163	12,472,308	353,510	5,110,851	37,785,778	2,482,081	67,142,882
Total comprehensive income for the year								
- Profit for the year	-	-	-	-	-	620,898	261,532	882,430
- Other comprehensive income for the year:								
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	11,363,890	-	-	-	233,504	11,597,394
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	34,369	-	34,369
Transactions with owners in their capacity as owners recognised directly in equity								
Buy-back of shares	-	-	11,363,890	-	-	655,267	495,036	12,514,193
Balance as on June 30, 2024	4,381,191	4,557,163	23,836,198	353,510	5,110,851	38,441,045	(110,000)	79,547,075
Total comprehensive income for the year								
- Profit for the year	-	-	-	-	-	9,239,142	518,548	9,757,690
- Other comprehensive income for the year:								
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	10,275,495	-	-	-	127,662	10,403,157
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	25,417	-	25,417
Transactions with owners in their capacity as owners recognised directly in equity								
Buy-back of shares (note 1.1)	-	-	10,275,495	-	-	9,264,559	646,210	20,186,264
Balance as on June 30, 2025	4,381,191	4,557,163	34,111,693	353,510	5,110,851	47,705,604	3,408,827	99,628,839

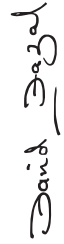
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. The Group and its activities

The Group comprises of:

- D. G. Khan Cement Company Limited (the 'parent company');
- Nishat Packaging Limited (formerly known as Nishat Paper Products Company Limited);
- Nishat Dairy (Private) Limited; and
- D.G. Khan Cement Company (USA) LLC.

D. G. Khan Cement Company Limited is a public company limited by shares, incorporated in Pakistan in 1978 under the repealed Companies Act, 1913 (now, the Companies Act, 2017, hereinafter may be referred to as the 'Act'). Its ordinary shares are listed on the Pakistan Stock Exchange Limited. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement (hereinafter referred to as the 'Cement segment'). It has four cement plants; two plants located at Dera Ghazi Khan ('D. G. Khan'), one at Khairpur District, Chakwal ('Khairpur') and one at District Hub ('Hub').

Nishat Packaging Limited (formerly known as Nishat Paper Products Company Limited) is a public company limited by shares, incorporated in Pakistan on July 23, 2004 under the repealed Companies Ordinance, 1984 (now, the Act). It is principally engaged in the manufacture and sale of packaging material (hereinafter referred to as the 'Packaging segment'). Its manufacturing facilities are located at Khairpur on the parent company's land and Quaid-e-Azam Business Park, Industrial Estate, Sheikhpura.

Nishat Dairy (Private) Limited is a private company limited by shares, incorporated in Pakistan on October 28, 2011 under the repealed Companies Ordinance, 1984 (now, the Act). It is principally engaged in the business of production and sale of raw milk (hereinafter referred to as the 'Dairy segment'). Its production facility and factory is situated at 1- KM Sukheki Road, Pindi Bhattian.

D.G. Khan Cement Company (USA) LLC is a wholly owned subsidiary of D.G. Khan Cement Company Limited situated in 509 Branard Street, Houston Texas, United States of America. The principle business of the subsidiary is sale of cement products. The subsidiary is yet to commence its commercial operations.

The registered office of all the above companies except for D.G. Khan Cement Company (USA) LLC is situated at Nishat House, 53-A, Lawrence Road, Lahore. The parent company's holding in its subsidiaries is as follows:

	Effective percentage of holding
- Nishat Packaging Limited	55.00%
- Nishat Dairy (Private) Limited	55.10%
- D.G. Khan Cement Company (USA) LLC	100.00%

The Group has regional offices located across Pakistan, the geographical locations of which are listed below:

Regional office	Geographical location
Lahore region	Nishat House, 53-A, Lawrence Road, Lahore
Multan region	17-E-1, Officers Colony, Near Eid Gah, Main Khanewal Road, Multan Cantt, Multan
Karachi region	D-247, KDA Scheme No. 1/A, Karachi
Rawalpindi region	Office # 13-16, Third Floor, Rizwan Arcade, Adamjee Road, Saddar, Rawalpindi
D.G. Khan region	16-B, Khayaban-e-Sarwar, Manka Road, D.G. Khan

- 1.1** During the year Nishat Dairy (Private) Limited with the approval of its shareholders in the extraordinary general meeting, resolved to buy back, for the purpose of cancellation, an aggregate number of 23,275,000 issued and paid-up ordinary shares of the Dairy segment at the par value i.e. Rs 10 per share during the purchase period. Accordingly, the Dairy segment has completed purchase of 23,275,000 own shares. Accordingly, these own shares were cancelled and the buy-back process stood completed.

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017;
- ii) Islamic Financial Accounting Standards ('IFAS') issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- iii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2024 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements except for the following:

a) Amendment to International Accounting Standard (IAS) 1, "Non-current liabilities with covenants" (effective for annual period beginning on January 1, 2024)

The amendment clarifies how conditions that an entity must comply with within twelve months after the reporting period affect the classification of a liability. The amendment also aims to improve the information an entity provides related to liabilities subject to these amendments. The amendment clarifies that a liability should be classified as a current liability if a breach of covenant that gives the lender the right to demand immediate repayment occurs at or prior to the end of the reporting period, unless sufficient relief is granted by the lender before or at the end of the reporting period.

The above amendment did not result in any significant changes to these consolidated financial statements.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 1, 2025 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 consolidated financial statements, except for the following:

a) Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective for annual period beginning on or after January 1, 2026)

The IASB has issued narrow-scope amendments to IFRS Standards. The amendments aim to:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the Solely Payments of Principal and Interest ('SPPI') criterion;

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance ('ESG') targets); and

- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income ('FVOCI').

An important clarification brought about in these amendments is that a payment instruction (e.g. a cheque) that is prepared for a future payment will generally not meet the requirements for the financial liability to be discharged and hence derecognised. The previous practice of financial liabilities being derecognized upon issuance of cheques would need to be reconsidered.

b) Annual improvements to International Financial Reporting Standards – Volume 11 (effective for annual period beginning on July 1, 2026)

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IAS 7 Statement of Cash Flows.

c) IFRS 18 "Presentation and Disclosure in Financial Statements" (effective for annual periods beginning or after January 1, 2027)

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Group is yet to assess the impact of this Standard and above amendments / improvements to existing standards on its consolidated financial statements.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared on a historical cost basis except for the following:

- certain financial instruments, government grant, and plan assets of defined benefit gratuity at fair value,
- certain employee benefit obligations and provisions at present value, and
- biological assets at fair value less costs to sell.

3.2 Critical accounting estimates and judgements

The preparation of these consolidated financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the

estimate is revised and in any future periods affected. In the process of applying the Group's accounting policies, management has made the following estimates and judgments which are significant to these consolidated financial statements:

- a) Provision for taxation and recognition of deferred tax asset for tax credits and for carried-forward tax losses - notes 4.3, 11 and 37
- b) Employee benefit obligations - notes 4.4 and 10
- c) Useful lives and residual values of property, plant and equipment - notes 4.6 and 17.1
- d) Fair valuation of biological assets - notes 4.9 and 19
- e) Fair value of unquoted fair value through other comprehensive income ('FVOCI') investments - note 4.15 and 20
- f) Impairment of financial assets (other than investments in equity instruments) - note 4.15.4
- g) Existence of stores, spare parts and loose tools and stock-in-trade items ('inventory' items) - note 4.13 and 4.14

The Cement segment's certain stock-in-trade items [i.e. raw materials (gypsum, iron ore, laterite etc.), work-in-process (raw meal and clinker) and finished goods (cement)] and certain store items (i.e. coal and refused derived fuel) ('inventory' items) are stored in purpose-built sheds, stockpiles and silos. As weighing these items is not practicable, the management assesses the reasonableness of the quantities on-hand inventory items by obtaining measurement of these items and converting these measurements into unit of volume by using angle of repose and bulk density values.

- h) Contingencies - note 16
- i) Estimate of Net Realisable Value ('NRV') of stock-in-trade - note 4.14
- j) Estimate of present value of provisions - notes 4.21 and 12

4. Material accounting policy information

The material 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

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests ('NCI') in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in consolidated statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated statement of comprehensive income are reclassified to consolidated statement of profit or loss.

4.2 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the

fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

4.3 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that relates to items recognised directly in consolidated statement of changes in equity or consolidated statement of comprehensive income, in which case it is recognised directly in equity or consolidated statement of comprehensive income.

Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. 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. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

4.3.1 Levies

Minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime or any minimum taxes which are not adjustable against future income tax liability, are classified as levy in the profit or loss as they fall under the scope of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

4.4 Employee benefits

4.4.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

4.4.2 Post employment benefits

(a) Defined benefit plan - Gratuity

The Cement segment operates an approved funded defined benefit gratuity plan for all eligible regular employees having joining date on or before June 30, 2022 and a service period of more than five years for officers and six months 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, 2025 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 Group as reduced by benefits paid during the year.

The amount recognised in consolidated statement of financial position 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 statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in the consolidated statement of profit or loss.

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:

	2025	2024
Discount rate per annum	11.75%	14.75%
Expected increase in eligible salary level per annum	10.75%	13.75%
Duration of the plan (years)	7	7

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

(b) Defined contribution plan

The Group operates provident funds for all its regular employees. Equal monthly contributions are made to the funds both by the Group and the employees as follows:

Cement segment: at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers.

Packaging segment: at the rate of 10% of the basic salary

Dairy segment: at the rate of 9.5% of the basic salary plus cost of living allowance

The Group 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 consolidated statement of profit or loss as and when incurred.

4.4.3 Accumulating compensated absences

The Cement segment 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 30 days in case of officers. However, leave policy for officers whose leave balance was already accumulated to 90 days or above as of July 1, 2019 may keep leaves accumulated up to 90 days. An officer is entitled to encash the unutilised earned leave accrued during the year. In addition, he can also encash some portion of his accumulated leave balance during the year. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries. In case of workers, unutilised leaves may be accumulated up to 120 days, 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 Group's management.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the consolidated statement of profit or loss. The most recent valuation was carried out as at June 30, 2025 using the "Projected Unit Credit Method".

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated statement of profit or loss 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:

	2025	2024
Discount rate per annum	11.75%	14.75%
Expected rate of increase in salary level per annum	10.75%	13.75%
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	2	3

4.5 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.6 Property, plant and equipment

4.6.1 Operating fixed assets

Operating fixed assets 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 operating fixed assets signifies historical cost and borrowing costs as referred to in note 4.22.

Depreciation on all operating fixed assets of the Group is charged to the consolidated statement of profit or loss on the reducing balance method, except for plant and machinery and leasehold land of the Cement and Packaging segments, which are being depreciated using the straight line method, so as to write off the depreciable amount of such assets over their 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 reviewed at each financial year end and adjusted if impact on depreciation is significant. The Group's estimate of the residual value and useful life of its operating fixed assets as at June 30, 2025 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.10 to these consolidated financial statements.

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 statement of profit or loss during the period in which they are incurred.

Proceeds from the sale of items while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of an item of property, plant and equipment. Instead, the Group recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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 for more than one year. Transfers are made to operating fixed 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. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.7 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets that are carried at fair value, and contractual rights under insurance contracts, which are specifically exempt from this requirement.

4.8 Intangible assets - Computer software

Expenditure incurred to acquire computer software is capitalised as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Computer software is amortized using the straight line method over a period of three years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.10 to these consolidated financial statements).

4.9 Biological assets - 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.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock is recognised in the consolidated statement of profit or loss.

Livestock are categorized as mature or immature. Mature livestock are those that have attained harvestable specifications. Immature livestock have not yet reached that stage.

Farming cost such as feeding, labour cost, pasture maintenance, veterinary services and sheering are expensed as incurred. The cost of purchase of cattle plus transportation charges are capitalized as part of biological assets.

4.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be

impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.11 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of additional ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.12 Investments

Investments intended to be held for less than twelve months from the reporting 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.

4.13 Stores, spares and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and / or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.14 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 ('NRV'). 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).

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 estimated cost necessary to make the 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 consolidated financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.15 Financial assets

4.15.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4.15.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.15.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- i) **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these consolidated financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.
- ii) **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these consolidated financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.
- iii) **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.15.4 Impairment of financial assets other than investment in equity instruments

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts and contract assets, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables while general 3-stage approach for loans, deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Contract assets;
- Long term loans;
- Long term deposits;
- Loans, deposits and other receivables; and
- Bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.16 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gain and losses are recognised in the profit or loss, when the liabilities are derecognised as well as through effective interest rate amortization process.

A financial liability is derecognised 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 recognised in the consolidated statement of profit or loss.

4.17 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated 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.

4.18 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

4.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Short term borrowings are also included in cash and cash equivalent if it is repayable on demand and forms an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

4.20 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains / (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

4.21 Provisions

Provisions for legal claims and make good obligations 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 will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.22 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. Qualifying assets are assets that necessarily take a substantial time to get 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 statement of profit or loss in the period in which they are incurred.

4.23 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue is recognised upon satisfaction of performance obligations.

In case of local sales for all segments, except for made-to-order packaging products produced by the packaging segment, revenue is recognised at the time of despatch of goods from the factory.

In case of export sales, the delivery of goods and transportation are two distinct performance obligations and the total transaction price is allocated to each performance obligation. Revenue relating to each performance obligation is recognised on satisfaction of each distinct performance obligation.

In case of made-to-order packaging products, revenue is recognised over time.

4.24 Other income

Other income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments. Interest income is recognised as it accrues in consolidated statement of profit or loss, using effective interest method. Dividend income is recognised in consolidated statement of profit or loss on the date that the Group's right to receive payment is established.

4.25 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

All ordinary shares of the Group rank equally with regard to the Group's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

4.26 Dividend

Dividend distribution to the members is recognised as a liability in the period in which the dividends are approved.

4.27 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating

segment's operating results are reviewed regularly by the Chief Operating Decision Makers (the CODMs) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the parent company.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenses. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

The Group's strategic steering committee, consisting of the Board of Directors of the parent company, examines the Group's performance both from a product and geographic perspective and has identified three reportable segments of its business:

Cement segment: Production and sale of clinker, ordinary portland and sulphate resistant cements.

Packaging segment: Manufacture and supply of packaging material.

Dairy segment: Production and sale of raw milk.

4.28 Contingent liabilities and assets

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.

Contingent liabilities are not recognised. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.29 Contract asset and contract liability

A contract asset is recognised for the Group's right to consideration in exchange for goods or services that it has transferred to a customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.31 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

5. Issued, subscribed and paid up share capital

2025	2024		2025	2024
(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 - note 5.2	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

- 5.1** 137,574,201 (2024: 137,574,201), 428,500 (2024: 428,500) and nil (2024: 4,081) ordinary shares of the parent company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited and Adamjee Life Assurance Company Limited respectively.

Nishat Mills Limited is an Investor and the parent company is an associate of Nishat Mills Limited as per IAS 28, "Investments in Associates and Joint Ventures".

- 5.2** 20,000,000 ordinary shares of Rs 10 each were issued to the shareholders of D.G. Khan Electric Company Limited upon its merger with D.G. Khan Cement Company Limited on July 1, 1999. These shares were issued as consideration of merger against all assets, properties, rights, privileges, powers, bank accounts, trade marks, patents, leaves and licenses of D.G. Khan Electric Company Limited.

		2025	2024
		(Rupees in thousand)	
6. Other reserves			
Composition of reserves is as follows:			
Capital reserves			
- Share premium	- note 6.1	4,557,163	4,557,163
- FVOCI reserve	- note 6.2	34,111,693	23,836,198
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		39,022,366	28,746,871
Revenue reserve			
- General reserve	- note 6.4	5,110,851	5,110,851
		44,133,217	33,857,722

- 6.1** This reserve can be utilised by the Group only for the purposes specified in section 81 of the Companies Act, 2017.
- 6.2** This represents the unrealised gain on remeasurement of equity investments at FVOCI and is not available for distribution.
- 6.3** The Capital redemption reserve fund represents fund created for redemption of preference shares. In accordance with the terms of issue of preference shares, to ensure timely payments, the Group was required to maintain a redemption fund with respect to preference shares. The Group had created a redemption fund and appropriated Rs 7.4 million each month from the consolidated statement of profit or loss 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.
- 6.4** The balance in general reserve has been accumulated by way of transfers from un-appropriated profits as per approval of the Board of Directors of the Group.

2025	2024
(Rupees in thousand)	

7. Long term finances from financial institutions - secured

From banking companies:

Loans under refinance scheme	-note 7.1	1,810,067	2,827,374
Long term loans	-note 7.2	13,567,765	20,056,180
		15,377,832	22,883,554
Current portion shown under current liabilities		(1,943,775)	(5,448,246)
		13,434,057	17,435,308

7.1 Loans under refinance scheme - secured

Lender	2025 (Rupees in thousand)	2024 (Rupees in thousand)	Number of instalments outstanding	Mark-up / Profit Payable
State Bank of Pakistan's Temporary Economic Refinance Facility (TERF)				
Loan 1				
National Bank of Pakistan	1,455,475	2,518,475	7 equal quarterly instalments ending in March 2027	Quarterly
State Bank of Pakistan's Islamic Temporary Economic Refinance Facility (ITERF)				
Loan 2				
Faysal Bank Limited -note 7.1.1 - Islamic (Diminishing Musharakah)	435,777	510,777	Equal semi-annual instalments of each tranche - note 7.1.1	Half yearly
Loan 3				
MCB Islamic Bank Limited	83,996	97,121	26 equal quarterly instalments ending in November 2031	Quarterly
	1,975,248	3,126,373		

Such facilities are available at mark-up / profit rates ranging from base rate plus 0.7% to 1.25% (2024: 0.7% to 1.25%) per annum. The base rate applicable during the year on such facilities is State Bank of Pakistan ('SBP') rate of 1% resulting in coupon rate ranging from 1.70% to 2.25% (2024: 0.50% to 1.7%) per annum.

Loan 1

This represents long term financing facility availed under SBP Temporary Economic Refinance Scheme ('TERF'). The loan is secured by first pari passu charge over present and future fixed assets of the Cement Segment for Rs 6,993.33 million with 25% margin.

Loan 2

This represents long term financing facility availed under SBP Islamic Temporary Economic Refinance Scheme ('ITERF'). The loan is secured by first pari passu charge of Rs 800 million over present and future fixed assets of the Cement Segment (including land & machinery).

Loan 3

This represents long term financing facility availed under SBP Islamic Temporary Economic Refinance Scheme ('ITERF'). The loan is secured by exclusive hypothecation and pari passu charge over specific plant and machinery of the Dairy Segment with 25% margin.

