NISHAT

DG CEMENT

D.G. KHAN CEMENT COMPANY LIMITED

Annual Report

2019

For Investors' Relations:

Mr. Inayat Ullah Niazi – Chief Financial Officer
iniazi@dgcement.com

Mr. Khalid Mahmood Chohan – Company Secretary
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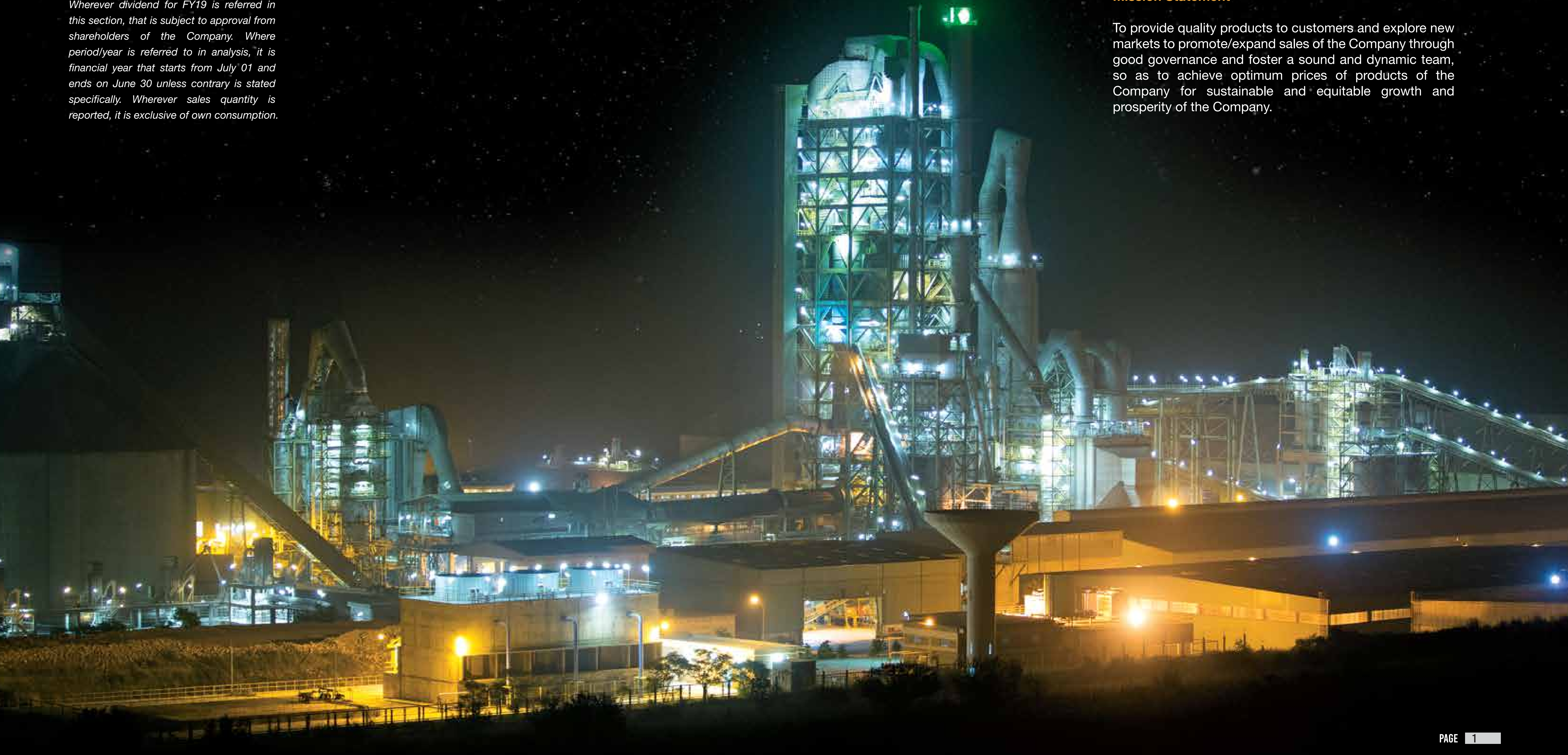

This section is prepared on best effort basis. Besides company's own data and other information, this involves macro-economic, international and national data, estimates, forecasts and opinions available publicly. Such figures may vary among organizations producing such data. Furthermore, interpretations and derivations from this information could be different from person to person.

Wherever dividend for FY19 is referred in this section, that is subject to approval from shareholders of the Company. Where period/year is referred to in analysis, it is financial year that starts from July 01 and ends on June 30 unless contrary is stated specifically. Wherever sales quantity is reported, it is exclusive of own consumption.

Vision Statement

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

Mission Statement

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

GROUP PROFILE, COMPANY INFORMATION AND CORPORATE STRUCTURE

Chairperson's Message

I am delighted to share my views on occasion of presenting the annual report of the Company.

Financial Year 2019 has seen the declining profitability in cement industry showing dismal performance due to a combination of factors, including dwindling local demands and the rising cost of production. Facing fiscal challenges, the government not only slashed Public Sector Development Program (PSDP) spending, but private sector commercial and housing construction spending also registered decline, leading to lower cement sales. Border tensions with India in February 2019 also resulted in decline in exports of cement industry. As a result, overall utilization of the industry shrinked to about 84% as compared to 95% in FY18. Rising inflation, KIBOR and exchange rate devaluation affected the purchasing power of the people. Due to fierce competition resulting from increase in cement production capacity in the country, rise in costs could not be fully passed on to customers, affecting profitability ratios.

It was first full year operations of Hub plant. However, it has not reached to its full potential due to shrinking in market size leading to unfavorable prices. In order to remain optimally utilized, clinker was exported to generate contribution to cover fixed costs. Overall utilization of the Company remained above the industry at about 90% but way below the last year of 114%.

With the country entering into new IMF program, I expect better economic activity in the coming years as foreign direct investments are expected to come. However, inflationary pressure persist in the short term that may curtail the demand of commercial and housing construction. World economy is also expected to slow down in the year 2019-20, finding significant new market opportunities for exports may be difficult. Beyond 2020, I expect overall economy may stabilize after the period of correction and local demand to grow.

It is need of the hour that Pakistani businesses develop corporate culture with industry best practices. Businesses need to develop new strategy through research and development to sustain growth, dig out new sustainable markets, brand development, improve supply chain management and create multinational approach. With CPEC entering into new phase and new Free Trade Agreement with China, Pakistan is becoming lucrative for investment.

I am hopeful that the Country will bounce back to make significant progress. The industry will revive. The Company will keep its values, maintain its policy of persistent struggle and steer for continuous growth.

Mrs. Naz Mansha
Chairperson

The Company

D.G. Khan Cement Company Limited (DGKC/the Company) is a public limited company incorporated in Pakistan on 27-09-1978 as limited liability company under company law in Islamic Republic of Pakistan. It is listed on Pakistan Stock Exchange. It is a blue-chip stock. The Company is created and governed by its statutory documents, Memorandum and Articles of Association, registered with country corporate authority.

The Company is primarily engaged in production and sale of Clinker and Cement.

Applicable Laws & Regulations

Many laws and regulations apply to the Company including:

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

Important Identification Numbers of Company

CUIN:	0006469
NTN:	1213275-6
STRN:	0402252300164
PSX Symbol:	DGKC

Company Products

I. Clinker
II. Ordinary Portland Cement (OPC)
III. Sulphate Resistant Cement (SRC)

HS Code:

Clinker:	2523.1000
Cement:	2523.2900

Product Features

Ordinary Portland

Strength

To ensure that cement dispatched to customers is with zero defect quality and has exceptionally high strength superseding national and international standards, automatic quality control is done through online X-ray analyzer and computer-controlled systems. Our focus is not only on the quality of cement dispatched but on the consistency of the high-quality cement dispatched. We may further add that the Quality Control department carries out regular checks and analysis of various raw materials, intermediate products and final products in order to have additional quality checks. At DGKC the chemical composition and grinding fineness are closely monitored to ensure that both Pakistani and other international standards are surpassed and our customers get cement of exceptional strength.

Ideal Setting Time

In order to allow sufficient time for application, cement must have a quick initial settings time. However, once in place, the final settings should not take too long. At DGKC ideal initial and final setting times are maintained.

Sulphate Resistant

Low C3A Content

Sulphate salts present in some soils combine with moisture and tri-calcium aluminate (C3A) , one of the constituents of cement to form a compound known as Sulpho Aluminate off Hydrated Calcium. This compound is highly expansive and gradually results in the destruction of concrete. However, if a C3A content is very low, it is rendered inert and there is thus no reaction at all. British and Pakistani standards specify that in a Sulphate Resistant Cement, the C3A content must not exceed 3.5%. D.G Sulphate Resistant Cement has a much lower C3A content, making the cement highly effective against Sulphate attacks.

High Strength

As with any type of cement, strength is the fundamental property of Sulphate Resistant Cement. DG. Sulphate Resistant Cement achieves high strength through finer grinding and better particle distribution. In terms of strength, it not only exceeds by far the standards specified for Sulphate Resistant Cement, but also exceeds those of Ordinary Portland cement.

Low Alkali Content

Certain aggregates contain alkali sensitive ingredients, which under unfavorable conditions, can result in expansion leading to cracking of concrete. The presence of alkali also causes staining and other undesirable effects on concrete. American Standards specify that cement can be termed low-alkali if its alkali content does not exceed 0.6%. DG. Sulphate Resistant Cement has alkali content below 0.6 and a unique distinction of being a Sulphate Resistance Cement that can also be classified as low - alkali cement.

Quality Standards

OPC
PS 232:2008(R) Grade 43
PS 232:2008(R) Grade 53
Compliance with: American Standard: ASTM C-150 Type I
British Standard: BS 12:1996
European Standard: EN 197-1/2000 CEM I 42.5 N/R
Indian Standard: IS No. 269:2015 Grade 53
Sri Lankan Standard: SL 107:2015 Strength Class 42.5N

SRC
PS 612-1989 (R)
Compliance with:
British Standard: BSS 4027 1996
American Standard: ASTM C-150 Type V

ISO Certifications

ISO-9001-2008
ISO-14001-2004

Brands

Contact Details

Registered Office & Head Office
Nishat House, 53-A, Lawrence Road, Lahore, Pakistan

UAN: +92-42-111 11 33 33
Phone: +92-42-36360154
Fax: +92-42-36367414
Email: info@dgcement.com

Dera Ghazi Khan Factory Site
Khofli Sattai, Distt. Dera Ghazi Khan, Pakistan

UAN: +92-64-111 11 33 33
Phone: +92-42-36360153
Phone: +92-64-2474201 / 2474202
Fax: +92-64-2460028
Email: info@dgcement.com

Khairpur Factory Site
12-KM, Choa Saiden Shah-Kallar Kahar Road, Khairpur, Tehsil Kallar Kahar, Distt. Chakwal, Pakistan

Phone: +92-42-36360152
Phone: +92-543-555130
Fax: +92-543-650231
Email: info@dgcement.com

Hub Factory Site
44-KM Main RCD Highway, Hub, Baluchistan, Pakistan

UAN: +92-202-111 11 33 33
Email: info@dgcement.com

Rawalpindi Sales Office
Office # 13-16, Third Floor, Rizwan Arcade, Adamjee Road, Saddar, Rawalpindi, Pakistan

UAN: +92-51-111 11 33 33
Phone: +92-51-5518834 / 5518835
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Lahore Sales Office
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Fax: +92-42-36367414
Email: info@dgcement.com

Multan Sales Office
DG House, 17-E-1, Near Razia Saeed Hospital, Officer Colony, Near EID Ghah, Main Khanewal Road, Multan Cantt, Multan, Pakistan

Phone: +92-61- 6510701-2-3
Fax: +92-61-6510707
Email: nasir.sarfaraz@dgcement.com

Dera Ghazi Khan Sales Office
Regional Sales Office, 9-A, Khyaban-e-Sarwar, Multan Road, Dera Ghazi Khan.
UAN: +92-42-111-11-33-33 Ext. 2104
Phone: +92-64-2470449, 2466708
Fax: +92-64-2464708
E-mail: badar.zaman@dgcement.com

Karachi Sales Office
D-247, KDA Scheme # 1, A
Karachi, Pakistan
UAN: +92-21-111 11 33 33
Phone: +92-21-34922719, 34935030-40
Fax: +92-21-34935362
Email: zdin.khi@dgcement.com

Production Facilities

Plant Make

Description	Site	Manufacturer	Capacity	Year Installed
Cement Plant (line-1)	DGK	UBE Industries, Japan	2000 tpd	1986
Cement Plant (line-1)	DGK	FLSmidth, Denmark	200 tpd	1994
Cement Plant (line-2)	DGK	FLSmidth, Denmark	4000 tpd	1998/2005
Cement Plant (line-1)	DGK	FLSmidth, Denmark	500 tpd	2005
Cement Plant	KHP	FLSmidth, Denmark	6700 tpd	2007
Kiln	HUB	FLSmidth, Denmark	9000 tpd	2018
Mills	HUB	Loesche GMBH, Germeny		2018
Pack House	HUB	Haver & Boecker, Germeny		2018
Captive Power Plant	DGK	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	
WHR Plant	KHP	FLSmidth, Denmark	8.6 MW	
RDF Plant	KHP	Vecoplan, Germany & Elden , Germany		
RDF Plant	DGK	Vecoplan, Germany & Elden , Germany		

Plant Capacities

Factory	Clinker (Tons per day)	Clinker (Tons per annum)	Cement (Tons per annum)
Dera Ghazi Khan	6,700	2,010,000	2,110,500
Khairpur	6,700	2,010,000	2,110,500
Hub	9,000	2,700,000	2,835,000
Total	**22,400**	**6,720,000**	**7,056,000**

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	9000 tpd	22400 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 Requirements

Factory	MW
DGK	42
KHP	31
HUB	40
TOTAL	**113**

Electricity Generation Capacity (MW)

	Furnace Oil	Gas	Dual Fuel (FO+G)	WHR	Coal	Total
DGP	-	24.6	-	10.4	33	**68**
KHP	-	-	33	8.6	-	**41.6**
HUB	23.84K	-	-	-	-	**23.84k**
Total	**23.84k**	**24.6**	**33**	**19**	**33**	**133.44**

Nishat

Mian Mohammad Yahya, the founding father, was born in 1918 in Chiniot. In 1947 when he was running a leather business in Calcutta, he witnessed the momentous changes that swept the Indo-Pak sub-continent 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, cotton and jute textiles. He was elected Chairman of All Pakistan Textile Mills Association, the prime textile body in the country.

He died in 1969, at the age of 51 having achieved so much in so short time. After him, Mian Mohammad Mansha, like his father, continues 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 in various sectors. All its entities are run by professionals on update business practices in compliance with national and international regulations.

Its Market Capitalisation as on June 30, 2018 is about PKR 406 billion (about USD 3.6 billion). The Group regular employees more than 41,000 employees. As per last available audited financials for 2017, Group's total assets are about more than PKR 1,800 billion (about USD 16 billion). As on June 30, 2018, 60% of group market capitalisation is occupied by banking sector, cement and textiles both hold 12% each, power 6%, hotels & properties 3% and insurance 4%.

The Group has notable presence in following business sectors:

- Banking & Financial Services
- Insurance
- Cement
- Textiles
- Hospitality & Hotels
- Energy
- Aviation
- Agriculture & Farming & Livestock & Dairy
- Automobiles
- Paper packing products
- Real Estate

Group Companies

Name of Company	**Associated**
NISHAT MILLS LIMITED	YES
MCB BANK LIMITED	NO
ADAMJEE INSURANCE COMPANY LIMITED	YES
NISHAT POWER LIMITED	YES
LALPIR POWER LIMITED	YES
PAKGEN POWER LIMITED	NO
NISHAT PAPER PRODUCTS COMPANY LIMITED	YES
SECURITY GENERAL INSURANCE COMPANY LIMITED	NO
NISHAT HOTELS AND PROPERTIES LIMITED	YES
NISHAT (AZIZ AVENUE) HOTELS AND PROPERTIES LIMITED	YES
NISHAT (RAIWIND) HOTELS AND PROPERTIES LIMITED	YES
NISHAT (GULBERG) HOTELS AND PROPERTIES LIMITED	YES
NISHAT ENERGY LIMITED	NO
NISHAT HOSPITALITY (PVT) LIMITED	YES
NISHAT LINEN (PVT) LIMITED	YES
NISHAT AGRICULTURE FARMING (PVT) LIMITED	YES
NISHAT DEVELOPERS (PVT) LIMITED	YES
PAKISTAN AVIATORS & AVIATION (PVT) LIMITED	NO
NISHAT REAL ESTATE DEVELOPMENT (PVT) LIMITED	NO
NISHAT DAIRY (PVT) LIMITED	YES
MCB FINANCIAL SERVICES LIMITED	NO
ADAMJE LIFE ASSURANCE COMPANY LIMITED	NO
MNET SERVICES (PVT) LIMITED	YES
EURONET PAKISTAN (PVT) LIMITED	YES
LALPIR SOLAR (PVT) LIMITED	NO
HYUNDAI NISHAT MOTOR (PVT) LIMITED	YES
MCB ISLAMIC BANK LIMITED	YES
NISHAT AGROTECH (PVT) LIMITED	YES
EMPORIUM PROPERTIES (PVT) LIMITED	YES
GOLF VIEW LAND (PVT) LIMITED	YES

Pattern of Share Holding as at June 30, 2019

NO. OF SHAREHOLDERS	HAVING SHARES From	To	SHARES HELD	PERCENTAGE
1707	1	100	88,473	0.0202
2435	101	500	874,025	0.1995
1654	501	1000	1,461,536	0.3336
2349	1001	5000	6,146,951	1.4030
596	5001	10000	4,650,290	1.0614
182	10001	15000	2,300,586	0.5251
119	15001	20000	2,192,838	0.5005
93	20001	25000	2,193,335	0.5006
52	25001	30000	1,461,450	0.3336
51	30001	35000	1,658,844	0.3786
27	35001	40000	1,035,296	0.2363
23	40001	45000	1,000,288	0.2283
40	45001	50000	1,962,187	0.4479
18	50001	55000	958,704	0.2188
22	55001	60000	1,282,050	0.2926
10	60001	65000	636,800	0.1453
19	65001	70000	1,305,922	0.2981
12	70001	75000	881,894	0.2013
7	75001	80000	552,200	0.1260
8	80001	85000	664,103	0.1516
4	85001	90000	357,500	0.0816
7	90001	95000	646,729	0.1476
22	95001	100000	2,183,100	0.4983
4	100001	105000	411,600	0.0939
4	105001	110000	428,709	0.0979
3	110001	115000	344,214	0.0786
6	115001	120000	710,900	0.1623
9	120001	125000	1,112,600	0.2539
4	125001	130000	509,500	0.1163
5	130001	135000	668,900	0.1527
5	140001	145000	719,300	0.1642
2	145001	150000	295,500	0.0674
1	150001	155000	150,979	0.0345
3	155001	160000	470,600	0.1074
1	160001	165000	162,000	0.0370
3	165001	170000	502,200	0.1146
3	170001	175000	516,982	0.1180
1	175001	180000	176,140	0.0402
1	180001	185000	181,000	0.0413
1	185001	190000	186,329	0.0425

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	From	To		
2	190001	195000	386,000	0.0881
3	195001	200000	600,000	0.1369
3	200001	205000	612,000	0.1397
1	205001	210000	206,100	0.0470
2	210001	215000	427,506	0.0976
2	215001	220000	436,000	0.0995
2	220001	225000	449,400	0.1026
2	225001	230000	455,330	0.1039
1	230001	235000	233,644	0.0533
2	240001	245000	484,000	0.1105
3	245001	250000	743,500	0.1697
1	250001	255000	252,400	0.0576
4	255001	260000	1,036,700	0.2366
1	260001	265000	262,700	0.0600
2	265001	270000	536,800	0.1225
2	285001	290000	575,700	0.1314
3	295001	300000	900,000	0.2054
1	305001	310000	308,000	0.0703
1	310001	315000	315,000	0.0719
2	320001	325000	647,232	0.1477
2	335001	340000	675,700	0.1542
5	345001	350000	1,748,405	0.3991
1	350001	355000	353,300	0.0806
4	355001	360000	1,430,009	0.3264
3	360001	365000	1,085,210	0.2477
1	365001	370000	365,848	0.0835
1	375001	380000	380,000	0.0867
5	395001	400000	1,995,386	0.4554
1	405001	410000	410,000	0.0936
2	410001	415000	826,200	0.1886
1	415001	420000	419,500	0.0958
3	475001	480000	1,436,200	0.3278
2	485001	490000	977,000	0.2230
1	495001	500000	500,000	0.1141
1	525001	530000	527,000	0.1203
1	530001	535000	534,700	0.1220
1	545001	550000	550,000	0.1255
1	550001	555000	552,700	0.1262
1	565001	570000	568,600	0.1298
1	570001	575000	575,000	0.1312
1	595001	600000	600,000	0.1369
1	625001	630000	627,700	0.1433
1	640001	645000	644,848	0.1472

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	From	To		
1	665001	670000	667,500	0.1524
1	685001	690000	687,600	0.1569
1	690001	695000	693,100	0.1582
1	695001	700000	700,000	0.1598
1	720001	725000	725,000	0.1655
1	730001	735000	730,674	0.1668
1	800001	805000	805,000	0.1837
1	820001	825000	825,000	0.1883
1	885001	890000	887,409	0.2026
1	895001	900000	900,000	0.2054
1	920001	925000	925,000	0.2111
1	935001	940000	936,217	0.2137
1	945001	950000	949,800	0.2168
1	950001	955000	955,000	0.2180
1	955001	960000	955,600	0.2181
1	980001	985000	981,849	0.2241
1	1030001	1035000	1,031,000	0.2353
1	1035001	1040000	1,036,500	0.2366
1	1050001	1055000	1,054,500	0.2407
1	1055001	1060000	1,060,000	0.2419
1	1110001	1115000	1,112,400	0.2539
1	1175001	1180000	1,177,000	0.2686
2	1245001	1250000	2,500,000	0.5706
1	1365001	1370000	1,369,300	0.3125
1	1420001	1425000	1,425,000	0.3253
2	1495001	1500000	3,000,000	0.6847
1	1570001	1575000	1,571,700	0.3587
1	1580001	1585000	1,583,660	0.3615
1	1595001	1600000	1,599,000	0.3650
1	1620001	1625000	1,625,000	0.3709
1	1655001	1660000	1,656,500	0.3781
1	1790001	1795000	1,794,000	0.4095
1	1795001	1800000	1,800,000	0.4108
1	1825001	1830000	1,826,600	0.4169
1	1840001	1845000	1,844,746	0.4211
1	1845001	1850000	1,850,000	0.4223
1	1895001	1900000	1,896,000	0.4328
1	1930001	1935000	1,931,900	0.4410
1	1955001	1960000	1,956,760	0.4466
1	2030001	2035000	2,030,181	0.4634
1	2235001	2240000	2,238,600	0.5110
1	2280001	2285000	2,283,200	0.5211
1	2295001	2300000	2,300,000	0.5250

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	From	To		
1	2365001	2370000	2,368,222	0.5405
1	2390001	2395000	2,394,100	0.5464
1	2565001	2570000	2,567,100	0.5859
1	2615001	2620000	2,615,200	0.5969
1	2770001	2775000	2,775,000	0.6334
1	2870001	2875000	2,875,000	0.6562
1	2885001	2890000	2,889,500	0.6595
1	3065001	3070000	3,069,500	0.7006
1	3080001	3085000	3,084,711	0.7041
1	3100001	3105000	3,103,000	0.7083
1	3285001	3290000	3,289,000	0.7507
1	3355001	3360000	3,358,344	0.7665
1	3365001	3370000	3,369,932	0.7692
1	3915001	3920000	3,915,511	0.8937
1	4120001	4125000	4,120,500	0.9405
1	4245001	4250000	4,246,800	0.9693
1	4375001	4380000	4,379,670	0.9997
1	4635001	4640000	4,635,974	1.0582
1	4895001	4900000	4,900,000	1.1184
1	4905001	4910000	4,909,249	1.1205
1	6005001	6010000	6,006,253	1.3709
1	6545001	6550000	6,546,000	1.4941
1	8160001	8165000	8,160,906	1.8627
1	9235001	9240000	9,237,000	2.1083
1	11145001	11150000	11,149,920	2.5450
1	15985001	15990000	15,989,997	3.6497
1	21455001	21460000	21,457,300	4.8976
1	21555001	21560000	21,559,060	4.9208
1	22925001	22930000	22,929,033	5.2335
1	114645001	114650000	114,645,168	26.1676
9669		Company Total	438,119,118	100.00

Categories of Shareholders As on June 30, 2019

		SHARES HELD	%
1.	Directors, Chief Executive Officer, and their spouse and minor children	18,805,376	4.29
2.	Associated Companies, undertakings and related parties.	141,161,045	32.22
3.	NIT and ICP	2,031,681	0.46
4.	Banks, Development Financial Institutions, Non Banking Financial Institutions.	16,814,308	3.84
5.	Insurance Companies	4,566,566	1.04
6.	Modarabas and Mutual Funds	12,356,664	2.82
7.	Shareholders holding 10%	137,574,201	31.40
8.	General Public:		
	a. Local	75,078,227	17.14
	b. Foreign	5,282,775	1.21
9.	Others		
	Joint Stock Companies	15,968,768	3.64
	Investment Companies	1,812,056	0.41
	Pension Funds, Provident Funds etc.	22,179,853	5.06
	Foreign Companies	67,356,569	15.37

Additional Information as on June 30, 2019

			No. of Shares	%
I.	**Associated Companies, undertakings and related parties**			
	Nishat Mills Limited	- Associated Company	137,574,201	31.40
	Adamjee Insurance Company Limited	- Associated Company	3,358,344	0.77
	Security General Insurance Company Limited	- Related	228,500	0.05
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 ATLAS STOCK MARKET FUND		805,000	0.18
	CDC - TRUSTEE MEEZAN BALANCED FUND		355,409	0.08
	CDC - TRUSTEE ALFALAH GHP VALUE FUND		13,700	0.00
	CDC - TRUSTEE AKD INDEX TRACKER FUND		48,687	0.01
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND		348,405	0.08
	CDC - TRUSTEE MEEZAN ISLAMIC FUND		2 ,368,222	0.54
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND		260,000	0.06
	CDC - TRUSTEE NAFA STOCK FUND		575,000	0.13
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND		5,000	0.00
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND		477,800	0.11
	CDC - TRUSTEE APF-EQUITY SUB FUND		65,000	0.01
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND		176,140	0.04
	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND		124,000	0.03
	CDC - TRUSTEE APIF - EQUITY SUB FUND		97,000	0.02
	MC FSL TRUSTEE JS - INCOME FUND		203,500	0.05
	CDC - TRUSTEE ALFALAH GHP STOCK FUND		6 ,200	0.00
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND		6 ,700	0.00
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND		3,369,932	0.77
	CDC - TRUSTEE ABL STOCK FUND		400	0.00
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND		10,000	0.00
	CDC - TRUSTEE FIRST HABIB STOCK FUND		20,000	0.00
	CDC - TRUSTEE NBP SARMAYA IZAFA FUND		1,100	0.00
	CDC - TRUSTEE ASKARI EQUITY FUND		5,000	0.00
	CDC - TRUSTEE KSE MEEZAN INDEX FUND		489,500	0.11
	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND		17,000	0.00
	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND		15,000	0.00
	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND		18,500	0.00
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND		400	0.00
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND		38,000	0.01
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND		191,000	0.04
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND		1,599,000	0.36
	CDC-TRUSTEE NITIPF EQUITY SUB-FUND		54,500	0.01
	CDC-TRUSTEE NITPF EQUITY SUB-FUND		22,000	0.01
	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND		57,000	0.01
	CDC - TRUSTEE FAYSAL MTS FUND - MT		28,500	0.01
	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND		129,000	0.03
	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND		760	0.00
	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND		206,100	0.05
	CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND		7 ,000	0.00
	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND		80,500	0.02

			No. of Shares	%
III.	**Directors and their spouse(s) and minor children:**			
	Mrs. Naz Mansha	Director/Chairperson	113,098	0.03
	Mian Raza Mansha	Director/CEO	12,796,880	2.92
	Mr. Khalid Niaz Khawaja	Diretcor	2 ,000	0.00
	Mr. Mohammad Arif Hameed	Director	500	0.00
	Mr. Mahmood Akhtar	Director	500	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
V.	**Public Sector Companies and Corporations:**			
	Joint Stock Companies		15,968,768	3.64
VI.	**Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds:**			
	Investment Companies		1,812,056	0.41
	Insurance Companies		4,566,566	1.04
	Financial Institutions		16,814,308	3.84
	Modaraba Companies		49,723	0.01
	Mutual Funds		12,306,941	2.81
	Pension Funds/Providend Funds Etc.		22,179,853	5.06
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 Excutive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children during the period July 01, 2018 to June 30, 2019, are as under:

S.No. Name	Designation	No. of Shares	
		Sold	Purchased
1 Mian Raza Mansha	Director/Chief Executive	-	100,000
2 Mian Hassan Mansha	Executive	-	100,000

DGKC-Group Cross Investments

Holding in DGKC

Share Holder	No. of Shares	%
Nishat Mills Limited	137,574,201	31.40
Adamjee Insurance Company Limited	3,358,344	0.77
Security General Insurance Company Limited	228,500	0.05
Mrs. Naz Mansha	113,098	0.03
Mian Raza Mansha	12,796,880	2.92
Mrs. Ammil Raza Mansha	5,891,098	1.34
Mian Umer Mansha	27,565,313	6.92
Mian Hassan Mansha	27,139,917	6.19
	214,667,351	**49.62**

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. Ltd.	27,877,735	7.97
Nishat Paper Products Co. Ltd.	25,595,398	55.00
Nishat Dairy (Pvt) Limited	270,000,000	55.10
Nishat Hotels and Properties Limited	104,166,667	10.42
Hyundai Nishat Motor (Pvt) Ltd.	55,000,000	10.00

Board of Directors

1. Mrs. Naz Mansha (Chairperson)	Non-Executive
2. Mr. Raza Mansha (CEO)	Executive
3. Mr. Mahmood Akhtar	Non-Executive
4. Mr. Farid Noor Ali Fazal	Executive
5. Mr. Shehzad Ahmad Malik	Non-Executive
6. Mr. Khalid Niaz Khawaja	Independent
7. Mr. Mohammad Arif Hameed	Non-Executive

Secretary to the Board

Mr. Khalid Mehmood Chohan

Audit Committee

1. Mr. Khalid Niaz Khawaja *(Member/Chairman)*	Independent Director
2. Mr. Mahmood Akhtar *(Member)*	Non- Executive Director
3. Mr. Mohammad Arif Hameed *(Member)*	Non- Executive Director

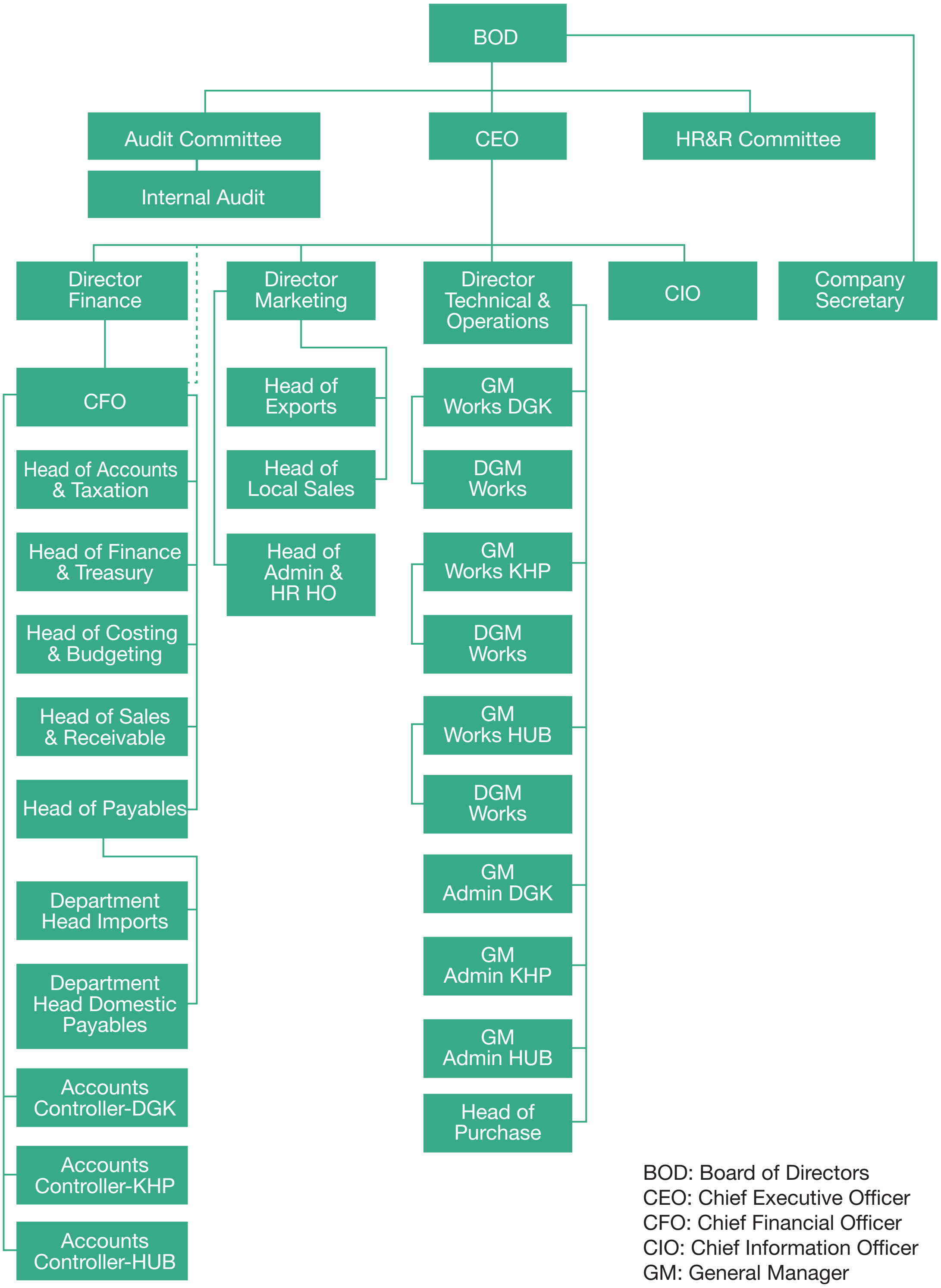
Human Resource & Remuneration (HR&R) Committee

1. Mr. Khalid Niaz Khawaja *(Member/Chairman)*	Independent Director
2. Mian Raza Mansha *(Member)*	Executive Director
3. Mr. Mahmood Akhtar *(Member)*	Non- Executive Director

Executive Management

1. Mr. Raza Mansha	Chief Executive Officer
2. Mr. Aftab Ahmed Khan	Director Finance
3. Mr. Farid Noor Ali Fazal	Director Marketing
4. Dr. Arif Bashir	Director Technical
5. Mr. Inayat Ullah Niazi	Chief Financial Officer

Management Structure and Organogram



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

Profiles of Directors and Management

Mrs. Naz Mansha

Director/Chairperson

Mrs. Naz Mansha has over 32 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, 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.

Mr. Raza Mansha

Director/Chief Executive Officer

He is a graduate from University of Pennsylvania. He has rich experience of about 24 years in business management, corporate strategies, commercial insights and project management. He is a visionary man and the success of DGKC is a witness to his business intelligence.

He is also on top executive post along with directorship in Nishat Paper Products Company Limited, Nishat Developers (Private) Limited and Nishat (Gulberg) Hotels and Properties Limited.

He has also served in Information Technology Committee, Business Strategy & Development Committee and HR&R Committee in MCB.

He is also a director in MCB Islamic Bank Limited, Nishat Hotels & Properties Limited, Nishat Dairy (Private) Limited, Nishat Agriculture Farming (Private) Limited, MNET Services (Private) Limited, Euronet Pakistan (Private) Limited, Nishat (Raiwind) Hotels & Properties Limited and Nishat (Aziz Avenue) Hotels & Properties Limited, Hyundai Nishat Motor (Pvt.) Limited, Nishat Agrotech Farms (Pvt) Limited

Mr. Khalid Niaz Khawaja

Director/Independent

Mr. Khalid Niaz Khawaja is a Fellow of Institute of Bankers, Pakistan. He has more than 46 years' experience to work in different capacities in banking industry. He is also 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. Arif Hameed

Director/Non-Executive

He is a Mechanical Engineer by profession, and is registered with the Pakistan Engineering Council (PEC). Mr. Hameed also holds a Masters in Administrative Sciences degree and a Law graduate from University of the Punjab, Lahore.

Mr. Mohammad Arif Hameed is a former Managing Director of Sui Northern Gas Pipelines Limited, a company he served for 39 years. He has vast managerial experience in Gas Distribution, Sales, Billing, Logistics Support, Procurement and Legal. He has served as Director on the Boards of Sui Southern Gas Company Limited, Inter State Gas Systems (Pvt.) Limited, National Power Parks Co. (Pvt) Ltd., Petroleum Institute of Pakistan and LUMS. He is also serving as Director on Board of Adamjee Insurance Company Limited.

Mr. Mahmood Akhtar

Director/Non-Executive

Mr. Mahmood Akhtar holds an MBA degree from Punjab University and has over 36 years of managerial experience spread across various industries. He also serves on the Board of Lalpir Power Limited, Nishat Mills Limited, Nishat Power Limited, Security General Insurance Company Limited, Nishat Hospitality (Pvt) Limited, Nishat Paper Products Company Limited, Nishat (Gulberg) Hotels and Properties Limited and Nishat Commodities (Pvt) Limited.

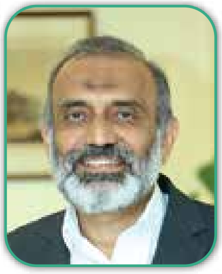
Mr. Farid Noor Ali Fazal

Director/Executive

He holds a bachelor degree in Commerce, Law and Management. He has vast experience of about 44 years in marketing, selling, 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 Middle East for more than a decade where he served in various companies 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 DGKC 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 incredible expansion in the market share of DGKC locally and specially internationally as well.

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



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.

Mr. Aftab Ahmad Khan

Director Finance

He is a fellow member of the Institute of Chartered Accountants of Pakistan. His experience spans over half a century. He is expert in financial management, tax, audit, accounts and management affairs.

He served three Public Sector Organizations including Punjab Ghee Board, Punjab Industrial Development Board, Rice Milling Corporation of Pakistan as General Manager Finance where he played the vital role of securing funds for new projects and imports, managing investments and overall supervision. After leaving the public sector and before joining Nishat Group, he held top management positions in two different groups of industries where he was responsible for overall supervision of the finance and accounting function.

He joined Nishat Group in 1993 and has remained a part of it since then. His vast experience, dedication to work and leadership has been important for the group. Currently, he is the CEO of Lalpir Solar Power (Private) Limited, Nishat Energy Limited and Nishat Hospitality (pvt) Limited. He also serves on the board of Nishat Paper Product Company Ltd, Nishat (Chunian) Limited, Nishat Chunian Power Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels & Properties Limited, MCB Islamic Bank Limited, MCB Financial Services Limited, Security General

Insurance Company Limited, Nishat (Raiwind) Hotels and Properties Ltd

Dr. Arif Bashir

Director Technical & Operations

Dr. Arif Bashir holds a Ph.D. degree in Chemical Engineering (Fuel and Energy) from University of Leads. He joined cement sector in 1982. During his career spanning over 37 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 extra ordinary skills to develop and train technical teams and has special interest in the field of applied engineering research.

He represented Pakistan on various national and international conferences. To his credit are a number of international research publications. He is also associated with educational institutions as examiner and active member of board of studies in various institutions. 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 firing that changed the entire structure of Pakistan Cement Industry.

He is associated with DGKC since 1993 where he oversaw the expansion of the plant and setting up of new line of cement production. In 2004 he was given the tremendous responsibility to set up state of the art KHP factory which he successfully completed in 2007. In 2011 he was posted on the top technical post of the Company as Director (Technical & Operations).

His technical expertise and leadership has been instrumental in incredible growth of the Company. He played a pivotal role in training and professional development of the company engineers. He also serves on the boards of directors of Pakgen Power Limited and Nishat Paper Products Company Limited.

Mr. Inayat Ullah Niazi

Chief Financial Officer

He is a Commerce Graduate and C.A. Inter. His experience spans about 35 years. 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 a director Lahore Stock Exchange. He is also CFO of Nishat Paper Products Company Limited.

He is also serving as a director in Security General Insurance Company Limited, Pakistan Aviators & Aviation (Private) Limited, Nishat Hotels & Properties Limited, Nishat (Aziz Avenue) Hotels & Properties Limited, Nishat (Raiwind) Hotels & Properties Limited, Nishat Energy Limited, Lalpir Solar Power (Private) Limited, National Clearing Company of Pakistan, Lalpir Power Limited and LSE Financial Services Limited.

Mr. Khalid Mahmood Chohan

Company Secretary

He is a Commerce graduate. His experience tenor is about 36 years. His fields of expertise include income tax, corporate matters and secretarial practices.

He is Company Secretary of various companies in Nishat.

Chairperson's Review Report on Board Performance

The Board of D.G. Khan Cement Company Limited is comprised of:

• Mrs. Naz Mansha	(Chairperson)
• Mr. Raza Mansha	(Director/CEO)
• Mr. Khalid Niaz Khawaja	(Independent Director)
• Mr. Mohammad Arif Hameed	(Non-Executive Director)
• Mr. Khalid Qadeer Qureshi	(Non-Executive Director - died during the year)
• Mr. Mahmood Akhtar	(Non-Executive Director -joined to fill the casual vacancy)
• Mr. Shahzad Ahmad Malik	(Non-Executive Director)
• Mr. Farid Noor Ali Fazal	(Director/ Executive Director Marketing)

The board is responsible for the overall management of the Company. Being the highest management platform in the Company it devises all strategies and policies. The board itself is governed by the statute and Company's Articles and its duties, obligations, responsibilities and rights are as defined and prescribed therein.

The Board is comprised of competent and able persons having vast and rich experience in business world.

During financial year 2019 the BOD met four times. The board itself is compliant with all the regulatory requirements and acted in accordance with applicable laws and best practices.

The board closely monitored the performance of its committees and management. The board also interacted with internal and external auditors. The board held extensive and fruitful discussions to arrive at decisions. The board ensured integration of all policies and convergence to Company's vision and mission. The board ensures compliance with all applicable rules and best practices.

The Board evaluated its own performance and its committees in order to facilitate and enable the Board members to play an effective role as a coordinated team for the ongoing success of the Company.

The Board also monitored followings:

- Producing quality products;
- Act with Good Governance;
- Sustainable and equitable growth;
- Promotion of diversity and ethical behavior;
- Development of dynamic team of professionals to achieve excellence and innovation.

During the year under review the board reviewed and/or approved among other things:

- Business strategies, risks and plans;
- Internal controls;
- Budget including capital expenditure;
- Quarterly and annual accounts;
- Internal audit report;
- Audit committee reports and finding;
- Recommendation for appointment of external auditors; and
- Bank borrowings.

Naz Mansha

Naz Mansha
Chairperson

Lahore
September 16, 2019

Stakeholders’ Engagement

The guiding principles for engagement with stakeholders are:

- Timeliness
- Fairness
- Effectiveness
- Transparency

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

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

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of company : D. G. Khan Cement Company Limited
Year ended : June 30, 2019

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:

Independent Director	Mr. Khalid Niaz Khawaja
Other Non-executive Director	Mrs. Naz Mansha Mr. Muhammad Arif Hameed Mr. Mahmood Akhtar Mr. Shahzad Ahmad Malik
Executive Directors	Mian Raza Mansha Mr. Farid Noor Ali Fazal

3. The directors have confirmed that none of them is serving as a director on more than five 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by 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 Chairman and, in his 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 board.

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

9. The Board has arranged Directors' Training program for the following:

Independent Director	Mr. Khalid Niaz Khawaja
Other Non-executive Director	Mr. Muhammad Arif Hameed Mr. Shahzad Ahmad Malik
Executive Directors	Mr. Farid Noor Ali Fazal

   Directors Exempted from Directors' Training Program and obtained Exemption from SECP.

Other Non-executive Director	Mrs. Naz Mansha
Executive Directors	Mian Raza Mansha

10. The board has approved appointment of CFO, 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. CFO and CEO 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. Khalid Niaz Khawaja (Independent Director) – Chairman

    2. Mr. Muhammad Arif Hameed (Non-Executive Director)
    3. Mr. Mahmood Akhtar (Non-Executive Director)

    b) HR and Remuneration Committee

    1. Mr. Khalid Niaz Khawaja – (Independent Director) - Chairman
    2. Mian Raza Mansha (Executive Director)
    3. Mr. Mahmood Akhtar (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 (quarterly/half yearly/ yearly) of the committee were as per following:

    a) Audit Committee:
    Four quarterly meetings were held during the financial year ended June 30, 2019

    b) HR and Remuneration Committee
    One Meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2019.

15. The board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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 other requirements of the Regulations have been complied with.

Naz Mansha

(Mrs. Naz Mansha)
Chairperson

Independent Auditor's Review Report
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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of D. G. Khan Cement Company Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

A.F. Ferguson & Co.
Chartered Accountants
Lahore,
Date: September 27, 2019
Name of engagement partner: Amer Raza Mir

Event Calander from July 01, 2018 to June 30, 2019

Date	Event
September 12, 2018	Notice of Meeting of HR&R Committee sent to Members of HR&R Committee.
September 12, 2018	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
September 12, 2018	Notice for Meeting of Board Directors for consideration of Annual Audited Accounts for the year ended June 30, 2018 sent to Directors and Stock Exchange.
September 19, 2019	Meeting of the Members of HR&R Committee conducted.
September 19, 2019	Meeting of the Members of Audit Committee conducted for recommendation of Annual Audited Accounts for the year ended June 30, 2018, related party transactions, appointment of External Auditors etc. to the Board of Directors for their approval.
September 19, 2019	Meeting of the Board of Directors conducted for consideration and approval of Annual Audited Accounts for the year ended June 30, 2018, Dividend, Director's Report, Related Party Transactions, Appointment of External Auditors, Agenda and Venue of AGM, Special Business Under Section 199 of the Companies Act, 2017 etc.
September 19, 2019	Financial Results for the year ended June 30, 2018 and other Coprorate Actions sent to Stock Exchange immediately after conclusion of Board Meeting.
October 01, 2018	Notice of AGM Sent to Pakistan Stock Exchange
October 02, 2018	Notice of Annual General Meeting published in newspapers.
October 18, 2018	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
October 18, 2018	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 1st Quarter ended September 30, 2018 Sent to Directors and Stock Exchange.
October 25, 2018	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 1st Quarter ended September 30, 2018, Related Party Transactions etc. to the Board of Directors for their approval.
October 25, 2018	Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the 1st Quarter ended September 30, 2018, Directors Report, Related Party Transactions etc.
October 25, 2018	Financial Results for the 1st Quarter ended September 30, 2018 along with other Coprorate Actions, if any, sent to Stock Exchange immediately after conclusion of Board Meeting.
October 27, 2018	Annual General Meeting conducted and shareholders approved Annual Audited Acounts, 42.50% Final Dividend, appointment of External Auditors and Investments under Section 199 of the Companies Act, 2017.
October 29, 2018	Certified Copy of Special Resolutions Passed by the Shareholders in their Annual General Meeting held on October 27, 2018 sent to Stock Exchange.
November 07, 2018	Minutes of Annual General Meeting held on October 27, 2018 Sent to Stock Exchange.

Date	Event
November 14, 2018	Intimation regarding credit of 42.50% Final Dividend for the year 2018 through e-dividend sent to Stock Exchange
February 18, 2019	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the Half Year ended December 31, 2018 sent to Stock Exchange.
February 19, 2019	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
February 19, 2019	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the Half Year ended December 31, 2018 sent to Directors.
February 26, 2019	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the Half Year ended December 31, 2018, Related Party Transactions etc. to the Board of Directors for their approval.
February 26, 2019	Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the Half Year ended December 31, 2018, Directors Report, Related Party Transactions, recomendations for investment in associated company under Section 199 of the Companies Act, 2017.
February 26, 2019	Financial Results for the Half Year ended December 31, 2018 along with other Coprorate Actions, sent to Stock Exchange immediately after conclusion of Board Meeting.
March 15, 2019	Notice of Extraordinary General Meeting sent to Pakistan Stock Exchange.
April 17, 2019	Extra ordinary General Meeting conducted and Shareholders approved Investment in associated company under Section 199 of the Companies Act, 2017.
April 17, 2019	Certified Copy of Special Resolutions passed by the shareholders in their Extraordinary General Meeting held on April 17, 2019 sent to Stock Exchange.
April 16, 2019	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2019 sent to Stock Exchange.
April 17, 2019	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
April 17, 2019	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2019 Sent to Board of Directors.
April 24, 2019	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 3rd Quarter ended March 31, 2019, Related Party Transactions etc. to the Board of Directors for their approval.
April 24, 2019	Meeting of the Board of Directors conducted for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2019, Directors Report, Related Party Transactions etc.
April 24, 2019	Financial Results for the 3rd Quarter ended March 31, 2019 along with other coprorate actions, if any, sent to Stock Exchange immediately after conclusion of Board Meeting.
May 07, 2019	Minutes of Extraordinary General Meeting held on April 17, 2019 Sent to Stock Exchange.

Principles

Core Principles

The Company has following core principles for its governance:

- Integrity
- Transparency
- Ethics
- Professionalism
- Compliance

These principles are at foundation of governance model of the Company. All the policies, procedures and agreements are made and implemented with these core principles in mind. Integrity at the root is the main guiding principle. The Company has no compromise policy for integrity. With integrity comes transparency. This is the main off-shoot of integrity and dignity. Transparency in every dealing and disclosure is core to the Company. With integrity at the root, brings ways to methods to deal in the best possible way called the Ethics. While Professionalism, is to conduct every part and phase of the business with best possible resources and in best possible ways. This brings subtlety to business decisions and ensures integration of all levels. Being a Compliant organization to all applicable laws, regulations and standards is central to the Company's values.

Internal Control

The Company's internal controls are designed and implemented with a view to the Company's Core Principles. Internal controls are made to ensure that everything is conducted with integrity as basic principle. Internal control blueprint is to make sure that:

- Duties are assigned to right persons
- Duties are segregated
- Chain of checking & reporting exists
- Alternate ways available in case of non-availability of a person
- Routine maintenance/replacement is properly conducted
- Least possible hazardous impact on environment
- Departments are integrated
- Each step is adequately reported
- Any malfunctioning/undesired activity is timely and adequately reported and acted upon

Departments & Consolidation

For sake of proper functioning the Company is divided into some departments. All departments are under one board of directors. The departments are:

- Finance
- Production & Technical
- Purchasing
- Marketing
- IT & ERP
- Human Resource
- Departments are integrated
- Corporate & Secretariat
- Administration

Each area is headed by a departmental head. Each departmental head is assisted with various sub sector heads. Departments are linked vertically and horizontally to make the functioning of the Company in best possible way.

This two-way-simultaneous linking pave the way for consolidating overall objective of the Company decided by the Board of Directors and disseminated to each level through departmental heads.

Risks Mitigation through Best Governance

Production & Operational Risk

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

Unforeseen Event

Our all assets, premises, stores, spares and stocks are comprehensively insured.

Market, Supply, Dispatch, Credit Risk

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

Margins

On the costs side we try to make a best possible relationship with its related benefit. Over years we have invested heavily in cost reduction measures. The Company has tried to achieve margin gains through economies of scale as well.

Financial Management & Treasury (Currency, Interest rates, Cashflows)

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

Departmental Collusion Risk

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

Controls Risk

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

Certification

The company is ISO 9001 and 14001 certified.

Human Resource

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

Health & Safety

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

Reporting

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

The Company reports its financial statements in compliance with all applicable local laws and international standards as described in the financial statements.

Records

Company has established comprehensive measures to ensure safe keeping of it records and data. The company is maintaining state of the art ERP Oracle system for maintaining record and MIS. An effective disaster management plan is in place for all ERP data. Company complies with legal requirements of maintenance of data.

Internal Audit

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

Company Rating

Long Term:	AA-
Short Term:	A1+
Outlook:	Stable
Rating Agency:	PACRA
Rating Date:	Mar 30, 2019

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

BAC comprises of three members:

- Mr. Khalid Niaz Khawaja
  (Chairman / Independent Director)
- Mr. Mohammad Arif Hameed
  (Member/Non-Executive Director)
- Mr. Khalid Qadeer Qureshi
  (Member/Non-Executive Director) – died during the year
- Mr. Mahmood Akhtar
  (Member/Non-Executive Director) – joined during the year

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

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

During FY19, BAC met four times. CFO and internal auditors are regular participants of the meeting. BAC also meets external and internal auditors independently once a year.

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

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

The Board Audit Committee has reviewed the performance and operations of the Company for the year ended June 30, 2019 and reports that:

- Internal controls of the company are sound and are working properly;
- Departments of the company are working in line with company objectives;
- Records are maintained in accordance with applicable laws and regulations;
- Financial statements are in conformity with applicable laws and regulations;
- Code of Corporate Governance is followed;
- Being at arm's length, related party transactions are recommended to the Board for approval;
- Recommended the present auditors, M/S A.F. Ferguson & Co. Chartered Accountants, for reappointment for year ending June 30, 2020

Khalid Niaz Khawaja
Chairman Board Audit Committee

Lahore
September 16, 2019

Board & its Committees Performance

Attendance of Directors in Meetings (during the year from July 01, 2018 to June 30, 2019)

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

Name of Directors	Number of Meetings Attended
Mr. Raza Mansha (Chief Executive Officer)	3
Mrs. Naz Mansha (Chairperson)	3
Mr. Khalid Qadeer Qureshi	2
Mr. Farid Noor Ali Fazal	4
Mr. Shehzad Ahmad Malik	4
Mr. Khalid Niaz Khawaja	4
Mr. Mohammad Arif Hameed	4
*Mr. Mahmood Akhtar	1

*Mr. Mahmood Akhtar appointed as Director in place of Mr. Khalid Qadeer Qureshi with effect from March 05, 2019

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

Name of Member	Number of Meetings Attended
Mr. Khalid Niaz Khawaja (Member/Chairman)	4
Mr. Khalid Qadeer Qureshi (Member)	2
Mr. Mohammad Arif Hameed (Member)	4
*Mr. Mahmood Akhtar	1

*Mr. Mahmood Akhtar appointed as member Audit Committee in place of Mr. Khalid Qadeer Qureshi with effect from March 05, 2019.

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

Name of Member	Number of Meetings Attended
Mr. Khalid Niaz Khawaja (Member/Chairman)	1
Mr. Raza Mansha (Member)	1
Mr. Khalid Qadeer Qureshi (Member)	1
*Mr. Mahmood Akhtar (Member)	0

*Mr. Mahmood Akhtar appointed as member HR & R Committee in place of Mr. Khalid Qadeer Qureshi with effect from March 05, 2019.

Share Registrar, Auditors, Legal Advisor

Share Registrar, Auditor and Legal Advisor

Share Registrar

THK Associates (Pvt) Ltd
Head Office, Karachi
1st Floor, 40-C, Block-6,
P.E.C.H.S., Karachi.
Tel: (021) 111 000 322
Fax: (021) 34168271

Branch Office, Lahore
DYL Motorcycles Ltd. Office,
147-Q Block, Behind Emporium Mall,
Johar Town, Lahore
Cell: 0303-4444795, 0323-8999514

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

Bankers

Banks	Long Term Rating	Short Term Rating
Askari Bank Limited	A1+	AA+
Bank Alfalah Limited	A1+	AA+
Bank Islami Pakistan Limited	A1	A+
The Bank of Punjab	A1+	AA
The Bank of Khyber	A1	A
Citibank N.A.	P-1	AA3
Dubai Islamic Bank Pakistan Limited	A-1	AA-
MCB Bank Limited	A1+	AAA
Meezan Bank Limited	A-1+	AA+
National Bank of Pakistan	A1+	AAA
Silk Bank Limited	A-2	A-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA
United Bank Limited	A-1+	AAA
Habib Metropolitan Bank Limited	A1+	AA+
Faysal Bank Liimited	A1+	AA+
JS Bank Limited	A1+	AA-

MACRO-ECONOMIC, INDUSTRY & INTERNAL ANALYSIS

Global Economy

One year ago, economic activity was accelerating in almost all regions of the world and the global economy was projected to grow at 3.9 percent in 2018 and 2019. Now, much has changed: the escalation of US–China trade tensions, macroeconomic stress in Argentina and Turkey, disruptions to the auto sector in Germany, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies have all contributed to a significantly weakened global expansion. With this weakness expected to persist in calendar year 2019 (with slight pickup in second half of the year), IMF projects a decline in growth in 2019 for 70 percent of the global economy.

While 2019 started out on a weak footing, a pickup is expected in the second half of the calendar year. This projection is supported by significant policy accommodation by major economies, made possible by the absence of inflationary pressures despite closing output gaps. The US Federal Reserve, in response to rising global risks, paused interest rate increases and signaled no increases for the rest of the year. The European Central Bank, the Bank of Japan, and the Bank of England have all shifted to a more accommodative stance. China has ramped up its fiscal and monetary stimulus to counter the negative effect of trade tariffs. These policy responses have helped reverse the tightening of financial conditions to varying degrees across countries.

