Annual Report
2017

NISHAT

DG CEMENT

Focusing Development

Contents

Mission

Vision

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.

The Year's Highlights

- Cement Production: **4.58 million tons**
- Utilisation: **106%**
- Sales Mix: **87% local 13% export** (Volumetric)
- Local Sales YOY Growth: **5%** (Volumetric)
- Total Sales YOY Growth: **1.25%** (Volumetric)
- Equity: **PKR 75 b**
- Balance Sheet: **PKR 108 b**
- Gross Sales: **PKR 40 b**
- PAT: **PKR 7.9 b**
- Operating Cash Flows: **PKR 5.9 b**
- EBITDA: **PKR 13.6 b**
- GP Margin: **39%**
- PBT Margin: **37%**
- PAT Margin: **26%**
- EBITDA Margin: **45%**
- EPS: **PKR 18.20**
- ROE: **10.65%**
- Breakup Value: **PKR 170.89/share**
- Debt/Equity: **29%**
- Current Ratio: **1.84**
- Equity/Total Assets: **69%**
- Dividend: **PKR 7.5 per share** (proposed)

Company Information

Board of Directors	Mrs. Naz Mansha	Chairperson
	Mr. Raza Mansha	Chief Executive
	Mr. Khalid Niaz Khawaja	
	Mr. Mohammad Arif Hameed	
	Mr. Khalid Qadeer Qureshi	
	Mr. Farid Noor Ali Fazal	
	Mr. Shahzad Ahmad Malik	
Audit Committee	Mr. Khalid Niaz Khawaja	Member/Chairman
	Mr. Khalid Qadeer Qureshi	Member
	Mr. Mohammad Arif Hameed	Member
Human Resource & Remuneration Committee	Mr. Khalid Qadeer Qureshi	Member/Chairman
	Mr. Raza Mansha	Member
	Mr. Shahzad Ahmad Malik	Member
Company Secretary	Mr. Khalid Mahmood Chohan	
Management	Mr. Raza Mansha	Chief Executive Officer
	Mr. Aftab Ahmad Khan	Director Finance
	Dr. Arif Bashir	Director Technical & Operations
	Mr. Farid Noor Ali Fazal	Director Marketing
	Mr. Inayat Ullah Niazi	Chief Financial Officer
Local Bankers	Allied Bank Limited	MCB Islamic Bank Limited
	Bank Alfalah Limited	Meezan Bank Limited
	Bank Al-Habib Limited	National Bank of Pakistan
	Bank Islami Pakistan Limited	Samba Bank Limited
	Dubai Islamic Bank	Soneri Bank Limited
	Faysal Bank Limited	Standard Chartered Bank (Pakistan) Limited
	Habib Bank Limited Limited	The Bank of Punjab
	Habib Metropolitan Bank	United Bank Limited
	MCB Bank Limited	
External Auditors	A.F. Ferguson & Co., Chartered Accountants	
Legal Advisors	Mr. Shahid Hamid, Bar-at-Law	
CUIN	0006469	
NTN	1213275-6	
STRN	0402252300164	
Symbol	DGKC	

Contact Us

Registered Office

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Lahore-Pakistan
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Email: info@dgcement.com
web site: www.dgcement.com

Factories

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Phone: 92-641-460025-7
Fax: 92-641-462392
Email: dgsite@dgcement.com

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Khairpur, Tehsil Kallar Kahar,
Distt. Chakwal-Pakistan
Phone: 92-543-650215-8
Fax: 92-543-650231

Chichaee Gadani Main RCD, Hub,
Distt. Lasbela, Pakistan
UAN: 92 42 111 11 33 33

Share Registrar

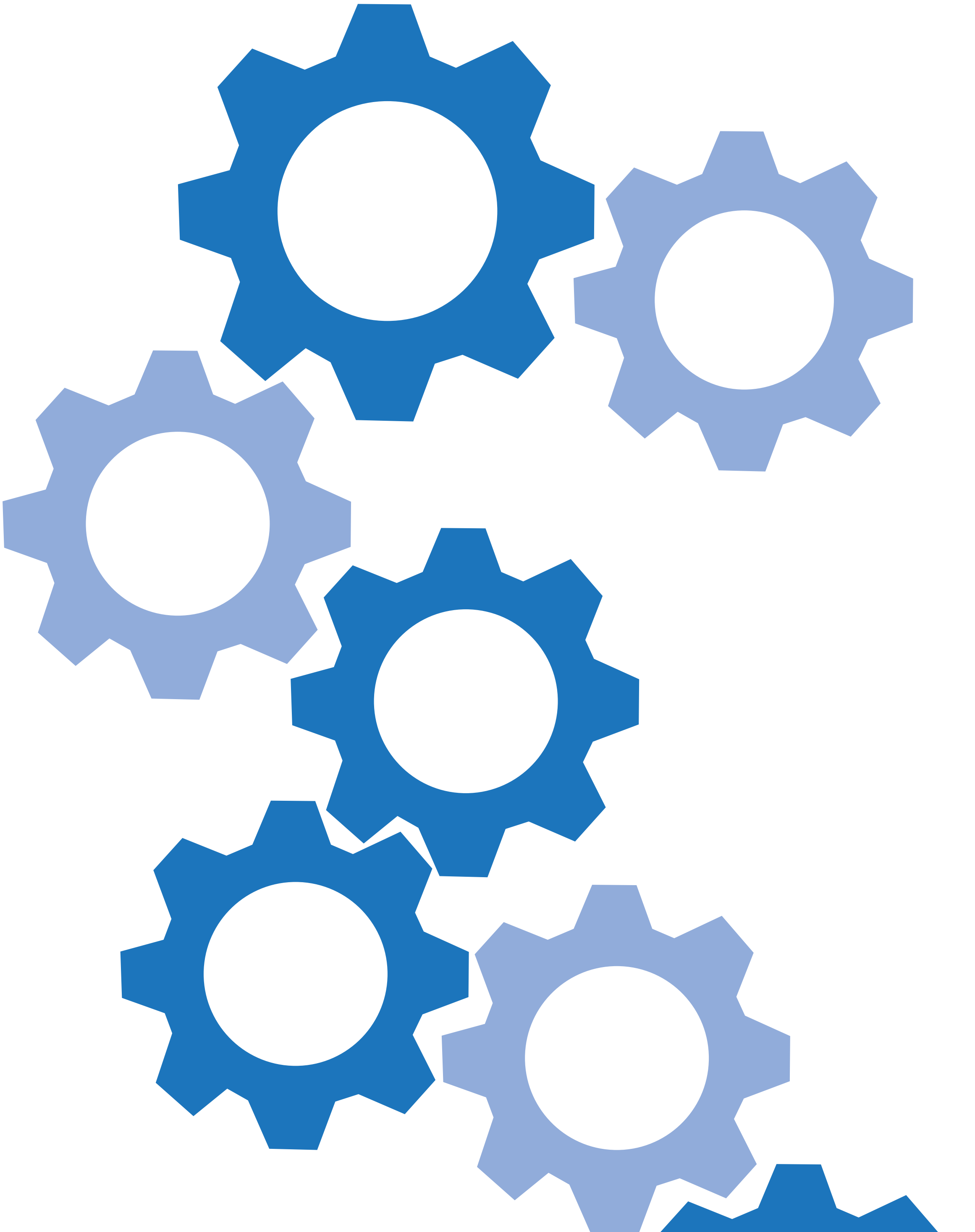
THK Associates (Pvt) Ltd
Head Office, Karachi
1st Floor, 40-C, Block-6,
P.E.C.H.S., Karachi.
Tel: (021) 111 000 322
Fax: (021) 34168271

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

For Investors' Information, Comments, Inquiries, Complaints:

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

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



All Segments, Focused,
move to converge
for integration.

Governance Model

DG CEMENT

We Focus on best practices.

Governance

Core Principles

The Company has set core principles for its governance which are:

Integrity
Transparency
Ethics
Compliance
Professionalism

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 deal in the best possible way called the Ethics. 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 Controls

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 every thing 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
- Availability of alternatives
- 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 board of directors. The departments are:

Finance	Primary Department
Production & Technical	Primary Department
Purchasing	Primary Department
Marketing	Primary Department
Corporate & Secretariat	Primary Department
IT & ERP	Service Department
Human Resource	Service Department
Administration	Service Department

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.

Functions performed by each department are described in abridged form as under:

Finance

- Maintaining PKR impact of each transaction
- Reporting the transactions in standardized way
- Issuing financial information to public
- Liaison with analysts
- Maintain relationship with local and international lenders
- Monitoring the financial impact of each transaction
- Assessing and advising on cost-benefit relations
- Maintaining the necessary records
- Managing the taxation affairs including income tax, sales tax, excise duties, customs, levies etc.
- Acting as primary focal point for internal & external independent auditors
- Acting as the terminating point of marketing and purchasing departments in the shape of receivables and payables sub sections.
- Managing the budgets and planning
- Managing the foreign currency and interest based exposures

Production & Technical

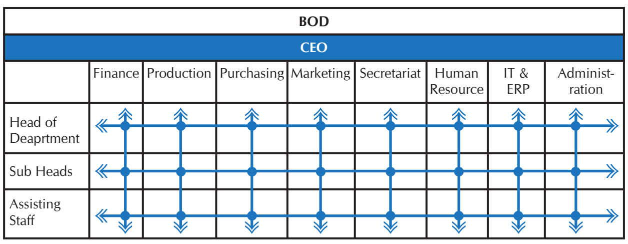
- Surveying for best equipment & supplier
- Analysing equipments of various suppliers and picking up the right one
- Keep all the equipment in running condition
- Keeping and implementing the most appropriate maintenance program
- Ensuring the quality of the product
- Ensuring the health, safety and environment standards implementation
- Bringing innovation to the production processes
- Maintaining the stores, spares and workshops

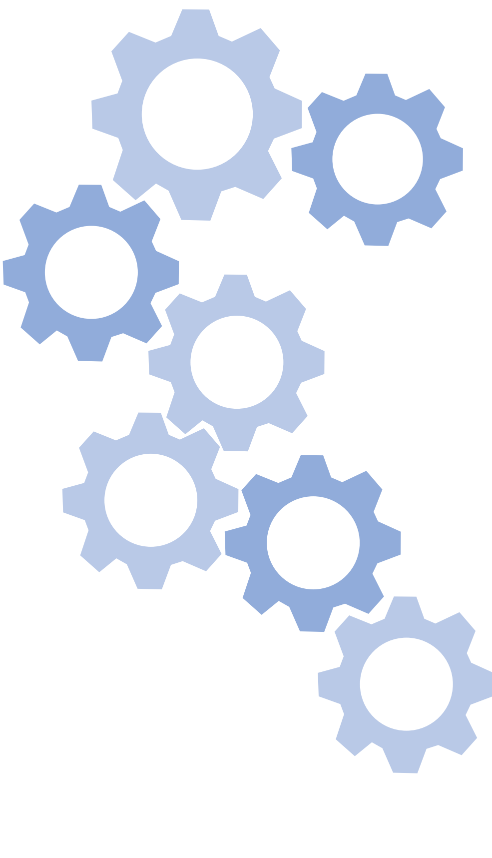
Purchasing

- Maintaining wide network of suppliers of goods and services in and out of country
- Obtaining best quotes from best suppliers
- Choosing the quote in terms of quality and economy
- Ensure timely supply of required goods or services

Marketing
- Developing the product market within Pakistan
- Developing the product market outside Pakistan
- Develop strategies for market penetration
- Conducting market surveys
- Arranging promotional and advertisement activities
- Maintaining logistics arrangement
- Developing brand name
- Maintaining balance in factory production and despatches
- Ensure timely supply of product to dealers and customers

IT & ERP
- Maintaining state of the art IT systems in the Company
- Keeping the IT systems updated
- Provision of necessary equipment to staff for performing duties
- Troubleshooting
- Ensuring security of the equipment and stored data
- Maintaining ERP system and keep it updated
- Arrange for training of the users and smooth transition between systems
- Maintaining necessary stocks for any abrupt demands
- Maintaining backups and disaster recovery plan
- Ensure successful testing of the backups and DRP





Risks Mitigation through Best Governance

Production 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 insured.

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

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.

Control Risks

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 health & safety hazards.

Reporting

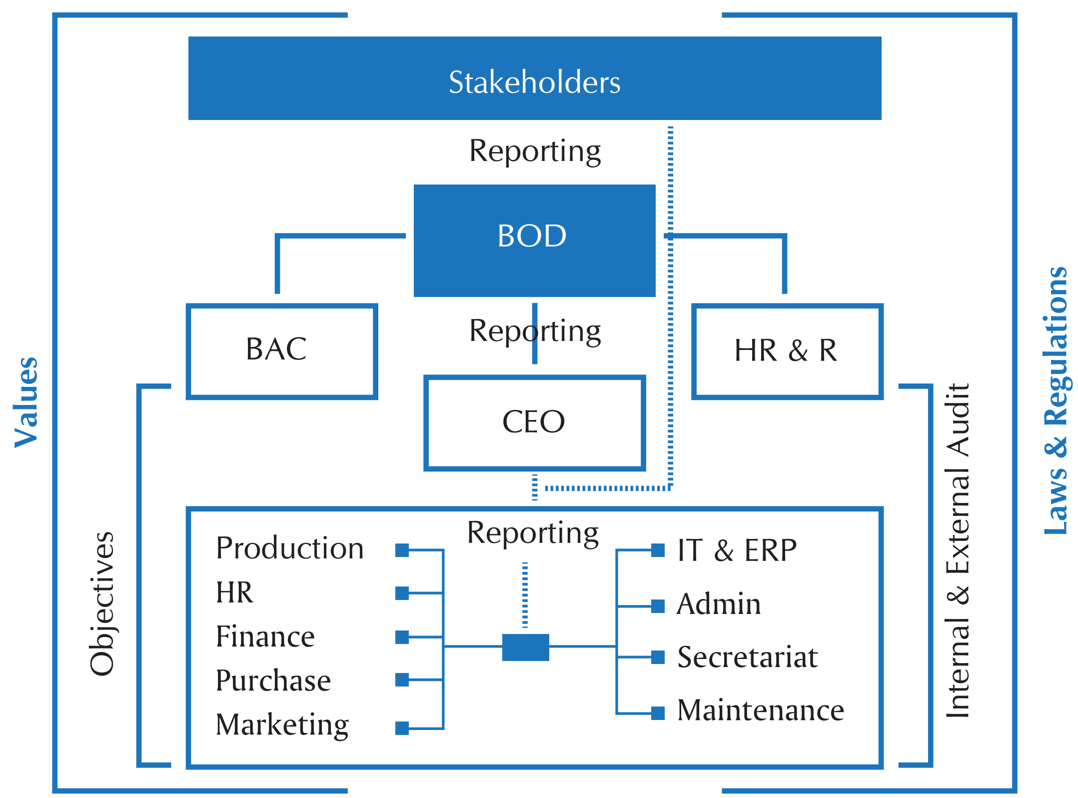
A proper system of reporting and action on it is in place. Top management regularly reviews all trends and reports. BOD quarterly reviews the performance and state of affairs of the company. To ensure transparency and truthfulness of reporting, internal audit system is in place. To further strengthen 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

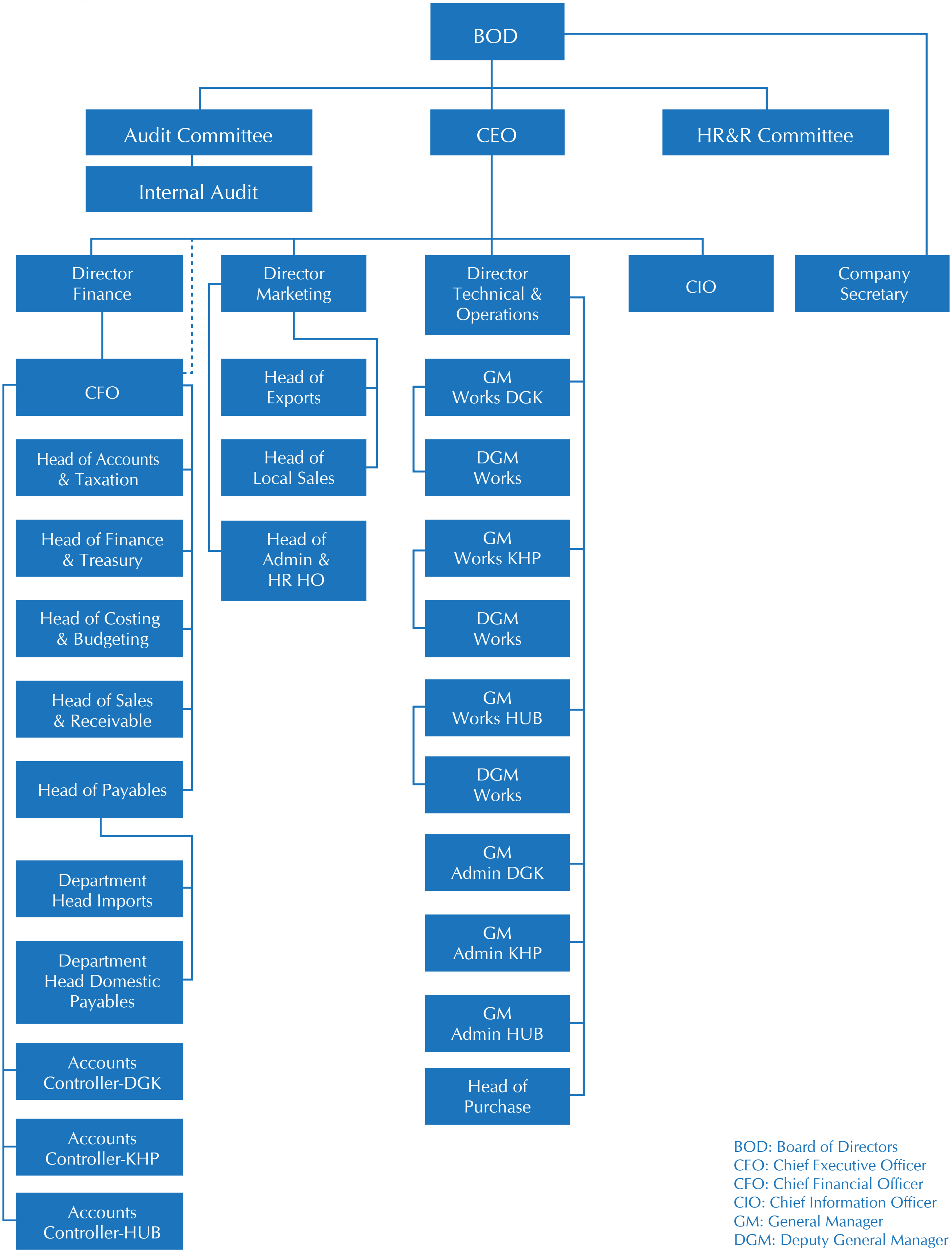
Company has established comprehensive measures to ensure safe keeping of it records and data. An effective disaster management plan is in place for all ERP data. Company complies with legal requirements of maintenance of data.

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.



Organogram



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

Group Companies

Associated

Nishat Mills Limited
Nishat Power Limited
Lalpir Power Limited
Nishat Paper Products Company Limited
Nishat Hotels And Properties Limited
Nishat (Aziz Avenue) Hotels And Properties Limited
Nishat (Raiwind) Hotels And Properties Limited
Nishat (Gulberg) Hotels And Properties Limited
Nishat Automobiles (Pvt) Limited
Nishat Linen (Pvt) Limited
Nishat Agriculture Farming (Pvt) Limited
Nishat Developers (Pvt) Limited
Nishat Dairy (Pvt) Limited
Nishat Farm Supplies Limited
Adamjee Life Assurance Company Limited
Mnet Services (Pvt) Limited
Euronet Pakistan (Pvt) Limited
Hyundai Nishat Motor (Pvt) Limited
MCB Islamic Bank Ltd

Other Than Associated

MCB Bank Limited
Adamjee Insurance Company Limited
Pakgen Power Limited
Security General Insurance Company Limited
Nishat Energy Limited
Nishat Hospitality (Pvt) Limited
Pakistan Aviators & Aviation (Pvt) Ltd.
Nishat Real Estate Development (Pvt) Limited
MCB Financial Services Limited
Lalpir Solar (Pvt) Limited

DGKC Cross Investments

Holding in DGKC

Name	No. of Shares	%
Nishat Mills Limited - Associated Company	137,574,201	31.40
Adamjee Insurance Company Limited - Related Party	2,567,544	0.59
Security General Insurance Company Limited - Related Party	228,500	0.05
Mrs. Naz Mansha - Director/Chairperson	113,098	0.03
Mian Raza Mansha - Director/CEO	12,696,880	2.90
Mian Umer Mansha - Related Party	27,295,313	6.23
Mian Hassan Mansha - Related Party	26,879,917	6.14
Mrs. Ammil Raza Mansha - Spouse of CEO	5,891,098	1.34
Mr. Khalid Niaz Khawaja - Diretcor	2,000	0.00
Mr. Mohammad Arif Hameed - Director	500	0.00
Mr. Khalid Qadeer Qureshi - Director	720	0.00
Mr. Farid Noor Ali Fazal - Director	1,200	0.00
Mr. Shahzad Ahmad Malik - Director	100	0.00
Mr. I.U. Niazi - Chief Financial Officer	2,775	0.00
Total	**213,253,846**	**48.67**

DGKC Holding in

Name	No. of Shares	%
Listed Companies:		
MCB Bank Limited	102,277,232	9.18
Nishat Mills Limited	30,289,501	8.16
Adamjee Insurance Co. Ltd.	25,055,735	6.00
Non Listed Companies:		
Nishat Paper Products Co. Ltd.	25,595,398	55.00
Nishat Dairy (Pvt) Limited	270,000,000	55.10
Nishat Hotels and Properties Limited	100,000,000	12.50
Total	**561,302,204**	

* as of June 30, 2017

Terms of Reference of Audit Committee

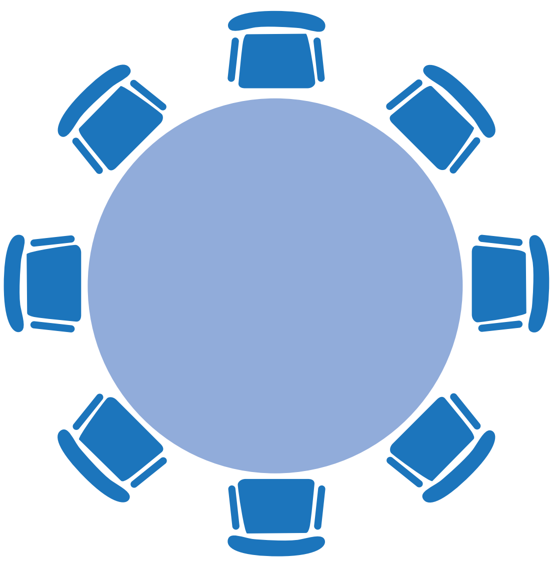
The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the company in addition to audit of its financial statements. The Board of Directors shall give due consideration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

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

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

Terms of Reference of Human Resource and Remuneration Committee

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



Human Resource Management

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

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

Environment Policy

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

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

MIS and IT Governance

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

Enterprise Resource Planning (ERP) system

The Company has implemented state-of-the-art Enterprise Resource Planning (ERP) system "Oracle Fusion Cloud Financial and Supply Chain" wef 1st July 2016, which was upgraded from "Oracle e-Business Suite" Implemented in 2008.

Oracle Fusion Cloud ERP system enabled company to use world best practices in all business processes. Company is managing its Finance, manufacturing, maintenance, Human Resource, Order information covering almost each area of the company e.g. financial statements, daily production report along with historical data, consumption norms, daily dispatch and booking information, detailed analytical report on inventory and consumption etc. ERP Reporting is available to all executives, they can monitor their respective data in office and as well as during out of office.