7.1.1 Lender - Faysl Bank Limited

Tranche	2025 (Rupees in thousand)	2024	Number of instalments outstanding	Profit Payable
Tranche 1	71,108	85,330	10 equal semi-annual instalments ending in May 2030	Half yearly
Tranche 2	92,717	108,170	12 equal semi-annual instalments ending in January 2031	Half yearly
Tranche 3	117,192	136,724	12 equal semi-annual instalments ending in February 2031	Half yearly
Tranche 4	154,760	180,553	12 equal semi-annual instalments ending in June 2031	Half yearly
	<u>435,777</u>	<u>510,777</u>		

2025**2024****(Rupees in thousand)****7.1.2** The reconciliation of the carrying amount is as follows:

Balance as at beginning of the year	3,126,373	3,847,063
Disbursements during the year	-	-
Repayments during the year	(1,151,125)	(720,690)
-note 7.1	<u>1,975,248</u>	<u>3,126,373</u>
Discount on liability:		
Balance as at beginning of the year	(298,999)	(475,622)
Unwinding of discount on liability	133,818	176,623
	<u>(165,181)</u>	<u>(298,999)</u>
Balance as at end of the year	1,810,067	2,827,374
Current portion shown under current liabilities	(848,392)	(803,213)
-note 15	<u>961,675</u>	<u>2,024,161</u>

7.2 Long term loans

Lender	2025 (Rupees in thousand)	2024	Number of instalments outstanding	Mark-up / Profit Payable
Loan 1 The Bank of Punjab - Islamic (Diminishing Musharakah)	-	50,000	-	Half yearly
Loan 2 The Bank of Punjab - Demand Finance	-	900,000	-	Half yearly
Loan 3 The Bank of Punjab - Islamic (Diminishing Musharakah)	-	600,000	-	Half yearly
Loan 4 Habib Bank Limited - Term Finance	-	250,000	-	Quarterly
Loan 5 Habib Bank Limited Term Finance	-	249,980	-	Quarterly
Loan 6 Bank Alfalah Limited - Term Finance	-	250,000	-	Quarterly
Loan 7 Bank Alfalah Limited - Term Finance	-	562,500	-	Quarterly
Loan 8 National Bank of Pakistan - Demand Finance	-	299,000	-	Quarterly
Loan 9 National Bank of Pakistan - Islamic (Diminishing Musharaka)	-	300,000	-	Half yearly
Loan 10 Allied Bank Limited - Term Finance	-	360,000	-	Quarterly
Loan 11 Allied Bank Limited - Combination of conventional and islamic syndicated term finance facility	-	980,667	-	Quarterly
Loan 12 Allied Bank Limited - Term Finance	-	500,000	-	Quarterly
C/F	-	5,302,147		

Lender	2025 (Rupees in thousand)	2024	Number of instalments outstanding	Mark-up / Profit Payable
B/F		- 5,302,147		
Loan 13 The Bank of Punjab - Term Finance (SBP Re-Finance Scheme)	408,447	627,570	18 equal semi-annual instalments ending in June 2034	Quarterly
Loan 14 Allied Bank Limited - Term Finance	-	787,500	-	Quarterly
Loan 15 Meezan Bank Limited - Islamic (Diminishing Musharaka)	-	648,365	-	Quarterly
Loan 16 Habib Bank Limited - Term Finance	-	120,000	-	Half yearly
Loan 17 The Bank of Punjab - Term Finance	-	27,777	-	Half yearly
Loan 18 Askari Bank - Combination of conventional and islamic syndicated term finance facility	6,000,000	7,000,000	17 equal quarterly instalments ending in March 2030	Monthly
Loan 19 Allied Bank - Term Finance	1,837,500	2,100,000	21 equal quarterly instalments ending in August 2030	Quarterly
Loan 20 MCB Bank Limited - Term Finance (SBP Re-Finance Scheme) Related Party	241,000	241,000	20 equal semi-annual instalments starting in November 2026	Quarterly
Loan 21 Dubai Islamic Bank - Islamic (Long term islamic finance facility)	1,800,000	1,800,000	20 equal quarterly instalments starting in September 2026	Monthly
Loan 22 Allied Bank Limited - Term Finance	973,136	231,136	24 equal quarterly instalments, starting in August 2026	Quarterly
Loan 23 Meezan Bank Limited - Term Finance	1,307,682	1,170,685	12 equal semi annual instalments, starting in November 2026	Half yearly
Loan 24 National Bank of Pakistan - Islamic (Long term islamic finance facility)	1,000,000	-	10 Equal semi annually installments starting in April 2027	Half yearly
	13,567,765	20,056,180		

Such facilities are available at mark-up / profit rates ranging from one to six months Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.15% to 0.35% per annum (2024: three to six months KIBOR plus 0.15% to 0.35% per annum). Markup / profit rate charged during the year on outstanding balance ranged from 11.55% to 23.22% (2024: 20.20% to 24.19%) per annum.

7.2.1 Security

Loan 1

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 667 million.

Loan 2

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 2,000 million.

Loan 3

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,333 million.

Loan 4

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 3,333 million.

Loan 5

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 3,333 million.

Loan 6

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 3,333 million.

Loan 7

First pari passu charge over present and future fixed assets of the Cement Segment for Rs 2,667 million.

Loan 8

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 4,000 million.

Loan 9

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,333 million.

Loan 10

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,200 million.

Loan 11

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 7,867 million.

Loan 12

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,333 million.

Loan 13

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,056 million.

Loan 14

Joint pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,125 million.

Loan 15

Joint pari passu charge over all present and future fixed assets of the Cement Segment for Rs 1,125 million.

Loan 16

First pari passu hypothecation charge on present and future fixed assets (plant and machinery) of the Packaging Segment with a 25% margin.

Loan 17

First pari passu charge over present and future operating fixed assets (plant and machinery) of the Packaging Segment with a 25% margin.

Loan 18

Joint pari passu charge over all present and future fixed assets of the Cement Segment for Rs 8,750 million.

Loan 19

Joint pari passu charge over all present and future fixed assets of the Cement Segment for Rs 2,625 million.

Loan 20

Ranking charge on pledge of shares for Rs 547 million.

Loan 21

Joint pari passu chargeover present and future fixed assets of the Cement Segment for Rs 2,400 million.

Loan 22

First pari passu charge over present and future operating fixed assets (land, building, plant and machinery) of the Packaging Segment.

Loan 23

All present and future plant and machinery of the Packaging Segment which shall be upgraded to pari passu charge within 180 days from the date of first drawdown with 20% margin.

Loan 24

Specific fixed asset plant and machinery of the Packaging Segment which shall be upgraded to pari passu charge within 180 days from the date of first drawdown with 25% margin.

2025**2024****(Rupees in thousand)****7.2.2 The reconciliation of the carrying amount is as follows:**

Opening balance		20,056,180	14,065,595
Disbursements during the year		1,879,007	12,602,529
Repayments during the year		(8,367,422)	(6,611,944)
		13,567,765	20,056,180
Current portion shown under current liabilities	-note 15	(1,095,383)	(4,645,033)
		12,472,382	15,411,147

8. Deferred government grant

This represents deferred grant recognised in respect of the benefit of below-market interest rate on the facilities as referred to in note 7.1 to these consolidated financial statements. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Group used the prevailing market rate of mark-up/ profit at the date of disbursement for similar instruments to calculate fair values of respective loans. The discount rates used range from 7.34% to 7.76% per annum. The reconciliation of the carrying amount is as follows:

2025**2024****(Rupees in thousand)**

Opening balance		298,999	475,622
Deferred grant recognised during the year		-	-
Credited to profit or loss	-note 35	(133,818)	(176,623)
Closing balance		165,181	298,999
Current portion shown under current liabilities	-note 15	(83,624)	(128,767)
		81,557	170,232

There are no unfulfilled conditions or other contingencies attached to these grants.

9. Long term deposits

Customers	801,522	438,466
Others	138,770	134,282
	940,292	572,748

These include 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. As per the agreements signed with these parties, the Group has the right to utilise the amounts for the furtherance of their business, hence, the amounts are not required to be kept in a separate account maintained in a scheduled bank. Therefore, the Group is in compliance with section 217 of the Companies Act, 2017. These deposits have not been carried at amortised cost since the effect of discounting is immaterial in the context of these consolidated financial statements.

	2025	2024
	(Rupees in thousand)	
Staff gratuity	734,857	729,262
Accumulating compensated absences	219,782	215,287
	<u>954,639</u>	<u>944,549</u>

10. Employee benefits obligations

10.1 Gratuity

The amounts recognised in the consolidated statement of financial position are as follows:

	2025	2024
	(Rupees in thousand)	
Present value of defined benefit obligation	1,608,666	1,462,680
Fair value of plan assets	(873,809)	(733,418)
Liability as at June 30	<u>734,857</u>	<u>729,262</u>

10.1.1 Movement in net liability for staff gratuity

Net liability as at beginning of the year	729,262	657,255
Current service cost	122,044	114,613
Net interest on defined benefit obligation	201,295	193,037
Return on plan assets during the year	(109,301)	(96,124)
	<u>214,038</u>	<u>211,526</u>
Total remeasurements for the year charged to consolidated statement of comprehensive income	(41,666)	(56,343)
Contributions made by the Group during the year	(166,778)	(83,176)
Net liability as at end of the year	<u>734,856</u>	<u>729,262</u>

10.1.2 Movement in present value of defined benefit obligation

Present value of defined benefit obligation as at beginning of the year	1,462,680	1,243,229
Current service cost	122,044	114,613
Interest cost	201,295	193,037
Payments against opening payables	(7,248)	(8,967)
Benefits paid during the year	(151,568)	(72,058)
Remeasurements:		
- Actuarial losses from changes in financial assumptions	(6,133)	(2,826)
- Experience adjustments	(12,404)	(4,348)
	<u>(18,537)</u>	<u>(7,174)</u>
Present value of defined benefit obligation as at end of the year	<u>1,608,666</u>	<u>1,462,680</u>

2025

2024

(Rupees in thousand)

10.1.3 Movement in fair value of plan assets

Fair value of plan assets as at beginning of the year	733,418	585,974
Interest income on plan assets	109,301	96,124
Contributions during the year	166,778	83,176
Benefits paid during the year	(158,817)	(81,025)
Remeasurements in fair value of plan assets	23,129	49,169
Fair value of plan assets as at end of the year	873,809	733,418

10.1.4 Plan assets

Plan assets are comprised as follows:

	2025		2024	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Cash and bank balances	6,810	1%	4,304	1%
Debt instruments	866,999	99%	729,114	99%
	873,809	100.00%	733,418	100.00%

2025

2024

(Rupees in thousand)

10.1.5 Charge for the year

Current service cost	122,044	114,613
Interest cost	201,295	193,037
Interest income on plan assets	(109,301)	(96,124)
Total expense for the year	214,038	211,526

10.1.6 Total remeasurements charged to consolidated statement of comprehensive income

Actuarial (gain) / loss from changes in financial assumptions	(6,133)	(2,826)
Experience adjustments	(12,404)	(4,348)
	(18,537)	(7,174)
Remeasurements in plan assets, excluding interest income	(23,129)	(49,169)
	(41,666)	(56,343)

10.1.7 Assumptions used for valuation of the gratuity are as under:

		2025	2024
Discount rate per annum	Per annum	11.75%	14.75%
Expected increase in eligible salary level per annum	Per annum	10.75%	13.75%
Duration of plan	Number of years	7	7
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

10.1.8 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumptions			Impact on defined benefit obligation					
				Increase in assumption			Decrease in assumption		
	2025	2024		2025	2024		2025	2024	
Discount rate	-3.00%	-1.50%	Decrease by	7.72%	7.29%	Increase by	5.73%	6.19%	
Salary growth rate	-3.00%	-1.50%	Increase by	5.80%	6.26%	Decrease by	7.89%	7.46%	

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

10.1.9 Risks associated with the defined benefit plan**- Final salary risk (linked to inflation risk)**

The risk that the final salary at the time of cessation of service is greater than what is currently assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Demographic risks

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- Investment risk

- The risk of the investment underperforming and being not sufficient to meet the liabilities.

10.1.10 Expected contribution to the defined benefit plan for the year ending June 30, 2026 is Rs 208.455 million.**10.1.11** The weighted average duration of the defined benefit obligation is 7 years (2024 – 7 years). The expected benefit payment for the next 10 years and beyond is as follows:

	Less than a year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
	(Rupees in thousand)				
June 30, 2025	208,455	184,304	495,158	10,702,433	11,590,350
June 30, 2024	196,330	153,818	580,875	20,221,859	21,152,882

10.2 Accumulating compensated absences

		2025	2024
		(Rupees in thousand)	
Opening balance		215,287	192,259
Charged to profit or loss		90,752	98,528
Payments made during the year		(31,251)	(74,803)
Liability as at year end		274,788	215,984
Current portion shown under current liabilities	- note 15	(55,006)	(697)
		219,782	215,287

		2025	2024
		(Rupees in thousand)	

10.2.1 Movement in liability for accumulating compensated absences

Present value of accumulating compensated absences as at beginning of the year	215,287	192,259
Current service cost	80,220	78,033
Interest cost	25,391	25,108
Benefits due but not paid	(55,006)	(697)
Benefits paid during the year	(31,251)	(74,803)
Actuarial gain from changes in financial assumptions	(871)	(431)
Remeasurement in respect of experience adjustments	(13,988)	(4,182)
Present value of accumulating compensated absences as at year end	219,782	215,287

10.2.2 Charge for the year

Current service cost	80,220	78,033
Interest cost	25,391	25,108
Remeasurement during the year	(14,859)	(4,613)
Total expense for the year	90,752	98,528

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

		2025	2024
Discount rate	Per annum	11.75%	14.75%
Expected rate of increase in salary	Per annum	10.75%	13.75%
Duration of the plan	Number of years	2	3
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

10.2.4 The sensitivity of the accumulating compensated balances to changes in the weighted principal assumptions is:

				Impact on accumulating compensated balances				
	Change in assumptions			Increase in assumption			Decrease in assumption	
	2025	2024		2025	2024		2025	2024
Discount rate	-3.00%	-1.50%	Decrease by	6.98%	6.97%	Increase by	7.99%	7.98%
Salary growth rate	-3.00%	-1.50%	Increase by	7.91%	7.89%	Decrease by	7.03%	7.01%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the accumulating leave absences to significant actuarial assumptions the same method (present value of the accumulating compensated absences calculated with the projected unit credit method at the end of the reporting period) has been applied for valuation of balance of accumulating compensated absences in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

10.2.5 Risks associated with the accumulating compensated absences

- **Final Salary Risk (linked to inflation risk)** The risk that the final salary at the time of cessation of service is greater than what we assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- **Demographic risks** Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- **Investment Risk** The risk of the investment underperforming and being not sufficient to meet the liabilities

2025	2024
(Rupees in thousand)	

11. Deferred taxation

The net liability for deferred taxation comprises temporary taxable/(deductible) differences, unused tax credits and unused tax losses relating to:

Deferred tax liability

Accelerated tax depreciation	18,852,346	18,683,496
Un-realised gain on investments - net	2,183,713	3,177,696
Gain arising from changes in fair value of biological assets	494,400	448,955
	<u>21,530,459</u>	<u>22,310,147</u>

Deferred tax asset

Available unused minimum tax credit	(1,500,076)	(1,430,125)
Available unused Alternative Corporate Tax credit	(774,517)	(531,592)
Available unused tax losses	(4,598,260)	(6,336,912)
Loss allowance on financial assets	(128,606)	(126,550)
Employee benefit obligations	(393,762)	(368,645)
Others	(34,541)	(20,977)
	<u>(7,429,762)</u>	<u>(8,814,801)</u>
	<u>14,100,697</u>	<u>13,495,346</u>

The gross movement in net deferred tax liability during the year is as follows:

Opening balance	13,495,346	11,306,527
Charged to other comprehensive income	(977,734)	1,277,973
Charged to statement of profit or loss	1,234,187	910,846
Loss utilised under group relief arrangement as per section 59B of the Income Tax Ordinance, 2001	348,898	-
Closing balance	<u>14,100,697</u>	<u>13,495,346</u>

Deferred tax asset on tax losses and tax credits available for carry forward have been recognised to the extent that the realisation of related tax benefits is probable from reversal of existing taxable temporary differences and future taxable profits. Based on the Company's approved business plan, it is probable that sufficient taxable profits will be available for utilisation of deferred tax asset.

		2025	2024
		(Rupees in thousand)	
12. Trade and other payables			
Trade creditors	- note 12.1	3,467,474	6,337,625
Bills payable		844,947	181,408
Infrastructure cess		1,864,084	399,335
Contract liability	- note 12.2	3,186,488	1,722,828
Accrued liabilities	- note 12.3	3,612,587	3,956,070
Workers' Profit Participation Fund	- note 12.4	729,739	206,606
Workers' Welfare Fund	- note 12.5	274,821	56,263
Sales tax payable		162	42
Federal Excise Duty Payable		-	42,970
Withholding tax payable		12,506	39,734
Retention money payable		35,102	38,197
Export commission payable		308,695	220,506
Others	- note 12.6	102,174	118,353
		14,438,779	13,319,937
12.1 Trade creditors includes amount due to the following related parties:			
Nishat Agriculture Farming (Private) Limited		-	78,867
Security General Insurance Company Limited		1,150	1,201
Adamjee Insurance Company Limited		271	-
Pakistan Aviators and Aviation (Private) Limited		393	512
Nishat Hotels and Properties Limited		2,226	173
Provident Fund Trust (Nishat Packaging Company Limited)		850	-
		4,890	80,753

12.2 This represents contract liabilities of the Group towards various parties. Revenue recognised in the current year that was included in the contract liability balance of the Group at the beginning of the year amounts to Rs 1,475.192 million (2024: Rs 1,214.787 million).

12.3 Includes Gas Infrastructure Development Cess ('GIDC') amounting to Rs. 1,345.019 million (2024: Rs. 1,345.019 million) that was levied through GIDC Act, 2015. The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Group were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government of Pakistan in 24 equal monthly instalments. The Group has partially paid GIDC amounting to Rs 84.5 million. The Group also filed a Suit with the Sindh High Court against collection of GIDC instalments, before a factual determination of GIDC passed on to end consumers or not is carried out. The Sindh High Court granted a stay in March 2021 against recovery of GIDC payable from the Group till the finalisation of matter by the Court. The matter is currently pending in the Sindh High Court. The Group has followed the relevant accounting standards and guidelines of the Institute of Chartered Accountants of Pakistan (ICAP) in this regard.

Furthermore, this includes provision in respect of royalty expense on limestone and argillaceous clay for the province of Punjab. The cement segment alongwith other petitioners has contested the calculation of royalty as per notification of Mines & Mineral Department, Government of the Punjab dated August 1, 2024 before the honorable Supreme Court (SC). The SC through order dated June 25, 2025 has given interim relief to the Group by maintaining status quo till the decision of the petition.

12.3.1 Trade and other payables include provision for royalty expense (including the aforementioned provision in respect of royalty expense on limestone and argillaceous clay for the province of Punjab) amounting to Rs. 787.318 million as at June 30, 2025 (June 30, 2024: Rs. 198.453 million). During the year, expense amounting to Rs. 2,848.805 million was recognised, while payments amounting to Rs. 2,259.940 million were made by the Group.