Measures of industrial production and investment remain weak for most advanced and emerging economies, and global trade has yet to recover. With improvements expected in the second half of 2019, global economic growth in calendar year 2020 is projected to return to 3.6 percent. Beyond 2020 growth will stabilize at around 3½ percent, bolstered mainly by growth in China and India and their increasing weights in world income. Growth in advanced economies will continue to slow gradually while growth in emerging market and developing economies will stabilize at around 5 percent, though with considerable variance between countries as subdued commodity prices and civil strife weaken prospects for some.

While the overall outlook remains benign, there are many downside risks. There is an uneasy truce on trade policy, as tensions could flare up again and play out in other areas (such as the auto industry) with large disruptions to global supply chains. Growth in China may slowdown, and the risks surrounding Brexit remain heightened.

As per IMF, real GDP % (actual and projected) of few of the economies summarized below:

Countries	2018 (Actual)	2019 (Projected)	2020 (Projected)
Pakistan	5.2	2.9	2.8
India	7.1	7.3	7.5
China	6.6	6.3	6.1
Bangladesh	7.7	7.3	7.0
Russia	2.3	1.6	1.7
UK	1.2	1.2	1.5
USA	2.9	2.3	1.7
Germany	1.3	1.5	1.7
Japan	0.6	1.2	0.3
France	1.4	1.0	1.1
Turkey	2.8	-2.5	2.5
Thailand	4.1	3.5	3.5

(International Monetary Fund I World Economic Outlook April 2019)

Important Currency Trend

South Asian Countries face devaluation of currency during the financial year 2019 due to possible problems of financial woes in Turkey, concerns about investing in Asia due to the Sino-U.S. trade war and rising oil prices.

Important South Asian currencies depreciation rate on per annum basis (%) on the basis of yearly average of closing rates are as follows:

	INR/USD	BDT/USD	LKR/USD
For last 5 years	2.6	1.59	5.57
For last 4 years	1.24	1.45	3.97
For last 3 years	1.18	1.13	3.02
For last 2 years	1.61	0.30	2.22

Table below shows the increase in average yearly exchange rate of some of the important South Asian & World Currencies:

Year	INR/USD		BDT/USD		LKR/USD	
	Standard Deviation	Average	Standard Deviation	Average	Standard Deviation	Average
FY19	1.49	70.54	0.37	84.06	7.68	172.83
FY18	1.35	65.13	1.19	82.79	2.03	154.85
FY17	1.25	66.52	1.16	79.45	2.78	148.93
FY16	1.25	66.32	0.34	78.22	4.37	142.26
FY15	1.16	62.03	0.23	77.69	1.39	131.83
FY15-19	3.03	66.10	2.65	80.40	14.11	149.63

	EUR/USD		GBP/USD		AUD/USD	
	5 Years	1 Year	5 Years	1 Year	5 Years	1 Year
Maximum	1.37	1.18	1.72	1.33	0.95	0.75
Minimum	1.04	1.11	1.20	1.25	0.69	0.69
Average	1.15	1.14	1.39	1.29	0.76	0.72
Open	1.37	1.17	1.71	1.32	0.95	0.74
Close	1.14	1.14	1.27	1.27	0.70	0.70
%age change	-16.7%	-2.5%	-25.8%	-3.9%	-26.1%	-5.1%

Sterling has had a volatile couple of years since the UK Brexit Vote. Euro currency also suffer volatility primarily due to US-China trade tensions affecting Europe overall business growth. Any downgrade in China consumption will also affect Australian Dollar.

Pakistan Economy:

Review of Financial Year 2018-19

Pakistan's economy has experienced frequent boom and bust cycles in the last 70 years. Typically, each cycle comprised of 3-4 years of relatively higher growth followed by a macroeconomic crisis which necessitated the stabilization programs. The inability to achieve sustained and rapid economic growth is due to structural issues which require effective monetary and fiscal measures to achieve macroeconomic stability. The outgoing five-year 2014-2018 has seen an average growth of 4.7 percent against the target of 5.4 percent. This growth can be characterized as a consumption led growth resulting in high borrowing. The investment did not pick up as higher demand was met primarily through imports leading to enormous rise in external imbalances.

The new elected government faces formidable macroeconomic challenges. The foremost challenge to the economy is the rising aggregate demand without corresponding resources to support it, leading to rising fiscal and external account deficits. As a short-term measure to get a breathing space, the government secured $ 9.2 billion from friendly countries to build up buffers and to ensure timely repayment of previous loans.

The government has also taken some overdue tough decisions i.e. increase in energy tariffs to stop further accumulation of circular debt, reduction in imports through regulatory duties, adjustment in exchange rate, expenditure control that started to bear fruit this year resulting in lowering trade deficits and higher inflows of workers' remittances. Recently, agreement has been reached with the IMF to avail Extended Fund Facility of $ 6 billion for achieving macroeconomic stability. As per economic survey of Pakistan, the outgoing fiscal year 2018-19 witnessed a growth of 3.29 percent against the ambitious target of 6.2 percent. The stabilization measures taken by the government, although critically essential, had some short term costs in terms of larger fiscal deficit, higher inflation and lower GDP growth.

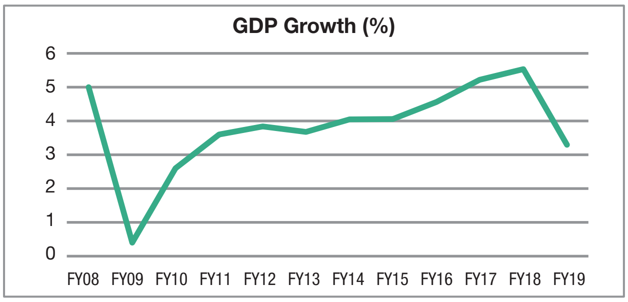
Some of the key indicators of 5 years period are as follows:

Parameters	FY15	FY16	FY17	FY18	FY19
GDP ($ Bn)	271	279	305	321	290
GDP Growth %	4.1	5.6	5.2	5.5	3.3
GDP per capita ($)	1,514	1,529	1,630	1,652	1,497
CPI%*	4.5	2.9	4.2	3.9	8.9
Import (US$ Bn)	41.2	41.3	48.7	56.6	52.4
Exports (US $ Bn)	24.1	22.0	22.0	24.8	24.2
CAD (% of GDP)	1.0	1.7	4.1	6.2	4.7

FY19 will go down as a year of missed targets. GDP growth, exports, fiscal deficit, revenue generation, inflation and other key indicators were all, well off the mark.

Growth:

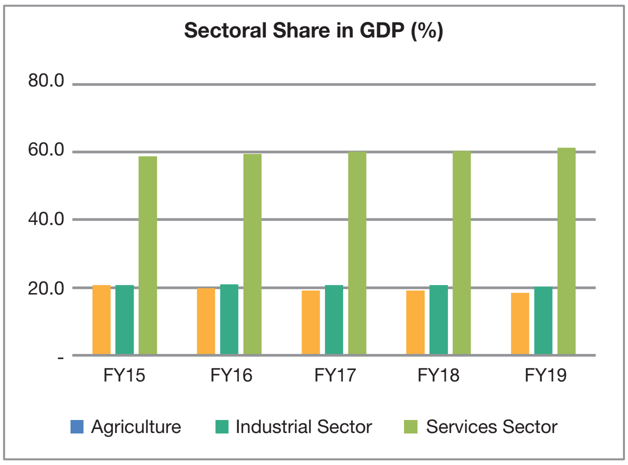
Previously, the country achieved a GDP growth of 5.5% in FY18 – a 13 year high. However, this growth of 5.5% was achieved at the cost of widening macroeconomic imbalances as manifested in a five-year high fiscal deficit and a record high current account deficit in FY18

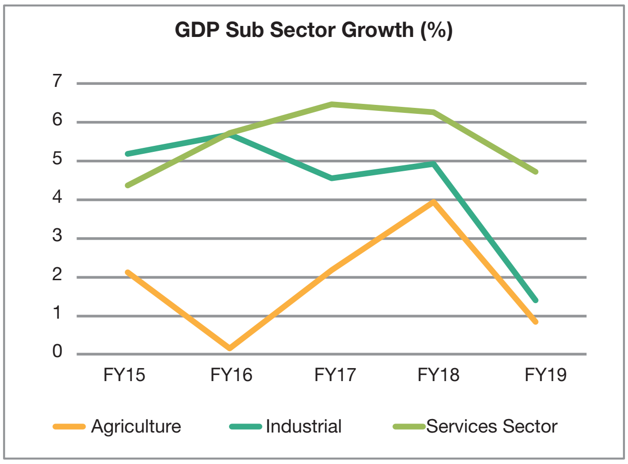


Sector wise share in GDP is as follows:

Sector	FY15	FY16	FY17	FY18	FY19
Agriculture	20.7	19.8	19.2	19.0	18.5
Industrial Sector	20.7	20.9	20.8	20.6	20.3
Services Sector	58.6	59.3	60.0	60.4	61.2

The five years trend shows that GDP is dominated by Service Sector leading to the consumption-based economy. Sectoral share of Agriculture gradually declined with negative growth due to decline in production in main crops of cotton, rice and sugarcane, amid worsening climate change and lack of research on productivity. Industrial sector failed to pick up with slower growth of 1.4% (2018: 5.8%) and share in GDP slightly fell to 20.3% (2018: 20.6) continuing the declining trend showing lack of interest on part of investors, Service sector showed growth of 4.71% (2018: 6.43%).

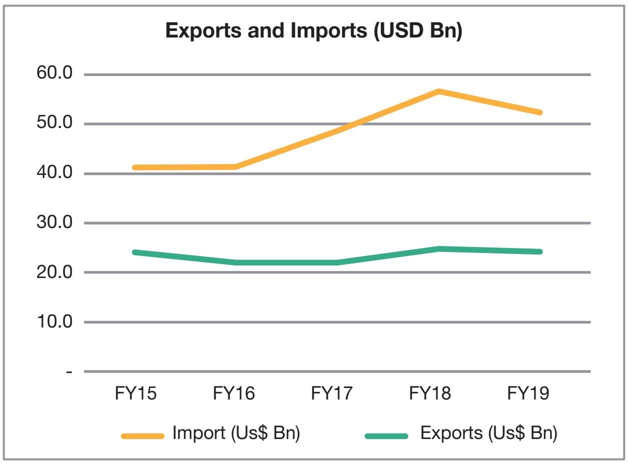




It is worth mentioning here that construction sector showed negative growth of 7.57% for FY 2019, impacting the profitability of cement industry

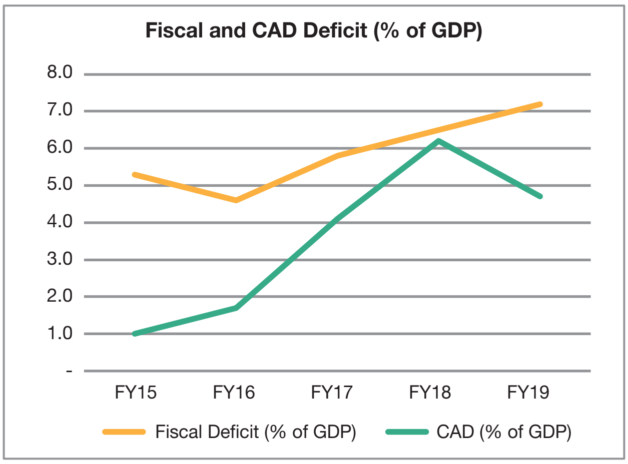
Twin Deficits:

The only respite to the economy came from contraction of Current Account Deficits (CAD) due to lower imports and high remittances. CAD fell to USD 13.6 billion during FY 2019 compared to the USD 19.9 billion during the same period showing contraction of 31.7%. Shrinking of CAD is primarily attributed to lowering of imports due to monetary tightening, exchange rate devaluation and regulatory duties on imports. Exports declined slightly to USD 24.2 billion from USD 24.8 billion in the corresponding period despite massive devaluation which is a point of concern.



The government adopted the traditional tools (fiscal and monetary tightening) for curbing aggregate demand. During the July-March 2019 period, total revenue of the government were 9.3% of GDP as compared to 10.3% of GDP in corresponding period last year. High debt servicing, circular debt and inflation made less fiscal space to Government. **While fiscal tightening failed to achieve desired results, the cummulative Public Sector Development Program (PSDP) expenditures were curtailed significantly and registered a negative growth of 37.9% YoY. PSDP in absolute terms declined by PKR 353 bn in the nine month period.**

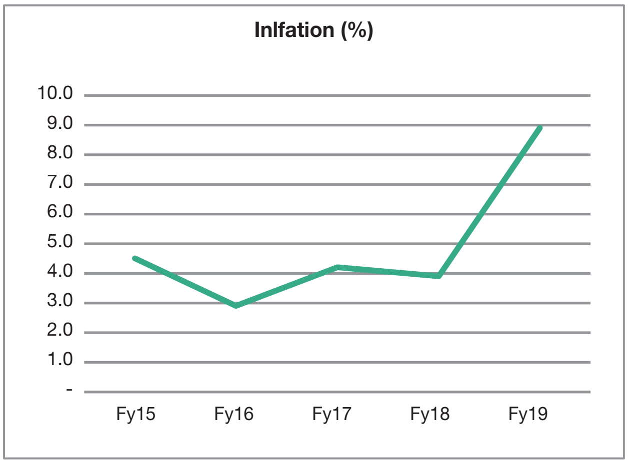
CAD % and Fiscal deficit % of GDP over the 5 years period can be graphically represented as follows:

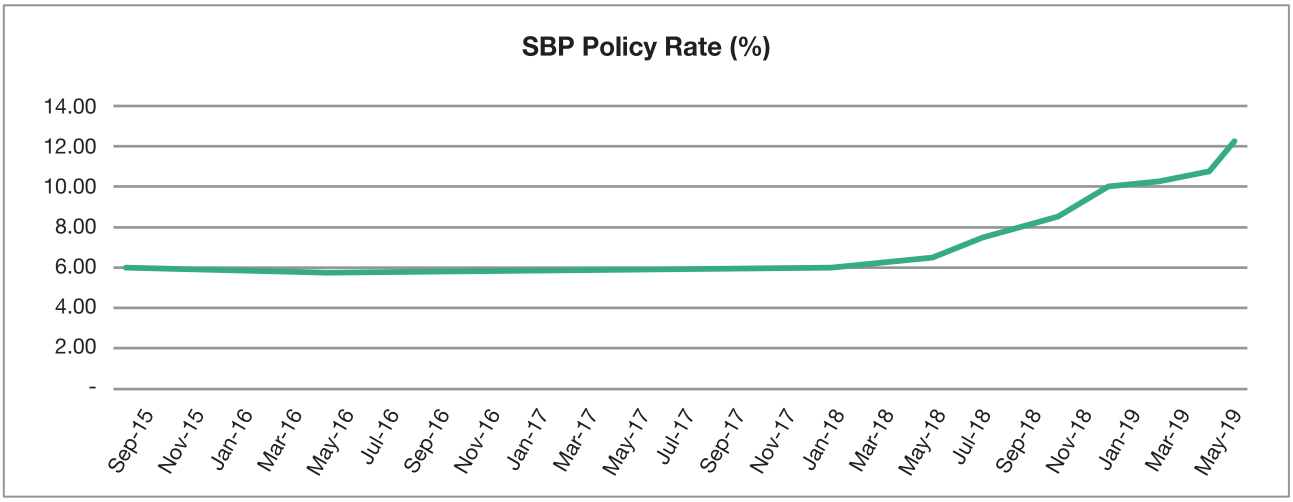


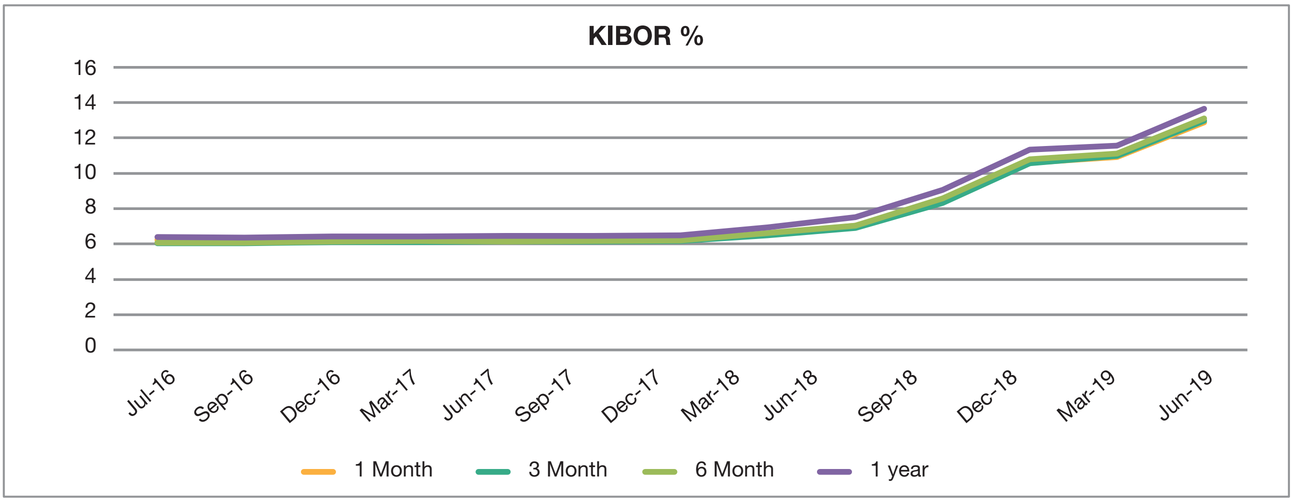
Inflation and Monetary Policy

Despite seeing one of the most aggressive monetary tightening policies in Asia since 2018, the Country's inflation rose to a five year high of 9.4% on year-on-year basis in the month of March 2019. CPI inflation reached to 8.9% in June-19 on YOY basis compared to 6.0% average for last year and it is expected to be considerably higher in 2020. Country's import demand being relatively inelastic, inflation is driven by exchange rate pass through to domestic prices. Private sector credit rose to 11.4% during the year. Much of the increase in credit was for the working capital needs due to higher input prices. Policy rate was increased to 12.25% in May 2019, five year high, with the intention to address the inflationary pressure.

5 years trend of Inflation, policy rates and KIBOR are summarized graphically below:





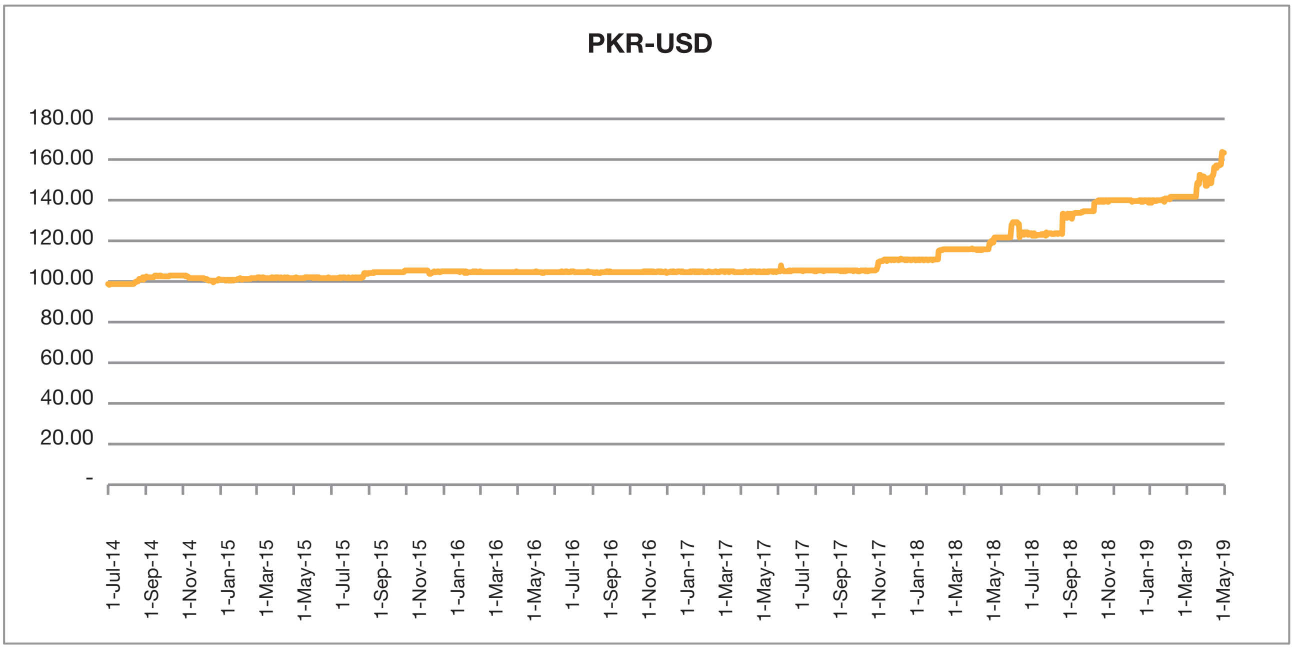


Currency

During the year 2018-19, Pakistan witnessed massive devaluation of its currency reaching all time high of Rs 163.5/USD with the depreciation rate of 34% w.r.t to opening value. Currency devaluation was inevitable because of several reasons including increased CAD, debt servicing, and lower FDI which led to decreased foreign exchange reserves and an artificial cap on the value of dollar. These policies lead to a record high of twin deficits. In a bid to curtail this imbalance, SBP devalued the currency. The devaluation process spread throughout the year creating uncertainty and affected business opportunities and cost of doing business

Analysis of PKR/USD valuation over five-year period can be summarized as follows:

	Standard Deviation	MAX	MIN	Average	Start of Year	End of Year	% Change during year
FY 19	9.51	163.50	121.62	136.42	121.74	163.13	34.00
FY 18	4.96	121.74	104.83	110.16	104.97	121.74	15.97
FY 17	0.12	105.00	104.27	104.74	104.75	104.86	0.11
FY 16	1.05	105.56	101.75	104.33	101.88	104.73	2.80
FY 15	1.16	103.05	98.55	101.37	98.65	101.85	3.24
FY 15-19	14.27	163.50	98.58	112.20	98.65	163.13	65.36



Stock Exchange:

Pakistan entered a new era of equity trading after merger of Karachi Stock Exchange (KSE), Islamabad Stock Exchange (ISL) and Lahore Stock Exchange (LSE) into PSX on January 11, 2016, which enhanced the operating efficiency of Pakistan's Capital Market and provided all players with a single, deep liquidity pool and fully integrated national equity trading platform. This merger, alongside other SECP reforms and Morgan Stanley Capital International (MSCI)'s classification of Pakistan as an Emerging Market in June 2016, has increased interest in Pakistan's financial markets in the last couple of year.

The PSX 100 index has increased from 33,229 points as on January 1, 2016, to 38,649 as on March 31, 2019, a rise of 16 percent. Fiscal year 2016-17 witnessed steep rise in the index, peaking at 52,876.46 on May 24, 2017; however, it could not be sustained, and the index recorded an overall oscillating trend during fiscal year 2017-18. The start of new fiscal year 2018-19 witnessed the market again gaining momentum, reaching the highest point of 43,557 on July 30, 2018, after which it started moving down, and reaching period's lowest closing point of 36,663 on October 16, 2018. The behaviour might be linked to new government's policy actions in the form of regulatory measures and exchange rate depreciation to correct the underlying imbalances in the economy, particularly fiscal and current account deficits alongside overheating of the economy.

The index saw rising trend after business-friendly policies were introduced in the mini-budget of January 2019, though Indian incursions in Pakistani territories on February 26, 2019, and subsequent border tensions led to a decrease in confidence in the market, However, announcement of Government support to stock exchange in the later part of the year resulted in some recovery resulting in the closure of stock market at 33,901 points.

Analysis of PSX all index and 100 index can be summarized in the table below:

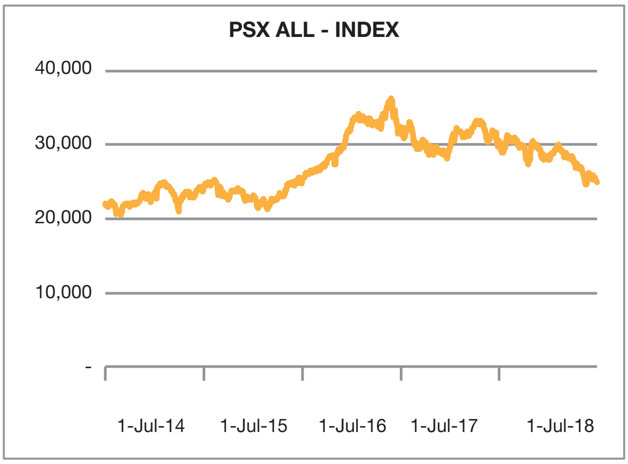
PSX All Share data

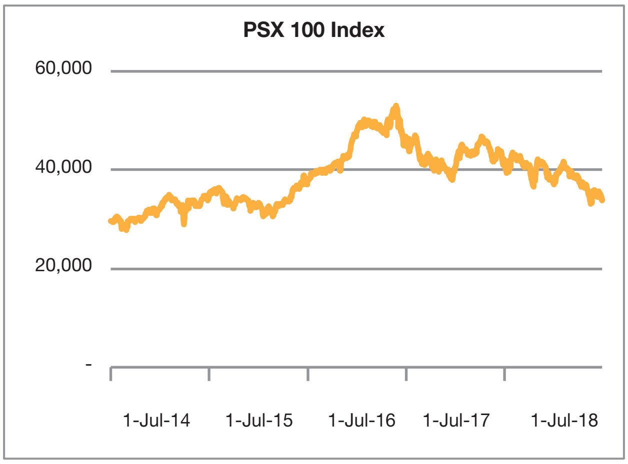
	Turnover	PSX Market Capitalisation	PSX Traded Value
28-Jun-19		6,887,300,782,719	6,077,013,067
1-Jul-18		8,665,045,026,016	8,834,817,784
Average FY 19	155,205,229	7,934,827,946,398	6,363,551,387
Average FY18	174,532,459	8,905,039,874,752	8,141,253,881
Average FY17	350,024,146	9,081,435,268,303	15,363,677,260
Average FY 16	208,095,539	7,157,751,152,964	9,504,591,519
Average FY15	219,696,135	7,204,982,168,304	11,042,413,277
Average FY15-FY19	221,241,312	8,053,763,619,122	10,073,502,548
Max FY19	461,069,720	8,860,538,133,640	23,873,428,634
Max FY18	455,270,410	9,743,139,528,556	21,107,123,301
Max FY17	903,223,080	10,446,084,569,305	53,337,571,532
Max FY16	783,331,590	7,816,779,719,406	19,761,956,297
Max FY15	568,075,350	7,896,823,612,413	23,638,264,104
Max FY15-FY19	903,223,080	10,446,084,569,305	53,337,571,532

PSX100 data

	Turnover	PSX Market Capitalisation	PSX Traded Value
29-Jun-19		1,585,332,000,000	5,916,036,744
2-Jul-18		2,036,518,530,000	2,548,912,052
Average FY19	96,635,185	1,844,364,750,239	5,226,660,681
Average FY18	83,873,564	2,104,854,482,651	6,274,346,559
Average FY17	140,427,458	2,336,853,231,926	11,064,670,701
Average FY 16	113,584,339	1,865,026,005,892	7,635,393,627
Average FY15	139,638,909	1,700,751,365,285	9,089,925,145
Average FY15-FY19	114,739,581	1,969,880,321,853	7,852,514,211
Max FY19	279,096,990	2,075,623,380,000	22,218,215,788
Max FY18	201,987,710	2,377,916,410,000	16,606,744,495
Max FY17	384,499,940	4,274,316,290,000	50,173,137,351
Max FY16	273,930,650	3,438,071,000,000	17,540,081,119
Max FY15	364,949,260	1,942,680,390,000	20,819,337,659
Max FY15-FY19	384,499,940	4,274,316,290,000	50,173,137,351

Fluctuations of indices for five year period can be graphically represented as follows:





In the tabular form, performance of PSX 100 index can be represented as follows:

	Start of Period	Close of Period	% Change	Standard Deviation
FY19	41,734	33,902	(18.77)	2,405
FY18	44,665	41,911	(6.17)	2,081
FY17	37,967	46,565	22.65	4,333
FY16	34,844	37,784	8.44	1,849
FY15	29,702	34,399	15.81	1,852
FY-15-18	29,702	33,902	14.14	5,794

	Average Index
FY19	39,062
FY18	42,935
FY17	45,398
FY16	34,022
FY15	31,797
FY-15-19	38,623

Comparison with Global Stock Market Indices

Pakistan Stock Exchange-100 Index was ranked the best market in Asia and fifth best performing stock market in the world in the year 2016 by Bloomberg and was calculated to have provided total return of 46 percent for the fiscal year 2017. However, due to political uncertainties and macroeconomic adjustments in the last two fiscal years, the impressive growth could not be maintained, with PSX-100 showing fluctuating tendencies. It fell by 7.8 percent between July 2018 and March 2019. Comparison with other stock exchange can be summarized as follows:

Country / SE	Stock Name	%age Change (Jul-Mar 19)
Vietnam	Ho Chi Minh Stock index	2.10%
Hong Kong	Hang Seng Index	0.30%
Bangkok	Stock Exchange of Thai Index	2.70%
Bombay	S&P BSE Sensex Index	9.20%
Jakarta	Jakarta Composite Index	11.50%
China	Shenzhen SE composite Index	8.60%
Pakistan	KSE 100 Index	-7.80%

Budget 2019 and Future Outlook

The government is targeting an ambitious GDP growth rate of 4% for FY 2020 which contrasts with the more meager 2.7% forecasted by IMF. Pakistan has entered into IMF program of USD 6 billion for over 3 years period (39 months). With the cover of IMF, Government is also expecting cumulative USD 10 billion from Asian development bank for various development projects and programs in the next five years. Dust of uncertainty related to economy has now settled and the investors confidence is now building up. However, agreement with IMF comes with strict fiscal and monetary tightening. Fund wants full FATF compliance and continuous rise in tax revenue (either through increase in tax rates or broadening of tax base) over 3 years and adjustment in power tariffs. Compliance with IMF plan, without implementing any structural reforms, may have serious consequences for the economy, curtailing demand and affecting the businesses.

Apart from entering into the IMF program, Government has taken steps to increase remittances and claimed to curtail smuggling, corruption, power theft, inefficiencies in Govt spending that have not yielded any positive result yet. Government is aiming to build 5 million houses; the project though ambitious, if started and properly managed may speed up the slow wheel of the economy. Government has also targeted to build two dams (Mohmand Dam and Diamer Bhasha Dam) in the next five years. These two mega projects with estimated cost of over USD 10 billion may also bring diversified positive effects to the economy.

Salient features of Budget 2019-2020 are:

	Budgeted 2019	Revised 2018
	Rs in Billion	
Federal Revenue		
FBR taxes	5,555	4,150
Other Taxes	267	244
Non- Tax Revenue	894	638
	6,716	5,032
Total Outlay of Federal Budget	8,238	6,419
Federal PSDP	**701**	**500**
Provincial Share in Federal Taxes	3,255	2,463
Markup Payment (Local and Foreign)	2,891	1,987
Fiscal Deficit % of GDP	7.10%	7.20%

Total budgeted national PSDP for the year FY 2019-20 is Rs 1,613 billion which is 34.4% higher than revised figures for FY 2018-19.

Silver lining:

This time around, things just might be different. IMF's insistence on prior actions and unavailability of 'get out of jail cards' would mean that the structural reforms are implemented and seen through. Greater data availability and data mining solutions might result in an expansion of tax base. The growing importance of Belt and Road Initiative (BRI) and the key position occupied by the CPEC component within the overall BRI would mean that FDI inflows to Pakistan will gradually become robust. The second phase of CPEC will see greater cooperation in the Industrial and Agricultural sector. Various special economic zones are also being developed where industries from China will relocate to Pakistan. Given the trade tensions between US and China this provides an opportunity to Pakistan considering new Free Trade Agreement with China. However, early mover advantage vests with economies like Vietnam and Myanmar who will likely capitalize on the already established industrial base and customer relationships.

Another CPEC component which will assume increased importance going forward is the transit trade potential due to development of Gwadar port and free zone. This process might accelerate given the geopolitical tensions in the Persian Gulf. Exports have remained subdued during the year however textile and rice sector players reveal that their order books have swelled up and they are undertaking BMR. Consistent policy focus on re-industrialization and reduction of rent seeking opportunities (Real estate) could set the base for a strong industrial growth rebound. Realization that the business of the Government is to stay out of business and increasing awareness of the benefits of Public Private Partnerships along with focus on improving ease of doing business are some of the other areas where a different approach will improve competitiveness of the economy. Services sector is expected to receive a further boost due to tourism related activities. Pakistan’s ranking on various tourism related measures/surveys has improved and combined with government focus and improved law & order situation, the tourism industry is expected to add to the GDP.

Global Cement Industry

According to Directory issued by Global Cement in 2018, there were about 159 countries and territories that produced cement. Of the 159, 141 produced clinker and 18 countries only grinded imported clinker.

In calendar year 2018, total global cement production was 4.11 billion tons (2017: 4.05 billion)

Cement Production (approximate) in 2018 as per U.S. Geological Survey, Mineral Commodity Summaries, issued in February 2019 are:

Country	Cement Production			
	2017		2018	
	Tons (000)	%	Tons (000)	%
USA	86,600	2.1%	88,500	2.2%
Brazil	53,000	1.3%	52,000	1.3%
China	2,320,000	57.3%	2,370,000	57.7%
Egypt	53,000	1.3%	55,000	1.3%
India	290,000	7.2%	290,000	7.1%
Indonesia	65,000	1.6%	67,000	1.6%
Iran	54,000	1.3%	53,000	1.3%
Japan	55,200	1.4%	55,500	1.4%
Korea	56,500	1.4%	56,000	1.4%
Russia	54,700	1.4%	55,000	1.3%
Saudi Arabia	47,100	1.2%	45,000	1.1%
Turkey	80,600	2.0%	84,000	2.0%
Vietnam	78,800	1.9%	80,000	1.9%
Other Countries	756,000	18.7%	759,000	18.5%
Total	**4,050,500**	**100%**	**4,110,000**	**100%**

Clinker capacity of World Cement Plants, country wise were as follows in 2018:

Country	Clinker Capacity (tons) (000)	
	2017	2018
USA	107,000	108,000
Brazil	60,000	60,000
China	2,000,000	2,000,000
Egypt	48,000	48,000
India	280,000	280,000
Indonesia	78,000	78,000
Iran	80,000	80,000
Japan	53,000	53,000
Korea	50,000	50,000
Russia	80,000	80,000
Saudi Arabia	75,000	75,000
Turkey	80,000	82,000
Vietnam	90,000	90,000
Other Countries	717,000	716,000
Total	**3,798,000**	**3,800,000**

Since 2009, cement industry demand is experiencing a downward trend. The industry showed signs of recovery in 2017 which started to fade away in the face of rising downside risks emerging in second half of 2018. Global cement demand is expected to grow by 1.5% in 2019. China's dwindling needs are a significant factor; but even excluding this, overall demand will only rise by 2.8% in 2019 lagging the level of global economic growth anticipated by IMF.

Pakistan Cement Industry

Pakistan Cement Industry is a booming and vibrant industry. It is one of highest contributory industries to national exchequer in terms of taxes. As per economic survey of Pakistan for FY 2018-19, construction sector contributes 2.5% in GDP. Pakistan unlike China, India, United States, Iran, Turkey, Brazil, Russia, Saudi Arabia, Indonesia and Vietnam may not be among the top ten cement producing countries in the world, however, it is widely accepted in the world that the quality of Pakistani cement is second to none. Pakistan is the country, which has been exporting cement to the cement manufacturing countries such as India. It is a fact that the Indians appreciate the quality of the Pakistani cement compared to their own.

As per APCMA, clinker capacity of 13.058 million tons per annum is in pipeline and is expected to come in the market in FY 2020.

Existing Capacity of Pakistan cement industry fragmented in two zones are as follows:

Zone	No. of Units	Clinker Capacity (MT p.a.)
North	19	42,194,643
South	6	13,324,524
Total	25	55,519,167

Year wise local and export cement dispatches and capacity utilization% are shown below:

Year	Operational Capacity	Dispatches			Capacity Utilization	Growth % Total
		Local	Export	Total		
2009-10	45,343,250	23,566,958	10,649,156	34,216,113	75.5%	9.29%
2010-11	42,374,250	22,001,964	9,427,939	31,429,903	74.2%	-8.14%
2011-12	44,642,250	23,947,161	8,567,830	32,514,991	72.8%	3.45%
2012-13	44,642,250	25,058,747	8,374,104	33,432,851	74.9%	2.82%
2013-14	44,642,250	26,144,454	8,136,528	34,280,981	76.8%	2.54%
2014-15	45,618,750	28,204,004	7,195,069	35,399,073	77.6%	3.26%
2015-16	45,618,750	33,001,610	5,872,604	38,874,214	85.2%	9.82%
2016-17	46,752,750	35,651,612	4,663,569	40,315,181	86.2%	3.71%
2017-18	48,664,250	41,147,391	4,746,028	45,893,419	94.3%	13.84%
2018-19	55,995,625	40,345,990	6,536,521	46,882,511	83.7%	2.16%

Above table shows the continuous rise in the production capacity of cement industry with the increase in dispatches. The industry shows positive growth upto 2018 and negative growth in 2019 due to decline in local sales amid slow down in construction sector as mentioned above. The local market seems to be saturated in 2019 with slowing down of economy especially related to construction. The position is directed towards export with increase in dispatches by 1.790 million tons showing growth of 37.7% despite the recent skirmishes between Pakistan and India in February 2019 that halted the cement exports from Pakistan to India.

Local demand of cement in Pakistan could never be satiated since urbanization is quite rapid and the development plans are on the go due to burgeoning population. Pakistan's housing backlog reaching ten million suggests that there are promising prospects for the cement industry to grow in the days to come. In addition to it, the infrastructure development plans of the incumbent government along with the industrialization process bode well for the cement manufacturers. Pakistan's domestic consumption stands at 40.345 million metric tonnes currently, which is set to witness a surge owing to CPEC in particular and investment from the Gulf countries in general.

Pakistan's per capita cement consumption is far lower than the world average of 400 kgs per capita. It is expected that the current 192 kgs per capita cement consumption in Pakistan might witness spike due to overwhelming foreign investment in a couple of years.

The economic slowdown in China, which consumes over 60 percent of the world's cement may bring export opportunities for the Pakistani cement manufacturers. Further, the US economic sanctions on Iran might open doors for the Pakistani cement manufacturers to export cement in substantial quantity to Afghanistan and the African countries.

Stock Exchange Performance of Cement Sector in Pakistan

Cement sector index like other indexes shows dismal performance with 30.4% decrease in index with respect to opening and against 19.1% fall in PSX 100 index and fell to 31,431 index points at the close of year against 45,144 index points June 2018. Cement sector shows decline in net profitability in nine months by 15.2% to Rs 32 billion from Rs 38 billion in 2018 due to slow down in economy mentioned above. Total Market capitalization as at June 30, 2019 decreased to Rs 277 billion which was 17.5% of PSX 100 Index and 4.0% of PSX All Index.

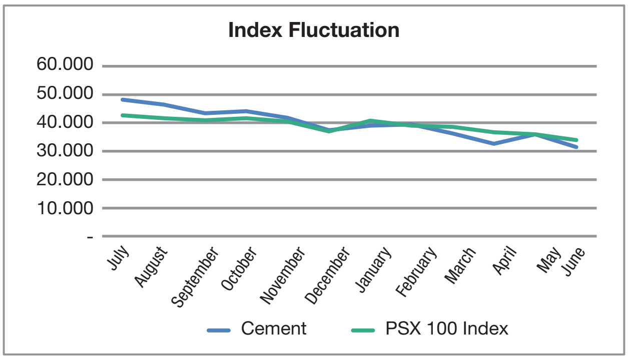
DGKC Stock Market Performance

DGKC share price, like other stocks on PSX, showed negative growth with downward trend almost through the year of 49.6%, reaching five years low of 53.4 and closed at 56.5. This was in line with cement sector index decline of 30.4% but underperformed as compared to other cement sector stocks due to comparatively less profitability through out the year. Stock market performance of DGKC shares can be represented in the following tables:

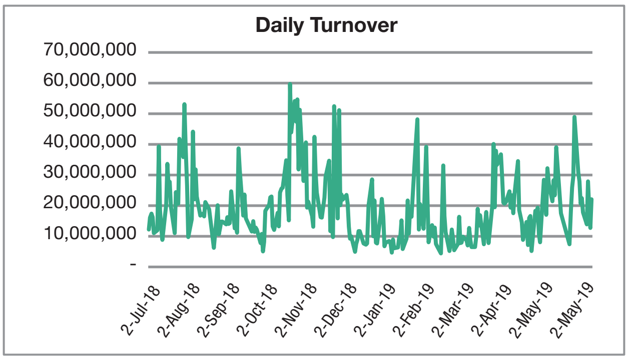
Index Fluctuation over the year can be reflected in the following table:

Month	Cement	PSX 100 Index
July	48,247	42,712
August	46,520	41,742
September	43,448	40,998
October	44,094	41,694
November	41,872	40,496
December	37,385	37,066
January	39,096	40,800
February	39,444	39,055
March	36,307	38,649
April	32,699	36,784
May	35,975	35,974
June	31,431	33,901

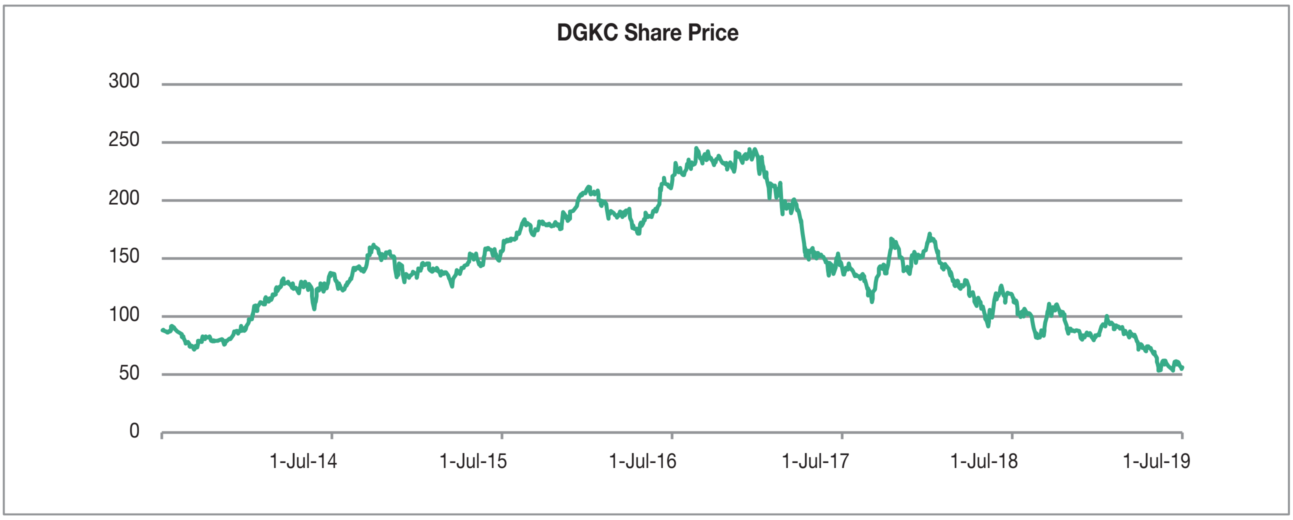
Graphically, it can be represented as follows:

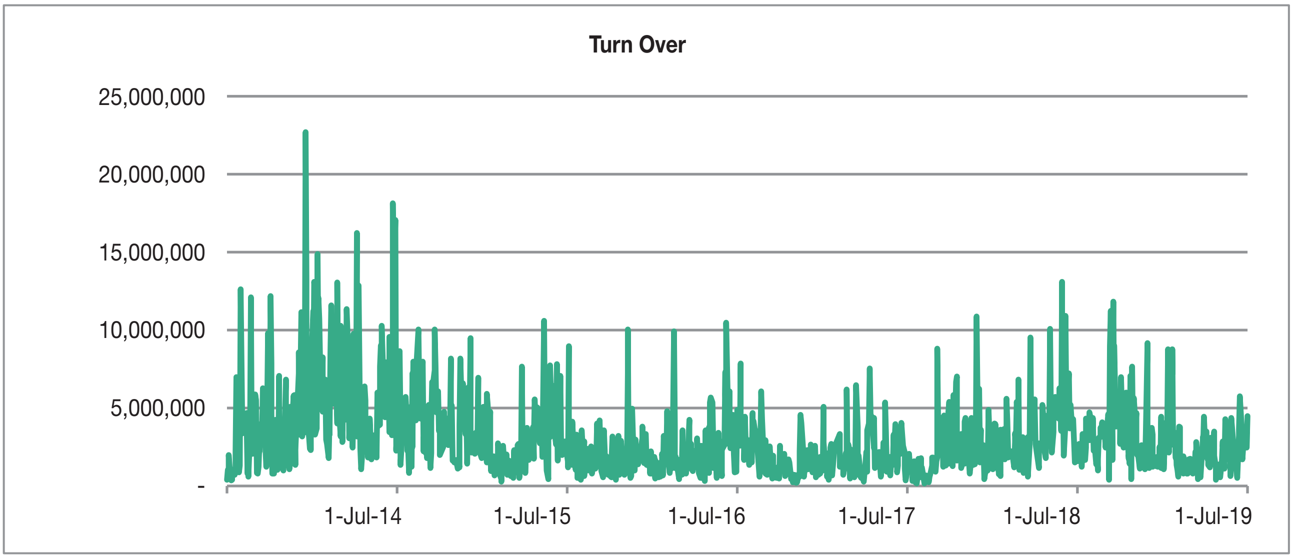


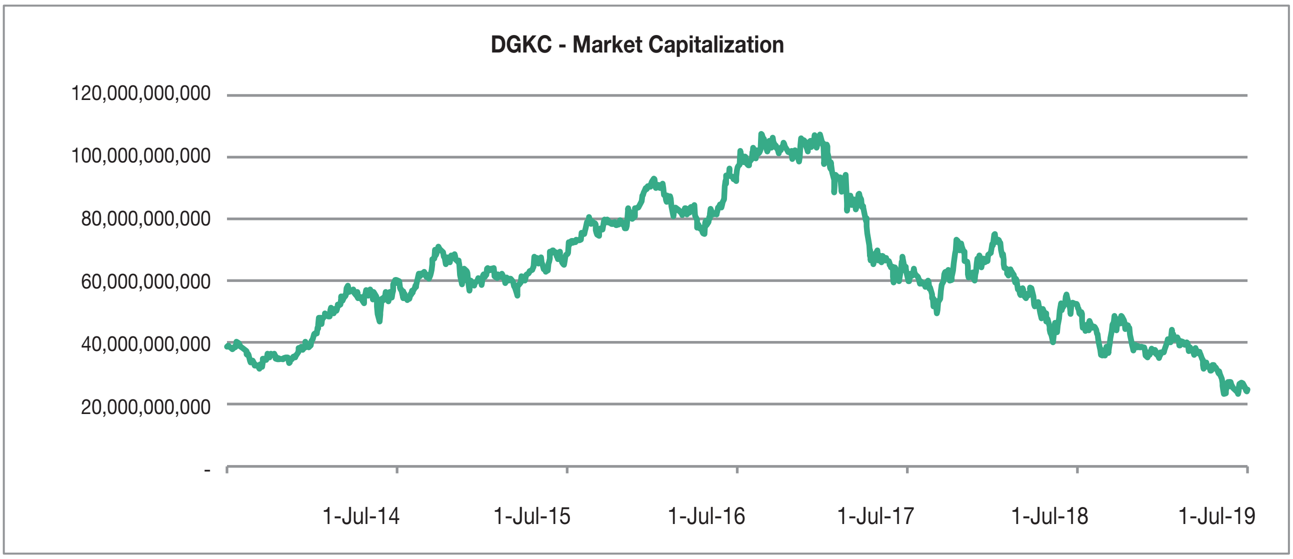
Daily fluctuation in turnover over the year can be graphically represented as follows:

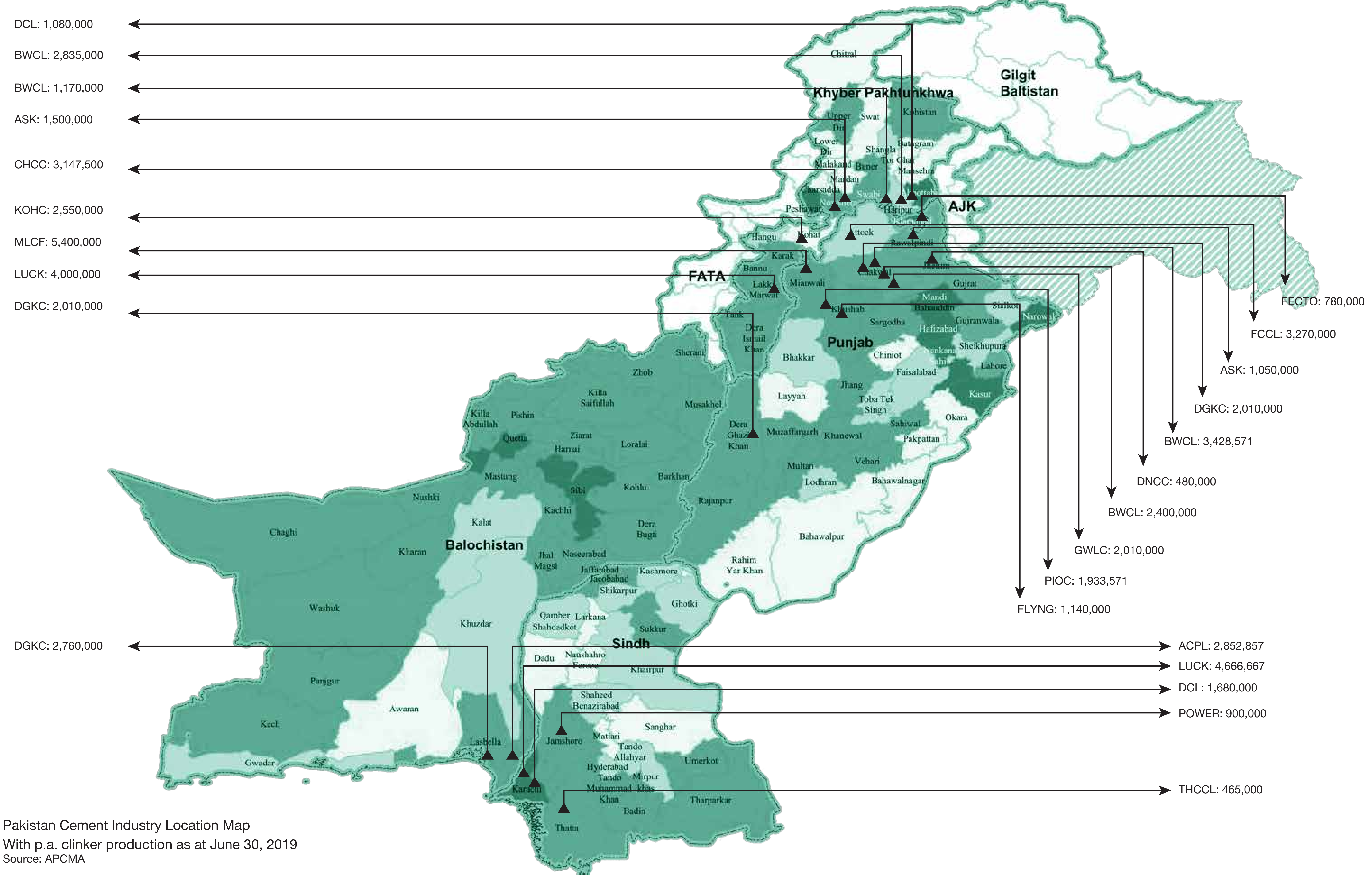


Graphically, share price, turnover and market capitalization fluctuations over five years period can be graphically represented as follows:









DCL: 1,080,000

BWCL: 2,835,000

BWCL: 1,170,000

ASK: 1,500,000

CHCC: 3,147,500

KOHC: 2,550,000

MLCF: 5,400,000

LUCK: 4,000,000

DGKC: 2,010,000

FECTO: 780,000

FCCL: 3,270,000

ASK: 1,050,000

DGKC: 2,010,000

BWCL: 3,428,571

DNCC: 480,000

BWCL: 2,400,000

GWLC: 2,010,000

PIOC: 1,933,571

FLYNG: 1,140,000

DGKC: 2,760,000

ACPL: 2,852,857

LUCK: 4,666,667

DCL: 1,680,000

POWER: 900,000

THCCL: 465,000

Pakistan Cement Industry Location Map
With p.a. clinker production as at June 30, 2019
Source: APCMA

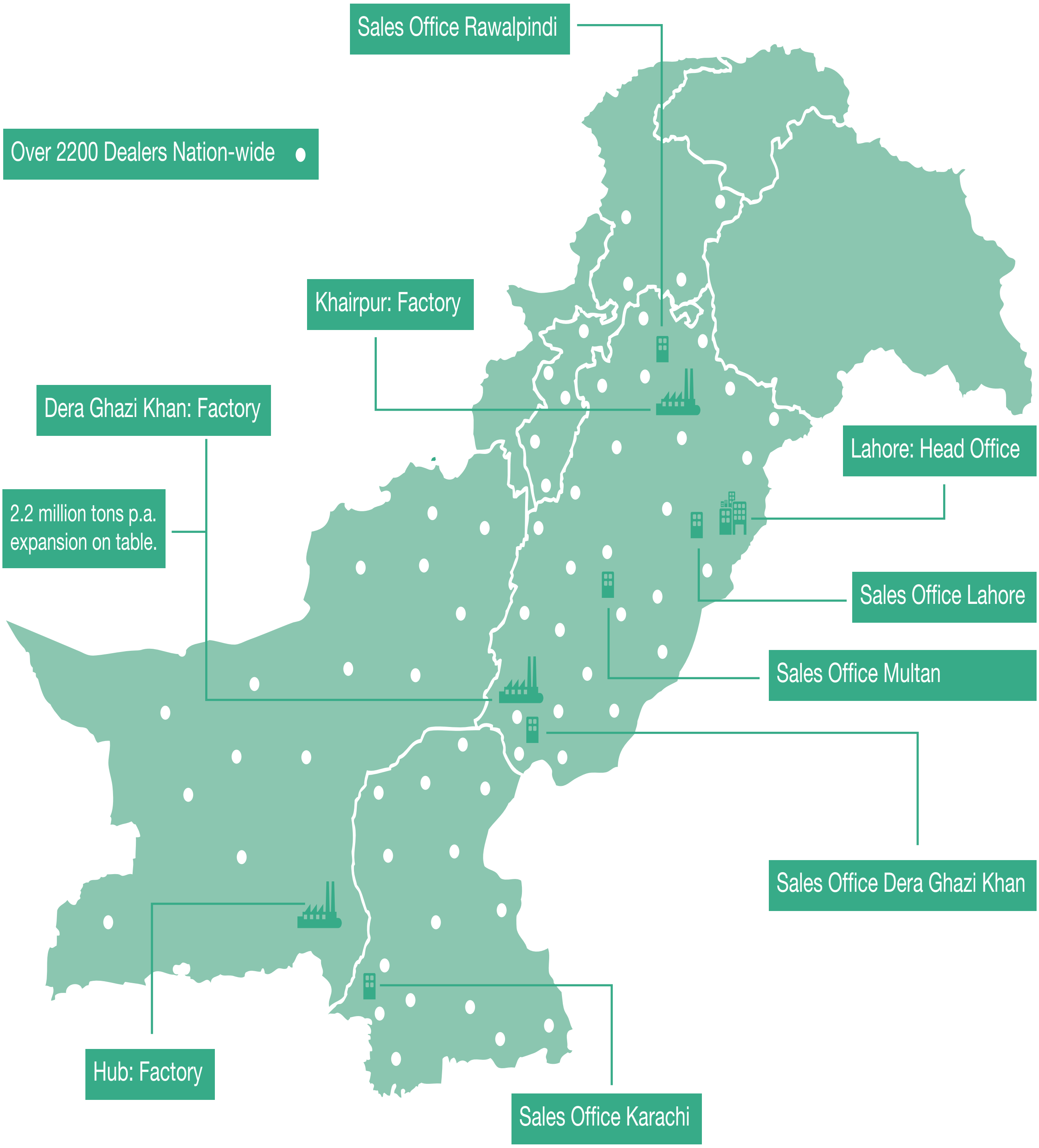
Company Business Risks

Risk Head	Type of Risk	Probable Impact	How it is handled/mitigated
Imported Coal	**Availability**	Imported coal is the main burning stuff of kilns and its non-availability could hamper production	• Maintaining stock levels. • Relationship with international coal suppliers. • Replacing some portion of coal with alternate fuels.
	Price	Coal price could heavily impact cost of sales and therefore income statement. Considering huge size of coal consumption its monetary effect would be large.	• Price is monitored vigilantly. • Shipments are booked at best available prices considering the stock levels.
	FX	As price is in USD therefore, any movement in PKR/USD parity could affect income statement.	• FX movements are monitored vigilantly and steps are taken to hedge against probable heavy FX losses.
Energy	**Availability**	Energy (either Electricity or Gas) availability from governmental sources is in serious situation and not guaranteed. Energy is the lifeline of plant and its non-availability could stop plant operations.	• Captive power houses are built. • Captive power units are designed on dual fuel basis i.e., Gas & Furnace oil. • Reliance on single fuel is avoided. • Waste Heat Recovery plants are installed. • Coal based captive power plant at DGK installed to avoid reliance on national grid and gas. • At Hub site 1MW Solar Energy Project is installed. CEPP & WHR at Hub is underway.
	Price	Prices of electricity, gas, furnace oil and coal could mark a reasonable impact on cost of sales.	• Mix of various energy sources is always made in a way so as to achieve best in cost terms. • New plants and innovations are being installed to minimize the cost of energy. • Waste Heat Recovery plants are a source of energy at negligible price.