Finance

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

Manufacturing

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

Maintenance

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

Human Resource

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

Order Management/Sales and Dispatch

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

Inventory

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

Purchasing

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

Effective ERP Reporting System

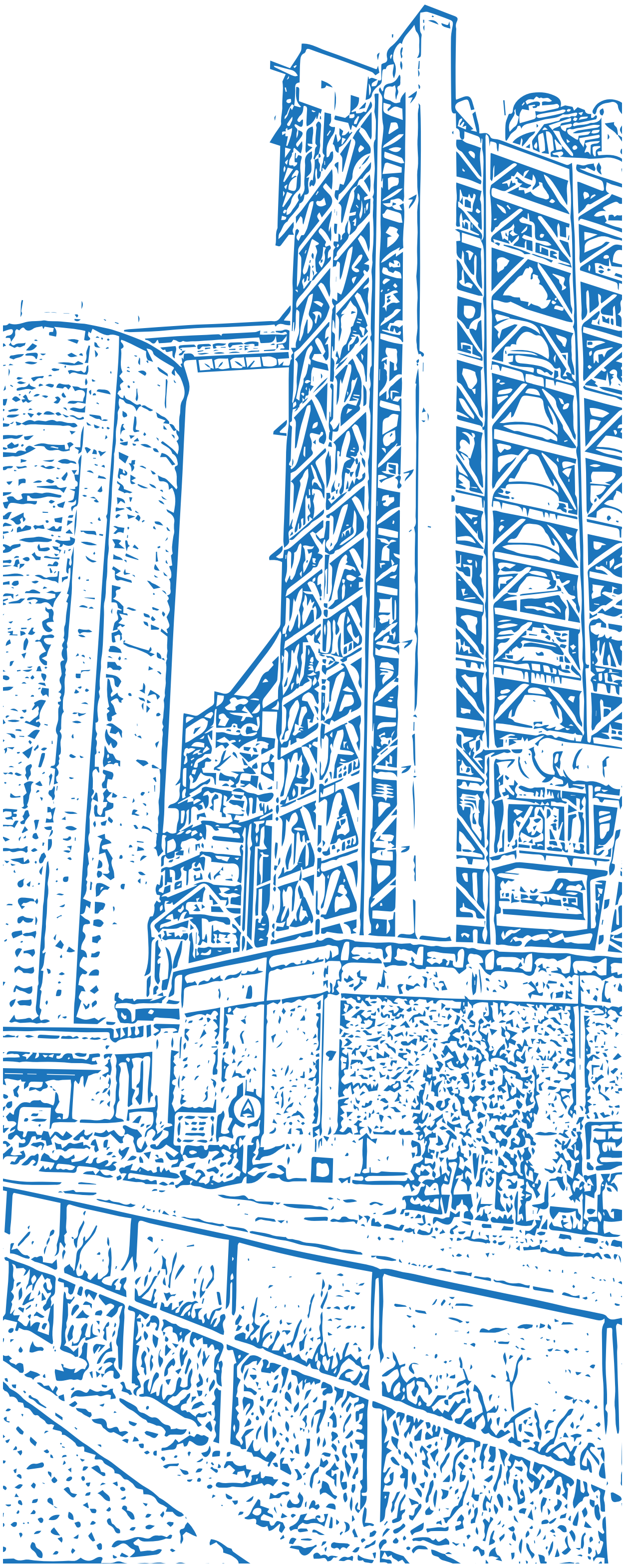
ERP Reports have been generated containing classified information covering almost each area of the company e.g. financial statements, daily production report alongwith historical data, consumption norms, daily dispatch and booking information, detailed analytical report on inventory and consumption etc.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

ICT & Networking Infrastructure

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

Disaster Recover Site

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



Quality Management

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

Corporate Social Responsibility

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

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

Stakeholders’ Engagement

The guiding principles for engagement with stakeholders are:

- Timeliness
- Fairness
- Effectiveness
- Transparency

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

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

Pattern of Share Holding as at June 30, 2017

NO. OF SHAREHOLDERS	HAVING SHARES From	To	SHARES HELD	PERCENTAGE
1365	1	100	62,820	0.0143
1467	101	500	483,800	0.1104
817	501	1000	687,935	0.1570
1157	1001	5000	3,063,587	0.6993
323	5001	10000	2,548,963	0.5818
125	10001	15000	1,575,387	0.3596
75	15001	20000	1,370,775	0.3129
72	20001	25000	1,679,811	0.3834
43	25001	30000	1,213,696	0.2770
44	30001	35000	1,451,490	0.3313
24	35001	40000	921,896	0.2104
13	40001	45000	557,800	0.1273
30	45001	50000	1,461,164	0.3335
17	50001	55000	898,992	0.2052
13	55001	60000	763,400	0.1742
11	60001	65000	698,900	0.1595
15	65001	70000	1,027,872	0.2346
13	70001	75000	952,136	0.2173
10	75001	80000	784,173	0.1790
5	80001	85000	410,725	0.0937
7	85001	90000	610,266	0.1393
7	90001	95000	644,207	0.1470
13	95001	100000	1,294,393	0.2954
5	100001	105000	514,300	0.1174
5	105001	110000	540,253	0.1233
2	110001	115000	223,750	0.0511
4	115001	120000	479,400	0.1094
6	120001	125000	738,109	0.1685
6	125001	130000	769,356	0.1756
3	130001	135000	401,000	0.0915
1	135001	140000	140,000	0.0320
3	140001	145000	426,900	0.0974
8	145001	150000	1,185,810	0.2707
1	150001	155000	150,979	0.0345
1	155001	160000	155,800	0.0356
1	160001	165000	162,000	0.0370
1	165001	170000	165,700	0.0378
3	170001	175000	518,782	0.1184
3	175001	180000	533,833	0.1218
3	180001	185000	546,345	0.1247
1	185001	190000	190,000	0.0434
3	190001	195000	579,460	0.1323
6	195001	200000	1,195,900	0.2730
3	200001	205000	609,232	0.1391
1	205001	210000	205,600	0.0469
1	210001	215000	215,000	0.0491
2	215001	220000	435,000	0.0993
1	220001	225000	222,200	0.0507

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES From	To	SHARES HELD	PERCENTAGE
4	225001	230000	910,580	0.2078
2	235001	240000	478,500	0.1092
1	240001	245000	241,400	0.0551
2	250001	255000	502,800	0.1148
1	255001	260000	259,200	0.0592
3	270001	275000	816,300	0.1863
2	275001	280000	556,074	0.1269
1	280001	285000	280,500	0.0640
1	290001	295000	295,000	0.0673
4	295001	300000	1,198,281	0.2735
2	300001	305000	604,444	0.1380
2	305001	310000	616,600	0.1407
1	310001	315000	315,000	0.0719
2	320001	325000	642,732	0.1467
1	325001	330000	328,200	0.0749
1	330001	335000	331,959	0.0758
2	335001	340000	676,200	0.1543
1	340001	345000	342,000	0.0781
3	350001	355000	1,054,291	0.2406
3	360001	365000	1,083,900	0.2474
2	375001	380000	755,396	0.1724
2	380001	385000	764,000	0.1744
2	385001	390000	777,300	0.1774
5	395001	400000	1,995,506	0.4555
1	410001	415000	414,500	0.0946
3	420001	425000	1,271,500	0.2902
1	425001	430000	426,000	0.0972
3	430001	435000	1,303,600	0.2975
1	440001	445000	443,000	0.1011
2	445001	450000	894,486	0.2042
1	450001	455000	454,433	0.1037
1	455001	460000	459,900	0.1050
1	460001	465000	461,700	0.1054
1	465001	470000	467,400	0.1067
2	480001	485000	966,400	0.2206
1	490001	495000	492,700	0.1125
1	495001	500000	496,100	0.1132
1	500001	505000	502,500	0.1147
2	515001	520000	1,037,095	0.2367
1	520001	525000	524,000	0.1196
2	525001	530000	1,055,320	0.2409
1	545001	550000	546,200	0.1247
2	550001	555000	1,103,200	0.2518
1	560001	565000	561,300	0.1281
2	575001	580000	1,157,702	0.2642
1	580001	585000	585,000	0.1335
1	590001	595000	591,300	0.1350
1	595001	600000	600,000	0.1369
1	600001	605000	602,080	0.1374
1	640001	645000	644,848	0.1472
1	645001	650000	650,000	0.1484
1	665001	670000	667,500	0.1524
1	670001	675000	670,900	0.1531
1	680001	685000	681,200	0.1555
1	695001	700000	700,000	0.1598
1	715001	720000	716,400	0.1635

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES From	To	SHARES HELD	PERCENTAGE
1	725001	730000	727,300	0.1660
1	735001	740000	735,400	0.1679
1	745001	750000	750,000	0.1712
1	760001	765000	763,600	0.1743
1	805001	810000	809,375	0.1847
1	825001	830000	829,000	0.1892
1	845001	850000	845,100	0.1929
1	865001	870000	870,000	0.1986
1	870001	875000	874,100	0.1995
1	875001	880000	877,000	0.2002
1	880001	885000	881,700	0.2012
1	890001	895000	890,600	0.2033
1	900001	905000	903,800	0.2063
1	940001	945000	942,900	0.2152
1	975001	980000	979,100	0.2235
1	980001	985000	981,849	0.2241
1	995001	1000000	1,000,000	0.2282
2	1010001	1015000	2,023,200	0.4618
1	1045001	1050000	1,047,281	0.2390
1	1115001	1120000	1,119,200	0.2555
1	1125001	1130000	1,129,000	0.2577
2	1180001	1185000	2,364,300	0.5396
1	1190001	1195000	1,193,900	0.2725
1	1195001	1200000	1,195,900	0.2730
1	1205001	1210000	1,209,600	0.2761
1	1210001	1215000	1,212,400	0.2767
1	1245001	1250000	1,250,000	0.2853
1	1255001	1260000	1,255,400	0.2865
1	1270001	1275000	1,270,009	0.2899
1	1275001	1280000	1,278,100	0.2917
1	1300001	1305000	1,302,000	0.2972
2	1365001	1370000	2,735,407	0.6244
1	1395001	1400000	1,400,000	0.3195
1	1425001	1430000	1,429,500	0.3263
1	1485001	1490000	1,488,146	0.3397
2	1495001	1500000	3,000,000	0.6847
1	1520001	1525000	1,520,500	0.3471
1	1560001	1565000	1,563,405	0.3568
1	1590001	1595000	1,594,000	0.3638
1	1600001	1605000	1,603,500	0.3660
1	1670001	1675000	1,674,200	0.3821
1	1690001	1695000	1,691,900	0.3862
1	1735001	1740000	1,736,300	0.3963
1	1750001	1755000	1,752,000	0.3999
1	1755001	1760000	1,759,500	0.4016
1	1825001	1830000	1,826,600	0.4169
1	1830001	1835000	1,833,200	0.4184
1	1880001	1885000	1,882,800	0.4297
1	1955001	1960000	1,956,760	0.4466
2	1995001	2000000	3,998,900	0.9127
1	2050001	2055000	2,052,400	0.4685
1	2055001	2060000	2,059,500	0.4701
1	2110001	2115000	2,113,500	0.4824
1	2255001	2260000	2,259,993	0.5158
1	2265001	2270000	2,268,900	0.5179
1	2390001	2395000	2,394,100	0.5464

Continued →

NO. OF SHAREHOLDERS	HAVING SHARES From	To	SHARES HELD	PERCENTAGE
1	2415001	2420000	2,415,800	0.5514
1	2455001	2460000	2,456,144	0.5606
1	2565001	2570000	2,567,544	0.5860
1	2595001	2600000	2,596,000	0.5925
1	2750001	2755000	2,751,700	0.6281
1	2760001	2765000	2,764,600	0.6310
1	2790001	2795000	2,790,911	0.6370
1	2905001	2910000	2,906,190	0.6633
1	2980001	2985000	2,981,200	0.6805
1	3065001	3070000	3,069,500	0.7006
1	3090001	3095000	3,093,300	0.7060
1	3185001	3190000	3,187,400	0.7275
1	3205001	3210000	3,205,432	0.7316
1	3545001	3550000	3,545,700	0.8093
1	4020001	4025000	4,022,114	0.9180
1	4600001	4605000	4,602,512	1.0505
1	4635001	4640000	4,635,974	1.0582
1	4905001	4910000	4,909,249	1.1205
1	6005001	6010000	6,006,253	1.3709
1	6020001	6025000	6,023,700	1.3749
1	7280001	7285000	7,283,540	1.6625
1	8060001	8065000	8,060,906	1.8399
1	8950001	8955000	8,950,822	2.0430
1	11145001	11150000	11,149,920	2.5450
1	15725001	15730000	15,729,997	3.5903
1	21285001	21290000	21,289,060	4.8592
1	22925001	22930000	22,929,033	5.2335
1	114645001	114650000	114,645,168	26.1676
5921	**Company Total**		**438,119,118**	**100.00**

Categories of Shareholders As on June 30, 2017

		SHARES HELD	%
1.	Directors, Chief Executive Officer, and their spouse and minor children	18,705,596	4.27
2.	Associated Companies, undertakings and related parties.	140,370,245	32.04
3.	NIT and ICP	1,048,781	0.24
4.	Banks Development Financial Institutions Non Banking Financial Institutions.	10,673,558	2.44
5.	Insurance Companies	16,730,615	3.82
6.	Modarabas and Mutual Funds	47,575,162	10.86
7.	Shareholders holding 10%	137,574,201	31.40
8.	General Public:		
	a. Local	57,256,014	13.07
	b. Foreign	4,413,187	1.01
9.	Others		
	Joint Stock Companies	11,858,465	2.71
	Investment Companies	1,132,206	0.26
	Pension Funds, Provident Funds etc.	6,502,383	1.48
	Foreign Companies	67,677,676	15.45

Information Under Listing Regulation No. 5.19.11 (x) of PSX Rule Book as on June 30, 2017

			No. of Shares	%
I.	**Associated Companies, undertakings and related parties**			
	Nishat Mills Limited	- Associated Company	137,574,201	31.40
	Adamjee Insurance Company Limited	- Related Party	2,567,544	0.59
	Security General Insurance Company Limited	- Related	228,500	0.05
II.	**Mutual Funds:**			
	CONFIDENCE MUTUAL FUND		573	0.00
	PRUDENTIAL STOCKS FUND LTD (03360)		64,800	0.01
	PRUDENTIAL STOCK FUND LTD.		413	0.00
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND		1,736,300	0.40
	MCBFSL - TRUSTEE JS VALUE FUND		351,200	0.08
	CDC - TRUSTEE PICIC INVESTMENT FUND		502,500	0.11
	CDC - TRUSTEE JS LARGE CAP. FUND		147,000	0.03
	CDC - TRUSTEE PICIC GROWTH FUND		1,012,300	0.23
	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND		443,000	0.10
	CDC - TRUSTEE ATLAS STOCK MARKET FUND		520,000	0.12
	CDC - TRUSTEE MEEZAN BALANCED FUND		1,270,009	0.29
	CDC - TRUSTEE UBL GROWTH AND INCOME FUND		101,000	0.02
	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND		5,000	0.00
	CDC - TRUSTEE JS ISLAMIC FUND		550,900	0.13
	CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND		5,000	0.00
	CDC - TRUSTEE ALFALAH GHP VALUE FUND		306,600	0.07
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN		467,400	0.11
	CDC - TRUSTEE AKD INDEX TRACKER FUND		53,387	0.01
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND		1,563,405	0.36
	CDC - TRUSTEE MEEZAN ISLAMIC FUND		8,950,822	2.04
	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND		35,000	0.01
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND		881,700	0.20
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND		280,000	0.06
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND		1,366,107	0.31
	CDC - TRUSTEE NAFA STOCK FUND		1,691,900	0.39
	CDC - TRUSTEE NAFA MULTI ASSET FUND		112,500	0.03
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND		33,500	0.01
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND		942,900	0.22
	CDC - TRUSTEE APF-EQUITY SUB FUND		35,000	0.01
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT		82,300	0.02
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND		1,302,000	0.30
	CDC - TRUSTEE HBL - STOCK FUND		1,184,100	0.27
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND		1,998,900	0.46
	CDC - TRUSTEE APIF - EQUITY SUB FUND		60,000	0.01
	MC FSL - TRUSTEE JS GROWTH FUND		735,400	0.17
	CDC - TRUSTEE HBL MULTI - ASSET FUND		119,400	0.03
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND		375,396	0.09
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT		46,000	0.01
	CDC - TRUSTEE ALFALAH GHP STOCK FUND		328,200	0.07
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND		205,600	0.05
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND		3,205,432	0.73
	CDC - TRUSTEE ABL STOCK FUND		1,255,400	0.29
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND		26,000	0.01
	CDC - TRUSTEE FIRST HABIB STOCK FUND		62,000	0.01
	CDC - TRUSTEE LAKSON EQUITY FUND		809,375	0.18

	No. of Shares	%
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	381,900	0.09
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	15,400	0.00
CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	14,400	0.00
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	201,600	0.05
CDC - TRUSTEE PICIC STOCK FUND	81,500	0.02
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	29,000	0.01
CDC - TRUSTEE HBL PF EQUITY SUB FUND	45,700	0.01
CDC - TRUSTEE ASKARI EQUITY FUND	40,000	0.01
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	75,000	0.02
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	103,000	0.02
CDC - TRUSTEE LAKSON INCOME FUND - MT	22,500	0.01
CDC - TRUSTEE ATLAS INCOME FUND - MT	193,200	0.04
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	845,100	0.19
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	123,900	0.03
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	162,000	0.04
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	174,900	0.04
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	35,000	0.01
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	24,000	0.01
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	423,800	0.10
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	2,400	0.00
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	40,000	0.01
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1,500	0.00
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	270,700	0.06
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	270,600	0.06
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	146,000	0.03
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	5,200	0.00
CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	182,500	0.04
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	17,900	0.00
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	19,900	0.00
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1,193,900	0.27
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	1,400	0.00
CDC - TRUSTEE PIML VALUE EQUITY FUND	50,000	0.01
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	5,000	0.00
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	2,268,900	0.52
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	59,500	0.01
CDC-TRUSTEE NITPF EQUITY SUB-FUND	32,000	0.01
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	125,400	0.03
CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND - MT	11,000	0.00
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	2,259,993	0.52
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	52,500	0.01
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	670,900	0.15
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	135,000	0.03
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	829,000	0.19
CDC - TRUSTEE LAKSON TACTICAL FUND	129,956	0.03
MCBFSL TRUSTEE JS CAPITAL PROCTECTED FUND V	4,200	0.00
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	20,462	0.00
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	500	0.00
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	524,000	0.12
CDC - TRUSTEE UNITED GROWTH AND INCOME FUND - MT	5,100	0.00
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	5,000	0.00
CDC - TRUSTEE AGPF EQUITY SUB-FUND	5,410	0.00

			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	12,696,880	2.90
	Mr. Khalid Niaz Khawaja	Diretcor	2,000	0.00
	Mr. Mohammad Arif Hameed	Director	500	0.00
	Mr. Khalid Qadeer Qureshi	Director	720	0.00
	Mr. Farid Noor Ali Fazal	Director	1,200	0.00
	Mr. Shahzad Ahmad Malik	Director	100	0.00
	Mrs. Ammil Raza Mansha	Spouse of CEO	5,891,098	1.34
IV.	**Executives:**			
	Mr. Inayat Ullah Niazi	Chief Financial Officer	2,775	0.00
V.	**Public Sector Companies and Corporations:**			
	Joint Stock Companies		11,858,465	2.71
VI.	**Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds:**			
	Investment Companies		1,132,206	0.26
	Insurance Companies		16,730,615	3.82
	Financial Institutions		10,673,558	2.44
	Modaraba Companies		11,722	0.00
	Mutual Funds		47,563,440	10.86
	Pension Funds/Providend Funds Etc.		6,502,383	1.48
VII.	**Shareholders holding Five percent or more voting interest in the Listed Company**			
	Mian Umer Mansha		27,295,313	6.23
	Mian Hassan Mansha		26,879,917	6.14
	Nishat Mills Limited		137,574,201	31.40

Information Under Listing Regulation No. 5.19.11 (xii) of PSX Rule Book as on June 30, 2017

There is no 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, 2016 to June 30, 2017.

In Meetings During the Year From July 01, 2016 To June 30, 2017

Audit Committee

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

Sr. No.	Name of Member		No. of meetings attended
1.	Mr. Khalid Niaz Khawaja	(Member/Chairman)	4
2.	Mr. Khalid Qadeer Qureshi	(Member)	3
3.	*Ms. Nabiha Shahnawaz Cheema	(Member)	0
4.	**Mr. Mohammad Arif Hameed	(Member)	2

*Ms. Nabiha Shahnawaz Cheema retired on October 31, 2016.
** Mr. Mohammad Arif Hameed appointed as Member Audit Committee in place of Ms. Nabiha Shahnawaz Cheema on November 03, 2016.

HR&R Committee

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

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

*Ms. Nabiha Shahnawaz Cheema retired on October 31, 2016.
** Mr. Shahzad Ahmad Malik appointed as Member HR&R Committee in place of Ms. Nabiha Shahnawaz Cheema on November 03, 2016.

Board Of Directors

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

Sr. No.	Name of Dirctor		No. of meetings attended
1.	Mr. Raza Mansha	(Chief Executive Officer)	6
2.	Mrs. Naz Mansha	(Chairperson)	5
3.	Mr. Khalid Qadeer Qureshi		4
4.	Mr. Farid Noor Ali Fazal		6
5.	*Ms. Nabiha Shahnawaz Cheema		0
6.	Mr. Shehzad Ahmad Malik		6
7.	Mr. Khalid Niaz Khawaja		6
8.	**Mr. Mohammad Arif Hameed		3

*Ms. Nabiha Shahnawaz Cheema retired on October 31, 2016.
** Mr. Mohammad Arif Hameed elected as director on October 31, 2016.

Status of Director Training Programme

Sr. No.	Name of Director	Status of Director Training Programme
1.	Mrs. Naz Mansha	Exempt
2.	Mian Raza Mansha-CEO	Exempt
3.	Mr. Khalid Niaz Khawaja	Completed
4.	Mr. Khalid Qadeer Qureshi	Exempt
5.	Mr. Mohammad Arif Hameed	To be Completed
6.	Mr. Farid Noor Ali Fazal	Completed
7.	Mr. Shahzad Ahmad Malik	Completed

Corporate Calander from July 01, 2016 to June 30, 2017

Date	Event
July 20, 2016	Notice for meeting of Board of Directors sent to Directors.
July 28, 2016	Meeting of the Board of Directors conducted for appointment of Cost Auditors for the year ended 2015-16, Approval Annual Bonus and Revision in monthly salaray of CFO, Company Secretary, Head of Internal Audit and whole time working directors, etc.etc.
August 24, 2016	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
August 24, 2016	Notice for Meeting of Board Directors for consideration of Annual Audited Accounts for the year ended June 30, 2016 sent to Directors and Stock Exchange.
August 31, 2016	Meeting of the Members of Audit Committee conducted for recommendation of Annual Audited Accounts for the year ended June 30, 2016, related party transactions, appointment of External Auditors etc.etc. to the Board of Directors for their approval.
August 31, 2016	Meeting of the Board of Directors conducted for consideration and approval of Annual Audited Accounts for the year ended June 30, 2016, Dividend, Director's Report, Related Party Transactions, Appointment of External Auditors, Agenda and Venue of AGM, to fix the number of elected directors, Appoval of Revenue and Fixed Capital Budget for the year 2016-17 etc. etc.
August 31, 2016	Financial Results for the year ended June 30, 2016 and other Coprorate Actions Sent to Stock Exchange immediately after conclusion of Board Meeting.
September 29, 2016	Notice of AGM Sent to Pakistan Stock Exchange
October 02, 2016	Notice of Annual General Meeting published in Newspapers.
October 20, 2016	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
October 20, 2016	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 1st Quarter ended September 30, 2016 Sent to Directors and Stock Exchange.
October 27, 2016	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 1st Quarter ended September 30, 2016, Related Party Transactions etc. etc. to the Board of Directors for their approval.
October 27, 2016	Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the 1st Quarter ended September 30, 2016, Directors Report, Related Party Transactions etc. etc.
October 27, 2016	Financial Results for the 1st Quarter ended September 30, 2016 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.
November 14, 2016	Minutes of Annual General Meeting held on October 31, 2016 Sent to Stock Exchange.

Date	Event
November 26, 2016	Intimation regarding dispatch of 60% Final Dividend for the year 2016 sent to Stock Exchange
November 03, 2016	Meeting of the Board of Directors conducted after Election of Directors to elect chairman of the Board, to appoint Chief Executive Officer of the Company, to reconstitue Board Committees etc. etc.
February 08, 2017	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
February 09, 2017	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the Half Year ended December 31, 2016 Sent to Directors and Stock Exchange.
February 15, 2017	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the Half Year ended December 31, 2016, Related Party Transactions etc. etc. to the Board of Directors for their approval.
February 16, 2016	Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the Half Year ended December 31, 2016, Directors Report, Related Party Transactions, Further Equity Investment in Adamjee Insurance Co. Ltd. etc. etc.
February 16, 2017	Financial Results for the Half Year ended December 31, 2016 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.
April 12, 2017	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
April 12, 2017	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2017 Sent to Board of Directors and Stock Exchange along with Closed Period.
April 19, 2017	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 3rd Quarter ended March 31, 2017, Related Party Transactions etc. etc. to the Board of Directors for their approval.
April 19, 2017	Meeting of the Board of Directors conducted for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2017, Directors Report, Related Party Transactions etc. etc.
April 19, 2017	Financial Results for the 3rd Quarter ended March 31, 2017 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.

Chairperson's Review Report on Board Performance FY17

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

Mrs. Naz Mansha	(Chairperson)
Mr. Raza Mansha	(Chief Executive Officer)
Mr. Khalid Niaz Khawaja	(Independent Director)
Mr. Mohammad Arif Hameed	(Non-Executive Director)
Mr. Khalid Qadeer Qureshi	(Non-Executive Director)
Mr. Shahzad Ahmad Malik	(Non-Executive Director)
Mr. Farid Noor Ali Fazal	(Executive/Director)

Ms Nabiha Shahnawaz Cheema who was on board retired on October 31, 2016. Mr. Mohammad Arif Hameed elected in her place.

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 2017 the BoD met Six 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 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 monitors followings:

- Producing of 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 expenditures;
- Quarterly and annual financial statements;
- Internal audit reports;
- Audit committee reports and finding;
- Recommendation for appointment of external auditors; and
- Bank borrowings.

Naz Mansha

Mrs. Naz Mansha
Chairperson

Lahore
September 19, 2017

Report of the Board Audit Committee

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

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

BAC comprises of three members:

Mr. Khalid Niaz Khawaja	Independent Director	Chairman
Mr. Mohammad Arif Hameed	Non-Executive Director	Member
Mr. Khalid Qadeer Qureshi	Non-Executive Director	Member

*On October 31, 2016, Ms. Nabiha Shahnawaz Cheema retired and Mr. Mohammad Arif Hameed appointed as Member Audit Committee in her place on November 03, 2016.

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

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

During FY17 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, 2017 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, 2018.

Khalid Niaz Khawaja
Chairman
Board Audit Committee

Lahore
September 19, 2017

Statement of Compliance with the Code of Corporate Governance [See clause 5.19.24]

Name of company : D. G. Khan Cement Company Limited
Year ended : June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Khalid Niaz Khawaja
Executive Directors	Mr. Raza Mansha
	Mr. Farid Noor Ali Fazal
Non-Executive Directors	Mrs. Naz Mansha
	Mr. Mohammad Arif Hameed
	Mr. Khalid Qadeer Qureshi
	Mr. Shahzad Ahmad Malik

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

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

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

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

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

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

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

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

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

   Orientation Course: -

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

   Directors' Training Program: -

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

   (ii) Three (3) directors Mr. Khalid Niaz Khawaja, Mr. Farid Noor Ali Fazal and Mr. Shahzad Ahmad Malik have completed the directors training program.

10. The Board has approved appointment of Mrs. Hina Rauf as Head of Internal Audit including terms and conditions of her employment in place of Syed Arshad Ali Zaidi. The remuneration of CFO was revised during the year after due approval of the Board.

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

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

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

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

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

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The

terms of reference of the committee have been formed and advised to the committee for compliance.

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

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

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

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

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

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

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

RAZA MANSHA
Chief Executive Officer
Lahore: September 19, 2017

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of D.G. Khan Cement Company Limited (the 'Company') for the year ended June 30, 2017 to comply with the requirements of Listing Regulation No. 5.19 of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

A.F. Ferguson + Co

Chartered Accountants
Lahore,
Dated: September 25, 2017
Name of engagement partner: Amer Raza Mir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Business Analysis

We Focus on Business.

Business Objectives

- Enhance Domestic Market Share & Explore New Export Makerts
- To be Leader in Use of Cutting Edge Technology
- Strengthen Brand Image
- Cost Saving through Innovative Means
- Committed Employees
- Broad Base of Satified Customers
- Broad Base of Satisfied Suppliers
- Better Returns for Shareholders
- Environment Friendly Operations
- Strong Supply Chain

Products

Ordinary Portland Cement
Sulphate Resistant Cement

Raw Materials

Limestone
Clay
Iron Ore
Silica Sand
Gypsum

Fuel

Coal
Aternative Fuels

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 Strenth 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

Our Brands

SWOT Analysis

Strengths

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

Weaknesses

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

Opportunities

- Taping foreign markets through exports.
- Establishing manufacturing facilities in attractive foreign markets.
- Market in Southern Pakistan.
- Presently low population density and per capita cement consumption in Pakistan.
- CPEC related activities.

Threats

- Inconsistent governmental policies.
- Unhealthy industry competition.
- Low industry utilisation in the region.

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 under way & wind power project is also in study phase.
	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.

Production Data

Plants Make

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

DGK Power Unit
Niigata of Japan
Wartsila of Finland

KHP Power Unit
Wartsila of Finland

WHR Plant DGK
Nanjing Turbine
Electricity Machinery
Group Company

WHR Plant KHP
F.L.Smidth of Denmark.