2025 2024
(Rupees in thousand)

12.4 Workers' profit participation fund

The reconciliation of carrying amount is as follows:

Opening balance		206,606	243,179
Provision for the year	- note 33	486,896	-
Interest for the year	- note 35	36,237	2,787
		729,739	245,966
Payments made during the year		-	(39,360)
Closing balance		729,739	206,606

12.5 Workers' Welfare fund

The reconciliation of carrying amount is as follows:

Opening balance		56,263	32,673
Provision for the year	- note 33	218,558	23,590
		274,821	56,263
Payments made during the year		-	-
Closing balance		274,821	56,263

12.6 Includes payable to employees' provident fund amounting to Nil (2024: Rs 45.217 million).

2025 2024
(Rupees in thousand)

13. Short term borrowings from financial institutions - secured

From banking companies:

Short term running finances / short term borrowings

- Commerical banks		3,086,652	3,779,368
- Islamic banks		510,875	2,270,850
	- note 13.1	3,597,527	6,050,218

Import finances

- Commerical banks		-	5,543,161
- Islamic banks		-	-
	- note 13.2	-	5,543,161

Export finances

- Commerical banks		7,849,567	2,615,000
- Islamic banks		900,000	900,000
	- note 13.3	8,749,567	3,515,000
		12,347,094	15,108,379

13.1 Short term running finances / short term borrowings

Short term running finance facilities and short term borrowings available from various banks under mark-up / profit arrangements aggregate to Rs 42,475 million (2024: Rs 43,850 million). Such facilities are available at mark-up / profit rates ranging from one to three months KIBOR minus 4.50% to KIBOR plus 1.50% (2024: One to three months KIBOR minus 0.05% to KIBOR plus 1%) per annum. The mark-up / profit rate charged during the year on the outstanding balance ranged from 7.74% to 22.84% (2024: 17.95% to 24.16%) per annum and mark-up / profit is payable monthly to quarterly. These are secured by ranking / joint registered pari passu charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

13.1.1 This includes short term running finance amounting to Rs 719.448 million from MCB Bank Limited and Rs 1.466 million from MCB Islamic Bank Limited - related parties.

13.2 Import finances - secured

Import finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs 21,100 million (2024: Rs 24,650 million). Such facilities are available at mark-up rates ranging from one to six months KIBOR minus 0.15 % to KIBOR plus 0.50% (2024: one to six months KIBOR plus 0.02% to 0.07%) per annum. The mark-up rate charged during the year on the outstanding balance ranged from 12.08% to 21.45% (2024: 21.12% to 23.21%) per annum and markup is payable on settlement. These are secured by ranking / joint registered pari passu charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

13.3 Export finances - secured

Export finance facilities available from various banks under mark-up / profit arrangements aggregate to Rs 19,950 million (2024: Rs 14,250 million). Such facilities are available at mark-up / profit rate agreed as per State Bank of Pakistan plus 0.25% to 1.00% (2024: State Bank of Pakistan agreed rate plus 0.25% to 1.00%) per annum. The Export Finance Scheme rate has ranged from 8.25% to 17.5% (2024: 16% to 18%) throughout the year. These loans are obtained for a period of 180 days and are secured by ranking / joint registered pari passu charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

13.3.1 This includes export finance amounting to Rs 500 million from MCB Bank Limited - a related party.

13.4 Letters of credit and guarantees

Of the aggregate facility of Rs 53,859 million (2024: Rs 52,895 million) for opening letters of credit and Rs 4,850 million (2024: Rs 5,350 million) for guarantees, all being either main limits or sub-limits of the facilities, the amount utilised as at June 30, 2025 was Rs 2,170 million (2024: Rs 2,036 million) and Rs 3,953 million (2024: Rs 3,806 million) respectively. The facilities for opening letters of credit are secured against lien over import documents whereas aggregate facilities for guarantees are secured against registered joint pari passu charge over the present and future current assets of the Group. Of the facility for guarantees, Rs 14.48 million (2024: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 28.2.

2025

2024

(Rupees in thousand)

14. Accrued markup

Accrued mark-up/interest on:

- Long term finances - secured	- note 14.1	318,999	562,443
- Short term borrowings - secured	- note 14.2	231,954	854,592
		<u>550,953</u>	<u>1,417,035</u>

14.1 This includes accrued interest relating to commercial banks of Rs. 66.18 million (2024: 353.09 million) and profit relating to Islamic banks of Rs 252.82 million (2024: 209.35 million).

- 14.2** This includes accrued interest relating to commercial banks of Rs. 200.05 million (2024: 715.08 million) and profit relating to Islamic banks of Rs 31.90 million (2024: 139.51 million).

	2025	2024
	(Rupees in thousand)	
Loans under refinance scheme	848,392	803,213
Long term finances	1,095,383	4,645,033
Accumulating compensated absences	55,006	697
Deferred government grant	83,624	128,767
	<u>2,082,405</u>	<u>5,577,710</u>

15. Current portion of non-current liabilities

16. Contingencies and commitments

16.1 Contingencies

Contingent assets:

- 16.1.1** The matter relating to interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 ('1944 Act') has been decided by the honourable Supreme Court of Pakistan through its judgment dated January 27, 2009 (upholding its previous judgment dated February 15, 2007). The longstanding controversy between the Revenue Department and the taxpayers primarily related to the 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 was challenged by the taxpayers in appeals before the honourable High Court(s) of Pakistan 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 Cement segment has initiated the process of claiming refund of excess excise duty paid by it during the periods from 1994 to 1999 which aggregates Rs 1,115.145 million. The amount of refund, however, shall be incorporated in the books of account once it is realized by the cement segment.

- 16.1.2** The Income Tax Officer, while framing the assessments for the assessment years 1984-85 to 1990-91, has taxed the income of the Cement segment on account of the interest on the deposits and sale of scrap etc. The Appellate Tribunal on appeal filed by the cement segment issued an order in favour of the cement segment 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 to Rs 35.090 million.

Contingent liabilities:

- 16.1.3** During the period 1994 to 1996, the cement segment 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 cement segment by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Cement segment appealed before the Lahore High Court, Multan Bench, which allowed the Cement segment to release the machinery on furnishing indemnity bonds with the Custom Authorities.

Collector of Customs and Central Excise, Multan, passed an order dated November 26, 1999, against the cement segment 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 of Pakistan remanded the case

back to the Customs Authorities to reassess the liability of the cement segment. The custom authorities re-determined the liability of the Cement segment upon which the Cement segment preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Cement segment, upon which the Cement segment discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench on November 19, 2013. Last hearing of the case was conducted on June 25, 2018. 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 cement segment, there are meritorious grounds that the ultimate decision would be in its favour.

- 16.1.4** 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. Similar notices were also issued to All Pakistan Cement Manufacturers Association ('APCMA') and its member cement manufacturers. The cement segment 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 cement segment. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Cement segment for the time being.

The vires of the Competition Commission of Pakistan were challenged by a large number of petitioners and all had been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution of Pakistan. Pursuant thereto, the Parliament enacted the Competition Commission Ordinance, 2009 which was also challenged by the Cement segment before the Lahore High Court. All these petitions were eventually disposed off with the direction to the Competition Appellate Tribunal ('CAT') to decide the Appeals on merits. In the meantime, owing to the amendments brought into the law by virtue of the Competition Act, 2010, the Honourable Supreme Court of Pakistan also remanded the matter to the CAT for decision on merits. The cement segment thereafter challenged sections 42, 43 and 44 of the Competition Act, 2010 in the Sindh High Court. The Honourable Sindh High Court upon petition filed by large number of petitioners gave direction to CAT to continue with the proceedings and not to pass a final order till the time petition is pending in Sindh High Court. However, on February 24, 2025 the Sindh High Court vacated the interim order thereby allowing the CAT to pass a final order. The Appeal was recently heard by the CAT on merits and has been reserved for Judgment. No provision for this amount has been made in the financial statements as according to the management of the Cement segment, there are meritorious grounds that the ultimate decision would be in the Cement segment's favour.

- 16.1.5** The Cement segment, 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 on March 27, 2008, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period from June 13, 1997 to August 11, 1998. Last hearing of the case was conducted on December 17, 2015. According to the legal counsel of the cement segment, meritorious grounds exist to support the position of the cement segment and the ultimate decision would be in the Cement segment's favour, therefore the liability has not been incorporated in these financial statements amounting to Rs 212.239 million.

- 16.1.6** Commissioner Inland Revenue amended the assessments made for tax years 2016 and 2017 through order passed under 122 (5A) of the Income Tax Ordinance, 2001 and disallowed the adjustments on account of brought forward 'minimum' taxes of Rs 72.653 Million and Rs 44.850 Million claimed under section 113 and 113C of the Income Tax Ordinance, 2001 against normal tax liabilities pertaining to tax year 2016 and 2017 respectively. The Packaging segment preferred an appeal before the Commissioner Inland Revenue (CIR) (Appeals) against the order.

The CIR (Appeals) upheld the claim of the packaging segment in order 31/A-V dated July 30, 2021 for tax credit under section 113 and 113C of the Income Tax Ordinance, 2001 and disposed of the appeal. The Department has preferred an appeal before ATIR which has not been taken up for hearing.

- 16.1.7** The banks have issued the following guarantees on Group's behalf in favour of:

- Collector of Customs, Excise and Sales Tax against levy of sales tax, custom duty and excise amounting to Rs 30.538 million (2024: Rs 30.538 million).
- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 1,617.900 million (2024: Rs 1,527.900 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 (2024: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use at plants at Khairpur and at D.G. Khan respectively amounting to Rs 544.414 million (2024: Rs 544.414 million).

- Sindh High Court against levy of sales tax, custom duty and excise amounting to Rs 176.860 million (2024: Rs 228.174 million).

- Pakistan Railways against supply of cement amounting to Nil (2024: Rs 10.808 million).

- Directorate General of Mines & Minerals, Punjab against enhanced royalty rates on minerals amounting to Rs 291.716 million (2024: Rs 172.08 million).

- K-Electric against security deposits for electricity bills amounting to Rs 193.713 million (2024: Rs 142.400 million).

- Director excise and taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess amounting to Rs 40 million (2024: Rs 30 million).

- Sui Northern Gas Pipelines Limited against connection of gas supply for Sukheki Farm amounting to Rs 16.8 million (2024: 26.6 million).

- Directorate General of Customs Valuation, Custom House Karachi on account of valuation ruling amounting to Rs. 21.7 million (2024: Rs. 22.65 million).

- The Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs. 288.7 million (2024: Rs. 197.42 million).

- Controller of Military Accounts (Defence Purchase) Rawalpindi against sale of cement amounting to Rs 37.726 million (2024: Nil).

16.1.8 The Cement segment has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs 1,060.186 million (2024: Rs 1,149.328 million).

16.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 50.206 million (2024: Rs 107.609 million).
- (ii) Letters of credit for capital expenditure Nil (2024: Rs 48.046 million).
- (iii) Letters of credit other than capital expenditure Rs 419.454 million (2024: Rs 1,573.272 million).
- (iv) The amount of future payments under leases and the period in which these payments will become due are as follows:

	2025	2024
	(Rupees in thousand)	
Not later than one year	412	425
Later than one year and not later than five years	1,650	1,650
Later than five years	2,648	3,061
	4,710	5,136

17. Property, plant and equipment

Operating fixed assets	- note 17.1	82,693,393	81,839,481
Capital work-in-progress	- note 17.2	878,378	1,689,590
Major spare parts and stand-by equipment	- note 17.3	311,635	330,315
		83,883,406	83,859,386

17.1 Operating fixed assets

2025										(Rupees in thousand)	
Annual rate of depreciation %	Cost as at July 01, 2024	Additions / (deletions)	Reclassification from assets held for sale	Cost as at June 30, 2025	Accumulated depreciation as at July 01, 2024	Depreciation charge/ (deletions) for the year	Reclassification to assets held for sale	Accumulated depreciation as at June 30, 2025	Book value as at June 30, 2025		
-	2,767,592	33,200	-	2,800,792	-	-	-	-	2,800,792		
3.33	263,000	-	-	263,000	68,540	8,767	-	77,307	185,693		
Buildings on freehold land and leasehold land											
- Factory building	25,673,027	1,133,005	-	26,806,032	10,740,866	804,861	-	11,545,727	15,260,305		
- Office building and housing colony	4,097,630	691,226	-	4,788,856	1,284,766	143,364	-	1,428,130	3,360,726		
Roads	2,470,394	-	-	2,470,394	1,294,777	117,562	-	1,412,339	1,058,055		
Plant and machinery	84,383,585	2,824,785	-	86,883,469	29,611,650	2,382,820	-	31,824,879	55,058,590		
		(324,901)				(169,591)					
Factory equipment	75,091	1,282	-	76,373	47,651	9,980	-	57,631	18,742		
Quarry equipment	4,420,051	3,500	-	4,416,981	2,648,644	133,611	-	2,780,224	1,636,757		
		(6,570)				(2,031)					
Furniture, fixture and office equipment											
	1,304,473	196,910	-	1,501,022	957,534	129,643	-	1,087,177	413,845		
		(361)									
Vehicles	1,410,875	257,010	-	1,591,806	735,682	134,738	-	829,953	761,853		
		(76,079)				(40,467)					
Aircraft Parts	328,750	5,741	-	334,491	323,710	3,234	-	326,944	7,547		
Power and water supply lines	4,513,644	401	-	4,514,045	2,154,811	228,746	-	2,383,557	2,130,488		
	131,708,112	5,147,060	-	136,447,261	49,868,631	4,097,326	-	53,753,868	82,693,393		
		(407,911)				(212,089)					

	Annual rate of depreciation %	2024							(Rupees in thousand)	
		Cost as at July 01, 2023	Additions / (deletions)	Reclassification to assets held for sale	Cost as at June 30, 2024	Accumulated depreciation as at July 01, 2023	Depreciation charge/ (deletions) for the year	Reclassification to assets held for sale	Accumulated depreciation as at June 30, 2024	Book value as at June 30, 2024
Freehold land - note 17.1.2	-	2,393,394	374,198	-	2,767,592	-	-	-	-	2,767,592
Leasehold land	3.33	263,000	-	-	263,000	59,773	8,767	-	68,540	194,460
Buildings on freehold land and leasehold land										
- Factory building	5 to 10	25,506,282	166,745	-	25,673,027	9,911,296	829,570	-	10,740,866	14,932,161
- Office building and housing colony	5	4,039,988	57,642	-	4,097,630	1,138,351	146,415	-	1,284,766	2,812,864
Roads	10	2,468,340	2,054	-	2,470,394	1,164,328	130,449	-	1,294,777	1,175,617
Plant and machinery	3 to 9	82,735,404	1,533,473	322,708	84,383,585	27,245,833	2,310,582	150,070	29,611,650	54,771,935
			(208,000)				(94,835)			
Factory equipment	10	74,521	570	-	75,091	44,648	3,003	-	47,651	27,440
Quarry equipment	10	4,479,526	-	-	4,420,051	2,541,726	149,274	-	2,648,644	1,771,407
			(59,475)				(42,356)			
Furniture, fixture and office equipment	10 to 30	1,219,653	85,349	-	1,304,473	832,344	125,437	-	957,534	346,939
			(529)				(247)			
Vehicles	20	1,330,800	157,919	-	1,410,875	667,448	120,573	-	735,682	675,193
			(77,844)				(52,339)			
Aircraft Parts	30	331,522	-	-	328,750	321,551	2,159	-	323,710	5,040
			(2,772)							
Power and water supply lines	10	4,225,367	288,277	-	4,513,644	1,905,865	248,946	-	2,154,811	2,358,833
		129,067,797	2,666,227	322,708	131,708,112	45,833,163	4,075,175	150,070	49,868,631	81,839,481
			(348,620)				(189,777)			

17.1.1 Freehold land and building include book values of Rs 12 million (2024: Rs 12 million) and Rs 3,821 million (2024: Rs 4,252 million) respectively which are held in the name of the Chief Executive of the Cement Segment. This property is located in the locality of Defence Housing Authority, Lahore, where the bye-laws restrict transfer of title of the residential property in the name of the Group.

17.1.2 Following are the particulars of the Group's immovable fixed assets:

Cement segment	Location	Usage of immovable property	Total Area (in Acres)	
			2025	2024
Dairy segment	Hub, Mauza Chichai, Balochistan	Plant site and staff colony	1462.50	1462.50
	Khairpur district, Chakwal, Punjab	Plant site and staff colony	901.50	901.50
	Kanrach Nai, District Lasbela, Balochistan	Source of raw material	723.14	723.14
	Dera Ghazi Khan, Punjab	Plant site and staff colony	590.00	590.00
	Lakho Dair, Lahore, Punjab	Processing site	44.00	44.00
	Gulberg, Lahore, Punjab	Administrative offices	1.50	1.50
	Others	Sales offices	0.28	0.28
	Moza Katrani Tehsil Pindi Bhattian, District Hafizabad, Sukheki	Plant site	214.57	214.57
	Moza Harsa Atlia Tehsil Pindi Bhattian, District Hafizabad, Sukheki	Plant site	0.75	0.75
	Hub, Mauza Chichai, Balochistan	Plant Site	8.00	8.00
Packaging segment	Quaid e Azam Business Park, Sheikhpura	Plant Site	8.00	-
			2025	2024
			(Rupees in thousand)	
Cost of sales	Administrative expenses	Selling and distribution expenses	3,968,448	3,973,984
			113,853	87,850
			15,025	13,339
			4,097,326	4,075,173

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

Cost of sales	Administrative expenses	Selling and distribution expenses	- note 30	3,973,984
			- note 31	87,850
			- note 32	13,339
				4,075,173

17.1.4 Book values of operating fixed assets consist of the following with respect to operating segments:

	Cement segment		Packaging segment		Dairy segment		Total
	2025	2024	2025	2024	2025	2024	
(Rupees in thousand)							
Plant and machinery	51,470,070	53,017,835	2,992,026	1,101,809	466,703	512,424	54,928,799
All other assets	24,672,542	25,188,666	1,754,395	633,673	1,337,656	1,385,075	27,764,593
Total	76,142,612	78,206,501	4,746,421	1,735,482	1,804,359	1,897,499	82,693,392
							81,839,482

17.1.5 Sale of operating fixed assets

Detail of operating fixed assets sold during the year is as follows:

Particulars of assets	Sold to	2025				(Rupees in thousand)	
		Cost	Book value	Sale proceeds	Gain / (Loss) on sale	Mode of sale	
Plant & Machinery	Outside party						
	M/s Eastern Dairy	7,424	2,193	2,000	(193)	Auction	
	M/s Prime Verde Bags Company	322,708	153,116	678,037	524,920	Auction	
Quarry Equipment	Outside party						
	M/s Caterpillar	6,570	4,540	6,570	2,030	Auction	
Vehicles	Outside party						
	Mr. Muneeb Ahmed	4,548	1,149	6,704	5,555	Auction	
	Mr. Ali Subhani	3,476	1,061	6,451	5,390	-do-	
	Mr. Asad Ali	1,704	416	2,875	2,459	-do-	
	Mr. Khurram Imtiaz	3,132	736	5,657	4,921	-do-	
	M/s Kausar Sons Leisure Private Limited	31,065	17,734	25,000	7,266	-do-	
	Mr. Sultan Mohammad	54	6	18	12	-do-	
	Mr. Abdul Rahim	70	26	64	38	-do-	
	Mr. Furqan Ahmed	1,250	373	1,930	1,557	-do-	
	Mr. Muhammad Umer	64	20	56	36	-do-	
	Mr. Mohammad Farooq	2,163	584	3,368	2,784	-do-	
	Mr. Khalil Ahmad	1,127	279	1,400	1,121	-do-	
	Mr. Asim Muntaz	1,931	483	3,708	3,225	-do-	
	Mr. Saeed Ali	5,098	872	6,728	5,855	-do-	
	M/s S&R Agri Farms	20,708	2,504	3,118	614	-do-	
	Mr. Abdul Basit	2,179	859	2,541	1,682	-do-	
	Employees						
	Brid. (R) Jawed Akhtar	2,299	772	772	-	As per Group Policy	
	Maj.(R) Aslam Pervaiz	2,306	741	741	-	-do-	
	Mr. Khalid Mehmood Khalid	1,923	525	430	(95)	-do-	
	Mr. Mukhtar Hussain Shafqat	2,512	1,294	1,294	-	-do-	
	Mr. Malik Abdul Majeed	2,219	685	685	-	-do-	
	Col. (R) Taimur Malik	2,244	614	606	(8)	-do-	
	Mr. Syed Javed Hussain Zaidi	1,924	491	491	-	-do-	
	Mr. Imran Razzak	1,716	604	604	-	-do-	
	Mr. Muhammad Ramzan	2,054	723	723	-	-do-	
	Mr. Ali Abdullah	2,767	986	1,473	488	-do-	
	Mr. Muhammad Naeem	2,182	930	1,255	326	-do-	