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

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

Geographical Presence in Pakistan



BUSINESS PERFORMANCE REVIEW

KEY HIGHLIGHTS 2018-19
UNCONSOLIDATED

Sales

2019	40,516,525
2018	30,668,428
Percentage	32%

Gross Profits

2019	5,362,439
2018	8,740,221
Percentage	-39%

Profit after tax

2019	1,609,759
2018	8,837,608
Percentage	-82%

Total Assets

2019	125,941,425
2018	121,889,425
Percentage	3%

Earning per Share

2019	3.67
2018	20.17
Percentage	-82%

Dividend per Share

2019	1
2018	4.25
Percentage	-76%

KEY HIGHLIGHTS 2018-19
CONSOLIDATED

Sales

2019	43,627,007
2018	33,464,856
Percentage	30%

Gross Profits

2019	5,674,200
2018	8,817,098
Percentage	-36%

Profit after tax

2019	1,864,883
2018	8,938,541
Percentage	-79%

Total Assets

2019	132,500,469
2018	126,415,703
Percentage	5%

Earning per Share

2019	4.16
2018	20.25
Percentage	-79%

Chief Executive's Review

I am pleased to share with you my views on the industry and your Company performance.

Industry numbers for growth are not encouraging for FY-19. The year witnessed high general inflation, rapid devaluation and rising utility prices affecting the purchasing power of people. The North section reported negative growth. South zone made positive growth and diluted the negative impact of Country's industry on overall basis. Swelled exports of south zone mainly comprised of clinker that is a less value-added than cement. High competition due to increase in production capacity resulted in price war that affected overall profitability of the industry. Country's macro-economic factors and global slow-down of economy affected the overall business of cement industry.

This was the first full year operations of Hub plant. However, the performance of this new addition was out shadowed due to overall declining sales utilization of the industry. With the arrangement with IMF is in place, economy is expected to stabilize in the coming months. With added capacity and availability across the country, your Company shall capitalize on its strength to increase its market share in the local industry and finding new opportunities in the export market.

The Company's highlights for year 2018-19 are:

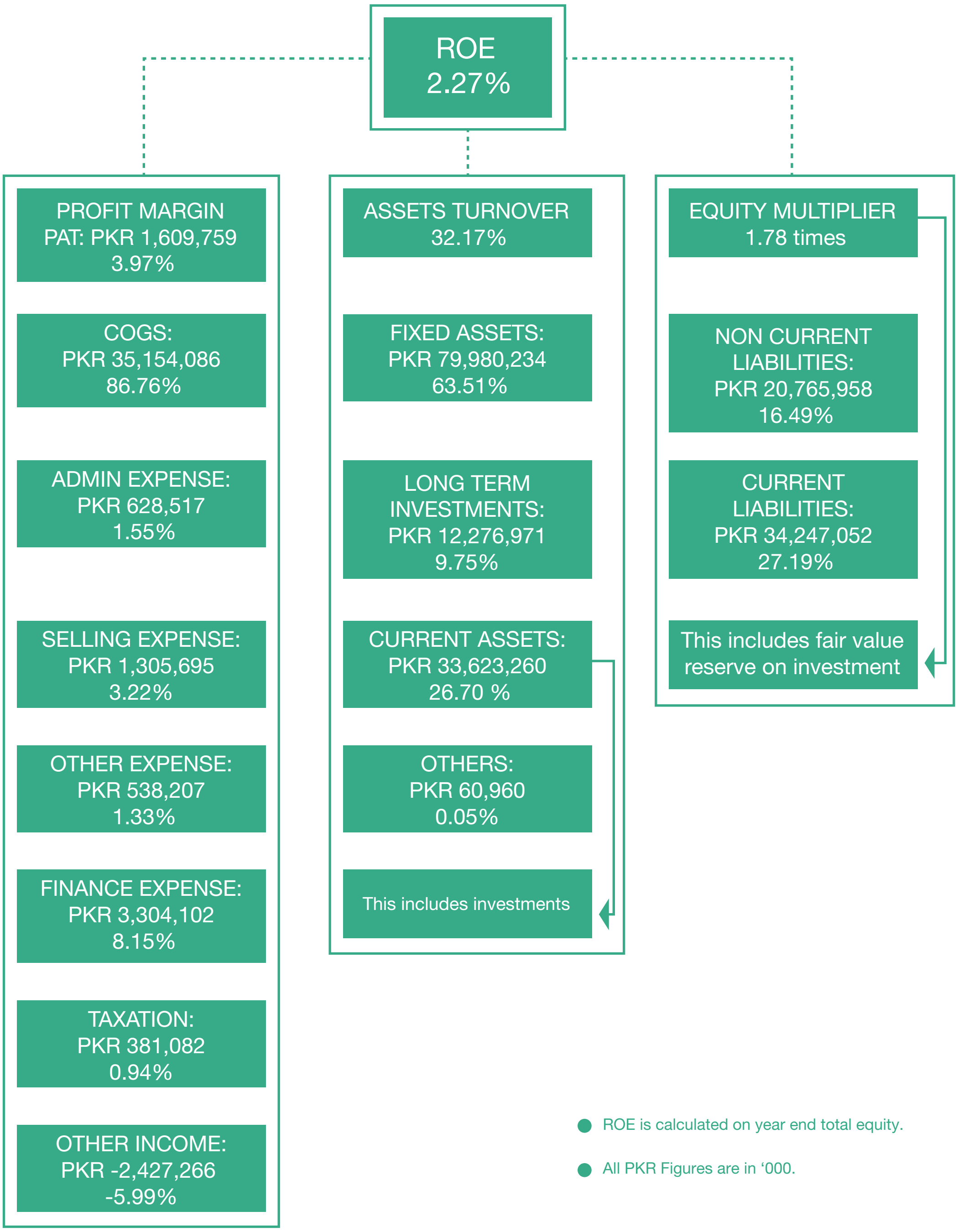
GP to Sales (%):	13.2
PBT to Sales (%):	4.9
PAT to Sales (%):	4.0
EPS (PKR):	3.67
Break Up Value/Share (PKR):	161.9
Local Sales (% change wrt last year):	22.4
Dividend per share	1.00
Total Sales Utilisation (%):	90.4
Local Sales Utilisation (%):	75.0
Exports Sales Utilisation (%):	15.4

Raza Mansha
Chief Executive Officer

Financial Statement Analysis

Return on Equity

The Company's Return on Equity for FY19 is 2.27% (2018:11.46%)

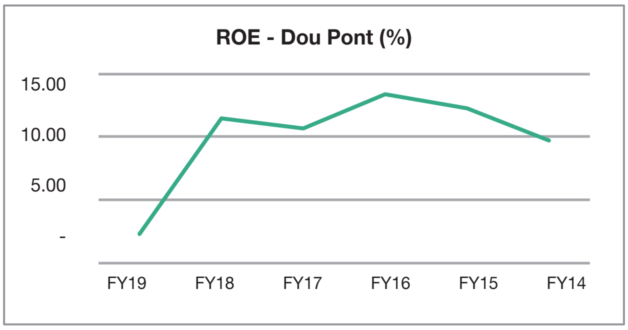


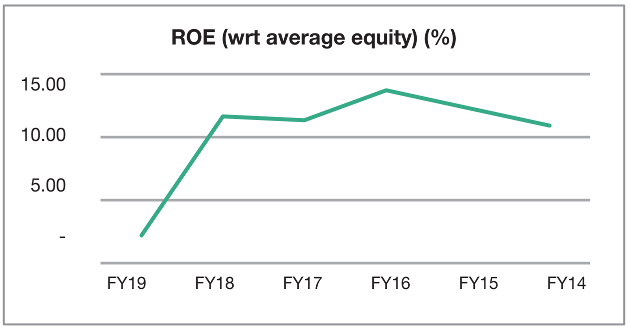
- ROE is calculated on year end total equity.
- All PKR Figures are in '000.

ROE ratios for last six years with different variables are summarized in the following table

	FY 19	FY18	FY17	FY16	FY15	FY14
ROE (wrt average equity) (%)	2.17	11.63	11.34	13.73	12.32	10.90
ROA (wrt to average total assets) (%)	1.30	7.68	8.32	11.14	10.33	8.72
ROE (without fair value reserves) (%)	3.09	17.82	18.05	23.00	23.95	22.53
ROE (PBT/Equity) (%)	2.81	9.55	14.90	18.97	15.33	12.76

The Company earned a GP margin of 13.24% (FY18: 28.50%) with a corresponding 32.17% (FY18: 25.16%) healthy asset turnover ratio, implying that the company is generating strong sales out of its assets making effective utilization of its resources. However, return on assets (wrt average total assets) fell to 1.3% (FY18: 7.7%) due to high cost of new Hub plant and low profitability of the Company in the FY 2019.





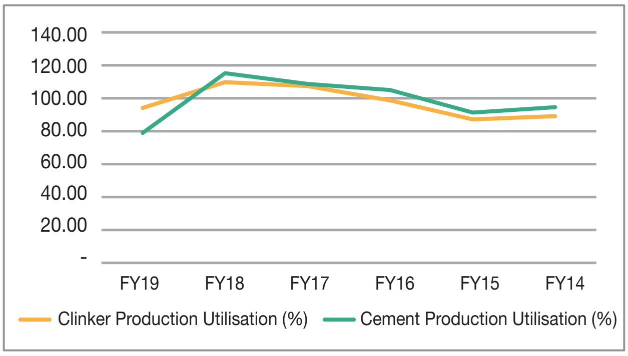
Cement Industry overview

Cement industry in Pakistan has shown dismal performance in the financial year 2019 with slow demand, price war and unfavorable export market to affect the sales side and rising cost of production due to general inflation, utility prices, devaluation and interest rate hike to affect the cost side. FY19 has registered decline in profitability for overall cement sector. Government, in the process of fiscal tightening, slashed PSDP funds to curtail the budget deficit. There had been no initiative on part of government for any mega project during the year. Even the projects in process had to be slowed down due to non-availability of funds. Further, declining purchasing power of people affected their ability to invest in housing sector. These factors reversed the growth of construction sector in negative figure of 7.47% during the period affecting all the industries associated with it. Amidst slow local demand, increase in production capacities in the cement industry, further deteriorated the effective sales utilization of industry that fell from 95% to 84%.

Volumes & Production

FY2019 volumes and production are dominated by the full year operation of Hub plant. Clinker and cement production showed huge growth of 44.6% and 15.6% respectively. Total Cement sales growth were dominated by the local sales growth of 22.4% while export cement sales showed decline of 41.0%.

Excluding Hub, clinker and cement production showed negative growth of 11.7% and 16.3% respectively. Local cement sales declined by 12.2% which was in line with industry sales utilization as discussed above. However, export market suffered set back with negative growth of 43.0%.



Kiln Operational Days

	DGK 1	DGK 2	KHP	HUB	TOTAL
FY19	250	323	281	290	1,144
FY18	335	332	326	-	993

Description	FY19 (Total)	FY19 (Excluding Hub)	FY 18	Inc/(Dec) w.r.t Total		Inc/(Dec) excluding Hub	
Production:					%		%
Clinker	6,380,898	3,897,446	4,413,413	1,967,485	44.6%	(515,967)	-11.7%
Cement	5,617,376	4,068,308	4,857,761	759,615	15.6%	(789,453)	-16.3%
Cement sales:	5,597,642	4,083,032	4,810,250	787,392	16.4%	(727,218)	-15.1%
Local	5,327,410	3,821,954	4,352,185	975,225	22.4%	(530,231)	-12.2%
Export	270,232	261,078	458,065	(187,833)	-41.0%	(196,987)	-43.0%
Clinker Sale:							
Local	-		26,576	(26,576)	-100.0%	(26,576)	-100.0%
Export	707,341	-	-	707,341	100.0%	0	

Kiln consumption in MT in %age is as follows:

Year	Coal	Furnace Oil	Alternate Fuel
FY19	91.43	1.07	7.50
FY18	88.06	0.17	11.77

Captive Power Generation (in million KWH)

	FO	Gas	WHR	Coal	Total Own
FY19	-	134	64	167	365
FY18	2	219	84	177	482

Profit and loss statement analysis

Sales

In Pakistan, DGKC is the third largest cement manufacturer. It is the only Company having its production facilities stretched from North to Center to South. It has wide ranging dealer network.

Sales Value and Volume Analysis

Description	FY19	FY18	Change	
				%
Cement Gross Local (PKR in '000)	52,689,419	40,519,337	12,170,082	30.0%
Clinker Gross Local (PKR in '000)	-	158,579	(158,579)	-100.0%
Total Gross Local (PKR in '000)	52,689,419	40,677,915	12,011,504	29.5%
Net Local (PKR in '000)	35,329,206	28,055,189	7,274,017	25.9%
Cement Gross Exports (PKR in '000)	1,788,148	2,729,855	(941,707)	-34.5%
Clinker Gross Exports (PKR in '000)	3,481,816	-	3,481,816	100.0%
Total Gross Export (PKR in '000)	5,269,964	2,729,855	2,540,109	93.0%
Net Exports (PKR in '000)	5,187,319	2,613,238	2,574,081	98.5%
Cement Sales - Local (MT)	5,327,410	4,352,185	975,225	22.4%
Cement Sales - Export (MT)	270,232	458,065	(187,833)	-41.0%
Clinker Sales - Local (MT)	-	26,576	(26,576)	-100.0%
Clinker Sales - Export (MT)	707,341	-	707,341	100.0%

Average Per Ton Price Analysis

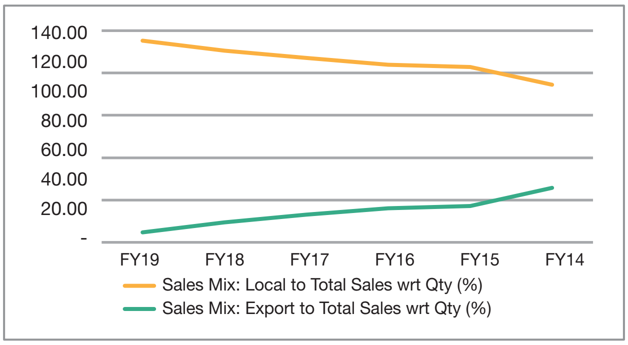
Description	FY19	FY18	Change	
	Rs/Ton	Rs/Ton	Rs/Ton	%
Cement				
Local - Average Gross Price	9,890	9,310	580	6.2%
Export - Average Gross Price	6,617	5,960	658	11.0%
Clinker				
Local - Average Gross Price	-	5,967	(5,967)	-100.0%
Export - Average Gross Price	4,922	-	4,922	100.0%

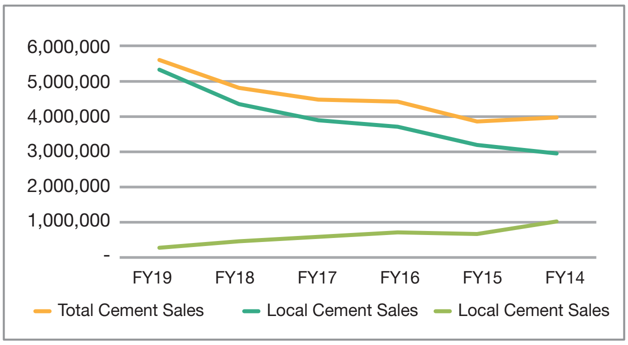
Analysis reveal that gross local cement sales increased by 30.0% due to increase in local cement sales quantity by 22.4%. This increase in quantity is dominated by full year operation of Hub plant resulting in 67% increase in production capacity. Gross price per ton of local cement sales only showed increase of 6.2% despite increase in cost of doing business (utilities, devaluation and other general inflation) This was due to fierce competition in the local market arising from expansion in production line by other cement manufacturers which was not fully absorbed in amid economic slowdown and decline in construction sector growth.

Gross export cement sales dropped by 34.5% due to decrease in export sales quantity by 41%. The new plant at Hub failed to find the new export market of cement due to slow down in global economy. Further, existing export also registered decline due to imposition of 200% duty on imports by India (decline of 48.5%) from Pakistan after Palwama Incident and capture of Afghan market by Iranian cement (decline of 31.1%). In order to achieve the optimum utilization of plant to cover fixed costs, clinker sales of 707,341 tons were made to Bangladesh during the year from Hub plant, generating gross revenue of Rs 3,481 million (USD: 25.7 million).

Country wise export quantity analysis is shown below:

Export Description	FY19	FY18	Change	
	MT	MT	MT	%
India	208,480	404,528	(196,047)	(48.5)
Afghanistan	27,276	39,560	(12,284)	(31.1)
Sri Lanka	-	13,977	(13,978)	(100.0)
Madagascar	31,676	-	31,676	100.0
Seychelles	280	-	280	100.0
Tanzania	2,520	-	2,520	100.0
Bangladesh (Clinker sale)	707,341	-	707,341	100.0
Total Export Despatches	**977,573**	**458,065**	**519,508**	**113.41**





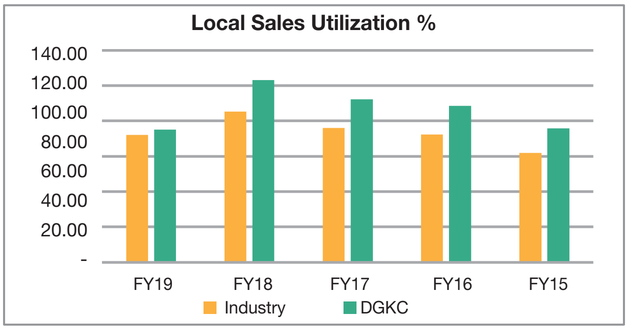
Graph shows that the share of local sales in total sales quantity gradually increased over the period with corresponding decline in export cement sales. With the new Hub plant of the Company, the Company eyes on new exports avenue through sea routes. The new plant will provide better opportunity to handle exports orders with better margin playing field in the future.

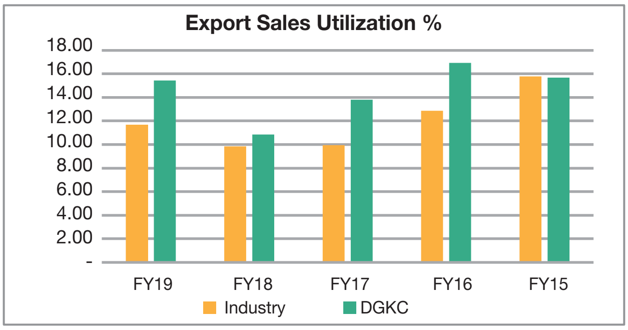
The Company exports mostly on advance payment basis or letter of credit. The Company earned foreign exchange of about USD 39 million in FY19 (calculated at yearly average rate) (FY18: 24 million).

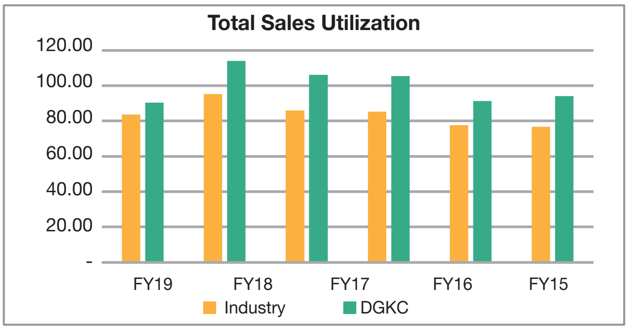
Sales utilization of plant during the period fell to about 90% (FY18: 114%) in total, against the industry of 84%. Local sales utilization fell to 75% (FY18: 103%) however export sales utilization increased to 15% (FY18: 11%) due to clinker exports of 707,341 tons. Fall in the industry local sales utilization was due to increase in production lines which were failed to be absorbed in the sluggish economy that showed curtailment in construction sector, resulting in tough competition on sales quantity.

Comparison of DGKC utilization against industry over five years is as follows:

	Local Sales		Exports		Total	
	Industry	DGKC	Industry	DGKC	Industry	DGKC
FY 19	72.05	75.02	11.67	15.42	83.73	90.44
FY18	85.38	103.11	9.85	10.85	95.23	113.96
FY17	75.95	92.28	9.93	13.81	85.88	106.09
FY16	72.34	88.62	12.87	16.94	85.22	105.56
FY15	61.83	75.72	15.77	15.68	77.60	91.40







Cost of Sales and Gross Profit

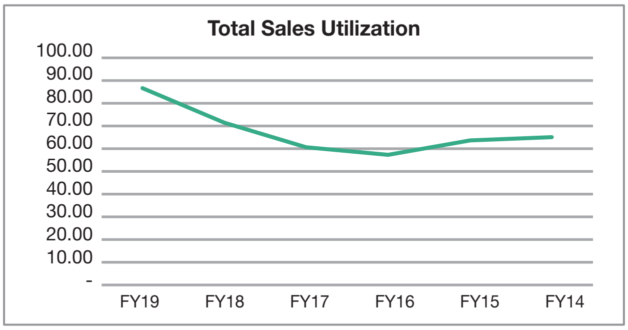
Cost of sales (%age of net sales) for the year increased to 86.7% against 71.5% in 2018 showing the increase of 21.2%, continuing the increasing trend from 2017. This was the highest in the last ten years which had the average of 69.5%

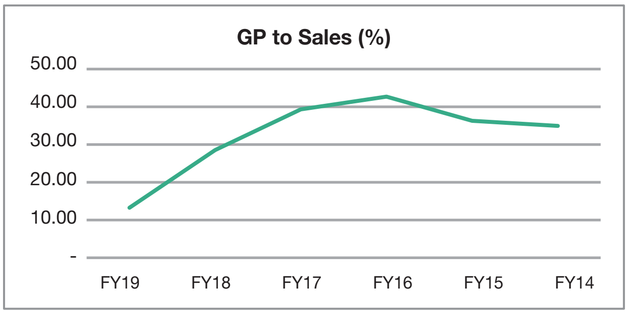
Different sub-heads as percentage of Manufacturing Costs are as follows:

Manufacturing Cost	FY19	FY18	Change %
Raw and packing materials consumed	10.6	12.2	(12.6)
Salaries, wages and other benefits	8.4	9.4	(10.4)
Electricity and gas	13.8	11.4	21.7
Furnace oil and coal	43.7	43.3	1.0
Stores and spares consumed	9.0	8.9	1.5
Depreciation	9.1	10.1	(9.7)
Others	5.3	4.8	9.4

Share of Raw material and packing material costs %age to manufacturing cost fell by 12.6% along with salaries and wages that fell by 10.4%. These expenses although showed increase in absolute value due to new operational Hub plant, exchange rate devaluation and inflation, registered decline due to massive increase in share of 21.7% in electricity and gas expense in manufacturing cost. Share of depreciation in manufacturing cost decreased by 9.7% due to revision in the estimated life of property plant and equipment that result in annual decrease of Rs 2 billion for FY19 in depreciation expense. Furnace oil and coal expense showed slight movement in share of manufacturing expense during the year. Cement production remained under-utilized resulting in the increase in share of other production cost by 9.4% that also contributed towards overall increase in COS%.

GP in absolute terms decreased by Rs 3,377 million whereas GP% fell from 28.5% to 13.2% reaching to last ten year low. This is a point of concern as GP% fell way below even against the average GP% for the last 10 years of 30.5%. Fall in GP% is largely due to rising cost of production. Utility prices registered increase due to increase in RLNG rates. Coal prices although registered decline of 5.8% which is off-set by massive currency devaluation through out the year that also affected general inflation. Further, due to under-utilization of plant, the Company failed to capitalize on its efficiency gains and economies of scale could not fully contribute towards lower per unit cost. These rising costs could not be translated in the local gross sales price that showed moderate increase of 6.2% in average gross price. Industry remain under-utilized due to sluggish economy that led to price war and the effect of rising costs could not be incorporated in the sales prices.





Selling and administrative expenses

Administrative expenses % to sales decreased to 1.55% (FY18: 2.04%) due to synergy from new Hub plant. No significant costs were required to manage the administrative affairs. Selling expenses % to sales increased to 3.21% largely due to increase in selling expenses, amounting to Rs 594 million, associated with export of clinker.

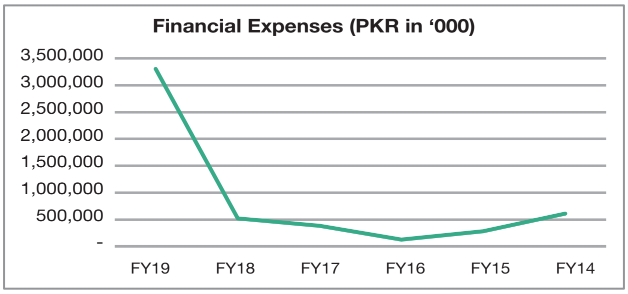
Selling and administrative expenses % of sales are as follows:

%age of sales	FY19	FY18
Administrative expenses	1.55	2.04
Selling expenses	3.22	2.93

Financial expenses

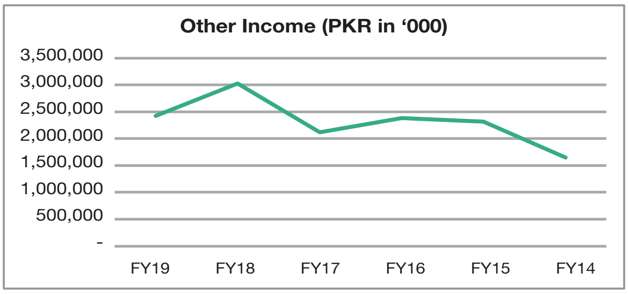
Finance cost is directly linked to the level of borrowing and interest rates prevailing. Now the borrowing level and interest rates both picked up during the FY19.

Financial expenses increased by Rs 2,785 million, an increase of 536.3%. Finance cost related to long term borrowing amounted to Rs 2,015 million that constituted about 72.3% of total financial expenses. These expenses are largely related to the borrowing to finance the capitalization of Hub plant. Markup on short term borrowing also increased by Rs 880 million, an increase of 233.3%, largely to finance the working capital needs. Average discount rate also registered increase from 5.96% to 9.45% in FY19, an increase of 58.5%.



Other income

Other Income (%age of PAT) swell to 150.8% in FY19 from 34.3%. Other income is largely based on dividend income which comprised of Rs 1,892 million. Excluding dividend income, the Company would have suffered the loss of Rs 282 million.



Other Income in %age of PAT and % of net sales over six years is as follows:

	FY19	FY18	FY17	FY16	FY15	FY14
Other Income (% of PAT)	150.8	34.3	26.6	27.1	30.4	27.6
Other Income (% of Net Sales)	6.0	9.9	7.0	8.0	8.9	6.2

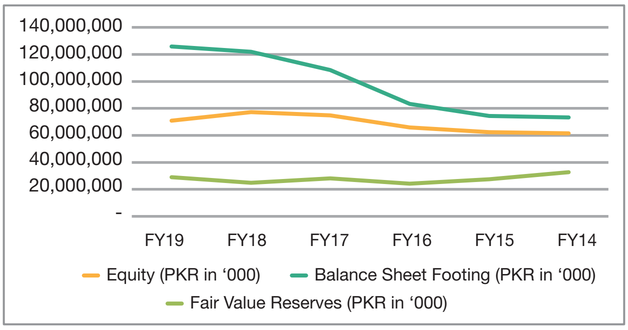
Taxation

Taxation for FY18 includes investment tax credit amounting to Rs 3,000 million arising primarily on the installation of plant and machinery of the cement production facility at Hub under section 65B of the Income Tax Ordinance, 2001 which was adjusted against the Income tax payable. Further, deferred tax liability as at June 30, 2018 was valued at corporate rate of 25% under previous Government policy of lowering the rate by 1% each year. This led to high taxation income of Rs 1,467 million.

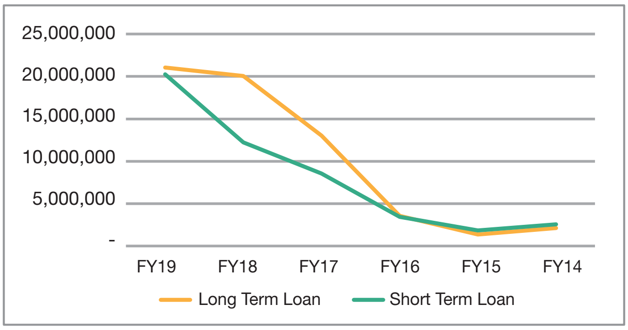
Finance Act 2019 fixed the corporate rate of 29% for foreseeable future. Taxation for the year on the basis of accounting profit before tax amouned to Rs 577 million. Further capitalization of plant and machinery raised further tax credit of Rs 170 million Deferred tax liability was revalued to 29% resulting in additional deferred tax expense of Rs 1,203 million. This was almost offset by the amount of Rs 1,088 million of prior period effect. These adjustments resulted in the net taxation expense of Rs 381 million.

Total Assets & Equity

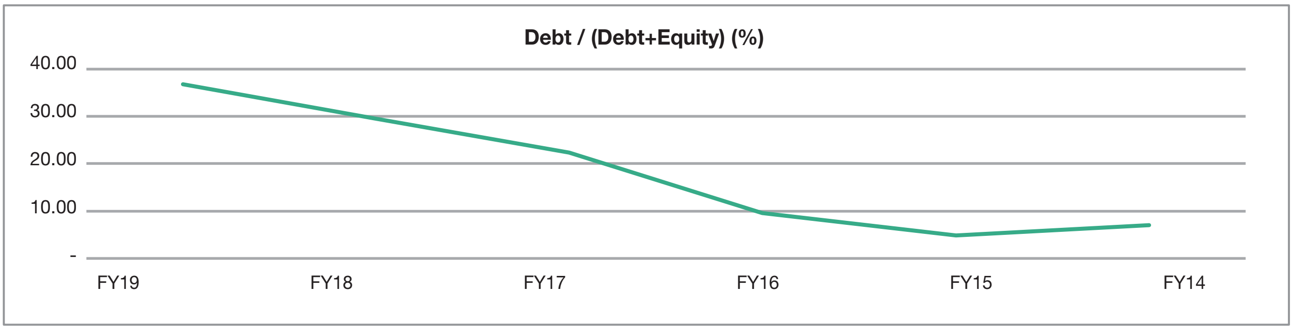
The Company's equity is eroded to 56.3% (FY18: 63.3%) of total assets due to increase in liabilities without corresponding increase in assets. Fall in equity is largely related to decline in FV reserves, mainly due to drop in share prince of MCB & NHPL. However, this still represents optimum balance sheet structure. Breakup value per share decreased to Rs 161.9 (FY18: 176.1)



Borrowings



The Company's borrowing, long and short term, reached all time high. The combined borrowing as at close of FY19 was Rs 41,284 million (FY18: Rs 32,250 million). Long term loans, including current portion, amounted to Rs 21,025 million that registered increase of Rs 998 million (5.0%). The Company availed Rs 3,600 million of further long term borrowing primarily to replace short term borrowings. Short term borrowing increased by Rs 8,048 million (65.9%) to Rs 20,259 million to finance the working capital needs primarily of new Hub plant, inflationary pressure on stores and spares and rising trade debts. Though in monetary terms the borrowing is very high but the balance sheet of the Company is strong enough to absorb this. In FY19, total debt to equity was at about 36.8% (FY19: 29.5%). These ratios clearly show the strength, safety and ample available further cushion in Company's balance sheet.



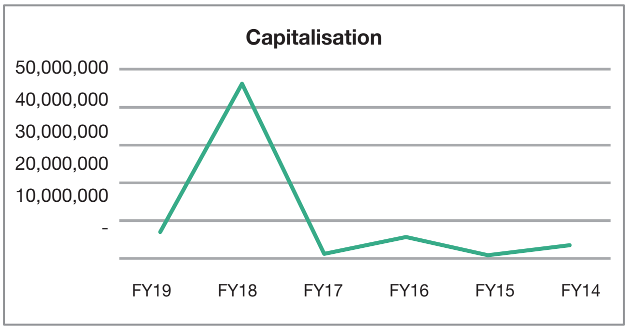
Fixed assets

Fixed assets occupy about 63.5% of total assets as at close of FY19, increase from 4.6% from 2018. On average, 50.6% of total assets of the Company are fixed assets as per average trend of last decade. As cement manufacturing process is a capital-intensive venture, the same is reflected in this fact. Besides, this also shows that Company is always looking to keep the manufacturing facilities, innovative, state of the art, environment friendly and efficient. A continuous trend of capitalization shows that Company keeps on upgrading its fixed assets to reap benefits. In FY19, capitalization of Rs 7,023 million pertains to plant and machinery, colony and civil work.

Working Capital

Current assets account for 26.7% of total assets while current liabilities increased to 27.2% as on FY19. On average for last six years, current assets are 33.1% and current liabilities are 14.7% of total assets.

Net Working Capital for the year decreased to Rs 624 million (FY18: Rs 6,522 million) due to rise in current liabilities. Trade debts also increased to Rs 1,192 million (FY18: Rs 188 million) due to increase in credit terms largely related to new markets in South. Short term borrowings were increased that were needed to finance stocks and stores and spares. Short term investment registered decline of Rs 1,890 million as market share price of MCB shares fell in stock market as at June 30, 2019. Current ratio dropped to 0.98 (FY18: 1.29) reaching to 10 year low.

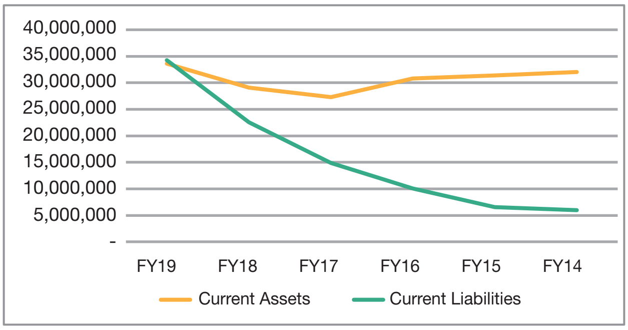


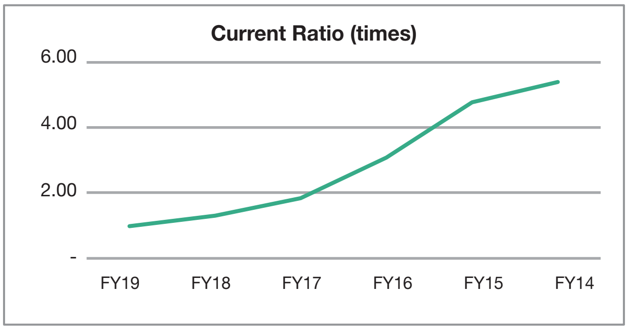
Composition of current assets in % at year end is as follows:

Current Assets	FY19	FY18
Stores, spare & loose tools	27.48	17.59
Stock-in-trade	11.05	4.74
Trade debts	3.54	0.65
Investments	42.02	55.09
Other receivables	3.17	9.07
Loan to related party	2.97	3.44
Income tax receivable	8.31	7.81
Cash and bank balances	1.45	1.61

Composition of current liabilities in % at year end is as follows:

Current Assets	FY19	FY18
Trade and other payables	23.45	33.68
Accrued finance cost	2.36	1.54
Short term borrowings - secured	59.15	54.14
Current portion of non-current liabilities	14.83	10.36
Unclaimed dividend	0.10	0.13
Provision for taxation	0.10	0.16





Investments (Non-current and current)

	No of shares	Cost of investment (Rs in '000')	MV of Investment (Rs in '000')	% of Stake in Company	% of total cost of Portfolio	%age of total MV of investment	Dividend (Rs in '000')
Nishat Paper Products Co. Ltd.	25,595,398	221,874	221,874	55.0%	3.0%	0.8%	-
Nishat Dairy (Private) Limited	270,000,000	2,169,111	2,169,111	55.1%	29.4%	8.2%	-
Nishat Hotels and Properties Limited	104,166,667	1,041,667	1,433,213	10.4%	14.1%	5.4%	-
Hyundai Nishat Motor (Private) Ltd	55,000,000	550,000	550,000	10.0%	7.5%	2.1%	-
Nishat Mills Ltd	30,289,501	1,326,559	2,827,222	8.6%	18.0%	10.7%	143,875
MCB Bank Ltd	102,277,232	604,068	17,842,263	8.6%	8.2%	67.6%	1,636,436
Adamjee Insurance Company	27,877,735	1,239,697	977,115	8.0%	16.8%	3.7%	68,073
Nishat (Chunian) Limited	7,274,602	76,397	254,757	3.0%	1.0%	1.0%	40,010
United Bank limited	214,354	33,646	31,591	0.0%	0.5%	0.1%	2,251
Pakistan Petroleum Ltd	684,689	117,405	98,890	0.0%	1.6%	0.4%	893
Grand Total		**7,380,423**	**26,406,036**		**100.0%**	**100.0%**	**1,891,538**

Consolidated Results

The Company's consolidated results are summarized hereunder:

PKR in billions

Current Assets	FY19	FY18
Net Sales	43.63	33.46
Gross Profit	5.67	8.82
PBT	2.28	7.31
PAT	1.86	8.94
EPS (PKR)	4.16	20.25

Company	Shares Held	% shareholding	Business
NPPL	25,595,398	55.00	Manufacture & Sale of Paper Products (Packaging Material)
NDL	270,000,000	55.10	Production of Raw Milk

Principal Activity

Principal Activities of holding and subsidiary companies are:

DG Khan Cement Company Limited:
Manufacture & Sale of Cement

Nishat Paper Products Company Limited:
Manufacture & Sale of Paper Sacks

Nishat Dairy (Private) Limited:
Dairy Farming

Subsidiaries Capacities and Actual Performance are:

NPPL
Bags Production Capacity: 220 million bags per annum
Actual Bags Produced in FY19: 123 million bags (approx.)

Actual production is less than available capacity due to low demand in cement industry.

NDL
Milk Production Capacity: 36.5 million liters per annum
Actual milk produced in FY19: 24.1 million liters (approx.)

NDL has 2,959 mature milking animals and 2,677 immature animals raised to produce milk as on June 30, 2019.

Financial highlights of subsidiaries' individual performances are as follows:

	NPPL	NDL
Net Sales (PKR in millions) – FY19	4,057	1,474
Net Sales (PKR in millions) – FY18	2,994	1,296
EPS – FY19	1.27	0.12
EPS – FY18	5.47	(0.14)
Gross Margin % - FY19	12.07	(11.67)
Gross Margin % - FY18	11.08	(18.38)
PAT Margin % - FY19	1.46	4.14
PAT Margin % – FY18	8.50	5.17

Quarterly Analysis

	FY18	Q1	Q2	Q3	Q4	FY19
						PKR in Thousands
Sales- Net	30,668,428	8,185,893	11,581,312	10,608,444	10,140,876	40,516,525
Cost of Sales	21,928,207	7,148,528	9,433,893	8,827,938	9,743,727	35,154,086
Gross Profit	8,740,221	1,037,365	2,147,419	1,780,506	397,149	5,362,439
Administrative expenses	624,725	169,646	142,310	176,557	140,004	628,517
Selling and Distribution expenses	898,156	177,119	471,174	358,370	299,032	1,305,695
Net Impairment loss on financials assets	-	-	-	-	22,343	22,343
Other Operating expenses	2,354,656	27,989	403,191	94,275	12,752	538,207
Other Income	3,026,661	469,292	675,339	572,967	709,668	2,427,266
Operating profit	7,889,345	1,131,903	1,806,083	1,724,271	632,686	5,294,943
Finance cost	519,267	612,029	736,119	911,766	1,044,188	3,304,102
Profit before tax	7,370,078	519,874	1,069,964	812,505	411,502	1,990,841
Taxation	(1,467,530)	102,051	(254,002)	(70,506)	603,539	381,082
Profit after tax	8,837,608	417,823	1,323,966	883,011	1,015,041	1,609,759
Cash flow from Operating activities	8,910,698	(2,213,019)	1,920,658	(2,131,858)	893,588	(1,530,631)
Cash flow from Investing activities	(16,070,791)	(661,924)	(1,167,308)	(562,816)	(3,051,995)	(5,444,043)
Cash flow from Financing activities	3,705,515	408,335	(257,390)	(604,647)	(418,367)	(872,069)
Balance sheet footing	121,889,017	126,992,995	123,500,014	127,669,608	125,941,425	125,941,425
Equity	77,134,421	77,814,094	74,479,814	75,907,461	70,929,823	70,928,415
Non-current liabilities	22,201,403	22,598,103	21,906,290	21,316,648	20,764,550	20,765,958
Current liabilities	22,553,193	26,580,798	27,113,910	30,445,499	34,247,052	34,247,052
Non-current assets	91,813,391	92,717,926	91,309,913	91,761,281	92,318,165	92,318,165
Current assets	29,075,626	34,275,069	32,190,101	35,908,327	33,623,260	33,623,260
						Figures in Tons
Clinker production	4,413,413	1,506,435	1,586,686	1,656,694	1,631,083	6,380,898
Cement production	4,857,761	1,202,574	1,451,325	1,439,941	1,519,810	5,613,650
Total cement sales	4,810,250	1,160,975	1,484,213	1,402,377	1,550,077	5,597,642
Local cement sales	4,352,185	1,085,888	1,383,864	1,349,194	1,508,464	5,327,410
Export cement sales	458,065	75,087	100,349	53,183	41,613	270,232
Clinker sales	26,576	102,684	258,642	182,165	163,850	707,341
EPS (PKR)	20.17	0.95	3.02	2.02	2.32	3.67

Six years at a glance

	FY 19	FY 18	FY17	FY16	FY15	FY14
						(MT)
Production:						
Clinker	6,380,898	4,413,413	4,314,600	3,964,998	3,507,230	3,585,103
Cement	5,613,650	4,857,761	4,588,900	4,426,631	3,849,672	3,988,512
Cement sales:	5,597,642	4,810,250	4,478,065	4,422,691	3,858,070	3,976,272
Local (excluding own consumption)	5,327,410	4,352,185	3,895,042	3,710,393	3,196,103	2,954,943
Export	270,232	458,065	583,023	712,298	661,967	1,021,329
Clinker Sale:						
Local	-	26,576	-	-	-	-
Export	707,341	-	-	-	-	-
Clinker Purchase	-	39,997	-	-	-	-
						(PKR in thousands)
Equity	70,928,415	77,134,421	74,868,879	65,783,429	62,296,071	61,516,535
Balance Sheet Footing	125,941,425	121,889,017	108,371,319	83,418,265	74,391,443	73,282,069
Fair Value Reserves	18,940,452	24,779,125	28,031,837	24,256,385	27,405,272	32,722,894
Equity without FV Reserves	51,987,963	52,355,296	46,837,042	41,527,044	34,890,799	28,793,641
Fixed Assets	79,980,234	76,493,984	62,447,737	39,576,830	29,958,970	29,832,625
Capitalisation	7,022,815	46,233,538	1,264,268	5,730,155	925,479	3,465,403
Long Term Loan	21,025,324	20,040,471	13,020,000	3,538,251	1,348,522	2,111,513
Short Term Loan	20,258,570	12,209,667	8,571,228	3,451,352	1,826,072	2,551,676
Current Assets	33,623,260	29,075,626	27,300,684	30,835,521	31,426,342	32,068,626
Current Liabilities	34,247,052	22,553,193	14,849,803	10,056,634	6,583,476	5,940,563
Gross Sales	57,952,383	43,407,770	40,384,740	37,045,715	32,468,621	32,344,996
Net Sales	40,516,525	30,668,428	30,136,165	29,703,758	26,104,611	26,542,509
Cost of Sales	35,154,086	21,928,207	18,291,600	17,035,566	16,649,411	17,284,941
GP	5,362,439	8,740,221	11,844,565	12,668,192	9,455,200	9,257,568
Administrative Expenses	628,517	624,725	551,221	572,780	472,326	480,468
Selling Expenses	1,305,695	898,156	979,045	949,628	746,723	1,445,225
Other Expenses	538,207	2,354,656	891,513	913,642	727,805	518,745
Financial Expenses	3,304,102	519,267	382,895	130,451	281,504	608,859
Other Income	2,427,266	3,026,661	2,118,216	2,379,053	2,320,335	1,647,126
PBT	1,990,841	7,370,078	11,158,107	12,480,744	9,547,177	7,851,397
Taxation	381,082	(1,467,530)	3,182,766	3,691,072	1,922,497	1,885,899
PAT	1,609,759	8,837,608	7,975,341	8,789,672	7,624,680	5,965,498
PBT without Dividend	99,303	5,435,293	9,214,053	10,610,827	7,843,711	6,417,218
PAT without Dividend	(281,779)	6,902,823	6,031,287	6,919,755	5,921,214	4,531,319

	FY 19	FY 18	FY17	FY16	FY15	FY14
Profitability Indicators						
EBITDA (PKR in thousands)	8,795,010	10,193,594	13,602,813	14,483,061	11,709,284	10,250,258
EBITDA-Other Income (PKR in thousands)	6,367,744	7,166,933	11,484,597	12,104,008	9,388,949	8,603,132
EBIT (PKR in thousands)	5,294,943	7,889,345	11,541,002	12,611,195	9,828,681	8,460,256
Depreciation (PKR in thousands)	3,500,067	2,304,249	2,061,811	1,871,866	1,880,603	1,790,002
GP to Sales (%)	13.24	28.50	39.30	42.65	36.22	34.88
PBT to Sales (%)	4.91	24.03	37.03	42.02	36.57	29.58
PAT to Sales (%)	3.97	28.82	26.46	29.59	29.21	22.48
EBITDA to Sales (%)	21.71	33.24	45.14	48.76	44.86	38.62
ROE (wrt average equity) (%)	2.17	11.63	11.34	13.73	12.32	10.90
ROA (wrt to average total assets) (%)	1.30	7.68	8.32	11.14	10.33	8.72
ROE (withour fair value reserves) (%)	3.09	17.82	18.05	23.00	23.95	22.53
ROE - Dou Pont (%)	2.27	11.46	10.65	13.36	12.24	9.70
ROE (PBT/Equity) (%)	2.81	9.55	14.90	18.97	15.33	12.76
Liquidity Indicators						
Operating Cashflows (PKR in thousands)	-1,530,631	8,910,698	5,877,328	11,119,972	9,954,056	8,724,257
Working Capital (PKR in thousands)	-623,792	6,522,433	12,450,881	20,778,887	24,842,866	26,128,063
Current Ratio (times)	0.98	1.29	1.84	3.07	4.77	5.40
Activity Indicators						
Fixed Assets Turnover	51.79	44.15	59.08	85.43	87.32	90.63
Investment/Market Indicators						
Ordinary Shares (No.)	438,119,118	438,119,118	438,119,118	438,119,118	438,119,118	438,119,118
Dividend/Share (PKR)	1.00	4.25	7.50	6.00	5.00	3.50
Stock Price/Share on year end (PKR)	56.54	114.5	213.16	190.49	142.77	87.96
EPS (PKR)	3.67	20.17	18.20	20.06	17.40	13.62
PE Ratio	15.39	5.68	11.71	9.49	8.21	6.46
Divident Payout Ratio (%)	27.22	21.07	41.20	29.91	28.74	25.70
Dividend Yield Ratio (wrt year end price) (%)	1.77	3.71	3.52	3.15	3.50	3.98
Break Up Value/Share (PKR)	161.90	176.06	170.89	150.15	142.19	140.41
Capital Structure Indicators						
Debt/ (Debt+Equity) (%)	36.79	29.48	22.38	9.60	4.85	7.05
Debt to Equity (%)	58.20	41.81	28.84	10.63	5.10	7.58
Equity to Total Assets (%)	56.32	63.28	69.09	78.86	83.74	83.94
Interest Coverage (wrt EBITDA) (times)	2.66	19.63	35.53	111.02	41.60	16.84
DSCR with other income (times)	1.57	10.00	8.94	18.94	10.92	5.03
DSCR without other income (times)	1.13	7.03	7.55	15.83	8.76	4.22
Operational (Volumetric) Indicators						
Clinker Production (% change wrt last year)	44.58	2.29	8.82	13.05	-2.17	-8.64
Cement Production (% change wrt last year)	15.64	5.86	3.67	14.99	-3.48	-1.07
Total Sales (% change wrt last year)	16.37	7.42	1.25	14.63	-2.97	-0.80
Local Sales (% change wrt last year)	22.41	11.74	4.98	16.09	8.16	2.32
Exports Sales (% change wrt last year)	-41.01	-21.43	-18.15	7.60	-35.19	-8.85
Clinker Production Utilisation (%)	94.11	109.79	107.33	98.63	87.24	89.18
Cement Production Utilisation (%)	78.85	115.09	108.72	104.87	91.20	94.49
Total Sales Utilisation (%)	90.44	113.96	106.09	104.78	91.40	94.20
Local Sales Utilisation (%)	75.02	103.11	92.28	87.90	75.72	70.01
Exports Sales Utilisation (%)	15.42	10.85	13.81	16.88	15.68	24.20
Cement Sales Mix: Local to Total Sales wrt Qty (%)	95.17	90.48	86.98	83.89	82.84	74.31
Cement Sales Mix: Exports to Total Sales wrt Qty (%)	4.83	9.52	13.02	16.11	17.16	25.69

Horizontal Analysis of Balance Sheet (YoY) (%)

	FY19	FY18	FY17	FY16	FY15	FY14
						(Re-stated)
CAPITAL AND RESERVES						
Issued, subscribed and paid up share capital	0.0	0.0	0.0	0.0	0.0	0.0
Reserves	(16.8)	(8.6)	11.0	(8.4)	(12.5)	26.4
Revenue Reserve: Un-appropriated profit	(1.0)	17.0	19.5	32.3	42.3	47.4
	(8.0)	3.0	13.8	5.6	1.3	28.3
NON-CURRENT LIABILITIES						
Long term finances - secured	(9.8)	41.6	421.7	236.0	(45.9)	(54.4)
Long term deposits	120.6	38.1	2.1	8.1	4.4	5.5
Deferred liabilities	61.4	49.0	67.8	(19.1)	(31.3)	30.8
Deferred taxation	0.1	(30.4)	17.6	8.7	8.3	34.7
	(6.5)	19.0	146.1	37.5	(5.4)	(7.0)
CURRENT LIABILITIES						
Trade and other payables	5.8	39.8	1.6	32.6	63.5	8.3
Accrued finance cost	132.7	60.2	310.4	93.9	(54.0)	(52.8)
Short term borrowings - secured	65.9	42.4	148.3	89.0	(28.4)	(52.9)
Current portion of non-current liabilities	117.4	346.2	(54.5)	77.9	(19.5)	(44.2)
Derivative financial instrument	0.0	(100.0)	0.0	0.0	0.0	100.0
Provision for taxation	0.0	0.0	0.0	0.0	0.0	0.0
	51.9	51.9	47.7	52.8	10.8	(36.2)
	3.3	12.5	29.9	12.1	1.5	15.4
NON-CURRENT ASSETS						
Property, plant and equipment	4.6	22.5	57.8	32.1	0.4	3.1
Intangible assets	0.0	0.0	0.0	(100.0)	(50.0)	(33.3)
Investments	(24.5)	(12.4)	43.4	0.2	14.7	30.1
Long term deposits	1.9	1.7	1.6	(16.6)	(18.8)	(10.5)
	(0.5)	14.5	54.2	22.4	4.3	9.2
CURRENT ASSETS						
Stores, spare parts and loose tools	80.7	3.5	23.3	10.2	(1.4)	(5.7)
Stock-in-trade	169.6	18.5	51.7	(35.5)	(11.9)	(18.8)
Trade debts	533.0	(14.5)	9.2	28.5	(7.0)	(38.3)
Investments	(11.8)	(6.0)	(4.3)	(28.3)	1.8	36.6
Loans, advances, deposits, prepayments	(59.6)	32.7	240.1	(9.8)	(15.2)	24.9
Loan to related party	0.0	0.0	100.0	0.0	0.0	0.0
Income tax receivable	23.1	332.9	21.1	(35.7)	75.5	(61.5)
Derviative financial instruments	0.0	0.0	0.0	48.9	100.0	(100.0)
Cash and bank balances	4.2	11.2	(94.0)	2,619.9	(80.3)	179.2
	15.6	6.5	(11.5)	(1.9)	(2.0)	24.4
	3.3	12.5	29.9	12.1	1.5	15.4

Vertical Analysis of Balance Sheet (%)

	FY19	FY18	FY17	FY16	FY15	FY14
						(Re-stated)
CAPITAL AND RESERVES						
Issued, subscribed and paid up share capital	3.5	3.6	4.0	5.3	5.9	6.0
Reserves	23.0	28.5	35.1	41.0	50.3	58.3
Revenue Reserve: Un-appropriated profit	29.9	31.2	30.0	32.6	27.6	19.7
	56.3	63.3	69.1	78.9	83.7	83.9
NON-CURRENT LIABILITIES						
Long term finances - secured	12.7	14.5	11.6	2.9	1.0	1.8
Long term deposits	0.2	0.1	0.1	0.1	0.1	0.1
Deferred liabilities	0.4	0.2	0.2	0.1	0.2	0.3
Deferred taxation	3.2	3.3	5.4	6.0	6.2	5.8
	16.5	18.2	17.2	9.1	7.4	7.9
CURRENT LIABILITIES						
Trade and other payables	6.4	6.3	5.0	6.4	5.4	3.4
Accrued finance cost	0.6	0.3	0.2	0.1	0.0	0.1
Short term borrowings - secured	16.1	10.0	7.9	4.1	2.5	3.5
Current portion of non-current liabilities	4.0	1.9	0.5	1.4	0.9	1.1
Derivative financial instrument	0.0	0.0	0.0	0.0	0.0	0.0
Provision for taxation	0.0	0.0	0.0	0.0	0.0	0.0
	27.2	18.5	13.7	12.1	8.8	8.1
	100.0	100.0	100.0	100.0	100.0	100.0
NON-CURRENT ASSETS						
Property, plant and equipment	63.5	62.8	57.6	47.4	40.3	40.7
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.1
Investments	9.7	13.3	17.1	15.5	17.4	15.4
Long term deposits	0.0	0.0	0.1	0.1	0.1	0.1
	73.3	76.1	74.8	63.0	57.8	56.2
CURRENT ASSETS						
Stores, spare parts and loose tools	7.3	4.2	4.6	4.8	4.9	5.0
Stock-in-trade	2.9	1.1	1.1	0.9	1.6	1.8
Trade debts	0.9	0.2	0.2	0.2	0.2	0.2
Investments	11.2	13.1	15.7	21.4	33.4	33.3
Loans, advances, deposits, prepayments	0.8	2.2	1.8	0.7	0.9	1.0
Loan to related party	0.8	0.8	0.9	0.0	0.0	0.0
Income tax receivable	2.2	1.9	0.5	0.5	0.9	0.5
Derviative financial instruments	0.0	0.0	0.0	0.0	0.0	0.0
Cash and bank balances	0.4	0.4	0.4	8.4	0.3	1.8
	26.7	23.9	25.2	37.0	42.2	43.8
	100.0	100.0	100.0	100.0	100.0	100.0

Horizontal Analysis of Profit & Loss Account (YoY) (%)

	FY19	FY18	FY17	FY16	FY15	FY14
						(Re-stated)
Sales	32.1	1.8	1.5	13.8	(1.6)	6.5
Cost of sales	60.3	19.9	7.4	2.3	(3.7)	10.9
Gross Profit	(38.6)	(26.2)	(6.5)	34.0	2.1	(0.7)
Administrative expenses	0.6	13.3	(3.8)	21.3	(1.7)	18.5
Selling and distribution expenses	45.4	(8.3)	3.1	27.2	(48.3)	(17.5)
Net impairment loss on financial assets	-100	-	-	-	-	-
Other expenses	(77.1)	164.1	(2.4)	25.5	40.3	(4.8)
Other income	(19.8)	42.9	(11.0)	2.5	40.9	12.3
Profit from operations	(32.9)	(31.6)	(8.5)	28.3	16.2	4.6
Finance cost	536.3	35.6	193.5	(53.7)	(53.8)	(38.8)
Profit before tax	(73.0)	(33.9)	(10.6)	30.7	21.6	10.7
Taxation	(126.0)	(146.1)	(13.8)	92.0	1.9	18.3
Profit after tax	(81.8)	10.8	(9.3)	15.3	27.8	8.4

Vertical Analysis of Profit & Loss Account (%)

	FY19	FY18	FY17	FY16	FY15	FY14
Sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(86.8)	(71.5)	(60.7)	(57.4)	(63.8)	(65.1)
Gross Profit	13.2	28.5	39.3	42.6	36.2	34.9
Administrative expenses	(1.6)	(2.0)	(1.8)	(1.9)	(1.8)	(1.8)
Selling and distribution expenses	(3.2)	(2.9)	(3.2)	(3.2)	(2.9)	(5.4)
Net impairment loss on financial assets	(0.1)	-	-	-	-	-
Other expenses	(1.3)	(7.7)	(3.0)	(3.1)	(2.8)	(2.0)
Other income	6.0	9.9	7.0	8.0	8.9	6.2
Profit from operations	13.1	25.7	38.3	42.5	37.7	31.9
Finance cost	(8.2)	(1.7)	(1.3)	(0.4)	(1.1)	(2.3)
Profit before tax	4.9	24.0	37.0	42.0	36.6	29.6
Taxation	(0.9)	4.8	(10.6)	(12.4)	(7.4)	(7.1)
Profit after tax	4.0	28.8	26.5	29.6	29.2	22.5

Value added Statement - Accrual Basis

	FY19 (Rupees in thousand)			FY18 (Rupees in thousand)		
Wealth Created						
Revenues:						
- Local sales	52,689,419			40,677,915		
- Exports	5,262,964	57,952,383	96%	2,729,855	43,407,770	93%
Income from other sources						
- Investment income	1,891,538			1,934,785		
- Other income	535,728	2,427,266	4%	1,091,875	3,026,660	7%
		60,379,649	100%		46,434,430	100%
Wealth Distributed						
Suppliers:						
- Against raw and packing materials	4,004,662			2,695,620		
- Against services	1,102,600			745,685		
- Against stores spares	3,838,545			2,430,672		
- Against fuels and other energy sources	21,699,759	30,645,566	51%	12,087,955	17,959,932	39%
Employees		3,707,608	6%		2,580,766	6%
Government:						
- Direct taxes	381,082			(1,619,387)		
- Indirect taxes	16,985,427			12,352,420		
- Other levies and duties	-	17,366,509	29%	151,856	10,884,889	23%
Providers of Capital:						
- Banks	3,304,102	3,304,102	5%	519,267	519,267	1%
Reinvested in business						
- Depreciation	3,500,067			2,304,248		
- Profit/ (loss) for the period	1,609,759	5,109,826	8%	8,837,609	11,141,857	24%
Other operating costs - Net		246,038	0%		3,347,719	7%
		60,379,649	100%		46,434,430	100%

Per Share Income Statement

	FY19	FY18	Change	%
Sales- Net	92.48	70.00	22.48	32.1%
Cost of Sales	-80.24	-50.05	-30.19	60.3%
Gross Profit	12.24	19.95	-7.71	-38.6%
Administrative expenses	-1.43	-1.43	-0.01	0.6%
Selling and Distribution expenses	-2.98	-2.05	-0.93	45.4%
Net Impairment loss on financials assets	-0.05	0.00	-0.05	100.0%
Other Operating expenses	-1.23	-5.37	4.15	-77.1%
Other Income	5.54	6.91	-1.37	-19.8%
Operating profit	12.09	18.01	-5.92	-32.9%
Finance cost	-7.54	-1.19	-6.36	536.3%
Profit before tax	4.54	16.82	-12.28	-73.0%
Taxation	-0.87	3.35	-4.22	-126.0%
Profit after tax	3.67	20.17	-16.50	-81.8%

Directors' Report

The directors of your Company are pleased to present you their report.