RDF Plants
Vecoplan of Germany
Elden of Germany

Plants Capacities

Limestone Crusher
DGK: 1125 TPH
KHP: 1500 TPH

Raw Mill
DGK: 490 TPH
KHP: 500 TPH

Coal Mill
DGK: 50 TPH
KHP: 52 TPH

Kiln
DGK: 6700 TPD
KHP: 6700 TPD

Cement Mill
DGK: 552 TPH
KHP: 350 TPH

Pack House
DGK: 8x120 TPH
KHP: 6x100 TPH

Clinker Production Efficiency: 107 % (FY16: 99%)

Cement Production Efficiency: 109 % (FY16: 105%)

Clinker Production Growth (YOY): 9 % (FY16: 13%)

Cement Production Growth (YOY): 4 % (FY16: 15%)

Kiln working days

Year	DGK 1	DGK 2	KHP	Total
FY17	308	321	329	958
FY16	260	324	291	875

Kiln fuel usage

	FY17	FY16
Coal	84%	75%
Alternate Fuel	16%	25%

* Based on tons used

Alternate fuel usage (Based on tons used)

	FY17	FY16
Finished Solid Combustible Material	45.00%	51.00%
Poultary Waste	53.00%	32.00%
Rice Husk	0.36%	14.00%
Others	1.64%	3.00%

Total Power Requirement

DGK: 42 MW

KHP: 31 MW

Captive Power Generation Capacites (in MW)

Factory	WHR	Coal	FO	Gas	Total
DGK	10.40	30.00	23.84	24.60	88.84
KHP	8.60	-	-	33.00*	41.60
	19.00	30.00	23.84	57.60	130.44

* Dual Fuel

Electricity Consumption in %

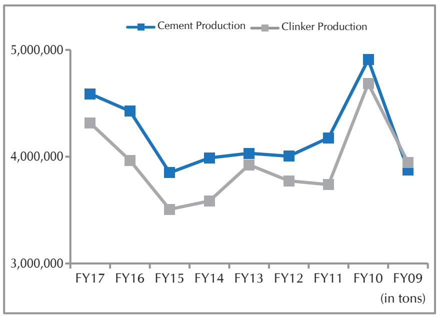
Year	WAPDA	OWN
FY17	6	94
FY16	12	88

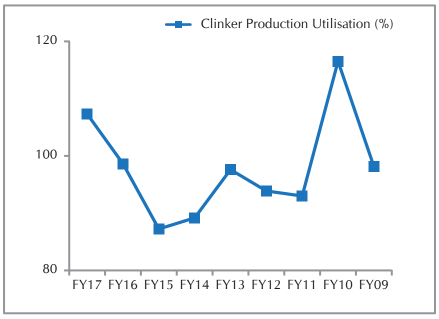
Captive Power Generation (in million KWH)

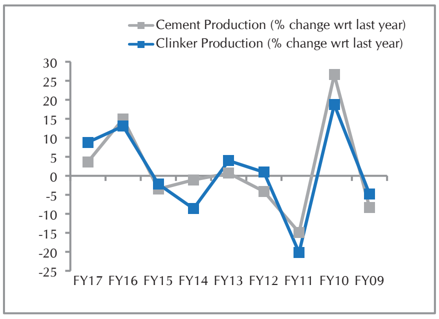
	WHR	Coal	FO	Gas	Total
FY17	67	133	13	250	463
FY16	82	-	73	246	401

Captive Power Generation (in % to total own generation)

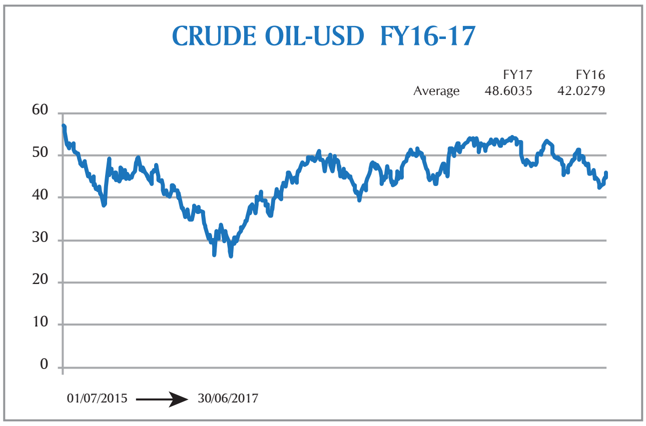
	WHR	Coal	FO	Gas	Total
FY17	14	29	3	54	100
FY16	21	-	18	61	100

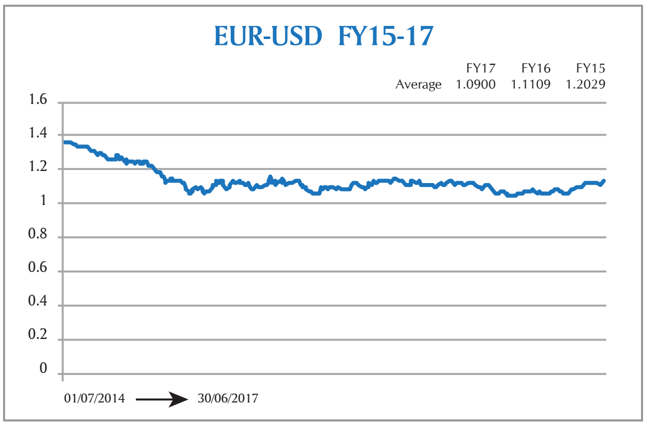


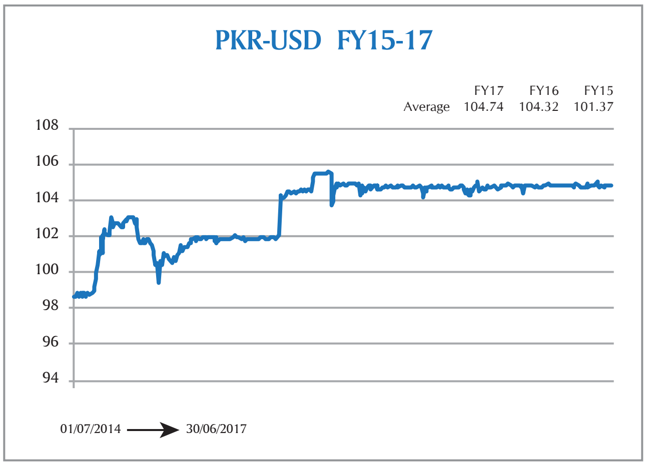


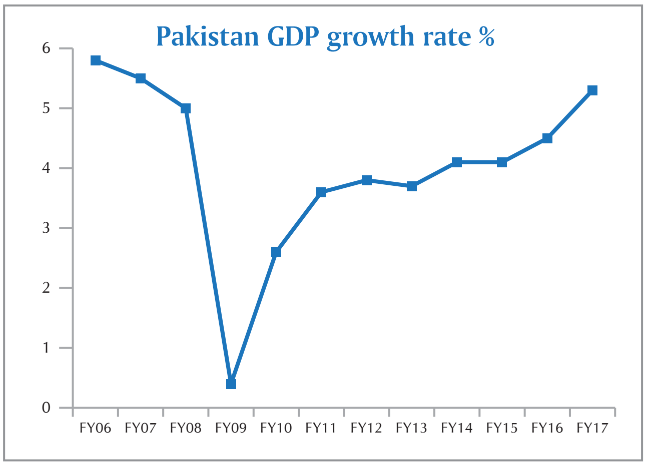


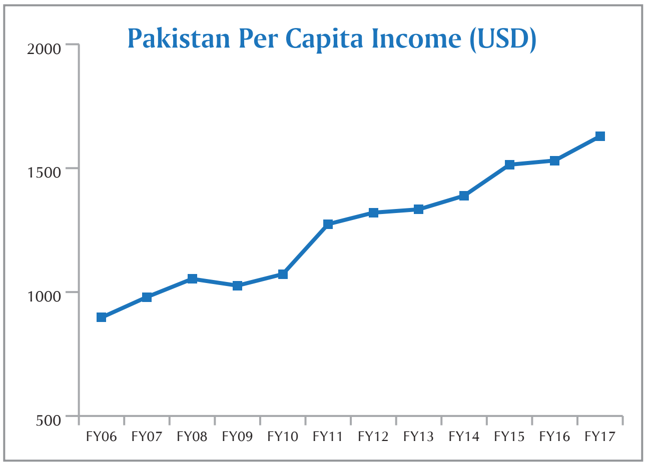
Economic Data

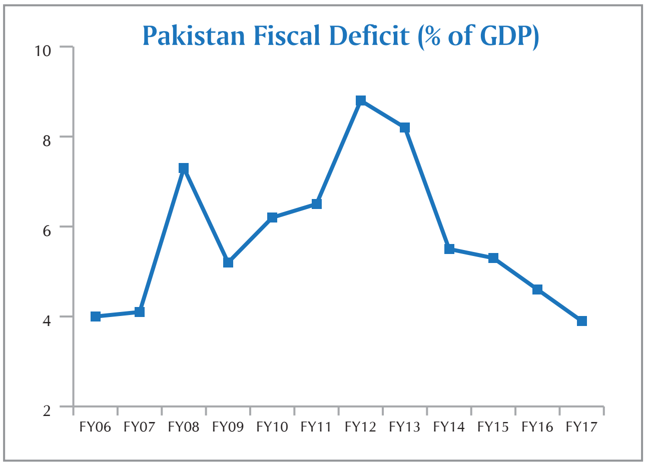












6M KIBOR	July	September	December	March	June
FY17	6.06	6.06	6.15	6.16	6.15
FY16	7.05	6.62	6.51	6.36	6.06
FY15	10.17	10.19	9.63	7.98	7.07

International & Regional Cement Market

World Cement Production Capacity: 4.4 Billion Tones p.a.

World Per Capita Cement Consumption (Average): 400kg

World Major Cement Producing Countries

#	Country
1	China
2	India
3	USA
4	Turkey
5	Vietnam
6	Indonesia
7	Saudi Arabia
8	Brazil
9	Japan
10	Russia
11	South Korea
12	Egypt
13	Iran

World Cement Production Growth

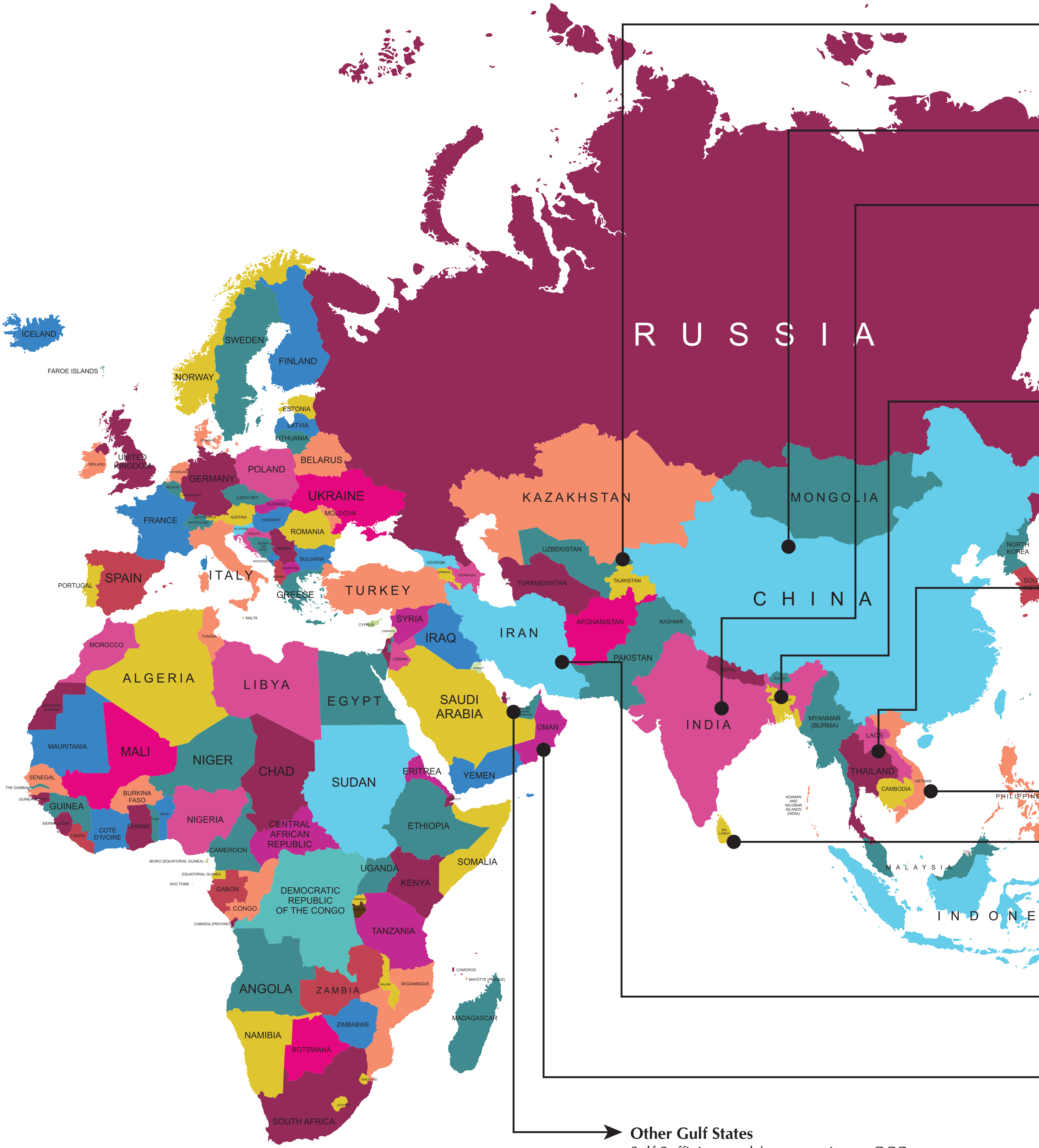
Year	Production (m tons p.a.)	YOY % Growth
2005	2,373	
2006	2,575	8.51
2007	2,797	8.62
2008	2,862	2.32
2009	3,047	6.46
2010	3,328	9.22
2011	3,470	4.27
2012	3,831	10.40
2013	4,061	6.00
2014	4,252	4.70
2015	4,422	4.00

* approximate

World Cement Exports: USD 9.1 Billion for 2016
Asian Counties Share in Cement Exports: 48%
European Counties Share in Cement Exports: 34%
North America Counties Share in Cement Exports: 7.5%
African Counties Share in Cement Exports: 6.9%

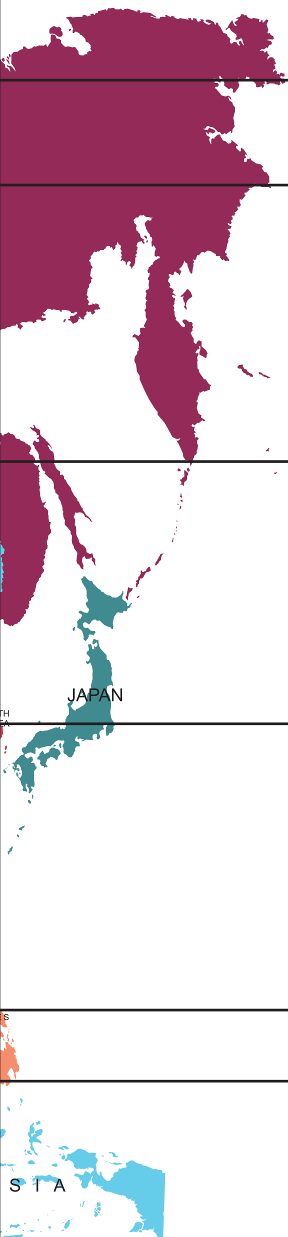
World Leading Cement Exporters (Approximate Figures)

1. China: US$693 million (7.6% of total cement exports)
2. Thailand: $612 million (6.8%)
3. United Arab Emirates: $544 million (6%)
4. Turkey: $494 million (5.5%)
5. Germany: $486 million (5.4%)
6. Spain: $477 million (5.3%)
7. Vietnam: $403 million (4.4%)
8. Japan: $391 million (4.3%)
9. Canada: $368 million (4.1%)
10. India: $267 million (2.9%)
11. Greece: $248 million (2.7%)
12. Senegal: $209 million (2.3%)
13. United States: $206 million (2.3%)
14. Pakistan: $186 million (2%)
15. South Korea: $163 million (1.8%)



Other Gulf States
Self Sufficient and / or exporting to GCC and African Countires

* approximate figures from various sources



Tajikistan
Cement Capacity: 4.7 mt
Cement Plants: 13
Chinese investors are coming
in cement sector

China
Cement Capacity: 2410 mt
Cement Plants: 3000
Per Capita Cement Consumption: 1500 Kg
Cement Industry's Utilisation: 60-65%
Share in World Cement Capacity: 55%
Intense pressure on manufacturers on
low utilisation and enviroment issues

India
Cement Capacity: 400 mt
Cement Plants: 553
Per Capita Cement Consumption: 225 Kg
Cement Industry's Utilisation: 65%
World Second Biggest Cement Producer
By 2025 capacity may increase to 550 mt
Cement growth expected at 6%

Bangladesh
Cement Capacity: 35 mt
Per Capita Cement Consumption: 120 Kg
Cement Industry's Utilisation: 60-65%
Imports Raw Material from China, Thailand, Indonesia.

Thailand
Cement Capacity: 60 mt
Per Capita Cement Consumption: 450 Kg
Cement Industry's Utilisation: 62%
80% Domestic Consumption
Exports to Neighbouring Countries

Vietnam
Cement Capacity: 88 mt
25% Exports to Neighbouring Countries
Now in exports tough competition from China, India etc.

Srilanka
Production: 2.2mt
Imports: 4.2mt
Imports 60% of its requirments

Iran
Cement Capacity: 80 mt
Cement Plants: 73
Per Capita Cement Consumption: 650 Kg
Cement Industry's Utilisation: 65%
World Seventh Biggest Cement Producer
By 2025 capacity may increase to 120 mt
Cheapest cement producing country,
this is a great opportunity.
Exporting to Afghanistan, Africa, ME etc.
Exports to Iraq declined sharply.

Oman
Imports 50% of its requirments
Exports 30%

Domestic Cement Market

Pakistan Clinker Production Capacity (mt p.a.)

	No of Units	Capacity	% of Total Capacity
North	19	36,522,856	82
South	5	8,183,571	18
Total	24	44,706,427	100

Average utilization (%) for industry since FY06 is as under:

	Local	Exports	Total
North	63.19	14.40	77.59
South	56.88	28.31	85.20
Overall	61.76	17.06	78.83

Utilization (%) for industry FY17:

	Local	Exports	Total
North	75.99	8.21	84.20
South	75.77	17.62	93.39
Overall	75.95	9.93	85.88

Utilization (%) for industry FY16:

	Local	Exports	Total
North	73.07	10.40	83.47
South	69.22	23.52	92.74
Overall	72.34	12.87	85.22

Pakistan population density: 230 / km^2

Pakistan Cement Industry:

- Total Assets >USD 4 Billion
- Net Worth > USD 2.6 Billion
- Net Sales > USD 2.4 Billion
- Earnings after tax > USD 582 Million
- Average GP margin > 40%
- Average PAT margin > 25%
- Average EBITDA margin > 40%

* as per last year's data

- Pakistan Cement Industry is one of the high leveraged industry with large exposure to banking loans.
- It is contributing hefty amounts in shape of taxes to the national exchequer.
- Comparing the region, Pakistan Cement Industry has higher utilisation.
- Pakistan Cement Industry registered highest local monthly dispatch ever in March, 2017.

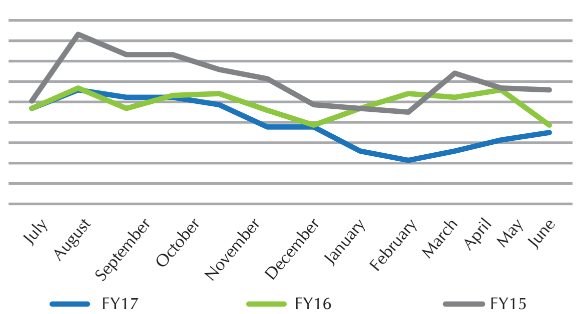
- Projected local growth: Approx. 10% p.a.
- Major demand from household sector.
- CPEC is expected to bolster the cement demand.
- Exports to remain depressed.
- Major risk is unhealthy price competition.
- Smuggled Iranian cement is also affecting local dispatches.

Expected expansion (Clinker mt p.a. Approx)

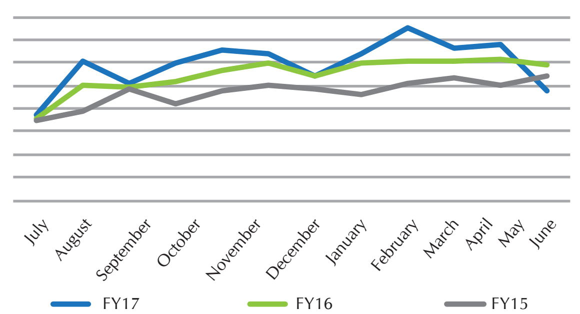
	Capacity
North	17
South	7
Total	24

Pakistan Per Capita Cement Consumption: 178kg

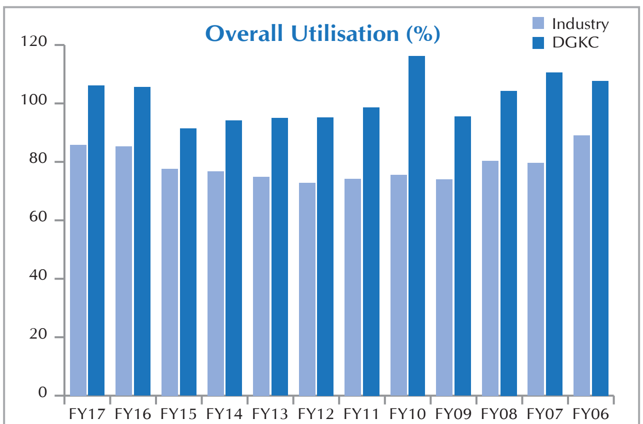
Pakistan Cement Industry Exports Month Wise Trend



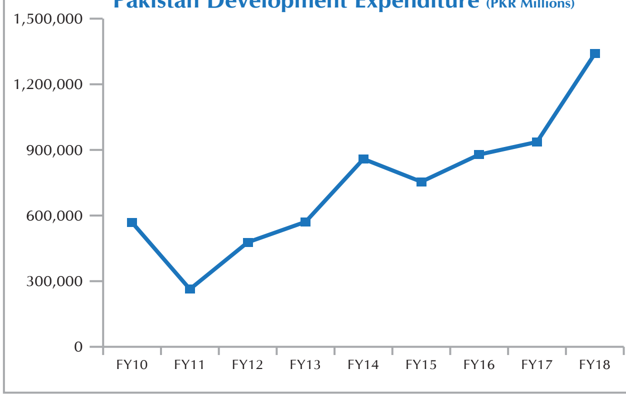
Pakistan Cement Industry Local Sales Month Wise Trend

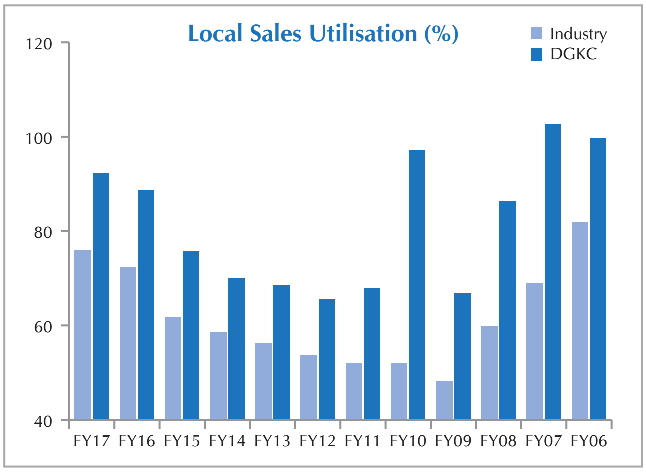


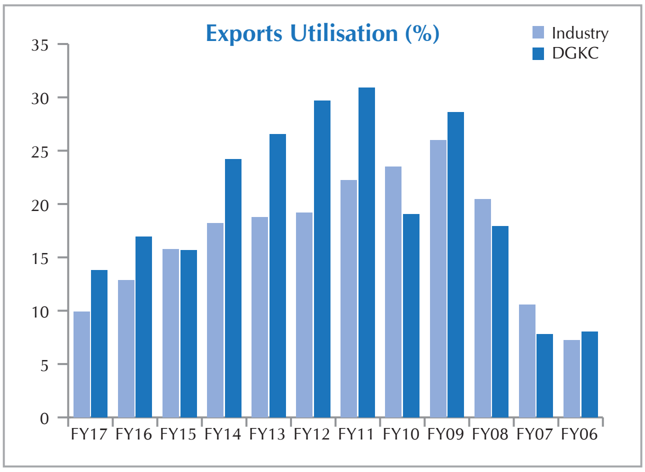
Overall Utilisation (%)



Pakistan Development Expenditure (PKR Millions)



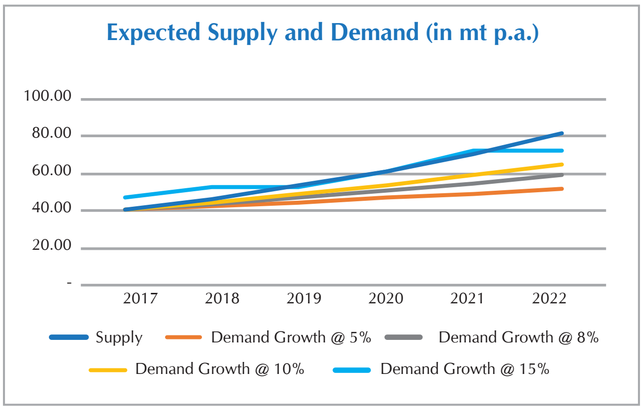


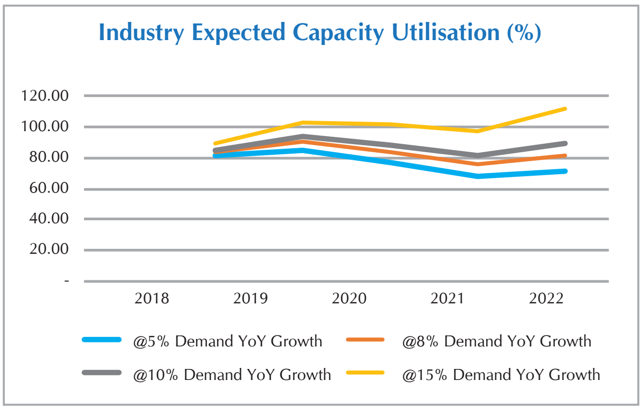


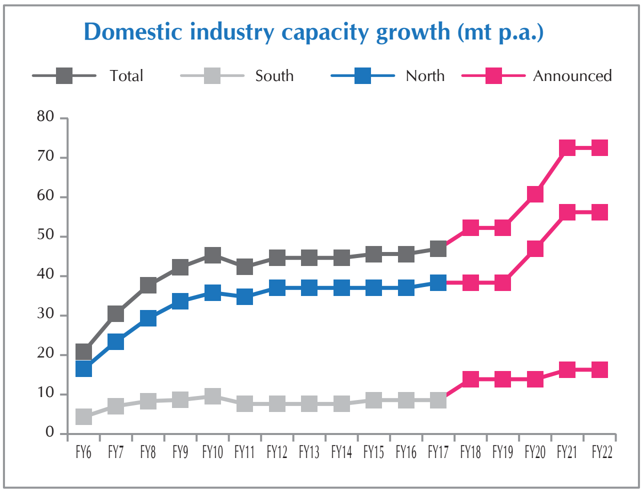
Announced Industry Expansion Analysis

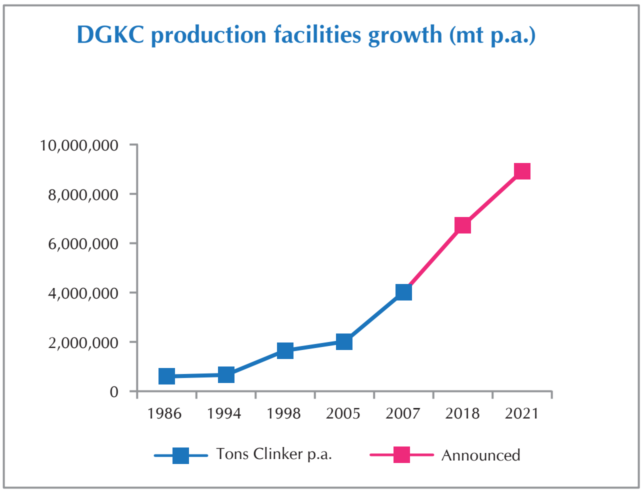
	Cement Supply	Demand Growth @5% YoY mt p.a.	Industry Capacity Utilisation (%) @5% Demand growth	Demand Growth @8% YoY mt p.a.	Industry Capacity Utilisation (%) @8% Demand growth	Demand Growth @10% YoY mt p.a.	Industry Capacity Utilisation (%) @10% Demand growth	Demand Growth @15% YoY mt p.a.	Industry Capacity Utilisation (%) @15% Demand growth
2017	46.94	40.32		40.32		40.32		40.32	
2018	52.26	42.33	81.05	43.54	83.37	44.35	84.91	46.36	88.77
2019	52.26	44.45	85.11	47.02	90.04	48.78	93.40	53.32	102.09
2020	60.76	46.67	76.81	50.79	83.58	53.66	88.31	61.31	100.91
2021	72.50	49.00	67.59	54.85	75.66	59.03	81.42	70.51	97.26
2022	72.50	51.45	70.97	59.24	81.71	64.93	89.56	81.09	111.85