Particulars of assets	2024					(Rupees in thousand)	
	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss) on sale	Mode of sale	
Plant & Machinery							
	Outside party						
	M/s Latif & Brothers						
	M/s Gulzar & Brothers	208,000	113,165	33,638	(79,527)		As per Group Policy
Quarry Equipment	Related party						
	Security General Insurance Company Limited	59,475	17,119	68,063	50,944		Insurance claim
Vehicles	Outside party						
	Agha Ali	26,607	7,445	18,000	10,555		Auction
	Muhammad Awais	4,577	1,358	7,556	6,198		-do-
	Syed Salman Ali	2,503	585	3,377	2,792		-do-
	Related party						
	Security General Insurance Company Limited	8,153	6,499	9,523	3,024		Insurance claim
	Employees						
	Muhammad Nasrullah	2,455	1,582	1,582	-		As per Group Policy
	Syed Ghulam Mujtaba	2,384	1,031	1,031	-		-do-
	Abdul Ghani Nizamani	2,335	970	970	-		-do-
	Amin Uddin	1,751	632	632	-		-do-
	Elahi Baksh	2,100	606	606	-		-do-
	Amir Noor	2,062	668	3,278	2,610		Auction
	Arif Sattar	1,651	549	3,020	2,471		-do-

17.2 Capital work-in-progress

2025 (Rupees in thousand)

	Balance as at July 1, 2024	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Charged off during the year	Transfers within capital work-in-progress	Transfers to operating fixed assets	Transfers to major spare parts and stand by equipment	Balance as at June 30, 2025
Civil works	1,013,263	3,182,366	-	(895)	(116,781)	(4,000,752)	-	77,201
Plant and machinery	540,006	839,924	-	-	(253,875)	(496,758)	(2,659)	626,638
Advances to suppliers and contractors - note 17.2.1	110,943	281,013	-	-	(249,813)	-	-	142,143
Others								
- Intangible assets	16,051	633	-	-	-	-	-	16,684
- Unallocated capital expenditure	9,327	32,135	-	-	19,629	(45,379)	-	15,712
	1,689,590	4,336,071	-	(895)	(600,840)	(4,542,889)	(2,659)	878,378

2024 (Rupees in thousand)

	Balance as at July 1, 2023	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Charged off during the year	Transfers within capital work-in-progress	Transfers to operating fixed assets	Transfers to major spare parts and stand by equipment	Balance as at June 30, 2024
Civil works	776,270	789,852	-	(8)	(4,478)	(548,373)	-	1,013,263
Plant and machinery	1,252,075	1,592,761	-	(4,655)	(977,441)	(1,322,734)	-	540,006
Advances to suppliers and contractors	91,594	364,873	-	-	(345,524)	-	-	110,943
Others								
- Intangible assets	11,744	4,307	-	-	-	-	-	16,051
- Unallocated capital expenditure	34,603	27,585	26,722	(1,785)	-	(77,798)	-	9,327
	2,166,286	2,779,378	26,722	(6,448)	(1,327,443)	(1,948,905)	-	1,689,590

17.2.1

This represents advance paid to Pakistan Aviators and Aviation (Pvt.) Limited, a related party, of Nil (2024: 82.195 million) on account of capital expenditure related to the procurement of Aircraft Parts. The maximum aggregate amount receivable at the end of any month during the year was Rs 92.201 million (2024: Rs 83.915 million). The balances are neither past due nor impaired.

17.3 Major spare parts and stand-by equipment

The reconciliation of carrying amount is as follows:

	2025	2024
	(Rupees in thousand)	
Balance at the beginning of the year	330,315	199,546
Additions during the year	21,643	202,433
	351,958	401,979
Transfers made during the year	(40,323)	(71,664)
Balance at the end of the year	311,635	330,315

17.4 All operating fixed assets of Cement and Packaging segments are pledged as security against long term finances as referred to in note 7.

18. Intangible assets

This represents computer software and related license(s). The reconciliation of carrying amount is as follows:

COST

Balance as at July 01	77,655	21,500
Additions during the year	-	56,155
Balance as at June 30	77,655	77,655

AMORTIZATION

Balance as at July 01	34,892	11,347
Charge for the year	29,687	23,545
Balance as at June 30	64,579	34,892

Book value as at June 30	13,076	42,763
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Annual amortization rate %	33.33% - 50%	33.33% - 50%
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19. Biological assets

This represents dairy livestock. It consists of the following:

- Mature	947,930	843,740
- Immature	337,390	323,260
- Bulls	1,478	436
	1,286,798	1,167,436

19.1 Reconciliation of carrying amounts of dairy livestock

Opening balance	1,167,436	1,150,612
Fair value gain due to new births	149,148	130,881
Changes in fair value (due to price change, exchange fluctuations and biological transformation)	320,707	241,550
	469,855	372,431
Purchases during the year	7,650	13,300
Decrease due to deaths / livestock losses	(38,505)	(49,551)
Decrease due to sale of livestock	(319,638)	(319,356)
Carrying amount at the end of the year which approximates the fair value	1,286,798	1,167,436

19.2 As at June 30, 2025 the dairy segment held 3,634 (2024: 3,406) mature assets able to produce milk and 3,596 (2024: 3,488) immature assets that are being raised to produce milk in the future. During the year, 3,189 (2024: 3,096) were sold. During the year, the segment produced approximately 39.71 million (2024: 37.71 million) gross litres of milk from these biological assets. As at June 30, 2025, the dairy segment also held 4 (2024: 19) immature male calves.

- 19.3** The valuation of dairy livestock as at June 30, 2025 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 segment as at June 30, 2025. Further, market and replacement values of similar live stock from active markets in Pakistan have been used as basis of valuation model by the independent valuer. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing.

		2025	2024
		(Rupees in thousand)	
20. Investments			
These represent the long term investments in:			
- Related parties	- note 20.1	19,141,165	14,874,420
- Others	- note 20.2	553,140	339,177
		19,694,305	15,213,597
20.1 Related parties			
Associate - quoted - FVOCI:			
Nishat Mills Limited			
30,289,501 (2024: 30,289,501) fully paid ordinary shares of Rs 10 each			
Equity held: 8.61% (2024: 8.61%)			
Cost - Rs 1,326.559 million (2024: Rs 1,326.559 million)		3,812,842	2,146,011
		3,812,842	2,146,011
FVOCI - quoted:			
Nishat (Chunian) Power Limited			
5,683,067 (2024: 5,683,067) fully paid ordinary shares of Rs 10 each			
Equity held: 1.55% (2024: 1.55%)			
Cost - Rs 102.408 million (2024: Rs 102.408 million)		138,155	170,208
MCB Bank Limited			
26,051,701 (2024: 25,915,699) fully paid ordinary shares of Rs 10 each			
Equity held: 2.201% (2024: 2.190%)			
Cost - Rs 806.061 million (2024: Rs 767.830 million)		7,511,748	5,883,404
Adamjee Insurance Company Limited			
27,877,735 (2024: 27,877,735) fully paid ordinary shares of Rs 10 each			
Equity held: 7.97% (2024: 7.97%)			
Cost - Rs 1,239.698 million (2024: Rs 1,239.698 million)		1,394,166	1,001,089
		9,044,069	7,054,701
FVOCI - unquoted:			
Nishat Hotels and Properties Limited			
104,166,667 (2024: 104,166,667) fully paid ordinary shares of Rs 10 each			
Equity held: 8.55% (2024: 8.55%)			
Cost - Rs 1,041.667 million (2024: Rs 1,041.667 million)	- note 20.1.1	2,721,875	2,002,083
Hyundai Nishat Motor (Private) Limited			
195,623,000 (2024: 195,623,000) fully paid ordinary shares of Rs 10 each			
Equity held: 10% (2024: 10%)			
Cost - Rs 1,956.23 million (2024: Rs 1,956.23 million)	- note 20.1.2	3,562,379	3,671,625
		6,284,254	5,673,708
		19,141,165	14,874,420

20.1.1 This represents investment in the ordinary shares of Nishat Hotels and Properties Limited ('NHPL') which is principally engaged in establishing and managing a multi-purpose facility including a shopping mall, hotel, and banquet halls in Johar Town, Lahore, by the name of 'Nishat Emporium'. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the Group has estimated a fair value of Rs 26.13 per ordinary share as at June 30, 2025 (2024: Rs 19.22 per share) through a valuation technique based on discounted cash flow analysis of NHPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 46.3 to these financial statements. The fair value gain of Rs 719.792 million recognised during the year is included in other comprehensive income.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL.
- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 16.12% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation with a range of 6.50% to 7.70% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 270.833 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 98.958 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 20.833 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 5.208 million lower.

20.1.2 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Group has estimated a fair value of Rs 18.21 per ordinary share as at June 30, 2025 (2024: Rs 18.77 per share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 46.3 to these financial statements. The fair value loss of Rs 109.246 million recognised during the year is included in other comprehensive income.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 17.01% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation both of 4% per annum respectively, and revenue are also linked to currency devaluation at 4% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 246.904 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 116.469 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 144.761 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2025 would be Rs 17.606 million lower.

	2025	2024
	(Rupees in thousand)	
20.2 Others		
FVOCI - quoted:		
Pakistan Petroleum Limited		
821,626 (2024: 821,626) fully paid ordinary shares of Rs 10 each		
Equity held: 0.03% (2024: 0.03%)		
Cost - Rs 117.405 million (2024: Rs 117.405 million)	139,816	96,221
United Bank Limited		
428,708 (2024: 214,354) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2024: 0.02%)		
Cost - Rs 33.646 million (2024: Rs 33.646 million) - note 20.2.1	118,302	54,926
Nishat (Chunian) Limited		
7,173,982 (2024: 7,173,982) fully paid ordinary shares of Rs 10 each		
Equity held: 2.99% (2024: 2.99%)		
Cost - Rs 75.565 million (2024: Rs 75.565 million)	295,022	188,030
	553,140	339,177

20.2.1 During the year ended June 30, 2025, United Bank Limited, subdivided each ordinary share of Rs. 10 into two ordinary shares of Rs 5 each, with no change in their rights, privileges and entitlements.

	2025	2024
	(Rupees in thousand)	
20.3 Reconciliation of carrying amount		
Balance as at beginning of the year	15,213,597	11,474,189
Investments made during the year - note 20.3.1	38,232	-
	15,251,829	11,474,189
Fair value gain recognised in other comprehensive income	4,442,476	3,739,408
Balance as at end of the year	19,694,305	15,213,597

20.3.1 This represents 0.136 million shares acquired of MCB Bank Limited during the year.

20.4 3,860,267 (2024: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

21. Long term deposits

These represent security deposits against various goods and services. These deposits have not been carried at amortised cost mainly because the period after which the deposits are to be refunded is indefinite. Further, the effect of discounting is immaterial in the context of these financial statements.

2025	2024
(Rupees in thousand)	

22. Stores, spare parts and loose tools

Stores [including in transit: Rs 235.46 million
(2024: Rs 88.61 million)]

3,677,199 4,538,737

Spare parts [including in transit Rs 257.24 million
(2024: Rs 495.65 million)]

8,980,718 9,834,271

Loose tools

75,814 72,063

12,733,731 14,445,071

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

2025	2024
(Rupees in thousand)	

23. Stock-in-trade

Raw materials [including in transit Rs 922.42 million
(2024: Rs.276.48 Million)]

2,320,717 1,186,760

Packing material

517,918 536,751

Animal forage [including in transit Rs 112.74 million
(2024: Rs 112.36 million)]

1,184,480 1,118,765

Work-in-process

- note 30

5,293,548 5,050,433

Finished goods

- note 30

1,895,301 1,635,773

11,211,964 9,528,482

23.1 Work-in-proces includes write-back during the year against net realizable value allowance amounting to Rs 57.975 million (2024: Nil).

2025	2024
(Rupees in thousand)	

24. Trade debts

Considered good

- Related parties

- note 24.1

105,202 32,959

- Others

1,923,899 1,246,239

2,029,101 1,279,198

Loss allowance

- note 24.2

(330,083) (323,163)

1,699,018 956,035

24.1 This is from the following related parties:

Nishat Sutas Dairy Limited

46,890 2,200

Nishat Mills Limited

57,896 30,755

Hyundai Nishat Motor (Private) Limited

- -

Pakistan Aviators And Aviation (Private) Limited

- -

Nishat Agriculture Farming (Private) Limited

416 4

105,202 32,959

- 24.1.1** The maximum aggregate amount outstanding at the end of any month during the year was Rs 111.632 million (2024: Rs 45.959 million). The aging analysis of trade debts from related parties that are past due and carry loss allowance is as follows:

	2025	2024
	(Rupees in thousand)	
Up to 90 days	53,594	7,149
91 to 180 days	5,728	11,447
181 to 365 days	43,475	12,586
Above 365 days	2,405	1,777
	105,202	32,959
Loss allowance	(11,702)	(8,589)
	93,500	24,370

24.2 The reconciliation of loss allowance is as follows:

Balance at the beginning of the year	323,163	220,509
Loss allowance charged during the year	6,920	102,654
Balance as at end of the year	330,083	323,163

25. Contract assets

Contract assets represents the Group's right to consideration for work completed but not billed at the reporting date on made to order packing products. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

	2025	2024
	(Rupees in thousand)	

26. Short term Investments

FVOCI - quoted:

Related party	- note 26.1	23,347,443	18,382,245
Other	- note 26.2	4,137	2,637

At FVPL

Related party	- note 26.3	653,520	-
Other	- note 26.4	38	26
	- note 26.5	24,005,138	18,384,908

At Amortised Cost

Term deposit certificates	- note 26.6	355,046	25,000
		24,360,184	18,409,908

- 26.1** This represents the following quoted investments in related party:

MCB Bank Limited

80,971,917 (2024: 80,971,917) fully paid ordinary shares of Rs 10 each
Equity held: 6.83% (2024: 6.83%)
Cost - Rs 478.234 million (2024: Rs 478.234 million)

23,347,443	18,382,245
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- 26.2** This represents the following quoted investments in other company:

Nishat (Chunian) Limited

100,620 (2024: 100,620) fully paid ordinary shares of Rs 10 each
Equity held: 0.042% (2024: 0.042%)
Cost - Rs 0.832 million (2024: Rs 0.832 million)

4,137	2,637
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- 26.3** This represents the following quoted investments in related party:

Mutual funds

MCB Cash Management Optimizer (Number of units: 6,387,825 (2024: Nil))

653,520	-
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	2025	2024
	(Rupees in thousand)	
26.4 This represents the following quoted investments in other parties:		
Habib Bank Limited		
210 (2024: 210) fully paid ordinary shares of Rs. 10 each at cost	38	26
26.5 Reconciliation of carrying amount		
Opening balance	18,384,908	9,270,913
Fair value gain recognised in other comprehensive income	4,966,698	9,113,984
Fair value gain recognised in profit or loss	653,532	11
Closing balance	24,005,138	18,384,908

26.6 This represents term deposit receipts having maturity of six months to one year from the date of purchase. These bear markup at the rate ranging from 8.75% - 9.60% (2024: 18.25% - 19.75%) per annum.

		2025	2024
		(Rupees in thousand)	
27. Loans, advances, deposits, prepayments and other receivables			
Current portion of loans to employees	- note 27.1	20,818	17,837
Advances			
- To employees		11,899	14,351
- To suppliers	- note 27.2	237,948	101,445
		249,847	115,796
Prepayments	- note 27.3	20,097	11,683
Due from related parties	- note 27.4	26,430	23,168
Letters of credit - margins, deposits, opening charges, etc.		46,011	3,834
Balances with statutory authorities:			
- Sales tax		1,831,130	802,848
- Excise duty		128,144	-
- Export rebate		16,766	15,304
		1,976,040	818,152
Other advances			
Other receivables	- note 27.5	87,426	3,055
		2,426,669	993,525
Loss allowance		-	(1,631)
		2,426,669	991,894

27.1 This includes Rs 20.48 million (2024: Rs 17.34 million) in respect of loan provided to executives.

27.2 This includes advance payment to Pakistan Aviators and Aviation Private Ltd, a related party, of Rs 0.25 million (2024: Nil). The maximum aggregate amount outstanding at the end of any month during the year was Rs. 0.25 million (2024: Nil). The balances are neither past due nor impaired.

- 27.3** This includes prepayments to Adamjee Insurance Company Limited, a related party, of Rs 9.740 million (2024: Rs 5.900 million) on account insurance premium. The maximum aggregate amount outstanding at the end of any month during the year was Rs 62.392 million (2024: Rs 19.728 million). The balances are neither past due nor impaired.

2025	2024
(Rupees in thousand)	

- 27.4** Includes amounts due from the following related parties:

Nishat Mills Limited	4,051	62
Nishat Linen (Private) Limited	4,942	3,511
Hyundai Nishat Motor (Private) Limited	3,655	10,995
Nishat Power Limited	41	-
Nishat Chunian Power Limited	3,872	-
Nishat Sutas Dairy Limited	-	337
Nishat Agriculture Farming (Private) Limited	9,604	8,263
Adamjee Insurance Company Limited	109	-
Security General Insurance Company Limited	86	-
Nishat Developers (Private) Limited	70	-
- note 27.4.1	26,430	23,168

- 27.4.1** The maximum aggregate amount outstanding at the end of any month during the year was Rs 104.969 million (2024: Rs 10.995 million). The balances are neither past due nor impaired.

- 27.5** Includes a receivable of Rs 6.620 million (2024: Rs 0.833 million) from Hyundai Nishat Motor (Private) Limited, being a related party of the Group. The maximum aggregate amount outstanding at the end of any month during the year of Hyundai Nishat Motor (Private) Limited was Rs 6.620 million (2024: Rs 4.817 million). This amount is neither past due nor impaired.

2025	2024
(Rupees in thousand)	

28. Cash and bank balances

At banks:		
Saving accounts:		
- Local currency	74,466	88,271
- Foreign currency: US\$ 1,049,799 (2024: US\$ 876,481)	297,021	243,925
Saving accounts:		
- Local currency	462,046	306,662
- Foreign currency: US\$ 247,674 (2024: US\$ 1,248,304)	69,523	347,403
	903,056	986,261
In hand	52,141	972
	955,197	987,233

- 28.1** The balances in saving accounts bear mark-up ranging from 5.76% to 26.96% (2024: 15.71% to 26.17%) per annum.

- 28.2** Included in balances at banks on saving accounts are Rs 14.48 million (2024: Rs 14.48 million) which are under lien to secure bank guarantees referred to in note 13.4.

- 28.3** Included in balances at banks in saving accounts is Rs 0.007 million (2024: Rs 0.006 million) which relates to unpaid dividend held by the Group.