The Company's principal activity is manufacture and sale of cement. The performance numbers of your Company for the year ended on June 30, 2019 are:

	FY19	FY18	Variance	
	Rupees in '000'			%
Sales	40,516,525	30,668,428	9,848,097	32.1%
Cost of sales	(35,154,086)	(21,928,207)	(13,225,879)	60.3%
Gross profit	5,362,439	8,740,221	(3,377,782)	-38.6%
Administrative expenses	(628,517)	(624,725)	(3,792)	0.6%
Selling and distribution expenses	(1,305,695)	(898,156)	(407,539)	45.4%
Net Impairment loss	(22,343)	-	(22,343)	100.0%
Other operating expenses	(538,207)	(2,354,656)	1,816,449	-77.1%
Other income	2,427,266	3,026,661	(599,395)	-19.8%
Finance cost	(3,304,102)	(519,267)	(2,784,835)	536.3%
Profit before taxation	1,990,841	7,370,078	(5,379,237)	-73.0%
Taxation	(381,082)	1,467,530	(1,848,612)	-126.0%
Profit after taxation	1,609,759	8,837,608	(7,227,849)	-81.8%

Operational data for FY 19 is as follows:

	FY19	FY18	Variance	
	Rupees in '000'			%
Production:	In MT	%		
Clinker	6,380,898	4,413,413	1,967,485	44.6%
Cement	5,613,650	4,857,761	755,889	15.6%
Sales:				
Total	5,597,642	4,810,250	787,392	16.4%
Local (excluding own consumption)	5,327,410	4,352,185	975,225	22.4%
Exports	270,232	458,065	(187,833)	-41.0%
Clinker Sale	707,341	26,576	680,765	2561.6%

Earnings

FY 2019 has witnessed the declining profitability in cement industry largely due to slow down of the economy compressing local demand, high cost of production, high borrowing costs and unfavorable cement export market due to global slow down. Government, in the process of fiscal tightening, slashed PSDP funds reversing the growth of construction sector in negative figure of 7.47% for construction sector. Curtailment of local demand in the midst of increase in production capacities greatly affected the utilization of cement industry that registered decline from 95% to 84%.

FY19 of your Company performance was dominated by full year operation of HUB plant. Net Sales increased by Rs 9,848 million (32.1%) due to increase in capacity at Hub plant while COGS increased by Rs 13,225 million (60.3%) resulting decline in GP in absolute terms by Rs 3,377 million (38.6%). Cost of production risen due to high general inflation and high utility prices. Coal prices to the Company declined by 5.8% which is offset by currency devaluation. Depreciation cost increased in absolute terms by Rs 1,191 million, out of which Rs 1,832 million related to full year operations of Hub plant. Further, due to slow demand, plants remain under-utilized. Company could not materialize the efficiency gain that were achieved previous year due to over-utilization. These high production costs could not be passed on to customers as cement prices faced pressure from increased competition in the local market (mainly from capacity expansion during the year), macro - economic challenges affecting the economy and slow down of local demand. Though cost of production remained on rising trend cement prices fluctuated throughout the year. These factors contributed to fall in GP% from 28.5% to 13.2% in FY19.

During the period the Company reviewed and rationalized its deprecation policy on fixed assets. This is to bring the depreciation rates in accordance with the economic useful lives of the assets & industry practies. Had there been no change, GP would have been lower by Rs 2,000 million

Selling and distribution expenses increased by Rs 408 million (45.4%), increase more rapidly than sales due to selling expenses associated with the export of clinker. Other operating expenses decreased by Rs 1,816 million (77.1%) mainly due to high impairment cost of Rs 1,270 million of Waste Heat Recovery (WHR) Plant at Khairpur Site last year. Other income decreased by Rs 599 million (19.8%) due to one-off compensation income of Rs 910 million from supplier of WHR last year.

FY19 witnessed surge in finance cost of Rs 2,785 million (5.36 times) as compared to last year. Rising finance cost was due to high financial expenses associated with long term loans availed to finance capitalization of Hub Project and increas in discount rate.

Low GP, high selling and distribution expenses and rising finance cost caused fall in PBT by Rs 5,379 million (73.0%) while PBT% fell from 24.0% to 4.9% in FY19.

Taxation expense registered increase of Rs 1,849 million (1.26 times) as compared to last year due to high tax credit under Section 65B relating to new Hub plant last year and revaluation of closing deferred tax liability at 29% from 25% under Finance Act 2019, reversing income of Rs 1,467 million to expense of Rs 381 million.

Overall PAT registered decline by Rs 7,228 million (81.8%) and PAT% fell from 28.8% to 4.0%. This resulted in fall in EPS from Rs 20.17 per share to 3.67 per share

Volumes

The Company's clinker production increased by 1,967,485 metric tons (44.6%) while cement production increased by 755,889 metric tons (15.6%). Increased in production is mainly due to full year operation of Hub plant that added 67% increase in overall production capacity. Consequently, total sales quantity increased by 787,392 metric tons (16.4%). Local sales quantity increased by 975,225 metric tons (22.4%) while exports faced set back with decline in quantity by 187,833 metric tons (41.0%) due to imposition of 200% duties by India and capture of Afghan market by Iranian cement industry.

In order to remain optimally utilized, your Company during the year exported clinker of 707,341 metric tons in a bid to generate contribution to cover high fixed cost.

Your Company utilization for FY19 declined to about 90% (FY18: 114%) against industry of about 84% (FY18: 95%). Local sales utilization of the Company for FY19 was recorded at 75% (FY18: 103%) and for exports, it was about 15% (FY18: 11%).

Kilns operational days were around 1,144 (FY18: 993) due to additional 290 days of Hub plant.

Appropriation

The Board keeping in view the profitability and capacity expansion requirements, decided to recommend dividend of PKR 1.0 per share for FY19.

	(PKR in thousands)
PAT	PKR 1,609,759
Dividend	PKR 438,119

Projects – New and Ongoing

<u>Waste Heat Recovery (WHR) Power Plants & Coal Fired Power Plant (FPP)</u>

Your company has entered into contract with Sinoma Energy Conservation Ltd, China on August 31, 2018 for supply of 12 MW Waste Heat Recovery plant at Khairpur Site. The plant is first of its kind in Pakistan based on air cooling system. The WHR power plant is in line with your Company policy of continuously modernizing and replacing plant and machinery to remain competitive in the industry. The project is expected to complete by frist quarter of next calender year

Your Company has also entered into an agreement with Sinoma Energy Conservation Ltd, China for supply of machinery and equipment for WHR power generation of 10MW and Coal Fired Power plant (CFPP) of 30MW at Hub Cement plant. Machinery and equipment of both the power plants are based on air cooling system that would reduce the water consumption drastically, contributing towards Company policy of maintaining clean environment. CFPP is the first of its types in Pakistan energy conversant with "Reheat System" consisting of two turbines. It is expected that coal consumption per KWh is about 1% less than what we used for our existing coal fired power plant. The Captive power generation will give substantial yearly savings in power cost and ensure uninterrupted plant operation. WHR is expected to start operations in Dec 2020 and CFPP will start operations in March 2021.

Future Prospects

After entering into an agreement with IMF, a new reality is upon us where utility prices are expected to increase in order to reduce reliance on subsides. Moreover, the economic consolidation and fiscal tightening could result in further taxes & further devaluation of PKR that may affect purchasing power of people. There may also be potential implication of axle load tightening by GOP. However, amid shaky oil prices, YOY inflation may show some decline that may provide some relief in discount rate. These factors could affect the production, selling and finance costs and likely to affect the profitability if the sales prices do not respond against the rising costs.

On the sales side, in the short term, the ongoing regulatory tightening and continuous fiscal consolidation and monetary tightening in the post IMF arrangement scenario will keep the demand slow. Current trend is expected to persist with pressure on cement prices due to expected fierce competition on sales utilization. However, in the long run, we expect demand to stabilize with the overall economy and local demand to grow. With the new plant at Hub, your Company is expecting to find new export opportunities in African and Asian countries to mitigate the downward risk of local market.

Big ticket infrastructure projects (Daru Dam, Diamer - Bhasha Dam, Mahmand Dam low cost housing Scheme) are on table of the Government. If properly executed, they would generate massive demand in the local market for the years to come.

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. Company has also invested heavily in state-of-the-art machineries for producing electricity from waste heat of plant and burning of industrial and municipal wastes.

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
- 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.

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.

During the year Company donated PKR 100 million to Dam Fund.

Principal Risks

Following are the principal risks the Company face:
- Tight price market and tough competition
- Capacity utilization
- Interest rate
- Foreign currency fluctuations
- Shrinking margins in exports market

Significant Changes

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

Directors

Following are the directors of the Company:

1.	Mrs. Naz Mansha (Chairperson)	Non-Executive
2.	Mr. Raza Mansha (CEO)	Executive
3.	Mr. Mahmood Akhtar	Non-Executive
4.	Mr. Farid Noor Ali Fazal	Executive
5.	Mr. Shehzad Ahmad Malik	Non-Executive
6.	Mr. Khalid Niaz Khawaja	Independent
7.	Mr. Mohammad Arif Hameed	Non-Executive

Female Directors:	01
Male Directors:	06

Audit Committee

1.	Mr. Khalid Niaz Khawaja *(Member/Chairman)*	Independent Director
2.	Mr. Mahmood Akhtar *(Member)*	Non- Executive Director
3.	Mr. Mohammad Arif Hameed *(Member)*	Non- Executive Director

Human Resource & Remuneration (HR&R) Committee

1.	Mr. Khalid Niaz Khawaja *(Member/Chairman)*	Independent Director
2.	Mian Raza Mansha *(Member)*	Executive Director
3.	Mr. Mahmood Akhtar *(Member)*	Non- Executive Director

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.

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.

Compliance with Listed Companies (Code of Corporate Governance) Regulations 2017 (the Regulations)

The requirements of the Regulations relevant for the year ended June 30, 2019 have been adopted by the Company and have been complied with. A Statement to this effect is annexed to the Report.

Corporate and Financial Reporting Framework

The Directors of your company states that:

(a) The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;

(b) Proper books of account of the company have been maintained;

(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

(d) The financial statements are prepared in conformity with the 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 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 are 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) Cost of investments, on the basis of unaudited accounts, of the Provident Fund is PKR 1,444 million (FY18: PKR 1,272 million) and of Gratuity is PKR 322 million (FY18: PKR 323 million).

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

For and on behalf of the Board

Raza Mansha
Chief Executive Officer

Farid Noor Ali Fazal
Director

Lahore
September 16, 2019

Directors' Report on Consolidated Financial Statements

The directors of your company are pleased to present you their report on consolidated financial statements of the Company.

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

Principal Activity

Principal Activities of holding and subsidiary companies are:

DG Khan Cement Company Limited:
Manufacture & Sale of Cement

Nishat Paper Products Company Limited:
Manufacture & Sale of Paper Sacks

Nishat Dairy (Private) Limited:
Dairy Farming

Holding

DGKC holds shareholding in its subsidiaries as mentioned below:

Company	Shares	% shareholding
NPPL	25,595,398	55.00
NDL	270,000,000	55.10

Business Results and Affairs

Consolidated performance numbers of for the year ended on June 30, 2019:

PKR in thousands

	FY19	FY18	Variance
Sales	43,627,007	33,464,856	10,162,151
Cost of sales	(37,952,807)	(24,647,758)	(13,305,049)
Gross profit	5,674,200	8,817,098	(3,142,898)
Administrative expenses	(711,122)	(706,148)	(4,974)
Selling and distribution expenses	(1,330,984)	(919,866)	(411,118)
Net impairment losses on financial assets	(22,343)		(22,343)
Changes in fair value of biological assets	335,739	242,436	93,303
Other operating expenses	(530,452)	(2,545,982)	2,015,530
Other income	2,474,759	3,001,978	(527,219)
Finance cost	(3,609,744)	(574,569)	(3,035,175)
Profit before taxation	2,280,053	7,314,947	(5,034,894)
Taxation	(415,170)	1,623,594	(2,038,764)
Profit after taxation	1,864,883	8,938,541	(7,073,658)

Earnings Per Share

Consolidated Earnings Per Share is PKR 4.16 (FY18: PKR 20.25)

Performance

Consolidated EPS for FY19 is PKR 4.16 against PKR 20.25 of FY18. Net Sales increased by 30% while GP decreased by about 36%, PBT decreased by 69% and PAT decreased by about 79%.

Separate detailed report is issued on affairs of holding company.

	NPPL	NDL
Net Sales (PKR in millions) – FY19	4,057	1,474
Net Sales (PKR in millions) – FY18	2,994	1,296
EPS – FY19	1.27	0.12
EPS – FY18	5.47	-0.14
Gross Margin - FY19	12.07	-11.67
Gross Margin - FY18	11.08	-18.38
PAT Margin - FY19	1.46	4.14
PAT Margin – FY18	8.50	-5.17

NPPL net sales increased by about 35%. PAT% reduced to 1.5% due to high paper prices and increase in finance costs.

NDL revenue increased by 14% resulting in increase in PAT% to 4.14%. Major cause was increase in milk production and increase in fair value of biological assets.

Future Prospects

Fiscal and monetary tightening in the post IMF arrangement may likely affect the purchasing power of people. Competition in local market could result in price war and may likely affect the cement segment profitability. Volumetric decrease in cement industry sales will impart negative impact on NPPL. Kraft paper prices trend is one of major factors to determine the earnings of NPPL. NDL is moving in positive direction.

Principal Risks

Following are the principal risks the Company on consolidated basis face:

- Tight price market and tough competition

- Capacity utilization
- Interest rate
- Foreign currency fluctuations
- Shrinking of margins in exports market
- Prices of kraft paper
- Animals related risks like diseases, mortality etc.

Significant Changes

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

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.

Framework & Internal Controls

The system of internal control is sound in design and has been effectively implemented and monitored. Proper books of account of the company have been maintained. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. The financial statements are prepared according to applicable laws and rules and present true and fair picture of company.

Directors
DGKC

Mrs. Naz Mansha (Chairperson)
Mr. Raza Mansha
Mr. Khalid Niaz Khawaja
Mr. Mohammad Arif Hameed
Mr. Mahmood Akhtar
Mr. Farid Noor Ali Fazal
Mr. Shahzad Ahmad Malik

NPPL

Mr. Raza Mansha (Chairman)
Mr. Hassan Mansha
Mrs. Ammil Raza Mansha
Mr. Farid Noor Ali Fazal
Mr. Aftab Ahmad Khan
Mr. Mehmood Akhtar
Dr. Arif Bashir

NDL

Mr. Raza Mansha (Chairman)
Mr. Umer Mansha
Mr. Hassan Mansha

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

For and on behalf of the Board

Farid Fazal

Raza Mansha
Chief Executive Officer

Farid Noor Ali Fazal
Director

Lahore
September 16, 2019

UNCONSOLIDATED FINANCIAL STATEMENTS

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, 2019, and the unconsolidated statement of profit or loss, 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 a summary of significant accounting policies 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, 2019 and of the profit and other comprehensive loss, 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
1.	**Investment measured at Fair Value** *(Refer note 17.1.4 to the annexed unconsolidated financial statements)* The Company holds an investment of 10.42% shareholding of Nishat Hotels and Properties Limited ('NHPL') which it carries at a fair value of Rs 1,433.213 million at June 30, 2019. It has recognized a fair value loss of Rs 1,850.624 million during the year in Other Comprehensive Income on the re-measurement of fair value at June 30, 2019. Due to NHPL being a non-listed company, its share does not have a quoted price in an active market. Therefore, fair value of the share is determined through appropriate valuation methodology based on discounted cash flow method. This involves a	Our audit procedures included the following: - Obtained the discounted cash flow model ('model') and checked the mathematical accuracy of the computations; - Obtained an understanding of the work performed by the management's expert on the model for the purpose of valuation; - Examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;

Sr. No.	Key audit matters	How the matters were addressed in our audit
	number of estimation techniques and management's judgement to obtain reasonable expected future cash flows of NHPL's business and related discount rate. Management involves an expert to perform this valuation on its behalf. Due to the significant level of judgment and estimation required to determine the fair value of the investment, we consider it to be a key audit matter.	- Considered our own competence and experience to assess the work of management's expert; - Understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; - Evaluated the cash flow forecast by obtaining an understanding of NHPL's business and assessed that these cash flows were reasonable; - Obtained corroborating evidence relating to the value as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecast 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 value of the investment; and - Reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.
2.	**Impairment of investment in subsidiary** *(Refer note 17.1.3 to the annexed unconsolidated financial statements)* The Company's equity investment in its subsidiary, Nishat Dairy (Private) Limited ('NDPL') is measured at cost less impairment, if any. The investment is subject to impairment testing each year to ensure that the carrying amount of the investment does not exceed its recoverable amount. Due to NDPL being a non-listed company, its share does not have a quoted price in an active market wherein recoverable amount can be determined. Therefore, recoverable amount of the investment is determined through appropriate valuation methodology based on discounted cash flow method. This involves a number of estimation techniques and management's judgement to obtain reasonable expected future cash flows of NDPL's business and related discount rate. Management involves an expert to perform this valuation on its behalf. As a result of performing the aforementioned assessment, the recoverable amount of the investment was determined to be lower than its carrying amount by Rs 0.60 per share and the carrying amount was accordingly reduced by Rs 162.789 million which has been recognised	Our audit procedures included the following: - Obtained the discounted cash flow model ('model') and checked the mathematical accuracy of the computations; - Obtained an understanding of the work performed by the management's expert on the model for the purpose of valuation; - Examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; - Considered our own competence and experience to assess the work of management's expert; - Understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; - Evaluated the cash flow forecast by obtaining an understanding of NDPL's business and assessed that these cash flows were reasonable;

Sr. No.	Key audit matters	How the matters were addressed in our audit
	as an expense and included in 'Other expenses'. Due to the high level of judgment and estimation required to determine the recoverable amount of the investment, we consider it to be a key audit matter.	- Obtained corroborating evidence relating to the value as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecast 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 these assumptions to ascertain the extent of change that individually would be required for the value of investment to be impaired; and - Reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.
3.	**Change in accounting estimate - revision in useful lives of operating fixed assets** *(Refer note 3.3 to the annexed unconsolidated financial statements)* During the year, as a result of annual assessment of the review of remaining useful lives of the operating fixed assets, management identified that plant and machinery, factory buildings and quarry equipment require an upward revision whereas 'furniture and fittings' and office equipment require a downward revision in their useful lives. The revision in useful lives during the year was necessitated mainly as a result of assessment of the same by the vendors of fourth cement production facility in Hub, Balochistan. This annual assessment by the company involves a number of estimation techniques and judgement to determine the remaining expected useful lives of such assets. Management involves experts to perform this assessment on its behalf. Due to the change in the estimated useful lives of the abovementioned assets, the profit before tax for the year ended June 30, 2019 has increased by Rs 2,000.472 million and carrying value of operating fixed assets as at that date is higher by the same amount. The above represents a significant event during the year and a high level of judgment and estimation is required to determine the remaining useful lives of the aforementioned operating fixed assets, therefore, we consider it to be a key audit matter.	Our audit procedures included the following: - Obtained an understanding of the work performed by the management's experts; - Examined the professional qualification of management's experts and assessed the independence, competence and experience of the management's experts in the field; - Involved auditor's expert to review the work performed by management's experts including the assessment of assumptions used by the management's experts and conclusions drawn; - Recalculated the depreciation expense on the basis of the revised useful lives of the specified classes of operating fixed assets; and - Reviewed 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
4.	**First time adoption of IFRS 9 – Financial Instruments** *(Refer notes 2.2.1(a), 4.12.1 and 21.2 to the annexed unconsolidated financial statements)* IFRS 9 'Financial Instruments' is effective for the Company for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The classification and measurement approach reflects the business model in which the financial assets are managed and the underlying cash flow characteristics. Accordingly, in respect of the investments in equity instruments other than subsidiaries, the Company at initial recognition has made an irrevocable election to present subsequent changes in fair value in Other Comprehensive Income. Further, in relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflects a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECL in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. The Company has adopted IFRS 9 using the allowed modified retrospective approach and recognized expected credit loss of Rs 42.319 million in opening retained earnings as at July 1, 2018 and Rs 22.343 million for the year ended June 30, 2019. We considered this as a key audit matter due to the significant management-determined judgments including the reclassification of financial assets in accordance with the Company's business model and the judgements involved in determination of ECL.	Our audit procedures included the following: - Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's unconsolidated financial statements; - Obtained an understanding and evaluated the Company's business model assessment and for a sample of instruments, checked the inputs into solely payments of principal and interest test performed by the Company; - tested that management had evaluated and classified all financial assets in accordance with IFRS 9, by reconciling the assets and liabilities included in the statement of financial position; - With respect to determination of ECL, reviewed the working of management for expected credit losses and the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company; - Assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose; - Tested the opening balance adjustment in the unconsolidated statement of changes in equity for arithmetical accuracy and corroborated a sample of the data inputs; - Checked the mathematical accuracy of the ECL model by performing recalculation on test basis; and - Reviewed and assessed the impact and disclosures made in the unconsolidated financial statements with regard to the effect of adoption of IFRS 9.

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 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 judgment 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance .

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.

A.F. Ferguson & Co.
Chartered Accountants
Lahore,
Date: September 27, 2019

Unconsolidated Statement of Financial Position

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
- 950,000,000 (2018: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2018: 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 (2018: 438,119,118) ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Other reserves	6	28,922,952	34,761,625
Revenue reserve: Un-appropriated profits		37,624,272	37,991,605
		70,928,415	77,134,421
NON-CURRENT LIABILITIES			
Long term finances - secured	7	15,985,030	17,730,324
Long term deposits	8	242,043	109,726
Deferred liabilities	9	449,194	278,379
Deferred taxation	10	4,089,691	4,082,974
		20,765,958	22,201,403
CURRENT LIABILITIES			
Trade and other payables	11	8,029,874	7,595,299
Accrued markup	12	809,569	347,880
Short term borrowings - secured	13	20,258,570	12,209,667
Current portion of non-current liabilities	14	5,080,511	2,336,910
Unclaimed dividend		33,438	28,347
Provision for taxation		35,090	35,090
		34,247,052	22,553,193
CONTINGENCIES AND COMMITMENTS	15		
		125,941,425	121,889,017

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

Chief Executive

As At June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	79,980,234	76,493,984
Investments	17	12,276,961	16,259,564
Long term loans to employees	18	237	574
Long term deposits		60,733	59,269
		92,318,165	92,813,391
CURRENT ASSETS			
Stores, spare parts and loose tools	19	9,240,264	5,114,227
Stock-in-trade	20	3,714,058	1,377,596
Trade debts	21	1,191,881	188,293
Investments	22	14,129,075	16,018,594
Loans, advances, deposits, prepayments and other receivables	23	1,064,369	2,637,675
Loan to related party	24	1,000,000	1,000,000
Income tax receivable		2,794,695	2,270,137
Cash and bank balances	25	488,918	469,104
		33,623,260	29,075,626
		125,941,425	121,889,017

Chief Financial Officer

Director

Unconsolidated Statement of Profit or Loss

for the Year Ended June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
Sales	26	40,516,525	30,668,428
Cost of sales	27	(35,154,086)	(21,928,207)
Gross profit		5,362,439	8,740,221
Administrative expenses	28	(628,517)	(624,725)
Selling and distribution expenses	29	(1,305,695)	(898,156)
Net impairment losses on financial assets	21.2	(22,343)	-
Other expenses	30	(538,207)	(2,354,656)
Other income	31	2,427,266	3,026,661
Finance cost	32	(3,304,102)	(519,267)
Profit before taxation		1,990,841	7,370,078
Taxation	33	(381,082)	1,467,530
Profit for the year		1,609,759	8,837,608
Earnings per share - basic and diluted (in Rupees)	34	3.67	20.17

The annexed notes 1 to 45 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, 2019

	2019	2018
	(Rupees in thousand)	
Profit for the year	1,609,759	8,837,608
Other comprehensive loss for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale investments	-	(3,620,030)
Tax effect of change in fair value of available-for-sale investments	-	367,318
	-	(3,252,712)
Items that will not be subsequently reclassified to profit or loss:		
Change in fair value of investments at fair value through other comprehensive income (OCI)	(6,173,919)	-
Tax effect of change in fair value of investments at fair value through OCI	335,246	-
Remeasurement of retirement benefits	(98,738)	(40,178)
Tax effect of remeasurement of retirement benefits	25,978	6,718
	(5,911,433)	(33,460)
Other comprehensive loss for the year	(5,911,433)	(3,286,172)
Total comprehensive (loss)/income for the year	(4,301,674)	5,551,436

The annexed notes 1 to 45 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, 2019

		Capital Reserves			Revenue Reserves			
	Share Capital	Share premium	Fair value reserve	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-Appropriated Profits	Total
	-------------------	Rupees	in	thousand	-------------------			
Balance as on July 1, 2017	4,381,191	4,557,163	28,031,837	-	353,510	5,071,827	32,473,351	**74,868,879**
Total comprehensive (loss) / income for the year								
- Profit for the year	-	-	-	-	-	-	8,837,608	**8,837,608**
- Other comprehensive (loss)/income for the year								
- Changes in fair value of available-for-sale investments - net of tax	-	-	(3,252,712)	-	-	-	-	**(3,252,712)**
- Gain transferred to statement of profit or loss on derecognition of available-for-sale investment	-	-	-	-	-	-	-	**-**
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	-	(33,460)	**(33,460)**
	-	-	(3,252,712)	-	-	-	8,804,148	**5,551,436**
Transactions with owners in their capacity as owners recognised directly in equity								
Final dividend for the year ended June 30, 2017 (Rs 7.5 per share)	-	-	-	-	-	-	(3,285,894)	**(3,285,894)**
Balance as on June 30, 2018	4,381,191	4,557,163	24,779,125	-	353,510	5,071,827	37,991,605	**77,134,421**
Effect of changes in accounting policies due to adoption of IFRS 9 - note 2.2.1(a)	-	-	(24,779,125)	24,779,125	-	-	(42,319)	**(42,319)**
Adjusted balance as on July 01, 2018	4,381,191	4,557,163	-	24,779,125	353,510	5,071,827	37,949,286	**77,092,102**
Total comprehensive (loss) / income for the year								
- Profit for the year	-	-	-	-	-	-	1,609,759	**1,609,759**
- Other comprehensive (loss)/income for the year								
- Changes in fair value of investments at fair value through OCI - net of tax	-	-		(5,838,673)	-	-	-	**(5,838,673)**
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	-	(72,760)	**(72,760)**
	-	-	-	(5,838,673)	-	-	1,536,999	**(4,301,674)**
Transactions with owners in their capacity as owners recognised directly in equity								
Final dividend for the year ended June 30, 2018 (Rs 4.25 per share)	-	-	-	-	-	-	(1,862,013)	**(1,862,013)**
Balance as on June 30, 2019	**4,381,191**	**4,557,163**	**-**	**18,940,452**	**353,510**	**5,071,827**	**37,624,272**	**70,928,415**

The annexed notes 1 to 45 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, 2019

	Note	2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	36	1,797,524	11,181,259
Finance cost paid		(2,842,412)	(388,508)
Retirement and other benefits paid		(80,495)	(54,032)
Income tax paid		(1,537,565)	(1,858,306)
Income tax refunded		1,000,000	-
Long term deposits - net		132,317	30,285
Net cash (outflow) / inflow from operating activities		(1,530,631)	8,910,698
Cash flows from investing activities			
Payments for property, plant and equipment		(7,014,359)	(17,816,476)
Proceeds from disposal of property, plant and equipment		46,560	34,615
Long term loans, advances and deposits - net		(1,127)	(999)
Investment in equity instruments		(464,587)	(290,050)
Interest received		97,932	67,334
Dividend received		1,891,538	1,934,785
Net cash outflow from investing activities		(5,444,043)	(16,070,791)
Cash flows from financing activities			
Proceeds from long term finances		3,600,000	7,853,805
Settlement of derivative financial instrument		-	(35,077)
Repayment of long term finances		(2,615,147)	(833,334)
Dividend paid		(1,856,922)	(3,279,879)
Net cash (outflow) / inflow from financing activities		(872,069)	3,705,515
Net decrease in cash and cash equivalents		(7,846,743)	(3,454,578)
Cash and cash equivalents at the beginning of the year		(11,740,563)	(8,149,348)
Effect of exchange rate changes on cash and cash equivalents		(182,346)	(136,637)
Cash and cash equivalents at the end of the year	37	(19,769,652)	(11,740,563)

Refer note 7 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 45 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, 2019

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, 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 Dera Ghazi Khan ('D.G. Khan'), one at Khairpur District, Chakwal ('Khairpur') and one at Hub District, Lasbela ('Hub').

These unconsolidated financial statements are the separate financial statements of the Company. Consolidated financial statements are prepared separately.

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; and
ii) 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, 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, 2018 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) IFRS 9, 'Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. Accordingly, the company has changed its accounting policies and followed the requirements of IFRS 9 for:

- classification and measurement of all financial assets except investments in subsidiaries that are accounted for in accordance with IAS 27 'Separate financial statements'; and

- recognition of loss allowance for financial assets other than investments in equity instruments.

In respect of application of IFRS 9, the company has adopted modified retrospective approach as permitted by this standard, according to which the company is not required to restate the prior period results. The adoption of IFRS 9 has resulted in an adjustment on the opening balance of un-appropriated profits as shown in the statement of changes in equity. In respect of classification of financial assets, the company's management has assessed which business models apply to the financial assets held by the company and has classified its financial instruments into the appropriate IFRS 9 categories, including 'amortised cost' and 'fair value through other comprehensive income' (FVOCI) as follows:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
			(Rupees in thousand)		
Non-current financial assets					
Loans to employees	Loans and receivables	Amortised cost	574	574	-
Deposits	Loans and receivables	Amortised cost	59,269	59,269	-
Investments (other than subsidiaries)	Available-for-sale	FVOCI	13,705,790	13,705,790	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	188,293	145,974	42,319
Investments	Available-for-sale	FVOCI	16,018,594	16,018,594	-
Loans, deposits and other receivables	Loans and receivables	Amortised cost	926,396	926,396	-
Loan to related party	Loans and receivables	Amortised cost	1,000,000	1,000,000	-
Cash and bank balances	Loans and receivables	Amortised cost	469,104	469,104	-

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the unconsolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profits in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profits in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

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, 2019, 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:

- IFRS 16, ‘Leases’: this standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, ‘Leases’ and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the impact of this standard.

- Amendments to IAS 1 and IAS 8 on the definition of material: (effective for periods beginning on or after July 1, 2019). These amendments to IAS 1, ‘Presentation of financial statements' and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. It is unlikely that these amendments will have any significant impact on the Company's unconsolidated financial statements.

- Amendment to IFRS 9, Financial instruments’, on prepayment features with negative compensation and modification of financial liabilities: (effective for periods beginning on or after July 1, 2019). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. The Company is yet to assess the impact of this standard.

3. Basis of measurement

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

3.2 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the unconsolidated financial statements.

a) Provision for taxation - notes 4.2 and 33
b) Employee benefits - notes 4.3 and 9
c) Useful lives and residual values of property, plant and equipment - notes 4.6 and 16.1
d) Fair value of unquoted FVOCI investments - note 4.9
e) Impairment testing of investment in subsidiaries - note 4.9
f) Impairment of financial assets (other than investments in equity instruments) - note 4.12.4

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

a) Provision for taxation

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

b) Employee benefits

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

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

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

d) Fair value of unquoted FVOCI investments

Fair value of unquoted investments is determined by using valuation techniques. The Company uses its judgment to select an appropriate method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Company has used discounted cash flow analysis for this purpose as fully explained in note 17 to these unconsolidated financial statements.

e) Impairment testing of investment in subsidiaries

At each reporting date, the Company reviews the carrying amounts of the investments in subsidiaries 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 investments is adjusted to the extent of impairment loss.

f) Impairment of financial assets (other than investments in equity instruments)

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3.3 Change in accounting estimate

During the year, as a result of annual assessment of the review of remaining useful lives of the operating fixed assets, management identified that plant and machinery, factory buildings and quarry equipment require an upward revision whereas furniture and fittings and office equipment require a downward revision in their useful lives. Hence, the remaining useful lives of plant and machinery, factory buildings and quarry equipment have increased while useful lives of furniture and fittings and office equipment have decreased. Such change has been accounted for as a change in an accounting estimate in accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’. Had there been no change in the accounting estimate, the profit before tax for the year ended June 30, 2019 would have been lower by Rs 2,000.472 million and carrying value of operating fixed assets as at that date would have been lower by the same amount. Consequently, due to the above change in accounting estimate, future profits before tax would decrease by Rs 2,000.472 million.

4. Significant accounting policies

The significant 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 recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

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

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

4.2 Taxation

Income tax comprises 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 equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of the taxable profit. However, the deferred 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 transaction neither affects accounting nor taxable profit or loss. 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 is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items charged or credited directly to other comprehensive income or equity in which case it is included in the statement of other comprehensive income or changes in equity.

4.3 Employee benefits

4.3.1 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 statement of financial position.

4.3.2 Post employment benefits

(a) Defined benefit plan - Gratuity

The Company operates an approved funded defined benefit gratuity plan for all regular employees having a service period of more than five years for officers and one year 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, 2019 using the "Projected Unit Credit Method".

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

The amount recognized in 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 other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the 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:

Discount rate	14.25% p.a.
Expected increase in eligible salary level	13.25% p.a.
Duration of the plan (years)	8

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

(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 statement of profit or loss as and when incurred.

4.3.3 Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 30 days in case of officers. An officer is entitled to encash the unutilised earned leave accrued during the year. Any further unutilised leaves lapse. 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.

During the current year, the leave policy has been revised whereby the maximum accumulation of compensated leaves limit has been set to 30 days instead of 90. However there is no change of leave policy for officers whose leave balance is already accumulated up to 90 days as of July 01, 2018.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss . The most recent valuation was carried out as at June 30, 2019 using the "Projected Unit Credit Method".

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the 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:

Discount rate	14.25% p.a.
Expected rate of increase in salary level per annum	13.25% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	9

4.4 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.5 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 4.17.

Depreciation on all operating fixed assets is charged to the 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 annual rates mentioned in note 16.1 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 Company's estimate of the residual value and useful life of its operating fixed assets during the year has been adjusted as explained in note 3.3.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized or retired from active use.

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 4.7 to these 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 statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized 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 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation 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.

4.8 Leases

The Company is the lessee:

4.8.1 Operating leases

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

4.9 Investments

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

4.9.1 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 investments 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 investments is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the statement of profit or loss.

The Company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of IFRS 10, 'Consolidated financial statements' and IAS 27, 'Separate financial statements'.

4.10 Stores, spare parts and loose tools

These 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.

4.11 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). It excludes borrowing cost.

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

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

4.12 Financial assets

4.12.1 Classification

From July 1, 2018, 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.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

4.12.2 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.

4.12.3 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 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 profit or loss. Impairment losses are presented as a separate line item in the 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 financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the 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 Company subsequently measures all equity investments except for investments in subsidiaries at fair value. 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 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 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.

4.12.4 Impairment of financial assets other than investment in equity instruments

From July 1, 2018, 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 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 and other receivables and cash 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;
- Loan to related party;
- 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. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

-actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

-actual or expected significant changes in the operating results of the debtor;

-significant increase in credit risk on other financial instruments of the same debtor; and

-significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

when there is a breach of financial covenants by the counterparty; or

information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 365 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, 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.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognizes an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The Company 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 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.

4.13 Accounting policies applied until June 30, 2018

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Financial assets

Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale financial assets

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

d) Held to maturity

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

Recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. For investments having quoted price in active market, the quoted price represents the fair value. In other cases, fair value is measured using appropriate valuation methodology and where fair value cannot be measured reliably, these are carried at cost. Loans and receivables and held to maturity investments are carried at amortized cost using the effective interest rate method.

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

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

The Company assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the statement of profit or loss. Impairment losses recognized in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.

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

4.14 Financial liabilities

All financial liabilities are recognized 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 on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

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

4.17 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, bank overdrafts, running finance under mark-up arrangements and short term loans which form an integral part of the Company's cash management.

4.18 Foreign currency transactions and translation

a) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

b) 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.

4.19 Borrowing costs

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

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

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

4.20 Revenue recognition

Revenue from sale of goods is recognised when the when the Company satisfies a performance obligation by transferring a promised good or service to a customer.

In case of local sales, revenue is recognised at the time of despatch of goods from the factory.

In case of export sales of the Company, 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 recognized on satisfaction of each distinct performance obligation.

4.21 Dividend

Dividend distribution to the Company's members is recognised as a liability in the period in which dividends are approved.

4.22 Contingent liabilities

Contingent liability is disclosed when:

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

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

5. Issued, subscribed and paid up capital

2019	2018			2019	2018
(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 (2018: 137,574,201), 228,500 (2018: 228,500) and 3,358,344 (2018: 3,358,344) ordinary shares of the Company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited and Adamjee Insurance Company Limited respectively.

Nishat Mills Limited is an Investor as per International Accounting Standard ('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 1st July 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.

6. Other reserves

Movement in and composition of reserves is as follows:

		2019	2018
		(Rupees in thousand)	
Capital reserves			
- Share premium	- note 6.1	4,557,163	4,557,163
- Fair value reserve		-	24,779,125
- FVOCI reserve	- note 6.2	18,940,452	-
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		23,851,125	29,689,798
Revenue reserve			
- General reserve		5,071,827	5,071,827
		28,922,952	34,761,625

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 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.

7. Long term finances - secured

		2019	2018
		(Rupees in thousand)	
Long term loans	- note 7.1	21,025,324	20,040,471
Current portion shown under current liabilities	- note 14	(5,040,294)	(2,310,147)
		15,985,030	17,730,324

7.1 Long term loans - secured

Lender	2019	2018	Rete of mark-up per annum	Number of instalments outstanding	Mark-up Payable
	(Rupees in thousand)				
Local currency					
Loan 1 The Bank of Punjab	450,000	500,000	** Base rate + 0.25%	9 equal semi-annual installments ending in December 2023	Half yearly
Loan 2 Habib Bank Limited	450,000	750,000	* Base rate + 0.25%	6 quarterly equal installments ending in December 2020	Quarterly
Loan 3 Habib Bank Limited	2,250,000	2,500,000	* Base rate + 0.20%	9 equal semi-annual installments ending in December 2023	Quarterly
Loan 4 Habib Bank Limited	2,249,824	2,499,804	* Base rate + 0.3%	9 equal semi-annual installments ending in December 2023	Quarterly
Loan 5 Bank Alfalah Limited	2,250,000	2,500,000	** Base rate + 0.25%	9 equal semi-annual installments ending in December 2023	Quarterly
Loan 6 National Bank of Pakistan	2,541,500	2,290,000	* Base rate + 0.25%	17 equal quarterly installments ending in September 2023	Quarterly
Loan 7 Bank Islami Limited	300,000	450,000	* Base rate + 0.2%	6 quarterly equal instalments ending in September 2020	Quarterly in arrears
Loan 8 Standard Chartered Bank (Pakistan) Limited	1,000,000	1,666,667	* Base rate + 0.15%	6 equal quarterly installments ending in December 2020	Quarterly in arrears
Loan 9 National Bank of Pakistan-Islamic	1,000,000	1,000,000	* Base rate + 0.25%	10 equal semi annual payments starting in June 2020	Semi annually in arrears
Loan 10 Allied Bank Limited	5,884,000	5,884,000	* Base rate + 0.2%	14 equal quaterly installments starting in December 2019	Quarterly
Loan 11 Allied Bank Limited	900,000	-	** Base rate + 0.35%	18 equal quarterly installments starting in June 2020	Quarterly
Loan 12 Bank Alfalah Limited	1,750,000	-	* Base rate + 0.35%	14 equal quaterly installments ending in November 2022	Quaterly
	21,025,324	20,040,471			

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

7.2 Security

Loan 1

1st pari pasu charge over present and future fixed assets of the company (plant & machinery) for PKR 667 million with 25% margin.

Loan 2

First pari passu charge over existing and future fixed assets of the company amounting to Rs 4,991 million.

Loan 3

First pari passu hypothecation charge of Rs 3,333.34 million on present and future fixed assets of the company with 25% margin.

Loan 4

First parri passu charge of Rs 4,991 million on fixed assets of the company enhanced to Rs 8,667 million.

Loan 5

First parri passu charge over all present & future fixed assets of the Company amounting to Rs 3,533.33 million with 25% margin.

Loan 6

First parri passu charge over all present & future fixed assets of the Company with 25% margin.

Loan 7

Pari passu charge of Rs 2,666 million over present and future fixed assets (plant and machinery) of the Company.

Loan 8

Ranking charge over fixed assets of the Company amounting to Rs 1,000 million upgraded to joint pari passu charge with in 180 days from the date of disbursement.

Loan 9

First pari passu charge by way of hypothecation on all present and future fixed assets of the Company amounting to Rs 1,200 million with 25% margin.

Loan 10

First pari passu charge by way of hypothecation on all present and future plant and machinery of the Company with 25% margin.

Loan 11

First pari passu charge by way of hypothecation on all present and future plant and machinery of the Company with 25% margin.

Loan 12

First pari passu charge by way of hypothecation on all present and future fixed assets of the Company with 25% margin.

7.3 The reconciliation of the carrying amount is as follows:

		2019	2018
		(Rupees in thousand)	
Opening balance		20,040,471	13,020,000
Disbursements		3,600,000	7,853,805
Repayments during the year		(2,615,147)	(833,334)
	- notes 7.1 & 7.2	21,025,324	20,040,471
Current portion shown under current liabilities	- note 14	(5,040,294)	(2,310,147)
		15,985,030	17,730,324

8. Long term deposits

	2019	2018
Customers	139,863	45,932
Others	102,180	63,794
	242,043	109,726

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 Companies Act, 2017. These deposits have not been carried at amortised cost since the effect of discounting is immaterial in the context of these financial statements.

9. Deferred liabilities

		2019	2018
		(Rupees in thousand)	
Staff gratuity	- note 9.1	298,240	161,815
Accumulating compensated absences	- note 9.2	150,954	116,564
		449,194	278,379

9.1 Staff gratuity

	2019	2018
The amounts recognised in the statement of financial position are as follows:		
Present value of defined benefit obligation	708,876	584,159
Fair value of plan assets	(410,636)	(422,344)
Liability as at June 30	298,240	161,815

9.1.1 Movement in net liability for staff gratuity

	2019	2018
Net liability as at beginning of the year	161,815	88,029
Current service cost	67,473	53,864
Net interest on defined benefit obligation	50,661	37,181
Return on plan assets during the year	(38,007)	(31,369)
	80,127	59,676
Total remeasurements for the year charged to other comprehensive income	98,738	40,178
Contributions made by the Company during the year	(42,440)	(26,068)
Net liability as at end of the year	298,240	161,815

9.1.2 Movement in present value of defined benefit obligation

	2019	2018
	(Rupees in thousand)	
Present value of defined benefit obligation as at beginning of the year	584,159	494,929
Current service cost	67,473	53,864
Interest cost	50,661	37,181
Benefits paid during the year	(42,522)	(30,346)
Remeasurements:		
- Actuarial losses from changes in financial assumptions	5,656	1,176
- Experience adjustments	43,449	27,355
	49,105	28,531
Present value of defined benefit obligation as at end of the year	708,876	584,159

9.1.3 Movement in fair value of plan assets

	2019	2018
Fair value of plan assets as at beginning of the year	422,344	406,900
Interest income on plan assets	38,007	31,369
Contributions during the year	42,440	26,068
Benefits paid during the year	(42,522)	(30,346)
Remeasurements in fair value of plan assets	(49,633)	(11,647)
Fair value of plan assets as at end of the year	410,636	422,344

9.1.4 Plan assets

Plan assets are comprised as follows:

	2019		2018	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and bank balances	8,854	2.16%	520	0.12%
Debt instruments	264,525	64.42%	317,637	75.21%
Special Savings Certificates with accrued interest	77,284	18.82%	-	-
Deposits	59,973	14.60%	104,187	24.67%
	410,636	100.00%	422,344	100.00%

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

	2019	2018
	(Rupees in thousand)	
Current service cost	67,473	53,864
Interest cost	50,661	37,181
Interest income on plan assets	(38,007)	(31,369)
Total expense for the year	80,127	59,676
Expense capitalized during the year	-	(9,610)
Expense charged to statement of profit or loss	80,127	50,066

9.1.6 Total remeasurements charged to other comprehensive income

	2019	2018
	(Rupees in thousand)	
Actuarial losses from changes in financial assumptions	5,656	1,176
Experience adjustments	43,449	27,355
	49,105	28,531
Remeasurements in plan assets, excluding interest income	49,633	11,647
Total remeasurements charged to other comprehensive income	98,738	40,178

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

	2019	2018	2017	2016	2015
			(Rupees in thousand)		
As at June 30					
Present value of defined benefit obligation	708,876	584,159	494,929	404,923	352,380
Fair value of plan assets	(410,636)	(422,344)	(406,900)	(402,961)	(319,035)
Deficit	298,240	161,815	88,029	1,962	33,345
Experience adjustment arising on plan obligation	49,105	28,531	49,572	(862)	15,910
Experience adjustment arising on plan assets	(49,633)	(11,647)	(2,754)	52,237	30,157

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

		2019	2018
Discount rate	Per annum	14.25%	9.00%
Expected rate of increase in salary	Per annum	13.25%	8.00%
Rate of interest income on plan assets	Per annum	14.25%	9.00%
Duration of the plan	Number of years	8	8

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

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
		(Rupees in thousand)		
Present value of defined benefit obligation	659,324	765,714	766,332	657,948

9.1.10 The Company expects to pay Rs 117.392 million in contributions to defined benefit plan during the year ending June 30, 2020.

		2019	2018
		(Rupees in thousand)	

9.2 Accumulating compensated absences

		2019	2018
Opening liability		143,327	122,586
Charged to profit or loss		85,899	48,705
Payments made during the year		(38,055)	(27,964)
		191,171	143,327
Current portion shown under current liabilities	- note 14	(40,217)	(26,763)
Liability as at year end		150,954	116,564

9.2.1 Movement in liability for accumulating compensated absences

	2019	2018
Present value of accumulating compensated absences as at beginning of the year	143,327	122,586
Current service cost	48,693	26,838
Interest cost	9,377	8,417
Benefits paid during the year	(38,055)	(27,964)
Remeasurements:		
- Actuarial (gains)/losses from changes in demographic assumptions	-	-
- Actuarial (gains)/losses from changes in financial assumptions	-	-
- Experience adjustments	27,829	13,450
	27,829	13,450
Present value of accumulating compensated absences as at year end	191,171	143,327

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

	2019	2018
Current service cost	48,693	26,838
Interest cost	9,377	8,417
Remeasurement during the year	27,829	13,450
Total expense for the year	85,899	48,705
Expense capitalized during the year	-	(7,156)
Expense charged to the statement of profit or loss	85,899	41,549

9.2.3

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

	2019	2018	2017	2016	2015
	(Rupees in thousand)				
As at June 30					
Present value of accumulated compensated absences	191,171	143,327	122,586	122,042	116,910
Experience adjustment arising on obligation	27,829	13,450	(4,518)	(2,180)	302

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

		2019	2018
Discount rate	Per annum	14.25%	9.00%
Expected rate of increase in salary	Per annum	13.25%	8.00%
Duration of the plan	Number of years	9	8
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

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

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of obligation	139,018	164,755	164,591	138,968

10. Deferred taxation

		2019	2018
		(Rupees in thousand)	
The liability for deferred taxation comprises taxable/(deductible) temporary differences relating to:			
Deferred tax liability			
Accelerated tax depreciation		9,649,131	3,954,601
Un-realised gain on investments - net		51,164	420,407
Deferred tax asset			
Available tax credits		(2,247,258)	(220,406)
Available tax losses		(3,234,556)	-
Provision for retirement and other benefits		(128,790)	(71,628)
		4,089,691	4,082,974
The gross movement in net deferred tax liability during the year is as follows:			
Opening balance		4,082,974	5,866,359
Credited to other comprehensive income		(361,224)	(374,036)
Charged/(credited) to statement of profit or loss	- note 33	367,941	(1,409,349)
Closing balance		4,089,691	4,082,974

11. Trade and other payables

		2019	2018
Trade creditors	- note 11.1	3,261,220	3,558,517
Infrastructure cess		89,164	89,164
Advances from customers		555,107	457,552
Accrued liabilities		3,556,867	2,644,698
Workers' profit participation fund	- note 11.2	195,599	396,000
Workers' welfare fund	- note 11.3	-	148,359
Withholding tax payable		12,866	9,299
Retention money payable		118,632	166,107
Export commission payable		52,268	69,484
Federal Excise Duty payable		33,936	-
Bank overdraft	- note 11.4	87,470	-
Others		66,745	56,119
		8,029,874	7,595,299

		2019	2018
		(Rupees in thousand)	

11.1 Trade creditors include amounts due to following related parties:

		2019	2018
Nishat Paper Products Company Limited		154,240	239,602
Security General Insurance Company Limited		10,729	7,230
Nishat Mills Limited		-	65
Nishat Dairy (Private) Limited		80,613	80,613
		245,582	327,510

11.2 Workers' profit participation fund

		2019	2018
Opening balance		396,000	603,957
Provision for the year	- note 30	104,781	395,892
		500,781	999,849
Payments made during the year		(305,182)	(603,849)
Closing balance		195,599	396,000

11.3 Workers' welfare fund

		2019	2018
Opening balance		148,359	167,207
Provision for the year	- note 30	-	151,856
		148,359	319,063
Payments made during the year		-	(170,704)
Written-back during the year	- note 31	(148,359)	-
Closing balance		-	148,359

11.4 This represents book overdraft balances due to unpresented cheques in respect of current bank accounts.

12. Accrued markup

		2019	2018
		(Rupees in thousand)	
Accrued mark-up/interest on:			
- Long term loans - secured		416,764	211,924
- Short term borrowings - secured		392,805	135,956
		809,569	347,880

13. Short term borrowings - secured

		2019	2018
Short term running finances - secured	- note 13.1	11,115,650	7,992,976
Import finances - secured	- note 13.2	7,852,920	2,926,691
Export finances - secured	- note 13.3	1,290,000	1,290,000
		20,258,570	12,209,667

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements aggregate Rs 18,300 million (2018: Rs 12,300 million). The rates of mark up are based on KIBOR plus spread and range from 6.45% to 13.07% (2018: 6.01% to 7.92%) or part thereof on the balance outstanding. These are secured by first registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

13.2 Import finances - secured

The Company has obtained import finance facilities aggregating to Rs 11,800 million (2018: Rs 7,800 million) from commercial banks. The rates of mark up based on KIBOR plus spread range from 6.39% to 11.35% (2018: 6.13% to 6.56%) and those based on LIBOR plus spread range from 2.38% to 2.82% (2018: 1.35% to 2.50%). The aggregate import finances are secured by a registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, trade debts, investments and other receivables.

Of the aggregate facility of Rs 13,810 million (2018: Rs 15,940 million) for opening letters of credit and Rs 4,600 million (2018: Rs 3,630 million) for guarantees, the amount utilised as at June 30, 2019 was Rs 2,384 million (2018: Rs 3,515 million) and Rs 2,812 million (2018: Rs 1,398 million) respectively. The aggregate facilities for guarantees are secured by a registered charge on current assets of the Company. Of the facility for guarantees, Rs 14.48 million (2018: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 25.2.

13.3 Export finances - secured

This represents export finance loans obtained from various commercial banks, which carry mark up based on rates notified by State Bank of Pakistan ranging from 2.25% to 7.98% (2018: 2.25% to 2.35%). These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Company.

14. Current portion of non-current liabilities

		2019	2018
		(Rupees in thousand)	
Long term finances	- note 7	5,040,294	2,310,147
Accumulating compensated absences	- note 9.2	40,217	26,763
		5,080,511	2,336,910

15. Contingencies and commitments

15.1 Contingencies

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

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

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

After various appeals at different forums, the honourable Supreme Court 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.

15.1.3 The Competition Commission of Pakistan ('the CCP') took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association ('APCMA') and its member cement manufacturers. The Company filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 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 have been challenged by a large number of petitioners and all have been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution of Pakistan. The Honourable Supreme Court of Pakistan sent the appeals of the petitioners to newly formed Competition Appellate Tribunal ('CAT') to decide the matter. The Company has 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. 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.

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

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

15.1.6 The Company, consequent to the order-in-appeal passed by the learned Customs, Federal Excise and Sales Tax Appellate Tribunal, Lahore, filed a petition before the Lahore High Court 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, chances of favourable outcome of the petition are fair, therefore the payable amount has not been incorporated in these financial statements amounting to Rs 212.239 million.

15.1.7 The banks have issued the following guarantees on Company's behalf in favour of:

- Collector of Customs, Excise and Sales Tax against levy of sales tax, custom duty and excise amounting to Rs 34.772 million (2018: Rs 34.136 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 755.9 million (2018: Rs 605.9 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Nil (2018: Rs 3 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2018: 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 (2018: Rs 427.606 million).

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, D.G. Khan) amounting to Nil (2018: Rs 0.05 million).

- Sindh High Court against levy of sales tax, custom duty and excise amounting to Rs 176.860 million (2018: Rs 176.860 million).

- Export orders amounting to Rs 2.484 million (2018: Rs 2.432 million).

- K-Electric Limited against supply of electricity to Hub plant amounting to Rs 142.4 million (2018: Rs 142.4 million).

- Supreme Court of Pakistan in respect of Katas Raj Temple water shortage case amounting to Rs 600 million (2018: Nil).

15.1.8 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 550 million (2018: Nil).

15.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 1,600.703 million (2018: Rs 224.277 million).

(ii) Letters of credit for capital expenditure Rs 935.353 million (2018: Rs 235.266 million).

(iii) Letters of credit other than capital expenditure Rs 1,423.09 million (2018: Rs 3,091.684 million).