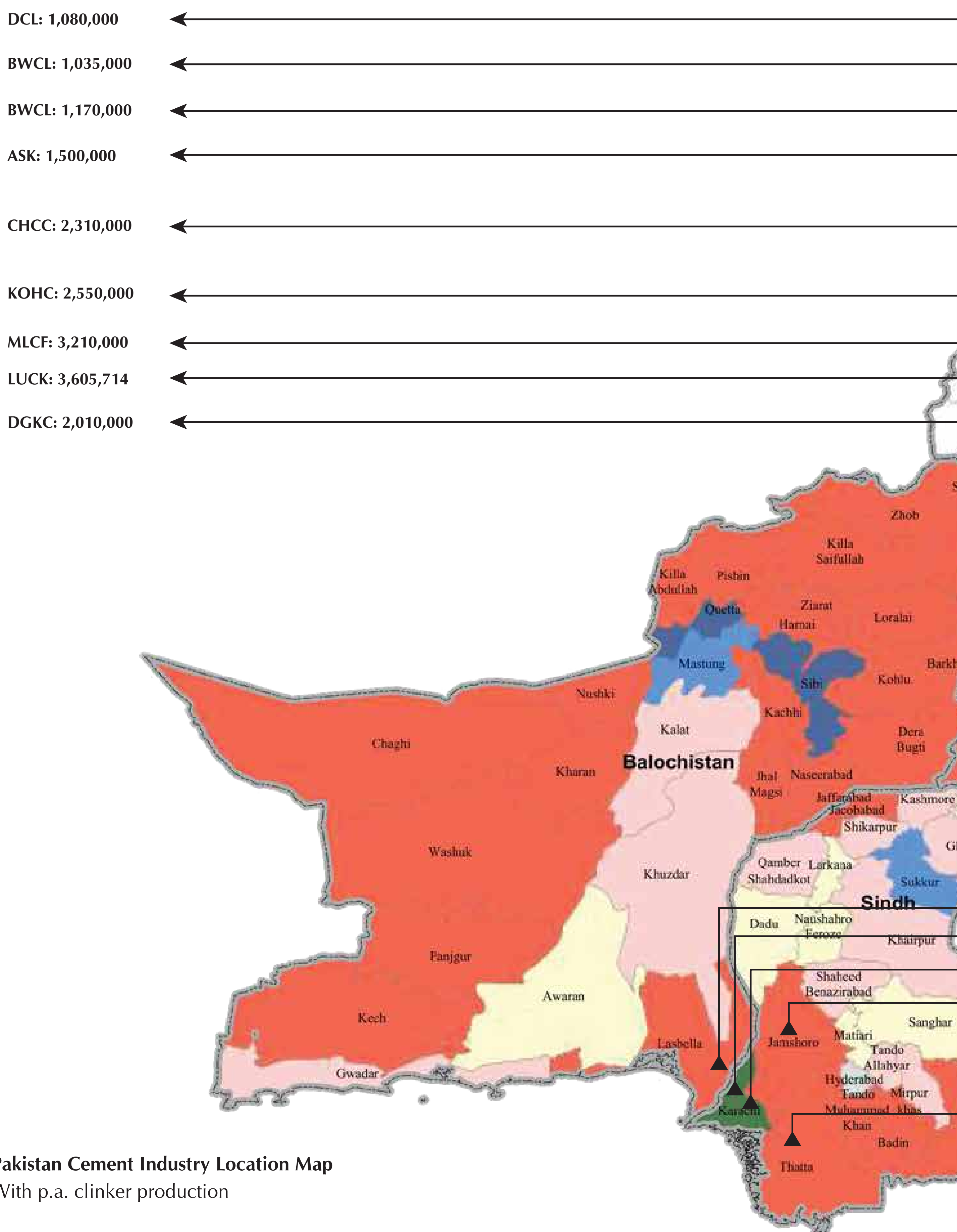
* Demand includes Exports



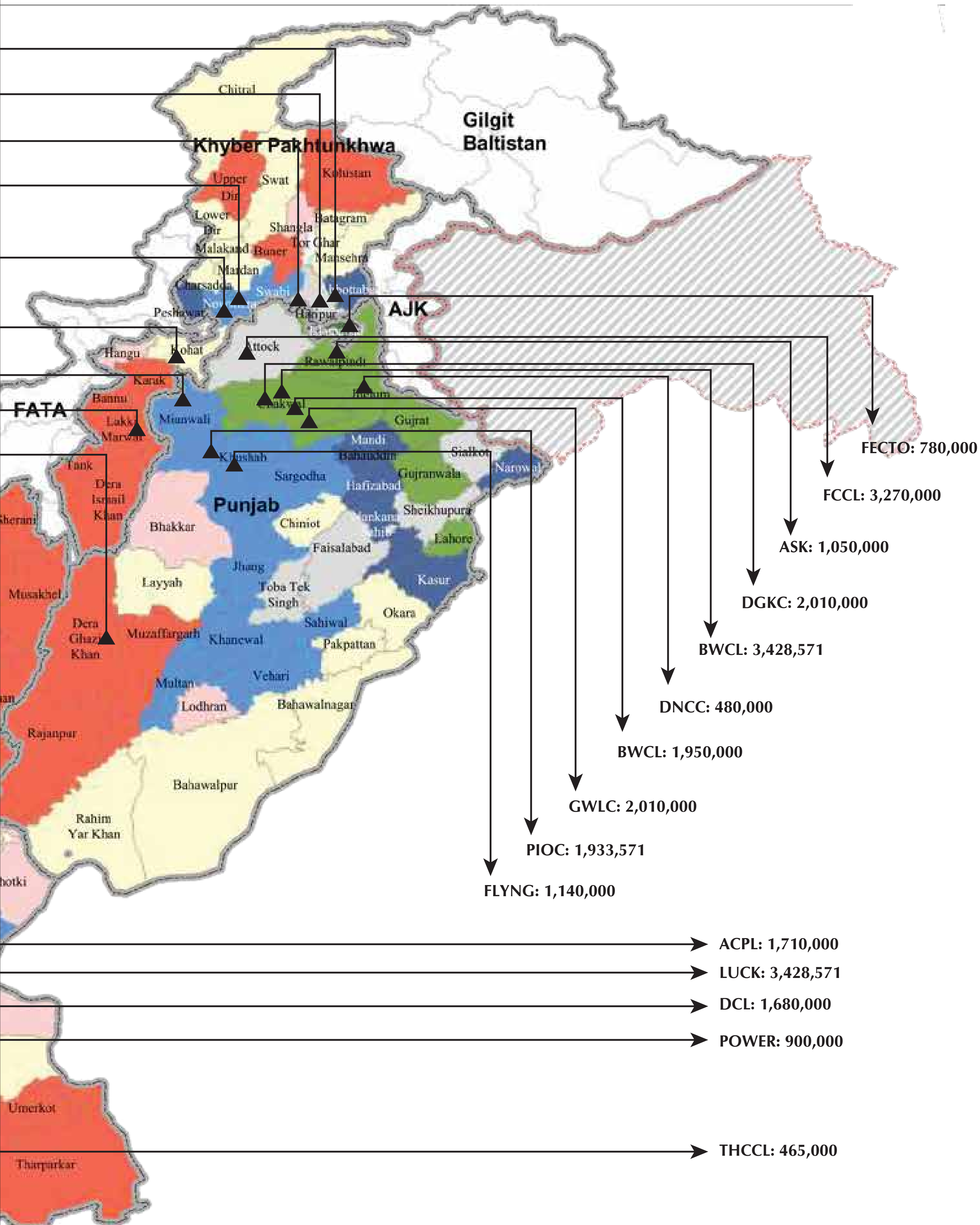




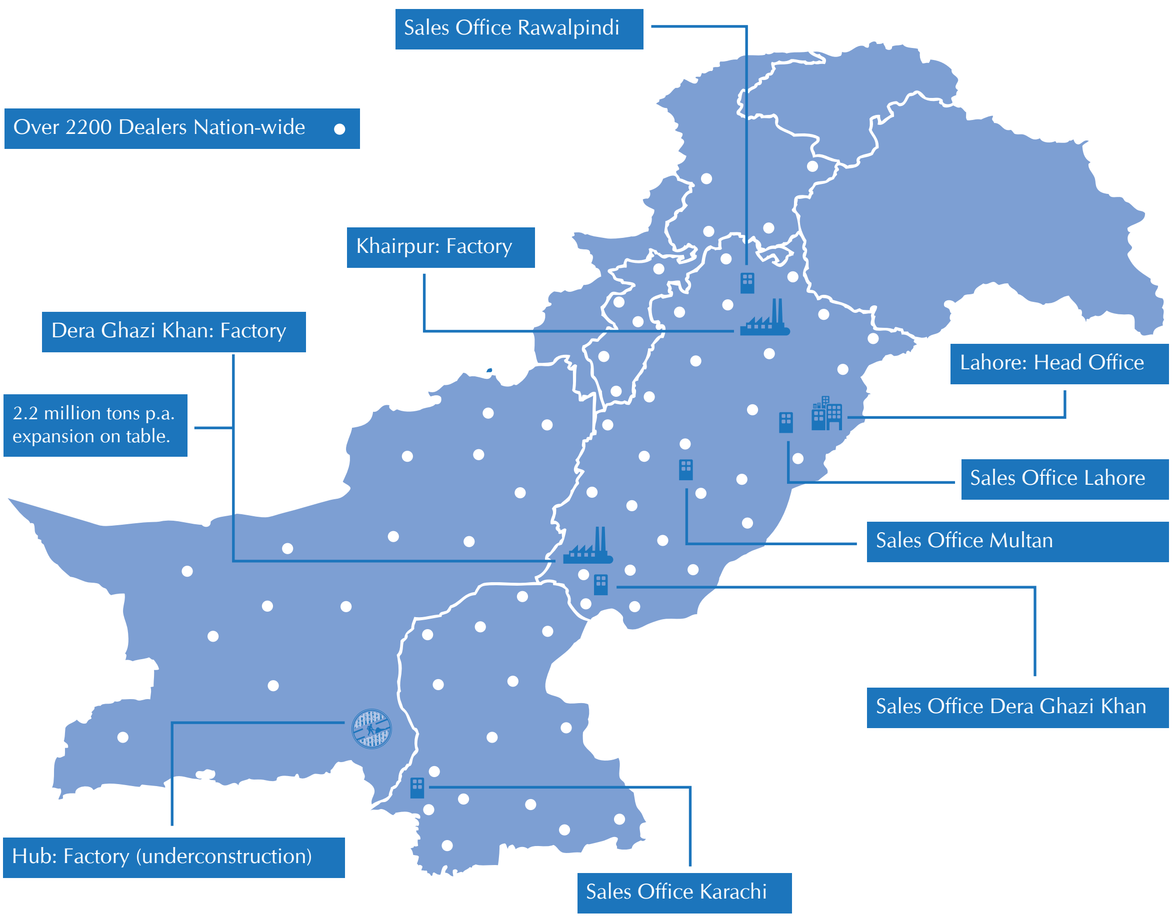




Pakistan Cement Industry Location Map
With p.a. clinker production


Gilgit
Baltistan
Khyber Pakhtunkhwa
Chitral
Upper
Dir
Swat
Kohistan
Lower
Dir
Shangla
Batagram
Malakand
Buner
Tor Ghar
Mansehra
Mardan
Charsadda
Swabi
Peshawar
Haripur
AJK
Hangu
Kohat
Attock
Rawalpindi
Karak
Bannu
FATA
Mianwali
Jhelum
Gujrat
Mandi
Bahauddin
Sialkot
Narowal
Tank
Dera
Ismail
Khan
Sargodha
Hafizabad
Gujranwala
Punjab
Chiniot
Sheikhupura
Lahore
Bhakkar
Faisalabad
Layyah
Jhang
Kasur
Toba Tek
Singh
Musakhel
Okara
Sahiwal
Dera
Ghazi
Khan
Muzaffargarh
Khanewal
Pakpattan
Vehari
Multan
Lodhran
Bahawalnagar
Rajanpur
Bahawalpur
Rahim
Yar Khan
Umerkot
Tharparkar
FECTO: 780,000
FCCL: 3,270,000
ASK: 1,050,000
DGKC: 2,010,000
BWCL: 3,428,571
DNCC: 480,000
BWCL: 1,950,000
GWLC: 2,010,000
PIOC: 1,933,571
FLYNG: 1,140,000
ACPL: 1,710,000
LUCK: 3,428,571
DCL: 1,680,000
POWER: 900,000
THCCL: 465,000

Geographical & Market Presence



Local Sales Breakup (in %)					
	OPC Packed	SRC Packed	OPC Bulk	SRC Bulk	Total
FY17	96%	2%	1.4%	0.6%	100%
FY16	95%	2%	2.7%	0.3%	100%

Exports to Countries (% to Total Exports)

	FY17	FY16	FY15	FY14	FY13
Afghanistan	11.72	28.04	35.81	34.06	35.86
India	81.41	50.99	31.79	21.32	11.70
South Africa	-	-	13.41	26.46	24.33
Sri Lanka	6.84	3.24	2.32	6.02	9.14
Other African Countries	0.02	17.73	16.67	12.13	18.97

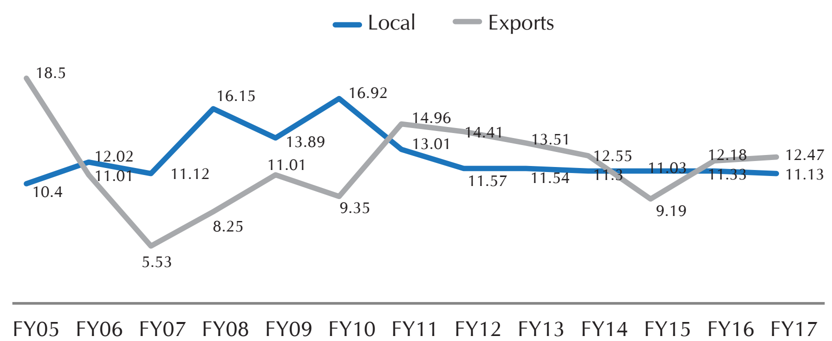
DGKC is the third largest cement manufacturer in Pakistan.

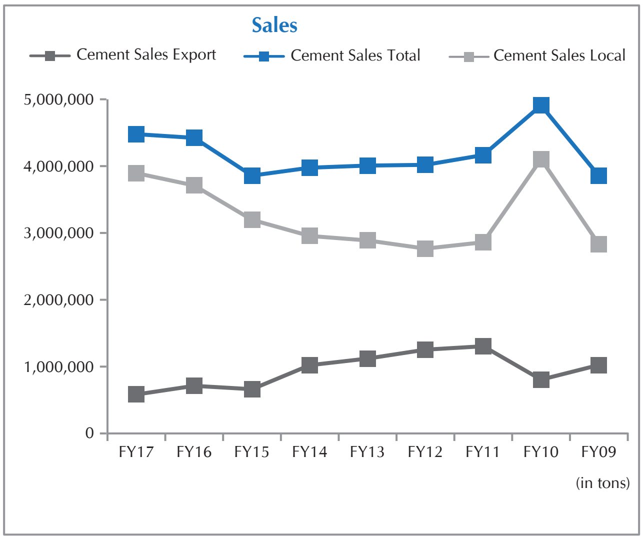
With production capacity of 4.2 m t p.a. the Company constitutes about 9% of domestic industry

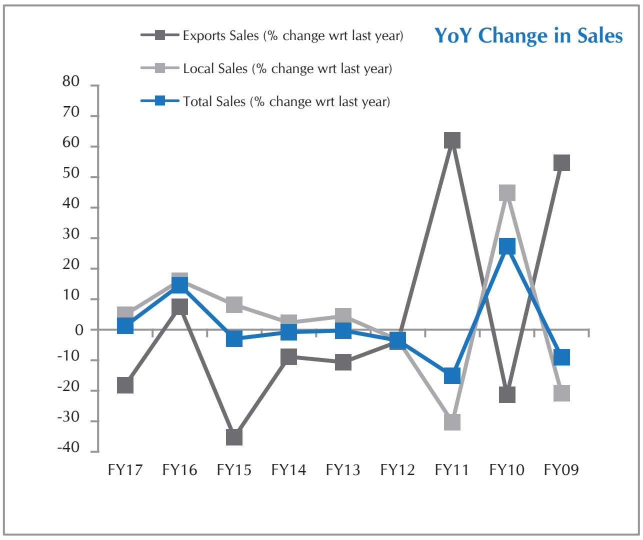
Local Sales FY17: SRC 4%, OPC 96%
Local Sales FY16: SRC 3%, OPC 97%
Export Sales FY17: OPC 100%
Export Sales FY16: OPC 100%

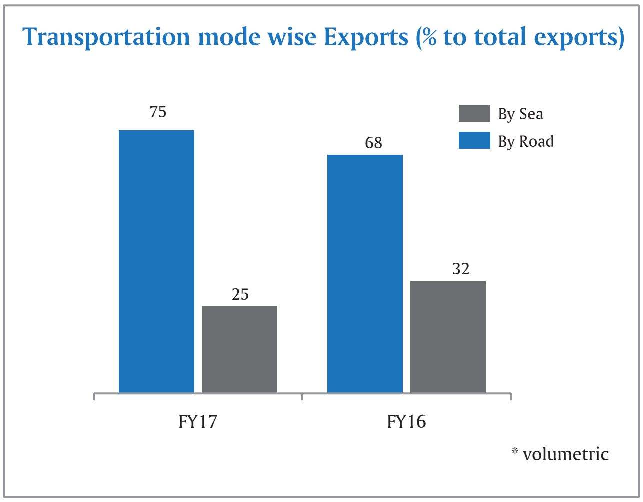
YOY Growth (%)
Total: 1.25 Local: 5 Export: (18)

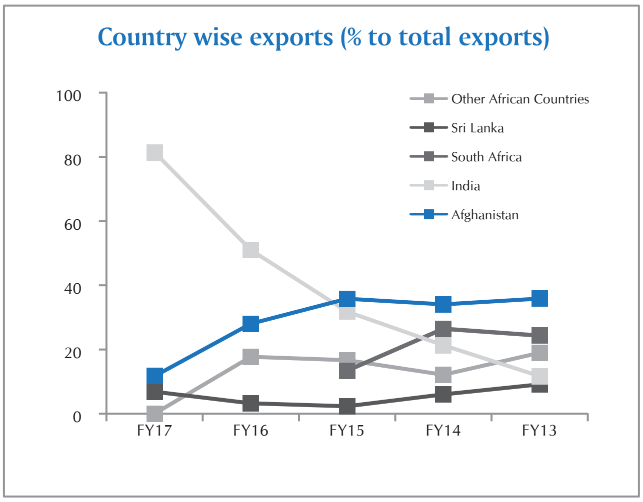
Local and Export Sales Market Share in %



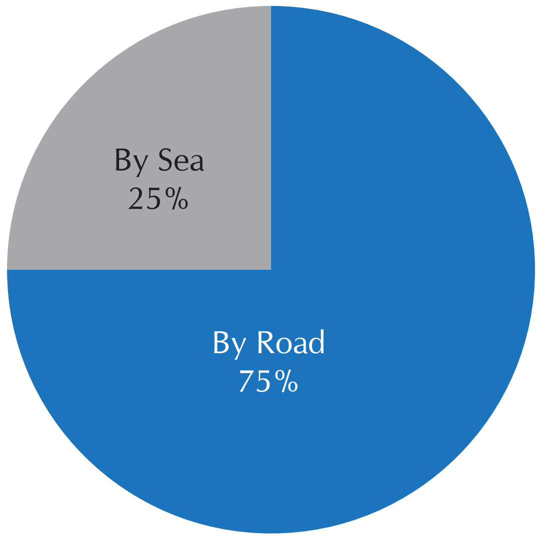






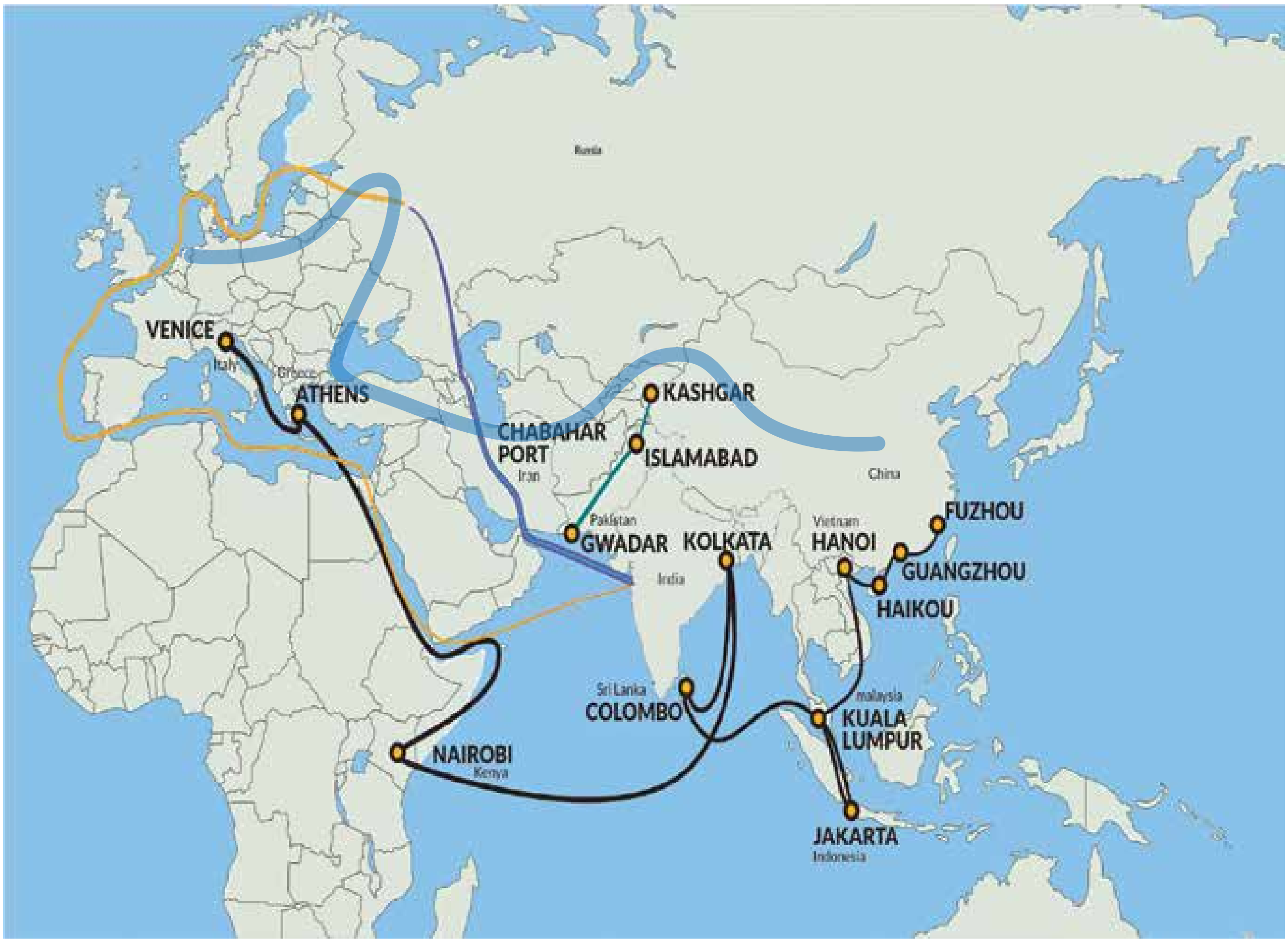


Exports to India



* volumetric

One Belt One Road



- World's biggest building project is OBOR as China is pushing ahead an ambitious plan to revive the ancient intercontinental Silk Road trade route.
- China may invest half a trillion dollars in the crucial connectivity project.
- This could funnel investments worth about $502 billion into 62 host countries over the next five years.
- China could even make additional investments of as much as $79 billion in 13 African countries.
- China has already invested more than $50 billion in this project as per some media.
- The first train on an inaugural China-Britain freight service arrives in London along a modern-day Silk Road trade route after a 7,500-mile journey. A train also reached Tehran from China under this initiative.

CPEC

China-Pakistan Economic Corridor is a framework of regional connectivity. CPEC will not only benefit China and Pakistan but will have positive impact on Iran, Afghanistan, India, Central Asian Republic, and the region. The enhancement of geographical linkages having improved road, rail and air transportation system with frequent and free exchanges of growth and people to people contact, enhancing understanding through academic, cultural and regional knowledge and culture, activity of higher volume of flow of trade and businesses, producing and moving energy to have more optimal businesses and enhancement of co-operation by win-win model will result in well connected, integrated region of shared destiny, harmony and development.