		2025	2024
		(Rupees in thousand)	
29. Revenue			
Local sales	- note 29.1	93,320,368	82,292,688
Export sales	- note 29.2	17,046,633	11,589,607
		110,367,001	93,882,295
Less:			
Sales tax		16,258,472	13,461,545
Federal Excise Duty		13,867,483	7,214,442
Trade discount		810,303	742,881
Commission to stockists and export agents		491,572	381,485
Ocean freight	- note 29.3	305,263	193,863
		31,733,093	21,994,216
		78,633,908	71,888,079

- 29.1** This includes unbilled revenue amounting to Rs 214.80 million (2024: Rs 71.94 million).

- 29.2** It includes rebate and incentive on exports amounting to Rs 7.613 million (2024: Rs 4.636 million) and Rs 2.862 million (2024: Rs 18.311 million) respectively. Incentive is received due to early shipment made under the contract.

- 29.3** Represents freight cost incurred upon shipping goods to export customers under cost and freight terms in the capacity of agent.

2025

2024

(Rupees in thousand)

30. Cost of sales

Raw and packing materials consumed		4,413,500	4,456,429
Forage		3,516,111	3,481,097
Medicines and related items		287,871	248,276
Salaries, wages and other benefits	- note 30.1	6,097,405	5,744,417
Fuel and power		32,770,554	33,483,503
Stores and spares consumed		3,902,472	4,494,767
Repairs and maintenance		462,699	434,895
Insurance		215,923	182,922
Depreciation on operating fixed assets	- note 17.1.3	3,968,448	3,973,984
Royalty	- note 30.2	2,848,805	541,591
Excise duty		222,103	398,223
Vehicle running		464,223	528,477
Postage, telephone and telegram		14,734	13,463
Printing and stationery		21,153	25,589
Legal and professional charges		7,040	9,407
Travelling and conveyance		22,597	25,683
Plant cleaning and gardening		77,359	62,999
Rent, rates and taxes	- note 30.3	(547,499)	294,280
Freight charges		80,992	109,404
Water charges		41,648	6,108
Security expenses		247,628	247,505
Input sales tax written off		2,433	210,647
Other expenses		200,335	192,938
		59,338,534	59,166,604
Opening work-in-process	- note 23	5,050,433	6,199,920
Closing work-in-process	- note 23	(5,293,548)	(5,050,433)
		(243,115)	1,149,487
Cost of goods manufactured		59,095,419	60,316,091
Opening stock of finished goods	- note 23	1,635,774	1,610,637
Closing stock of finished goods	- note 23	(1,895,301)	(1,635,774)
		(259,527)	(25,137)
Own consumption		(1,315)	(14,654)
		58,834,577	60,276,300

- 30.1** Salaries, wages and other benefits include Rs 140.489 million (2024: Rs 129.902 million), in respect of provident fund contribution by the Group. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2025	2024
	(Rupees in thousand)	
Gratuity		
Current service cost	95,095	90,915
Interest cost for the year	156,847	153,123
Interest income on plan assets	(85,166)	(76,249)
	166,776	167,789
Accumulating compensated absences		
Current service cost	62,557	63,673
Interest cost for the year	19,800	20,487
Remeasurements	(11,587)	(3,764)
	70,770	80,396

- 30.2** This includes reversal of provision of royalty amounting to Nil (2024: Rs 628.026 million) pursuant to the decision of the honorable Supreme Court of Pakistan in favor of the Group to the extent of retrospective application of revised royalty rate(s) through impugned notification of the Secretary Mines and Minerals Department, Government of Baluchistan.

- 30.3** This includes rentals of heavy machinery used at quarry site where raw materials i.e. clay and limestone, are extracted.

- 30.3.1** This includes the reversal of the electricity duty expense amounting to Rs 817.153 million, pursuant to the decision of the honorable Supreme Court of Pakistan dated October 8, 2024, in Civil Appeals Nos. 256 to 472 of 2011 (2024 SCP 348), which held that no electricity duty can be recovered from the entities using generators exceeding 500 KW capacity for self-consumption.

		2025	2024
		(Rupees in thousand)	
31. Administrative expenses			
Salaries, wages and other benefits	- note 31.1	731,813	633,315
Electricity, gas and water		115,604	124,809
Repairs and maintenance		15,877	14,266
Insurance		37,253	38,030
Amortization of intangible asset	- note 18	29,687	23,545
Depreciation on operating fixed assets	- note 17.1.3	113,853	87,850
Vehicle running		53,207	45,026
Postage, telephone and telegram		19,946	16,132
Printing and stationery		45,477	47,543
Legal and professional services	- note 31.2	86,282	83,701
Travelling and conveyance		110,412	101,606
Rent, rates and taxes		1,345	1,994
Entertainment		10,220	7,967
School expenses		84,679	72,481
Fee and subscription		17,057	34,108
Other expenses		15,730	34,173
		1,488,442	1,366,546

- 31.1** Salaries, wages and other benefits include Rs 20.899 million (2024: Rs 19.353 million) in respect of provident fund contribution by the Group. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2025	2024
	(Rupees in thousand)	
Gratuity		
Current service cost	16,992	14,570
Interest cost for the year	28,027	24,540
Interest income on plan assets	(15,218)	(12,220)
	29,801	26,890
Accumulating compensated absences		
Current service cost	11,255	8,651
Interest cost for the year	3,562	2,784
Remeasurements	(2,085)	(511)
	12,732	10,924
31.2 Legal and professional charges		
Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:		
Statutory audits	4,359	3,693
Half-yearly review	1,100	933
Fee and other charges for audit of subsidiaries	2,894	2,433
Tax services	36,159	49,043
Certifications required under various regulations	474	402
Out of pocket expenses	1,090	1,116
	46,076	57,620
32. Selling and distribution expenses		
Salaries, wages and other benefits	- note 32.1	339,014
Electricity, gas and water		5,857
Repairs and maintenance		1,727
Insurance		1,979
Depreciation on operating fixed assets	- note 17.1.3	15,025
Vehicle running		19,228
Postage, telephone and telegram		5,208
Printing and stationery		2,503
Rent, rates and taxes		3,495
Travelling and conveyance		12,817
Entertainment		3,779
Advertisement and sales promotion		55,722
Freight and handling charges		3,366,602
Legal and professional charges		-
Other expenses		46,098
		3,879,054
		2,612,900

- 32.1** Salaries, wages and other benefits include Rs 13.311 million (2024: Rs 12.647 million) in respect of provident fund contribution by the Group. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2025	2024
	(Rupees in thousand)	
Gratuity		
Current service cost	9,956	9,128
Interest cost for the year	16,421	15,373
Interest income on plan assets	(8,917)	(7,655)
	17,460	16,846
Accumulating compensated absences		
Current service cost	6,409	5,709
Interest cost for the year	2,028	1,837
Remeasurements	(1,187)	(338)
	7,250	7,208

33. Other expenses

Workers' Profit Participation Fund	- note 12.4	486,896	-
Workers' Welfare Fund	- note 12.5	218,558	23,590
Donations	- note 33.1	6,326	5,033
Exchange loss		77,179	-
Loss on disposal of biological assets - cows		182,314	-
		971,273	28,623

- 33.1** Represents donation made to Pakistan Agricultural Coalition. None of the directors or their spouses have any interest in the donee.

		2025	2024
		(Rupees in thousand)	
34. Other income			
Income on bank deposits	- note 34.1	194,387	72,644
Gain on disposal of investment		-	-
Fair value gain on equity investments at FVTPL		11	10
Provisions and unclaimed balances written back		9,974	50,122
Gain on disposal of operating fixed assets		571,334	26,909
Gain on disposal of store items		837	1,061
Gain on disposal of other biological assets		-	82,136
Dividend income from:			
- Related parties	- note 34.2	4,102,588	3,762,372
- Others		22,868	13,540
		4,125,456	3,775,912
Scrap sales		129,532	142,667
Rental income		4,176	6,236
Gain on sale of trees and woods		3,870	-
Exchange Gain		-	189,581
Gain on sale of bull calves		10,562	10,656
Others		-	12
		5,050,139	4,357,946

- 34.1** Included in this is profit earned from shariah compliant deposits amounting to Rs 7.344 million (2024: Rs 8.094 million).

	2025	2024
	(Rupees in thousand)	
34.2 Dividend income from related parties		
Nishat Mills Limited	90,869	151,448
MCB Bank Limited	3,849,180	3,527,291
Adamjee Insurance Company Limited	83,633	83,633
Nishat (Chunian) Power Limited	39,781	-
Hyundai Nishat Motor (Private) Limited	39,125	-
	<u>4,102,588</u>	<u>3,762,372</u>

35. Finance cost

Interest and mark-up / profit on:

- Long term finances - secured	- note 35.1	2,481,423	4,046,796
- Short term borrowings - secured		1,706,080	4,423,501
- Workers' profit participation fund	- note 12.4	36,237	2,787
- Bank charges		64,439	79,039
		<u>4,288,179</u>	<u>8,552,123</u>

- 35.1** Included in this is the finance cost incurred on TERF and ITERF, which has been set off against the amount of unwinding of grant as referred in note 8.

36. Levy

Levy represents final taxes paid under section 5 of the Income Tax Ordinance, 2001 (the 'ITO, 2001'), in terms of requirements of IFRIC 21 / IAS 37.

- 36.1** Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	2025	2024
	(Rupees in thousand)	
Current tax liability for the year as per applicable tax laws	4,927,767	2,796,880
Portion of current tax liability as per tax laws, representing income tax under IAS 12	4,297,247	2,221,957
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	630,520	574,923
Difference	-	-

- 36.2** The aggregate of minimum / final tax and income tax, amounting to Rs. 4,927.767 million (2024: Rs. 2,796.880 million) represents tax liability of the Group calculated under the relevant provisions of the ITO, 2001.

		2025	2024
		(Rupees in thousand)	
37. Taxation			
Current			
- For the year		3,433,345	1,375,093
- Prior years	- note 37.1	(370,285)	(63,982)
		3,063,060	1,311,111
Deferred	- note 11	1,234,187	910,846
		4,297,247	2,221,957

37.1 This includes Rs 170.575 million related to the tax credit under Section 65B of the Income Tax Ordinance, 2001. Initially, the Group had recognized credit at the rate of 5% in its books, as per amendment introduced through the Finance Act, 2019. However, the honorable Supreme Court of Pakistan, vide its judgment dated September 18, 2024, allowed companies to claim the credit at the rate of 10% for the period up to June 30, 2019, thereby resulting in recognition of the additional credit.

37.2 Tax charge reconciliation

	2025	2024
	%	%
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate as per Income Tax Ordinance, 2001	29.00	29.00
Tax effect of:		
- Amounts that are not deductible for tax purposes - net	1.74	4.67
- Change in prior years' tax	(1.42)	16.50
- Income subject to separate block	(0.93)	-
- Effect of super tax	10.71	10.95
- Income not subject to tax	0.02	0.07
- Amounts allowable as tax credit	(1.16)	-
- Income chargeable under final tax regime	(4.43)	(11.74)
- Previously recognised deferred tax asset charged off	-	26.72
- Tax benefit on loss surrender under group relief	(0.61)	-
- Others	0.64	(0.14)
	4.56	47.03
Average effective tax rate (including income tax and levy)	33.56	76.03
	2025	2024

38. Earnings / (loss) per share

38.1 Earnings / (loss) per share - basic

Profit for the year - attributable to owners of the parent company	Rupees	9,239,142,000	620,898,000
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earning per share - basic	Rupees	21.09	1.42

38.2 Earnings per share - diluted

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

		2025	2024
		(Rupees in thousand)	
39. Cash generated from operations			
Profit before income tax		14,054,937	3,104,387
Adjustments for:			
- Depreciation on operating fixed assets	- note 17.1.3	4,097,326	4,075,173
- Amortization of intangible assets	- note 31	29,687	23,545
- Change in fair value of investments - FVPL		(11)	(10)
- Capital work-in-progress charged off during the year	- note 17.2	895	6,448
- Gain on disposal of operating fixed assets	- note 34	(571,334)	(26,909)
- Loss / (gain) on disposal of other biological assets	- note 33 & - note 34	182,314	(82,136)
- Changes in fair value of biological assets	- note 19.1	(469,855)	(372,431)
- Gain on disposal of biological assets - bull calves	- note 34	(10,562)	(10,656)
- Dividend income	- note 34	(4,125,456)	(3,775,912)
- Income on bank deposits	- note 34	(152,568)	(72,644)
- Provision for retirement benefits	- notes 10.1.5 & 10.2.2	304,790	310,054
- Liabilities written back	- note 34	(9,974)	(50,122)
- Unrealised gain on mutual funds	- note 34	(41,819)	-
- Net impairment loss on financial assets		6,920	102,654
- Exchange loss / (gain)	- note 33 & - note 34	29,379	(118,545)
- Levy	- note 36	630,520	574,923
- Finance costs	- note 35	4,288,179	8,552,123
Profit before working capital changes		18,243,368	12,239,942
Effect on cash flow due to working capital changes			
- Decrease / (increase) in stores, spares and loose tools		1,711,340	(318,932)
(Increase) / decrease in stock-in-trade		(1,683,482)	1,708,964
- (Increase) / decrease in trade debts		(749,903)	163,862
- (Increase) / decrease in advances, deposits, prepayments and other receivables		(1,372,130)	697,160
- Increase / (decrease) in trade and other payables		960,243	(1,092,970)
		(1,133,932)	1,158,084
		17,109,436	13,398,026
40. Cash and cash equivalents			
Cash and bank balances	- note 28	955,197	987,233
Short term borrowings from financial institutions - secured	- note 13	(12,347,094)	(15,108,379)
Mutual funds held at fair value through profit or loss	- note 26	653,520	-
		(10,738,377)	(14,121,146)

41. Transactions with related parties

The related parties include the Investor, related parties on the basis of common directorship, group companies, key management personnel including directors, other related parties and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise). 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. Related party transactions carried out during the year are as follows:

		2025	2024
		(Rupees in thousand)	
Relationship with the Group	Nature of transactions		
i. Investor	Sale of goods	27,467	29,174
	Purchase of goods	3,128	6,519
	Sale of fixed assets	814	-
	Dividend income	90,869	151,448
	Expense incurred on behalf of related party	898	886
	Buy back of shares	28,500	30,000
ii. Other related parties	Sale of goods and services	1,146,289	244,417
	Insurance premium	334,723	284,047
	Purchase of goods and services	629,336	708,564
	Insurance claims received	50,440	108,057
	Rental income	2,136	2,036
	Dividend income	4,011,719	3,610,924
	Purchase of shares	38,231	-
	Purchase of fixed assets	16,813	-
	Reimbursement of expenses by Related Party	110,878	89,462
	Mark up and principal payments	213,175	350,223
	Reimbursement of expenses to Related Party	-	452
iii. Key management personnel	Remuneration - note 42.1	438,611	378,056
	Buy back of shares	76,000	80,000
iv. Post employment benefit plans	Expense charge in respect of retirement benefit plan	304,790	310,054
	Expense charge in respect of contributory provident fund	174,700	162,864

41.1 This represents remuneration of the Chief Executive, Executive Director and certain Executives that are included in the remuneration disclosed in note 42 to these consolidated financial statements.

- 41.2** Transactions with related parties have been carried out on mutually agreed terms and conditions. The related parties with whom the Group had entered into transactions or had arrangements / agreements in place during the year have been disclosed below along with their basis of relationship:

Name	Relationship	%age of shareholding in the Company
Adamjee Insurance Company Limited	Group company	-
Hyundai Nishat Motor (Private) Limited	Common directorship	-
Lalpir Power Limited	Common directorship	-
MCB Bank Limited	Group company	-
Nishat Sutas Dairy Limited	Group company	-
Nishat Dairy (Private) Limited	Subsidiary	-
Nishat Hospitality (Private) Limited	Group company	-
Nishat Hotels and Properties Limited	Common directorship	-
Nishat Agriculture Farming (Private) Limited	Common directorship	-
Nishat Linen (Private) Limited	Subsidiary of Investor	-
Nishat Mills Limited	Investor	31.40%
Nishat Packaging Limited	Subsidiary	-
Pakgen Power Limited	Group company	-
Pakistan Aviators & Aviation (Private) Limited	Group company	-
Security General Insurance Company Limited	Group company	0.10%
Mrs. Naz Mansha	Director / Chairperson	0.05%
Mian Raza Mansha	Director / Chief Executive	2.92%
Mrs. Ammil Raza Mansha	Spouse of Chief Executive	1.34%
Mian Hassan Mansha	Close family member of director	6.19%
Mian Umer Mansha	Close family member of director	6.29%
Mr. Shehryar Ahmed Baksh	Director	-
Mr. Shahzad Ahmad Malik	Director	-
Mr. Khalid Niaz Khawaja	Director	-
Mr. Usama Mahmud	Director	-
Mr. Farid Noor Ali Fazal	Director	-
Mr. Arif Bashir	Key Management Personnel	-
Mr. Inayat Ullah Niazi	Key Management Personnel	-
Adamjee Life Assurance Company Limited	Common Directorship	-
Ahead Brands	Common Directorship	-
Delivery Management Consultant (Pvt) Limited	Common Directorship	-
Emporium Properties (Pvt) Limited	Common Directorship	-
Euronet Pakistan (Pvt) Limited	Common Directorship	-
Fortress Square Mall	Common Directorship	-
NexGen Auto (Private) Limited	Common Directorship	-
D.G. Khan Cement Company (USA) LLC	Subsidiary	-
Golf View Land (Pvt) Limited	Common Directorship	-
HKB Enterprises	Common Directorship	-
Paismo (Private) Limited	Common Directorship	-
World Wild Life Fund (WWF)	Common Directorship	-
Punjab Skill Development Fund	Common Directorship	-
Nishat Chunian Power Limited	Common Directorship	-
HKB Retail SMC (Pvt) Limited	Common Directorship	-
MCB Islamic Bank Limited	Common Directorship	-
Nishat (Aziz Avenue) Hotels and Properties Limited	Common Directorship	-
Nishat (Raiwind) Hotels and Properties Limited	Common Directorship	-
Nishat Agrotech Farm Supplies (Pvt) Ltd.	Common Directorship	-
Nishat Commodities (Pvt) Limited	Group company	-
Nishat Developers (Private) Limited	Common Directorship	-
Nishat Energy Limited	Group company	-
Nishat Power Limited	Common Directorship	-
Nishat Real Estate Development Co. (Pvt) Ltd.	Group company	-
Company's Employees Gratuity Fund	Post Employment Benefit Plan	-
Company's Employees Provident Fund	Post Employment Benefit Plan	-

42. Remuneration of Chief Executive, Directors and Executives

42.1 The aggregate amounts charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive Director and Executives are as follows:

	Chief Executive		Executive Director		Executives	
	2025	2024	2025	2024	2025	2024
	(Rupees in thousand)					
Short term employee benefits						
Managerial remuneration	62,068	38,308	25,463	28,393	1,046,738	889,706
Housing	270	270	356	-	376,981	326,750
Utilities	20,252	20,252	-	670	80,493	73,504
Leave passage	-	-	1,090	1,435	30,074	26,028
Bonus	-	-	-	-	137,605	140,649
Medical expenses	8,043	3,873	2,682	1,007	127,661	38,064
Others	37,056	23,412	468	219	239,135	123,716
Post employment benefits						
Contributions to Provident and Gratuity Fund	-	-	4,688	5,205	165,820	137,238
	127,689	86,115	34,747	36,929	2,204,507	1,755,655

Number of persons

1	1	1	1	438	346
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42.2 The Group also provides the Chief Executive, certain directors and executives with Group maintained cars, travelling and utilities. Certain executives are provided with housing facilities.