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

	2019	2018
	(Rupees in thousand)	
Not later than one year	163	331
Later than one year and not later than five years	653	1,325
Later than five years	2,257	4,307
	3,073	5,963

16. Property, plant and equipment

Operating fixed assets	- note 16.1	76,928,989	73,434,283
Capital work-in-progress	- note 16.2	3,008,937	2,967,935
Major spare parts and stand-by equipment	- note 16.3	42,308	91,766
		79,980,234	76,493,984

16.1 Operating fixed assets

2019

(Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2018	Additions/ (Deletions)	Cost as at 30 June 2019	Accumulated depreciation and impairment as at July 01, 2018	Depreciation charge/ (deletions) for the year	Impairment charge for the year	Accumulated depreciation and impairment as at June 30, 2019	Book value as at June 30, 2019
Freehold land - note 16.1.2	-	1,754,575	19,990	1,774,565	-	-	-	-	1,774,565
Leasehold land	3.33	63,000	200,000	263,000	22,050	2,656	-	24,706	238,294
Buildings on freehold land									
- Factory building	5	19,966,566	1,412,254	21,378,820	4,633,229	777,250	-	5,410,479	15,968,341
- Office building and housing colony	5	2,705,795	553,029	3,258,824	456,643	115,219	-	571,862	2,686,962
Roads	10	1,454,061	838,514	2,292,575	400,847	112,412	-	513,259	1,779,316
Plant and machinery	3.33 to 60	63,252,173	3,098,894	66,351,067	16,542,114	1,708,193	-	18,250,307	48,100,760
Quarry equipment	10	3,946,993	312,609	4,259,602	1,558,719	219,501	-	1,778,220	2,481,382
Furniture and fittings	30	321,310	115,553	436,863	94,834	85,755	-	180,589	256,274
Office equipment	30	379,634	71,188	450,822	163,362	72,921	-	236,283	214,539
Vehicles	20	671,293	257,635	865,149	272,251	89,952	-	326,466	538,683
			(63,779)			(35,737)			
Aircraft	30	328,752	-	328,752	285,928	12,846	-	298,774	29,978
Power and water supply lines	10	3,397,912	143,149	3,541,061	377,804	303,362	-	681,166	2,859,895
		98,242,064	**7,022,815**	**105,201,100**	**24,807,781**	**3,500,067**	**-**	**28,272,111**	**76,928,989**
			(63,779)			**(35,737)**			

2018

(Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2017	Additions/ (Deletions)	Cost as at 30 June 2018	Accumulated depreciation and impairment as at July 01, 2018	Depreciation charge/ (deletions) for the year	Impairment charge for the year	Accumulated depreciation and impairment as at June 30, 2018	Book value as at June 30, 2018
Freehold land	-	1,579,214	175,361	1,754,575	-	-	-	-	1,754,575
Leasehold land	3.33	63,000	-	63,000	19,950	2,100	-	22,050	40,950
Buildings on freehold land									
- Factory building	10	7,972,967	12,251,170	19,966,566	4,128,733	482,926	106,507	4,633,229	15,333,337
			(257,571)			(84,937)			
- Office building and housing colony	5	1,293,894	1,411,901	2,705,795	403,872	52,771	-	456,643	2,249,152
Roads	10	638,731	827,897	1,454,061	371,091	34,112	-	400,847	1,053,214
			(12,567)			(4,356)			
Plant and machinery	3.33 to 60	36,735,703	26,516,470	63,252,173	13,935,177	1,443,324	1,163,613	16,542,114	46,710,059
Quarry equipment	20	2,070,128	1,876,865	3,946,993	1,447,245	111,474	-	1,558,719	2,388,274
Furniture and fittings	10	199,678	121,632	321,310	78,998	15,836	-	94,834	226,476
Office equipment	10	319,372	60,262	379,634	143,947	19,415	-	163,362	216,272
Vehicles	20	586,944	142,727	671,293	234,019	71,361	-	272,251	399,042
			(58,378)			(33,129)			
Aircraft	30	328,752	-	328,752	267,576	18,352	-	285,928	42,824
Power and water supply lines	10	558,858	2,849,253	3,397,912	328,894	52,578	-	377,804	3,020,108
			(10,199)			(3,668)			
		52,347,241	46,233,538	98,242,064	21,359,502	2,304,249	1,270,120	24,807,781	73,434,283
			(338,715)			(126,090)			

16.1.1 Freehold land and building include book values of Rs 12 million (2018: Rs 12 million) and Rs 4.959 million (2018: Rs 5.22 million) respectively which are held in the name of Chief Executive of the Company. This property is located in the locality of Defence Housing Authority, Lahore, where the bye-laws restrict transfer of title of the residential property in the name of the Company.

16.1.2 Following are the particulars of the Company's immovable fixed assets:

Location	Usage of immovable property	Total Area (in Acres)
Hub, Mauza Chichai, Balochistan	Plant site and staff colony	1466.5
Khairpur district, Chakwal, Punjab	Plant site and staff colony	901.5
Kanrach Nai, District Lasbela, Balochistan	Source of raw material	723.14
Dera Ghazi Khan, Punjab	Plant site and staff colony	590
Lakho Dair, Lahore, Punjab	Processing site	45
Gulberg, Lahore, Punjab	Administrative offices	1.5
Others	Sales offices	0.28

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

		2019	2018
		(Rupees in thousand)	
Cost of sales	- note 27	3,421,965	2,231,103
Administrative expenses	- note 28	69,485	67,561
Selling and distribution expenses	- note 29	8,617	5,585
		3,500,067	2,304,249

16.1.4 Sale of operating fixed assets

Detail of operating fixed assets sold during the year is as follows:

Particulars of assets	Sold to	2019 Cost	 Book value	 Sale proceeds	 Gain / (Loss) on disposal	(Rupees in thousand) Mode of disposal
Vehicles	**Employee**					
	Muhammad Aslam	1,971	999	999	-	As per company policy
	Mushtaq Ahmed	1,786	1,123	1,123	-	-do-
	Muhammad Aslam	1,971	1,200	1,200	-	-do-
	Zakki Nasir	1,846	886	1,750	864	Negotiation
	Outside parties					
	Mr Shafaqat Ali	1,555	530	1,333	803	Auction
	Nisar Ahmed Qureshi	2,483	1,655	1,655	-	-do-
	Abdul Hameed	1,555	562	1,328	766	-do-
	Khurram Imtiaz	1,971	902	2,020	1,118	-do-
	Mehmood Dasti (Ex- Employee)	1,771	1,065	1,065	-	-do-
	Mukhtar Ahmad	1,971	1,002	1,016	14	-do-
	Adnan Qureshi	1,606	605	1,408	803	-do-
	Mr Muhamamd Asim Mumtaz	2,521	1,563	1,563	-	-do-
	Adnan Naseer	1,715	1,116	1,650	534	-do-
	Mohsin Jamshed	2,095	1,492	2,277	785	-do-
	Muhammad Yousuf	1,673	538	1,290	752	-do-
		28,487	15238	21,676	6,439	

2018 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal
Vehicles	**Employees**					
	Khalid Mahmood Chohan (Key management personnel)	2,469	1,309	1,825	516	Negotiation
	Outside parties					
	Muhammad Abbas	1,646	1,081	1,081	-	Auction
	Adnan Naseer	5,202	2,374	3,152	778	-do-
	Adnan Naseer	2,467	1,020	1,558	538	-do-
	Muhammad Saeed	2,467	955	1,877	922	-do-
	Waqqas Pasha	20,082	7,752	7,500	(252)	-do-
	Rafi-Ur-Rehman	1,971	1,203	1,221	18	-do-
	Muhammad Ansar Khan	1,524	528	1,338	810	-do-
	Adnan Naseer	5,202	2,374	3,052	678	-do-
	Khurram Imtiaz	1,758	819	1,436	617	-do-
	Total	**44,788**	**19,415**	**24,040**	**4,625**	

16.2 Capital work-in-progress

2019 (Rupees in thousand)

	Balance as at July 1, 2018	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	Balance as at June 30, 2019
Civil works	226,299	960,808	-	-	27,457	(213,103)	1,001,461
Plant and machinery	756,743	1,678,760	-	-	414,374	(1,125,577)	1,724,300
Advances to suppliers and contractors	8,954	761,075	-	-	(533,587)	-	236,442
Others	-	35,325	11,409	-	-	-	46,734
Expansion Project:							
- Civil works	496,086	1,293,880	-	(263)	262,146	(2,051,849)	-
- Plant and machinery	304,763	211,847	-	-	1,004,700	(1,521,310)	-
- Advances to suppliers and contractors	1,175,090	-	-	-	(1,175,090)	-	-
- Others	-	764,884	-	-	-	(764,884)	-
	1,975,939	2,270,611	-	(263)	91,756	(4,338,043)	-
	2,967,935	5,706,579	11,409	(263)	-	(5,676,723)	3,008,937

2018 (Rupees in thousand)

	Balance as at July 1, 2017	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	Balance as at June 30, 2018
Civil works	282,943	178,295	-	(1,359)	(894)	(232,686)	226,299
Plant and machinery	667,647	827,809	-	-	(403,279)	(335,434)	756,743
Advances to suppliers and contractors	202,416	191,305	-	-	(384,767)	-	8,954
Others	290	53,235	-	-	400	(53,925)	-
Expansion Project:							
- Civil works	7,807,172	1,763,150	-	-	1,130,982	(10,205,218)	496,086
- Plant and machinery	18,086,304	3,901,585	-	-	1,388,505	(23,071,631)	304,763
- Advances to suppliers and contractors	1,370,303	1,534,403	-	-	(1,729,616)	-	1,175,090
- Others	2,948,784	7,684,348	1,052,872	(139,223)	(1,331)	(11,545,450)	-
	30,212,563	14,883,486	1,052,872	(139,223)	788,540	(44,822,299)	1,975,939
	31,365,859	16,134,130	1,052,872	(140,582)	-	(45,444,344)	2,967,935

16.3 Major spare parts and stand-by equipment

	2019	2018
	(Rupees in thousand)	
The reconciliation of carrying amount is as follows:		
Balance at the beginning of the year	91,766	94,139
Additions during the year	441,880	609
	533,646	94,748
Transfers made during the year	(491,338)	(2,982)
Balance at the end of the year	42,308	91,766

16.4 All property, plant and equipment is pledged as security against long term finances as referred to in note 7.

17. Investments

		2019	2018
		(Rupees in thousand)	
These represent the long term investments in:			
- Related parties	- note 17.1	12,146,480	16,095,394
- Others	- note 17.2	130,481	164,170
		12,276,961	16,259,564

17.1 Related Parties

		2019	2018
Subsidiaries - unquoted - at cost:			
Nishat Paper Products Company Limited			
25,595,398 (2018: 25,595,398) fully paid ordinary shares of Rs 10 each			
Equity held: 55% (2018: 55%)	- note 17.1.1	221,874	221,874
Nishat Dairy (Private) Limited			
270,000,000 (2018: 270,000,000) fully paid ordinary shares of Rs 10 each			
Equity held: 55.10% (2018: 55.10%)			
Cost - Rs 2,331.900 million (2018: Rs 2,331.900 million)			
Cumulative impairment loss - Rs 162.789 million (2018: Nil)	- note 17.1.2 & note 17.1.3	2,169,111	2,331,900
	sub-total	2,390,985	2,553,774
FVOCI (2018: Available-for-sale) - quoted:			
Nishat (Chunian) Limited			
7,173,982 (2018: 7,173,982) fully paid ordinary shares of Rs 10 each			
Equity held: 2.99% (2018: 2.99%)			
Cost - Rs 75.565 million (2018: Rs 75.565 million)		251,233	340,621
MCB Bank Limited			
21,305,315 (2018: 21,305,315) fully paid ordinary shares of Rs 10 each			
Equity held: 1.80% (2018: 1.80%)			
Cost - Rs 125.834 million (2018: Rs 125.834 million)		3,716,712	4,213,552

		2019	2018
		(Rupees in thousand)	
Adamjee Insurance Company Limited			
27,877,735 (2018: 27,299,235) fully paid ordinary shares of Rs 10 each			
Equity held: 7.97% (2018: 7.78%)			
Cost - Rs 1,239.698 million (2018: Rs 1,216.777 million)		977,115	1,326,881
Nishat Mills Limited			
30,289,501 (2018: 30,289,501) fully paid ordinary shares of Rs 10 each			
Equity held: 8.61% (2018: 8.61%)			
Cost - Rs 1,326.559 million (2018: Rs 1,326.559 million)		2,827,222	4,268,396
	sub-total	7,772,282	10,149,450
FVOCI (2018: Available-for-sale) - unquoted:			
Nishat Hotels and Properties Limited			
104,166,667 (2018: 100,000,000) fully paid ordinary shares of Rs 10 each			
Equity held: 10.42% (2018: 10.42%)			
Cost - Rs 1,041.667 million (2018: Rs 1,000 million)	- note 17.1.4	1,433,213	3,242,170
Hyundai Nishat Motor (Private) Limited			
55,000,000 (2018: 15,000,000) fully paid ordinary shares of Rs 10 each			
Equity held: 10% (2018: 10%)			
Cost - Rs 550 million (2018: Rs 150 million)	- note 17.1.5	550,000	150,000
	sub-total	1,983,213	3,392,170
		12,146,480	16,095,394

17.1.1 Nishat Paper Products Company Limited is principally engaged in the manufacture and sale of paper products (packaging material). The registered office of the subsidiary is situated at 53-A, Nishat House, Lawrence Road, Lahore and the manufacturing facility is located at Khairpur, District Chakwal on the Company's land.

17.1.2 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.

17.1.3 The Company reviewed the carrying amount of its investment in equity instruments of Nishat Dairy (Private) Limited and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. As a result of carrying out the aforementioned assessment, the recoverable amount of the investment was determined to be lower than its carrying amount by Rs 0.60 per share and the carrying amount was accordingly reduced by Rs 162.789 million which has been recognised as an expense and included in 'Other expenses'.

17.1.4 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 13.76 per ordinary share as at June 30, 2019 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 42.3 to these financial statements. The fair value loss of Rs 1,850.624 million is included in the fair value loss recognised during the year in other 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 14.82%.
- Long term growth rate of 4% for computation of terminal value.
- Annual growth in costs and revenues is linked to inflation at 5.17% 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, 2019 would be Rs 292.461 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, 2019 would be Rs 136.366 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2018 would be Rs 18.630 million lower.

17.1.5 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited (HNMPL) that is in the process of setting up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Hyundai Nishat Motor (Private) Limited is currently classified as a Level 3 financial asset and is measured at fair value on the reporting dates. However, due to volatility in the underlying assumptions relevant to the valuation, there is a wide range of possible fair value measurements and cost is considered to represent the best estimate of fair value within that range.

	2019	2018
	(Rupees in thousand)	
17.2 Others		
FVOCI (2018: Available-for-sale) - quoted:		
Pakistan Petroleum Limited 684,689 (2018: 595,382) fully paid ordinary shares of Rs 10 each Equity held: 0.03% (2018: 0.03%) Cost - Rs 117.405 million (2018: Rs 117.405 million)	98,890	127,948
United Bank Limited - quoted 214,354 (2018: 214,354) fully paid ordinary shares of Rs 10 each Equity held: 0.02% (2018: 0.02%) Cost - Rs 33.646 million (2018: Rs 33.646 million)	31,591	36,222
	130,481	164,170

17.3 Reconciliation of carrying amount

		2019	2018
		(Rupees in thousand)	
Balance as at beginning of the year		16,259,564	18,564,054
Investments made during the year		464,586	290,050
		16,724,150	18,854,104
Impairment loss on equity instruments of subsidiary	- note 17.3.1	(162,789)	-
Fair value loss recognized in other comprehensive income		(4,284,400)	(2,594,540)
Balance as at end of the year		12,276,961	16,259,564

17.3.1 Impairment loss on equity instruments of subsidiary

The Company reviewed the carrying amount of its investment in equity instruments of Nishat Dairy (Private) Limited and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. As a result of carrying out the aforementioned assessment, the recoverable amount of the investment was determined to be lower than its carrying amount by Rs 0.60 per share and the carrying amount was accordingly reduced by Rs 162.789 million which has been recognised as an expense and included in 'Other expenses'.

17.4 3,860,267 (2018: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

18. Long term loans to employees

These represent interest free loans given to employees for house building and purchase of motor vehicles and are recoverable in equal monthly instalments over a period of 24 to 96 months. The loans are secured against the employees' respective retirement benefits and are given as per Company's policy. These loans have not been carried at amortised cost as the effect of discounting is not considered material.

19. Stores, spare parts and loose tools

	2019	2018
	(Rupees in thousand)	
Stores [including in transit: Rs 5.563 million (2018: Rs 84.775 million)]	4,565,609	1,789,863
Spare parts [including in transit Rs 188.185 million (2018: Rs 103.451 million)]	4,628,854	3,310,166
Loose tools	45,801	14,198
	9,240,264	5,114,227

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

20. Stock-in-trade

		2019	2018
		(Rupees in thousand)	
Raw materials	- note 20.1	246,673	277,283
Packing material		236,287	221,256
Work-in-process	- note 20.2	2,802,481	493,431
Finished goods	- note 20.3	428,617	385,626
		3,714,058	1,377,596

20.1 Includes raw meal costing Nil (2018: Rs 62.83 million) carried at its NRV amounting to Nil (2018: Rs 48.98 million). The NRV write down expense of Nil (2018: Rs 13.85 million) has been charged to cost of sales.

20.2 Includes clinker costing Nil (2018: Rs 138.06 million) carried at its NRV amounting to Nil (2018: Rs 5.63 million). The NRV write down expense of Nil (2018: Rs 132.43 million) has been charged to cost of sales.

20.3 Includes cement costing Nil (2018: Rs 69.10 million) carried at its NRV amounting to Nil (2018: Rs 29.75 million). The NRV write down expense of Nil (2018: Rs 39.35 million) has been charged to cost of sales.

21. Trade debts - considered good

		2019	2018
		(Rupees in thousand)	
Secured		1,242,886	181,777
Unsecured - Related parties	- note 21.1	13,657	6,516
		1,256,543	188,293
Loss allowance	- note 21.2	(64,662)	-
		1,191,881	188,293

21.1 Related parties

	2019	2018
Nishat Mills Limited	5,060	5,619
Nishat Linen (Private) Limited	265	-
Nishat Hotels and Properties Limited	2,780	220
Nishat Hospitality (Private) Limited	536	537
Nishat (Chunian) Limited	388	42
Nishat Dairy (Private) Limited	189	98
Nishat Power Limited	152	
Hyundai Nishat Motor (Private) Limited	4,287	
	13,657	6,516

21.1.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs 23.718 million (2018: Rs 6.842 million). Age analysis of the above receivables is disclosed in note 42.1.

21.2 Loss allowance

	2019	2018
	(Rupees in thousand)	
The reconciliation of loss allowance is as follows:		
Balance at the beginning of the year under IAS 39	-	-
Effect of change in accounting policy due to adoption of IFRS 9 - note 2.2.1 (a)	42,319	-
Balance as at beginning of the year under IFRS 9	42,319	-
Impairment loss on financial asset	22,343	-
Balance as at end of the year	64,662	-

22. This represents the following quoted investments in related parties (group companies):

	2019	2018
	(Rupees in thousand)	
FVOCI (2018: Available-for-sale):		
Nishat (Chunian) Limited		
100,620 (2018: 100,620) fully paid ordinary shares of Rs 10 each Equity held: 0.042% (2018: 0.042%) Cost - Rs 0.832 million (2018: Rs 0.832 million)	3,524	4,777
MCB Bank Limited		
80,971,917 (2018: 80,971,917) fully paid ordinary shares of Rs 10 each Equity held: 6.83% (2018: 6.83%) Cost - Rs 478.234 million (2018: Rs 478.234 million)	14,125,551	16,013,817
	14,129,075	16,018,594

22.1 Reconciliation of carrying amount

	2019	2018
Opening balance	16,018,594	17,044,084
Fair value loss recognized in other comprehensive income	(1,889,519)	(1,025,490)
Closing balance	14,129,075	16,018,594

23. Loans, advances, deposits, prepayments and other receivables

		2019	2018
Current portion of loans to employees - considered good		1,290	1,336
Advances - considered good			
- To employees		20,625	10,151
- To suppliers		160,746	1,058,454
		181,371	1,068,605
Prepayments		21,070	14,223
Mark-up receivable from related party	- note 23.1	10,838	5,937
Letters of credit - margins, deposits, opening charges etc.		2,433	7,401
Balances with statutory authorities:			
- Sales tax	- note 23.2	813,511	589,891
- Excise duty		19,551	20,625
- Export rebate		8,176	10,534
		841,238	621,050
Other receivables		6,129	8,623
Compensation receivable	- note 31	-	910,500
		1,064,369	2,637,675

23.1 This represents mark-up receivable from Nishat Hotels and Properties Limited, a related party, on the loan referred to in note 24. The maximum aggregate amount outstanding at the end of any month during the year was Rs 10.931 million (2018: Rs 6.016 million). It is neither past due nor impaired.

23.2 Sales tax recoverable includes amounts which have been recovered by the sales tax department against miscellaneous demands raised by it. The Company has filed appeals against the demands at different forums as referred to in note 15.

24. Loan to related party - considered good

This represents loan amounting to Rs 1,000 million to Nishat Hotels and Properties Limited ('NHPL'), a related party due to common directorship, for meeting its working capital requirements. The loan was disbursed in November 2016. The loan carries mark-up at the rate of 3 months KIBOR + 0.5% per annum, payable on a monthly basis. The entire amount of the loan is repayable on October 27, 2019. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Company. The effective mark-up rate charged during the period was 10.30% per annum which is above the borrowing cost of the Company. In case of default in payment of principal or mark-up, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default. The loan and its terms were reapproved in the Annual General Meeting of the Company held on October 27, 2018 through a special resolution and requirements of the Companies Act, 2017 were complied.

25. Cash and bank balances

		2019	2018
		(Rupees in thousand)	
At banks:			
Savings accounts			
Local currency	- note 25.1 and 25.2	144,927	184,259
Foreign currency: US$ 832,288 (2018: US$ 290,246)		133,209	35,236
Current accounts		210,083	248,306
		488,219	467,801
In hand		699	1,303
		488,918	469,104

25.1 The balances in saving accounts bear mark-up at 8% to 10.50% per annum (2018: 2% to 3% per annum).

25.2 Included in balances at banks on saving accounts are Rs 14.480 million (2018: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.2.

26. Sales

		2019	2018
		(Rupees in thousand)	
Local sales		52,689,419	40,677,915
Export sales	- note 26.1	5,262,964	2,729,855
		57,952,383	43,407,770
Less:			
Sales tax		8,958,822	6,726,341
Excise duty		8,026,605	5,626,078
Commission to stockists and export agents		450,431	386,923
		17,435,858	12,739,342
		40,516,525	30,668,428

26.1 Export sales include rebate on exports amounting to Rs 8.41 million (2018: Rs 13.050 million).

27. Cost of sales

		2019	2018
		(Rupees in thousand)	
Raw and packing materials consumed		3,983,065	2,697,822
Salaries, wages and other benefits	- note 27.1	3,195,280	2,088,352
Electricity and gas		5,213,288	2,523,185
Furnace oil and coal		16,459,166	9,592,467
Stores and spares consumed		3,385,135	1,964,228
Repairs and maintenance		453,410	409,582
Insurance		97,079	54,149
Depreciation on operating fixed assets	- note 16.1.3	3,421,965	2,231,103
Royalty	- note 27.2	748,261	348,903
Excise duty		48,855	33,437
Vehicle running		105,328	33,959
Postage, telephone and telegram		10,515	4,195
Printing and stationery		22,588	11,283
Legal and professional charges		7,697	2,479
Travelling and conveyance		18,895	8,005
Plant cleaning and gardening expenses		35,857	35,077
Rent, rates and taxes		134,777	58,727
Freight charges		81,641	29,387
Water charges		124,438	4,887
Other expenses		93,968	31,247
		37,641,208	22,162,474
Opening work-in-process	- note 20	493,431	522,557
Closing work-in-process	- note 20	(2,802,481)	(493,431)
		(2,309,050)	29,126
Cost of goods manufactured		35,332,158	22,191,600
Opening stock of finished goods	- note 20	385,626	332,278
Closing stock of finished goods	- note 20	(428,617)	(385,626)
		(42,991)	(53,348)
Own consumption		(135,081)	(210,045)
		35,154,086	21,928,207

27.1 Salaries, wages and other benefits include Rs 67.202 million (2018: Rs 49.818 million), Rs 62.238 million (2018: Rs 36.859 million) and Rs 66.694 million (2018: Rs 30.595 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and accumulating compensated absences as detailed below.

27.1.1 Salaries, wages and other benefits

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

	2019	2018
	(Rupees in thousand)	
Gratuity		
Current service cost	52,409	33,270
Interest cost for the year	39,351	22,965
Interest income on plan assets	(29,522)	(19,376)
	62,238	36,859
Accumulating compensated absences		
Current service cost	37,806	16,859
Interest cost for the year	7,281	5,287
Remeasurements	21,607	8,449
	66,694	30,595

27.2 This represents royalty to Governments of Punjab and Balochistan for extraction of raw materials as per relevant laws.

28. Administrative expenses

		2019	2018
		(Rupees in thousand)	
Salaries, wages and other benefits	- note 28.1	341,858	338,539
Electricity, gas and water		24,393	18,293
Repairs and maintenance		4,184	8,838
Insurance		6,035	4,860
Depreciation on operating fixed assets	- note 16.1.3	69,485	67,561
Vehicle running		14,287	12,996
Postage, telephone and telegram		8,578	14,706
Printing and stationery		8,523	7,327
Legal and professional services	- note 28.2	24,287	36,158
Travelling and conveyance		41,050	38,198
Rent, rates and taxes		387	361
Entertainment		4,424	4,576
School expenses		34,589	30,954
Fee and subscription		27,665	24,723
Other expenses		18,772	16,635
		628,517	624,725

28.1 Salaries, wages and other benefits include Rs 10.254 million (2018: Rs 9.764 million), Rs 11.442 million (2018: Rs 8.848 million) and Rs 12.268 million (2018: Rs 7.303 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and accumulating compensated absences as detailed below.

28.1.1 Salaries, wages and other benefits

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

	2019	2018
	(Rupees in thousand)	
Gratuity		
Current service cost	9,635	7,986
Interest cost for the year	7,234	5,513
Interest income on plan assets	(5,427)	(4,651)
	11,442	8,848
Accumulating compensated absences		
Current service cost	6,955	4,024
Interest cost for the year	1,339	1,262
Remeasurements	3,975	2,017
	12,269	7,303

28.2 Legal and professional charges

	2019	2018
	(Rupees in thousand)	
Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:		
Statutory audit	2,928	2,662
Half-yearly review	806	806
Tax services	3,489	10,435
Certifications required under various regulations	405	483
Out of pocket expenses	1,396	929
	9,024	15,315

29. Selling and distribution expenses

		2019	2018
Salaries, wages and other benefits	- note 29.1	187,007	159,695
Electricity, gas and water		2,912	2,494
Repairs and maintenance		737	635
Insurance		656	631
Depreciation on operating fixed assets	- note 16.1.3	8,617	5,585
Vehicle running		5,971	4,830
Postage, telephone and telegram		3,564	2,176
Printing and stationery		2,285	2,078
Rent, rates and taxes	- note 29.2	10,095	2,324
Travelling and conveyance		4,758	3,623
Entertainment		1,814	1,301
Advertisement and sales promotion		58,790	25,485
Freight and handling charges		998,830	686,044
Other expenses		19,659	1,255
		1,305,695	898,156

29.1 Salaries, wages and other benefits include Rs 7.498 million (2018: Rs 6.191 million), Rs 6.45 million (2018: 4.359 million) and Rs 7 million (2018: Rs 3.650 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and accumulating compensated absences as detailed below.

29.2 Includes operating lease rentals of Rs 6.098 million (2018: Rs 2.133 million).

29.1.1 Salaries, wages and other benefits

	2019	2018
	(Rupees in thousand)	
Salaries, wages and other benefits include the following in respect of retirement benefits:		
Gratuity		
Current service cost	5,429	3,934
Interest cost for the year	4,075	2,716
Interest income on plan assets	(3,057)	(2,291)
	6,447	4,359
Accumulating compensated absences		
Current service cost	3,932	2,011
Interest cost for the year	757	631
Remeasurements	2,247	1,008
	6,936	3,650

30. Other expenses

		2019	2018
		(Rupees in thousand)	
Workers' profit participation fund	- note 11.2	104,781	395,892
Donations	- note 30.1	101,254	101,750
Exchange loss		169,316	257,008
Loss on disposal of operating fixed assets		-	178,010
Workers' welfare fund	- note 11.3	-	151,856
Impairment on operating fixed assets		-	1,270,120
Impairment on investment in subsidiary	- note 17.1.3	162,789	-
Others		67	20
		538,207	2,354,656

30.1 Includes donation amounting to Rs 100 million made to the Supreme Court of Pakistan and the Prime Minister of Pakistan Diamer-Bhasha and Mohmand Dams Fund as per direction of the Supreme Court of Pakistan.

31. Other income

		2019	2018
		(Rupees in thousand)	
Income on bank deposits		9,378	11,014
Mark-up on loan to related party	- note 31.1	102,833	67,813
Realized gain on derivative financial instruments		-	12,979
Dividend income from:			
- Related parties	- note 31.2	1,888,394	1,926,045
- Others		3,144	8,740
		1,891,538	1,934,785
Rental income		1,466	1,376
Gain on disposal of operating fixed assets	- note 16.1.5	18,518	-
Scrap sales		233,047	86,863
Compensation from plant supplier		-	910,500
Provisions and unclaimed balances written back	- note 11.3	148,359	-
Others		22,127	1,331
		2,427,266	3,026,661

31.1 This is from Nishat Hotels and Properties Limited, a related party, on the loan as referred to in note 24.

		2019	2018
		(Rupees in thousand)	

31.2 Dividend income from related parties

	2019	2018
Nishat Mills Limited	143,875	151,448
Adamjee Insurance Company Limited	68,073	66,965
MCB Bank Limited	1,636,436	1,636,436
Nishat (Chunian) Limited	40,010	20,004
Nishat Paper Products Company Limited	-	51,192
	1,888,394	1,926,045

32. Finance cost

	2019	2018
Interest and mark-up on:		
- Long term loans - secured	2,014,012	110,769
- Short term borrowings - secured	1,258,370	377,512
Guarantee commission	11,283	4,707
Bank charges	20,437	26,279
	3,304,102	519,267

33. Taxation

		2019	2018
Current:			
- For the year		-	-
- Prior years’		13,141	(58,181)
		13,141	(58,181)
Deferred	- note 10	367,941	(1,409,349)
	- note 33.1	381,082	(1,467,530)

33.1 This includes aggregate investment tax credit amounting to Rs 1,736.615 million which includes Rs 1,566.414 million carried forward from previous year as per the return filed for the tax year 2018, arising primarily on the installation of plant and machinery of the cement production facility during the previous year at Hub entitled under section 65B of the Income Tax Ordinance, 2001. Such investment tax credit was adjusted against the income tax liability for the year which includes minimum tax under section 113 of the Ordinance, tax on exports and dividend income which is full and final discharge of Company's tax liability in respect of income arising from such source. After adjustment against income tax liability for the year, the investment tax credit of Rs 953.142 million could not be adjusted for the year and has been carried forward. Out of Rs 953.142 million, tax credit of Rs 782.941 million will lapse in next year if not adjusted and the remaining Rs 170.201 million can be adjusted in next two years. The carried forward investment tax credit has been recognised as a deferred tax asset.

33.2 A listed company that derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the said tax year through cash, shall be liable to pay tax at the rate of 5% of its accounting profit before tax. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. The Company has distributed cash dividends in excess of 20% of its after tax profits for the tax year 2018.

33.3 Tax charge reconciliation

	2019 %	2018 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	29.00	30.00
Tax effect of:		
- Amounts that are not deductible for tax purposes - net	3.21	0.62
- Change in prior years' tax	(54.69)	(0.71)
- Amounts that are allowable as tax credit	(8.55)	(40.71)
- Super Tax	-	3.80
- Change in tax rate	60.42	(9.98)
- Amounts allocated to Normal Tax Regime for deferred tax	(4.14)	1.91
- Income chargeable under final tax regime	(6.11)	(4.84)
	(9.86)	(49.91)
Average effective tax rate charged to statement of profit or loss	19.14	(19.91)

34. Earnings per share

34.1 Earnings per share - Basic

		2019	2018
Profit for the year	**Rupees**	1,609,759,000	8,837,608,000
Weighted average number of ordinary shares	**Number**	438,119,118	438,119,118
Earnings per share - basic	**Rupees**	3.67	20.17

34.2 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, 2019, and June 30, 2018, which would have any effect on the earnings per share if the option to convert is exercised.

35. Remuneration of Chief Executive, Directors and Executives

35.1 The aggregate amount charged in the 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***	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Short term employee benefits						
Managerial remuneration	23,544	21,384	17,256	15,687	433,338	379,187
Housing	270	270	335	335	145,849	120,063
Utilities	7,496	7,502	206	201	28,940	24,556
Leave passage	-	-	959	1,089	11,450	7,976
Bonus	4,455	4,860	1,307	1,188	93,628	77,474
Medical expenses	589	1,957	463	142	13,360	10,148
Others	15,426	13,986	981	861	112,133	95,838
Post employment benefits						
Contributions to Provident and Gratuity Fund	-	-	3,164	2,876	60,329	43,419
	51,780	49,959	24,671	22,379	899,027	758,661
Number of persons	1	1	1	1	171	142

35.2 The Company also provides the chief executive and certain directors and executives with Company maintained cars, travelling and utilities.

35.3 During the year, the Company paid meeting fee amounting to Rs 750,000 (2018: Rs 870,000) to its non-executive directors. The number of non-executive directors is 5 (2018: 5).

36. Cash generated from operations

	2019	2018
	(Rupees in thousand)	
Profit before tax	1,990,841	7,370,078
Adjustments for:		
- Depreciation on operating fixed assets	3,500,067	2,304,249
- (Gain)/loss on disposal of operating fixed assets	(18,518)	178,010
- Gain on derivative financial instruments	-	(12,979)
- Dividend income	(1,891,538)	(1,934,785)
- Mark-up income	(102,833)	(67,813)
- Provision for retirement benefits	166,026	91,615
- Exchange loss	169,316	257,008
- Impairment loss on operating fixed assets	-	1,270,120
- Impairment loss on investment in subsidiary	162,789	-
- Impairment loss on trade debts	22,343	-
- Compensation from plant supplier	-	(910,500)
- Finance cost	3,304,102	519,267
Profit before working capital changes	5,311,754	1,694,192
Effect on cash flows due to working capital changes:		
- Increase in stores, spares and loose tools	(4,126,037)	(174,807)
- Increase in stock-in-trade	(2,336,462)	(214,682)
- (Increase)/decrease in trade debts	(980,671)	40,859
- Decrease in loans, advances, deposits, prepayments and other receivables	1,578,207	261,153
- Increase in trade and other payables	359,892	2,204,466
	(5,505,071)	2,116,989
	1,797,524	11,181,259

37. Cash and cash equivalents

		2019	2018
Cash and bank balances	- note 25	488,918	469,104
Short term borrowings - secured	- note 13	(20,258,570)	(12,209,667)
		(19,769,652)	(11,740,563)

38. Transactions with related parties

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. Significant related party transactions have been disclosed in respective notes in these unconsolidated financial statements other than the following:

Relationship with the Company	Nature of transactions		2019	2018
			(Rupees in thousand)	
i. Subsidiary companies	Purchase of goods		2,418,437	1,487,093
	Sales of goods and services		26,543	23,008
	Rental income		929	893
ii. Investor	Sale of goods		53,519	81,434
	Dividend paid		496,987	877,036
iii. Other related parties	Sale of goods		135,267	53,663
	Insurance premium		105,615	78,198
	Purchase of services		43,564	36,320
	Insurance claims received		8,944	11,033
	Dividend paid		12,132	22,866
iv. Key management personnel	Remuneration	- note 38.1	255,680	145,053
	Dividend paid		169,750	299,558

38.1 This represents remuneration of the Chief Executive, executive director and certain executives that are included in the remuneration disclosed in note 35 to these financial statements.

38.2 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	1.00%
Hyundai Nishat Motor (Private) Limited	Common directorship	N/A
Lalpir Power Limited	Common directorship	N/A
MCB Bank Limited	Group company	0%
Mian Umer Mansha	Close family member of Chief executive and Director	6%
Nishat (Chunian) Limited	Others	N/A
Nishat Agriculture Farming (Private) Limited	Common directorship	N/A
Nishat Dairy (Private) Limited	Subsidiary	N/A
Nishat Developers (Private) Limited	Common directorship	N/A
Nishat Hospitality (Private) Limited	Subsidiary of Investor	N/A
Nishat Hotels And Properties Limited	Common directorship	N/A
Nishat Linen (Private) Limited	Subsidairy of Investor	N/A
Nishat Mills Limited	Investor	31%
Nishat Paper Products Company Limited	Subsidiary	N/A
Nishat Power Limited	Subsidiary of Investor	N/A
Pakgen Power Limited	Group company	N/A
Pakistan Aviators & Aviation (Private) Limited	Group company	N/A
Security General Insurance Company Limited	Group company	N/A
Mrs. Naz Mansha	Director	0%
Mr. Muhammad Arif Hameed	Director	N/A
Mr. Mahmood Akhtar	Director	N/A
Mr. Shahzad Ahmad Malik	Director	N/A
Mr. Khalid Niaz Khawaja	Director	N/A
Mr. Mian Raza Mansha	Director	3%
Mr. Farid Noor Ali Fazal	Director	N/A

39. Plant capacity and actual production

		Capacity		Actual production	
		2019	2018	2019	2018
Clinker (Metric Tonnes)					
Plant I - D.G. Khan	- note 39.1	810,000	810,000	675,816	899,585
Plant II - D.G. Khan	- note 39.1	1,200,000	1,200,000	1,259,480	1,244,058
Plant III - Khairpur	- note 39.1	2,010,000	2,010,000	1,962,150	2,269,770
Plant IV - Hub	- note 39.1	2,700,000	36,000	2,483,452	-
Cement (Metric Tonnes)					
Plant I - D.G. Khan	- note 39.1	852,632	852,632	253,226	166,566
Plant II - D.G. Khan	- note 39.1	1,263,158	1,263,158	1,655,695	2,124,104
Plant III - Khairpur	- note 39.1	2,115,789	2,115,789	2,128,277	2,551,958
Plant IV - Hub	- note 39.1	2,842,105	37,895	1,576,452	-

39.1 Normal 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 higher clinker exports, planned maintenance shutdown and gap between market demand and supply of cement.

40. Number of employees

	2019	2018
Total number of employees as at June 30	1,802	1,630
Average number of employees during the year	1,716	1,455

41. Provident fund related disclosures

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 except for:

- Investment out of the Provident Fund ('fund') in securities listed on Pakistan Stock Exchange in Pakistan, including shares of companies, bonds, redeemable capital, debt securities, equity securities and listed collective investment schemes registered as notified entity with the Securities and Exchange Commission of Pakistan ('Commission') under Non Banking Finance Companies and Notified Entities Regulations, 2008 exceeded 50% of the size of the fund;

- Total investment at the time of making investment in listed equity securities and equity collective investment schemes, registered as notified entity with the Commission under Non-Banking Finance Companies and Notified Entities Regulations, 2008, exceeded 30% of the size of the fund;

- Investment has been made in certain equity securities of listed companies which have paid average dividend of less than 15% to the shareholders during two out of the preceding three consecutive years and in which the minimum free float is less than 15% or Rs 50 million shares whichever is higher; and

- The Fund has aggregate investment in listed equity securities, other than equity collective investment schemes in excess of Rs 50 million but has not appointed or seeked advice from an investment advisor holding a valid license from the Commission of Pakistan for providing investment advisory services.

However, as per S.R.O. 731(I)/2018 dated June 6, 2018, a transition period of three years from the date of the said S.R.O has been granted to bring all the investments of the fund in conformity with the provisions of the above regulations. The above analysis is based on the unaudited financial statements of the Provident Fund for the year ended June 30, 2019.

42. Financial risk management

42.1 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. The Company uses derivative financial instruments to hedge certain risk exposures.

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, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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

(a) Market risk

(i) Currency risk

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

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

	2019	2018
	(Rupees in thousand)	
Cash and bank balances - USD	832	290
Trade receivables from foreign parties - USD	544	945
Short term borrowings - USD	(5,114)	-
Net asset/(liability) exposure - USD	(3,738)	1,235

At June 30, 2019, if the Rupee had weakened / strengthened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been Rs 84.339 million lower/higher (2018: Rs 15.008 million lower/higher) mainly as a result of foreign exchange gains/losses on translation of USD - denominated financial assets and liabilities.

(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 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 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 Company's pre-tax profit for the year and on 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 pre-tax profit		Impact on other components of equity	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Pakistan Stock Exchange Limited	-	-	1,781,495	2,633,221

As at June 30, 2019, the Company had no investments classified as at fair value through profit or loss.

(iii) 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, 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.

	2019	2018
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	278,136	219,495
Financial liabilities		
Export finances	(1,290,000)	(1,290,000)
Net exposure	(1,011,864)	(1,070,505)
Floating rate instruments:		
Financial assets		
Loan to related party	1,000,000	1,000,000
Financial liabilities		
Long term finances	(21,025,324)	(20,040,471)
Short term borrowings	(21,548,570)	(13,499,667)
	(42,573,894)	(33,540,138)
Net exposure	(41,573,894)	(32,540,138)

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 variable rate instruments

At June 30, 2019, if interest rates on variable rate instruments had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 367.670 million (2018: Rs 269.509 million) lower / higher, mainly as a result of higher / lower interest income/expense on floating rate instruments.

(b) Credit risk

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

Credit risk of the Company arises from deposits with banks and other financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. 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 asssets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019	2018
	(Rupees in thousand)	
Long term loans and deposits	60,970	59,843
Loan to related party	1,000,000	1,000,000
Trade debts	1,191,881	188,293
Loans, advances, deposits and other receivables	18,257	926,396
Balances with banks	488,219	467,801
	2,759,327	2,642,333
The aging analysis of trade debts that are past due and not impaired (other than related parties) is as follows:		
Up to 90 days	1,083,907	109,145
91 to 180 days	90,354	8,685
181 to 365 days	37,617	42,588
Above 365 days	36,066	21,358
	1,247,944	181,776
The aging analysis of trade debts from related parties that are past due and not impaired is as follows:		
Up to 90 days	8,386	5,786
91 to 180 days	212	730
181 to 365 days	-	-
Above 365 days	-	-
	8,598	6,516

(ii) Impairment of financial assets

The Company's trade debts against local and export sales of inventory are subject to the expected credit loss model. While bank balances and debt investments carried at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

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. 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 24 months before June 30, 2019 or 12 months before July 01, 2018 respectively 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 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.

On that basis, the loss allowance as at June 30, 2019 and July 01, 2018 (on adoption of IFRS 9) was determined as follows:

June 30, 2019	**Up to 90 days**	**91 to 180 days**	**181 to 270 days**	**270 to 365 days**	**365 days or more**	**Total**
Local sales						
Expected loss rate	1.524%	6.77%	22.41%	64.70%	100.00%	
Gross carrying amount of trade debts	1,029,488	44,171	14,517	1,053	5,702	1,094,931
Loss allowance	15,691	2,990	3,253	681	5,702	28,317
Export sales						
Expected loss rate	1.12%	19.43%	25.64%	51.06%	100.00%	
Gross carrying amount of trade debts	24,356	28,556	4,969	18	29,242	87,141
Loss allowance	273	5,547	1,274	9	29,241	36,344

July 01, 2018	**Up to 90 days**	**91 to 180 days**	**181 to 270 days**	**270 to 365 days**	**365 days or more**	**Total**
Local sales						
Expected loss rate	2.21%	9.65%	22.52%	55.90%	100.00%	
Gross carrying amount of trade debts	49,805	9,084	5,195	1,862	6,886	72,832
Loss allowance	1,101	877	1,170	1,041	6,885	11,074
Export sales						
Expected loss rate	3.87%	25.28%	32.29%	47.72%	100.00%	
Gross carrying amount of trade debts amount trade debts	64,388	331	17,838	17,692	14,473	114,722
Loss allowance	2,487	83	5,759	8,443	14,473	31,245

(ii) 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 Short term	Rating Long term	Rating Agency	2019	2018
				(Rupees in thousand)	
Askari Bank Limited	A1+	AA+	PACRA	-	6
Bank Alfalah Limited	A1+	AA+	PACRA	321,424	179,224
Bank Islami Pakistan Limited	A1	A+	PACRA	1,146	569
The Bank of Punjab	A1+	AA	PACRA	414	228
The Bank of Khyber	A1	A	PACRA	530	48
Citibank N.A.	P-1	AA3	Moody's	12	1
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	596	3,599
MCB Bank Limited	A1+	AAA	PACRA	133,272	260,475
Meezan Bank Limited	A-1+	AA+	JCR-VIS	13	13
National Bank of Pakistan	A1+	AAA	PACRA	1,144	1,315
Silk Bank Limited	A-2	A-	JCR-VIS	5	5
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	564	439
United Bank Limited	A-1+	AAA	JCR-VIS	14,572	5,814
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	27	27
Faysal Bank Liimited	A1+	AA+	PACRA	5	-
JS Bank Limited	A1+	AA-	PACRA	12	12
				473,736	451,775

(c) Liquidity risk

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

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

Management monitors the forecasts of the Company’s cash and cash equivalents (note 39 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.

At June 30, 2019	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
	(Rupees in thousand)			
Long term finances	21,025,324	5,040,294	9,304,366	6,680,664
Trade and other payables	7,144,896	7,144,896	-	-
Accrued mark-up	809,569	809,569	-	-
Short term borrowings - secured	20,258,570	20,258,570	-	-
	49,238,359	33,253,329	9,304,366	6,680,664

At June 30, 2018	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
	(Rupees in thousand)			
Long term finances	20,040,471	2,310,147	3,978,405	13,751,919
Trade and other payables	6,580,186	6,580,186	-	-
Accrued mark-up	347,880	347,880	-	-
Short term borrowings - secured	12,209,667	12,209,667	-	-
	39,178,204	21,447,880	3,978,405	13,751,919

42.2 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 balance sheet). 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, 2019 and 2018 were as follows:

		2019	2018
		(Rupees in thousand)	
Borrowings - notes 7 and 13		41,283,894	32,250,138
Bank overdraft		87,470	-
Less: Cash and cash equivalents - note 25		488,918	469,104
Net debt		40,882,446	31,781,034
Total equity		70,929,823	77,134,421
Gearing ratio	**Percentage**	37%	29%

In accordance with the terms of agreement 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 except for certain covenants in respect of which the lenders have not raised any objection to the company.

42.3 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, 2019	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Recurring fair value measurements				
Assets				
Investments - FVOCI	22,031,838	-	1,983,213	24,015,051
Total assets	22,031,838	-	1,983,213	24,015,051
Total liabilities	-	-	-	-
As at June 30, 2018				
Recurring fair value measurements				
Assets				
Investments - Available-for-sale	26,332,214	-	3,392,170	29,724,384
	26,332,214	-	3,392,170	29,724,384

Movement in the above mentioned assets has been disclosed in notes 19 and 24 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 years. Since the ordinary shares of Nishat Hotels and Properties Limited are not listed, an investment advisor engaged by the Company has estimated a fair value of Rs 13.76 per ordinary share as at June 30, 2019 through a valuation technique based on its discounted cash flow analysis. Hyundai Nishat Motor (Private) Limited's ordinary shares are also not listed and since its operations have not commenced as of the reporting date, management assesses the fair value of such investment equal to its cost. 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 value for the remaining financial instruments.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

42.4 Financial instruments by categories

	At fair value through profit or loss	At fair value through other comprehensive income	Loans and receivables	Total
	(Rupees in thousand)			
As at June 30, 2019				
Assets as per statement of financial position				
Long term loans and deposits	-	-	60,970	60,970
Trade debts	-	-	1,191,881	1,191,881
Loans, advances, deposits and other receivables	-	-	18,257	18,257
Loan to related party	-	-	1,000,000	1,000,000
Investments	-	24,015,051	-	24,015,051
Cash and bank balances	-	-	488,918	488,918
	-	24,015,051	2,760,026	26,775,077

	At fair value through profit or loss	Available-for-sale	Loans and receivables	Total
	(Rupees in thousand)			
As at June 30, 2018				
Assets as per statement of financial position				
Long term loans and deposits	-	-	59,843	59,843
Trade debts	-	-	188,293	188,293
Loans, advances, deposits and other receivables	-	-	926,396	926,396
Investments	-	29,724,384	1,000,000	30,724,384
Loan to related party	-	-	-	-
Cash and bank balances	-	-	469,104	469,104
	-	29,724,384	2,643,636	32,368,020

Liabilities as per statement of financial position

	2019	2018
	(Rupees in thousand)	
Long term finances - secured	21,025,324	20,040,471
Accrued mark-up	809,569	347,880
Trade and other payables	7,144,896	6,580,186
Short term borrowings - secured	20,258,570	12,209,667
	49,238,359	39,178,204

42.5 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.

43. Date of authorisation for issue

These financial statements were authorised for issue on September 16, 2019 by the Board of Directors of the Company.

44. Event after the reporting date

The Board of Directors have proposed a final dividend for the year ended June 30, 2019 of Rs 1.0 per share, amounting to Rs 438.119 million at their meeting held on September 16, 2019 for approval of the members at the Annual General Meeting to be held on October 28, 2019. These financial statements do not include the effect of the above dividend that will be accounted for in the period in which it is approved.

45. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. However, no significant re-arrangement has been made.

Chief Executive	Chief Financial Officer	Director

CONSOLIDATED 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 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, 2019, 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 a summary of significant accounting policies 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, 2019, 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
1.	**Investment measured at Fair Value** *(Refer note 19.1.1 to the annexed consolidated financial statements)* The Group holds an investment of 10.42% shareholding of Nishat Hotels and Properties Limited ('NHPL') which it carries at a fair value of Rs 1,433.213 million at June 30, 2019. It has recognized a fair value loss of Rs 1,850.624	Our audit procedures included the following: - Obtained the discounted cash flow model ('model') and checked the mathematical accuracy of the computations; - Obtained an understanding of the work performed by the management's expert on the model for the

Sr. No.	Key audit matters	How the matters were addressed in our audit
	million during the year in Other Comprehensive Income on the re-measurement of fair value at June 30, 2019. Due to NHPL being a non-listed company, its share does not have a quoted price in an active market. Therefore, fair value of the share is determined through appropriate valuation methodology based on discounted cash flow method. This involves a number of estimation techniques and management's judgement to obtain reasonable expected future cash flows of NHPL's business and related discount rate. Management involves an expert to perform this valuation on its behalf. Due to the significant level of judgment and estimation required to determine the fair value of the investment, we consider it to be a key audit matter.	purpose of valuation; - Examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; - Considered our own competence and experience to assess the work of management's expert; - Understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; - Evaluated the cash flow forecast by obtaining an understanding of NHPL's business and assessed that these cash flows were reasonable; - Obtained corroborating evidence relating to the value as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecast 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 value of the investment; and - Reviewed the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.
2.	**Change in accounting estimate - revision in useful lives of operating fixed assets** *(Refer note 3.3 to the annexed consolidated financial statements)* During the year, as a result of annual assessment of the review of remaining useful lives of the operating fixed assets, management identified that plant and machinery, factory buildings and quarry equipment of the Cement segment require an upward revision whereas 'furniture and fittings' and office equipment of the same segment require a downward revision in their useful lives. The revision in useful lives	Our audit procedures included the following: - Obtained an understanding of the work performed by the management's experts; - Examined the professional qualification of management's experts and assessed the independence, competence and experience of the management's experts in the field; - Involved auditor's expert to review the work performed by management's experts including the assessment of assumptions used by the

Sr. No.	Key audit matters	How the matters were addressed in our audit
	during the year was necessitated mainly as a result of assessment of the same by the vendors of fourth cement production facility in Hub, Balochistan. This annual assessment by the Group involves a number of estimation techniques and judgement to determine the remaining expected useful lives of such assets. Management involves experts to perform this assessment on its behalf. Due to the change in the estimated useful lives of the abovementioned assets, the profit before tax for the year ended June 30, 2019 has increased by Rs 2,000.472 million and carrying value of operating fixed assets as at that date is higher by the same amount. The above represents a significant event during the year and a high level of judgment and estimation is required to determine the remaining useful lives of the aforementioned operating fixed assets, therefore, we consider it to be a key audit matter.	management's experts and conclusions drawn; - Recalculated the depreciation expense on the basis of the revised useful lives of the specified classes of operating fixed assets; and - Reviewed the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.
3.	**First time adoption of IFRS 9 – Financial Instruments** *(Refer notes 2.2.1(a) and 23.2 to the annexed consolidated financial statements)* IFRS 9 'Financial Instruments' is effective for the Group for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The classification and measurement approach reflects the business model in which the financial assets are managed and the underlying cash flow characteristics. Accordingly, in respect of the investments in equity instruments, the Group at initial recognition has made an irrevocable election to present subsequent changes in fair value in Other Comprehensive Income. Further, in relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to	Our audit procedures included the following: - Considered the management's process to assess the impact of adoption of IFRS 9 on the Group's consolidated financial statements; - Obtained an understanding and evaluated the Group's business model assessment and for a sample of instruments, checked the inputs into solely payments of principal and interest test performed by the Group; - Tested that management had evaluated and classified all financial assets in accordance with IFRS 9, by reconciling the assets and liabilities included in the statement of financial position; - With respect to determination of ECL, reviewed the working of management for expected credit losses and the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Group; - Assessed the integrity and quality of the data used for

Sr. No.	Key audit matters	How the matters were addressed in our audit
	determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflects a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECL in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. The Group has adopted IFRS 9 using the allowed modified retrospective approach and recognized expected credit loss of Rs 43.968 million in total equity as at July 1, 2018 and Rs 22.343 million for the year ended June 30, 2019. We considered this as a key audit matter due to the significant management-determined judgments including the reclassification of financial assets in accordance with the Group's business model and the judgements involved in determination of ECL.	ECL computation based on the accounting records and information system of the Group as well as the related external sources as used for this purpose; - Tested the opening balance adjustment in the consolidated statement of changes in equity for arithmetical accuracy and corroborated a sample of the data inputs; - Checked the mathematical accuracy of the ECL model by performing recalculation on test basis; and - Reviewed and assessed the impact and disclosures made in the consolidated financial statements with regard to the effect of adoption of IFRS 9.

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 Companies Act, 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.

The Board of Directors is 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 judgment 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 Amer Raza Mir.