China Pakistan Economic Corridor is journey towards economic regionalization in the globalized world. It founded peace, development, and win-win model for all of them. China Pakistan Economic Corridor is hope of better region of the future with peace, development and growth of economy. China-Pakistan Economic Corridor has Significance for the development of the region
Potential areas of cooperation/development include:

- Regional Connectivity
- Transport Infrastructure
- Energy Hub/flows
- Logistic Hub/flows
- Trade & Commerce
- Peace & development of region
- Connectivity/Harmonization/Integration of civilizations
- Diverse Investment opportunities
- Industrial Cooperation
- Financial Cooperation
- Agricultural Cooperation
- Tourism
- Educational linkage
- Human resource development
- Health Care
- People to people contact
- Increase in livelihood opportunities
- Enhance Security and stability of the region

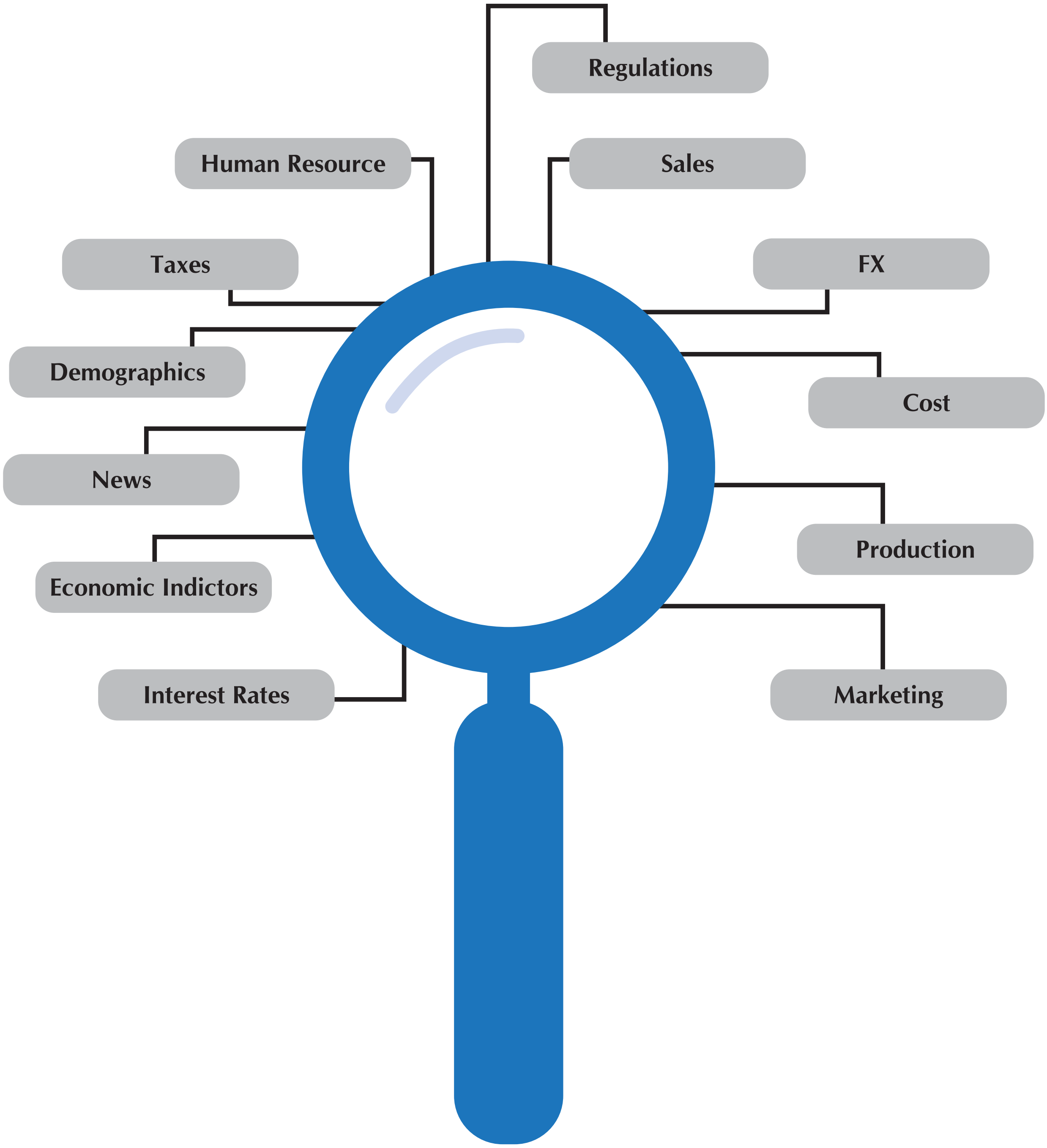
- CPEC is a corridor and a collection of projects worth $62 billion.
- The early harvest ones, are expected to be done by 2017/2018.
- The remaining projects are divided into short-term (2020), medium-term (2025), and long-term (2030) projects.
- The corridor itself has three routes—eastern, central and western—stretching through Pakistan and culminating through one route into China's western Xinjiang province. The three routes mostly involve realigning Pakistan's existing road network.
- The Western route passes through Baluchistan and Khyber-Pakhtunkhwa. The Eastern routes move through Punjab Sindh. The Central route also passes through Punjab and Baluchistan.
- CPEC is part of China's "One belt, One road (OBOR)" program. Under this initiative, China is building six corridors, of which CPEC is one.
- CPEC not only gives China huge savings on imports, specially of oil but also give Chinese exports the cheapest route.
- Through OBOR & CPEC, China will be able to cater western parts problems and promote economic activity and development in that area.
- Risks associated with CPEC are: environment issues, coal based power generation, local industry insecurity.

#	Project Name	MW	Estimated Cost (US$M)	
Energy Priority Projects				
1	2×660MW Coal-fired Power Plants at Port Qasim Karachi	1320	1,980	Sindh
2	Suki Kinari Hydropower Station, Naran,Khyber Pukhtunkhwa	870	1,802	KPK
3	Sahiwal 2x660MW Coal-fired Power Plant, Punjab	1320	1,600	Punjab
4	Engro Thar Block II 2×330MW Coal fired Power Plant	660		Sindh
	TEL 1×330MW Mine Mouth Lignite Fired Power Project at Thar Block-II, Sindh, Pakistan	330		Sindh
	ThalNova 1×330MW Mine Mouth Lignite Fired Power Project at Thar Block-II, Sindh, Pakistan	330	2,000	Sindh
	Surface mine in block II of Thar Coal field, 6.5 million tons/year	1,470		Sindh
5	Hydro China Dawood 50MW Wind Farm (Gharo, Thatta)	50	125	Sindh
6	300MW Imported Coal Based Power Project at Gwadar, Pakistan	300	600	Baluchistan
7	Quaid-e-Azam 1000MW Solar Park (Bahawalpur) Quaid-e-Azam	300	1,215	Punjab
		600		
		100		
8	UEP 100MW Wind Farm (Jhimpir, Thatta)	100	250	Sindh
9	Sachal 50MW Wind Farm (Jhimpir, Thatta)	50	134	Sindh
10	SSRL Thar Coal Block-I 7.8mtpa & SEC Mine Mouth Power Plant(2×660MW)	1320	3,300	Sindh
11	Karot Hydropower Station	720	1,420	Punjab
12	Three Gorges Second Wind Power Project Three Gorges Third Wind Power Project	50	150	Sindh
		50		
13	CPHGC 1,320MW Coal fired Power Plant, Hub,Balochistan	1320	1940	Baluchistan
14	Matiari to Lahore ±660kV HVDC Transmission Line Project		1,500	
	Matiari (Port Qasim) - Faisalabad Transmission Line Project		1,500	
15	Thar Mine Mouth Oracle Power Plant (1320MW) & surface mine	1320	1,300	Sindh
Energy Actively Promoted Projects				
16	Kohala Hydel Project, AJK	1100	2,397	AJK
17	Rahimyar khan imported fuel Power Plant 1320 MW	1320	1,600	Punjab
Potential Energy Projects				
18	Phandar Hydropower Station		80	GB
19	Gilgit KIU Hydropower		100	GB
Highways				
20	KKH Phase II (Thakot -Havelian Section)		1,305	
21	Peshawar-Karachi Motorway (Multan-Sukkur Section)		2,846	
22	Khuzdar-Basima Road N-30 (110 km)		80	
23	Upgradation of D.I.Khan (Yarik) - Zhob, N-50 Phase-I (210 km)		195	
24	KKH Thakot-Raikot N35 remaining portion (136 Km)		719.8	
Rail Sector Projects				
25	Expansion and reconstruction of existing Line ML-1		8,172	
26	Havelian Dry port (450 M. Twenty-Foot Equivalent Units)		40	
27	Capacity Development of Pakistan Railways			
Gwadar Projects				
28	Gwadar East-Bay Expressway		140.60	
29	New Gwadar International Airport		230.00	
30	Construction of Breakwaters		123.00	
31	Dredging of berthing areas & channels		27.00	
32	Development of Free Zone		32	
33	Necessary facilities of fresh water treatment, water supply and distribution		130.00	
34	Pak China Friendship Hospital		100	
35	Technical and Vocational Institute at Gwadar		10.00	
36	Gwadar Smart Port City Master Plan			
37	Bao Steel Park, petrochemicals, stainless steel and other industries in Gwadar			
38	Development of Gwadar University (Social Sector Development)			

#	Project Name	Estimated Cost (US$M)
39	Upgradation and development of fishing, boat making and maintenance services to protect and promote livelihoods of local population	
Others Projects		
40	Cross Border Optical Fiber Cable	44
41	Pilot Project of Digital Terrestrial Multimedia Broadcast (DTMB)	
Rail Based Mass Transit Projects		
42	Karachi Circular Railway	
43	Greater Peshawar Region Mass Transit	
44	Quetta Mass Transit	
45	Orange Line - Lahore	
New Provincial Projects		
46	Keti Bunder Sea Port Development Project	
47	Naukundi-Mashkhel-Panjgur Road Project connecting with M-8 & N-85	
48	Chitral CPEC link road from Gilgit, Shandor, Chitral to Chakdara	
49	Mirpur – Muzaffarabad - Mansehra Road Construction for connectivity with CPEC route	
50	Quetta Water Supply Scheme from Pat feeder Canal, Balochistan	
51	Iron Ore Mining, Processing & Steel Mills complex at Chiniot, Punjab	
Special Economic Zones (SEZs)		
52	Rashakai Economic Zone , M-1, Nowshera	
53	China Special Economic Zone Dhabeji	
54	Bostan Industrial Zone	
55	Punjab - China Economic Zone, M-2 District Sheikhupura	
56	ICT Model Industrial Zone, Islamabad	
57	Development of Industrial Park on Pakistan Steel Mills Land at Port Qasim near Karachi	
58	Bhimber Industrial Zone	
59	Mohmand Marble City	
60	Moqpondass SEZ Gilgit-Baltistan	
Social Sector Development Projects		
61	People to People exchanges	
62	Transfer of Knowledge in different sectors	

CPEC Projects

*as per last available data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Interest Rates
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Financial Statements Analysis

We Focus on Analytics,
Relations, Trends & Logics.

Nine Years at a Glance

	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Production:									(in MT)
Clinker	4,314,600	3,964,998	3,507,230	3,585,103	3,924,090	3,773,948	3,738,404	4,684,379	3,946,101
Cement	4,588,900	4,426,631	3,849,672	3,988,512	4,031,801	4,004,458	4,176,733	4,908,593	3,877,296
Cement sales:	4,478,065	4,422,691	3,858,070	3,976,272	4,008,276	4,018,956	4,165,635	4,908,962	3,854,949
Local	3,895,042	3,710,393	3,196,103	2,954,943	2,887,812	2,765,534	2,860,795	4,103,861	2,831,115
Export	583,023	712,298	661,967	1,021,329	1,120,464	1,253,422	1,304,840	805,101	1,023,834
Clinker Sale:									
Local	-	-	-	-	-	-	-	-	-
Export	-	-	-	-	6,000	5,945	98,521	71,041	177,064
									(PKR in thousands)
Equity	74,868,879	65,783,429	62,296,071	61,516,535	47,956,798	32,899,525	30,217,283	26,519,220	20,918,442
Balance Sheet Footing	108,371,391	83,418,265	74,391,443	73,282,069	63,526,719	50,685,198	49,703,229	47,046,043	42,723,041
Fair Value Reserves	28,031,837	24,256,385	27,405,272	32,722,894	23,802,704	13,580,112	14,974,881	12,908,175	8,757,417
Equity without FV Reserves	46,837,042	41,527,044	34,890,799	28,793,641	24,154,094	19,319,413	15,242,402	13,611,045	12,161,025
Fixed Assets	62,447,737	39,576,830	29,958,970	29,832,625	28,740,974	27,185,726	25,985,385	25,307,302	24,345,793
Capitalisation	1,264,268	5,730,155	925,479	3,465,403	3,750,420	2,039,499	764,442	2,364,052	2,738,775
Long Term Loan	13,020,000	3,538,251	1,348,522	2,111,513	4,327,841	6,785,851	6,875,127	7,222,988	9,135,311
Short Term Loan	8,571,228	3,451,352	1,826,072	2,551,676	5,420,290	6,733,467	8,691,982	9,585,642	9,068,575
Current Assets	27,300,684	30,835,521	31,426,342	32,068,626	25,789,989	18,265,583	18,325,209	16,417,492	13,287,592
Current Liabilities	14,849,803	10,056,634	6,583,476	5,940,563	9,307,593	11,205,943	12,687,375	13,786,189	15,834,799
Gross Sales	40,384,740	37,045,715	32,468,621	32,344,996	29,599,883	27,404,611	23,473,534	22,036,621	23,392,817
Net Sales	30,136,165	29,703,758	26,104,611	26,542,509	24,915,924	22,949,853	18,577,198	16,275,354	18,038,209
Cost of Sales	18,291,600	17,035,566	16,649,411	17,284,941	15,589,917	15,443,098	14,192,229	13,569,994	12,358,479
GP	11,844,565	12,668,192	9,455,200	9,257,568	9,326,007	7,506,755	4,384,969	2,705,360	5,679,730
Administrative Expenses	551,221	572,780	472,326	480,468	405,579	267,705	211,362	172,436	141,852
Selling Expenses	979,045	949,628	746,723	1,445,225	1,751,174	2,202,901	2,470,599	994,418	1,871,517
Other Expenses	891,513	913,642	727,805	518,745	544,806	500,835	37,964	189,015	795,854
Financial Expenses	382,895	130,451	281,504	608,859	994,879	1,670,784	2,079,146	1,902,760	2,606,358
Other Income	2,118,216	2,379,053	2,320,335	1,647,126	1,466,289	1,187,936	1,134,130	911,672	770,137
PBT	11,158,107	12,480,744	9,547,177	7,851,397	7,095,858	4,052,466	601,192	358,403	776,900
Taxation	3,182,766	3,691,072	1,922,497	1,885,899	1,593,689	-55,652	430,231	125,381	251,319
PAT	7,975,341	8,789,672	7,624,680	5,965,498	5,502,169	4,108,118	170,961	233,022	525,581
Operational Income	11,541,002	12,611,195	9,828,681	6,813,130	6,624,448	4,535,314	1,665,044	1,349,491	2,870,507
PBT without Dividend	9,214,053	10,610,827	7,843,711	6,417,218	5,800,225	2,993,759	-350,162	-407,995	69,669
PAT without Dividend	6,031,287	6,919,755	5,921,214	4,531,319	4,206,536	3,049,411	-780,393	-533,376	-181,650

	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Profitability Indicators									
EBITDA (PKR in thousands)	13,602,813	14,483,061	11,709,284	10,250,258	9,668,492	7,170,962	4,110,748	3,653,727	4,752,123
EBITDA-Other Income (PKR in thousands)	11,484,597	12,104,008	9,388,949	8,603,132	8,202,203	5,983,026	2,976,618	2,742,055	3,981,986
EBIT (PKR in thousands)	11,541,002	12,611,195	9,828,681	8,460,256	8,090,737	5,723,250	2,680,338	2,261,163	3,383,258
Depreciation (PKR in thousands)	2,061,811	1,871,866	1,880,603	1,790,002	1,577,755	1,447,712	1,430,410	1,392,564	1,368,865
GP to Sales (%)	39.30	42.65	36.22	34.88	37.43	32.71	23.60	16.62	31.49
PBT to Sales (%)	37.03	42.02	36.57	29.58	28.48	17.66	3.24	2.20	4.31
PAT to Sales (%)	26.46	29.59	29.21	22.48	22.08	17.90	0.92	1.43	2.91
EBITDA to Sales (%)	45.14	48.76	44.86	38.62	38.80	31.25	22.13	22.45	26.34
ROE (wrt average equity) (%)	11.34	13.73	12.32	10.90	13.61	13.02	0.60	0.98	2.06
ROA (wrt to average total assets) (%)	8.32	11.14	10.33	8.72	9.64	8.18	0.35	0.52	1.11
ROE (without fair value reserves) (%)	18.05	23.00	23.95	22.53	25.31	23.77	1.19	1.81	4.61
ROE - (PAT/Equity) (%)	10.65	13.36	12.24	9.70	11.47	12.49	0.57	0.88	2.51
ROE (PBT/Equity) (%)	14.90	18.97	15.33	12.76	14.80	12.32	1.99	1.35	3.71
Liquidity Indicators									
Operating Cashflows (PKR in thousands)	5,877,328	11,119,972	9,954,056	8,724,257	6,685,968	4,011,634	370,314	842,005	1,147,994
Working Capital (PKR in thousands)	12,450,881	20,778,887	24,842,866	26,128,063	16,482,396	7,059,640	5,637,834	2,631,303	-2,547,207
Current Ratio (times)	1.84	3.07	4.77	5.40	2.77	1.63	1.44	1.19	0.84
Investment/Market Indicators									
Ordinary Shares (No.)	438,119,118	438,119,118	438,119,118	438,119,118	438,119,118	438,119,118	438,119,118	365,099,266	304,249,388
Dividend/Share (PKR)	7.50	6.00	5.00	3.50	3.00	1.50	-	-	-
Stock Price/Share on year end (PKR)	213.16	190.49	142.77	87.96	83.69	39.38	22.99	23.62	29.65
EPS	18.20	20.06	17.40	13.62	12.56	9.38	0.45	0.72	1.63
PE Ratio	11.71	9.49	8.21	6.46	6.66	4.20	51.09	32.81	18.19
Divident Payout Ratio (%)	41.20	29.91	28.74	25.70	23.89	15.99	-	-	-
Dividend Yield Ratio (wrt year end price) (%)	3.52	3.15	3.50	3.98	3.58	3.81	-	-	-
Break Up Value/Share (PKR)	170.89	150.15	142.19	140.41	109.46	75.09	68.97	72.64	68.75
Capital Structure Indicators									
Debt/ (Debt+Equity) (%)	22.38	9.60	4.85	7.05	16.89	29.12	34.00	38.79	46.53
Debt to Equity (%)	28.84	10.63	5.10	7.58	20.33	41.09	51.52	63.38	87.02
Equity to Total Assets (%)	69.09	78.86	83.74	83.94	75.49	64.91	60.80	56.37	48.96
Interest Coverage (wrt EBITDA) (%)	35.53	111.02	41.60	16.84	9.72	4.29	1.98	1.92	1.82
DSCR with other income	8.94	18.94	10.92	5.03	3.07	1.96	0.98	0.55	0.90
DSCR without other income	7.55	15.83	8.76	4.22	2.60	1.63	0.71	0.41	0.75
Operational (Volumetric) Indicators									
Clinker Production (% change wrt last year)	8.82	13.05	-2.17	-8.64	3.98	0.95	-20.19	18.71	-4.75
Cement Production (% change wrt last year)	3.67	14.99	-3.48	-1.07	0.68	-4.12	-14.91	26.60	-8.29
Total Sales (% change wrt last year)	1.25	14.63	-2.97	-0.80	-0.27	-3.52	-15.14	27.34	-8.95
Local Sales (% change wrt last year)	4.98	16.09	8.16	2.32	4.42	-3.33	-30.29	44.96	-20.74
Exports Sales (% change wrt last year)	-18.15	7.60	-35.19	-8.85	-10.61	-3.94	62.07	-21.36	54.69
Clinker Production Utilisation (%)	107.33	98.63	87.24	89.18	97.61	93.88	93.00	116.53	98.16
Cement Production Utilisation (%)	108.72	104.87	91.20	94.49	95.52	94.87	98.95	116.29	91.86
Total Sales Utilisation (%)	106.09	104.78	91.40	94.20	94.96	95.21	98.69	116.30	91.33
Local Sales Utilisation (%)	92.28	87.90	75.72	70.01	68.42	65.52	67.78	97.22	67.07
Exports Sales Utilisation (%)	13.81	16.88	15.68	24.20	26.54	29.69	30.91	19.07	24.26
Sales Mix: Local to Total Sales wrt Qty (%)	86.98	83.89	82.84	74.31	72.05	68.81	68.68	83.60	73.44
Sales Mix: Exports to Total Sales wrt Qty (%)	13.02	16.11	17.16	25.69	27.95	31.19	31.32	16.40	26.56

Vertical Analysis of Balance Sheet (%)

	FY 17	FY16	FY15	FY14	FY13	FY12
					(Re-stated)	(Re-stated)
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES						
Issued, subscribed and paid up capital 438,119,118 (2013: 438,119,118) ordinary shares of Rs 10 each	4.04	5.25	5.89	5.98	6.90	8.64
Reserves	35.08	41.04	50.26	58.28	53.18	46.49
Accumulated profit	29.96	32.56	27.59	19.69	15.41	9.78
	69.09	78.86	83.74	83.94	75.49	64.91
NON-CURRENT LIABILITIES						
Long term finances - secured	11.55	2.88	0.96	1.80	4.56	9.13
Long term deposits	0.07	0.09	0.10	0.09	0.10	0.13
Retirement and other benefits	0.17	0.13	0.18	0.27	0.24	0.46
Deferred taxation	5.41	5.98	6.17	5.78	4.95	3.25
	17.21	9.08	7.41	7.95	9.86	12.98
CURRENT LIABILITIES						
Trade and other payables	5.03	6.43	5.44	3.38	3.60	4.16
Accrued finance cost	0.20	0.06	0.04	0.08	0.20	0.32
Short term borrowings - secured	7.91	4.14	2.45	3.48	8.53	13.28
Current portion of non-current liabilities	0.48	1.38	0.87	1.10	2.27	4.27
Derivative financial instrument	0.04	-	-	0.02	-	-
Provision for taxation	0.03	0.04	0.05	0.05	0.06	0.07
	13.70	12.06	8.85	8.11	14.65	22.11
	100.00	100.00	100.00	100.00	100.00	100.00
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	57.62	47.44	40.27	40.71	45.55	53.98
Intangible assets	-	-	0.02	0.05	0.09	0.15
Investments	17.13	15.52	17.37	15.36	13.62	9.60
Long term loans and deposits	0.05	0.07	0.09	0.12	0.15	0.24
	74.81	63.04	57.76	56.24	59.40	63.96
CURRENT ASSETS						
Stores, spare parts and loose tools	4.56	4.80	4.89	5.03	6.16	7.82
Stock-in-trade	1.07	0.92	1.60	1.84	2.62	1.88
Trade debts	0.20	0.24	0.21	0.23	0.43	0.63
Investments	15.73	21.36	33.41	33.30	28.12	21.95
Advances, deposits, prepayments and other receivables	1.83	0.70	0.87	1.04	0.96	1.23
Loan to related party	0.92					
Income tax receivable	0.48	0.52	0.91	0.52	1.57	1.69
Derivative financial instrument	-	0.02	0.01	-	0.00	-
Cash and bank balances	0.39	8.40	0.35	1.79	0.74	0.85
	25.19	36.96	42.24	43.76	40.60	36.04
	100.00	100.00	100.00	100.00	100.00	100.00

Vertical Analysis of Profit and Loss Account (%)

	FY17	FY16	FY15	FY14	FY13	FY12
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	-60.70	-57.35	-63.78	-65.12	-62.57	-67.29
Gross profit	39.30	42.65	36.22	34.88	37.43	32.71
Administrative expenses	-1.83	-1.93	-1.81	-1.81	-1.63	-1.17
Selling and distribution expenses	-3.25	-3.20	-2.86	-5.44	-7.03	-9.60
Other operating expenses	-2.96	-3.08	-2.79	-1.95	-2.19	-2.18
Other income	7.03	8.01	8.89	6.21	5.88	5.18
Profit from operations	38.30	42.46	37.65	31.87	32.47	24.94
Finance cost	-1.27	-0.44	-1.08	-2.29	-3.99	-7.28
Profit before taxation	37.03	42.02	36.57	29.58	28.48	17.66
Taxation	-10.56	-12.43	-7.36	-7.11	-6.40	0.24
Profit after taxation	26.46	29.59	29.21	22.48	22.08	17.90

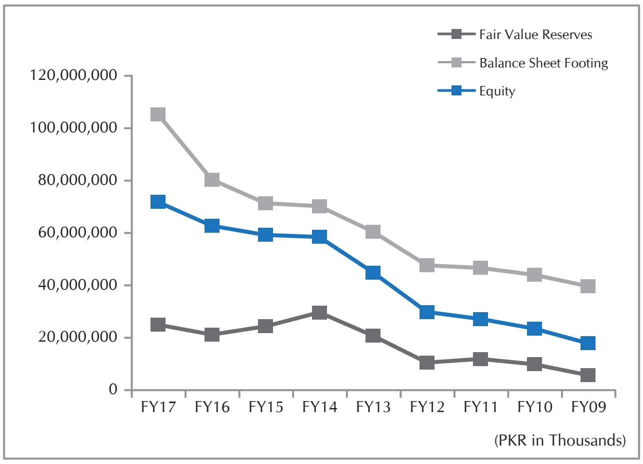
Horizontal Analysis of Balance Sheet (YoY) (%)

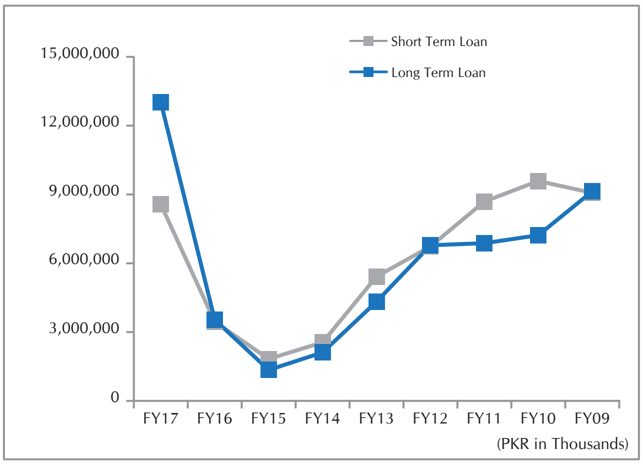
	FY17	FY16	FY15	FY14	FY13	FY12
					(Re-stated)	(Re-stated)
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES						
Issued, subscribed and paid up capital	4,381,191	4,381,191	4,381,191	4,381,191	4,381,191	4,381,191
	-	-	-	-	-	-
Reserves	38,014,337	34,238,885	37,387,772	42,705,394	33,785,204	23,562,612
	11.03	-8.42	-12.45	26.40	43.38	-5.59
Accumulated profit	32,473,351	27,163,353	20,527,108	14,429,950	9,790,403	4,955,722
	19.55	32.33	42.25	47.39	97.56	463.98
	74,868,879	65,783,429	62,296,071	61,516,535	47,956,798	32,899,525
	13.81	5.60	1.27	28.27	45.77	8.88
NON-CURRENT LIABILITIES						
Long term finances - secured	12,520,000	2,400,000	714,261	1,321,009	2,899,187	4,629,083
	421.67	236.01	-45.93	-54.44	-37.37	-5.15
Long term deposits	79,441	77,813	72,003	68,970	65,383	68,355
	2.09	8.07	4.40	5.49	-4.35	-3.58
Retirement and other benefits	186,837	111,334	137,585	200,187	153,020	232,973
	67.82	-19.08	-31.27	30.82	-34.32	67.35
Deferred taxation	5,866,359	4,989,055	4,588,047	4,234,805	3,144,738	1,649,319
	17.58	8.74	8.34	34.66	90.67	-3.43
	18,652,637	7,578,202	5,511,896	5,824,971	6,262,328	6,579,730
CURRENT LIABILITIES	146.14	37.49	-5.37	-6.98	-4.82	-3.22
Trade and other payables	5,454,447	5,366,340	4,048,079	2,476,304	2,286,351	2,108,894
	1.64	32.57	63.47	8.31	8.41	28.27
Accrued finance cost	217,204	52,931	27,304	59,417	125,830	162,931
	310.35	93.86	-54.05	-52.78	-22.77	-42.73
Short term borrowings - secured	8,571,228	3,451,352	1,826,072	2,551,676	5,420,290	6,733,467
	148.34	89.00	-28.44	-52.92	-19.50	-22.53
Current portion of non-current liabilities	523,778	1,150,921	646,931	803,174	1,440,032	2,165,561
	-54.49	77.90	-19.45	-44.23	-33.50	8.19
Derivative financial instrument	48,056	-	-	14,902	-	-
	-	-	-	100.00	-	-
Provision for taxation	35,090	35,090	35,090	35,090	35,090	35,090
	-	-	-	-	-	-
	14,849,803	10,056,634	6,583,476	5,940,563	9,307,593	11,205,943
	47.66	52.76	10.82	-36.18	-16.94	-11.47
	108,371,319	83,418,265	74,391,443	73,282,069	63,526,719	50,685,198
	29.91	12.13	1.51	15.36	25.34	2.04
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	62,447,737	39,576,830	29,958,970	29,832,625	28,934,979	27,360,520
	57.79	32.10	0.42	3.10	5.75	5.29
Intangible assets	-	-	18,452	36,904	55,356	73,808
	-	-100.00	-50.00	-33.33	-25.00	100.00
Investments	18,564,054	12,947,976	12,918,182	11,258,370	8,650,860	4,864,945
	43.37	0.23	14.74	30.14	77.82	-7.50
Long term loans and deposits	58,844	57,938	69,497	85,544	95,535	120,342
	1.56	-16.63	-18.76	-10.46	-20.61	-9.67
	81,070,635	52,582,744	42,965,101	41,213,443	37,736,730	32,419,615
	54.18	22.38	4.25	9.21	16.40	3.32
CURRENT ASSETS						
Stores, spare parts and loose tools	4,939,420	4,006,181	3,635,858	3,688,795	3,912,998	3,962,468
	23.29	10.19	-1.44	-5.73	-1.25	11.84
Stock-in-trade	1,162,914	766,633	1,188,376	1,348,742	1,661,721	954,645
	51.69	-35.49	-11.89	-18.83	74.07	10.73
Trade debts	220,182	201,574	156,899	168,769	273,535	317,970
	9.23	28.47	-7.03	-38.30	-13.97	-30.77
Investments	17,044,084	17,819,005	24,855,796	24,405,153	17,862,718	11,126,051
	-4.35	-28.31	1.85	36.63	60.55	-8.25
Advances, deposits, prepayments and other receivables	1,987,849	584,447	648,010	764,140	611,777	621,001
	240.12	-9.81	-15.20	24.90	-1.49	-45.36
Loan to related party	1,000,000	-	-	-	-	-
	100	-	-	-	-	-
Income tax receivable	524,355	433,136	673,807	384,001	996,522	855,007
	21.06	-35.72	75.47	-61.47	16.55	100.00
Derivative financial instrument	-	14,701	9,873	-	1,837	-
	-	100.00	100.00	-100.00	100.00	-
Cash and bank balances	421,880	7,009,844	257,723	1,309,026	468,881	428,441
	-93.98	2,619.91	-80.31	179.18	9.44	155.57
	27,300,684	30,835,521	31,426,342	32,068,626	25,789,989	18,265,583
	-11.46	-1.88	-2.00	24.35	41.19	-0.16
	108,371,319	83,418,265	74,391,443	73,282,069	63,526,719	50,685,198
	29.91	12.13	1.51	15.36	25.34	2.04