42.3 During the year, the Group paid meeting fee amounting to Rs 0.92 million (2024: Rs 0.76 million) to its Non-Executive Directors. The number of Non-Executive Directors is 5 (2024: 5).

43. Plant capacity and actual production

		Capacity		Actual production	
		2025	2024	2025	2024
Cement segment:					
Clinker (Metric Tonnes)					
Plant I & II - D. G. Khan	- note 43.1	2,010,000	2,010,000	1,200,269	1,054,593
Plant III - Khairpur	- note 43.1	2,010,000	2,010,000	1,126,633	1,051,594
Plant IV - Hub	- note 43.1	2,700,000	2,700,000	2,730,421	2,235,280
Packaging segment:					
Paper bags (number of bags)	- note 43.2	160,000,000	220,000,000	43,151,383	43,295,936
Polypropylene Bag (number of bags)	- note 43.3	90,000,000	-	29,715,285	-
Dairy segment:					
Milk-litres -[110,000 litres per day]	- note 43.4	40,150,000	40,150,000	39,710,384	37,713,637

43.1 Plant capacity is based on 300 working days, that can be exceeded if the plant is operational for more than 300 days during the year. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply of cement.

43.2 The production capacity for paper bags declined due to the disposal of sack line 1, driven by reduced demand for paper bags.

43.3 A new manufacturing facility for polypropylene production has been commissioned at the Sheikhpura plant.

43.4 Actual milk production is lower due to the mortality of milking cows and poor health of certain animals.

	2025	2024
44. Number of employees		
Total number of employees as at June 30	2,295	2,299
Average number of employees during the year	2,291	2,291

45. Provident fund related disclosures

45.1 Cement segment

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

45.2 Packaging segment

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

45.3 Dairy segment

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

46. Financial risk management**46.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other 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.

Risk management is carried out by the 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 cash and bank balances, short term borrowings, 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). Currently, the Group's foreign exchange risk exposure is restricted to bank balances and amounts receivable from foreign entities and short term borrowings.

	2025	2024
	(USD in thousand)	
Financial assets		
Cash and bank balances	1,297	2,125
Receivable against sales to foreign parties	2,240	1,191
	<u>3,537</u>	<u>3,316</u>

	2025	2024
	(Euros in thousand)	
Financial assets	-	-
Financial liabilities		
Trade and other payables	-	(434)
Net liability exposure	<u>-</u>	<u>(434)</u>

	Average rate		Year-end spot rate	
	2025	2024	2025	2024
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
USD	279.58	283.29	283.76	278.34
EURO	305.14	306.27	332.66	297.69

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD and Euro exchange rate, with all other variables held constant, of the Group's profit before tax and equity. The Group's exposure to foreign currency changes for all currencies other than USD and Euro is not material.

	Change in Exchange Rate	Effect on profit before tax (Rupees)	Effect on Equity
Financial Assets (Exposure in USD)			
2025	10%	100,366	61,223
	-10%	(100,366)	(61,223)
2024	10%	92,298	56,302
	-10%	(92,298)	(56,302)
Financial Liabilities (Exposure in Euro)			
2025	10%	-	-
	-10%	-	-
2024	10%	(12,920)	(7,881)
	-10%	12,920	7,881

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity securities price risk because of investments held by the Group and classified as FVOCI and at FVPL. 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 certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Group's post-tax loss 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	
	2025	2024	2025	2024
	(Rupees in thousand)		(Rupees in thousand)	
Pakistan Stock Exchange Limited	65,356	3	2,242,460	1,703,413

(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.

The Group's interest rate risk arises from loan to related party, bank balances, 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 profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

	2025	2024
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	531,569	654,065
Term deposit receipts	355,046	25,000
	886,615	679,065
Financial liabilities		
Export finances	(8,749,567)	(3,515,000)
Net exposure	(7,862,952)	(2,835,935)
Floating rate instruments:		
Financial liabilities		
Long term finances - secured	(15,377,832)	(22,883,554)
Short term borrowings - secured	(3,597,527)	(11,593,379)
	(18,975,359)	(34,476,933)
Net exposure	(18,975,359)	(34,476,933)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a possible change in the interest rate, with all other variables held constant, of the Group's profit before tax and equity against the floating rate instruments.

	Change in Exchange Rate	Effect on profit before tax (Rupees)	Effect on Equity
2025	1 %	189,754	115,750
	-1 %	(189,754)	(115,750)
2024	1 %	344,769	210,309
	-1 %	(344,769)	(210,309)

(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 Group arises from deposits with banks and other financial institutions, as well as credit exposures to 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. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2025	2024
	(Rupees in thousand)	
Long term deposits	61,013	61,568
Trade debts	1,699,018	956,035
Contract assets	253,466	84,893
Deposits and other receivables	134,674	44,060
Balances with banks	903,056	986,261
	3,051,227	2,132,817

(ii) Impairment of financial assets

The Group's financial assets, other than investments in equity instruments, are subject to the expected credit losses model. While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

Trade debts

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers. The Group has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before June 30, 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at June 30, 2025 and June 30, 2024 was determined as follows:

	Local sales			Export sales		
	Expected	Trade debts	Loss	Expected	Trade debts	Loss
	loss rate		allowance	loss rate		allowance
June 30, 2025	%	(Rupees in thousand)		%	(Rupees in thousand)	
Net trade debts*						
Not yet due	0.00%	170,749	-	0%	-	-
Up to 30 days	3.91%	140,705	5,504	0%	50,002	-
31 to 60 days	3.93%	243,490	9,568	0%	126,627	-
61 to 90 days	7.97%	37,827	3,013	0%	338,775	-
91 to 120 days	14.85%	84,642	12,570	0%	1,609	-
121 to 150 days	22.52%	21,023	4,734	0%	-	-
151 to 180 days	0.75%	264,566	1,973	0%	-	-
181 to 210 days	38.42%	6,051	2,325	0%	-	-
211 to 240 days	47.33%	9,511	4,502	0%	29,968	-
241 to 270 days	52.66%	21,918	11,542	0%	-	-
271 to 300 days	60.50%	23,660	14,315	0%	-	-
301 to 330 days	70.68%	20,688	14,623	0%	-	-
331 to 360 days	79.57%	24,764	19,705	0%	-	-
Above 360 days	42.39%	324,299	137,483	100%	88,226	88,226
		1,393,893	241,857		635,207	88,226
Trade debts against which collateral is held		154,145	-		-	-
Gross Trade debts		1,548,038	241,857		635,207	88,226

June 30, 2024	Local sales			Export sales		
	Expected	Trade debts	Loss	Expected	Trade debts	Loss
	loss rate		allowance	loss rate		allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Net trade debts*						
Not yet due	0.00%	111,459	-	0%	-	-
Up to 30 days	0.33%	59,340	198	0%	122,491	-
31 to 60 days	0.95%	43,121	411	0%	122,315	-
61 to 90 days	1.25%	7,544	94	0%	-	-
91 to 120 days	172.06%	136	234	0%	-	-
121 to 150 days	0.75%	32,297	242	0%	-	-
151 to 180 days	8.68%	3,941	342	0%	-	-
181 to 210 days	16.32%	3,792	619	0%	-	-
211 to 240 days	22.36%	1,561	349	0%	-	-
241 to 270 days	28.42%	5,296	1,505	0%	-	-
271 to 300 days	34.87%	54,388	18,965	0%	-	-
301 to 330 days	44.40%	54,560	24,225	0%	-	-
331 to 360 days	54.28%	20,650	11,209	0%	-	-
Above 360 days	57.66%	309,041	178,193	100%	86,577	86,577
		707,126	236,586		331,383	86,577
Trade debts against which collateral is held		343,889	-		-	-
Gross Trade debts		1,051,015	236,586		331,383	86,577

* This represents amounts net of trade debts against which security deposits and inland letters of credit, considered as collateral, are held amounting to Rs 154.154 million (2024: Rs 343.889 million) and Nil (2024: Nil), respectively.

The amount of loss allowance that best represents maximum exposure to credit risk at the end of the reporting period without taking into account any collateral is Rs 481.390 million (2024: Rs 368.755 million).

Generally, default is triggered when more than 360 days have passed. However, in case of certain parties, extended credit period is allowed by the Credit Committees of the Group. The names of defaulting parties of outstanding trade debts from export sales and their respective default amount is as follows:

	2025	2024
	(Rupees in thousand)	
Nobel Translink Private Limited	1,353	1,328
Hizbullah & Saeed Ullah House Limited	663	651
Vikrant Traders	86,210	84,599
	88,226	86,578

(iii) Credit quality of financial assets

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

	Rating		Rating	2025	2024
	Short term	Long term	Agency	(Rupees in thousand)	
Bank Alfalah Limited	A1+	AAA	PACRA	72,885	361,460
Askari Bank Limited	A1+	AA+	PACRA	238	22,298
Bank Islami Pakistan Limited	A1	AA-	PACRA	135,031	44,221
The Bank of Punjab	A1+	AA+	PACRA	401	1,697
The Bank of Khyber	A1	A+	PACRA	346	82
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	227	63
MCB Bank Limited - related party	A1+	AAA	PACRA	331,348	252,267
Habib Bank Limited	A1+	AAA	JCR-VIS	119,921	72,726
Meezan Bank Limited	A1+	AAA	JCR-VIS	6,974	647
National Bank of Pakistan	A1+	AAA	PACRA	3,092	2,974
Silk Bank Limited	A2	A-	JCR-VIS	5	5
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	104,005	122,904
United Bank Limited	A1+	AAA	JCR-VIS	26,520	9,787
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	120	8,566
Faysal Bank Limited	A1+	AA	PACRA	97	5,165
JS Bank Limited	A1+	AA	PACRA	12	12
MCB Islamic Bank Limited - related party	A1	A+	PACRA	78,526	81,500
Samba Bank Limited	A1	AA	JCR-VIS	400	3
Industrial and Commercial Bank of China	F1 +	A	PACRA	56	56
Habib Bank Limited - Islamic	A1+	AAA	JCR-VIS	-	-
Bank Al-Habib Limited	A1+	AAA	PACRA	116,300	25,000
Al-Baraka Bank (Pakistan) Limited	A1	A+	PACRA	5	10
Allied Bank Limited	A1+	AAA	PACRA	261,425	-
Soneri bank	A1+	AA-	PACRA	350	-
				1,258,284	1,011,433

(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. The Group's borrowing limits and cash and bank balances have been disclosed in notes 13 and 29 to these consolidated financial statements.

Management monitors the forecasts of the Group's cash and cash equivalents (note 42 to these consolidated financial statements) on the basis of expected cash flow. 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 consolidated statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	(Rupees in thousand)					Carrying value
	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years	Total contractual cashflows	
At June 30, 2025						
Long term finances	1,943,775	2,472,491	5,602,244	5,130,480	15,148,990	15,377,832
Trade and other payables	8,890,044	-	-	-	8,890,044	8,890,044
Long term deposits*	940,292	-	-	-	940,292	940,292
Short term borrowings						
- secured	12,347,094	-	-	-	12,347,094	12,347,094
Accrued mark-up / profit	550,953	-	-	-	550,953	550,953
Unclaimed dividend	34,153	-	-	-	34,153	34,153
	<u>24,706,311</u>	<u>2,472,491</u>	<u>5,602,244</u>	<u>5,130,480</u>	<u>37,911,526</u>	<u>38,140,368</u>

*The maturity period of long term deposit is not ascertainable.

	(Rupees in thousand)					Carrying value
	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years	Total contractual cashflows	
At June 30, 2024						
Long term finances	5,448,246	3,785,912	9,805,373	3,525,752	22,565,283	22,883,554
Trade and other payables	9,906,475	-	-	-	9,906,475	9,906,475
Long term deposits*	572,748	-	-	-	572,748	572,748
Short term borrowings						
- secured	15,108,379	-	-	-	15,108,379	15,108,379
Accrued mark-up / profit	1,417,035	-	-	-	1,417,035	1,417,035
Unclaimed dividend	34,200	-	-	-	34,200	34,200
	<u>32,487,083</u>	<u>3,785,912</u>	<u>9,805,373</u>	<u>3,525,752</u>	<u>49,604,120</u>	<u>49,922,391</u>

*The maturity period of long term deposit is not ascertainable.

46.2 Capital 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 net debt divided by total equity (as shown in the consolidated statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) including bank overdraft less cash and bank balances and liquid investments.

The gearing ratios as at June 30, 2025 and 2024 were as follows:

	2025	2024
	(Rupees in thousand)	
Borrowings - notes 7, 13 and 15	27,724,926	37,991,933
Cash and bank balances and liquid investments- note 26 & 28	(1,608,717)	(987,233)
Net debt	<u>26,116,209</u>	<u>37,004,700</u>
Total equity	<u>99,628,839</u>	<u>79,547,075</u>
Gearing ratio	Percentage 26%	47%

In accordance with the terms of agreement with the lenders of long term finances (as referred to in note 7 to these consolidated financial statements), the Group is required to comply with certain financial covenants such as maintaining certain level of gearing ratio and current ratio. The Group has complied with these covenants throughout the reporting period.

46.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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 Group's assets and liabilities that are measured at fair value:

As at June 30, 2025	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Recurring fair value measurements				
Assets				
Investment - FVPL	653,558	-	-	653,558
Investments - FVOCI	36,761,631	-	6,284,254	43,045,885
Biological assets	-	-	1,286,798	1,286,798
Total assets	37,415,189	-	7,571,052	44,986,241
Total liabilities	-	-	-	-
As at June 30, 2024				
Recurring fair value measurements				
Assets				
Investment - FVPL	26	-	-	26
Investments - FVOCI	27,924,771	-	5,673,708	33,598,479
Biological assets	-	-	1,167,436	1,167,436
Total assets	27,924,797	-	6,841,144	34,765,941
Total liabilities	-	-	-	-

Movement in the above mentioned assets has been disclosed in notes 20 and 26 to these financial statements and movement in fair value reserve has been disclosed in the statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the year. Since the ordinary shares of Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited are not listed, an investment advisor engaged by the Group has estimated fair values of Rs 26.13 and Rs 18.21 per ordinary share, respectively, as at June 30, 2025, through a valuation technique based on discounted cash flow analysis. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly

occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. An appropriate discount for lack of control and lack of marketability is also applied, where relevant.

Valuation techniques used to measure level 3 assets

Investments - FVOCI

Since the ordinary shares of Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited are not listed, an investment advisor engaged by the Group has estimated fair values of Rs 26.13 and Rs 18.21 per ordinary share, respectively, as at June 30, 2025, through a valuation technique based on discounted cash flow analysis.

The method for calculation of fair value and valuation inputs including sensitivity analysis has been explained in note 20.1.1 and 20.1.2 to these consolidated financial statements.

Biological assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2025. Level 3 fair value of biological assets has been determined considering the prices of animals in local markets (replacement cost approach), health profile of the herd, disease outbreaks in Pakistan, current economic conditions of the country and the current trends in dairy industry in Pakistan.

The fair value is also dependent on the age of the cattle. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing. At the same time, a value was fixed on the calf heifer recently born according to the estimation and in relation with referential values of the similar cattle breeding in Pakistan.

When the cow arrives at 6 years i.e. 72 months of age or more (5th Lactation) and is considered an old cow as is usual in Pakistan, and if the cow remains in the farm because she is profitable, normally this is the stage of culling. The value of cow at this stage shall be kept constant.

a) Valuation inputs and relationship to fair value

The valuation inputs used in the calculation includes the farm cost to raise the heifer (as starting point) and according to actual cost in the farm and the analysis of the average local market prices in Pakistan.

The milking performance for the Australian imported heifers, Dutch heifers and farm born heifers has been almost same throughout the year and hence same values have been ascertained for all the milking animals regardless of their categories but according to their lactation levels.

b) Fair value sensitivity analysis for biological assets

If the fair value of biological assets, at the year end date fluctuates by 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 9.14 million (2024: Rs 8.29 million) higher / lower mainly as a result of higher / lower fair value gain /(loss) on biological assets.

The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

46.4 Financial instruments by categories

	At fair value through profit or loss	At fair value through OCI	At amortised cost	Total
	(Rupees in thousand)			
As at June 30, 2025				
Assets as per statement of financial position				
Long term deposits	-	-	61,013	61,013
Trade debts	-	-	1,699,018	1,699,018
Deposits and other receivables	-	-	134,674	134,674
Investments	653,558	43,045,885	355,046	44,054,489
Cash and bank balances	-	-	955,197	955,197
	653,558	43,045,885	3,204,948	46,904,391

As at June 30, 2024**Assets as per statement of financial position**

Long term deposits	-	-	61,568	61,568
Trade debts	-	-	956,035	956,035
Deposits and other receivables	-	-	44,060	44,060
Investments	26	33,598,479	25,000	33,623,505
Cash and bank balances	-	-	987,233	987,233
	<u>26</u>	<u>33,598,479</u>	<u>2,073,896</u>	<u>35,672,401</u>

Financial liabilities at amortized cost

2025 **2024**
(Rupees in thousand)

Liabilities as per statement of financial position

Long term finances - secured	15,377,832	22,883,554
Long term deposits	940,292	572,748
Accrued markup	550,953	1,417,035
Trade and other payables	8,890,044	9,906,475
Short term borrowings	12,347,094	15,108,379
Unclaimed dividend	34,153	34,200
	<u>38,140,368</u>	<u>49,922,391</u>

46.5 Offsetting financial assets and financial liabilities

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

47. Operating Segments

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

The Group's operations comprise of the following main business segment types:

Type of segments

Cement
Packaging
Dairy

Nature of business

Production and sale of clinker, ordinary portland and sulphate resistant cements
Manufacture and supply of packaging products
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 the Companies Act, 2017.

47.1 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.