A.F. Ferguson & Co.
Chartered Accountants
Lahore,
Date: September 27, 2019

Consolidated Statement of Financial Position

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
950,000,000 (2018: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
50,000,000 (2018: 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 (2018: 438,119,118) ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Other reserves	6	28,873,607	34,722,352
Revenue reserve: Un-appropriated profits		37,744,493	37,884,238
Attributable to owners of the parent company		70,999,291	76,987,781
Non-controlling interests	47.2	2,039,554	1,994,849
Total equity		73,038,845	78,982,630
NON-CURRENT LIABILITIES			
Long term finances - secured	7	16,659,474	18,330,324
Long term deposits	8	242,043	109,726
Deferred liabilities	9	449,194	278,379
Deferred taxation	10	4,339,696	4,299,861
		21,690,407	23,018,290
CURRENT LIABILITIES			
Trade and other payables	11	8,490,742	7,787,966
Accrued markup	12	890,864	370,028
Short term borrowings - secured	13	22,851,016	13,614,942
Loans from related parties - unsecured	14	214,000	214,000
Current portion of non-current liabilities	15	5,256,067	2,364,410
Unclaimed dividend		33,438	28,347
Provision for taxation		35,090	35,090
		37,771,217	24,414,783
CONTINGENCIES AND COMMITMENTS	16		
		132,500,469	126,415,703

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Chief Executive

As At June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	83,836,836	80,582,245
Biological assets	18	827,488	636,403
Investments	19	10,029,807	13,859,552
Long term loans to employees	20	237	574
Long term deposits		60,733	60,173
		94,755,101	95,138,947
CURRENT ASSETS			
Stores, spares and loose tools	21	9,439,674	5,272,192
Stock-in-trade	22	5,486,062	2,428,200
Trade debts	23	1,678,379	519,802
Contract assets	24	164,021	-
Investments	25	14,129,099	16,018,629
Loans, advances, deposits, prepayments and other receivables	26	1,583,335	2,824,034
Loan to related party	27	1,000,000	1,000,000
Income tax recoverable		3,481,548	2,714,926
Cash and bank balances	28	783,250	498,973
		37,745,368	31,276,756
		132,500,469	126,415,703

Chief Financial Officer

Director

Consolidated Statement of Profit or Loss

for the Year Ended June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
Sales	29	43,627,007	33,464,856
Cost of sales	30	(37,952,807)	(24,647,758)
Gross profit		5,674,200	8,817,098
Administrative expenses	31	(711,122)	(706,148)
Selling and distribution expenses	32	(1,330,984)	(919,866)
Net impairment losses on financial assets	23.2	(22,343)	-
Changes in fair value of biological assets	18	335,739	242,436
Other expenses	33	(530,452)	(2,545,982)
Other income	34	2,474,759	3,001,978
Finance cost	35	(3,609,744)	(574,569)
Profit before taxation		2,280,053	7,314,947
Taxation	36	(415,170)	1,623,594
Profit for the year		1,864,883	8,938,541
Profit is attributable to:			
Equity holders of the parent company		1,823,373	8,869,995
Non-controlling interests		41,510	68,546
		1,864,883	8,938,541
Earnings per share - basic and diluted in Rupees	37	4.16	20.25

The annexed notes 1 to 50 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, 2019

	2019	2018
	(Rupees in thousand)	
Profit after taxation	1,864,883	8,938,541
Other comprehensive loss for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale investments	-	(3,627,222)
Tax effect of change in fair value of available-for-sale investments	-	367,318
	-	(3,259,904)
Items that will not be subsequently reclassified to profit or loss:		
Change in fair value of investments at fair value through other comprehensive income (OCI)	(6,192,231)	-
Tax effect of change in fair value of investments at fair value through OCI	335,246	-
Remeasurement of retirement benefits	(98,738)	(40,178)
Tax effect of remeasurement of retirement benefits	25,978	6,718
	(5,929,745)	(33,460)
Other comprehensive loss for the year	(5,929,745)	(3,293,364)
Total comprehensive (loss) / income for the year	**(4,064,862)**	**5,645,177**
Total comprehensive (loss)/income is attributable to:		
Equity holders of the parent company	(4,098,132)	5,579,868
Non-controlling interests	33,270	65,309
	(4,064,862)	**5,645,177**

The annexed notes 1 to 50 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, 2019

	Note	Share Capital	Capital Reserve				Revenue Reserve				
			Share premium	Fair value reserve	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated Profits	Total equity attributable to owners of parent company	Non-Controlling Interest	Total equity
		Rupees in thousand									
Balance as on July 1, 2017		4,381,191	4,557,163	27,957,495	-	353,510	5,110,851	32,333,597	74,693,807	1,971,423	**76,665,230**
Total comprehensive income for the year											
- Profit for the year		-	-	-	-	-	-	8,869,995	8,869,995	68,546	**8,938,541**
- Other comprehensive loss for the year:											
- Changes in fair value of available-for-sale investments - net of tax		-	-	(3,256,667)	-	-	-	-	(3,256,667)	(3,237)	**(3,259,904)**
- Remeasurements of retirement benefits - net of tax		-	-	-	-	-	-	(33,460)	(33,460)	-	**(33,460)**
		-	-	(3,256,667)	-	-	-	8,836,535	5,579,868	65,309	**5,645,177**
Transactions with owners in their capacity as owners recognised directly in equity											
Final dividend for the year ended June 30, 2017		-	-	-	-	-	-	(3,285,894)	(3,285,894)	(41,883)	**(3,327,777)**
Balance as on June 30, 2018		4,381,191	4,557,163	24,700,828	-	353,510	5,110,851	37,884,238	76,987,781	1,994,849	**78,982,630**
Effect of changes in accounting policies due to adoption of IFRS 9	2.2.1	-	-	(24,700,828)	24,700,828	-	-	(43,226)	(43,226)	(742)	**(43,968)**
Effect of changes in accounting policies due to adoption of IFRS 15	2.2.1	-	-	-	-	-	-	14,881	14,881	12,177	**27,058**
Restated balance as on July 01, 2018		4,381,191	4,557,163	-	24,700,828	353,510	5,110,851	37,855,893	76,959,436	2,006,284	**78,965,720**
Total comprehensive loss for the year											
- Profit for the year		-	-	-	-	-	-	1,823,373	1,823,373	41,510	**1,864,883**
- Other comprehensive loss for the year:											
- Changes in fair value of FVOCI investments - net of tax		-	-	-	(5,848,745)	-	-	-	(5,848,745)	(8,240)	**(5,856,985)**
- Remeasurements of retirement benefits - net of tax		-	-	-	-	-	-	(72,760)	(72,760)	-	**(72,760)**
		-	-	-	(5,848,745)	-	-	1,750,613	(4,098,132)	33,270	**(4,064,862)**
Transactions with owners in their capacity as owners recognised directly in equity											
Final dividend for the year ended June 30, 2018		-	-	-	-	-	-	(1,862,013)	(1,862,013)	-	**(1,862,013)**
Balance as on June 30, 2019		**4,381,191**	**4,557,163**	**-**	**18,852,083**	**353,510**	**5,110,851**	**37,744,493**	**70,999,291**	**2,039,554**	**73,038,845**

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Chief Executive

Chief Financial Officer

David Bazal
Director

Consolidated Statement of Cash Flows

for the Year Ended June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	38	1,103,851	10,653,716
Finance cost paid		(3,088,908)	(424,385)
Retirement and other benefits paid		(80,495)	(54,032)
Income tax paid		(1,780,733)	(2,169,249)
Income tax refunded		1,000,000	-
Long term loans, advances and deposits - net		132,094	29,286
Net cash (outflow)/inflow from operating activities		(2,714,191)	8,035,336
Cash flows from investing activities			
Payments for property, plant and equipment		(7,072,051)	(18,817,463)
Proceeds from disposal of operating fixed assets		74,132	45,552
Proceeds from sale of biological assets		63,033	72,717
Investment in financial assets - FVOCI (2018: available-for-sale)		(472,968)	(335,204)
Interest income received		97,833	67,870
Dividends received		1,904,330	1,895,635
Net cash outflow from investing activities		(5,405,691)	(17,070,893)
Cash flows from financing activities			
Proceeds from long term finances		3,850,000	8,453,805
Repayment of long term finances		(2,642,647)	(919,584)
Loan from related party		-	45,000
Settlement of derivative financial instrument		-	(35,077)
Dividends paid to:			
- Non-controlling interests		-	(43,758)
- Owners of the parent company		(1,856,922)	(3,279,879)
Net cash (outflow)/inflow from financing activities		(649,569)	4,220,507
Net decrease in cash and cash equivalents		(8,769,451)	(4,815,050)
Cash and cash equivalents at the beginning of the year		(13,115,969)	(8,164,282)
Effect of exchange rate changes on cash and cash equivalents		(182,346)	(136,637)
Cash and cash equivalents at the end of the year	39	(22,067,766)	(13,115,969)

Refer notes 7 and 14 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Chief Executive	Chief Financial Officer	Director

Notes to and Forming Part of the Financial Consolidated Statements
for the Year Ended June 30, 2019

1. Legal status and nature of business

The Group comprises of:

- D. G. Khan Cement Company Limited (the 'parent company');
- Nishat Paper Products Company Limited; and
- Nishat Dairy (Private) Limited.

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 Hub District, Lasbela ('Hub').

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 paper products and packaging material (hereinafter referred to as the 'Paper segment'). Its manufacturing facility is located at Khairpur on the parent company's land.

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.

Nishat Farm Supplies (Private) Limited was a subsidiary of Nishat Dairy (Private) Limited which has been wound up in the current year.

The registered office of all the above companies is situated at 53-A, Nishat House, Lawrence Road, Lahore. The parent company's holding in its subsidiaries is as follows:

	Effective percetage of holding
- Nishat Paper Products Company Limited	55.00%
- Nishat Dairy (Private) Limited	55.10%

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; and

ii) 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, 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, 2018 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) IFRS 9, 'Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the incurred loss impairment model. Accordingly, the Group has changed its accounting policies and followed the requirements of IFRS 9 for:

- classification and measurement of all financial assets; and

- recognition of loss allowance for financial assets other than investments in equity instruments.

In respect of application of IFRS 9, the Group has adopted modified retrospective approach as permitted by this standard, according to which the Group is not required to restate the prior period results. The adoption of IFRS 9 has resulted in an adjustment on the opening balance of un-appropriated profits as shown in the statement of changes in equity. In respect of classification of financial assets, the Group’s management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories, including 'amortised cost', 'fair value through profit and loss' (FVPL) and 'fair value through other comprehensive income' (FVOCI) as follows:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
			(Rupees in thousand)		
Non-current financial assets					
Loans to employees	Loans and receivables	Amortised cost	574	574	-
Deposits	Loans and receivables	Amortised cost	60,173	60,173	-
Investments	Available-for-sale	FVOCI	13,859,552	13,859,552	-

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
			(Rupees in thousand)		
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	519,802	475,160	44,642
Investments	Available-for-sale	FVOCI	16,018,594	16,018,594	-
Loans, deposits and other receivables	Loans and receivables	Amortised cost	931,875	931,875	-
Loan to related party	Loans and receivables	Amortised cost	1,000,000	1,000,000	-
Cash and bank balances	Loans and receivables	Amortised cost	498,973	498,973	-

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profits in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the cement and dairy segment.

As per the requirements of IFRS 15, revenue for made-to-order paper products, produced by the paper segment, is to be recognised over time. Therefore, for these products revenue is recognised sooner under IFRS 15 than under IAS 18. The impact of these changes on items other than revenue are an increase in trade and other receivables, recognition of a new contract asset and a decrease in inventories. The adoption of IFRS 15 at July 01, 2018 has resulted in an increase in unappropriated profits amounting to Rs 14.881 million and increase in non-controling interest ammounting to Rs 12.177 million, as shown in the consolidated statement of changes in equity.

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 IFRS and interpretations that are mandatory for Group's accounting periods beginning on or after July 1, 2019 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:

- IFRS 16, 'Leases': this standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Group is yet to assess the impact of this standard.

-Amendments to IAS 1 and IAS 8 on the definition of material: (effective for periods beginning on or after July 1, 2019). These amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. It is unlikely that these amendments will have any significant impact on the Group's consolidated financial statements.

- Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation and modification of financial liabilities: (effective for periods beginning on or after July 1, 2019). This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. The Group is yet to assess the impact of this standard.

3. Basis of measurement

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

3.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

a) Provision for taxation - note 4.3 and 35
b) Employee benefits - note 4.4 and 9
c) Useful lives and residual values of property, plant and equipment - note 4.6 and 17
d) Fair valuation of biological assets - note 4.7 and 18
e) Fair value of unquoted FVOCI investments - note 4.8
f) Impairment of financial assets (other than investments in equity instruments) - note 4.12.4

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

a) Provision for taxation

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

b) Employee benefits

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

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

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

d) Fair valuation of biological assets

Biological assets are measured at each reporting date, at fair value less costs to sell. Gains and losses that arise on measuring biological assets at fair value less costs to sell are recognized in the consolidated statement of profit or loss in the period in which they arise. Costs to sell include all costs that would be necessary to sell the biological assets, including costs necessary to get the biological assets to market. Management uses estimates for some of the inputs into the determination of fair value. The fair values of biological assets – (Dairy livestock) is determined annually by utilizing the services of an independent expert/valuer. These valuations are mainly based on market and livestock conditions existing at the end of each reporting period.

e) Fair value of unquoted FVOCI investments

Fair value of unquoted investments is determined by using valuation techniques. The Group uses its judgment to select an appropriate method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis for this purpose as fully explained in note 19 to these consolidated financial statements.

f) Impairment of financial assets (other than investments in equity instruments)

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3.3 Change in accounting estimates

During the year, as a result of annual assessment of the review of remaining useful lives of the operating fixed assets of the Cement segment, management identified that plant and machinery, factory buildings and quarry equipment require an upward revision whereas furniture and fittings and office equipment require a downward revision in their useful lives. Hence, the remaining useful lives of plant and machinery, factory buildings and quarry equipment have increased while useful lives of furniture and fittings and office equipment have decreased. Such change has been accounted for as a change in an accounting estimate in accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’. Had there been no change in the accounting estimate, the profit before tax for the year ended June 30, 2019 would have been lower by Rs 2,000.472 million and carrying value of operating fixed assets as at that date would have been lower by the same amount. Consequently, due to the above change in accounting estimate, future profits before tax would decrease by Rs 2,000.472 million.

4. Significant accounting policies

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

4.1 Principles of consolidation

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when 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.

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

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

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred 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 transaction neither affects accounting nor taxable profit or loss. 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 is calculated at the rates that are expected to apply to the period when differences reverse, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the consolidated statement of profit or loss, except in the case of items charged or credited to consolidated statement of comprehensive income or consolidated statement of changes in equity in which case it is included in the consolidated statement of comprehensive income or changes in equity.

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 regular employees having a service period of more than five years for officers and one year for workers Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2019 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 recognized 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 recognized 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:

Discount rate	14.25% p.a.
Expected increase in eligible salary level	13.25% p.a.
Duration of the plan (years)	8

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

(b) Defined contribution plan

The Group operates a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund 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.

Paper segment: at the rate of 10% of the basic salary.

Dairy segment: at the rate of 9.5% of the basic salary.

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.

4.4.4 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 An officer is entitled to encash the unutilised earned leave accrued during the year. Any further unutilised leaves lapse. 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.

During the current year, the leave policy has been revised whereby the maximum accumulation of compensated leaves limit has been set to 30 days instead of 90. However there is no change of leave policy for officers whose leave balance is already accumulated up to 90 days as of July 01, 2018.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss . The most recent valuation was carried out as at June 30, 2019 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:

Discount rate	14.25% p.a.
Expected rate of increase in salary level per annum	13.25% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	8

4.5 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers These are recognised initially at 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, gains and losses transferred from equity on qualifying cash flow hedges and borrowing costs as referred to in note 4.18.

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 Paper 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, 2019 has not required any adjustment except as mentioned in note 3.3.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognised or retired from active use.

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 4.8 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.

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 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. Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The fair value of milk is determined based on market prices in the local area.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock is recognized 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 and transportation charges are capitalised as part of biological assets.

4.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation 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.

4.9 Leases

The Group is the lessee:

4.9.1 Operating leases

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

4.10 Investments

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

4.11 Stores, spares and loose tools

These 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.

4.12 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). It excludes borrowing cost.

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

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

4.13 Financial assets

4.13.1 Classification

From July 1, 2018, 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.

4.13.2 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.

4.13.3 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.

4.13.4 Impairment of financial assets other than investment in equity instruments

From July 1, 2018, 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, 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 deposits and other receivables and cash 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;
- Loan to related party;
- 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. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

-actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

-actual or expected significant changes in the operating results of the debtor;

-significant increase in credit risk on other financial instruments of the same debtor; and

-significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, in case of trade debts, the Group considers that default has occurred when a debt is more than 365 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

significant financial difficulty of the issuer or the borrower;
a breach of contract, such as a default or past due event;

the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
the disappearance of an active market for that financial asset because of financial difficulties.

The Group recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these consolidated financial assets are estimated using a provision matrix approach based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, 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.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

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.

4.14 Accounting policies applied until June 30, 2018

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Financial assets

Classification

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

a) Financial assets at fair value through profit and loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits and other receivables and cash and bank balances in the consolidated statement of financial position.

c) Available-for-sale financial assets

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

d) Held to maturity

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

Recognition and measurement

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. For investments having quoted price in active market, the quoted price represents the fair value. In other cases, fair value is measured using appropriate valuation methodology and where fair value cannot be measured reliably, these are carried at cost. Loans and receivables and held to maturity investments are carried at amortized cost using the effective interest rate method.

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

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

The Group assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the consolidated statement of profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

A provision for impairment on trade debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the consolidated statement of profit or loss. Trade debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit or loss.

4.15 Financial liabilities

All financial liabilities are recognized 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 on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

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

4.16 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.

4.17 Trade debts and other receivables

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.

4.18 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, bank overdrafts, running finance under mark-up arrangements and short term loans which form an integral part of the Group's cash management.

4.19 Foreign currency transactions and translation

a) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

b) 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.

4.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.21 Borrowing costs

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

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

All other borrowing costs are recognised in consolidated statement of profit and loss in the period in which they are incurred.

4.22 Revenue recognition

Revenue from sale of goods is recognised when the when the Group satisfies a performance obligation by transferring a promised good or service to a customer.

In case of local sales, revenue is recognised at the time of despatch of goods from the factory.

In case of export sales of the Cement segment, 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 recognized on satisfaction of each distinct performance obligation.

In case of made-to-order paper products revenue is recognised over time.

4.23 Dividend

Dividend distribution to the Group's members is recognised as a liability in the period in which the dividends are approved.

4.24 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 chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group executive committee.

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.

4.25 Contingent liabilities

Contingent liability is disclosed when:

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

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

4.26 Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The amounts recognised as revenue for a given year do not necessarily coincide with the amounts receivable from the customer. In case where the goods or services transferred to the customer exceeds the agreed amount receivable from customer, the difference is recognized as a contract asset and presented as 'Contract assets' in consolidated statement of financial position.

4.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the BOD of the Parent Company.

5. Issued, subscribed and paid up capital

2019	2018			2019	2018
(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 (2018: 137,574,201), 228,500 (2018: 228,500) and 3,358,344 (2018: 3,358,344) ordinary shares of the Parent company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited, and Adamjee Insurance Company Limited respectively.

Nishat Mills Limited is an Investor as per International Accounting Standard ('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 the Parent company on July 01, 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.

		2019	2018
		(Rupees in thousand)	

6. Other reserves

Movement in and composition of reserves is as follows:

		2019	2018
Capital reserves			
- Share premium	- note 6.1	4,557,163	4,557,163
- Fair value reserve		-	24,700,828
- FVOCI reserve	- note 6.2	18,852,083	-
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		23,762,756	29,611,501
Revenue reserve			
- General reserve		5,110,851	5,110,851
		28,873,607	34,722,352

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 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 have been redeemed during the year ended June 30, 2007.

7. Long term finances - secured

		2019	2018
		(Rupees in thousand)	
Long-term loans	- notes 7.1 & 7.2	21,875,324	20,667,971
Current portion shown under current liabilities	- note 15	(5,215,850)	(2,337,647)
		16,659,474	18,330,324

7.1 Long term loans - secured

Loan	Lender	2019	2018	Rate of mark-up per annum	Number of instalments outstanding	Mark-up payable
		(Rupees in thousand)				
Local						
1	Standard Chartered Bank (Pakistan) Limited	1,000,000	1,666,667	* Base rate + 0.15%	6 equal quarterly installments ending in December 2020	Quarterly
2	BankIslami Pakistan Limited	300,000	450,000	* Base rate + 0.20%	6 quarterly equal instalments ending in September 2020	Quarterly
3	Habib Bank Limited	450,000	750,000	* Base rate + 0.25%	6 quarterly equal instalments ending in December 2020	Quarterly
4	The Bank of Punjab	450,000	500,000	** Base rate + 0.25%	9 equal semi-annual instalments ending in December 2023	Semi-annually
5	Habib Bank Limited	2,250,000	2,500,000	* Base rate + 0.20%	9 equal semi-annual instalments ending in December 2023	Quarterly
6	Habib Bank Limited	2,249,824	2,499,804	* Base rate + 0.30%	9 equal semi-annual instalments ending in December 2023	Quarterly
7	Bank Alfalah Limited	2,250,000	2,500,000	** Base rate + 0.25%	9 equal semi-annual instalments ending in Decmeber 2023	Quarterly
8	National Bank of Pakistan	2,541,500	2,290,000	* Base rate + 0.25%	17 equal quarterly installments ending in September 2023	Quarterly
9	Allied Bank Limited	5,884,000	5,884,000	* Base rate + 0.20%	14 equal installments on quaterly basis starting in December 2019	Quarterly
10	National Bank of Pakistan - Islamic	1,000,000	1,000,000	* Base rate + 0.25%	10 equal semi annual payments starting in June 2020	Semi-annually
11	Allied Bank Limited	900,000	-	** Base rate + 0.35%	18 equal quarterly installments starting in June 2020	Quarterly
12	Bank Alfalah Limited	1,750,000	-	* Base rate + 0.35%	14 equal quarterly installments ending in November 2022	Quarterly
13	Habib Bank Limited	600,000	600,000	** Base rate + 0.30%	10 equal semi-annual instalments ending in February 2024	Semi-annually
14	United Bank Limited	-	27,500	** Base rate + 0.75%	This loan has been completely repaid during the year	Semi-annually
15	The Bank of Punjab	250,000	-	** Base rate +0.2%	9 equal semi-annual instalments ending in October 2023	Semi-annually
		21,875,324	20,667,971			

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

** Base rate: Average ask rate of six-month KIBOR to be reset for each mark-up period

7.2 Security

Loan 1
Ranking charge over fixed assets of the Cement segment amounting to Rs 1,000 million upgraded to joint pari passu charge with in 180 days from the date of disbursement.

Loan 2
Pari passu charge of Rs 2,666 million over present and future fixed assets (plant and machinery) of the Cement segment.

Loan 3
First pari passu charge over existing and future fixed assets of the Cement segment amounting to Rs 4,991 million.

Loan 4
1st pari pasu charge over present and future fixed assets of the Cement segment (plant & machinery) for PKR 667 million with 25% margin.

Loan 5
First pari passu hypothecation charge of Rs 3,333.34 million on present and future fixed assets of the Cement segment with 25% margin.

Loan 6
First parri passu charge of Rs 4,991 million on fixed assets of the Cement segment enhanced to Rs 8,667 million.

Loan 7
First pari passu charge over existing and future fixed assets of the Cement segment amounting to Rs 3,533.333 million with 25% margin.

Loan 8
First parri passu charge over all present & future fixed assets of the cement segment with 25% margin.

Loan 9
First pari passu charge by way of hypothecation on all present and future plant and machinery of the Cement segment with 25% margin.

Loan 10
First pari passu charge by way of hypothecation on all present and future fixed assets of the Cement segment amounting to Rs 1,200 million with 25% margin.

Loan 11
First pari passu charge by way of hypothecation on all present and future plant and machinery of the Cement segment with 25% margin.

Loan 12
First pari passu charge by way of hypothecation on all present and future fixed assets of the Cement segment with 25% margin.

Loan 13
First pari passu hypothecation charge on present and future fixed assets (plant and machinery) of the Paper segment with 25% margin.

Loan 14
This loan has been completely repaid during the year.

Loan 15
First pari passu charge over present and future operating fixed assets (plant and machinery) of the Paper segment.

	2019	2018
	(Rupees in thousand)	

7.3 The reconciliation of the carrying amount is as follows:

	2019	2018
Opening balance	20,667,971	13,133,750
Disbursements	3,850,000	8,453,805
Repayments during the year	(2,642,647)	(919,584)
	21,875,324	20,667,971
Current portion shown under current liabilities	(5,215,850)	(2,337,647)
	16,659,474	18,330,324

8. Long term deposits

	2019	2018
Customers	139,863	45,932
Others	102,180	63,794
	242,043	109,726

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 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.

		2019	2018
		(Rupees in thousand)	

9. Deferred liabilities

		2019	2018
Staff gratuity	- note 9.1	298,240	161,815
Accumulating compensated absences	- note 9.2	150,954	116,564
		449,194	278,379

9.1 Staff gratuity

	2019	2018
The amounts recognised in the consolidated statement of financial position are as follows:		
Present value of defined benefit obligation	708,876	584,159
Fair value of plan assets	(410,636)	(422,344)
Liability as at June 30	298,240	161,815

9.1.1 Movement in net liability for staff gratuity

	2019	2018
Net liability as at beginning of the year	161,815	88,029
Current service cost	67,473	53,864
Net interest on defined benefit obligation	50,661	37,181
Return on plan assets during the year	(38,007)	(31,369)
	80,127	59,676
Total remeasurements for the year charged to consolidated statement of comprehensive income	98,738	40,178
Contributions made by the Group during the year	(42,440)	(26,068)
Liability as at June 30	298,240	161,815

	2019	2018
	(Rupees in thousand)	

9.1.2 Movement in present value of defined benefit obligation

	2019	2018
Present value of defined benefit obligation as at beginning of the year	584,159	494,929
Current service cost	67,473	53,864
Interest cost	50,661	37,181
Benefits paid during the year	(42,522)	(30,346)
Remeasurements:		
- Actuarial losses from changes in financial assumptions	5,656	1,176
- Experience adjustments	43,449	27,355
	49,105	28,531
Present value of defined benefit obligation as at June 30	708,876	584,159

9.1.3 Movement in fair value of plan assets

	2019	2018
Fair value of plan assets as at beginning of the year	422,344	406,900
Interest income on plan assets	38,007	31,369
Contributions during the year	42,440	26,068
Benefits paid during the year	(42,522)	(30,346)
Remeasurements in fair value of plan assets	(49,633)	(11,647)
Fair value of plan assets as at June 30	410,636	422,344

9.1.4 Plan assets

Plan assets are comprised as follows:

	2019		2018	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and bank balances	8,854	2.16%	520	0.12%
Debt instruments	264,525	64.42%	317,638	75.21%
Special Savings Certificates with accrued interest	77,284	18.82%	-	0.00%
Deposits	59,973	14.60%	104,186	24.67%
	410,636	100.00%	422,344	100.00%

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

	2019	2018
	(Rupees in thousand)	
Current service cost	67,473	53,864
Interest cost	50,661	37,181
Interest income on plan assets	(38,007)	(31,369)
Total expense for the year	80,127	59,676
Expense capitalized during the year	-	(9,610)
Expense charged to the consolidated statement of profit or loss	80,127	50,066

9.1.6 Total remeasurements charged to consolidated statement of comprehensive income

	2019	2018
	(Rupees in thousand)	
Actuarial losses from changes in financial assumptions	5,656	1,176
Experience adjustments	43,449	27,355
	49,105	28,531
Remeasurements in plan assets, excluding interest income	49,633	11,647
Total remeasurements charged to consolidated statement of comprehensive income	98,738	40,178

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

	2019	2018	2017	2016	2015
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	708,876	584,159	494,929	404,923	352,380
Fair value of plan assets	(410,636)	(422,344)	(406,900)	(402,961)	(319,035)
Deficit	298,240	161,815	88,029	1,962	33,345

	2019	2018	2017	2016	2015
	(Rupees in thousand)				
Experience adjustment arising on plan obligation	49,105	28,531	49,572	(862)	15,910
Experience adjustment on plan assets	(49,633)	(11,647)	(2,754)	52,237	30,157

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

		2019	2018
Discount rate	Per annum	14.25%	9.00%
Expected rate of increase in salary	Per annum	13.25%	8.00%
Rate of interest income on plan assets	Per annum	14.25%	9.00%
Duration of the plan	Number of years	8	8

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

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of defined benefit obligation	659,324	765,714	766,332	657,948

9.1.10 The Group expects to pay Rs 117.392 million in contributions to defined benefit plan during the year ending June 30, 2020.

9.2 Accumulating compensated absences

		2019	2018
		(Rupees in thousand)	
Opening balance		143,327	122,586
Charged to profit or loss		85,899	48,705
Benefits paid		(38,055)	(27,964)
		191,171	143,327
Payable within one year	- note 15	(40,217)	(26,763)
Closing balance		150,954	116,564

9.2.1 Movement in liability for accumulating compensated absences

	2019	2018
Present value of accumulating compensated absences as at beginning of the year	143,327	122,586
Current service cost	48,693	26,838
Interest cost	9,377	8,417
Benefits paid during the year	(38,055)	(27,964)
Remeasurement:		
- Experience adjustments	27,829	13,450
Present value of accumulating compensated absences as at June 30	191,171	143,327

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

	2019	2018
Current service cost	48,693	26,838
Interest cost	9,377	8,417
Remeasurement during the year	27,829	13,450
Total expense for the year	85,899	48,705
Expense capitalized during the year	-	(7,156)
Expense charged to the consolidated statement of profit or loss	85,899	41,549

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

	2019	2018	2017	2016	2015
	(Rupees in thousand)				
As at June 30					
Present value of accumulating compensated absences	191,171	143,327	122,586	122,042	116,910
Experience adjustment arising on obligation	27,829	13,450	(4,518)	(2,180)	302

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

		2019	2018
Discount rate	Per annum	14.25%	9.00%
Expected rate of increase in salary	Per annum	13.25%	8.00%
Duration of the plan	Number of years	9	8
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

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

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of obligation	139,018	164,755	164,591	138,968

10. Deferred taxation

		2019	2018
		(Rupees in thousand)	
The liability for deferred taxation comprises taxable/(deductible) temporary differences relating to:			
Deferred tax liability			
Accelerated tax depreciation		10,089,118	4,342,819
Un-realised gain on long term investment		51,164	420,407
Gain arising from changes in fair value of biological assets		97,364	-
Deferred tax assets			
Provision for retirement and other benefits		(128,790)	(71,628)
Expected credit losses		(8,212)	-
Available tax credits		(2,296,972)	(391,737)
Available tax losses		(3,459,113)	-
Others		(4,863)	-
		4,339,696	4,299,861
The gross movement in net deferred tax liability during the year is as follows:			
Opening balance		4,299,861	6,245,772
Effect of initial application of IFRS 9 and IFRS 15		12,647	-
Credited to consolidated other comprehensive income		(361,224)	(374,036)
Charged / (credited) to consolidated statement of profit or loss	- note 36	388,439	(1,570,920)
Other adjustments		(27)	(955)
Closing balance		4,339,696	4,299,861

Deferred tax asset on tax losses available for carry forward and those representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 are recognized to the extent that the realisation of related tax benefits through future taxable profits is probable. For the purposes of deferred taxation, the tax losses, relating to the Dairy segment, available for carry forward at June 30, 2019 are estimated at approximately Rs 402.261 million (2018: Rs 625.551 million) and minimum tax, relating to the Dairy segment, available for carry forward under section 113 of the Income Tax Ordinance, 2001 is estimated at Rs 16.852 million (2018: Rs 3.701 million). The Group has not recognised deferred tax asset in respect of the above losses and minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 as sufficient taxable profits would not be available to utilise these in the foreseeable future and would expire as follows:

Accounting year to which tax loss tax relates	Amount of unused tax loss (Rupees in '000)	Accounting year in which tax loss will expire
2014	270,973	2020
2017	18,505	2023
2019	112,784	2025
	402,262	

Accounting year to which minimum tax relates	Amount of minimum tax (Rupees in '000)	Accounting year in which minimum tax will expire
2019	13,151	2024
2018	3,701	2023
	16,852	

11. Trade and other payables

		2019	2018
		(Rupees in thousand)	
Trade creditors	- note 11.1	3,285,085	3,427,750
Bills payable		269,518	178,084
Infrastructure cess		195,650	175,795
Advances from customers		555,107	457,552
Accrued liabilities		3,604,222	2,674,571
Workers' profit participation fund	- note 11.2	205,773	407,637
Workers' welfare fund	- note 11.3	-	159,110
Sales tax payable		148	54
Federal excise duty payable		33,936	-
Payable to provident fund		-	290
Withholding tax payable		12,866	9,299
Retention money payable		120,275	170,382
Export commission payable		52,268	69,484
Bank overdraft	- note 11.4	87,470	-
Others		68,424	57,958
		8,490,742	7,787,966

11.1 Trade creditors includes amount due to the following related parties:

Nishat Agriculture Farming (Private) Limited	21,861	11,161
Nishat Developers (Private) Limited	-	4
Nishat Mills Limited (Investor)	-	65
Security General Insurance Company Limited	10,729	7,780
	32,590	19,010

11.2 Workers' profit participation fund

Opening balance		407,637	631,567
Provision for the year	- note 33	112,078	407,529
		519,715	1,039,096
Payments made during the year		(313,942)	(631,459)
Closing balance		205,773	407,637

		2019	2018
		(Rupees in thousand)	

11.3 Workers' welfare fund

		2019	2018
Opening balance		159,110	187,893
Provision for the year	- note 33	-	151,856
		159,110	339,749
Payments made during the year		(10,751)	(180,639)
Written back during the year		(148,359)	-
Closing balance		-	159,110

11.4 This represents book overdraft balances due to unpresented cheques in respect of current bank accounts.

12. Accrued markup

	2019	2018
Accrued mark-up on:		
- Long term loans - secured	453,324	222,478
- Short term borrowings - secured	437,540	147,550
	890,864	370,028

13. Short term borrowings - secured

		2019	2018
Short term running finances - secured	- note 13.1	13,636,227	8,986,271
Import finances - secured	- note 13.2	7,924,789	3,338,671
Export finances - secured	- note 13.3	1,290,000	1,290,000
		22,851,016	13,614,942

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 23,075 million (2018: Rs 14,425 million). The rates of mark up are based on KIBOR plus spread and range from 6.45% to 13.6% (2018: 6.02% to 7.98%) per annum or part thereof on the balance outstanding. These are secured by first registered charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments, receivables.

13.2 Import finances - secured

The Group has obtained import finance facilities aggregating to Rs 14,670 million (2018: Rs 9,950 million) from commercial banks. The rates of mark up based on KIBOR plus spread range from 6.39% to 12.37% (2018: 6.13% to 6.56%) per annum and those based on LIBOR plus spread range from 2.38% to 2.82% (2018:1.35% to 2.50%) per annum. The aggregate import finances are secured by a registered charge on all present and future current assets of the Cement segment and Paper segment, wherever situated, including stores and spares, stock in trade, book debts, investments and receivables.

Of the aggregate facility of Rs 13,810 million (2018: Rs 15,940 million) for opening letters of credit and Rs 4,600 million (2018: Rs 3,630 million) for guarantees of the Group other than the Paper segment,the amount utilised as at June 30, 2019 was Rs 2,384 million (2018: Rs 3,515 million) and Rs 2,812 million (2018: Rs 1,398 million) respectively. The aggregate facilities for guarantees are secured by a registered charge on current assets of the Group. Of the facility for guarantees, Rs 14.48 million (2018: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 29.2.

With respect to the Paper segment, of the aggregate facility of Rs 3,020 million (2018: Rs 2,680 million) for opening letters of credit , the amount utilised as at June 30, 2019 was Rs 14 million (2018: Rs 686 million).

13.3 Export finances - secured

This represents export finance loans obtained from various commercial banks, which carry mark up based on rates notified by the State Bank of Pakistan ranging from 2.25% to 7.98% (2018: 2.25% to 2.35%). These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Cement Segment.

14. Loans from related parties - unsecured

	2019	2018
	(Rupees in thousand)	
Opening balance	214,000	169,000
Receipts during the year	-	45,000
Closing balance	214,000	214,000

This represents unsecured and interest free loans provided by the three directors (including Chief Executive) of Nishat Dairy (Private) Limited. The loan amount is repayable within one year from the execution date which is mutually agreed between both parties. The un-availed facility of loan as at June 30, 2019 is Nil (2018: Nil).

15. Current portion of non-current liabilities

		2019	2018
		(Rupees in thousand)	
Long term finances	- note 7	5,215,850	2,337,647
Accumulating compensated absences	- note 9.2	40,217	26,763
		5,256,067	2,364,410

16. Contingencies and commitments

16.1 Contingencies

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

16.1.2 During the period 1994 to 1996, the Group 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 Group by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Group appealed before the Lahore High Court, Multan Bench, which allowed the Group 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 Group 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 Group. The custom authorities re-determined the liability of the Group upon which the Group preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Group, upon which the Group 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 consolidated financial statements as according to the management of the Group, there are meritorious grounds that the ultimate decision would be in its favour.

16.1.3 The Competition Commission of Pakistan ('the CCP') took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement Manufacturers Association ('APCMA') and its member cement manufacturers. The Group 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 Group. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Group for the time being.

The vires of the Competition Commission of Pakistan have been challenged by a large number of petitioners and all have been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution of Pakistan. The Honourable Supreme Court of Pakistan sent the appeals of the petitioners to newly formed Competition Appellate Tribunal ('CAT') to decide the matter. the Group has 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. No provision for this amount has been made in the consolidated financial statements as according to the management of the Group, there are meritorious grounds that the ultimate decision would be in its favour.

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

16.1.5 The Group, consequent to the order passed by the honourable Supreme Court of Pakistan against the decision of the Sindh High Court in the matter of infrastructure cess, filed a petition before the Sindh High Court, challenging the levy of seventh version of the law enforcing infrastructure cess. Earlier, the Sindh High Court, in August 2008, ruled out that only levies computed against consignments made on or after December 28, 2006 shall be payable by the petitioneRs Although the parties have reached an interim arrangement, through an order of Sindh High Court dated May 31, 2011, for release of 50% of the guarantees, the final order from Sindh High Court is still pending.

According to the legal counsel of the Group, chances of favourable outcome of the appeal are fair, therefore 50% of the amount of infrastructure cess payable has not been incorporated in these consolidated financial statements amounting to Rs 89.164 million.

16.1.6 The Group, 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 Group, chances of favourable outcome of the petition are fair, therefore the payable amount has not been incorporated in these consolidated financial statements amounting to Rs 212.239 million.

16.1.7 The Group filed an appeal before the Commissioner Inland Revenue (CIR) (Appeals), against the amended assessment order dated June 29, 2014 passed by the Additional Commissioner Inland Revenue u/s 122(9)/122(5A) of the Income Tax Ordinance, 2001 for the tax year 2008. Through this order an income tax demand of Rs 184.61 million was created against The Group. Objection was raised on various issues like difference in raw material purchases in income tax and sales tax records, unexplained/unsubstantiated tax deductions claimed, difference in federal excise duty and sales tax liability as per income tax and sales tax returns, brought forward losses not allowed, etc. The assessment order was decided in favor of The Group by the CIR (Appeals) against which the department has filed appeal before the Appellate Tribunal Inland Revenue which is pending adjudication. The management, based on the advice of its legal counsel, is confident that the matter will be decided in its favor and no financial obligation is expected to accrue. Consequently, no provision has been made in these consolidated financial statements.

16.1.8 The Group filed an appeal before the Commissioner Inland Revenue (CIR) (Appeals), against the amended assessment order dated December 31, 2014 passed by the Deputy Commissioner Inland Revenue (DCIR) u/s 122(9)/122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The DCIR through the order made additions under section 21 mainly on account of non-deduction of tax on interest and freight payments thereby reducing the declared loss of tax year 2011 by Rs 56.19 million. Further the amount of refund was reduced by Rs 2.05 million through levy of Workers Welfare Fund. The CIR (Appeals) upheld the additions of Rs 55.63 million as valid against which The Group has filed before Appellate Tribunal Inland Revenue which is pending adjudication. The management, based on the advice of its legal counsel, is confident that the matter will be decided in its favor and no financial obligation is expected to accrue. Consequently, no provision been made in these consolidated financial statements.

The Group filed an appeal before the Commissioner Inland Revenue (CIR) (Appeals), against the amended assessment order dated January 31, 2018 passed by the Deputy Commissioner Inland Revenue (DCIR) u/s 122(1)/122(5) of the Income Tax Ordinance, 2001 for the tax year 2014. The DCIR through the order made additions under section 21 and 111 mainly on account of non-deduction of tax at source, difference in stock value in income tax and sales tax returns and unreconciled receipt from customers thereby reducing the declared loss of tax year 2014 and creating impugned demand of Rs 7.55 million. The appeal is pending for adjudication with the CIR (Appeals). The management, based on the advice of its legal counsel, is confident that the matter will be decided in its favor and no financial obligation is expected to accrue. Consequently, no provision been made in these consolidated financial statements.

16.1.9 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 34.772 million (2018: Rs 34.136 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 755.9 million (2018: Rs 605.9 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Nil (2018: Rs 3 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2018: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use at cement segment plants at Khairpur and at D.G. Khan respectively amounting to Rs 544.414 million (2018: Rs 427.606 million) and against connection of gas supply for Sukheki Farm of Dairy Segment ammounting to 26.6 million (2018: Rs. 26.6 million)

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, D.G. Khan) amounting to Nil (2018: Rs 0.05 million).

- Sindh High Court against levy of sales tax, custom duty and excise amounting to Rs 176.860 million (2018: Rs 176.860 million).

- Export orders amounting to Rs 2.484 million (2018: Rs 2.432 million).

- K-Electric Limited against supply of electricity to Hub plant of cement segment amounting to Rs 142.4 million (2018: Rs 142.4 million).

- Supreme Court of Pakistan in respect of Katas Raj Temple water shortage case amounting to Rs 600 million (2018: Nil).

- Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess amounting to Rs 16 million (2018: Rs 16 million);

- Metro Habib Cash and Carry against purchase of goods and supplies on credit amounting to Rs 2 million (2018: Rs 2 million);

- Directorate General of Customs Valuation, Custom House Karachi on account of valuation ruling amounting to Rs 25.19 million (2018: Rs 25.19 million); and

- Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs 91.33 million (2018: Rs 66.91 million).

16.1.10 The Group 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 550 million (2018: Nil).

16.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 1,600.703 million (2018: Rs 224.277 million).

(ii) Letters of credit for capital expenditure Rs 935.353 million (2018: Rs 235.266 million).

(iii) Letters of credit other than capital expenditure Rs 1,436.660 million (2018: Rs 3,685.854 million).

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

	2019	2018
	(Rupees in thousand)	
Not later than one year	163	331
Later than one year and not later than five years	653	1,325
Later than five years	2,257	4,307
	3,073	5,963

17. Property, plant and equipment

		2019	2018
Operating fixed assets	- note 17.1	80,783,631	77,509,420
Capital work-in-progress	- note 17.2	3,010,897	2,981,059
Major spare parts and stand-by equipment	- note 17.3	42,308	91,766
		83,836,836	80,582,245

17.1 Operating fixed assets

2019

(Rupees in thousand)

		Annual rate of depreciation %	Cost as at July 01, 2018	Additions/ (Deletions)	Cost as at 30 June 2019	Accumulated depreciation as at July 01, 2018	Depreciation charge/ (deletions) for the year	Impairment charge for the year	Accumulated depreciation as at June 30, 2019	Book value as at June 30, 2019
Freehold land	- note 18.1.2	-	2,125,019	53,929	2,178,948	-	-	-	-	**2,178,948**
Leasehold land		3.33	63,000	200,000	263,000	22,050	2,656	-	24,706	**238,294**
Buildings on freehold land										
- Factory building		5	21,922,016	1,423,308	23,345,324	5,140,505	901,438	-	6,041,943	**17,303,381**
- Office building and housing colony		5	2,724,061	553,029	3,277,090	586,955	115,240	-	702,195	**2,574,895**
Roads		10	1,470,283	838,514	2,308,797	408,603	113,259	-	521,862	**1,786,935**
Plant and machinery	- note 17.1.4	3.33 to 60	65,955,749	3,103,488	69,029,015	17,114,675	1,824,009	-	18,925,653	**50,103,362**
				(30,222)			(13,031)			
Factory and quarry equipment		10	68,369	3,349	71,718	27,755	15,438	-	43,193	**28,525**
Quarry equipment		10	3,946,993	312,609	4,259,602	1,558,719	219,501	-	1,778,220	**2,481,382**
Furniture, fixture and office equipment		10 to 30	743,808	189,365	932,999	277,974	162,278	-	440,152	**492,847**
				(174)			(100)			
Vehicles		20	762,505	270,932	966,966	311,095	100,978	-	374,341	**592,605**
				(66,491)			(37,732)			
Aircraft		30	328,752	-	328,752	285,877	12,846	-	298,723	**30,029**
Power and water supply lines		10	3,552,177	143,149	3,695,326	419,104	303,794	-	722,898	**2,972,428**
			103,662,732	**7,091,672**	**110,657,517**	**26,153,312**	**3,771,437**	**-**	**29,873,886**	**80,783,631**
				(96,887)			**(50,863)**			

2018

(Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2017	Additions/ (Deletions)	Cost as at 30 June 2018	Accumulated depreciation as at July 01, 2017	Depreciation charge/ (deletions) for the year	Impairment charge for the year	Accumulated depreciation as at June 30, 2018	Book value as at June 30, 2018
Freehold land	-	1,922,356	202,663	2,125,019	-	-	-	-	2,125,019
Leasehold land	3.33	63,000	-	63,000	19,950	2,100	-	22,050	40,950
Buildings on freehold land									
- Factory building	5 to 10	9,926,860	12,252,727	21,922,016	4,629,409	489,526	106,507	5,140,505	16,781,511
			(257,571)			(84,937)			
- Office building and housing colony	5	1,294,498	1,429,563	2,724,061	404,040	182,915	-	586,955	2,137,106
Roads	10	654,953	827,897	1,470,283	377,906	35,053	-	408,603	1,061,680
			(12,567)			(4,356)			
Plant and machinery	3.33 to 60	38,522,973	27,447,033	65,955,749	14,416,705	1,539,648	1,163,613	17,114,675	48,841,074
			(14,257)			(5,291)			
Factory equipment	10	58,260	10,109	68,369	11,943	15,812	-	27,755	40,614
Quarry equipment	20	2,070,128	1,876,865	3,946,993	1,447,245	111,474	-	1,558,719	2,388,274
Furniture, fixture and office equipment	10 to 30	559,091	184,858	743,808	238,714	39,318	-	277,974	465,834
			(141)			(58)			
Vehicles	20	668,837	153,892	762,505	263,076	81,899	-	311,095	451,410
			(60,224)			(33,880)			
Aircraft	30	328,752	-	328,752	267,525	18,352	-	285,877	42,875
Power and water supply lines	10	713,126	2,849,250	3,552,177	369,762	53,010	-	419,104	3,133,073
			(10,199)			(3,668)			
		56,782,834	47,234,857	103,662,732	22,446,275	2,569,107	1,270,120	26,153,312	77,509,420
			(354,959)			(132,190)			

17.1.1 Freehold land and building includes book values of Rs 12 million (2018: Rs 12 million) and Rs 4.907 million (2018: Rs 5.220 million) respectively which are held in the name of Chief Executive. 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 a Company.

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)**
Hub, Mauza Chichai, Balochistan	Plant site and staff colony	1466.5
Khairpur district, Chakwal, Punjab	Plant site and staff colony	901.5
Kanrach Nai, District Lasbela, Balochistan	Source of raw material	723.14
Dera Ghazi Khan, Punjab	Plant site and staff colony	590
Lakho Dair, Lahore, Punjab	Processing site	45
Gulberg, Lahore, Punjab	Administrative offices	1.5
Others	Sales offices	0.28

There are no immoveable fixed assets of the dairy segment.

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

		2019	2018
		(Rupees in thousand)	
Cost of sales	- note 29	3,688,264	2,490,437
Administrative expenses	- note 30	74,556	73,085
Selling and distribution expenses	- note 31	8,617	5,585
		3,771,437	2,569,107

17.1.4 Book values of operating fixed assets consist of the following with respect to operating segments:

	Cement segment		Paper segment		Dairy segment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)							
Plant and machinery	48,093,269	46,710,059	1,359,82	1,410,078	488,740	556,822	49,941,830	48,676,959
All other assets	28,835,719	26,724,223	331,319	346,214	1,674,763	1,762,024	30,841,801	28,832,461
Total	76,928,988	73,434,282	1,691,139	1,756,292	2,163,503	2,318,846	80,783,631	77,509,420

17.1.5 Disposal of operating fixed assets

Detail of operating fixed assets disposed off during the year is as follows:

		2019				(Rupees in thousand)
Particulars of assets	**Sold to**	**Cost**	**Book value**	**Sales proceeds**	**Gain / (Loss) on disposal**	**Mode of disposal**
Plant and machinery	**Outside parties**					
	Virk International	11,932	7,361	3,700	(3,661)	Negotiation
	Nishat Mills Limited	18,290	9,831	21,349	11,517	-do-
Vehicles	**Employee**					
	Muhammad Aslam	1,971	999	999	-	As per company policy
	Mushtaq Ahmed	1,786	1,123	1,123	-	-do-
	Muhammad Aslam	1,971	1,200	1,200	-	-do-
	Zakki Nasir	1,846	886	1,750	864	Negotiation
	Outside parties					
	Shafaqat Ali	1,555	530	1,333	803	Auction
	Nisar Ahmed Qureshi	2,483	1,655	1,655	-	-do-
	Abdul Hameed	1,555	562	1,328	766	-do-
	Khurram Imtiaz	1,971	902	2,020	1,118	-do-
	Mehmood Dasti (ex- employee)	1,771	1,065	1,065	-	-do-
	Mukhtar Ahmad	1,971	1,002	1,016	14	-do-
	Adnan Qureshi	1,606	605	1,408	803	-do-
	Muhamamd Asim Mumtaz	2,521	1,563	1,563	-	-do-
	Adnan Naseer	1,715	1,116	1,650	534	-do-
	Mohsin Jamshed	2,095	1,492	2,277	785	-do-
	Muhammad Yousuf	1,673	538	1,290	752	-do-
		28,487	16,238	21,676	14,295	

(Rupees in thousand)

Particulars of assets	Sold to	2018 Cost	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant and machinery	Nishat Mills Limited	14,257	8,966	9,000	34	Negotiation
Vehicles	**Employee**					
	Khalid Chohan (Key management personnel)	2,469	1,309	1,825	516	Negotiation
	Outside parties					
	Muhammad Naeem	1,846	1,094	1,838	744	Auction
	Muhammad Abbas	1,646	1,081	1,081	-	-do-
	Adnan Naseer	5,202	2,374	3,152	778	-do-
	Adnan Naseer	2,467	1,020	1,558	538	-do-
	Muhammad Saeed	2,467	955	1,877	922	-do-
	Waqqas Pasha	20,082	7,752	7,500	(252)	-do-
	Rafi-Ur-Rehman	1,971	1,203	1,221	18	-do-
	Muhammad Ansar Khan	1,524	528	1,338	810	-do-
	Adnan Naseer	5,202	2,374	3,052	678	-do-
	Khurram Imtiaz	1,758	819	1,437	618	-do-
		60,891	29,475	34,879	5,404	

17.2 Capital work-in-progress

2019

(Rupees in thousand)

	Balance as at July 1, 2018	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 - note 16.2.1	Balance as at June 30, 2019
Civil works	224,683	974,048	-	-	27,457	(228,349)	997,839
Plant and machinery	761,287	1,678,760	-	-	414,374	(1,126,124)	1,728,297
Advances to suppliers and contractors	17,565	761,075	-	-	(533,587)	(8,611)	236,442
Others	1,585	35,325	11,409	-	-	-	48,319
Expansion Project:							
- Civil works	496,086	1,293,880	-	(263)	262,146	(2,051,849)	-
- Plant and machinery	304,763	211,847	-	-	1,004,700	(1,521,310)	-
- Advances to suppliers and contractors	1,175,090	-	-	-	(1,175,090)	-	-
- Others	-	764,884	-	-	-	(764,884)	-
	1,975,939	2,270,611	-	(263)	91,756	(4,338,043)	-
	2,981,059	5,719,819	11,409	(263)	-	(5,701,127)	3,010,897

2018

(Rupees in thousand)

	Balance as at July 1, 2017	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	Balance as at June 30, 2018
Civil works	288,412	190,916	-	(1,635)	(894)	(252,116)	224,683
Plant and machinery	671,644	844,644	-	(69)	(403,279)	(351,653)	761,287
Advances to suppliers and contractors	204,820	204,414	-	(991)	(384,767)	(5,911)	17,565
Others	1,875	53,235	-	-	400	(53,925)	1,585
Expansion Project:							
- Civil works	7,807,172	1,763,150	-	-	1,130,982	(10,205,218)	496,086
- Plant and machinery	18,086,304	3,901,585	-	-	1,388,505	(23,071,631)	304,763
- Advances to suppliers and contractors	1,370,303	1,534,403	-	-	(1,729,616)	-	1,175,090
- Others	2,948,784	7,684,348	1,052,872	(139,223)	(1,331)	(11,545,450)	-
	30,212,563	14,883,486	1,052,872	(139,223)	788,540	(44,822,299)	1,975,939
	31,379,314	16,176,695	1,052,872	(141,918)	-	(45,485,904)	2,981,059

17.3 Major spare parts and stand-by equipment

	2019	2018
	(Rupees in thousand)	
The reconciliation of carrying amount is as follows:		
Balance at the beginning of the year	91,766	94,139
Additions during the year	441,880	609
	533,646	94,748
Transfers made during the year	(491,338)	(2,982)
Balance at the end of the year	42,308	91,766

17.4 All property, plant and equipment of cement and paper segment is pledged as security against long term finances as referred to in note 7.

18. This represents dairy livestock. It consists of the following:

		2019	2018
- Mature		628,302	512,187
- Immature		198,687	122,832
- Bulls		499	1,384
	- note 18.1	827,488	636,403

18.1 Reconciliation of carrying amounts of dairy livestock

		2019	2018
Opening balance		636,403	591,579
Fair value gain due to new births		77,658	58,873
Changes in fair value (due to price change and biological transformation)	- note 18.4	258,081	183,563
		335,739	242,436
Decrease due to deaths/ livestock losses		(21,099)	(67,601)
Decrease due to sale of livestock		(123,555)	(130,011)
		(144,654)	(197,612)
Carrying amount at the end of the year which approximates the fair value		827,488	636,403

18.2 As at June 30, 2019 the Group held 2,959 (2018: 2,989) mature assets able to produce milk and 2,677 (2018: 2,284) immature assets that are being raised to produce milk in the future. During the year, 890 (2018: 1,088) cows were sold. During the year, the Group produced approximately 24.143 million (2018: 21.697 million) gross liters of milk from these biological assets. As at June 30, 2019, the Group also held 45 (2018: 21) immature male calves.

18.3 The valuation of dairy livestock as at June 30, 2019, has been carried out by an independent valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Group as at June 30, 2019. Further, in the absence of an active market of the Group's dairy livestock in Pakistan, market and replacement values of similar live stock from active markets in Netherlands and Australia, have been used as basis of valuation model by the independent valuer. The cost of transportation to Pakistan is also considered. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing.

18.4 This includes exchange gain on translation amounting to Rs 198.845 million (2018: Rs 87.021 million).

19. Investments

These represent the long term investments in:

		2019	2018
		(Rupees in thousand)	
- Related parties	- note 19.1	9,899,326	13,695,382
- Others	- note 19.2	130,481	164,170
		10,029,807	13,859,552

19.1 Related parties

FVOCI (2018: Available-for-sale) - quoted:

		2019	2018
Nishat (Chunian) Limited 7,173,982 (2018: 7,173,982) fully paid ordinary shares of Rs 10 each Equity held: 2.99% (2018: 2.99%) Cost - Rs 75.565 million (2018: Rs 75.565 million)		251,233	340,621
MCB Bank Limited 22,129,793 (2018: 22,082,793) fully paid ordinary shares of Rs 10 each Equity held: 1.87% (2018: 1.87%) Cost - Rs 294.838 million (2018: Rs 286.456 million)		3,860,543	4,367,314
Adamjee Insurance Company Limited 27,877,735 (2018: 27,299,235) fully paid ordinary shares of Rs 10 each Equity held: 7.97% (2018: 7.78%) Cost - Rs 1,239.698 million (2018: Rs 1,216.777 million)		977,115	1,326,881
Nishat Mills Limited 30,289,501 (2018: 30,289,501) fully paid ordinary shares of Rs 10 each Equity held: 8.61% (2018: 8.61%) Cost - Rs 1,326.559 million (2018: Rs 1,326.559 million)		2,827,222	4,268,396
	sub-total	7,916,113	10,303,212
FVOCI (2018: Available-for-sale) - unquoted:			
Nishat Hotels and Properties Limited 104,166,667 (2018: 100,000,000) fully paid ordinary shares of Rs 10 each Equity held: 10.42% (2018: 10.42%) Cost - Rs 1,041.667 million (2018: Rs 1,000 million)	- note 19.1.1	1,433,213	3,242,170
Hyundai Nishat Motor (Private) Limited 55,000,000 (2018: 15,000,000) fully paid ordinary shares of Rs 10 each Equity held: 10% (2018: 10%) Cost - Rs 550 million (2018: Rs 150 million)	- note 19.1.2	550,000	150,000
		1,983,213	3,392,170
		9,899,326	13,695,382

19.1.1 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 13.76 per ordinary share as at June 30, 2019 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 42.3 to these consolidated financial statements. The fair value loss of Rs 1,850.624 million is included in the fair value loss recognised during the year 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 14.82%.

- Long term growth rate of 4% for computation of terminal value.

- Annual growth in costs and revenues is linked to inflation at 5.17% 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, 2019 would be Rs 292.461 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the fair value as at June 30, 2019 would be Rs 136.366 million lower.

If inflation decreases by 1% with all other variables held constant, the fair value as at June 30, 2019 would be Rs 18.630 million lower.

19.1.2 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited (HNMPL) that is in the process of setting up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Hyundai Nishat Motor (Private) Limited is currently classified as a Level 3 financial asset and is measured at fair value on the reporting dates. However, due to volatility in the underlying assumptions relevant to the valuation, there is a wide range of possible fair value measurements and cost is considered to represent the best estimate of fair value within that range.

19.2 Others

	2019	2018
	(Rupees in thousand)	
FVOCI (2018: Available-for-sale) - quoted:		
Pakistan Petroleum Limited - quoted		
684,689 (2018: 595,382) fully paid ordinary shares of Rs 10 each Equity held: 0.03% (2018: 0.03%) Cost - Rs 117.405 million (2018: Rs 117.405 million)	98,890	127,948
United Bank Limited - quoted		
214,354 (2018: 214,354) fully paid ordinary shares of Rs 10 each Equity held: 0.02% (2018: 0.02%) Cost - Rs 33.646 million (2018: Rs 33.646 million)	31,591	36,222
	130,481	164,170

19.3 Reconciliation of carrying amount

	2019	2018
Balance as at beginning of the year	13,859,552	16,126,081
Investments made during the year	472,967	335,204
	14,332,519	16,461,285
Fair value loss recognized in other comprehensive income	(4,302,712)	(2,601,733)
Balance as at end of the year	10,029,807	13,859,552

19.4 3,860,267 (2018: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

20. Long term loans to employees

These represent interest free loans given to employees for house building and purchase of motor vehicles and are recoverable in equal monthly instalments over a period of 24 to 96 months. The loans are secured against the employees' respective retirement benefits and are given as per Group's policy. These loans have not been carried at amortised cost as the effect of discounting is not considered material.