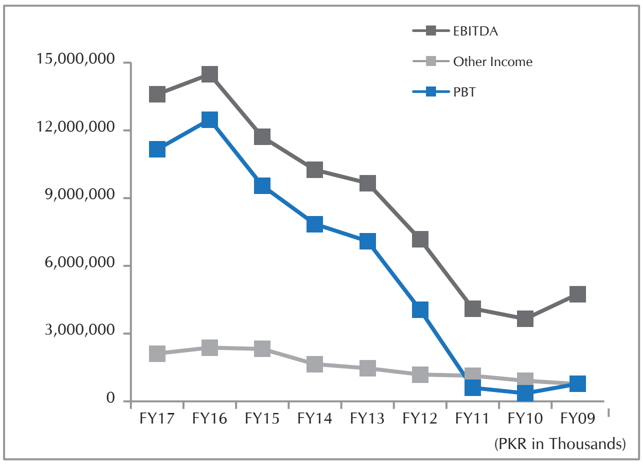
Horizontal Analysis of Profit & Loss Account (YoY) (%)

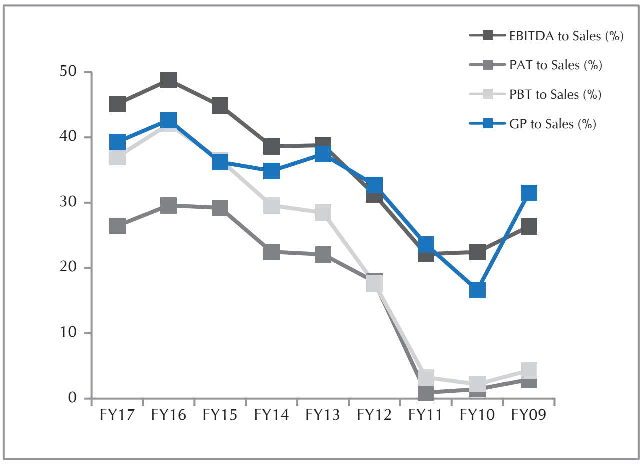
	FY17	FY16	FY15	FY14	FY13	FY12
Sales	30,136,165	29,703,758	26,104,611	26,542,509	24,915,924	22,949,853
	1.46	13.79	-1.65	6.53	8.57	23.54
Cost of sales	-18,291,600	-17,035,566	-16,649,411	-17,284,941	-15,589,917	-15,443,098
	7.37	2.32	-3.68	10.87	0.95	8.81
Gross profit	11,844,565	12,668,192	9,455,200	9,257,568	9,326,007	7,506,755
	-6.50	33.98	2.13	-0.73	24.23	71.19
Administrative expenses	-551,221	-572,780	-472,326	-480,468	-405,579	-267,705
	-3.76	21.27	-1.69	18.46	51.50	26.66
Selling and distribution expenses	-979,045	-949,628	-746,723	-1,445,225	-1,751,174	-2,202,901
	3.10	27.17	-48.33	-17.47	-20.51	-10.84
Other operating expenses	-891,513	-913,642	-727,805	-518,745	-544,806	-500,835
	-2.42	25.53	40.30	-4.78	8.78	1,219.24
Other income	2,118,216	2,379,053	2,320,335	1,647,126	1,466,289	1,187,936
	-10.96	2.53	40.87	12.33	23.43	4.74
Profit from operations	11,541,002	12,611,195	9,828,681	8,460,256	8,090,737	5,723,250
	-8.49	28.31	16.17	4.57	41.37	113.53
Finance cost	-382,895	-130,451	-281,504	-608,859	-994,879	-1,670,784
	193.52	-53.66	-53.77	-38.80	-40.45	-19.64
Profit before taxation	11,158,107	12,480,744	9,547,177	7,851,397	7,095,858	4,052,466
	-10.60	30.73	21.60	10.65	75.10	574.07
Taxation	-3,182,766	-3,691,072	-1,922,497	-1,885,899	-1,593,689	55,652
	-13.77	91.99	1.94	18.34	2,963.67	-112.94
Profit after taxation	7,975,341	8,789,672	7,624,680	5,965,498	5,502,169	4,108,118
	-9.26	15.28	27.81	8.42	33.93	2,302.96

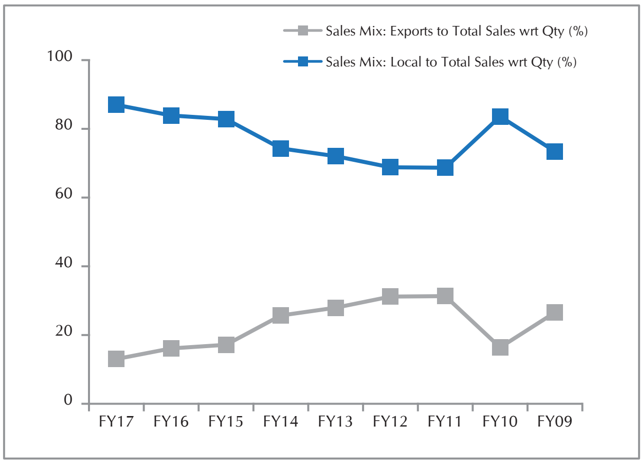
Graphical Analysis



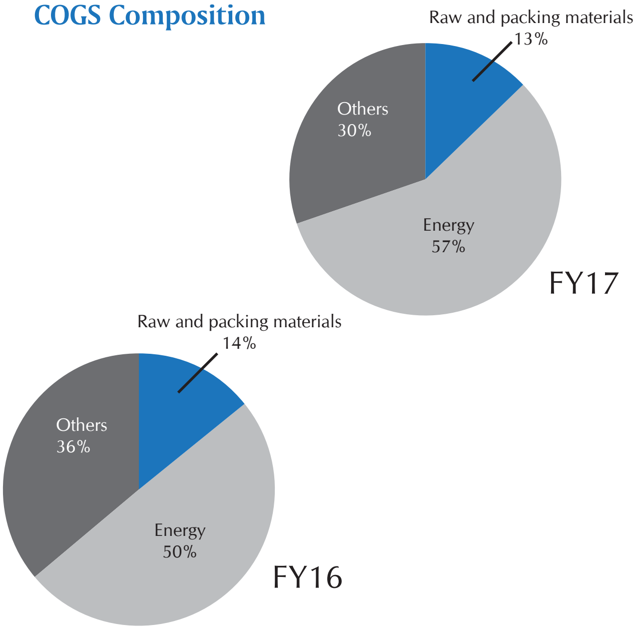


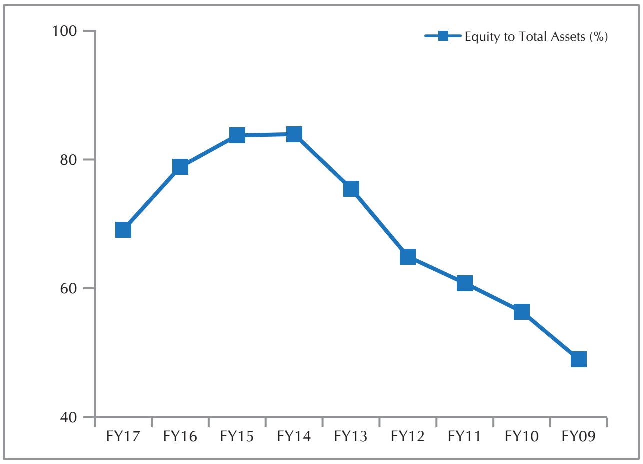


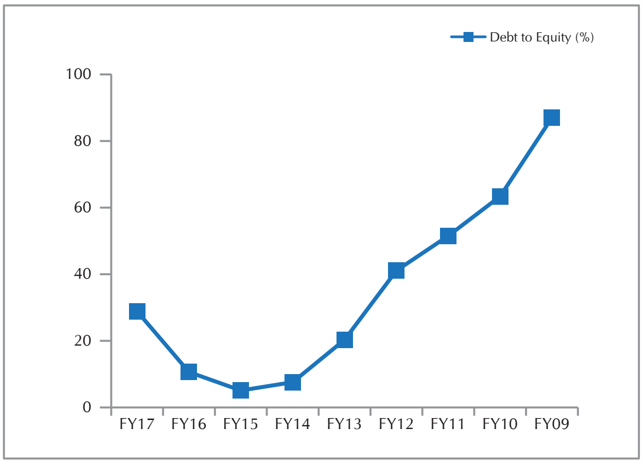


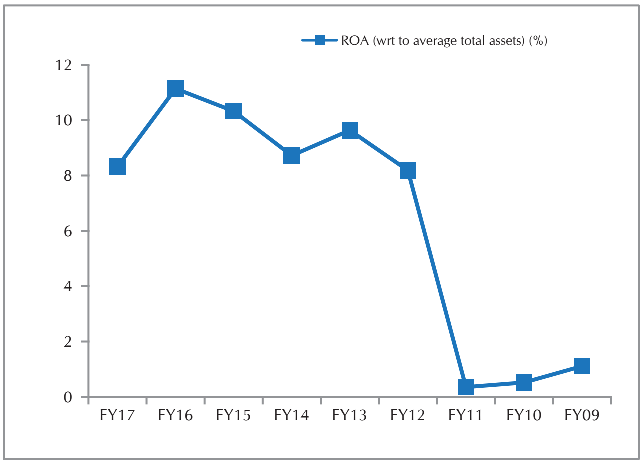


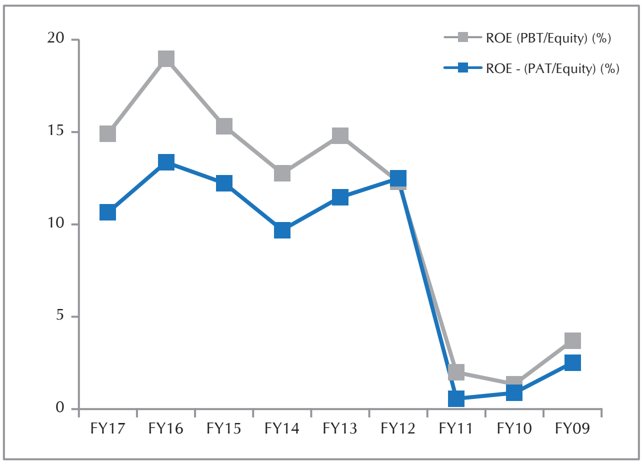
COGS Composition

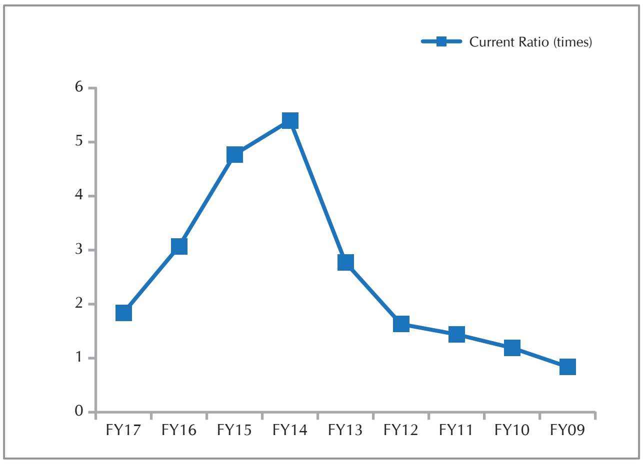


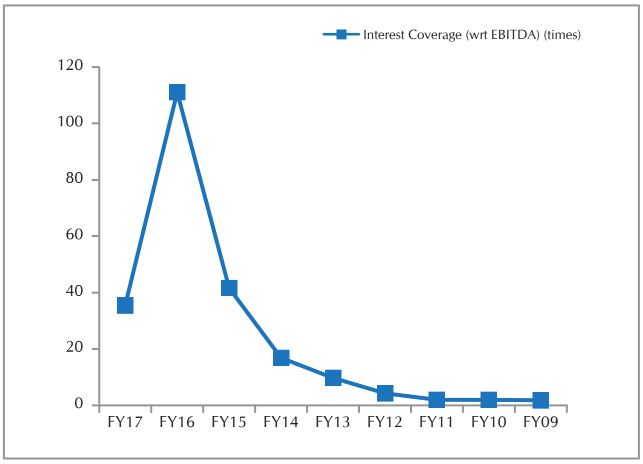

Equity to Total Assets (%)
100
80
60
40
FY17 FY16 FY15 FY14 FY13 FY12 FY11 FY10 FY09

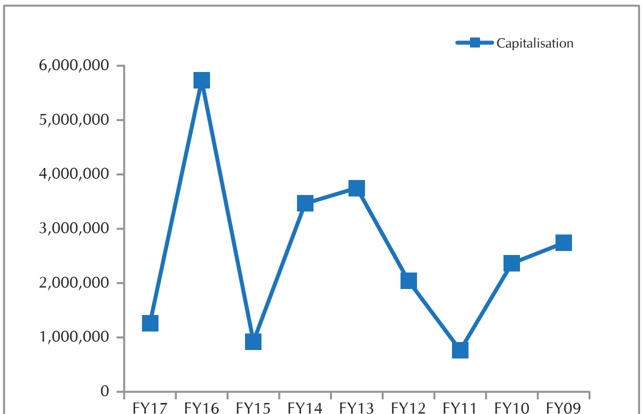

Debt to Equity (%)
100
80
60
40
20
0
FY17 FY16 FY15 FY14 FY13 FY12 FY11 FY10 FY09

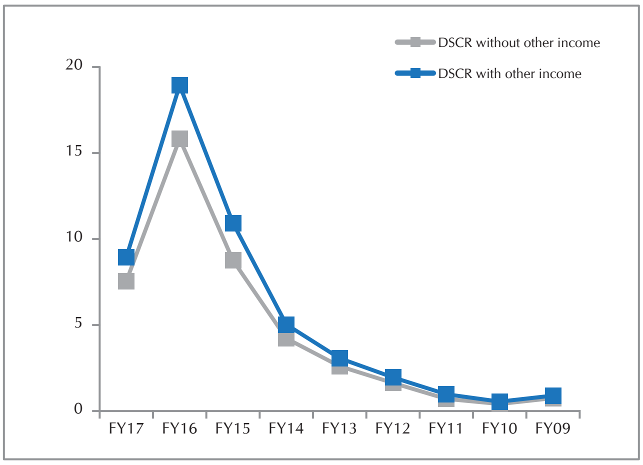

ROA (wrt to average total assets) (%)
12
10
8
6
4
2
0
FY17 FY16 FY15 FY14 FY13 FY12 FY11 FY10 FY09


ROE (PBT/Equity) (%)
ROE - (PAT/Equity) (%)
20
15
10
5
0
FY17 FY16 FY15 FY14 FY13 FY12 FY11 FY10 FY09


Current Ratio (times)
6
5
4
3
2
1
0
FY17 FY16 FY15 FY14 FY13 FY12 FY11 FY10 FY09

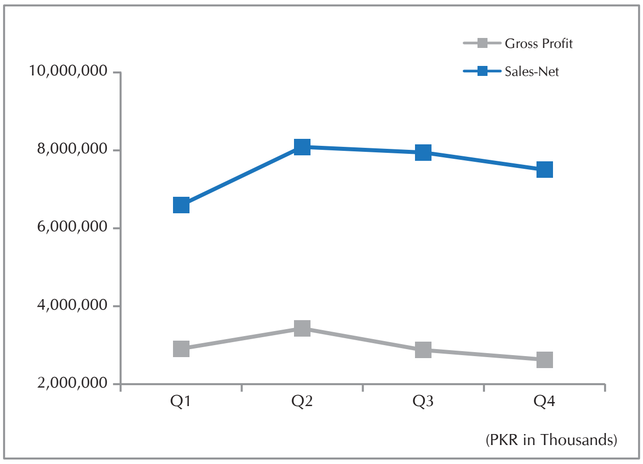

Interest Coverage (wrt EBITDA) (times)
120
100
80
60
40
20
0
FY17 FY16 FY15 FY14 FY13 FY12 FY11 FY10 FY09

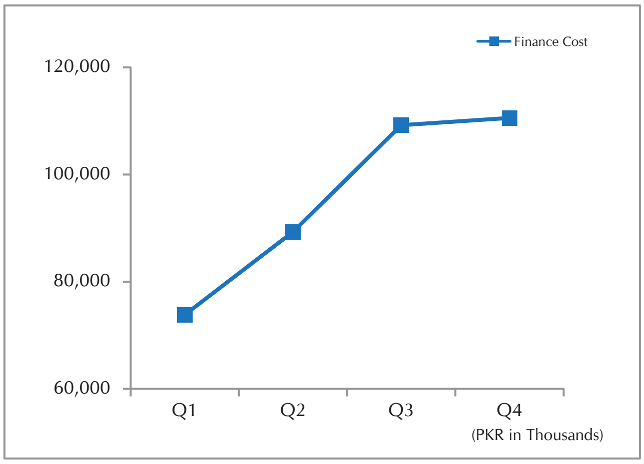

Capitalisation
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
FY17 FY16 FY15 FY14 FY13 FY12 FY11 FY10 FY09
(PKR in Thousands)

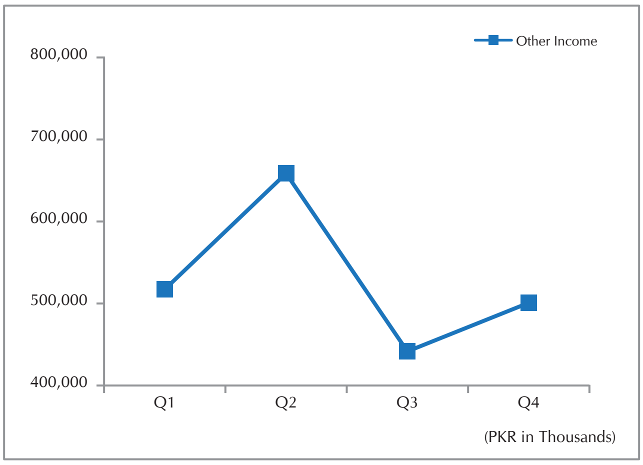

DSCR without other income
DSCR with other income
20
15
10
5
0
FY17 FY16 FY15 FY14 FY13 FY12 FY11 FY10 FY09

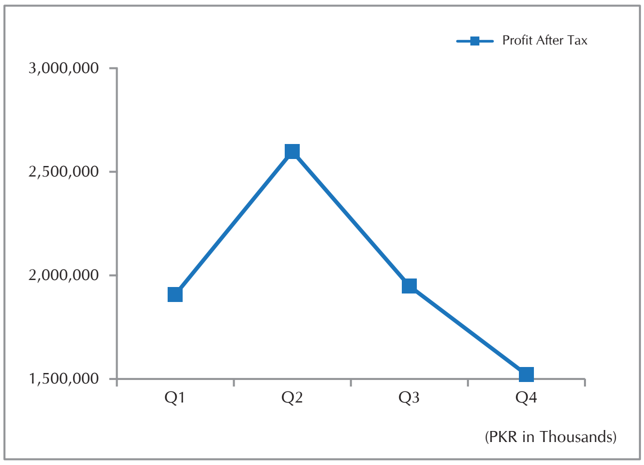
Progress through Quarters

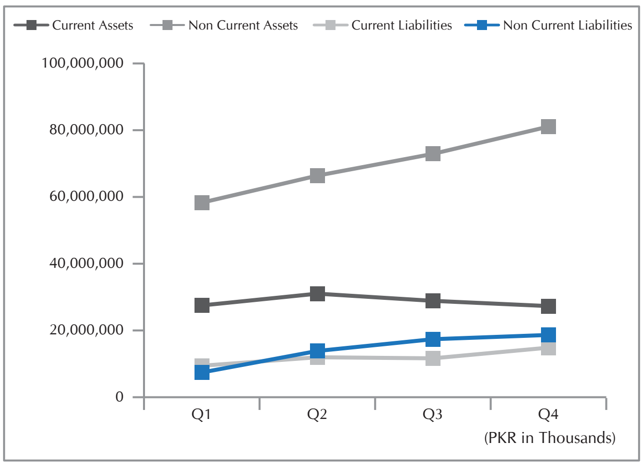
	FY16	Q1	Q2	Q3	Q4	FY17
						PKR in Thousands
Sales-Net	29,703,758	6,599,119	8,088,044	7,945,735	7,503,267	30,136,165
Cost of Sales	17,035,566	3,688,051	4,659,547	5,070,422	4,873,580	18,291,600
Gross Profit	12,668,192	2,911,068	3,428,497	2,875,313	2,629,687	11,844,565
Administrative Expenses	572,780	125,936	135,387	133,795	156,103	551,221
Selling & Distrubtion Expenses	949,628	254,499	250,206	222,995	251,345	979,045
Other Operating Expenses	913,642	208,503	297,874	209,112	176,024	891,513
Other Income	2,379,053	517,240	658,601	441,566	500,809	2,118,216
Operational Profit	12,611,195	2,839,370	3,403,631	2,750,977	2,547,024	11,541,002
Finance Cost	130,451	73,813	89,300	109,216	110,566	382,895
Profit Before Tax	12,480,744	2,765,557	3,314,331	2,641,761	2,436,458	11,158,107
Taxation	3,691,072	858,000	716,207	693,422	915,137	3,182,766
Profit After Tax	8,789,672	1,907,557	2,598,124	1,948,339	1,521,321	7,975,341
Cash Flows from Operating Activities	11,119,972	397,057	4,944,390	7,732,229	-7,196,348	5,877,328
Cash Flows from Investing Activities	-5,907,363	-4,511,821	-12,145,911	419,358	-8,191,845	-24,430,219
Cash Flows from Financing Activities	-35,876	-175,000	3,411,964	304,187	3,320,293	6,861,444
Balance Sheet Footing	83,418,265	85,800,136	97,409,291	101,774,893	108,371,319	108,371,319
Equity	65,783,429	68,952,439	71,583,452	72,746,584	74,868,879	74,868,879
Non Current Liabilities	7,578,202	7,416,651	13,855,143	17,378,987	18,652,637	18,652,637
Current Liabilities	10,056,634	9,431,046	11,970,696	11,649,322	14,849,803	14,849,803
Non Current Assets	52,582,744	58,298,511	66,386,038	72,901,622	81,070,635	81,070,635
Current Assets	30,835,521	27,501,625	31,023,253	28,873,271	27,300,684	27,300,684
						Figures in Tons
Clinker Production	3,964,998	979,921	1,085,941	1,132,437	1,116,301	4,314,600
Cement Production	4,426,631	1,025,959	1,223,250	1,158,997	1,180,694	4,588,900
Total Sales	4,422,691	978,701	1,244,748	1,177,393	1,077,223	4,478,065
Local Sales	3,710,393	824,617	1,089,243	1,045,456	935,726	3,895,042
Exports Sales	712,298	154,084	155,505	131,937	141,497	583,023
EPS (PKR)	20.06	4.35	5.93	4.45	3.47	18.20

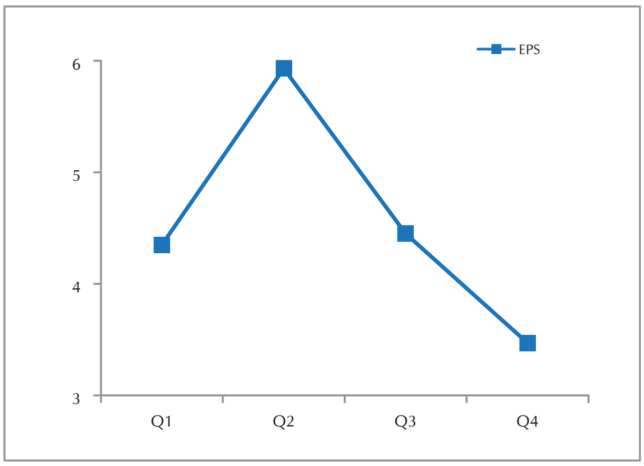

Gross Profit
Sales-Net
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
Q1
Q2
Q3
Q4
(PKR in Thousands)

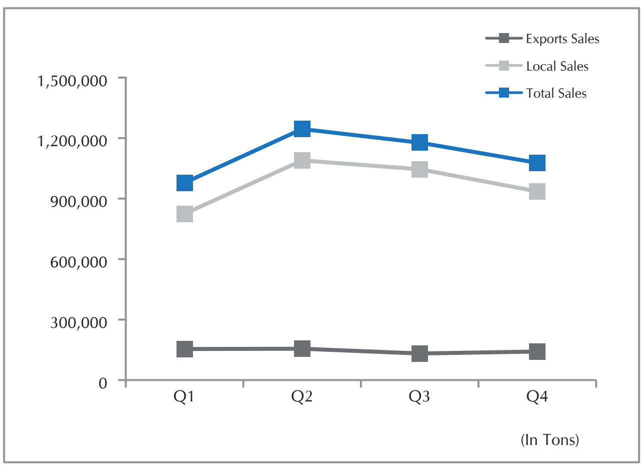

Finance Cost
120,000
100,000
80,000
60,000
Q1
Q2
Q3
Q4
(PKR in Thousands)