	Cement		Packaging		Dairy		Elimination - net		(Rupees in thousand)	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue from										
- External customers	71,815,276	65,985,060	1,026,934	280,891	5,791,698	5,622,128	-	-	78,633,908	71,888,079
- Inter segment	77,561	53,629	2,266,896	2,215,868	-	-	(2,344,457)	(2,269,497)	-	-
	71,892,837	66,038,689	3,293,830	2,496,759	5,791,698	5,622,128	(2,344,457)	(2,269,497)	78,633,908	71,888,079
Segment gross profit / (loss)	18,505,671	10,528,260	434,563	254,364	942,786	938,408	(83,689)	(109,253)	19,799,331	11,611,779
Segment expenses	(5,902,224)	(3,923,042)	(77,826)	(44,684)	(366,384)	(313,152)	745	170,155	(6,345,689)	(4,110,723)
Other income	4,271,570	4,234,797	703,790	161,132	94,091	157,517	(19,312)	(195,500)	5,050,139	4,357,946
Changes in fair value of biological assets	-	-	-	-	(469,855)	372,431	-	-	469,855	372,431
Finance cost	(3,870,405)	(8,001,105)	(415,075)	(536,893)	(2,699)	(14,125)	-	-	(4,288,179)	(8,552,123)
Taxation and Levy	(4,329,553)	(2,296,514)	(135,272)	(118,449)	(462,942)	(381,916)	-	-	(4,927,767)	(2,796,879)
Profit / (loss) after taxation	8,675,059	542,396	510,180	(284,530)	674,707	759,163	(102,256)	(134,598)	9,757,690	882,431
Segment assets	145,924,236	138,385,752	10,837,425	6,785,449	5,573,063	5,268,136	(3,293,012)	(2,607,402)	159,041,712	147,831,935
Segment liabilities	51,256,761	62,538,217	7,840,699	4,582,596	1,464,669	1,601,701	(1,149,256)	(437,654)	59,412,873	68,284,860
Depreciation, amortization and impairment	3,802,916	3,829,907	121,178	61,888	152,775	161,768	20,457	21,610	4,097,326	4,075,173
Net cash generated from / (used in) operating activities	10,034,132	6,029,545	590,087	234,156	284,386	(160,259)	(269,123)	(865,167)	10,639,482	5,238,275
Capital expenditure	(1,211,491)	(1,620,798)	(2,735,957)	(676,095)	(119,311)	(22,956)	(173,044)	23,551	(4,239,803)	(2,296,298)
Net cash generated from / (used in) investing activities	3,000,535	2,277,223	(2,250,793)	(538,425)	76,579	424,787	(309,568)	(83,779)	516,753	2,079,806

47.2 Geographical segments

All segments of the Group are managed on a nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

47.3 Geographical markets (Export Revenue)

	2025	2024
	(Rupees in thousand)	
Bangladesh	3,719,540	5,662,487
West Africa	3,306,739	442,366
Sri Lanka	3,299,506	2,757,117
Kenya	2,055,279	-
USA	1,240,207	1,954,140
Madagascar	1,080,213	235,752
Tanzania	580,136	70,119
Qatar	433,305	430,639
South Africa	427,626	-
Afghanistan	279,845	13,719
Gabon	255,303	-
Comoros	253,592	-
Seychelles	104,866	-
Mexico	-	320
	<u>17,036,157</u>	<u>11,566,659</u>

48. Interests in other entities

48.1 Material subsidiaries

The subsidiaries as at June 30, 2025 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the parent company, and the proportion of ownership interests held equals the voting rights held by the parent company. The country of incorporation or registration and their principal places of business are disclosed in note 1.

Name of entity	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
	2025	2024	2025	2024	
Nishat Packaging Limited	55%	55%	45%	45%	Manufacture and sale of Packaging material
Nishat Dairy (Private) Limited	55.10%	55.10%	44.90%	44.90%	Production and sale of raw milk

48.2 Non-controlling interests ('NCI')

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations:

	Nishat Packaging Limited		Nishat Dairy (Private) Limited	
	2025	2024	2025	2024
	(Rupees in thousand)		(Rupees in thousand)	
Summarised statement of financial position				
Current assets	4,817,583	3,798,113	2,604,514	2,376,636
Less: current liabilities	4,384,343	2,937,071	755,621	941,549
Net current assets	433,240	861,042	1,848,893	1,435,087
Non-current assets	6,019,842	2,987,336	2,968,549	2,891,500
Less: non-current liabilities	3,456,356	1,645,526	709,048	660,152
Net non-current assets	2,563,486	1,341,810	2,259,501	2,231,348
Net assets	2,996,726	2,202,852	4,108,394	3,666,435
Accumulated non-controlling interests	1,490,469	1,142,529	1,918,355	1,724,586
Summarised statement of comprehensive income				
Revenue	3,293,830	2,496,760	5,791,699	5,622,128
Profit / (loss) for the year	510,181	(284,531)	674,708	759,164
Other comprehensive income	283,692	518,899	-	-
Total comprehensive income	793,873	234,368	674,708	759,164
Profit / (loss) allocated to NCI	220,279	(74,137)	298,269	335,670
Other comprehensive income allocated to NCI	127,662	233,504	-	-
Dividend paid to NCI	-	-	-	-
Summarised cash flows				
Cash flows from / (used in) operating activities	590,087	234,156	284,386	(160,259)
Cash flows (used in) / from investing activities	(2,250,793)	(538,425)	76,579	424,787
Cash flows from / (used in) from financing activities	1,251,983	708,021	(245,875)	(252,893)
Net (decrease) / increase in cash and cash equivalents	(408,723)	403,752	115,090	11,635

49. Disclosures by Company Listed on Islamic Index

Loans/advances obtained as per Islamic mode:

Loans obtained as per Islamic mode

6,573,756 11,156,468

Shariah compliant bank deposits/bank balances:

Bank balances

212,468 124,184

Profit earned from shariah compliant bank deposits/bank balances

Profit on deposits with banks

7,344 8,094

Revenue earned from shariah compliant business

71,892,837 66,038,689

Gain or dividend earned from shariah compliant investments

Dividend income

136,155 155,556

Exchange gain

- 200,018

Profit paid on Islamic mode of financing

1,592,401 1,470,529

Profits earned or interest paid on any conventional loan or advance

Profit earned on deposits with banks

118,486 4,386

Interest paid on loans

3,328,798 6,989,677

Relationship with shariah compliant banks

The Cement segment has obtained short term borrowings and long term finances, and has maintained bank balances with shariah compliant banks.

50. Disclosure requirements for Companies not engaged in Shariah non-permissible business activities

Following information has been disclosed as required under Part 1 Clause VII of the Fourth Schedule to the Companies Act, 2017 as amended via S.R.O.1278(I)/2024 dated August 15, 2024:

	2025	2024
	(Rupees in thousand)	
Description		
Consolidated statement of financial position		
Financing obtained as per Islamic mode	10,081,316	12,799,706
Accrued finance cost on conventional loan	265,598	1,074,755
Long-term and short-term Shariah compliant Investments	12,367,849	10,382,056
Bank balances - Shariah compliant	212,859	124,890
Consolidated statement of profit or loss		
Revenue earned from a shariah-compliant business segment	80,978,366	74,157,577
Source and detailed break up of other income		
Other income earned from shariah compliant:	-	-
Rental Income	5,256	7,202
Profit on bank deposits	7,344	8,094
Gain on disposal of operating fixed assets	571,334	26,909
Gain on disposal of store items	837	1,061
Gain on disposal of biological assets	10,562	10,656
Gain on disposal of investments	17,485	18,405
Sale of scrap	129,532	142,666
Exchange gain	746	2,189
Miscellaneous	13,844	412,941
Dividend income	136,155	155,556
Other income earned from non - shariah compliant		
Income on bank deposits	187,055	64,561
Dividend income	3,989,301	3,620,356

51. Reconciliation of movements in liabilities to cash flows arising from financing activities

	Own shares purchased for cancellation	Unclaimed dividend	Long term financing from financial institutions - secured	Total
(Rupees in thousands)				
As at July 01, 2024	-	34,200	22,883,554	22,917,754
Change in liability:				
Finance cost	-	-	133,818	133,818
Dividend announced during the year	-	-	-	-
Cancelled/terminated during the year	(104,500)	-	-	-
Total liability related change	(104,500)	-	133,818	133,818
Changes from financing cash flows				
Dividend paid during the year				
including unclaimed / unpaid balances	-	(47)	-	(47)
Long term financing received	-	-	1,879,007	1,879,007
Long term financing paid	-	-	(9,518,547)	(9,518,547)
Total changes from financing cash flows	-	(47)	(7,639,540)	(7,639,587)
As at June 30, 2025		34,153	15,377,832	15,411,985
For the year ended June 30, 2025	(104,500)			
As at July 01, 2023		34,704	17,437,036	17,471,740
Change in liability:				
Finance cost	-	-	176,623	176,623
Dividend announced during the year	-	-	-	-
Cancelled/terminated during the year	(110,000)	-	-	-
Total liability related change	(110,000)	-	176,623	176,623
Changes from financing cash flows				
Dividend paid during the year	-	-	-	-
including unclaimed / unpaid balances	-	(504)	-	(504)
Long term financing received	-	-	12,602,529	12,602,529
Long term financing paid	-	-	(7,332,634)	(7,332,634)
Total changes from financing cash flows	-	(504)	5,269,895	5,269,391
As at June 30, 2024		34,200	22,883,554	22,917,754
For the year ended June 30, 2024	(110,000)			

52. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant rearrangements and reclassifications have been made, except for the following:

Rupees in thousand

Provision in respect of 'Infrastructure cess' previously classified under 'Trade Creditors' within 'Trade and other payables', is now reclassified to 'Infrastructure cess' within 'Trade and other payables'

1,187,248

53. Events after the reporting date

The Board of Directors in its meeting held on August 28, 2025 has announced a final cash dividend in respect of the year ended June 30, 2025 of Rs 2 per share (2024: Nil). These consolidated financial statements for the year ended June 30, 2025 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

54. Date of authorisation for issue

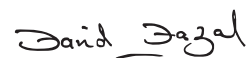
These consolidated financial statements were authorised for issue on August 28, 2025 by the Board of Directors.



Chief Executive



Chief Financial Officer



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
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	Million Tons
MW	Mega Watt
OPC	Ordinary Portand Cement
PBT&L	Profit Before Tax and Levy
PAT	Profit After Tax
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

r- بورڈ نے پائیداری سے متعلق خطرات کا جائزہ لیا ہے اور ان کے موثر انتظام اور تخفیف کے لیے مناسب اقدامات کیے ہیں۔ مزید برآں، کمپنی نے تنوع، مساوات اور شمولیت کو فروغ دینے کے لیے ایسی پالیسیوں اور اقدامات کو اپنایا ہے جو مساوی مواقع فراہم کرنے اور ایک جامع احترام پر مبنی کارپوریٹ ثقافت کو فروغ دیتے ہیں۔

ہم اپنے تمام اسٹیک ہولڈرز کی حمایت کے شکر گزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

o- کمپنی اپنی تمام مالی ذمہ داریوں میں باقاعدہ ہے۔

p- کمپنی کے حصص میں اس کے ڈائریکٹرز، ایگزیکٹوز اور ان کے زوج اور نابالغ بچوں کی طرف سے کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

q- پراویڈنٹ فنڈ کے غیر نظر ثانی شدہ اکاؤنٹس کی بنیاد پر سرمایہ کاری کی قیمت 4,576 ملین روپے (4,083: FY24 ملین روپے) اور گریجویٹ فنڈ 874 ملین روپے (733: FY24 ملین روپے) ہے۔

منجانب بورڈ

David Joyal

فرید نور علی فضل
ڈائریکٹر

رضا شمشا

چیف ایگزیکٹو آفیسر
لاہور

28 اگست 2025ء

e- اندرونی کنٹرول بشمول آئی کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f- کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

g- ضابطہء کارپوریٹ گورننس میں سے کسی خاطر خواہ شق سے انحراف نہیں ہو رہا ہے۔

h- کمپنی کے آپریٹنگ نتائج میں گزشتہ سال سے اہم تبدیلیوں پر روشنی ڈالی گئی ہے اور ڈائریکٹرز رپورٹ / سالانہ رپورٹ کے دوسرے حصوں میں مدلل درج ہیں۔ دیگر اہم کاروباری امور پر سالانہ رپورٹ میں تفصیلاً روشنی ڈالی گئی ہے۔

i- گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

j- جہاں ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مدیں کوئی قانونی ادائیگی واجب الادا ہے، اس کے لئے ایک مختصر وضاحت اور وجوہات معہ رقم کا مالی حسابات میں انکشاف کیا گیا ہے۔

k- اہم منصوبوں اور فیصلوں جیسا کہ کارپوریٹ کی تنظیم نو، کاروبار کی توسیع اور آپریشن کی بندش، مستقبل کے امکانات، خطرات اور کمپنی کے گرد غیر یقینی صورتحال کا خاکہ پیش کیا گیا ہے۔

l- ہر ڈائریکٹر کی، سال کے دوران منعقد بورڈ اور کمیٹی کے اجلاسوں میں حاضری کی تعداد اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

m- تربیتی پروگراموں کی تفصیلات جن میں ڈائریکٹروں نے شرکت کی اس سالانہ رپورٹ کے ہمراہ منسلک ہیں۔

n- شیئر ہولڈنگ کا پیئرن اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

کے ضابطے کو اپنایا اور اس پر مکمل طور پر عمل کیا ہے۔ اس اثر پر باقاعدہ ایک رپورٹ منسلک ہے۔

کمپنی کی اصل سرگرمی

کمپنی کی اصل سرگرمی سیمنٹ اور کلنکر کی تیاری اور فروخت کرنا ہے۔ ذیلی کمپنیوں سے متعلقہ معلومات کا سالانہ رپورٹ میں انکشاف کیا گیا ہے۔

متعلقہ پارٹیوں سے لین دین

بورڈ نے قانون کے مطابق متعلقہ پارٹیز پالیسی تیار کی ہے اور جس کا خلاصہ سالانہ رپورٹ میں بیان کیا گیا ہے۔ تمام متعلقہ پارٹیوں کے ساتھ لین دین کا انکشاف مالی گوشواروں کے نوٹس میں کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ:

a- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d- مالی حسابات کو کمپنیز قانون کے تحت تیار کیا گیا ہے اور اس کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

تعلیم

ہنگامی صورت حال کی فرضی مشقوں کو انجام دیتی ہے۔

- جنرل
- کمپنی کھیلوں کے لئے مستحق افراد کی مدد کرتی ہے۔
- کمپنی معذور افراد کی بحالی میں بھی مدد کرتی ہے۔
- کمپنی کوئلے کے استعمال کی جگہ، کسی حد تک، شہر سے جمع ہونے والے کوئلے کو استعمال کرتی ہے۔ یہ عمل اگرچہ معاشی طور پر ناقابل برداشت ہے لیکن اس نے کمپنی کی پالیسی کے مطابق صاف ستھرا ماحول برقرار رکھنے میں اہم کردار ادا کیا۔

کمپنی کی دیگر CSR سرگرمیوں کا سالانہ رپورٹ کے دیگر پارٹس میں تفصیلی بیان کیا گیا ہے۔

اہم تبدیلیاں

مالی سال کے دوران کمپنی یا اس کے ماتحت اداروں جن میں کمپنی دلچسپی رکھتی ہے، کے کاروبار کی نوعیت کے بارے میں کوئی تبدیلی واقع نہیں ہوئی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ بورڈ نے آئندہ سالانہ عام اجلاس میں ارکان کی منظوری سے مشروط آڈٹ کمیٹی کی طرف سے تجویز کے طور پر آئندہ سال کے لئے بطور آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (ریگولیشنز) کی تعمیل

کمپنی نے 30 جون 2025 کو ختم ہونے والے سال کی متعلقہ ریگولیشنز

کمپنی ڈی جی خان میں بوم فیلڈ ہال سکول اور سیمنٹ ماڈل ٹرسٹ سکول نامی دو سکولوں کو چلاتی ہے۔

میڈیکل اور فائر فائٹنگ

- ڈی جی خان، خیر پور اور حب کے مقامات پر فری ڈسپنسری کی سہولت دستیاب ہے۔ ڈسپنسری کی سہولت علاقے کے لوگوں کے لئے بالکل مفت ہے۔
- سائٹ پر سے اور ڈسپنسری اور قریبی دیہاتوں تک فری وین ٹرانسپورٹیشن کی سہولت۔
- کمپنی مقامی کمیونٹیز کے لئے فری ایبولینس سروسز چلاتی ہے۔
- کمپنی قریبی علاقوں کے لئے فری فائر فائٹنگ سروس بھی چلاتی ہے۔

پانی کی فراہمی اور خوراک کی تقسیم

- کمپنی نے اپنی پیداواری سہولیات کے قریبی مقامی علاقوں / دیہاتوں کے لئے واٹر سپلائی کے بھی انتظامات کئے ہیں۔
- ہنگامی اور قدرتی آفات میں مدد
- کمپنی ملحقہ علاقوں میں کسی بھی ناگہانی / حادثے کی صورت میں ضرورت کی بنیاد پر آلات اور خدمات مہیا کرتی ہے۔
- کمپنی قدرتی آفتوں کے متاثرین کی بحالی میں مدد کرتی ہے۔
- پلانٹ کے مقامات کے قریبی سیلاب کے متاثرین میں خوراک کی تقسیم۔

آگاہی اور ایچ ایس ای

- کمپنی بیمار یوں اور ان کی روک تھام پر مختلف آگاہی کے سیشنز کا انعقاد کرتی ہے۔
- کمپنی سیکورٹی، صحت اور حفاظت پر سیشن کا اہتمام کرتی ہے اور

- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آزاد ڈائریکٹرز سمیت اپنے نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرے گی۔

آڈٹ کمیٹی

- 1- جناب شہر یار احمد بخش چیئر مین
- 2- جناب خالد نیاز خواجہ رکن
- 3- جناب شہزاد احمد ملک رکن

انسانی وسائل اور معاوضہ کمیٹی

- 1- جناب اسامہ محمود چیئر مین
- 2- جناب رضامنشا رکن
- 3- جناب خالد نیاز خواجہ رکن

بعد از بیلنس شیٹ کے واقعات

بعد از بیلنس شیٹ کوئی اہم واقعہ نہیں ہے جو رپورٹ کیا جائے۔

کاروبار کے ماحول پر اثرات

ہمارے پلانٹس اور آپریشن بین الاقوامی اور قومی ماحول کے معیارات کے مطابق ہیں۔ DGKC اپنی معاشرتی اور فلاحی ذمہ داریوں سے بخوبی واقف ہے۔ کمپنی تعلیم، صحت، طبی اور آگ بجھانے کی سہولیات، قریبی علاقوں میں پانی کی فراہمی، قریبی علاقوں میں ہنگامی اور آفات کے حالات میں مدد، آگاہی مہم وغیرہ پر خرچ کر رہی ہے۔

کارپوریٹ سماجی ذمہ داری

DGKC اپنی معاشرتی اور فلاحی ذمہ داریوں سے بخوبی واقف ہے۔

- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات ادا کرے گی۔
- بورڈ آف ڈائریکٹرز، وقتاً فوقتاً ڈائریکٹرز معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

چیف ایگزیکٹو معاوضہ کے پیکیج میں تنخواہ (بشمول الاؤنسز)، بونس اور طبی معاوضہ جات شامل ہیں۔

ایگزیکٹو ڈائریکٹر کے معاوضہ کے پیکیج میں تنخواہ (بشمول الاؤنسز)، بونس، طبی معاوضہ، ہاؤسنگ، یٹیلیٹیجز، ری ایمبرسمنٹ اور ریٹائرمنٹ کے فوائد (پروویڈنٹ فنڈ اور گریجویٹی) شامل ہیں۔

چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹر کے معاوضہ کے لیے براہ کرم غیر مجموعی مالیاتی گوشواروں کا نوٹ 38 ملاحظہ فرمائیں۔

ڈائریکٹر

مندرجہ ذیل کمپنی کے ڈائریکٹر ہیں:

- 1- محترمہ نازمنشا (چیئر پرسن) نان ایگزیکٹو
- 2- جناب رضامنشا (چیف ایگزیکٹو) ایگزیکٹو
- 3- جناب خالد نیاز خواجہ نان ایگزیکٹو
- 4- جناب اسامہ محمود آزاد
- 5- جناب شہر یار احمد بخش آزاد
- 6- جناب فرید نور علی فضل ایگزیکٹو
- 7- جناب شہزاد احمد ملک نان ایگزیکٹو