21. Stores, spares and loose tools

	2019	2018
	(Rupees in thousand)	
Stores [including in transit: Rs 5.563 million (2018: Rs 84.775 million)]	4,603,721	1,822,886
Spare parts [including in transit Rs 197.485 million (2018: Rs 103.991 million)]	4,788,738	3,433,700
Loose tools	47,215	15,606
	9,439,674	5,272,192

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

22. Stock-in-trade

		2019	2018
		(Rupees in thousand)	
Raw materials [including in transit Rs 469.870 million (2018: Rs 405.710 million)]	- note 22.1	1,677,549	969,485
Packing material		226,316	206,060
Animal forage		286,023	223,725
Work-in-process	- note 22.2	2,802,481	493,431
Finished goods	- note 22.3	493,693	535,499
		5,486,062	2,428,200

22.1 Includes raw meal costing Nil (2018: Rs 62.83 million) carried at its NRV amounting to Nil (2018: Rs 48.98 million). The NRV write down expense of Nil (2018: Rs 13.85 million) has been charged to cost of sales.

22.2 Includes clinker costing Nil (2018: Rs 138.06 million) carried at its NRV amounting to Nil (2018: Rs 5.63 million). The NRV write down expense of Nil (2018: Rs 132.43 million) has been charged to cost of sales.

22.3 Includes cement costing Nil (2018: Rs 69.10 million) carried at its NRV amounting to Nil (2018: Rs 29.75 million). The NRV write down expense of Nil (2018: Rs 39.35 million) has been charged to cost of sales.

23. Trade debts

		2019	2018
		(Rupees in thousand)	
Considered good			
Secured		1,705,088	181,777
Unsecured			
- Related parties	- note 23.1	13,468	6,418
- Others		30,274	331,607
		1,748,830	519,802
Considered doubtful		-	3,466
		1,748,830	523,268
Loss allowance (2018: Provision for doubtful debts)	- note 23.2	(70,451)	(3,466)
		1,678,379	519,802

23.1 Related parties

	2019	2018
Nishat Hospitality (Private) Limited	536	537
Nishat Linen (Private) Limited	265	-
Nishat Hotels and Properties Limited	2,780	220
Nishat Mills Limited	5,060	5,619
Nishat Power Limited	152	-
Hyundai Nishat Motor (Private) Limited	4,287	-
Nishat (Chunian) Limited	388	42
	13,468	6,418

23.1.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs 23.718 million (2018: Rs 6.842 million). Age analysis of the above receivables is disclosed in note 44.1.

23.2 The reconciliation of loss allowance (2018: Provision for doubtful debts) is as follows:

	2019	2018
	(Rupees in thousand)	
The reconciliation of loss allowance is as follows:		
Balance at the beginning of the year under IAS 39	3,466	3,466
Effect of change in accounting policy due to adoption of IFRS 9 - note 2.2.1 (a)	44,642	-
Balance as at beginning of the year under IFRS 9	48,108	3,466
Impairment loss on financial asset (2018: Provision for the year)	22,343	-
Balance as at end of the year	70,451	3,466

24 This represents the Group's right to consideration for work completed but not billed at the reporting date on made to order paper products.

25. Investments

		2019	2018
		(Rupees in thousand)	
FVOCI (2018: Available-for-sale) quoted :			
Related parties	- note 25.1	14,129,075	16,018,594
At FVPL			
Others		24	35
		14,129,099	16,018,629

25.1 This represents the following quoted investments in other related parties:

	2019	2018
Nishat (Chunian) Limited		
100,620 (2018: 100,620) fully paid ordinary shares of Rs 10 each		
Equity held: 0.042% (2018: 0.042%)		
Cost - Rs 0.832 million (2018: Rs 0.832 million)	3,524	4,777
MCB Bank Limited		
80,971,917 (2018: 80,971,917) fully paid ordinary shares of Rs 10 each		
Equity held: 6.83% (2018: 6.83%)		
Cost - Rs 478.234 million (2018: Rs 478.234 million)	14,125,551	16,013,817
	14,129,075	16,018,594

25.2 Reconciliation of carrying amount

	2019	2018
Opening balance	16,018,629	17,044,142
Fair value loss recognized in other comprehensive income	(1,889,519)	(1,025,491)
Fair value loss recognized in profit or loss	(11)	(22)
Closing balance	14,129,099	16,018,629

26. Loans, advances, deposits, prepayments and other receivables

		2019	2018
		(Rupees in thousand)	
Current portion of loans to employees - considered good		1,290	1,336
Advances - considered good			
- To employees		25,456	13,794
- To suppliers		169,801	1,065,094
		195,257	1,078,888
Prepayments		22,378	15,731
Due from related parties	- note 26.1	10,937	5,937
Letters of credit - margins, deposits, opening charges, etc.		266,751	10,919
Balances with statutory authorities:			
- Sales ta	- note 26.2	1,050,818	756,804
- Excise duty		19,551	20,625
- Export rebate		8,176	10,534
		1,078,545	787,963
Other receivables			
- Considered good		10,861	12,760
- Considered doubtful		(1,342)	1,342
		9,519	14,102
Compensation receivable		-	910,500
		1,584,677	2,825,376
Loss allowance (2018: Provision for doubtful receivables)		(1,342)	(1,342)
		1,583,335	2,824,034

26.1 This represents mark-up receivable from Nishat Hotels and Properties Limited, a related party against the loan as referred to in note 27. The maximum aggregate amount outstanding at the end of any month during the year was Rs 10.937 million (2018: Rs 6.015 million). The receivable is neither past due nor impaired.

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

27. Loan to related party - considered good

This represents loan amounting to Rs 1,000 million to Nishat Hotels and Properties Limited ('NHPL'), a related party, for meeting its working capital requirements. The loan was disbursed in November 2016. The loan carries mark-up at the rate of 3 months KIBOR + 0.5% per annum, payable on a monthly basis. The entire amount of the loan is repayable on October 27, 2019. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Group. The effective mark-up rate charged during the period was 10.30% per annum which is above the borrowing cost of the Group. In case of default in payment of principal or mark-up, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default. The loan and its terms were reapproved in the Annual General Meeting of the parent company held on October 27, 2018 through a special resolution and requirements of the Companies Act, 2017 were complied.

28. Cash and bank balances

		2019	2018
		(Rupees in thousand)	
At banks:			
Saving accounts			
Local currency	- note 28.1 & 28.2	145,942	184,760
Foreign currency: USD 290,246 (2018: USD 93,360)		133,209	35,236
Current accounts		500,457	276,032
		779,608	496,028
In hand		3,642	2,945
		783,250	498,973

28.1 The balances in saving accounts bear mark-up at 8% to 10.5% per annum (2018: 2% to 4.5% per annum).

28.2 Included in balances at banks on saving accounts are Rs 14.480 million (2018: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.2.

29. Sales

		2019	2018
		(Rupees in thousand)	
Local sales		56,489,566	43,983,368
Export sales	- note 29.1	5,262,964	2,729,855
		61,752,530	46,713,223
Less:			
Sales tax		9,648,487	7,235,366
Excise duty		8,026,605	5,626,078
Commission to stockists and export agents		450,431	386,923
		18,125,523	13,248,367
		43,627,007	33,464,856

29.1 Export sales include rebate on exports amounting to Rs 8.41 million (2018: Rs 13.050 million).

30. Cost of sales

		2019	2018
		(Rupees in thousand)	
Raw and packing materials consumed		4,914,536	3,755,571
Forage		1,023,706	890,840
Medicines and related items		104,408	115,336
Salaries, wages and other benefits	- note 30.1	3,361,149	2,225,891
Electricity and gas		5,238,954	2,523,185
Furnace oil and coal		16,578,400	9,736,435
Stores and spares consumed		3,419,874	1,997,473
Repairs and maintenance		500,817	458,318
Insurance		105,724	60,251
Depreciation on operating fixed assets	- note 17.1.2	3,688,264	2,490,437
Royalty	- note 30.2	748,261	348,903
Excise duty		48,855	33,437
Vehicle running		106,766	35,099
Postage, telephone and telegram		12,316	5,798
Printing and stationery		22,588	11,283
Legal and professional charges		7,697	2,579
Travelling and conveyance		27,519	16,546
Plant cleaning and gardening		35,857	35,077
Rent, rates and taxes		150,322	80,055
Technical consultancy charges		6,957	-
Freight charges		86,845	34,195
Water charges		124,438	4,887
Other expenses		130,874	72,224
		40,445,127	24,933,820
Opening work-in-process	- note 22	493,431	522,557
Closing work-in-process	- note 22	(2,802,481)	(493,431)
		(2,309,050)	29,126
Cost of goods manufactured		38,136,077	24,962,946
Opening stock of finished goods (adjusted)	- note 22	447,008	431,356
Closing stock of finished goods	- note 22	(493,693)	(535,499)
		(46,685)	(104,143)
Own consumption		(136,585)	(211,045)
		37,952,807	24,647,758

30.1 Salaries, wages and other benefits include Rs 73.196 million (2018: Rs 53.660 million), Rs 62.238 million (2018: Rs 36.859 million) and Rs 66.694 million (2018: Rs 30.596 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and accumulating compensated absences as detailed below.

30.1.1 Salaries, wages and other benefits

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

	2019	2018
	(Rupees in thousand)	
Gratuity		
Current service cost	52,409	33,270
Interest cost for the year	39,351	22,966
Interest income on plan assets	(29,522)	(19,376)
	62,238	36,860
Accumulating compensated absences		
Current service cost	37,806	16,859
Interest cost for the year	7,281	5,288
Remeasurements	21,607	8,449
	66,694	30,596

30.2 This represents royalty to Governments of Punjab and Balochistan for extraction of raw materials as per relevant laws.

31. Administrative expenses

		2019	2018
		(Rupees in thousand)	
Salaries, wages and other benefits	- note 31.1	409,103	398,013
Electricity, gas and water		24,393	18,293
Repairs and maintenance		5,023	10,825
Insurance		6,160	4,943
Depreciation on operating fixed assets	- note 17.1.2	74,556	73,085
Vehicle running		14,287	12,996
Postage, telephone and telegram		9,225	15,894
Printing and stationery		8,963	7,726
Legal and professional services	- note 31.2	29,635	44,630
Travelling and conveyance		41,726	39,385
Rent, rates and taxes		387	361
Entertainment		4,494	4,643
School expenses		34,589	30,954
Fee and subscription		28,719	25,327
Other expenses		19,862	19,073
		711,122	706,148

31.1 Salaries, wages and other benefits include Rs 13.250 million (2018: Rs 12.535 million), Rs 11.442 million (2018: Rs 8.848 million) and Rs 12.268 million (2018: Rs 7.303 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and accumulating compensated absences as detailed below.

	2019	2018
	(Rupees in thousand)	

31.1.1 Salaries, wages and other benefits

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

	2019	2018
Gratuity		
Current service cost	9,635	7,986
Interest cost for the year	7,234	5,513
Interest income on plan assets	(5,427)	(4,651)
	11,442	8,848
Accumulating compensated absences		
Current service cost	6,955	4,024
Interest cost for the year	1,339	1,262
Remeasurements	3,975	2,017
	12,269	7,303

31.2 Legal and professional charges

Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:

	2019	2018
Statutory audit	4,437	4,246
Half-yearly review	806	806
Tax services	5,459	13,378
Certifications required under various regulations	405	483
Out of pocket expenses	1,546	1,061
	12,653	19,974

32. Selling and distribution expenses

		2019	2018
Salaries, wages and other benefits	- note 32.1	188,404	161,623
Electricity, gas and water		2,912	2,494
Repairs and maintenance		737	635
Insurance		2,700	1,927
Depreciation on operating fixed assets	- note 17.1.2	8,617	5,585
Vehicle running		5,994	4,851
Postage, telephone and telegram		3,578	2,190
Printing and stationery		2,285	2,078
Rent, rates and taxes	- note 32.2	10,095	2,324
Travelling and conveyance		4,856	3,632
Entertainment		1,814	1,301
Advertisement and sales promotion		58,813	25,522
Freight and handling charges		1,020,456	704,371
Other expenses		19,723	1,333
		1,330,984	919,866

32.1 Salaries, wages and other benefits include Rs 7.568 million (2018: Rs 5.223 million), Rs 6.45 million (2018: Rs 4.359 million) and Rs 7 million (2018: Rs 3.650 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and accumulating compensated absences as detailed below.

32.2 Includes operating lease rentals of Rs 6.098 million (2018: Rs 2.133 million).

32.1.1 Salaries, wages and other benefits

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

	2019	2018
	(Rupees in thousand)	
Gratuity		
Current service cost	5,429	3,934
Interest cost for the year	4,075	2,716
Interest income on plan assets	(3,057)	(2,291)
	6,447	4,359
Accumulating compensated absences		
Current service cost	3,932	2,011
Interest cost for the year	757	631
Remeasurements	2,247	1,008
	6,936	3,650

33. Other expenses

		2019	2018
Workers' profit participation fund	- note 11.2	112,078	407,529
Workers' welfare fund	- note 11.3	-	151,856
Donations	- note 33.1	101,254	101,750
Impairment on operating fixed assets		-	1,270,075
Exchange loss		235,427	305,616
Loss on disposal of operating fixed assets	- note 17.1.5	-	177,217
Loss on disposal of biological assets		81,621	131,897
Fair value loss on investments at FVPL		11	22
Others		61	20
		530,452	2,545,982

33.1 Includes donation amounting to Rs 100 million made to the Supreme Court of Pakistan and the Prime Minister of Pakistan Diamer-Bhasha and Mohmand Dams Fund as per direction of the Supreme Court of Pakistan.

34. Other income

		2019	2018
		(Rupees in thousand)	
Income on bank deposits		9,419	11,045
Provisions and unclaimed balances written back		158,671	11
Mark-up on loan to related parties	- note 34.1	102,833	67,813
Realized gain on derivative financial instruments		-	12,979
Gain on disposal of operating fixed assets		28,108	-
Earned discount		-	844
Gain on disposal of store items		202	52
Dividend income from:			
- Related parties	- note 34.2	1,901,186	1,886,893
- Others		3,144	8,742
		1,904,330	1,895,635
Scrap sales		238,644	93,479
Rental income		538	483
Compensation from supplier		-	910,500
Sale of bull calves		9,730	7,002
Others		22,284	2,135
		2,474,759	3,001,978

34.1 This is from Nishat Hotels and Properties Limited, a related party, on the loan as referred to in note 27.

34.2 Dividend income from related parties

	2019	2018
	(Rupees in thousand)	
Nishat Mills Limited	143,875	151,447
MCB Bank Limited	1,649,228	1,648,477
Adamjee Insurance Company Limited	68,073	66,965
Nishat Chunian Limited	40,010	20,004
	1,901,186	1,886,893

35. Finance cost

	2019	2018
Interest and mark-up on:		
- Long term loans - secured	2,087,648	130,561
- Short term borrowings - secured	1,486,731	411,496
Guarantee commission	11,283	4,707
Bank charges	24,082	27,805
	3,609,744	574,569

36. Taxation

		2019	2018
Current			
- For the year		15,397	5,507
- Prior years		11,334	(58,181)
		26,731	(52,674)
Deferred	- note 10	388,439	(1,570,920)
	- note 36.1	415,170	(1,623,594)

36.1 This includes aggregate investment tax credit amounting to Rs 1,736.615 million which includes Rs 1,566.414 million carried forward from previous year as per the return filed for the tax year 2018, arising primarily on the installation of plant and machinery of the cement production facility during the previous year at Hub entitled under section 65B of the Income Tax Ordinance, 2001. Such investment tax credit was adjusted against the income tax liability for the year which includes minimum tax under section 113 of the Ordinance, tax on exports and dividend income which is full and final discharge of Group's tax liability in respect of income arising from such source. After adjustment against income tax liability for the year, the investment tax credit of Rs 953.142 million could not be adjusted for the year and has been carried forward. Out of Rs 953.142 million, tax credit of Rs 782.941 million will lapse in next year if not adjusted and the remaining Rs 170.201 million can be adjusted in next two years The carried forward investment tax credit has been recognised as a deferred tax asset.

36.2 A listed Group that derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the said tax year through cash, shall be liable to pay tax at the rate of 5% of its accounting profit before tax. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. The Group has distributed cash dividends in excess of 20% of its after tax profits for the tax year 2018.

36.3 Tax charge reconciliation

	2019 %	2018 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate of:	29.00	30.00
Tax effect of:		
- Amounts that are not deductible for tax purposes - net	1.11	1.01
- Change in prior years' tax	(47.75)	(0.72)
- Change in tax rate	54.63	(8.97)
- Amounts that are allowable as tax credit	(6.03)	(41.75)
- Income chargeable under final tax regime	(9.08)	(4.90)
- Super Tax	-	3.83
- Losses for which no deferred tax asset recognised	0.62	0.05
- Deferred tax asset previously not recognised now recognised	(4.09)	-
- Deferred tax recognised on depreciation losses	-	(0.75)
- Others	(0.20)	-
	(10.79)	(52.20)
Average effective tax rate charged to consolidated statement of profit or loss	18.21	(22.20)

37. Earnings per share

37.1 Earnings per share - Basic

Profit for the year - attributable to equity holders of the parent company	**Rupees**	1,823,373,000	8,869,995,000
Weighted average number of ordinary shares	**Number**	438,119,118	438,119,118
Earnings per share - basic	**Rupees**	4.16	20.25

37.2 Earnings per share - Diluted

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

38. Cash generated from operations

	2019	2018
	(Rupees in thousand)	
Profit before tax	2,280,053	7,314,947
Adjustments for:		
- Depreciation on operating fixed assets	3,771,436	2,569,107
- Impairment loss on operating fixed assets	-	1,270,120
- Change in fair value of investments - FVPL	-	22
- (Gain)/loss on disposal of operating fixed assets	(28,108)	177,217
- Loss on disposal of biological assets	81,621	124,895
- Changes in fair value of biological assets	(335,739)	(242,436)
- Realized gain on derivative financial instruments	-	(12,979)
- Dividend income	(1,904,330)	(1,895,635)
- Mark-up income	(102,833)	(67,813)
- Provision for retirement benefits	166,026	91,615
- Net impairment losses on financial assets	22,343	-
- Exchange loss	235,427	305,616
- Compensation from plant supplier	-	(910,500)
- Finance costs	3,609,744	574,569
Profit before working capital changes	7,795,640	9,298,745
Effect on cash flow due to working capital changes		
- Increase in stores, spares and loose tools	(4,167,482)	(189,181)
- Increase in stock-in-trade	(3,057,862)	(632,855)
- Increase in trade debts	(1,274,272)	(13,084)
- Decrease in advances, deposits, prepayments and other receivables	1,245,699	69,837
- Increase in trade and other payables	562,128	2,120,254
	(6,691,789)	1,354,971
	1,103,851	10,653,716

39. Cash and cash equivalents

		2019	2018
Cash and bank balances	- note 28	783,250	498,973
Short term borrowings - secured	- note 13	(22,851,016)	(13,614,942)
		(22,067,766)	(13,115,969)

40. Remuneration of Chief Executive, Directors and Executives

40.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive Director and Executives of the Group are as follows:

	(Rupees in thousand)					
	Chief Executive		Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018
Short term employee benefits						
Managerial remuneration	23,544	21,384	17,256	15,687	461,661	400,575
Housing	270	270	335	335	152149	124062
Utilities	7,496	7,502	206	201	30,870	25,717
Leave passage	-	-	959	1,089	11,450	77,474
Bonus	4,455	4,860	1,307	1,188	93,852	8,179
Medical expenses	589	1,957	463	142	15,290	11,309
Others	15,426	13,986	981	861	117,868	101,801
Post employment benefits						
Contributions to Provident and Gratuity Fund	-	-	3,164	2,876	62,357	44,646
	51,780	49,959	24,671	22,379	945,497	793,763
Number of persons	**1**	**1**	**1**	**1**	**185**	**153**

40.2 The Group also provides the Chief Executive and certain directors and executives with Group maintained cars, travelling and utilities.

40.3 During the year, the Group paid meeting fee amounting to Rs 750,000 (2018: Rs 870,000) to its non-executive directors. The number of non-executive directors is 5 (2018: 5).

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 company, directly or indirectly, including any director (whether executive or otherwise) of that company. 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. Significant related party transactions have been disclosed in respective notes in these consolidated financial statements other than the following:

Relationship with the group	Nature of transactions	2018	2017
		(Rupees in thousand)	
i. Investor	Sale of goods	53,519	81,434
	Dividend paid	496,987	900,304
	Purchase of goods	-	972
	Purchase of assets	-	2,200
ii. Other related parties	Sale of goods and services	135,267	53,663
	Purchase of goods and services	224,964	155,428
	Insurance claims received	8,944	11,033
	Insurance premium	23,861	90,726
ii. Key management personnel	Remuneration - note 41.1	255,680	145,053
	Dividend paid	169,750	299,558

41.1 This represents remuneration of the Chief Executive, executive director and certain executives that are included in the remuneration disclosed in note 40 to these consolidated financial statements.

41.2 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 parent Company
Nishat Mills Limited	Investor	31%
Adamjee Insurance Company Limited	Group company	1%
Hyundai Nishat Motor (Private) Limited	Common directorship	N/A
Lalpir Power Limited	Common directorship	N/A
MCB Bank Limited	Group company	0%
Nishat (Chunian) Limited	Other	N/A
Nishat Agriculture Farming (Private) Limited	Common directorship	N/A
Nishat Developers (Private) Limited	Common directorship	N/A
Nishat Hospitality (Private) Limited	Subsidiary of Investor	N/A
Nishat Hotels And Properties Limited	Common directorship	N/A
Nishat Linen (Private) Limited	Subsidairy of Investor	N/A
Nishat Power Limited	Subsidairy of Investor	N/A
Pakgen Power Limited	Group company	N/A
Pakistan Aviators & Aviation (Private) Limited	Group company	N/A
Security General Insurance Company Limited	Group company	0%
Mrs. Naz Mansha	Director	N/A
Mr. Muhammad Arif Hameed	Director	N/A
Mr. Mahmood Akhtar	Director	N/A
Mr. Shahzad Ahmad Malik	Director	N/A
Mr. Khalid Niaz Khawaja	Director	N/A
Mr. Mian Raza Mansha	Director	3%
Mr. Farid Noor Ali Fazal	Director	N/A
Mr. Mian Umer Mansha	Close family member of Chief executive and Director	6%
Nishat Commodities (Private) Limited	Common directorship	N/A
Nishat Developers (Private) Limited	Common directorship	N/A
Nishat Hotel and Properties Limited	Common directorship	N/A
MCB Islamic Bank Limited	Common directorship	25%

42. Plant capacity and actual production

		Capacity		Actual production	
		2019	2018	2019	2018
Cement segment:					
Clinker (Metric Tonnes)					
Plant I - D.G. Khan	- note 42.1	810,000	810,000	675,816	899,585
Plant II - D.G. Khan	- note 42.1	1,200,000	1,200,000	1,259,480	1,244,058
Plant III - Khairpur	- note 42.1	2,010,000	2,010,000	1,962,150	2,269,770
Plant IV - Hub	- note 42.1	2,700,000	36,000	2,483,452	-
Cement (Metric Tonnes)					
Plant I - D.G. Khan	- note 42.1	852,632	852,632	253,226	166,566
Plant II - D.G. Khan	- note 42.1	1,263,158	1,263,158	1,655,695	2,124,104
Plant III - Khairpur	- note 42.1	2,115,789	2,115,789	2,128,277	2,551,958
Plant IV - Hub	- note 42.1	2,842,105	37,895	1,576,452	-
Paper segment:					
Cement bags (number of bags in thousand)	- note 42.2	220,000	220,000	123,360	133,063
Dairy segment:					
Milk - litres	- note 42.3	36,500,000	36,500,000	24,143,820	21,697,000

42.1 Normal 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 higher clinker exports, planned maintenance shutdown and gap between market demand and supply of cement.

42.2 Actual bags produced by the plant is dependent on the quantity demanded by the customers Normal capacity is based on 300 working days for existing and new production lines.

42.3 Actual milk production is lower due to mortality of milking cows and low health of the animals.

43. Number of employees

	2019	2018
Total number of employees as at June 30	2,177	1,966
Average number of employees during the year	2,058	1,754

44. Provident Fund related disclosures

44.1 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 except for:

- Investment out of the Provident Fund ('fund') in securities listed on Pakistan Stock Exchange in Pakistan, including shares of companies, bonds, redeemable capital, debt securities, equity securities and listed collective investment schemes registered as notified entity with the Securities and Exchange Commission of Pakistan ('Commission') under Non Banking Finance Companies and Notified Entities Regulations, 2008 exceeded 50% of the size of the fund;

- Total investment at the time of making investment in listed equity securities and equity collective investment schemes, registered as notified entity with the Commission under Non-Banking Finance Companies and Notified Entities Regulations, 2008, exceeded 30% of the size of the fund;

- Investment has been made in certain equity securities of listed companies which have paid average dividend of less than 15% to the shareholders during two out of the preceding three consecutive years and in which the minimum free float is less than 15% or Rs 50 million shares whichever is higher; and

- The Fund has aggregate investment in listed equity securities, other than equity collective investment schemes in excess of Rs 50 million but has not appointed or seeked advice from an investment advisor holding a valid license from the Commission of Pakistan for providing investment advisory services.

However, as per S.R.O. 731(I)/2018 dated June 6, 2018, a transition period of three years from the date of the said S.R.O has been granted to bring all the investments of the fund in conformity with the provisions of the above regulations. The above analysis is based on the unaudited financial statements of the Provident Fund for the year ended June 30, 2019.

44.2 Paper 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 Act and the conditions specified thereunder. The above analysis is based on the unaudited financial statements of the Provident Fund for the year ended June 30, 2019.

44.3 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 Act and the conditions specified thereunder except for:

- Investment out of the Provident Fund ('fund') in securities listed on Pakistan Stock Exchange in Pakistan, including shares of companies, bonds, redeemable capital, debt securities, equity securities and listed collective investment schemes registered as notified entity with the Securities and Exchange Commission of Pakistan ('Commission') under Non Banking Finance Companies and Notified Entities Regulations, 2008 exceeded 50% of the size of the fund;

- Total investment at the time of making investment in listed equity securities and equity collective investment schemes, registered as notified entity with the Commission under Non-Banking Finance Companies and Notified Entities Regulations, 2008, exceeded 30% of the size of the fund; and

- Total investment at the time of making investment in single equity collective investment schemes, registered as notified entity with the Commission under Non-Banking Finance Companies and Notified Entities Regulations, 2008, exceeded 3% of the size of the fund.

However, as per S.R.O. 856(I)/2019 dated July 25, 2019, a transition period of three years from the date of the said S.R.O has been granted to bring all the investments of the fund in conformity with the provisions of the above Regulations. The above analysis is based on the unaudited financial statements of the provident fund for the year ended June 30, 2019.

45. Financial risk management

45.1 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. The Group uses derivative financial instruments to hedge certain risk exposures.

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

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

(a) Market risk

(i) Currency risk

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

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

	2019	2018
	(USD In thousand)	
Financial assets		
Cash and bank balances	832	290
Receivable against sales to foreign parties	544	945
	1,376	1,235
Financial laibilities		
Short term borrowings - secured	(5,114)	-
Trade and other payables	(636)	-
Net exposure	(4,374)	1,235

	2019	2018
	(EURO In thousand)	
Financial assets	-	-
Financial laibilities		
Finances under mark-up arrangements	-	(1,063)
Mark-up payable	-	(2)
Trade and other payables	(869)	(876)
	(869)	(1,941)
Net exposure	(869)	(1,941)

At June 30, 2019, if the Rupee had strengthened/weakened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been Rs 57.259 million higher/lower (2018: Rs 18.336 million lower/higher), mainly as a result of foreign exchange gains/losses on translation of USD-denominated financial assets and liabilities.

At June 30, 2019, if the Rupee had strengthened/weakened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs 12.958 million (2018: Rs 27.479 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

(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 profit for the year and on equity. The analysis is based on the assumption that the KSE had increased/decreased by 10% with all other variables held constant and all the Group’s equity instruments moved according to the historical correlation with the index.

	Impact on post-tax profit		Impact on other components of equity	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Pakistan Stock Exchange Limited	2	4	1,803,161	2,859,841

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss and such impact is considered to be immaterial. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as FVOCI.

(iii) 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, 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.

	2019	2018
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	279,151	219,996
Financial liabilities		
Export finances	(1,290,000)	(1,290,000)
Net exposure	(1,010,849)	(1,070,004)
Floating rate instruments:		
Financial assets		
Loan to related party	1,000,000	1,000,000
Financial liabilities		
Long term finances - secured	(21,875,324)	(20,667,971)
Short term borrowings - secured	(21,561,016)	(12,324,942)
	(43,436,340)	(32,992,913)
Net exposure	(42,436,340)	(31,992,913)

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

At June 30, 2019, if interest rates on floating rate instruments had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been Rs 347.087 million (2018: Rs 248.905 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

Credit risk of the Group arises from deposits with banks and other financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. 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 asssets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019	2018
	(Rupees in thousand)	
Long term loans to employees	237	574
Long term deposits	60,733	60,173
Loan to related party	1,000,000	1,000,000
Trade debts	1,678,379	519,802
Contract assets	164,021	-
Advances, deposits and other receivables	21,750	20,033
Balances with banks	779,608	496,028
	3,704,728	2,096,610

The aging analysis of trade debts that are past due and not impaired (other than trade debts from related parties) is as follows:

	2019	2018
	(Rupees in thousand)	
Up to 90 days	1,545,041	391,109
90 to 180 days	82,643	42,136
181 to 270 days	26,540	30,139
270 to 365 days	15,557	22,853
Above 365 days	-	27,147
	1,669,781	513,384
The aging analysis of trade debts from related parties that are past due and impaired is as follows:		
Up to 90 days	8,386	5,688
90 to 180 days	212	730
181 to 270 days	-	-
270 to 365 days	-	-
Above 365 days	-	-
	8,598	6,418
Loans, advances, deposits and other receivables - past due and impaired - above 365 days	1,342	1,342

(ii) Impairment of financial assets

The Group's trade debts against local and export sales of inventory are subject to the expected credit loss model. While bank balances and debt investments carried at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

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. 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 24 months before June 30, 2019 or 12 months before July 01, 2018 respectively 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, 2019 and July 01, 2018 (on adoption of IFRS 9) was determined as follows:

July 01, 2019	**Up to 90 days**	**91 to 180 days**	**181 to 270 days**	**270 to 365 days**	**365 days or more**	**Total**
Local sales						
Expected loss rate	1.012%	4.76%	12.46%	6.52%	100.00%	
Gross carrying amount of trade debts	1,550,825	62,836	26,098	10,438	11,492	1,661,689
Loss allowance	15,691	2,990	3,253	681	11,492	34,107
Export sales						
Expected loss rate	1.12%	19.43%	25.64%	51.06%	100.00%	
Gross carrying amount of trade debts	24,356	28,556	4,969	18	29,242	87,141
Loss allowance	273	5,547	1,274	9	29,241	36,344

July 01, 2018	**Up to 90 days**	**91 to 180 days**	**181 to 270 days**	**270 to 365 days**	**365 days or more**	**Total**
Local sales						
Expected loss rate	0.33%	2.06%	9.51%	20.17%	100.00%	
Gross carrying amount of trade debts	332,409	42,535	12,301	5,161	12,674	405,080
Loss allowance	1,101	877	1,170	1,041	12,674	16,863
Export sales						
Expected loss rate	3.87%	25.28%	32.29%	47.72%	100.00%	
Gross carrying amount of trade debts amount trade debts	64,388	331	17,838	17,692	14,473	114,722
Loss allowance	2,487	83	5,759	8,443	14,473	31,245

(ii) 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		
	Short term	Long term	Agency	2019	2018
				(Rupees in thousand)	
Askari Bank Limited	A1+	AA+	PACRA	-	244
Bank Alfalah Limited	A1+	AA+	PACRA	321,460	179,257
BankIslami Pakistan Limited	A1	A+	PACRA	1,146	569
The Bank of Punjab	A1+	AA	PACRA	1,394	434
The Bank of Khyber	A1	A	PACRA	530	48
Citibank N.A.	P-1	AA3	Moody's	12	1
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	596	3,599
MCB Bank Limited	A1+	AAA	PACRA	434,168	300,672
Meezan Bank Limited	A-1+	AA+	JCR-VIS	13	28
National Bank of Pakistan	A1+	AAA	PACRA	1,598	2,564
Silk Bank Limited	A-2	A-	JCR-VIS	5	5
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	564	440
United Bank Limited	A-1+	AAA	JCR-VIS	14,572	6,261
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	27	27
Faysal Bank Liimited	A1+	AA+	PACRA	56	218
JS Bank Limited	A1+	AA-	PACRA	12	12
MCB Islamic Bank Limited	A1	A	PACRA	3,451	65
Samba Bank Limited	A-1	AA	JCR-VIS	4	4
NIB Bank Limited	A1+	AAA	PACRA	-	1,546
Bank Al-Habib Limited	A1+	AA+	PACRA	-	34
				779,608	496,028

(c) Liquidity risk

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

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

Management monitors the forecasts of the Group’s cash and cash equivalents (note 39 to these consolidated financial statements) on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring 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 and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting to the contractual maturity date.

At June 30, 2019	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
				(Rupees in thousand)
Long term finances	21,875,324	5,215,850	9,530,745	7,128,729
Trade and other payables	7,399,792	7,399,792	-	-
Accrued markup	890,864	890,864	-	-
Short term borrowings - secured	22,851,016	22,851,016	-	-
Loans from related parties - unsecured	214,000	214,000	-	-
	53,230,996	36,571,522	9,530,745	7,128,729

At June 30, 2018	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
				(Rupees in thousand)
Long term finances	20,667,971	2,337,647	4,279,098	14,051,226
Trade and other payables	6,578,519	6,578,519	-	-
Accrued markup	370,028	370,028	-	-
Short term borrowings	13,614,942	13,614,942	-	-
Loans from related parties - unsecured	169,000	214,000	-	-
	41,400,460	23,115,136	4,279,098	14,051,226

45.2 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.

Dividends paid by the Group companies for the year ended June 30, 2018 and 2017 are as follows:

	2019	2018
	(Rupees in thousand)	
D.G. Khan Cement Company Limited Final dividend for the year ended June 30, 2018 of Rs 4.25 (2017 – Rs 7.5) per share	1,862,006	3,285,893
Nishat Paper Products Company Limited Final dividend for the year ended June 30, 2018 of Nil (2017 – Rs 2) per share	-	93,074
	1,862,006	3,378,967

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 balance sheet, including non-controlling interests). Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and bank balances and liquid investments.

The gearing ratios as at June 30, 2019 and 2018 were as follows:

		2019	2018
		(Rupees in thousand)	
Borrowings - notes 7, 13 & 14		44,940,340	34,451,913
Bank overdraft		87,470	-
Cash and bank balances - note 28		(783,250)	(498,973)
Liquid investments - at fair value through profit or loss - note 25.2		(24)	(35)
Net debt		44,244,536	33,952,905
Total equity		73,038,845	78,982,630
Gearing ratio	**Percentage**	61%	43%

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. The Group has complied with these covenants throughout the reporting period except for certain covenants in respect of which the lenders have not raised any objection to the company.

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 Group's assets and liabilities that are measured at fair value:

As at June 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees in thousand)		
Recurring fair value measurements				
Assets				
Investment - FVPL	24	-	-	24
Investments - FVOCI	22,031,838	-	1,983,213	24,015,051
Biological assets	-	-	827,488	827,488
Total assets	22,031,862	-	2,810,701	24,842,563
Total liabilities	-	-	-	-

As at June 30, 2018	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Recurring fair value measurements				
Assets				
Investment - At fair value through profit or loss	35	-	-	35
Investments at fair value through OCI	26,485,976	-	3,392,170	29,878,146
Biological assets	-	-	827,488	827,488
Total assets	26,486,011	-	4,219,658	30,705,669
Liability				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

Movement in the above mentioned assets has been disclosed in notes 18, 19 and 25 to these consolidated financial statements and movement has been disclosed in the consolidated statement of changes in equity. 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.

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 years.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Valuation techniques used to measure level 3 assets

Investments - FVOCI

Since the ordinary shares of Nishat Hotels and Properties Limited are not listed, an investment advisor engaged by the Group has estimated a fair value of Rs 13.76 per ordinary share as at June 30, 2019 through a valuation technique based on its discounted cash flow analysis. Hyundai Nishat Motor (Private) Limited's ordinary shares are also not listed and since its operations have not commenced as of the reporting date, management assesses the fair value of such investment equal to its cost.

The method for calculation of fair value and valuation inputs including sensitivity analysis has been explained in note 19.1.1 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, 2019. Level 3 fair value of Biological assets has been determined using a standard average values from the heifer with 14 months of age (time where can be pregnant) as a starting point to define the values of the different categories of growing cattle and according to the age of cows. From this point, the value of the cattle ageing between 14 months to 24 months (where 24 months is the theoretical age of calving) by adding the feed costs, salaries, medical cost, operational cost and insemination cost required, to raise the heifer from this age to the specific age of calving calculated in 24 months. From this stage of 24 months, it also obtains the disposal values for an average mature cow according to age.

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. To calculate the fair value of growing and small cattles ageing less than 14 months, the feed costs, salaries, operational and land rental costs are subtracted from the model used above. 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.

The cattle prices in the international market has remained constant over the past year. The demand of the cattle in the Asian market has also remained approximately the same as last year.

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 international market prices adding the cost of shipping and transportation and other expenses to Pakistan. The market value of the heifers if sold in the local market was also taken into consideration and compared with the fair values assigned to them.

The actual value of the similar heifers imported by the Group placed in Pakistan is determined according to the quotation obtained from the cattle dealer's importers. However, the quotations available for these animals are usually for pregnant heifers and with the insurance factor covered in the price. Both of these factors are excluded when ascertaining the fair value of milking animals.

The milking performance for the Australian imported heifers, Dutch heifers and farm born heifers has almost been the 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 8.274 million (2018: Rs 6.364 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 consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

45.4 Financial instruments by categories

	At fair value through profit or loss	Available-for-sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2019				
Assets as per statement of financial position				
Long term loans to employees and long term deposits	-	-	60,970	60,970
Trade debts	-	-	1,678,379	1,678,379
Advances, deposits and other receivables	-	-	21,750	21,750
Loan to related party	-	-	1,000,000	1,000,000
Investments	24	24,158,906	-	24,158,906
Cash and bank balances	-	-	783,250	783,250
	24	24,158,882	3,544,349	27,703,255
As at June 30, 2018				
Assets as per statement of financial position				
Long term loans to employees and long term deposits	-	-	60,747	60,747
Trade debts	-	-	519,802	519,802
Advances, deposits and other receivables	-	-	20,033	20,033
Loan to related party	-	-	1,000,000	1,000,000
Investments	35	29,878,146	-	29,878,146
Cash and bank balances	-	-	498,973	498,973
	35	29,878,146	2,099,555	31,977,736

	2019	2018
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term finances - secured	21,875,324	20,667,971
Accrued markup	890,864	370,028
Trade and other payables	7,399,792	6,578,519
Short term borrowings	22,851,016	13,614,942
Loans from related parties - unsecured	214,000	214,000
	53,230,996	41,445,460

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.

46. 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	**Nature of business**
Cement	Production and sale of clinker, ordinary portland and sulphate resistant cements
Paper	Manufacture and supply of paper products and packing material
Dairy	Production and sale of raw milk

The identification of operating segments was based on the internal organisational and reporting structure, built on the different products and services within the Group. Allocation of the individual organisational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under the Companies Act, 2017.

46.1 Segment analysis and reconciliation

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments.

(Rupees in thousand)

	Cement		Paper		Dairy/Farm Supplies		Elimination - net		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from										
- External customers	40,516,524	30,667,428	1,638,411	1,501,340	1,472,072	1,296,088	-	-	43,627,007	33,464,856
- Inter group	-	1,000	2,418,437	1,492,923	1,504	1,000	(2,419,941)	(1,494,923)	-	-
	40,516,524	30,668,428	4,056,848	2,994,263	1,473,576	1,297,088	(2,419,941)	(1,494,923)	43,627,007	33,464,856
Segment gross profit/(loss)	5,362,436	8,740,221	511,276	350,055	(172,354)	(238,274)	(27,158)	(34,904)	5,674,200	8,817,098
Segment expenses	(2,494,762)	(3,877,537)	(109,392)	(92,694)	(153,534)	(202,556)	2,973,285	3,245,205	215,597	(927,582)
Other income	2,427,264	3,026,660	19,897	17,122	28,526	11,072	(928)	(52,876)	2,474,759	3,001,978
Changes in fair value of biological assets	-	-	-	-	335,739	242,436	-	-	335,739	242,436
Financial charges	(3,304,101)	(519,267)	(297,774)	(53,277)	(7,869)	(2,025)	-	-	(3,609,744)	(574,569)
Taxation	(381,082)	1,467,531	(64,786)	33,419	30,698	122,644	-	-	(415,170)	1,623,594
Profit after taxation	1,609,755	8,837,608	59,221	254,625	61,206	(66,703)	2,945,199	3,157,425	4,675,381	12,182,955
Segment assets	125,941,425	121,889,015	5,466,160	3,819,137	3,242,803	3,133,181	(2,149,919)	(2,425,630)	132,500,469	126,415,703
Segment liabilities	55,011,605	44,754,598	4,062,459	2,481,688	566,273	517,857	(178,713)	(321,070)	59,461,624	47,433,073
Depreciation, amortization and impairment	3,500,067	3,574,369	60,285	35,523	181,474	197,555	29,611	31,780	3,771,437	3,839,227
Net cash generated from / (used in) operating activities	(1,530,631)	8,910,698	(1,119,395)	(778,471)	(111,462)	(63,128)	47,297	(32,764)	(2,714,191)	8,036,335
Capital expenditure	(7,014,359)	(17,816,476)	(5,304)	(916,429)	(52,391)	(84,558)	3	-	(7,072,051)	(18,817,463)
Net cash generated from/(used in) investing activities	(5,444,043)	(16,070,791)	176	(947,622)	46,916	(2,743)	(8,740)	(50,736)	(5,405,691)	(17,071,892)

46.2 Geographical segments

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

47. Interests in other entities

47.1 Material subsidiaries

The Group's principal subsidiaries as at June 30, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration and their principal places of business are disclosed in note 1.

	Ownership interest held by the Group		Ownership interest held by non-controlling interests		
Name of entity	**2019**	**2018**	**2019**	**2018**	**Principal activities**
Nishat Paper Products Company Limited	55%	55%	45%	45%	Paper products and packaging material
Nishat Dairy (Private) Limited	55.10%	55.10%	44.90%	44.90%	Production and sale of raw milk
Nishat Farm Supplies (Private) Limited	0.00%	55.10%	0.00%	44.90%	Sale/ distribution of imported chemicals, medicines, vaccines etc.

47.2 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 Paper Products Company Limited		Nishat Dairy (Private) Limited		Nishat Farm Supplies (Private) Limited	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Summarised statement of financial position						
Current assets	3,821,431	2,108,494	496,543	431,035	-	-
Current liabilities	3,178,737	1,749,387	525,545	433,271	-	-
Current net assets / (liabilities)	**642,694**	**359,107**	**(29,002)**	**(2,236)**	**-**	**-**
Non-current assets	1,644,729	1,710,643	2,746,261	2,702,146	-	-
Non-current liabilities	883,721	732,300	40,728	84,587	-	-
Non-current net assets	761,008	978,343	2,705,533	2,617,559	-	-
Net assets	1,403,702	1,337,450	2,676,531	2,615,323	-	-
Accumulated non-controlling interest	727,088	701,090	1,312,466	1,293,759	-	-

	Nishat Paper Products Limited		Nishat Dairy (Private) Limited		Nishat Farm Supplies (Private) Limited	
	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Summarised statement of comprehensive income						
Revenue	4,056,849	2,994,264	1,473,576	1,296,088	-	-
Profit/(loss) for the year	59,221	256,753	61,206	(65,408)	-	(4)
Other comprehensive income	(18,312)	(7,193)	-	-	-	-
Total comprehensive income	40,909	249,560	61,206	(65,408)	-	(4)
Profit/(loss) allocated to NCI	22,801	108,241	18,709	(39,695)	-	(2)
Other comprehensive income allocated to NCI	(8,240)	(3,237)	-	-	-	-
Dividends paid to NCI	-	41,883	-	-	-	-
Summarised cash flows						
Cash flow from operating activities	(1,119,395)	(778,471)	(111,462)	(63,128)	-	(89)
Cash flow from investing activities	176	(947,622)	46,916	(2,743)	-	-
Cash flow from financing activities	(16,126)	386,825	-	45,000	-	85
Net decrease in cash and cash equivalents	(1,135,345)	(1,339,268)	(64,546)	(20,871)	-	(4)

48. Date of authorisation for issue

These consolidated financial statements were authorised for issue on September 16, 2019 by the Board of Directors.

49. Event after the reporting date

The Board of Directors have proposed a final dividend for the year ended June 30, 2019 of Rs 1.0 per share amounting to Rs 438.119 million at their meeting held on September 16, 2019 for approval of the members at the Annual General Meeting to be held on October 28, 2019. These consolidated financial statements do not include the effect of the above dividend that will be accounted for in the period in which it is approved.

50. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. However, no significant re-arrangement has been made.

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
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

- غیر ملکی کرنسی کا اتار چڑھاؤ
- برآمد مارکیٹ
- کرافٹ کاغذ کی قیمتیں
- جانوروں سے متعلقہ بیماریاں، شرح اموات وغیرہ وغیرہ جیسے خطرات

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۔

بعد از بیلنس شیٹ کے واقعات

کوئی اہم بعد از بیلنس شیٹ واقع 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۔

فریم ورک اور داخلی کنٹرول

اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔ 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۔ مالی حسابات کو لاگو قوانین کے تحت تیار اور کمپنی کی اصل اور موزوں وضاحت کی گئی ہے۔

ڈائریکٹر

DGKC

محترمہ ناز منشا (چیئر پرسن)
جناب رضا منشا
جناب خالد نیاز خواجہ
جناب محمد عارف حمید
جناب محمود اختر
جناب فرید نور علی فضل
جناب شہزاد احمد ملک

NPPL

جناب رضا منشا (چیئر مین)
جناب فرید نور علی فضل
جناب آفتاب احمد خان
جناب محمود اختر
محترمہ Ammil رضا منشا
ڈاکٹر عارف بشیر
جناب حسن منشا

NDL

جناب رضا منشا (چیئر مین)
جناب عمر منشا
جناب حسن منشا

ہم اپنے تمام صارفین، ڈیلرز، سپلائرز، قرض دہندہ سمیت تمام اسٹیک ہولڈرز کی حمایت کے شکر گزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

منجانب بورڈ

رضا منشا
چیف ایگزیکٹو آفیسر

فرید نور علی فضل
ڈائریکٹر

لاہور
16 ستمبر 2019ء

حصص داران کے لئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے مجموعی مالیاتی اعداد و شمار آپ کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مجموعی اکاؤنٹس ڈی جی خان سیمنٹ کمپنی لمیٹڈ (DGKC) ہولڈنگ کمپنی، نشاط پیپر پروڈکٹس کمپنی لمیٹڈ (NPPCL) اور نشاط ڈیری (پرائیویٹ) لمیٹڈ (NDL) کے اکاؤنٹس کو ظاہر کرتے ہیں۔

اصل سرگرمی

ہولڈنگ اور ذیلی کمپنیوں کی اصل سرگرمیاں مندرجہ ذیل ہیں:

ڈی جی خان سیمنٹ کمپنی لمیٹڈ:	سیمنٹ کی تیاری اور فروخت
نشاط پیپر پراڈکٹس کمپنی لمیٹڈ:	کاغذ کی بوریوں کی تیاری اور فروخت
نشاط ڈیری (پرائیویٹ) لمیٹڈ:	ڈیری فارمنگ

ہولڈنگ

DGKC اپنی ذیلی کمپنیوں میں حسب ذیل کے مطابق شیئر ہولڈنگ کی مالک ہے:

کمپنی	حصص	فیصد شیئر ہولڈنگ
NPPL	25,595,398	55.00
NDL	270,000,000	55.10

کاروباری نتائج اور امور

30 جون 2019 مختتمہ سال کے لئے مجموعی کارکردگی کے اعداد و شمار:

پاکستانی روپے ہزاروں میں

	مالی سال 19	مالی سال 18	تغیرات
فروخت	43,627,007	33,464,856	10,162,151
قیمت فروخت	(37,952,807)	(24,647,758)	(13,305,049)
مجموعی منافع	5,674,200	8,817,098	(3,142,898)
انتظامی لاگت	(711,122)	(706,148)	(4,974)
فروخت اور تقسیم کرنے کی لاگت	(1,330,984)	(919,866)	(411,118)
مالی اثاثوں پر خالص کمی (امپیئرمنٹ) نقصانات	(22,343)		(22,343)
بائیالوجیکل اثاثوں کی فیئر ویلیو میں تبدیلی	335,739	242,436	93,303
دیگر آپریشنل لاگت	(530,452)	(2,545,982)	2,015,530
دیگر آمدنی	2,474,759	3,001,978	(527,219)
مالی لاگت	(3,609,744)	(574,569)	(3,035,175)
ٹیکس سے قبل منافع	2,280,053	7,314,947	(5,034,894)
ٹیکسیشن	(415,170)	1,623,594	(2,038,764)
بعد از ٹیکس منافع	1,864,883	8,938,541	(7,073,658)

فی حصص آمدنی

مجموعی فی حصص آمدنی 4.16 پاکستانی روپے ہے (PKR 20.25:FY18)

کارکردگی

مجموعی فی حصص آمدنی FY18 کی 20.25 پاکستانی روپے کے مقابلے FY19 کے لئے 4.16 پاکستانی روپے ہے۔ خالص فروخت 30 فیصد زیادہ، مجموعی منافع تقریباً 36 فیصد کم، PBT تقریباً 69 فیصد کم اور PAT تقریباً 79 فیصد کم ہوا۔

ہولڈنگ کمپنی کے امور پر الگ تفصیلی رپورٹ جاری کی گئی ہے:

	NPPL	NDL (مجموعی)
خالص فروخت (پاکستانی روپے ملین میں) - FY19	4,057	1,474
خالص فروخت (پاکستانی روپے ملین میں) - FY18	2,994	1,296
فی شیئر آمدنی - FY19	1.27	0.12
فی شیئر آمدنی - FY18	5.47	-0.14
مجموعی منافع - FY19	12.07	-11.67
مجموعی منافع - FY18	11.08	-18.38
PAT - FY19 مارجن	1.46	4.14
PAT - FY18 مارجن	8.50	-5.17

NPPL کی خالص فروخت تقریباً 35 فیصد زیادہ ہوئی۔ کرافٹ کاغذ کی زیادہ قیمتوں اور مالی لاگت میں اضافہ کی وجہ سے PAT میں 1.5 فیصد کمی ہوئی۔

NDL کی آمدنی PAT میں 4.14 فیصد اضافہ کے نتیجے 14 فیصد زیادہ ہوئی۔ اضافہ کی اہم وجہ دودھ کی پیداوار میں اضافہ اور بائیولوجیکل اثاثوں کی فیئر قیمت میں اضافہ ہے۔

مستقبل کے امکانات

آئی ایم ایف کے انتظامات کے بعد مالی اور مانیٹری سختی لوگوں کی قوت خرید پر اثر انداز ہو سکتی ہے۔ مقامی مارکیٹ میں مسابقت قیمتوں میں جنگ کا سبب بن سکتی ہے اور اس سے سیمنٹ سیگمنٹ کا منافع متاثر ہو سکتا ہے۔ سیمنٹ صنعت کی فروخت میں حجم کے لحاظ سے کمی کے NPPL پر منفی اثرات مرتب ہوں گے۔ کرافٹ کاغذ کی قیمتوں کا رجحان NPPL کی آمدنی کے تعین کے اہم عناصر میں سے ایک ہے۔ NDL اس منصوبے کو منافع بخش بنانے کے لئے مثبت سمت کی جانب گامزن ہے۔

اہم خطرات

مجموعی بنیاد پر کمپنی کو درپیش اصل خطرات مندرجہ ذیل ہیں:

- مارکیٹ قیمت اور سخت مقابلہ
- مستعمل پیداواری صلاحیت
- سود کی شرح

کے ضابطے کو اپنایا ہے اور اس پر مکمل طور عمل کیا ہے۔ اس اثر پر باقاعدہ ایک رپورٹ منسلک 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 ایکوئٹی 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۔

e۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موئثر 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 کے دوسرے حصوں میں مدلل درج ہیں۔

i۔ گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

j۔ جہاں ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں 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 پیٹرن اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

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 کی سرمایہ کاری کی قیمت 1,444 ملین پاکستانی روپے (2017: 1,272 ملین روپے) اور گریجوئٹی میں سرمایہ کاری کی قیمت 322 ملین پاکستانی روپے (2017: 323 ملین روپے) ہے۔

ہم اپنے تمام صارفین، ڈیلرز، سپلائرز، قرض دہندہ سمیت تمام اسٹیک ہولڈرز کی حمایت کے شکر گزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

منجانب بورڈ

رضا منشا
چیف ایگزیکٹو آفیسر
لاہور
16 ستمبر 2019ء

فرید نور علی فضل
ڈائریکٹر

- کمپنی کوئلے کے استعمال کی جگہ، کسی حد تک، شہر سے جمع ہونے والے کوڑے 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۔

سال کے دوران کمپنی نے سپریم کورٹ آف پاکستان کی ہدایت پر ڈیم فنڈ میں 100 ملین پاکستانی روپے کی مدد کی ہے۔

اہم خطرات

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

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۔

ڈائریکٹر

مندرجہ ذیل کمپنی کے ڈائریکٹر ہیں:

1۔ محترمہ ناز منشا (چیئرپرسن)	نان ایگزیکٹو
2۔ جناب رضا منشا (چیف ایگزیکٹو)	ایگزیکٹو
3۔ جناب محمود اختر	نان ایگزیکٹو
4۔ جناب فرید نور علی فضل	ایگزیکٹو
5۔ جناب شہزاد احمد ملک	نان ایگزیکٹو
6۔ جناب خالد نیاز خواجہ	آزاد
7۔ جناب محمد عارف حمید	نان ایگزیکٹو

خاتون ڈائریکٹرز: 01

مرد ڈائریکٹرز: 06

آڈٹ کمیٹی

1۔ جناب خالد نیاز خواجہ (ممبر/ چیئرمین)	آزاد ڈائریکٹر۔
2۔ جناب محمود اختر (ممبر)	نان ایگزیکٹو ڈائریکٹر۔
3۔ جناب محمد عارف حمید (ممبر)	نان ایگزیکٹو ڈائریکٹر۔

انسانی وسائل اور معاوضہ کمیٹی

1۔ جناب خالد نیاز خواجہ (ممبر/ چیئرمین)	نان ایگزیکٹو ڈائریکٹر۔
2۔ جناب رضا منشا (ممبر)	ایگزیکٹو ڈائریکٹر۔
3۔ جناب محمود اختر (ممبر)	نان ایگزیکٹو ڈائریکٹر۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوگئے 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۔

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی پالیسی کی منظوری دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

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۔

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۔

مندرج کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشنز 2017 (ریگولیشنز) کی تعمیل

کارپوریٹ گورنس کے ضابطہء اخلاق کی تعمیل

کمپنی نے 30 جون 2019 کو ختم ہونے والے سال کی متعلقہ، ریگولیشنز

میں کچھ کمی واقع ہو سکتی ہے جو ڈسکاؤنٹ شرح میں معمولی ریلیف فراہم کر سکتی ہے۔ یہ عوامل پیداوار، فروخت اور مالی اخراجات کو متاثر کر سکتے ہیں اور اگر فروخت کی قیمتوں میں بڑھتے ہوئے اخراجات کے مقابلے اضافہ نہ کیا گیا تو منافع متاثر ہونے کا امکان ہے۔

قلیل مدت کے لئے، فروخت کے معاملے میں، آئی ایم ایف کے انتظامات کے بعد جاری ریگولیٹری سختی اور مسلسل مالی استحکام اور مانیٹری سختی طلب کو سست رکھے گی۔ موجودہ رجحان سے متوقع ہے کہ سیمنٹ کی قیمتوں پر دباؤ برقرار رہے گا کیونکہ فروخت کے استعمال پر سخت مقابلہ متوقع ہے۔ تاہم، طویل مدت کے لئے، ہم توقع کرتے ہیں کہ مجموعی معیشت کے ساتھ طلب مستحکم اور مقامی طلب میں اضافہ ہوگا۔ حب میں نئے پلانٹ کے ساتھ، آپ کی کمپنی توقع کر رہی ہے کہ مقامی مارکیٹ میں کمی کے خطرے کو کم کرنے کے لئے افریقی اور ایشیائی ممالک میں برآمد کے نئے مواقع میسر آئیں گے۔

بگ ٹکٹ انفراسٹرکچر پروجیکٹس (داسو ڈیم، دیامر بھاشا ڈیم، مہمند ڈیم، کم لاگت ہاؤسنگ اسکیم) حکومت کے زیرِ غور ہیں۔ اگر مناسب طریقے سے اس پر عملدرآمد کیا گیا تو وہ آئندہ سالوں میں مقامی مارکیٹ میں بڑے پیمانے پر طلب میں اضافہ کریں گے۔