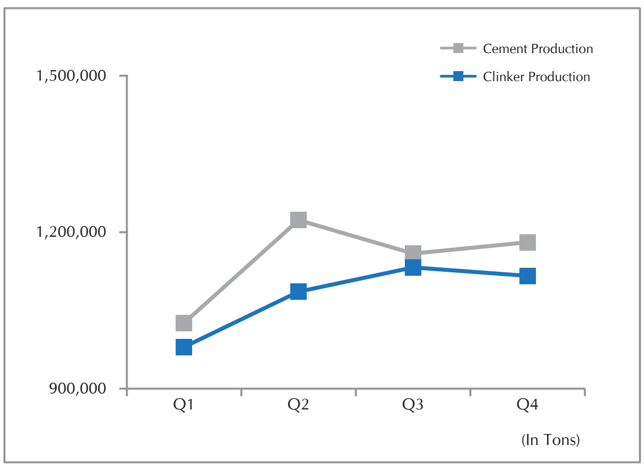

Other Income
800,000
700,000
600,000
500,000
400,000
Q1
Q2
Q3
Q4
(PKR in Thousands)


Profit After Tax
3,000,000
2,500,000
2,000,000
1,500,000
Q1
Q2
Q3
Q4
(PKR in Thousands)


Current Assets
Non Current Assets
Current Liabilities
Non Current Liabilities
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
0
Q1
Q2
Q3
Q4
(PKR in Thousands)


EPS
6
5
4
3
Q1
Q2
Q3
Q4


Exports Sales
Local Sales
Total Sales
1,500,000
1,200,000
900,000
600,000
300,000
0
Q1
Q2
Q3
Q4
(In Tons)


Cement Production
Clinker Production
1,500,000
1,200,000
900,000
Q1
Q2
Q3
Q4
(In Tons)

Value added Statement - Accrual Basis

	FY17 (Rupees in thousand)			FY16 (Rupees in thousand)		
Wealth Created						
Revenues:						
- Local sales	36,990,666			33,190,696		
- Exports	3,394,074	40,384,740	95%	3,855,019	37,045,715	94%
Income from other sources						
- Investment income	1,944,054			1,869,917		
- Other income	174,162	2,118,216	5%	509,136	2,379,053	6%
		42,502,956	100%		39,424,768	100%
Wealth Distributed						
Suppliers:						
- Against raw and packing materials	2,350,577			2,414,220		
- Against services	851,516			841,859		
- Against stores spares	1,789,517			1,700,847		
- Against fuels and other energy sources	10,462,585	15,454,195	36%	8,504,677	13,461,603	34%
Employees		2,301,088	5%		2,105,583	5%
Government:						
- Direct taxes	3,017,967			3,524,932		
- Indirect taxes	9,961,165			6,994,383		
- Other levies and duties	164,799	13,143,931	31%	166,139	10,685,454	27%
Providers of Capital:						
- Banks	382,895	382,895	1%	130,451	130,451	0%
Reinvested in business						
- Depreciation	2,061,810			1,890,319		
- Profit/ (loss) for the period	7,975,342	10,037,152	24%	8,789,668	10,679,987	27%
Other operating costs - Net		1,183,695	3%		2,361,690	6%
		42,502,956	100%		39,424,768	100%

Per Share Income Statement

	FY17 PKR/Share	FY16 PKR/Share	Differential Impact PKR/Share	Differential Impact %
Sales	68.79	67.80	0.99	1.46
Other income	4.83	5.43	-0.60	-10.96
Total Revenue	**73.62**	**73.23**	**0.39**	**0.53**
Cost of sales	-41.75	-38.88	-2.87	-7.37
Administrative expenses	-1.26	-1.31	0.05	3.76
Selling and distribution expenses	-2.23	-2.17	-0.07	-3.10
Other operating expenses	-2.03	-2.09	0.05	2.42
Finance cost	-0.87	-0.30	-0.58	-193.52
Taxation	-7.26	-8.42	1.16	13.77
Total Expense	**-55.42**	**-53.17**	**-2.25**	**-4.23**
Profit after taxation	**18.20**	**20.06**	**-1.86**	**-9.26**

DuPont Analysis

ROE
10.65%

PROFIT MARGIN
PAT: PKR 7,975,341
26.45%

COGS:
PKR 18,291,600
60.70%

ADMIN Expense:
PKR 551,221
1.83%

SELLING Expense:
PKR 979,045
3.25%

OTHER Expense:
PKR 891,513
2.96%

FINANCE Expense:
PKR 382,895
1.27%

TAX:
PKR 3,182,766
10.56%

OTHER INCOME:
PKR 2,118,216
7.03%

ASSETS TURNOVER
27.81%

FIXED ASSETS:
PKR 62,447,737
57.62%

LONG TERM INVESTMENTS:
PKR 18,564,054
17.13%

CURRENT ASSETS:
PKR 27,300,684
25.19%

OTHERS:
PKR 58,844
0.06%

This includes investments

EQUITY MULTIPLIER
1.45 times

NON CURRENT LIABILITIES:
PKR 18,652,637
17.21%

CURRENT LIABILITIES:
PKR 14,849,803
13.70%

This includes fair value reserve on investment

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

Equity Investments Analysis

	Number of Shares	Cost (PKR in '000)	Fair Value (PKR in '000)	% Stake in Company	% to Total Cost of portfolio	% to Total MV of portfolio	Dividend FY17 (PKR in '000)
MCB Bank Limited	102,277,232	604,068	21,522,197	9.18	8.44	60.44	1,636,436
Nishat Mills Limited	30,289,501	1,577,174	4,806,338	8.61	22.03	13.50	151,448
Adamjee Insurance Co. Ltd.	25,055,735	1,195,432	1,712,810	7.16	16.70	4.81	92,855
Nishat (Chunian) Limited	7,274,602	76,397	373,333	3.03	1.07	1.05	18,186
United Bank Limited	214,354	33,646	50,485	0.02	0.47	0.14	2,786
Pakistan Petroleum Limited	595,382	117,405	88,200	0.03	1.64	0.25	3,870
Nishat Paper Products Co. Ltd.	25,595,398	221,874	221,874	55.00	3.10	0.62	38,393
Nishat Dairy (Pvt) Limited	270,000,000	2,331,900	2,331,900	55.10	32.58	6.55	-
Nishat Hotels and Properties Limited	100,000,000	1,000,000	4,501,000	10.50	13.97	12.64	-
First Capital Mutual Fund							78
Total	**561,302,204**	**7,157,896**	**35,608,138**		**100.00**	**100.00**	**1,944,052**

Sector Wise Investment

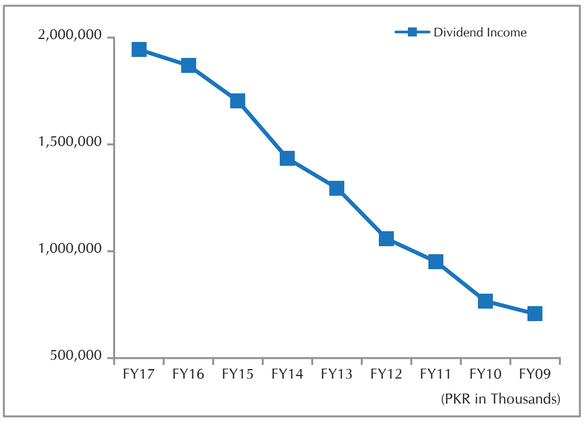
	Cost (PKR in '000)	Fair Value (PKR in '000)	% wrt Cost	% wrt FV
Banks	637,714	21,572,682	8.91	60.58
Insurance	1,195,432	1,712,810	16.70	4.81
Textiles	1,653,571	5,179,671	23.10	14.55
Oil	117,405	88,200	1.64	0.25
Dairy	2,331,900	2,331,900	32.58	6.55
Paper	221,874	221,874	3.10	0.62
Hospitality	1,000,000	4,501,000	13.97	12.63

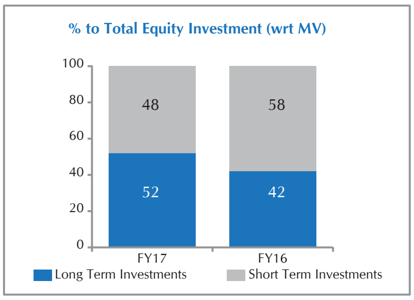
Investments in Related and Non- Related Parties

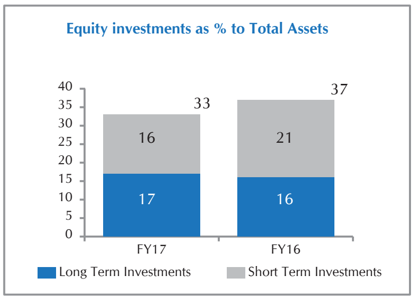
	Cost (PKR in '000)	Fair Value (PKR in '000)	% wrt Cost	% wrt FV
Subsidiary	2,553,774	2,553,774	35.68	7.17
Associates other than subsidiary	3,181,242	30,829,536	44.44	86.58
Non-Related	1,422,880	2,224,828	19.88	6.25

Dividend Income

	(PKR in '000)	% to Total Dividend
from related parties:		
Nishat Mills Limited	151,448	7.79
MCB Bank Limited	1,636,436	84.18
Adamjee Insurance Company Limited	92,855	4.78
Nishat Chunian Limited	18,186	0.93
Nishat Paper Products Company Limited	38,393	1.97
	1,937,318	**99.65**
from other parties:		
United Bank	2,786	0.15
First Capital Mutual Fund	78	0.00
Pakistan Petroleum	3,870	0.20
	6,734	**0.35**
	1,944,052	**100.00**





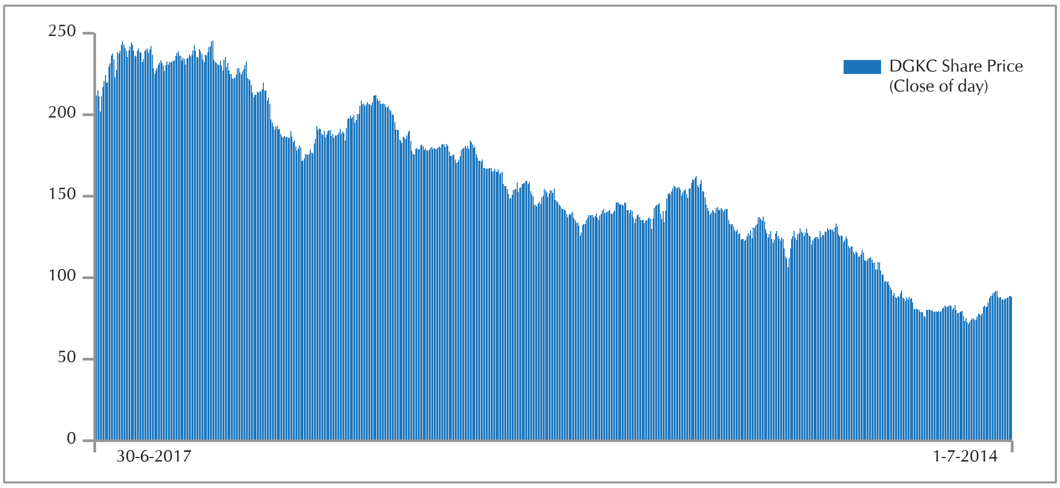


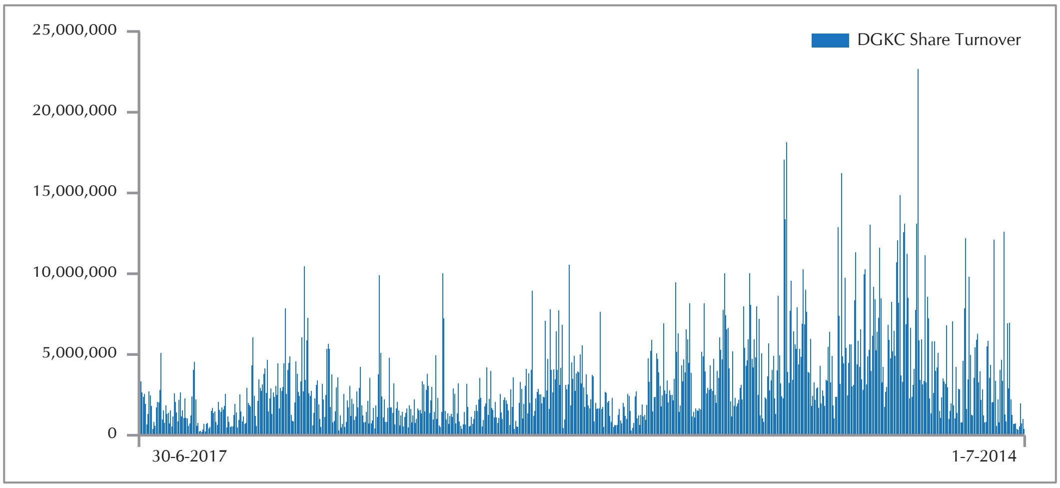
* During the year investment in First Capital Mutual Fund disposed off. During the year 4.067 million shares of Adamjee Insurance Company Limited were purchased.
* Fair Values and numbe of shares as on year end.

Share Price Sensitivity Analysis

DGKC Share

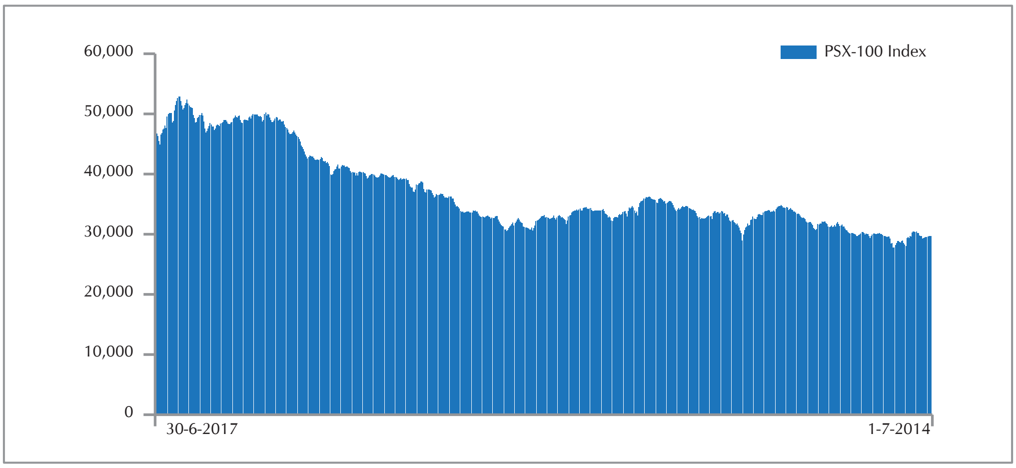
	FY17	FY16	FY15
Stock Price			
Closing Price	213.16	190.49	142.77
Average	214.58	156.40	107.73
Max	245.37	190.69	143.37
Min	171.66	125.76	71.71
Dividend	7.50	6.00	5.00
Per annum Capital Gain	22.67	47.72	54.66
Per annum Capital Gain %	11.90	33.42	62.04
Two year Capital Gain	70.39	*(22.19% p.a. growth rate)*	
Two year Capital Gain %	49.30		
Three year Capital Gain	125.05	*(34.24% p.a. growth rate)*	
Three year Capital Gain %	141.92		
Turnover			
Average	2,072,094	2,778,800	4,861,271
Max	10,464,100	10,566,700	22,670,500
Min	201,900	281,300	337,000

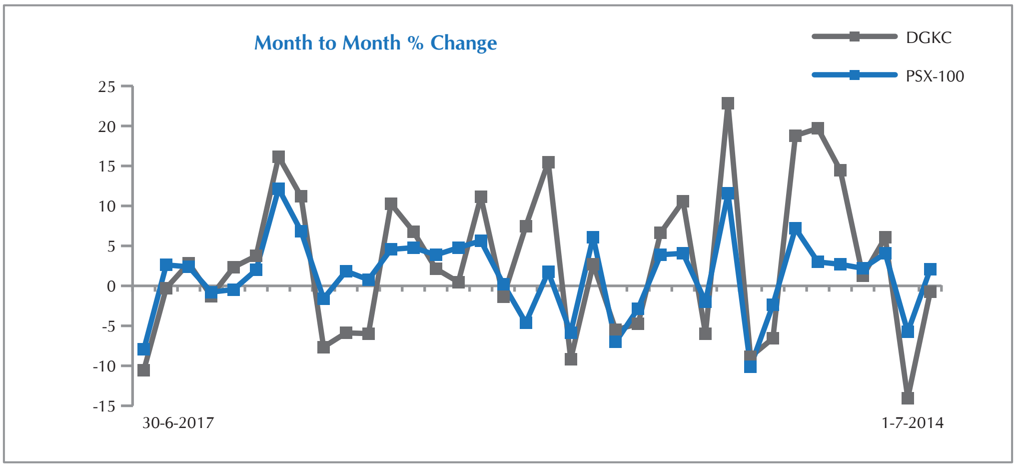


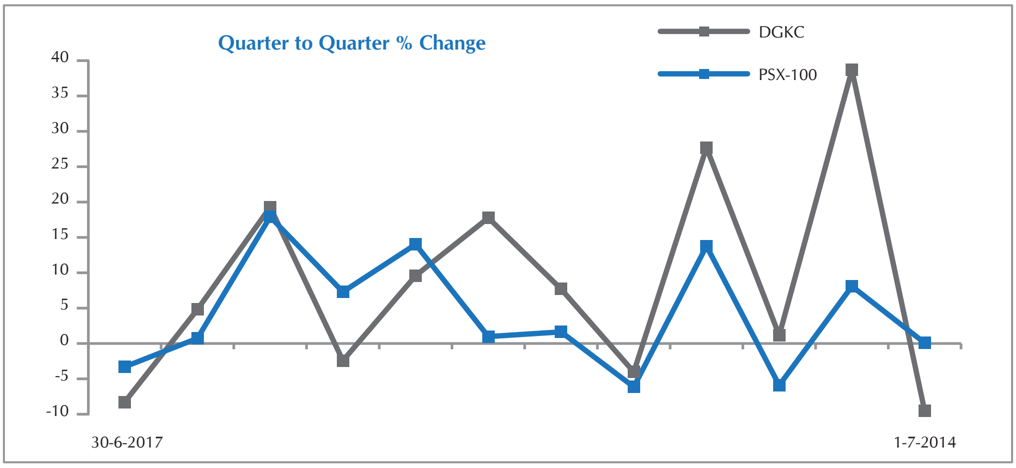


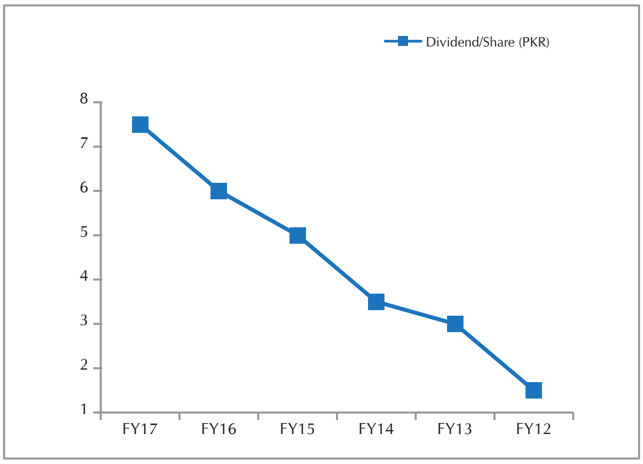
PSX-100 Index

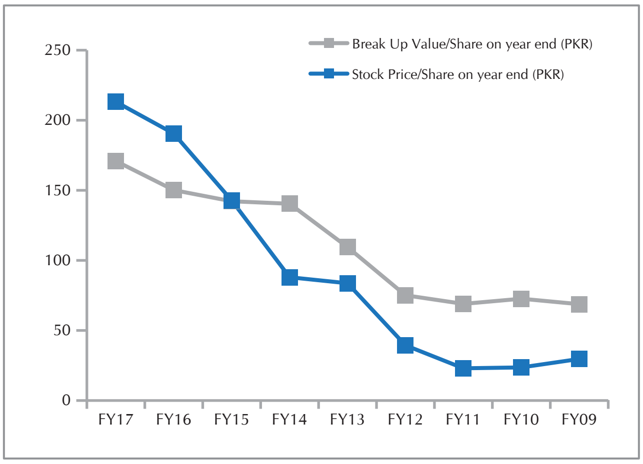
	FY17	FY16	FY15
Index			
Year Closing	46,565.29	37,783.54	34,398.86
Average	45,397.93	34,021.71	31,796.61
Max	52,876.46	38,776.94	34,826.51
Min	37,966.76	30,564.50	27,774.43
Per annum Capital Gain	8,781.75	3,384.68	
Per annum Capital Gain %	23.24	9.84	
Two year Capital Gain	12,166.43		
Two year Capital Gain %	35.37		

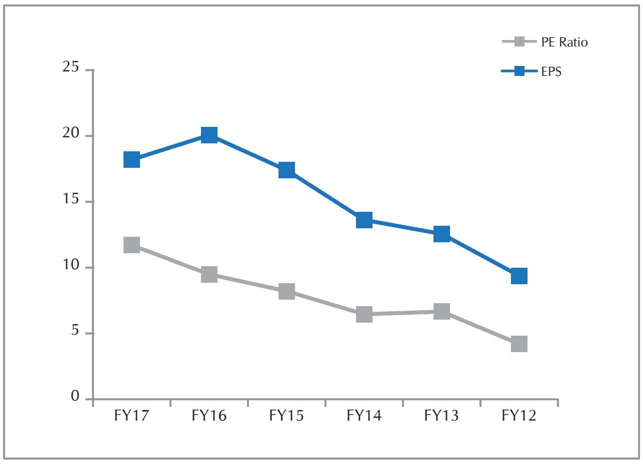


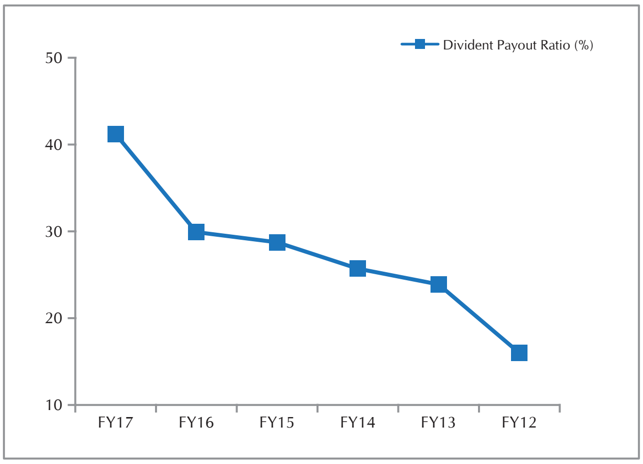






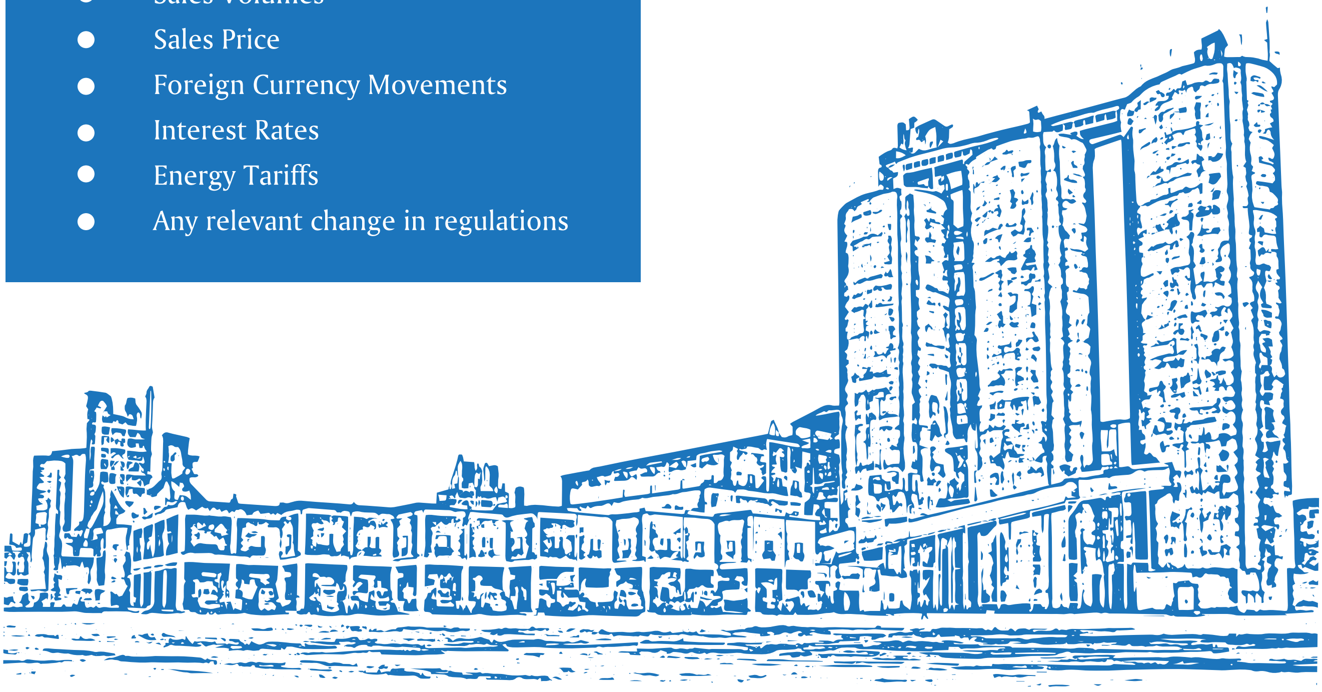






Share Price Sensitivity Factors

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



Management & Reviews

Mrs. Naz Mansha
Chairperson/Director

She is graduate from Kinnaird College, Lahore. She has an extensive experience spanning more than 29 years in business development. She is executive director in Nishat Mills Limited. One of her recent success story is Nishat Linen which has become a top class garments and accessories brand of Pakistan equally popular in and out of the country.

She is also director in Nishat Linen (Pvt) Limited.

Mr. Raza Mansha
Chief Executive Officer
/Director

He is graduate from University of Pennsylvania. He has rich experience of about 22 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 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, Adamjee Life Assurance Company Limited, Nishat Hotels & Properties Limited, Nishat Dairy (Private) Limited, Nishat Agriculture Farming (Private) Limited, MNET Services (Private) Limited, Euronet Pakistan (Private) Limited, Nishat Farm Supplies (Private) Limited, Nishat (Raiwind) Hotels & Properties Limited and Nishat (Aziz Avenue) Hotels & Properties Limited.

He has served as director in Sui Northern Gas Pipeline Limited.

Mr. Khalid Niaz Khawaja
Director/ Independent

He is B.Sc and a Fellow of Institute of Bankers, Pakistan. His experience spans about 44 years. He is a seasoned banker with almost all his experience in banking industry.

Mr. Khalid Qadeer Qureshi
Director/ Non-Executive

He is a Fellow of The Institute of Chartered Accountants of Pakistan (ICAP) with about 47 years of experience. His expertise are in the field of finance, accounts, information systems and treasury.

He is Chairman of the Board of Directors of Nishat Power Limited.

He also has directorship in Nishat Mills Limited, Nishat Power Limited, Lalpir Power Limited and Nishat Commodities (Private) Limited.

He holds a bachelor degree in Commerce, Law and Management. He has vast experience of about 42 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 serves on boards of Directors of Nishat Papers Products Company Limited (NPPCL) Nishat Automobiles Limited and Nishat Mills Limited as well.

Mr. Farid Noor Ali Fazal
Director/Executive (Marketing)

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

Mr. Hameed has an experience of more than 38 years in the fields of Distribution, Billing, Sales, Logistics Support, Procurement and Legal.

He served as a Managing Director of Sui Northern Gas Pipelines Limited. His association with SNGPL lasted for 37 years.

He has served as Director on 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.

Mr. Arif Hameed
Director/Non-Executive

He is civil engineer and MBA from LUMS. His experience is of about 26 years. His main expertise is in financial management and treasury.

He has also served a s Deputy Director in Pakistan Audit and Account Service, GOP.