بحالی درمیانی مدت میں اضافی سیمنٹ کی طلب کو بڑھانے کے لیے تیار ہے، جس سے قومی تعمیر نو اور ترقی میں معاونت میں اس شعبے کے مرکزی کردار کی تصدیق ہوتی ہے۔ بالآخر، تاہم، طویل مدتی پائیداری کے حصول کے لیے صرف داخلی اصلاحات کافی نہیں ہوں گی اسکے لئے مربوط پالیسی کی ضرورت ہے جو سیمنٹ کو ترقی کے لئے ایک بنیادی ان پٹ تسلیم کرے۔

منافع اور تقسیم

حصص یافتگان کو قدر فراہم کرنے کے اپنے عزم کے مطابق، بورڈ آف ڈائریکٹرز نے اپنے اجلاس مورخہ 28 اگست 2025 کو فی حصص 2 روپے کی آخری نقد منافع کی شفاresh کی ہے، جو کہ 28 اکتوبر 2025 کو منعقد ہونے والی آئندہ سالانہ عام اجلاس میں منظوری سے مشروط ہے۔

اہم خطرات

کمپنی کی اصل سرگرمی سیمنٹ اور کلنکر تیار اور فروخت کرنا ہے اور کمپنی کو مندرجہ ذیل اہم خطرات کا سامنا ہے:

- مارکیٹ قیمت اور سخت مقابلہ
- مستعمل پیداواری صلاحیت
- سود کی شرح
- غیر ملکی کرنسی کا اتار چڑھاؤ
- برآمد مارکیٹ کا سکڑاؤ
- ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی پالیسی کی منظوری دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

طلب مسلسل دوسرے سال بھی کم رہی۔ جنوب کے برعکس، شمال میں پروڈیوسر نے کمزور مانگ اور بڑھتے ہوئے لاگت کے دباؤ کے درمیان قیمتوں میں تیزی سے اتار چڑھاؤ کا مقابلہ کیا، بشمول چونا پتھر اور مٹی کی رائٹلی میں حالیہ اضافہ۔ مقامی خرید و فروخت میں جمود اور صلاحیت کے استعمال کے تاریخی کم ہونے کے ساتھ، برآمدات پر صنعت کا بڑھتا ہوا انحصار اسٹریٹجک انتخاب کے بجائے ایک ضرورت بنتا جا رہا ہے۔

مالی کارکردگی - مجموعی

آپ کے گروپ کے مختصر مجموعی نتائج مندرجہ ذیل ہیں:

مالی سال 2025	مالی سال 2024	
78,634	71,888	خالص فروخت
19,799	11,612	مجموعی منافع
14,685	3,679	PBT&L
9,757	882	PAT
21.09	1.42	EPS (پاکستانی روپے / شیئر)

مستقبل کا نقطہ نظر

آگے بڑھتے ہوئے، متوقع صورت حال صنعت کی محرکات پر کم اور حکومتی پالیسی پر زیادہ منحصر ہے۔ ٹارگٹڈ سپورٹ کے بغیر - ہاؤسنگ محرک، بنیادی ڈھانچے کو آگے بڑھانا، اور ٹیکسوں اور رائٹلی کو معقول بنانا شامل ہے۔ یہ شعبہ اپنی خاطر خواہ سرمایہ کاری کو بروئے کار نہیں لاسکے گا۔ کمپنی منافع کو ترجیح دینے کے لئے لاگت کو منظم، آپریشنل کارکردگی، دانشمندانہ مارکیٹ مختص اور برآمدات پر مسلسل انحصار پر توجہ مرکوز رکھتی ہے۔ یہ حکمت عملی پچھلے سال کے مقابلے میں مجموعی منافع کی بہتر صورت حال میں پہلے ہی کردار ادا کر چکی ہے اور اس بات کو یقینی بناتی ہے کہ مارکیٹ کے حالات میں بہتری آنے پر کمپنی مناسب فوائد حاصل کرنے کے لیے بہترین پوزیشن میں رہے۔ حالیہ سیلاب کے تناظر میں، بڑے پیمانے پر تعمیر نو اور

جائزہ

کے مقابلے میں 55 فیصد پر نسبتاً مستحکم رہا۔ اس استعمال میں مقامی فروخت کا حصہ 44 فیصد، جبکہ برآمدات نے 11 فیصد حصہ شامل کیا ہے۔

کاروباری کارکردگی کا جائزہ

رواں مالی سال میں، آپ کی کمپنی کے کلن کے آپریشنل دن 691 دنوں سے 760 دن تک 10 فیصد زیادہ ہو گئے۔ کلیننگ فیصد پیداوار 75% (مالی سال 24:65%) تک بڑھ گئی، جو کہ بنیادی طور پر مالی سال 25 کے بیشتر حصہ میں HUB سائٹ پر 100% سے زائد برقرار کیپسٹی استعمال کی بدولت زیادہ ہوئی ہے۔ آپ کی کمپنی کی مستعمل فروخت بھی بڑھ کر 79% (مالی سال 24:72%) رہ گئی، جو مذکورہ بالا صنعتی رجحان کے برعکس ہے۔

زیر جائزہ مدت کے دوران، کمپنی کی کل فروخت قدر میں 8.9 فیصد بہتری آئی، جو کہ ملکی اور برآمدی منڈیوں میں مختلف کارکردگی کے باعث ممکن ہوئی ہے۔ مقامی مارکیٹ میں، سیمنٹ کی ترسیل میں 4% کی کمی واقع ہوئی، حالانکہ مستحکم فروخت قیمتوں نے حجم کے نقصان کو پورا کرنے میں کافی حد تک مدد کی۔ اس کے برعکس، کمپنی نے مقررہ اخراجات کو پورا کرنے کے لیے برآمدات کو بڑھانے پر ایک اسٹریٹجک توجہ برقرار رکھی، جس کے نتیجے میں اسی مدت کے مقابلے میں برآمدات کے حجم میں 49 فیصد اضافہ ہوا۔ مالی اخراجات میں کمی بنیادی طور پر کم رعایتی شرحوں، فنڈ کے بہتر انتظام اور سال کے دوران کمپنی کی بہتر کیش فلو پوزیشن کے ذریعے قابل قدر قرض کی ادائیگیوں کی وجہ سے ہوئی۔ معزز عدالت سپریم کورٹ آف پاکستان کے ایک سازگار فیصلہ کے بعد، سال کی کارکردگی کو 817 ملین روپے کی بجلی ڈیوٹی کے ریورسل سے مزید فائدہ ہوا۔

مالی سال 25 سیمنٹ کے شعبے کے لیے عدم توازن کا ایک اور سال ثابت ہوا۔ جبکہ کل صنعتی ترسیلات میں معمولی اضافہ ریکارڈ کیا گیا۔ جو مکمل طور پر برآمدات میں مضبوط دوہرے ہندسوں کی نمو کی وجہ سے ہے۔ گھریلو

پاکستان کا تجارتی خسارہ مالی سال 25 میں بڑھ کر 26.3 بلین امریکی ڈالر تک پہنچ گیا، جو مالی سال 24 کے 24.1 بلین امریکی ڈالر سے 9 فیصد زیادہ ہے۔ جہاں برآمدات میں 4.5 فیصد کی معمولی بہتری آئی اور وہ 32 بلین امریکی ڈالر تک پہنچ گئیں، وہیں درآمدات میں 6.6 فیصد کا تیز ترین اضافہ دیکھا گیا جس سے وہ 58.4 بلین امریکی ڈالر تک پہنچ گئیں اور جس کے باعث بیرونی اکاؤنٹ پر دباؤ برقرار رہا۔ درآمدی نموجناس زیادہ قیمتوں، صنعتی طلب میں اضافہ، اور مقامی کھیت میں بتدریج بحالی کی وجہ سے ہوئی ہے۔ برآمدات میں اضافے کے باوجود، سٹرکچرل مشکلات۔ خاص طور پر توانائی کی لاگت اور مسابقت پائیدار نمو میں مسلسل روکاؤ ڈالتی رہی۔ حوصلہ افزاء بات یہ ہے کہ جون 2025 کا تجارتی خسارہ کم ہو کر 2.4 بلین امریکی ڈالر تک پہنچ گیا، جو کہ تیل کی کم قیمتوں اور درآمدی کنٹرول کی وجہ سے سال بہ سال 0.5 فیصد اور مہینہ بہ مہینہ 6.7 فیصد کم ہوا۔ تاہم، آگے دیکھتے ہوئے، تباہ کن سیلاب اور بارشوں نے حال ہی میں پاکستان کو متاثر کیا، اس کے نتیجے میں آئندہ مہینوں میں زرعی پیداوار، سپلائی چین، اور بیرونی توازن پر ممکنہ مضمرات کے ساتھ نمایاں منفی خطرات لاحق ہیں۔ بہر حال، طویل مدتی استحکام برآمدی تنوع میں پیش رفت اور درآمدی انحصار میں کمی پر منحصر ہے۔

سیمنٹ انڈسٹری کی ترسیلات اور تجزیہ

سیمنٹ کی صنعت کے حوالہ سے، گزشتہ سال کی اسی مدت کے مقابلے میں مالی سال 25 کے دوران کل فروخت حجم 2.1 فیصد بڑھ کر 46.2 ملین ٹن ہو گیا۔ مقامی ترسیل میں مجموعی طور پر 1.16 ملین ٹن کی کمی واقع ہوئی، جو کہ شمالی زون میں 2.6 فیصد کمی (0.8 ملین ٹن) اور جنوبی زون میں 5.2 فیصد کمی (0.3 ملین ٹن) کے باعث ہوئی ہے۔ اس کے برعکس برآمدات میں زبردست بحالی ہوئی جو کہ 30 فیصد کے اضافہ سے 2.1 ملین ٹن تک پہنچ گئی۔ مقامی طلب میں کمی کے باوجود، مجموعی صنعت کا استعمال گزشتہ سال

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

ڈی جی خان سینٹ کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز اپنے حصص داران کو 30 جون 2025 ختم سال کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ مالی کارکردگی کا خلاصہ حسب ذیل میں دیا گیا ہے:

مالی سال 2024	مالی سال 2025	
پاکستانی روپے ہزاروں میں		
66,038,689	71,892,837	فروخت
(55,510,429)	(53,387,166)	قیمت فروخت
10,528,260	18,505,671	مجموعی منافع
(1,206,105)	(1,294,974)	انتظامی اخراجات
(2,608,537)	(3,874,688)	فروخت اور تقسیم کے اخراجات
(103,367)	(6,899)	مالی اثاثوں پر خالص قرضی نقصان
(5,033)	(725,663)	دیگر معاملاتی اخراجات
4,234,797	4,271,570	دیگر آمدنی
(8,001,105)	(3,870,405)	مالی لاگت
2,838,910	13,004,612	ٹیکسیشن اور لیوی سے قبل منافع
(520,848)	(577,125)	لیوی
2,318,062	12,427,487	انکم ٹیکس سے قبل منافع
(1,775,666)	(3,752,428)	ٹیکسیشن
542,396	8,675,059	سال کے لئے منافع

امسال کے لئے آپ کی کمپنی کی پیداوار اور فروخت حجم کے اعداد و شمار درج ذیل ہیں:

مالی سال 2024	مالی سال 2025	
اعداد و شمار میٹرک ٹن میں		پیداوار
4,341,467	5,057,323	کلنکر کی پیداوار
3,762,813	3,753,504	سینٹ کی پیداوار
		فروخت
3,770,701	3,710,160	کل فروخت
3,611,075	3,467,321	مقامی فروخت (علاوہ ذاتی استعمال)
159,626	242,839	برآمد فروخت
1,070,871	1,576,625	کلنکر فروخت

1.24	19.80	GP%
15.94%	25.74%	PBT %
4.30%	18.09%	PAT%
0.82%	12.07%	EPS

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of D. G. Khan Cement Company Limited ("the Company") will be held on October 28, 2025 (Tuesday) at 12:30 P.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2025 together with the Chairperson's Review, Directors' and Auditors' reports thereon.

<https://www.dgcement.com/financial-reports/DGAnnual2025.pdf>



Scan QR Code for
Annual Report 2025

2. To approve final cash dividend at the rate of PKR 2.00 per share i.e. 20% for the year ended June 30, 2025, as recommended by the Board of Directors.
3. To elect Seven (7) Directors of the Company, as fixed by the Board of Directors, for the next term of three years, in accordance with the provisions of Section 159 of the Companies Act, 2017, in place of following retiring directors who are also eligible to offer themselves for re-election:-

- | | |
|-----------------------------|-----------------------------|
| 1. Mrs. Naz Mansha | 2. Mr. Raza Mansha |
| 3. Mr. Shehryar Ahmad Buksh | 4. Mr. Khalid Niaz Khawaja |
| 5. Mr. Usama Mahmud | 6. Mr. Farid Noor Ali Fazal |
| 7. Mr. Shahzad Ahmad Malik | |

4. To appoint statutory Auditors for the year 2025-26 and fix their remuneration.

A Statement of Material Facts as required under Section 166(3) of the Companies Act, 2017 is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board

(KHALID MAHMOOD CHOCHAN)
COMPANY SECRETARY

Lahore
August 28, 2025

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 15.10.2025 to 28.10.2025 **(both days inclusive)** for entitlement of 20% final cash dividend for the year ended June 30, 2025 and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respects up to 1:00 p.m. on 14.10.2025 at the office of Share Registrar, THK Associates (Pvt) Limited, **Karachi Office**, Plot No.32-C, Jami Commercial Street No.2, DHA, Phase VII, Karachi, **Lahore Office**, THK Associates (Pvt) Ltd., Office No. 309, 3rd Floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, Lahore shall be considered in time for entitlement of final dividend and attending of meeting.

NO GIFTS WILL BE DISTRIBUTED AT THE MEETING

ATTENDANCE AT MEETING

A member entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to do the aforesaid. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notorially attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. The proxy form in English and Urdu languages is attached. The same is also available on the Company's website: <https://www.dgcement.com>.

Members through book entry system under Central Depository Company of Pakistan Limited, are advised to must bring their original National Identity Cards / Passport along with copy of their particulars of CDC Account duly authenticated by the concerned Participant/Investor Account Services for verification and also follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan under Circular No.1 of 2000:

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport along with copy of CDC Account Registration details duly authenticated by the concerned Participant/Investor Account Services at the time of attending the Meeting.
- b. In case of corporate entity, the person attending the meeting on behalf of the corporate entity must produce Board Resolution duly certified by the Chief Executive Officer/Director and/or a duly notarized power of attorney in his favor along with copy of proxy form submitted with the Company, the Board Resolution/Power of Attorney must contain specimen signature of the person attending meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners, proxy holder and witnesses shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, Board Resolution duly certified by the Chief Executive Officer/Director and/or a duly notarized power of attorney in favor of proxy holder along with proxy form to the Company The Board Resolution/Power of Attorney must contain specimen signature of proxy holder.

Election of Directors:

Any member (including a retiring Director) who seeks to contest election of directors shall file with the Company at its registered office, Nishat House, 53-A, Lawrence Road, Lahore, not later than 14 days before the said meeting his / her intention to offer himself / herself for the election of the directors in terms of Section 159(3) of the Companies Act, 2017 together with:

- i) His/her folio No./CDC Investor Account No. / CDC Participant No./ Sub-Account No.
- ii) Notice of his / her intention to offer himself/herself for election as a director, along with duly completed and signed Annexure to Form-9 giving his / her consent to act as Director of the Company if elected (under Section 167(1) of the Companies Act, 2017), and certify that he is not ineligible to become a Director under any applicable laws, Rules and Regulations.

- MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:**

[illegible]

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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 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.

Unclaimed Dividend / Shares

Shareholders who have not collected their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

E-voting and Postal Ballot Facility

The shareholders will be allowed to exercise their right to vote through e-voting / postal ballot subject to the provisions of the Companies Act, 2017 and the Companies (Postal Ballot) Regulations, 2018 if the number of persons offered to contest the election is more than the number of Directors fixed under Section 159 (1) of the Companies Act, 2017.

Scrutinizer:

As required under Regulation 11 of the Companies (Postal Ballot) Regulations, 2018, M/s Riaz Ahmad & Co., Chartered Accountants have been appointed to act as Scrutinizer for the forthcoming election of directors.

Video Link Facility for Meeting:-

To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at kchohan@dgcement.com or smahmood@dgcement.com by October 20, 2025.

Name of Member/ Proxyholder	CNIC No.	Folio No. / CDC Account No.	Cell No. Whatsapp No.	Email ID

Conversion of Physical Shares into Book Entry Form

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at earliest.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

Pursuant to the requirements of Section 166(3) of the Companies Act, 2017, independent directors will be elected through the process of election of directors as laid down under Section 159 of the Companies Act, 2017.

The company shall exercise due diligence before selecting a person from the data bank that the contestant meets the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017 and are competent and experienced.

The candidates are requested to read the relevant provisions/requirements relating to the appointment/election of directors, as mentioned in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 and ensure compliance with the same in letter and spirit.

The present directors are interested to the extent that they are eligible for re-election as Directors of the Company, subject to eligibility criteria.

Statement Under Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	Hyundai Nishat Motor (Pvt) Limited (HNMPL)
Total Investment Approved:	Guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to PKR 1,000 Million for a tenure of 7.5years was approved by members in EOGM held on March 28, 2018 and further enhanced from PKR 1,000 million to PKR 1,277 million by the shareholders in their AGM held on October 28, 2019 for the period of 7.5 years.
Amount of Investment Made to date:	Guarantee of Rs. 1,016 million provided by the Company to the lenders of Hyundai Nishat Motors (Pvt) Limited against this approval.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	Partial guarantee has been extended after the approval. The Company will arrange issuance of further Guarantee /SBLC as and when requested by HNMPL within the approved time line and amount.
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 available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs.19.67 and breakup value per share was Rs. 4.85. As per latest audited financial statements for the year ended December 31, 2024 the basic earnings per share is Rs. 0.71 and breakup value per share is Rs. 10.56.

Form of Proxy

I /We _____

of _____

being a member of D.G. Khan Cement Company Limited, hereby appoint _____

of _____

or failing him/her _____

of _____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 28, 2025 (Tuesday) at 12:30 P.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

Signed by the said member _____

Please affix
revenue stamp
Rs. 50

as witness may hand this _____ day of _____ 2025

Signature of witness

Signature of witness

Name

Name

Address

Address

.....

.....

CNIC #

CNIC #

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time to holding the annual general meeting.



**D.G. KHAN CEMENT
COMPANY LIMITED**

**AFFIX
CORRECT
POSTAGE**

Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan.
UAN:+92-42-111-11-33-33

پراکسی فارم

میں / ہم سب / مسماۃ _____ ساکن _____ ضلع _____

بجائیت ممبر کمپنی، مسب / مسماۃ _____ ساکن _____ کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں

مسب / مسماۃ _____ ساکن _____ کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ

اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۸ اکتوبر ۲۰۲۵ء (بروز منگل) بوقت دوپہر ۱۲:۳۰ بجے امپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپورسٹنر،

عبداللہ روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط: _____

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

پچاس روپے کی ریونیو سٹمپ
چسپاں کریں

بتاریخ _____ دن _____ ۲۰۲۵ء

گواہ کوائف

گواہ کوائف

دستخط: _____

دستخط: _____

نام: _____

نام: _____

پتہ: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

فولیو نمبر: _____

سی ڈی سی کھاتہ نمبر: _____

حصص کی تعداد: _____

اہم:

پراکسی فارم، کمپنی کے رجسٹرڈ آفس، نشاط ہاؤس، 53-A، لارنس روڈ، لاہور، میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرنا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔



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