بعداز بیلنس شیٹ کے واقعات

کوئی اہم بعداز بیلنس شیٹ واقع 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۔ کمپنی نے پلانٹ سے خارج ہونے والی ہیٹ سے بجلی پیدا کرنے اور صنعتی اور میونسپل فضلوں کو استعمال میں لانے کے لئے جدید مشینریوں میں بھاری سرمایہ کاری کی ہے۔

کارپوریٹ سماجی ذمہ داری

DGKC اپنی معاشرتی اور فلاحی ذمہ داریوں سے بخوبی واقف ہے۔

تعلیم

کمپنی ڈی جی خان میں بلوم 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 ایمبولینس سروسز چلاتی ہے۔
- کمپنی قریبی علاقوں کے لئے فری فائر فائٹنگ سروس بھی چلاتی ہے۔

واٹر سپلائی

- 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 اور داخلی بے گھر افراد کی بحالی میں مدد کرتی ہے۔

آگاہی اور ایچ ایس ای

- کمپنی بیماریوں اور ان کی روک تھام پر مختلف آگاہی کے سیشنز کا انعقاد کرتی ہے۔
- کمپنی سیکیورٹی، صحت اور حفاظت پر سیشن کا اہتمام کرتی ہے اور 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۔

حجم

کمپنی کی کلنکر پیداوار میں 1,967,485 میٹرک ٹن (44.6فیصد) اضافہ ہوا جبکہ سیمنٹ کی پیداوار میں 759,615 میٹرک ٹن (15.6فیصد) اضافہ ہوا۔ پیداوار میں اضافہ بنیادی طور پر حب پلانٹ کے پورے سال کے آپریشن کی وجہ سے ہے جس نے مجموعی طور پر پیداواری صلاحیت میں 67 فیصد اضافہ کیا ہے۔ اس کے نتیجے میں، فروخت کی کل مقدار میں 787,392 میٹرک ٹن (16.4فیصد) اضافہ ہوا۔ مقامی فروخت میں 975,225 میٹرک ٹن (22.4 فیصد) اضافہ ہوا جبکہ بھارت کی طرف سے 200 فیصد ڈیوٹی عائد کرنے اور افغان مارکیٹ پر ایرانی سیمنٹ انڈسٹری کے قبضہ کے باعث برآمدات میں 187,833 میٹرک ٹن (41.0فیصد) کمی واقع ہوئی۔

زیادہ سے زیادہ مستعمل پیداواری صلاحیت کے لئے، آپ کی کمپنی نے سال کے دوران 707,341 میٹرک ٹن کلنکر برآمد کیا تا کہ مخصوص بلند اخراجات کو پورا کرنے کے لئے آمدنی حاصل کی جا سکے۔

مالی سال 19 میں کمپنی کی مستعمل پیداواری صلاحیت تقریباً 90 فیصد (مالی سال 113:18 فیصد) رہی جبکہ سیمنٹ صنعت کی مستعمل پیداواری صلاحیت 84 فیصد (مالی سال 95:18 فیصد) رہی۔ مالی سال 19 کے لئے کمپنی کی مقامی فروخت کا استعمال 75 فیصد (مالی سال 103:18 فیصد) درج کیا گیا اور برآمدات کے لئے یہ 15 فیصد (مالی سال 11:18 فیصد) تھا۔

حب پلانٹ کے اضافی 290 دن کی وجہ سے کلن کے آپریشنل ایام تقریباً 1,144(993:FY18) رہے۔

تصرف

بورڈ نے منافع اور صلاحیت کی توسیع کی ضروریات کو مدنظر رکھتے ہوئے، FY19 کے لئے 1.0 پاکستانی روپے فی شیئر کے ڈیویڈینڈ کی سفارش کرنے کا فیصلہ کیا ہے۔

روپے ہزاروں میں

منافع بعد از ٹیکس	1,609,759
ڈیویڈینڈ	438,119

نئے اور جاری۔ منصوبے

ویسٹ ہیٹ ریکوری (ڈبلیو ایچ آر) پاور پلانٹس اور کول فائرڈ پاور پلانٹ (سی ایف پی پی)

آپ کی کمپنی نے خیر پور سائٹ پر 12 میگاواٹ ڈبلیو ایچ آر پلانٹ کی فراہمی کے لئے اگست، 2018 میں چین کی سنوما انرجی کنزرویشن لمیٹڈ سے معاہدہ کیا ہے۔ یہ پلانٹ ایئر کولنگ سسٹم پر مبنی پاکستان میں اپنی نوعیت کا منفرد منصوبہ ہے۔ ڈبلیو ایچ آر پاور پلانٹ صنعت میں مسابقتی رہتے ہوئے پلانٹ اور مشینری کو مسلسل جدید اور تبدیل کرنے کی کمپنی کی پالیسی کے مطابق ہے۔ اگلے کیلنڈر سال کی پہلی سہ ماہی میں یہ منصوبہ مکمل ہونے کی امید ہے۔

آپ کی کمپنی نے سنوما انرجی کنزرویشن لمیٹڈ، چین کے ساتھ حب سیمنٹ پلانٹ میں 10MW کے ڈبلیو ایچ آر پاور جنریشن اور 30MW کے CFPP کی مشینری اور آلات کی فراہمی کے لئے بھی ایک معاہدہ کیا ہے۔ دونوں بجلی گھروں کی مشینری اور سامان ایئر کولنگ سسٹم پر مبنی ہیں جو صاف ماحول کو برقرار رکھنے کی کمپنی کی پالیسی میں اہم کردار ادا کرتے ہوئے کم سے کم پانی استعمال کریں گے۔ CFPP پاکستان میں اپنی نوعیت کا پہلا پاور پلانٹ ہے جس میں دو ٹربائنوں پر مشتمل "ری ہیٹ سسٹم" کے ساتھ توانائی کا تبادلہ ہوتا ہے۔ یہ توقع کی جاتی ہے کہ فی کلوواٹ کوئلہ کی کھپت تقریباً 1 فیصد کم ہے جو ہم اپنے موجودہ کوئلے سے چلنے والے بجلی گھر میں استعمال کرتے ہیں۔ ذاتی بجلی پیدا کرنے سے بجلی کے سالانہ اخراجات میں بچت ہوگی اور بلا تعطل پلانٹ آپریشن یقینی بن جائیں گے۔ توقع ہے کہ ڈبلیو ایچ آر دسمبر 2020 میں کام شروع کر دے گا اور سی ایف پی پی مارچ 2021 میں کام شروع کرے گا۔

مستقبل کے امکانات

آئی ایم ایف کے ساتھ معاہدہ کرنے کے بعد، ایک نئی حقیقت عیاں ہوئی ہے جہاں سبسڈیز پر انحصار کی کمی سے یوٹیلٹی قیمتوں میں اضافے کی توقع ہے۔ مزید یہ کہ معاشی استحکام اور مالی سختی کے نتیجے میں ٹیکسوں میں اضافہ اور پاکستانی روپیہ کی قدر میں کمی ہو سکتی ہے جو لوگوں کی قوت خرید متاثر کر سکتی ہے۔ GOP کی طرف سے گاڑیوں کے کرائے بڑھائے جانے کا بھی ممکنہ مضمر ہو سکتا ہے۔ تاہم، تیل کی متزلزل قیمتوں کے درمیان، بہ نسبت افراط زر

آمدنی

مالی سال 2019 میں مقامی طلب کو کم کرنے والی اقتصادی سست روی، کاروبار کے بلند اخراجات، قرضوں کی قیمتوں میں اضافہ اور عالمی سطح پر سست روی کی وجہ سے ناموافق سیمنٹ کی برآمد مارکیٹ کی بدولت سیمنٹ کی صنعت میں منافع کی کمی ہوئی ہے۔ حکومت نے، مالی سختی کے عمل میں، پی ایس ڈی پی فنڈز میں کمی کی جس سے تعمیراتی شعبے میں نمو 7.47- فیصد رہی۔ پیداواری صلاحیتوں میں اضافے کے بیچ مقامی طلب کی کمی نے سیمنٹ کی صنعت کے استعمالات کو بہت زیادہ متاثر کیا جس نے 95 فیصد سے 84 فیصد تک کمی درج کرائی۔

آپ کی کمپنی کی مالی سال 2019 کی کارکردگی پر پورا سال حب پلانٹ کے آپریشن کا غلبہ رہا۔ حب پلانٹ کی صلاحیت میں اضافے کی بدولت خالص فروخت میں 9,848 ملین روپے (32.1 فیصد) کا اضافہ ہوا جبکہ سی او جی ایس میں 13,225 ملین روپے (60.3 فیصد) کا اضافہ ہوا جس کے نتیجے جی پی میں مطلق مدتوں کے لئے 3,377 ملین روپے (38.6 فیصد) کمی واقع ہوئی۔ عمومی بلند افراط زر اور یوٹیلٹی قیمتوں میں اضافہ کی وجہ سے پیداوار کی لاگت میں اضافہ ہوا ہے۔ کرنسی کی قدر میں کمی کی وجہ سے کمپنی کو کوئلے کی قیمتوں میں 5.8 فیصد کمی واقع ہوئی۔ فرسودگی کی قیمت میں مطلق مدتوں کے لئے 1,191 ملین روپے کا اضافہ ہوا ہے، جس میں سے 1,832 ملین روپے حب پلانٹ کے پورے سال کے کاموں سے متعلق ہیں۔ مزید یہ کہ، سست طلب کی وجہ سے، پلانٹ کو کم استعمال کیا گیا۔ کمپنی کمی کو پورا نہیں کرسکتی تھی جو گذشتہ سال اضافی استعمالات کی وجہ سے واقع ہوئی تھی۔ اس پیداواری اخراجات کو صارفین تک منتقل نہیں کیا جا سکا کیونکہ سیمنٹ کی قیمتوں کو مقامی مارکیٹ میں زیادہ مسابقت (خاص طور پر سال کے دوران استعداد کار بڑھانے سے) کے دباؤ کا سامنا کرنا پڑا، میکرو- معاشی چیلنجوں سے معیشت متاثر اور مقامی طلب میں کمی واقع ہوجاتی ہے۔ اگرچہ پیداوار اخراجات میں بڑھنے کا رجحان برقرار رہا، لیکن سال بھر میں سیمنٹ کی قیمتوں میں اتار چڑھاؤ آتا رہا۔ ان عوامل نے مالی سال 19 میں جی پی کے 28.5 فیصد سے 13.2 فیصد تک گراوٹ میں اہم کردار ادا کیا۔

سال کے دوران، کمپنی نے مخصوص اثاثوں سے متعلق اپنی فرسودگی کی پالیسی کا دوبارہ جائزہ لیا اور اسے معقول قرار دیا۔ اس کا مقصد فرسودگی کی شرح کو اثاثوں اور صنعت کے طریقہء کار کی معاشی بقاء کے مطابق لانا ہے۔ اگر کوئی تبدیلی نہ ہوتی تو جی پی 2,000 ملین روپے کم ہوجاتا۔

فروخت اور تقسیم کے اخراجات میں 408 ملین روپے (45.4 فیصد) کا اضافہ ہوا ہے، جو کلنکر کی برآمد سے وابستہ فروخت کے اخراجات کی وجہ سے فروخت کی نسبت زیادہ تیزی سے بڑھے ہیں۔ دیگر کاروباری اخراجات میں 1,816 ملین روپے (77.1 فیصد) کی کمی واقع ہوئی ہے، کیونکہ گزشتہ سال خیر پور سائٹ پر ویسٹ ہیٹ ریکوری (ڈبلیو ایچ آر) پلانٹ کی بنیادی مرمت پر 1,270 ملین روپے کی لاگت آئی تھی۔ دیگر آمدنی میں 599 ملین روپے (19.8 فیصد) کمی واقع ہوئی ہے، کیونکہ گذشتہ سال ڈبلیو ایچ آر کے سپلائر سے 910 ملین روپے کی آمدنی بطور معاوضہ وصول ہوئی تھی۔

مالی سال 19 میں گذشتہ سال کے مقابلہ میں 2,785 ملین روپے (5.36 گنا) مالی لاگت میں کمی ہوئی۔ مالی لاگت میں اضافہ حب پروجیکٹ میں اہم سرمایہ کاری کے لئے طویل مدتی قرضوں سے وابستہ مالی اخراجات اور ڈسکاؤنٹ شرح میں اضافہ کی وجہ سے ہوا۔

مالی سال 19 میں کم جی پی، فروخت اور تقسیم کے اخراجات میں اضافہ اور بڑھتی ہوئی مالی لاگت کی وجہ سے پی بی ٹی میں 5,379 ملین روپے (73.0 فیصد) کی کمی واقع ہوئی جبکہ پی بی ٹی 24.0 فیصد سے کم ہوکر 4.9 فیصد ہوگیا۔

ٹیکس کے اخراجات میں گذشتہ سال نئے حب پلانٹ سے متعلق سیکشن 65 بی کے تحت زیادہ ٹیکس کریڈٹ اور فنانس ایکٹ 2019 کے تحت 25 فیصد سے 29 فیصد تک ملتوی ٹیکس واجبات کی بحالی کی وجہ سے ٹیکس کے اخراجات میں گزشتہ سال کے مقابلے میں 1,849 ملین روپے (1.26 گنا) کا اضافہ ہوا ہے، 381 ملین روپے کے اخراجات کے عوض 1,467 ملین روپے کی آمدنی حاصل ہوئی۔

مجموعی طور پر PAT میں 7,228 ملین روپے (81.8 فیصد) کی کمی ہوئی اور PAT 28.8 فیصد سے کم ہوکر 4.0 فیصد رہ گیا۔ اس کے نتیجے میں EPS 20.17 روپے فی شیئر سے کم ہوکر 3.67 روپے فی شیئر ہوگیا۔

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کمپنی کی اصل سرگرمی سیمنٹ کی تیاری اور فروخت کرنا ہے۔ 30 جون 2019ء مختتمہ سال کے لئے کمپنی کی مجموعی کارکردگی کے اعداد و شمار:

	مالی سال 2018	مالی سال 2019	تغیرات	
	پاکستانی روپے ہزاروں میں			فیصد
فروخت	40,516,525	30,668,428	9,848,097	32.1%
قیمت فروخت	(35,154,086)	(21,928,207)	(13,225,879)	60.3%
مجموعی منافع	5,362,439	8,740,221	(3,377,782)	-38.6%
انتظامی اخراجات	(628,517)	(624,725)	(3,792)	0.6%
فروخت اور تقسیم کے اخراجات	(1,305,695)	(898,156)	(407,539)	45.4%
خالص قرضی نقصان	(22,343)	-	(22,343)	100.0%
دیگر معاملاتی اخراجات	(538,207)	(2,354,656)	1,816,449	-77.1%
دیگر آمدنی	2,427,266	3,026,661	(599,395)	-19.8%
مالی لاگت	(3,304,102)	(519,267)	(2,784,835)	536.3%
ٹیکسیشن سے قبل منافع	1,990,841	7,370,078	(5,379,237)	-73.0%
ٹیکسیشن	(381,082)	1,467,530	(1,848,612)	-126.0%
ٹیکسیشن کے بعد منافع	1,609,759	8,837,608	(7,227,849)	-81.8%

امسال کے لئے آپ کی کمپنی کے آپریشنل اعداد و شمار درج ذیل ہیں:

	مالی سال 2018	مالی سال 2019	تغیرات	
پیداوار	پاکستانی روپے ہزاروں میں			فیصد
کلنکر کی پیداوار	6,380,898	4,413,413	1,967,485	44.6%
سیمنٹ کی پیداوار	5,613,650	4,857,761	755,889	15.6%
فروخت				
کل فروخت	5,597,642	4,810,250	787,392	16.4%
مقامی فروخت	5,327,410	4,352,185	975,225	22.4%
برآمد فروخت	270,232	458,065	(187,833)	-41.0%
کلنکر فروخت	707,341	26,576	680,765	2561.6%

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, 2019 (Monday) at 11:30 A.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, 2019 together with the Chairman's Review, Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 10% [i.e. Re. 1 (Rupee One Only) per Ordinary Share 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.

1. Mrs. Naz Mansha
2. Mian Raza Mansha
3. Mr. Khalid Niaz Khawaja
4. Mr. Muhammad Arif Hameed
5. Mr. Farid Noor Ali Fazal
6. Mr. Mahmood Akhtar
7. Mr. Shahzad Ahmad Malik

4. To appoint statutory Auditors and fix their remuneration.

5. **Special Business:-**

To consider and if deemed fit, to pass the following resolutions as Special Resolutions under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s).

a) **RESOLVED** that approval of the members of D. G. Khan Cement Company Limited (the "Company") be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017 for renewal of investment of upto PKR 1,000,000,000/- (Rupees One Billion Only) in the form of working capital / running finance loan to Nishat Hotels and Properties Limited ("NHPL"), an associated company, for a period of one year starting from the date of approval by the members, at the markup rate of 1 Month KIBOR plus 100 bps (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period or the borrowing cost of the Company which ever is higher) and as per other terms and conditions of loan agreement in writing and as disclosed to the members.

FURTHER RESOLVED that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities including signing of agreement and other documents and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

b) **RESOLVED THAT** approval of the Members of D. G. Khan Cement Company Limited ("the Company") be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017, to increase the amount of equity investment by Rs. 206,400,000 in Hyundai Nishat Motor (Pvt) Limited (HNMPL), an associated company, in the already approved amount of equity investment of Rs.850,000,000, for subscribing, 85,000,000 ordinary shares approved by the members under Section 199 of the Companies Act, 2017 in their Extraordinary General Meeting held on March 28, 2018 thus making a total equity investment upto Rs. 1,056,400,000 (Rupees One Billion Fifty Six Million Four Hundred Thousand Only) for subscribing, at Par, fully paid up to 105,640,000 ordinary shares of PKR 10 each of HNMPL as may be offered to the Company from time to time by HNMPL.

RESOLVED FURTHER THAT approval of the members of the Company be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017, to increase in the amount of guarantee / continuing Stand by Letter(s) of Credit (SBLC) by an amount of Rs. 277,100,000 (Rupees Two Hundred Seventy Seven Million One Hundred Thousand Only) to provide sponsors support to HNMPL, for a tenure of 7.5 years starting from date of issue of guarantee/SBLC in the already approved amount of guarantee / continuing Stand by Letter(s) of Credit (SBLC) of PKR 1,000,000,000 (Rupees One Billion Only) approved by the Shareholders under Section 199 of the Companies Act, 2017 in their Extraordinary General

Meeting held on March 28, 2018 thus making a total amount of investment by way of guarantee / continuing Stand by Letter(s) of Credit (SBLC) upto Rs 1,277,100,000 (Rupees One Billion Two Hundred Seventy Seven Million One Hundred Thousand Only), for a tenure of 7.5 years starting from the date of issue of guarantee/SBLC, to be issued by the Company's Bank(s) in favor of financial institutions/lenders of HNMPL to secure financial assistance to be extended to HNMPL and to provide securities / corporate guarantees / collaterals to the Company's Bank(s) for the purpose of issuance of SBLC, provided that the commission to be charged by the Company to HNMPL on any outstanding amount of SBLC shall be 0.05% per quarter over and above the quarterly commission charged by the Company's Bank(s) from the Company on the outstanding amount of guarantee / SBLC, as per terms and conditions disclosed to the members.

RESOLVED FURTHER THAT in the event the Company is called upon by the lenders of HNMPL for repayment of money provided to HNMPL as a result of enforcement of SBLC, the Company shall recover the full amount paid by it from HNMPL with mark up of 0.5% per annum above the average borrowing cost of the Company till the date of payment from HNMPL, as may be mutually agreed.

RESOLVED FURTHER THAT these resolutions shall be valid for a period of four (4) years starting from the date of approval by members and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities including filing of applications for no objection certificate/permission from any authority / Commission as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.

RESOLVED FURTHER THAT the Company be and is hereby authorized to dispose of through any mode, a part or all of equity investments made by the Company from time to time and to dispose of and / or decline a part or all of its entitlement of right shares as and when offered by the investee companies in which the Company has made equity investments and the Chief Executive Officer and / or Chief Financial Officer and / or Company Secretary be and are hereby authorized singly to take the decision of divestment and / or declining of right shares entitlement as and when they deemed it appropriate and necessary in the best interest of the Company and its Shareholders.

By order of the Board

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

Lahore
September 16, 2019

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from **14-10-2019 to 28-10-2019 (both days inclusive)** for entitlement of **10% Final Cash Dividend [i.e. Re. 1 (Rupee One Only) Per Ordinary Share]** for the year ended June 30, 2019 and Election of Directors and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 11-10-2019 at Share Registrar, THK Associates (Pvt) Limited, **Karachi Office**, 1st Floor, 40-C, Block-6, PECHS, Karachi, **Lahore Office**, THK Associates (Pvt) Ltd. DYL Motorcycles Ltd. Office, 147-Q Block, Behind Emporium Mall, Johar Town, Lahore, will be considered in time for entitlement of above said 10% Final Cash Dividend and Election of Directors.

Proxies

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

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

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- **a.** In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- **b.** In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- **a.** In case of individuals, the account holder and/or sub-account holder and their 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 and the proxy shall be furnished with the proxy form.
- **d.** The proxy shall produce his original CNIC or original passport at the time of the Meeting.

In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Deduction of Withholding Tax on Dividend

Pursuant to the provisions of the Finance Act, 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- Filler	15%
- Non-Filler	30%

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

Deduction of Withholding Tax on Dividend in case of Joint Account Holders

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar THK Associates (Pvt) Limited, **Karachi Office**, 1st Floor, 40-C, Block-6, PECHS, Karachi, **Lahore Office**, THK Associates (Pvt) Ltd. DYL Motorcycles Ltd. Office, 147-Q Block, Behind Emporium Mall, Johar Town, Lahore, latest by October 15, 2019, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		D.G. Khan Cement Company Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder______________________________

EXEMPTION OF WITHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, Share Registrar THK Associates (Pvt) Limited, **Karachi Office**, 1st Floor, 40-C, Block-6, PECHS, Karachi, **Lahore Office**, THK Associates (Pvt) Ltd. DYL Motorcycles Ltd. Office, 147-Q Block, Behind Emporium Mall, Johar Town, Lahore, up to October 15, 2019.

SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar, Share Registrar THK Associates (Pvt) Limited, Karachi Office, 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office, THK Associates (Pvt) Ltd. DYL Motorcycles Ltd. Office, 147-Q Block, Behind Emporium Mall, Johar Town, Lahore. The Shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 issued by SECP and would be constrained under SECP's Order dated June 08, 2016 under Section 251(2) of the Companies Ordinance, 1984 to withhold the payment of dividend warrants to such shareholders which will be released on submission of valid copy of CNIC.

ZAKAT DECLRATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Any shareholder who want to claim exemption shall submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 on prescribed Form CZ-50, to our Share Registrar, M/s. THK Associates (Pvt) Limited, Karachi Office, 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office, THK Associates (Pvt) Ltd. DYL Motorcycles Ltd. Office, 147-Q Block, Behind Emporium Mall, Johar Town, Lahore otherwise no exemption will be granted. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio Numbers/CDC Account Numbers.

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.

Folio No. / Investor Account Number / CDC Sub Account No.																								
Title of Account																								
IBAN Number																								
Bank Name																								
Branch																								
Branch Address																								
Mobile Number																								
Name of Network (if ported)																								
Email Address																								

Signature of Shareholder______________________________

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.

Circulation of Annual Reports through Digital Storage

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the Members of D. G. Khan Cement Company Limited in AGM held on 28th October 2017 had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

Unclaimed Dividend / Shares

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

Video Conference Facility

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting on the Standard Form placed in the annual report which is also available on the website of the Company.

E-voting and Postal Ballot Facility

The shareholders will be allowed to exercise their right to vote through e-voting and postal ballot subject to Section 142 and 143 of the Companies Act, 2017 and Regulation 11 of the Companies (Postal Ballot) Regulations, 2018.

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

Section 166 of the Companies Act 2017 provides that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as an independent director. The Company is required to have [two] independent directors on its board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2017. Accordingly, the names of Mr. Khalid Niaz Khawaja and Mr. Muhammad Arif Hameed have been proposed for election as independent directors and they meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and their names are listed on the data bank of independent directors maintained by Pakistan Institute of Corporate Governance duly authorized by SECP. Further, their selection has been made due to their respective competencies, skill, knowledge and experience.

STATEMENT OF MATERIAL FACTS
UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2019.

a) NISHAT HOTELS AND PROPERTIES LIMITED RENEWAL OF WORKING CAPITAL LOAN OF RS. 1 BILLION.

D. G. Khan Cement Company Limited ("the Company") has extended working capital loan of PKR 1 billion to Nishat Hotels and Properties Limited ("NHPL") as approved by the shareholders in their Annual General Meeting (AGM) held on October 27, 2018 at the interest rate of 3 months KIBOR plus 0.50% for a period of one year starting from the date of that AGM. The company has so for earned Rs. 209.6 million till June 30, 2019 as markup on said investment in last three years.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company in their meeting held on September 16, 2019 has recommended renewal of above said working capital loan of PKR 1 billion extended to NHPL at the interest rate of 1 Months KIBOR plus 0.50% (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) or borrowing cost of the Company whichever is higher) for a further period of one year starting from the date of this AGM i.e. October 28, 2019 on the terms and conditions of loan agreement in writing and as disclosed to the members

Repayment of the principle amount of loan will be made within one year with payment of interest due on monthly basis. The management expects significant financial gains for the Company through higher interest rates charged to NHPL which will eventually enhance the return on investment to the shareholders of the Company.

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 12,000,000,000/- (Rupees Twelve Billion Only) divided into 1,200,000,000 (One Billion Two Hundred Million) ordinary shares of PKR 10 each. Its main object is to carry on retail and hospitality business in Pakistan. For the intended purpose, NHPL has acquired site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is fully operational from September 2016. Hotel has been opened from 20th May 2017 and 198 rooms are fully operational. The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

- 4 star Hotel with 198 rooms
- Banquet halls
- Carre Four
- Shopping Mall with following features:

o Retail
o Food courts
o Cineplex
o Fun Factory
o Health and Leisure Zones
o Two basements with 2,815 parking bays for cars and motorcycles.

Since NHPL has recently achieved commercial operation of hotel, short term finance is needed by NHPL for meeting expense of staff salary, power generation, maintenance of HVAC and other working capital requirements.

The directors of the Company certify / undertake that the investment is being made after due diligence and financial health of the borrowing company is such that it has the ability to repay the loan as per agreement. The duly signed recommendation of the due diligence report and directors undertaking/certificate shall be made available to the members for inspection at the meeting.

NHPL is not a member of the Company. Its sponsors/directors are directors/members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name	% of Shareholding
Mian Raza Mansha	2.90
Mian Umer Mansha	6.23
Mian Hassan Mansha	6.14
Spouse of Mian Raza Mansha	1.34
Mr. I.U. Niazi	0.00

Information Under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

<table>
<tr><td colspan="4">(a) Disclosure for all types of investments:</td></tr>
<tr><td colspan="4">(A) Disclosure regarding associated company</td></tr>
<tr><td>(i)</td><td colspan="2">Name of Associated Company or Associated Undertaking</td><td>Nishat Hotels and Properties Limited (NHPL)</td></tr>
<tr><td>(ii)</td><td colspan="2">Basis of Relationship</td><td>Common Directorship</td></tr>
<tr><td>(iii)</td><td colspan="2">Earnings / (Loss) per Share for the last three years</td><td>
<table>
<tr><th>Sr.</th><th>Year</th><th>Earnings / (Loss) per share Rs.</th></tr>
<tr><td>1.</td><td>2019</td><td>1.42</td></tr>
<tr><td>2.</td><td>2018</td><td>(0.30)</td></tr>
<tr><td>3.</td><td>2017</td><td>(0.23)</td></tr>
</table>
</td></tr>
<tr><td>(iv)</td><td colspan="2">Break-up value per Share, based on last audited financial statements</td><td>PKR 18.09 per share as at 30 June 2019.</td></tr>
<tr><td>(v)</td><td colspan="2">Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest (unaudited) financial statements as on 30 Jun, 2019.</td><td>Audited financial statements as at 30th June 2019:
<table>
<tr><td></td><td>Rs. in millions</td></tr>
<tr><td>Balance Sheet:</td><td></td></tr>
<tr><td>Assets</td><td></td></tr>
<tr><td>Non-current assets</td><td>34,902</td></tr>
<tr><td>Current assets</td><td>2,170</td></tr>
<tr><td>Total assets</td><td>37,072</td></tr>
<tr><td>Liabilities</td><td></td></tr>
<tr><td>Borrowings</td><td>9,127</td></tr>
<tr><td>Other liabilities</td><td>9,857</td></tr>
<tr><td></td><td>18,984</td></tr>
<tr><td>Equity</td><td>18,088</td></tr>
<tr><td>Profit & loss:</td><td></td></tr>
<tr><td>Sales</td><td>4,233</td></tr>
<tr><td>Gross Profit</td><td>1,740</td></tr>
<tr><td>Gross Profit Ratio</td><td>41.11%</td></tr>
<tr><td>Net Profit after tax</td><td>1,376</td></tr>
<tr><td>Net Profit after tax Ratio</td><td>32.50%</td></tr>
<tr><td>EPS</td><td>1.42</td></tr>
</table>
</td></tr>
<tr><td>(vi)</td><td colspan="2">In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely</td><td>N/A</td></tr>
<tr><td></td><td>I</td><td>Description of the project and its history since conceptualization</td><td>N/A</td></tr>
<tr><td></td><td>II</td><td>Starting date and expected date of completion of work</td><td>N/A</td></tr>
<tr><td></td><td>III</td><td>Time by which such project shall become commercially operational</td><td>N/A</td></tr>
</table>

	IV	Expected time by which the project shall start paying return on investment	N/A
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A
(B) General Disclosures:			
(i)	Maximum amount if investment to be made		Upto PKR 1,000,000,000 (Pak Rupees One Billion Only)
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		**Purpose:** Renewal of working capital loan. **Benefits:** The Company expects significant financial gains through higher interest rates charged to NHPL which will eventually enhance the return on investment of the shareholders of the Company. The investment in NHPL will be for a period of one(1) years and shall payable within one(1) year from the date of approval by the members unless renewed by the members under Section 199 of the Companies Act, 2017.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		Company's own funds.
	(I)	Justification for investment through borrowings	N/A
	(II)	Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	N/A
	(III)	Cost of benefit analysis	N/A
(vi)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment		Followings are the salient features of loan agreement already in existence: Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month. In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to D. G. Khan Cement Company Limited in addition to the agreed interest amount.

		All payments under the loan agreement shall be made through crossed cheque. The associated company shall provide corporate guarantee to secure extension of loan.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors of D. G. Khan Cement Company Limited (DGKCC), their relatives and associated companies holding shares of Nishat Hotels and Properties Limited (NHPL) are interested to the extent of their shareholding as under:- **Directors:** **% of Shareholding** Mian Raza Mansha 21.69 (Common Director) **Relatives:** Mian Umer Mansha 21.82 Mian Hassan Mansha 21.82 Both brothers of Mian Raza Mansha. **Associated Companies** Nishat Mills Limited 7.40 The directors of NHPL are interested in DGKCC to the extent of their shareholding as under:- **Name:** **% of Shareholding** Mian Raza Mansha 2.90 Mian Umer Mansha 6.23 Mian Hassan Mansha 6.14 Mr. I.U. Niazi 0.00 The associated Companies holding shares of NHPL are interested in DGKCC to the extent of their shareholding as follows: **Name:** **% of Shareholding** Nishat Mills Limited 31.40
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	The Company has invested in 104.167 million shares with Rs.10/- per share face value in NHPL. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the company has estimated a fair value of Rs 13.76 per ordinary share as at June 30, 2019 through a valuation technique based on discounted cash flow analysis of NHPL. The Company has provided NHPL a loan of Rs. 1 billion as working capital. The Company has already earned Rs. 209.6 million as mark-up income on said loan. The price for this loan would increase, subject to approval by shareholders, in line with prevailing situation of financial market.

(vii)	Any other important details necessary for the members to understand the transaction	None
Additional disclosure regarding investment in the form of Loan/Advance		
(i)	Category-wise amount of investment	Running Finance Loan upto PKR 1,000,000,000 (Pak Rupees One Billion Only).
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for *Shariah* compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of the Company is 3 Months KIBOR + 0.03%. 3 Months KIBOR as on September 16, 2019 is 13.84%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	1 Months KIBOR + 100 bps. (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period or the borrowing cost of the company whichever is higher) 1 Month KIBOR as on September 16, 2019 is 13.80%.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Corporate Guarantee of the associated company.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year of the approval by the shareholders while payment of interest due will be made on monthly basis.

b) INCREASE IN AMOUNT OF INVESTMENTS IN HYUNDAI NISHAT MOTOR (PVT) LTD

D. G. Khan Cement Company Limited ("the Company") has signed a shareholders agreement dated 04 April 2018 with other shareholders of Hyundai Nishat Motor (Private) Limited **("the Project Company")** for setting up a green field project for assembly and sales of Hyundai brand vehicle vehicles in Pakistan **("Project")**. Pursuant to the Agreement the share subscription percentages for each of the shareholder was decided as follows: Nishat Mills Limited (12%), DG Khan Cement Company Limited (10%), Adamjee Insurance Company limited **("AICL")** (10%), Security General Insurance Company Limited **("SGICL")** (10%), Millat Tractors Limited **("MTL")** (18%) and Sojitz Corporation **("Sojitz")** (40%). Subsequently, the shareholders injected their respective portions of equity from time to time in HNMPL as per the agreed shareholding and at present the subscribed equity stands at PKR 5,500 million.

The Project Company has been awarded with "Category-A Greenfield Investment Status" under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The plant is under construction within the M-3 Industrial City, Faisalabad Industrial Estate Development and Management Company and is due to be commissioned by Dec 2019.

The project cost estimate has been revised primarily in view of the FX escalation since the last approval and certain scope changes in the construction of the Project. The revised total cost of the project is now estimated to be [PKR 19,160 million] which will be financed through a similar mix of debt and equity as was originally proposed. The Company and its associates will continue to have combined equity stake of 42 % in the project while Sojitz and MTL will each have 40% and 18% respectively.

The final shareholding of the Company in paid up share capital of HNMPL will be up-to 10% while 32% stake will be held by its associates. The Company intends to increase the equity investment in HNMPL from already approved amount of **PKR 850,000,000/-** (Rupees Eight Hundred Fifty Million only) to **Rs. 1,056,400,000/-** (Rupees One Billion Fifty Six Million Four Hundred Thousand Only), which corresponds to an enhancement of **Rs. 206,400,000/-** (Rupees Three Hundred Seven Million Six Hundred Eighty Thousand only) by subscribing at par up to 105,640,000 (previously 85,000,000) fully paid ordinary shares of Rs. 10 each of HNMPL which corresponds to an enhancement of 20,640,000 fully paid ordinary shares of Rs. 10 each of HNMPL as may be offered to the Company.

Furthermore, the Company also intends enhance the sponsors support to the Project Company, an associated company by way of bank guarantee/Standby Letter(s) of Credit (SBLC) (together as **"Financial Assistance"**) from already approved amount of **Rs. 1,000,000,000/-** (Rupees One Billion only) to Rs. 1,277,100,000/- (Rupees One Billion Two Hundred Seventy Seven Million One Hundred Thousand Only), which corresponds to an enhancement of **Rs. 277,100,000** (Rupees Two Hundred Seventy Seven Million One Hundred Thousand Only) to be issued by the Company's Bank(s) in favor of financial lenders of the Project Company as collateral to secure term loan to HNMPL for a period of 7.5 years starting from the date of the first loan drawdown by HNMPL and to provide securities/corporate guarantees/collaterals to the Company's Bank(s) for the purpose of issuance of Financial Assistance, provided that the commission to be charged by the Company to HNMPL on any outstanding amount of SBLC shall be 0.05% per quarter over and above the quarterly commission charged by the Company's Bank(s) from the Company on the outstanding amount of guarantee / SBLC. The Directors of the Company in their meeting held on 16th September 2019 have approved to recommend the above enhancement in equity investment and Financial Assistance for the approval of the Shareholders.

The directors of the Company certify / undertake that the investment is being made after due diligence. The duly signed recommendation of the due diligence report and directors undertaking/certificate shall be made available to the members for inspection at the meeting.

HNMPL is not a member of the Company. Its sponsors/directors are directors/members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name	% of Shareholding
Mian Raza Mansha	2.90
Mian Umer Mansha	6.23
Mian Hassan Mansha	6.14

Information under Regulation 3 of the Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Equity Investment in Hyundai Nishat Motor (Private) Limited

Disclosure for all types of investments:

(A) Disclosure regarding associated company

(i)	Name of Associated Company or Associated Undertaking		Hyundai Nishat Motor (Private) Limited ("HNMPL")
(ii)	Basis of Relationship		Common Directorship
(iii)	Earnings / (Loss) per Share for the last three years		PKR (5.74) – 2017 - Audited PKR (1.44) – 2018 - Audited HNMPL was incorporated on March 03, 2017 and has not started its commercial production until 2018.
(iv)	Break-up value per Share, based on last audited financial statements		PKR 9.03 per share as at 31 December 2018.
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements.		Statement of Financial Position as on 31 December 2018:

Equity And Liabilities	**Rs**	**Assets**	**Rs**
Equity	2,266,454,370	Non-Current Assets	2,365,469,175
Non-Current Liabilities	235,435,079		
Current Liabilities	435,072,056	Current Assets	571,492,331
	2,936,961,505		2,936,961,505

Profit and loss account for the year ended 31 December 2018:

	Rs.
Revenue	Nil
Expenses	179,000,602
Other Income	26,108,679
Loss after tax	152,891,923

(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely		
	I	Description of the project and its history since conceptualization	HNMPL is a joint venture company of Nishat Mills Limited ("Nishat"), DG Khan Cement Company Limited ("DGKCC"), Adamjee Insurance Company Limited ("AICL"), Security General Insurance Company Limited ("SGICL"), Millat Tractors Limited ("MTL") and Sojitz Corporation, Tokyo, Japan ("Sojitz") to establish a green field project for the assembly and sales of Hyundai brand vehicles in Pakistan. DGKCC executed a shareholders agreement on 04th April,

<table>
<tr><td></td><td></td><td></td><td>2018 whereby the following shareholdings were decided amongst HNMPL shareholders as follows: Nishat (12%), DGKCC (10%), AICL (10%), SGICL (10%), MTL (18%) and Sojitz (40%) and HNMPL for the share subscription of HNMPL.

The total cost of the project is estimated to be [PKR 19,160 million] which will be financed through debt and equity. HNMPL has been awarded with "Category-A Greenfield Investment Status" under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The ground-breaking ceremony of the project was held on 20 December 2017 and commercial production is expected by December 2019.</td></tr>
<tr><td></td><td>II</td><td>Starting date and expected date of completion of work</td><td>The construction commenced in the 2nd Quarter of 2018. The Project's expected completion date is on track by December 2019.</td></tr>
<tr><td></td><td>III</td><td>Time by which such project shall become commercially operational</td><td>By 1st Quarter 2020</td></tr>
<tr><td></td><td>IV</td><td>Expected time by which the project shall start paying return on investment</td><td>By Financial Year 2025</td></tr>
<tr><td></td><td>IV</td><td>Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts</td><td>DGKCC and its Associates, Sojitz Corporation Japan and Millat Tractors Limited have to date invested a combined PKR 5,500 million as per below:
<table>
<tr><th>Shareholder</th><th>Issued Share Capital (PKR)</th></tr>
<tr><td>Nishat Mills Limited</td><td>660,000,000</td></tr>
<tr><td>DG Khan Cement Company Limited</td><td>550,000,000</td></tr>
<tr><td>Adamjee Insurance Company Limited</td><td>550,000,000</td></tr>
<tr><td>Security General Insurance Company Ltd</td><td>550,000,000</td></tr>
<tr><td>Millat Tractors Limited</td><td>990,000,000</td></tr>
<tr><td>Sojitz Corporation Japan</td><td>2,200,000,000</td></tr>
<tr><td>Total Equity Injected till 30 June 2019</td><td>5,500,000,000</td></tr>
</table>
The total cost of the project is estimated to be [PKR 19,160 million] which will be financed through debt and equity. DGKCC and its associates will have equity stake of 42% while Sojitz Corporation, Japan and MTL will hold 40% and 18% equity stake in the Project.</td></tr>
<tr><td colspan="4">(B) General Disclosures:</td></tr>
<tr><td>(i)</td><td colspan="2">Maximum amount of investment to be made</td><td>PKR 1,056,400,000/- (Rupees One Billion Fifty Six Million Four Hundred Thousand Only). This is an enhancement of PKR 206,400,000/- from the already approved amount of PKR 850,000,000/-</td></tr>
</table>

(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		To benefit from the Automotive Development Policy (2016-2021) of the Government of Pakistan by participating in the Project being established by HNMPL. The investment will help the completion of the Project and expected to result in dividend income and /or capital gains which will enhance the profitability of Nishat and add to the shareholders' value of the members of the investing company. The investment in HNMPL will be for long term.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		The investment will be made from Nishat's own funds.
	(I)	Justification for investment through borrowings	N/A
	(II)	Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	N/A
	(III)	Cost benefit analysis	N/A
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment		DGKCC entered into agreement(s) with Nishat, AICL, SGIC, MTL, Sojitz and HNMPL for the share subscription of HNMPL on 4th April 2018. As per the agreement, the shareholders will contribute equity in the following ratios: Nishat 12%, DGKCC 10%, AICL 10%, SGICL 10%, MTL 18%, Sojitz 40%
(v)	Direct or indirect interest of Directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration		The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors of D. G. Khan Cement Company Limited (DGKCC), their relatives and associated companies holding shares of Hyundai Nishat Motors (Private) Limited (HNMPL) are interested to the extent of their shareholding as under:- **Directors:** **% of Shareholding** Mian Raza Mansha 0.00 (1 Share) (Common Director) **Relatives:** Mian Umer Mansha 0.00 (1 Share) Mian Hassan Mansha 0.00 (1 Share) Both brothers of Mian Raza Mansha. **Associated Companies** Nishat Mills Limited 12.00% Security General Insurance Company Ltd. 10.00% The directors of HNMPL are interested in DGKCC to the extent of their shareholding as under:-

		Name: — **% of Shareholding** Mian Raza Mansha — 2.90 Mian Umer Mansha — 6.23 Mian Hassan Mansha — 6.14 The associated Companies holding shares of HNMPL are interested in DGKCC to the extent of their shareholding as follows: **Name:** — **% of Shareholding** Nishat Mills Limited — 31.40 Security General Insurance Co. Ltd. — 0.05
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	D. G. Khan Cement Company Limited has already made an equity investment of Rs 550 million in the associated company. Since the associated company is establishing a Greenfield Project, no performance review is applicable.
(vii)	Any other important details necessary for the members to understand the transaction	None
Additional disclosure regarding Equity Investment		
(i)	Maximum price at which securities will be acquired	Since the Project is a Greenfield Project, the shares will be acquired, at par value, of PKR 10 each. This price is less than fair value of a share of HNMPL.
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	HNMPL is setting up a Greenfield Project which is yet to be implemented and therefore, investment is being made at par value of PKR 10 each.
(iii)	Maximum number of securities to be acquired	105,640,000 Shares (Previously 85,000,000 shares, increment of 20,640,000 shares)
(iv)	Number of securities and percentage thereof held before and after the proposed investment	**No. of Shares** — **%age** Before — 55,000,000 — 10.00 After — 105,640,000 — 10.00
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	N/A
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities	PKR 10.21 per share

Investment in the form of Guarantee/Standby Letters of Credit (SBLC) in favor of Lenders of Hyundai Nishat Motor (Private) Limited

<table>
<tr><td colspan="4">Disclosure for all types of investments:</td></tr>
<tr><td colspan="4">(A) Disclosure regarding associated company</td></tr>
<tr><td>(i)</td><td colspan="2">Name of Associated Company or Associated Undertaking</td><td>Hyundai Nishat Motor (Private) Limited (HNMPL)</td></tr>
<tr><td>(ii)</td><td colspan="2">Basis of Relationship</td><td>Common Directorship</td></tr>
<tr><td>(iii)</td><td colspan="2">Earnings / (Loss) per Share for the last three years</td><td>PKR (5.74) – 2017 - Audited
PKR (1.44) – 2018 - Audited
HNMPL was incorporated on March 03, 2017 and has not started its operations.</td></tr>
<tr><td>(iv)</td><td colspan="2">Break-up value per Share, based on last audited financial statements</td><td>PKR 9.03 per share as at 31 December 2018.</td></tr>
<tr><td>(v)</td><td colspan="2">Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td>Statement of Financial Position as on 31 December 2018:
<table>
<tr><th>Equity And Liabilities</th><th>Rs</th><th>Assets</th><th>Rs</th></tr>
<tr><td>Equity</td><td>2,266,454,370</td><td>Non-Current Assets</td><td>2,365,469,175</td></tr>
<tr><td>Non-Current Liabilities</td><td>235,435,079</td><td></td><td></td></tr>
<tr><td>Current Liabilities</td><td>435,072,056</td><td>Current Assets</td><td>571,492,331</td></tr>
<tr><td></td><td>2,936,961,505</td><td></td><td>2,936,961,505</td></tr>
</table>
Profit and loss account for the year ended 31 December 2018:
<table>
<tr><th></th><th>Rs.</th></tr>
<tr><td>Revenue</td><td>Nil</td></tr>
<tr><td>Expenses</td><td>179,000,602</td></tr>
<tr><td>Other Income</td><td>26,108,679</td></tr>
<tr><td>Loss after tax</td><td>152,891,923</td></tr>
</table>
</td></tr>
<tr><td>(vi)</td><td colspan="2">In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely</td><td></td></tr>
<tr><td></td><td>I</td><td>Description of the project and its history since conceptualization</td><td>HNMPL is a joint venture company of Nishat Mills Limited (“Nishat”), DG Khan Cement Company Limited (“DGKCC”), Adamjee Insurance Company Limited (“AICL”), Security General Insurance Company Limited (“SGICL”), Millat Tractors Limited (“MTL”) and Sojitz Corporation, Tokyo, Japan (“Sojitz”) to establish a green field project for the assembly and sales of Hyundai brand vehicles in Pakistan. DGKCC executed a shareholders agreement on 04th April,

2018 whereby the following shareholdings were decided amongst HNMPL shareholders as follows: Nishat (12%),</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td>DGKCC (10%), AICL (10%), SGICL (10%), MTL (18%) and Sojitz (40%) and HNMPL for the share subscription of HNMPL.

The total cost of the project is estimated to be [PKR 19,160 million] which will be financed through debt and equity. HNMPL has been awarded with “Category-A Greenfield Investment Status” under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The ground-breaking ceremony of the project was held on 20 December 2017 and commercial production is expected by December 2019.</td></tr>
<tr><td></td><td>II</td><td>Starting date and expected date of completion of work</td><td>The construction commenced in the 2nd Quarter of 2018. The Project’s expected completion date is December 2019.</td></tr>
<tr><td></td><td>III</td><td>Time by which such project shall become commercially operational</td><td>By 1st Quarter 2020</td></tr>
<tr><td></td><td>IV</td><td>Expected time by which the project shall start paying return on investment</td><td>By Financial Year 2025</td></tr>
<tr><td></td><td>V</td><td>Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts</td><td>DGKCC and its Associates, Sojitz Corporation Japan and Millat Tractors Limited have to date invested a combined PKR 5,500 million as per below:
<table>
<tr><th>Shareholder</th><th>Issued Share Capital (PKR)</th></tr>
<tr><td>Nishat Mills Limited</td><td>660,000,000</td></tr>
<tr><td>DG Khan Cement Company Limited</td><td>550,000,000</td></tr>
<tr><td>Adamjee Insurance Company Limited</td><td>550,000,000</td></tr>
<tr><td>Security General Insurance Company Ltd</td><td>550,000,000</td></tr>
<tr><td>Millat Tractors Limited</td><td>990,000,000</td></tr>
<tr><td>Sojitz Corporation Japan</td><td>2,200,000,000</td></tr>
<tr><td>Total Equity Injected till 30 June 2019</td><td>5,500,000,000</td></tr>
</table>
The total cost of the project is estimated to be [PKR 19,160 million] which will be financed through debt and equity. DGKCC and its associates will have equity stake of 42% in the project while Sojitz Corporation, Japan will be investing 40% stake in the Project with Millat having an equity stake of up to 18%. All equity investments shall be made in cash.</td></tr>
<tr><td colspan="4">(B) General Disclosures:</td></tr>
<tr><td>(i)</td><td colspan="2">Maximum amount if investment to be made</td><td>Guarantee/SBLC upto an amount of PKR 1,277,100,000/- (Rupees One Billion Two Hundred Seventy Seven Million One Hundred Thousand Only). This is an enhancement of PKR 277,100,000/- from the previously approved amount of PKR 1,000,000,000/-</td></tr>
<tr><td>(ii)</td><td colspan="2">Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment</td><td>To benefit from the Automotive Development Policy (2016-2021) of the Government of Pakistan by participating in the Project being established by HNMPL.</td></tr>
</table>

			The investment will help in the completion of the Project and expected to generate commission income for DGKCC at a commission of 0.05% per quarter over and above the quarterly commission charged by the DGKCC's Bank(s) on outstanding amounts of guarantee/SBLCs issued. The completion of the Project of HNMPL will enhance the profitability of Nishat and add to the shareholders value of the members of the investing company. Guarantee/SBLCs will be issued for the tenure of 7.5 years starting from the date of the 1st drawdown by HNMPL.
(iii)		Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The guarantee/SBLC will be issued by DGKCC's Bank(s) for which security/corporate / guarantee / collateral will be provided by DGKCC.
	(I)	Justification for investment through borrowings	N/A
	(II)	Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	N/A
	(III)	Cost benefit analysis	N/A
(iv)		Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	DGKCC entered into agreement(s) with Nishat, AICL, SGIC, MTL, Sojitz and HNMPL for the share subscription of HNMPL on 4th April 2018. As per the agreement, the shareholders will contribute equity in the following ratios: Nishat 12%, DGKCC 10%, AICL 10%, SGICL 10%, MTL 18%, Sojitz 40%
(v)		Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors of D. G. Khan Cement Company Limited (DGKCC), their relatives and associated companies holding shares of Hyundai Nishat Motor (Private) Limited (HNMPL) are interested to the extent of their shareholding as under:- **Directors:** — **% of Shareholding** Mian Raza Mansha — 0.00 (1 Share) (Common Director) **Relatives:** Mian Umer Mansha — 0.00 (1 Share) Mian Hassan Mansha — 0.00 (1 Share) Both brothers of Mian Raza Mansha. **Associated Companies** Nishat Mills Limited — 12.00% Security General Insurance Company Ltd. — 10.00% The directors of HNMPL are interested in DGKCC to the extent of their shareholding as under:- **Name:** — **% of Shareholding** Mian Raza Mansha — 2.90 Mian Umer Mansha — 6.23 Mian Hassan Mansha — 6.14

		The associated Companies holding shares of HNMPL are interested in DGKCC to the extent of their shareholding as follows: **Name:** **% of Shareholding** Nishat Mills Limited 31.40 Security General Insurance Co. Ltd. 0.05
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	D. G. Khan Cement Company Limited has already made an equity investment of Rs 550 million in the associated company. Since the associated company is establishing a Greenfield Project, no performance review is applicable.
(vii)	Any other important details necessary for the members to understand the transaction	Not significant

Additional disclosure regarding investment in the form of Standby Letters of Credit (SBLC)

(i)	Category-wise amount of investment	Guarantee / SBLC upto PKR 1,277,100,000/- will be arranged by DGKCC in favor of the lenders of HNMPL to secure financial assistance for the Project of HNMPL. This is an enhancement of PKR 277,100,000/- from the previously approved amount of PKR 1,000,000,000/- DGKCC will provide security/corporate guarantee / collaterals to its bankers for issuance of SBLC.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of the Company is 3 Months KIBOR + 0.30%. DGKCC shall pay a commission % in the range of 0.1125% to 0.15% per quarter to the Guarantee / SBLC issuing financial institution on the outstanding SBLC amount.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	DGKCC shall charge HNMPL a commission of 0.05 % per quarter over and above the quarterly bank guarantee commission paid by DGKCC to the SBLC issuing bank/financial institution on the outstanding guarantee / SBLC amount. All expenses incurred by DGKCC on procurement of SBLC shall be charged to HNMPL.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	DGKCC shall obtain an indemnity/ corporate guarantee from HNMPL for commitment to repay the amount in the event DGKCC is called upon to pay pursuant to enforcement of guarantee/ SBLC by the lenders of HNMPL.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	DGKCC shall recover the commission on SBLC from HNMPL on semi-annual basis. DGKCC will be required to pay only in case HNMPL fails to make re-payment of finances obtained on due dates as per agreement with its lenders.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	**Hyundai Nishat Motor (Private) Limited (HNMPL)**		**Nishat Hotels and Properties Limited**	**Adamjee Insurance Company Limited**
Total Investment Approved:	Equity investment upto Rupees 850 million was approved by members in EOGM held on March 28, 2018 for the period of 4 years.	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.	Equity investment upto Rupees 200 million was approved by members in EOGM held on April 17, 2019 for the period of three (3) years.	Equity investment upto Rupees 721.620 million was approved by members in AGM held on October 27, 2018 for the period of 3 years.
Amount of Investment Made to date:	Investment of Rupees 550 million has been made against this approval to date.	Guarantee of Rs. 550 million provided by the Company to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motors (Pvt) Limited.	Investment of Rupees 41.67 million has been made against this approval to date.	Investment of Rupees 22.920 million has been made against this approval to date.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. The Company will make further equity investment as and when further shares offered by HNMPL.	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.	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. The Company will make further equity investment as and when further shares offered by NHPL.	Partial investment has been made in investee company. Further investment will be made depending on market conditions at appropriate time.
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 available half yearly financial statements for the half year ended June 30, 2019 the basic loss per share is Rs. (0.53) and breakup value per share is Rs. 9.29.	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 available half yearly financial statements for the half year ended June 30, 2019 the basic loss per share is Rs. (0.53) and breakup value per share is Rs. 9.29.	At the time of approval, as per available latest audited financial statements for the year ended June 30, 2018, the basic loss per share was Rs. 0.30 and breakup value per share was Rs. 12.65. As per latest available annual financial statements for the year ended June 30, 2019 the basic profit per share is Rs.1.42 and breakup value per share is Rs. 18.09	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic earnings per share was Rs.3.49 and breakup value per share was Rs. 47.98. As per latest available audited financial statements for the year ended December 31, 2018, the basic earnings per share is Rs. 3.54 and breakup value per share is Rs. 56.18.

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, 2019 (Monday), at 11:30 a.m at Nishat Hotel, (Emporium Mall), Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore

as witness may hand this ____________ day of ______ 2019

Signed by the said member ____________________

in presence of ____________________

Please
affix
revenue
stamp
Rs. 5

Signature(s) of Member(s)

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

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Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan.
UAN:+92-42-111-11-33-33

پراکسی فارم

میں / ہم مسمی / مسماۃ ---------------------------- ساکن ---------------------------- ضلع ----------------------------

بحیثیت ممبر کمپنی، مسمی / مسماۃ ---------------------------- ساکن ---------------------------- کمپنی ممبر یا اُسکی عدم موجودگی کی صورت میں

مسمی / مسماۃ ---------------------------- ساکن ---------------------------- کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تا کہ وہ میری / ہماری جگہ

اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۸ اکتوبر ۲۰۱۹ء بوقت صبح 11:30 بجے امپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر

ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ ------------ ------------ دن ------------ 2019ء

پانچ روپے کی ریونیو سٹمپ
چسپاں کریں

گواہ کوائف

دستخط: ------------------------

نام: ------------------------

پتہ: ------------------------

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ------------

گواہ کوائف

دستخط: ------------------------

نام: ------------------------

پتہ: ------------------------

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ------------

فولیو نمبر: ------------------------

سی ڈی سی کھاتہ نمبر: ------------------

حصص کی تعداد: ------------------

دستخط: ----------------------------

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

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 کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

D.G. KHAN CEMENT
COMPANY LIMITED

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Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan.
UAN:+92-42-111-11-33-33

Liabilities as per statement of financial position

	2019	2018
	(Rupees in thousand)	
Long term finances - secured	21,025,324	20,040,471
Accrued mark-up	809,569	347,880
Trade and other payables	7,144,896	6,580,186
Short term borrowings - secured	20,258,570	12,209,667
	49,238,359	39,178,204

42.5 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.

43. Date of authorisation for issue

These financial statements were authorised for issue on September 16, 2019 by the Board of Directors of the Company.

44. Event after the reporting date

The Board of Directors have proposed a final dividend for the year ended June 30, 2019 of Rs 1.0 per share, amounting to Rs 438.119 million at their meeting held on September 16, 2019 for approval of the members at the Annual General Meeting to be held on October 28, 2019. These financial statements do not include the effect of the above dividend that will be accounted for in the period in which it is approved.

45. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. However, no significant re-arrangement has been made.

		Farid Fazal
Chief Executive	Chief Financial Officer	Director

DG
CEMENT

D.G. KHAN CEMENT COMPANY LIMITED
Nishat House, 53-A, Lawrence Road, Lahore-Pakistan.
UAN: +92-42-111-11-33-33

VERSATILE Ph: +92 42 3712 1920