He is also director in Nishat Power Limited.

Mr. Shahzad Ahmad Malik
Director/Non-Executive

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 and Nishat Energy 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, Nishat (Gulberg) Hotels & Properties Limited, Nishat (Raiwind) Hotels & Properties Limited, Nishat Energy Limited, Lalpir Solar Power (Pvt) Ltd. MCB Islamic and MCB Financial Services Limited. He served on Board of MCB Bank Limited.

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 36 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 is also overseeing the planning, initiation and execution of many other projects of Nishat Paper Products Co. Limited and Nishat Power.

He is also member of Punjab Chief Minister task force on fast track power projects.

He also serves on the boards of directors of Pakgen Power Limited and Nishat Paper Products Company Limited.

He is a Commerce Graduate and C.A. Inter. His experience spans about 34 years. His expertise is in accounts, tax, audit, finance, treasury, budget and planning.

He has served a director Lahore Stock Exchange. He is also CFO of Nishat Paper Products Company Limited.

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

Mr. Inayat Ullah Niazi
Chief Financial Officer

He is a Commerce graduate. His experience tenor is about 35 years. His fields of expertise include income tax, corporate matters and secretarial practices.

He is company secretary of various companies in Nishat.

Mr. Khalid Mehmood Chohan
Company Secretary

Chairperson's Message

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

Political situation remained perplexed. The economic numbers apparently remained stable. World economy ticked with positive growth. CPEC has dyed Pakistan economy and its more textures are expected to appear soon. Multiplex global politics and tangled economic relationships are marking dots on the x-y axis. The lines, however, have to be drawn by individually on your own graph paper.

Cement industry is underutilized regionally. A more tougher competition is imminent in exports market particularly. In Pakistan, cement demand in last year, though positive, but yet less than expected. It was despite the fact that various development projects, both CPEC and non-CPEC, have started. One apparent reason could be that concrete consuming giant projects will show their hunger in coming years like water reservoirs, dams, economic zones etc. As stated earlier, regional industry is under-utilized and with CPEC fostering and OBOR nurturing, threat of Chinese cement influx is there though with frail chances for the time being. To date announced expansion on domestic front may hitch industry current patterns but not immediately. As I foresee development work in domestic market will flourish and household and real estate sector will spend in times to come. I am optimistic that industry will prosper with prosperous nation.

It is need of time that Pakistani businesses develop corporate culture with best practices and ethical grounds. Businesses need to develop new mechanisms in production lines, dig out new markets, develop brands and create multinational approach. I am also of the view that Pakistani businesses should spend on research and development for sustained and prolific success. With intertwined world dynamics and Pakistan becoming probable open market, tough competition is approaching but with remarkable opportunities.

The Company's earnings reduced in year under review. The time when input cost increased and surged government levies are absorbed by the Company, the management coped this situation well. Balance sheet crossed PKR 100 billion with very sound asset and capital structure.

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

Naz Mansha

Mrs. Naz Mansha
Chairperson

Lahore
September 19, 2017

Chief Executive's Review

Economy – Global & Pakistan

Global Economy indicated positive signals via industrial production, trade and other confidence symbols. Yet it is recovering. Struggling to cure and iron out. Searching ways to bring durable growth. Carving out better regulatory measures. Emerging markets and developing economies now account for 75% of global growth in output and consumption.

IMF predicted a noticeable growth in the global economy in 2017 for reasons including investment upsurge, manufacturing and trade activities. It projected world growth is expected to rise to 3.5 pc this year and 3.6pc in 2018, from 3.1pc last year.

With a set of new thinking and policies USA is at work for reconsidering various international agreements and protocols. "Buy American, Hire American" slogan is something may have impacts on talent and goods imports in USA market, if materialised.

Middle East specifically Gulf states are engulfed with multi facet problems from oil prices to regional conflicts and war. This part of world is expected to report slow down.

Few regional conflicts like North Korea, Syria, Iraq, Afghanistan and Yemen are like boiling volcanos. Though major developments were made in last year in Iraq and Syria towards resolution.

Oil picked up and it may remain stable in 2018 with a probability of rising and remaining range bound.

Crude Oil

	FY17	FY16
Average	48.6035	42.0279

Growth Approximations

Country	2017
China	6.6
India	7.3
Bangladesh	6.8
Sri Lanka	4.5
Thailand	3.2
Saudi Arabia	0.4
Iran	3.3
EU	1.8
USA	2.1

International lenders forecasted growth in Pakistan economy at the rate of about 5pc for 2017 and 5.2pc for 2018.

Pakistan is consumption driven economy. In present days CPEC will be main drive force for investment in Pakistan. Harvard University study which predicted Pakistan to grow by more than 5% in the next decade. PWC said in its report that by 2050 Pakistan economy could become world's 16th largest in terms of GDP and Purchasing Power Parity.

National statistics showed GDP growth of 5.3pc, highest in last decade. Fiscal deficit was at 3.8 (FY16: 4.6pc, FY15: 5.3pc), again lowest in about twelve years and that touched 8.8pc in FY 12. Per capita income raised from USD 1,531 to USD 1,629. Inflation is now picking up after bottoming out. CPI growth is 4.1 (FY16: 2.9). Country policy rate is at 5.75% since May 2016. It came down from 10.0 in November 2013.

Agriculture sector has witnessed downfall in last years. Total cropped area is almost same since last seven years. Agriculture registered growth of 3.5% as against 0.3% in FY16. Industrial segment proved 5% enhancement and service sector as usual was on top with 6% growth. Large scale manufacturing improved with 4.9% increase, small scale grown at last year rate of 8.2%. **Construction segment grown at 9%** as against 14.6% in FY16. There is huge growth of 6.9% in wholesale and retail trade.

Selective data of GDP components is presented below:

GDP Related Data

	Growth %		% Share in GDP (FY17)
	FY17	FY16	
Agriculture	3.5	0.3	19.5
Industrial	5.0	5.8	20.9
Mining & Quarrying	1.3	6.91	2.9
Manufacturing	5.3	3.7	13.5
Large Scale	4.9	2.9	10.7
Small Scale	8.2	8.2	1.8
Construction	9.1	14.6	2.7
Services	6.0	5.6	59.6
Wholesale & Retail Trade	6.8	4.3	18.5
Transport, Storage & Communication	3.9	4.8	13.3
Finance and Insurance	10.8	6.1	3.4

Almost all industrial sub sectors grown in last year except few including wood, leather, chemical etc. Textile sector was one with lowest minimal growth.

PKR remained stable against USD during last fiscal year. EUR-USD is on continuous decline since last three years on average.

EUR-USD

	FY17	FY16	FY15
Average	1.0900	1.1109	1.2029

USD-PKR

	FY17	FY16	FY15
Average	104.7455	104.3287	101.3742

PSX-100 index is on continuous growth and its growth in FY17 as compared to FY16 closing is about 23%.

PSX-100 Index

	FY17	FY16	FY15
Year Closing	46,565.29	37,783.54	34,398.86

KIBOR remained stable during this year.

6M KIBOR - *Month end rates (Fiscal year)*

6M KIBOR	July	September	December	March	June
FY17	6.06	6.06	6.15	6.16	6.15
FY16	7.05	6.62	6.51	6.36	6.06
FY15	10.17	10.19	9.63	7.98	7.07

Government domestic borrowing is more than PKR 15,000 billion and foreign borrowing is more than USD 77 billion. Debts to GDP percentage is at high levels. Debt servicing is consuming a considerable portion of resources.

Exports in almost every category is negative. Even data analysis showed that exports to almost every big destination declined. Minor positive figures were for Germany, Italy, Spain etc. overall exports are down by about more than 3%.

Imports are up about 18% with largest share of China. Imports in almost every category increased. Higher percentages are in machinery import sector.

Country Imports value wise change YoY

Category	% Increase/Decrease
Total	18.7
Food group	15
Machinery group	49.6
Petroleum group	19.7
Consumer durables	27.2
Raw materials	-1.8
Telecom	-1.7
Others	12.1

In last four years economic growth made a journey from 3% to 5%. Budget deficit reduced from 8% to around 4%. Spending on the public sector development programme and foreign investments from China are at high levels. These factors are acknowledged internationally. These improvement indicators have a share from divine help in the shape of lowest ever oil prices and resultant impact on inflation. Government economic policy appeared to be more focused on few agendas in last year like maintaining a foreign reserve level, keeping a USD-PKR parity etc. The areas of actual economic uplift like boosting exports, curtailing consumer and unnecessary imports, improvements in tax mechanism etc. still need to be worked on. The selective focused areas are now in swinging state making the businesses more vulnerable to various types of risks and impediments.

Significant developmental work was related to China-Pakistan Economic Corridor (CPEC) like motorways, highways, railways and few energy related projects. Stock exchange performed well but lately was victim of political ambiguity.

Government was unable to stop the heavily bleeding mammoth government industries. However, steps have been taken for betterment of PIA and Pakistan Railways. Load shedding improved particularly in urban areas while the circular debt is there like a viscous circle. Law and order situation improved in the country.

Depressed global oil prices triggered massive layoffs of Pakistani workers in Gulf countries, which not only affected remittances but also well-being of households, largely in rural areas. For the first time in 13 years, remittances recorded a year-on-year drop in FY17 from almost from all important countries. Depressed real estate sector linked with low remittances and fear of currency devaluation are important factors affecting construction sector.

Dasu hydroelectric power project kicked off. It is a 4,320 MW project that is to be built in two equal capacity stages. Stage-I will take five years and cost an estimated $4.2 billion. Diamer Basha dam project is also ready to be started. As reported Wapda will make ready 969MW Neelum-Jhelum hydroelectric power project, 1,410MW Tarbela fourth extension power project and 106MW Golen Gol hydroelectric power project in phases from mid-2018.

The low-cost hydel electricity to be produced by these projects will not only help tackle energy shortages in the country, but will also contribute significantly to the development of economic and social sectors. KPK government is also mulling constructing small water reservoirs.

Pakistan is 7th amongst countries most adversely to be affected by climate change. Government has also started taking initiative to study and cater this phenomenon.

Loans for house building remained around PKR 8 billion. In transport (including cars) loans the figure is at PKR 26 billion. Growth in house building loans is 17% (FY16: 12.8%) and for transport & vehicle related loans growth remained at 23.4% (FY16: 20.4%).

Pakistan presented a federal budget of PKR 5,103 billion for FY18. PKR 3,763 billion (73%) is for current and PKR 1,340 billion (26%) is for development expenditure. Interest is the most highest component of current expense. Total PSDP outlay for FY18 is PKR 2,113 billion. Out of this PKR 1,112 billion is from provinces and balance PKR 1,001 billion is from federal government. In federal PSDP considerable amounts have been allotted to higher education, communications, health, railways, WAPDA, highways, Kashmir & GB affairs.

Government is expected to raise PKR 4,013 billion through FBR and PKR 317 billion in other taxes. Direct taxes estimate is PKR 1,594 billion (40% of FBR taxes) while rest 60% is to be generated through indirect taxes.

Government has made measures to boost exports and post year end trend showed that exports are rising.

There are reports that Pakistan is working on agreement for facilitating transit traffic and trade between Pakistan, China, Kyrgyzstan, Kazakhstan and Tajikistan bypassing Afghanistan. This will give access to and from Central Asia and Russia.

In March 2017, Britain has formally started two-year Brexit process. The outcome of trade negotiations between the UK and the EU can have implications for imports and exports of Pakistan as the country has mixed and substantial trading relationships with EU and UK.

Pakistan has a large population – 6th largest. It is to be made an asset rather than perceived as a liability. It a huge consumer market. It has a tremendous young force and that is adding up every year. This itself is an amazing opportunity to explore.

As global scenarios telling that economies those are hosting a considerable portion of workforce from Pakistan are now fragile. Therefore, the country has to develop opportunities to make best use of this skilled to unskilled population. These external hosting now-weak economies are not necessarily and compulsorily bad news for Pakistan. There is always silver lining in dark clouds. But to grasp the hidden avenues, Pakistan has to invest on its soil and people.

Documenting the economy and promoting sound and secure banking is highly desirable. **Both eyes viz nationalism and globalization, to be used to sight one landscape rather than closing one.** That will eventually hamper own view.

Resilient economic policies are need of time. Pakistan can seize its opportunities by:

- Encouraging local private investment and increasing local output
- Consistent and long term economic policies
- Transparency
- Increasing exports
- Providing uninterrupted and cheap energy
- Easy and efficient tax mechanism
- Encouraging foreign investments
- Strict banking regulations
- Documenting the economy
- Restoring the confidence of tax payer

Raising education standards should be the top priority. Dignity of labour is to be perceived and promoted. Cottage industry needs to be flourished besides large scale.

The area where Pakistan is situated has become and with time will become more important politically and economically.

OBOR & CPEC

This year China has approved additional financing for projects in Pakistan under the China-Pakistan Economic Corridor (CPEC), taking the investment volume to $62 billion from $55 billion.

World's biggest building project -OBOR by China, is setting to change the economic and political dimensions. Massive investments from China are expected in various countries including Pakistan under CPEC. The Karakoram Highway, that started in 50s is now reaping its fruits by making a link to deep sea port of Gwadar.

According to few reports by government machinery, Gwadar-Xinjiang corridor should be operational from June next year, and Pakistan expects a considerable global trade to pass through it by 2020. Also reported that two countries have also discussed using a currency swap agreement between their central banks to create a mechanism to avoid any third currency in international transactions.

Government said that all proposed nine industrial zones under CPEC would be completed within a period of three years. These zones are one each in all the four provinces, FATA, Azad Kashmir, Gilgit-Baltistan, and two by the Federal Government in Islamabad Capital Territory and Port Qasim at Karachi.

With CPEC in full force, Pakistan economy will be extensively linked to Chinese one. Local industries concerns need to be addressed while at the same time local businesses have to adopt prudent, pre-emptive and world-class approach for their businesses. Rumors are that China may shift its partial textile industry into Pakistan and on China side of Pak-China boarder. Chinese investors in CPEC are enjoying all sorts of tax breaks in customs, income, sales, federal excise and withholding taxes. Apparently, these tax breaks are for all development projects, therefore, these are acceptable as beneficial in long run. However, if such tax concessions are given to foreigners against comparable commercial local industry in discriminatory way that would be detrimental to existing and local manufacturers and traders.

Cement Industry – Global, Regional & Domestic

World cement production is about 4.4 billion tons per annum that increased from from 2,373 mt in 2005. This is increase of about 2,000 mt, almost doubled with annual capacity addition rate of about 5%. Our neighbor China alone has capacity of about 2.4 billion tons p.a. constituting about 55% of world capacity. Second position is held by another neighbor India with about 400 million tons p.a. Another neighbor Iran is holding big place with about 80 million tons per annum. Pakistan's total capacity now is about 47 million tons p.a.

Portland cement constitute 70% of world cement supplies while clinker is at 24%, hydraulic at 4.3% and aluminous at 2.3%. These available percentage figures are for 2016.

Global cement exports for 2016 were around USD9.1 billion (2015: USD11.4 billion). Asian countries are with highest dollar worth of cement exports with 48% share in global exports. European countries are at 34%, North American at 7.5%and African at 6.9%.

Regional Data (Approximate Figures)

Country	Population (in millions)	GDP (USD in millions)
Pakistan	200	269,971
China	1,385	11,199,145
India	1,320	2,263,522
Tajikistan	9	9,242
Afghanistan	30	19,199
Iran	80	425,326
Thailand	69	407,000
Bangladesh	165	227,900
Sri Lanka	21	82,600
World	7,527	75,641,57

Geographically Pakistan is situated in an interesting area with particular reference to cement industry. Pakistan along-with its immediate neighbours is hosting 40% of world population, 19% of world GDP and 65% of world cement producing capacity. If we include other South Asian countries and GCC area, it will raise its importance.

World average per capita cement consumption is 400kg. Pakistan population density is approximately 230/km^2 and per capita cement consumption is about 178kg.

Fast and lot of changes happening in region therefore, few aspects of importance to be discussed here. China with more than half of world cement producing capacity is running at 60-65% utilization with pressure on manufacturers to relocate or export. According to reports Tajikistan is having few Chinese investors for cement plants. Tajikistan, earlier importing cement, now is also exporting in little quantities to Afghanistan, Kyrgyzstan and Uzbekistan. India, with about 225kg per capita cement consumption, is having high hopes to enhance its capacity from 400mt to 550mt by 2025. Researchers say Indian cement sector to grow at 6-7%. Iran is also planning to build up its cement capacity from 80mt to 120mt by 2025. Though Iran, has suffered set back in exports to Iraq but being the cheapest cement producing country has multiple avenues. Iran has 650kg per capita cement consumption and is also a main competitor of Pakistan in Afghanistan market. Sri Lanka and Oman are net cement importer with about 60% and 50% of cement demand respectively. Other GCC countries are self-sufficient and/or selling in other Middle Eastern and African markets. Bangladesh per capita cement consumption is approximately 120kg with industry capacity of about 35mt with domestic demand roughly at about 20mt. Bangladesh is also operating at 60-65% capacity utilization. Bangladesh import raw materials from China, Thailand, Indonesia etc. Thailand capacity is about 60mt and utilization is about is 62%. 80% production is utilized domestically giving per capita cement consumption of about 450kg. Growth in cement is about 5-6% p.a. Thailand also exports clinker to some neighbouring countries. Vietnam cement capacity is about 88mt and it plans to grow by 2020 to 100mt. It exported about 25% but facing downward trend since few years due to tough competition from China, Thailand, India etc.

Pakistan Cement Industry witnessed overall about 4% (FY16: 10%) growth. Local despatch growth is 8% (FY16: 17%). Exports are down by 21% (FY16: 18%).

Domestic Cement Industry utilization for FY17 remained at 86% (FY16: 85.22%) without any overall significant change. Local despatch utilization was at 76% (FY16: 72%) and exports took 10% (FY16: 13%).

North local despatch utilization increased from 73% to 76% whereas South remained ahead by reaching 76% from 69%. Exports utilization of North fall from 10% to 8% and of South from 24% to 18%.

In last 12 years average utilization of industry is about 78% with 62% local and 17% exports share. North has remained ahead in local utilization of 63% as 57% of South. While South was better in exports with 28% as compared to 14% of North.

Domestic Cement Industry remained very bullish in growth and expansions besides on PSX. In last couple of years 10 cement players have announced 12 expansion plans on various dates. It includes our two plants. All announced projects are brownfield except 2 that includes one of our green field Hub project. If all announced expansion plans are materialized, this will bring considerable change in capacity-wise status of companies falling between top and bottom threes and will increase the industry capacity by almost more than 50% in about four to five years' time. 8 companies have announced expansion in North and 4 in South with two companies having announced expansion adventures in both geographical classifications including us. These expansions will bring a capacity increase of about 32% in KPK, 56% in Punjab, 54% in Sindh and 225% in Baluchistan. This will make North about 47% larger than its existing capacity and South of about 90% of its existing. This analysis has yet not taken any impact of licenses granted by KPK government to 14 prospective cement manufacturers in March 2017 as the winners of these licenses have yet not made any formal project announcements. As per media reports 6 more licenses are in pipeline. KPK government has identified areas of Dera Ismail Khan, Kohat and Haripur for new cement plants being rich in required raw material reserves. The bullishness of cement industry can be ascertained that as per media reports 44 industrial groups have applied to KPK government for obtaining licenses. KPK government is expecting USD 2.5 billion investment through these licenses.

There are rumors that Pakistan may allow duty free cement from China for development of Gwadar port. Cement industry hopes that cement import does not become regular feature under umbrella of CPEC and in the name of development. Further, news is being heard that Punjab government is considering making a negative list of areas for establishing cement manufacturing facilities due to environmental and ecological concerns. This step may widen its scope by limiting the existing units from further expansions.

Exports of cement industry to remain stressed. African market is becoming more stringent. Afghanistan exports are falling and this trend may continue as Iranian cement is capturing that market. Afghanistan market is also affected due to tensions and closing of boarders. Exports to India may remain stable for coming year.

The Company

Clinker production increased by 9% (FY16:13%), cement production increased by 4% (FY16:15%). Remarkable shift is made in local utilization by reaching at 92%. In volumetric terms local to exports ratio was 87:13 (FY16:84:16).

Earnings per share declined by PKR 1.86 from PKR 20.06 to PKR 18.20. An analysis into figures could reveal the fact that low revenue side particularly sales and cost of sales are main contributory to this fall.

On sales side, the governmental levy in the form of FED increased. The increase is almost more than double. Though local sales increased in volumes by 5%, the local net selling price decreased by about 3% and that was 72% of gross value in FY17 against 78% in FY16. This FED raise impact was not completely transferred to customers. The prices of cement also fluctuated at times during the year. Intense competition is prevailing. Therefore, the deflated profit is attributed more to net selling price than selling volumes.

As far as cost of goods sold is concerned, it was majorly occupied by energy costs. Energy cost either it is gas or coal, increased. Depressed coal prices have swelled exorbitantly without any traditionally accepted correlation with oil.

Profitability Indicators

	FY17	FY16
GP to sales	39.30	42.65
PBT to sales	37.03	42.02
PAT to sales	26.46	29.59
EBITDA to sales	45.14	48.76

Return on Equity for FY17 was 10.65% against 13.36% for last year. Equity to total assets is at 69% (FY16:78.86%). The Company is having a solid structure and reasonable return.

Company PE is increased than last year by 2.21 to reach at 11.71 from 9.49 as on year end. This showed market confidence and perception about earning sustainability and quality of the Company.

Hub Project, is moving ahead to its completion. The process of BMR of unit 1 is under way.

I am of the view that going forward demand of cement may gear up but price may see waves owing to upcoming expansions. However, overall industry outlook is positive on grounds of national statistics and opportunities in this land and nation. If developmental work takes momentum, unemployment reduced and economic wheel is on move the demand of cement will boost. Company profitability may oscillate but it would be within manageable range.

I am profoundly thankful to my team and all stakeholders for their endeavors and trust.

Raza Mansha
Chief Executive Officer

Lahore
September 19, 2017

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, 2017 are:

PKR in thousands

	FY17	FY16
Sales	30,136,165	29,703,758
Cost of sales	(18,291,600)	(17,035,566)
Gross profit	**11,844,565**	**12,668,192**
Administrative expenses	(551,221)	(572,780)
Selling and distribution expenses	(979,045)	(949,628)
Other operating expenses	(891,513)	(913,642)
Other income	2,118,216	2,379,053
Finance cost	(382,895)	(130,451)
Profit before taxation	**11,158,107**	**12,480,744**
Taxation	(3,182,766)	(3,691,072)
Profit after taxation	**7,975,341**	**8,789,672**

Operational numbers of your company for the year are as under:

Figures in MT

	FY17	FY16
Production:		
Clinker	4,314,600	3,964,998
Cement	4,588,900	4,426,631
Sales:		
Total	4,478,065	4,422,691
Local (excluding own consumption)	3,895,042	3,710,393
Exports	583,023	712,298

Appropriation

The Board keeping in view the profitability and capacity expansion requirements, decided to recommend dividend of PKR 7.5 per share for FY17.

(PKR in thousands)

PAT	PKR 7,975,341
Dividend	PKR 3,285,893

Earnings Per Share

Earnings Per Share of the Company is PKR 18.20 (FY16: PKR 20.06).

EPS declined by 9%. Net sales increased by just 1.4% and other income declined by 11%, resulting into total revenue side increase of just 0.5% against aggregate expense side increase of 4%.

Volumes

The Company's clinker production increased by 8.82% (FY16: 13%). Total Sales increased by 1.25% (FY16: 14.6%) with local sales increase of about 5% (FY16: 16%) and exports decrease of about 18% (FY16: -7.6%).

The Company utilization for FY17 remained at about 106% (FY16: 105%) against industrial utilization of 86% (FY16: 85%). Local sales utilization of the Company for FY17 was recorded at 92% (FY16: 88%) and for exports it was 14% (FY16: 17%).

Kiln operational days (for three kilns) were around 958 (FY16: 875). Clinker production achieved level of 107% (FY16: 98%) while cement production touched the level of 109% (FY16: 105%).

Sales & Gross Margin

Sales revenue increased by about 1.46% with a corresponding increase of about 7% in COGS, thereby booking a decline of 6.5% in gross margin.

Local sales surge by 5% in volumes and by 11.45% in gross value and by just about 3% in net terms as compared to last financial year. FED raised during FY17 to PKR1,000/ton from earlier 5% of sale value. It increased impact of FED to more than double. Total sales related governmental levies were 21% of gross value in last year. Now these are 27% of gross sales. Therefore, on average net local sales price decreased by about 3%. The Company could not pass on the impact of raised taxes completely.

57% (FY16: 50%) of cost of sales is comprised of energy i.e., electricity, gas, furnace oil and coal. Energy related heads increased by 23% over year. Comparatively higher number of kiln operational days and higher clinker and cement production offset to some extent negative impacts of comparatively higher coal prices. More emphasis remained on own electricity generation than WAPDA that also gave an advantage in keeping cost contained. Had the own electricity generation arrangements were not made the cost could have been higher. Coal prices remained higher in FY17 as compared to FY16. Since November 2016, RLNG tariff has made gas expensive.

Others

Other income decreased by 11%. Income on bank deposits shrink owing to reduced bank deposits those are utilized in project. Dividend income increased by 4% from PKR1,870 million to PKR 1,944 million. Finance cost increased by comparatively higher utilisation of short term lines and expensing out of markup on coal power project term loans.

Taxation

Taxation expense declined by 14%. Current tax provision is calculated under normal tax regime. It includes super tax and taxes falling under final tax regime. Tax losses of subsidiaries which are taken by the Company have also been accounted for in calculating the tax for the year.

Long Term Loans

The new term loans are for Hub project. The loans are at competitive price.

Investments

During the year fair value gain registered. The Company purchased shares of Adamjee Insurance Co. Ltd. during the year at cost of PKR 278 million.

Future Prospects

Oil prices may remain range bound but with bit upward trend. Coal prices to remain shaky and unpredictable as now its trending against its historical correlation with oil. Coal index price may cross USD 100. KIBOR position will not change immensely. PKR is expected to see minor depreciation against USD.

Developmental spending, CPEC projects and election year are expected to boost construction activity and resultantly give a healthy push to cement sector. Local demand of cement will grow but exports to remain depressed. Cement prices may oscillate in ranges due to materialized expansions.

For FY18 government increased Federal Excise Duty from PKR1000/ton to PKR1250/ton.

We expect that in forthcoming year the trend of profitability may remain almost same.

Hub cement plant, of 9000tpd, will be a state of the art project. Civil work of factory buildings is almost complete and erection work is in full swing. The project is in line with time schedule. Till June 30, 2017 the Company incurred PKR 30.8 billion on this project.

Setting up of brown field project upto 2,200,000 tons per annum clinker at Dera Ghazi Khan site is still on table but its execution is deferred till the economics permits.

The Company is in process of BMR of Unit 1 that will achieve production efficiency and more environment friendliness.

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 and internally displaced persons.

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.

During the year Company donated PKR 50 million to a hospital.

Principal Risks

Following are the principal risks the Company face:

- Tight price market and tough competition
- Capacity utilization
- Interest rate
- Foreign currency fluctuations
- Shrinking 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:
Mrs. Naz Mansha (Chairperson)
Mr. Raza Mansha
Mr. Khalid Niaz Khawaja
Mr. Mohammad Arif Hameed

Mr. Khalid Qadeer Qureshi
Mr. Farid Noor Ali Fazal
Mr. Shahzad Ahmad Malik

Ms. Nabiha Shahnawaz Cheema was director till October 31, 2016, when she retired.

Auditors

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

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by Pakistan Stock Exchange in their Listing Regulations, relevant for the year ended June 30, 2017 have been adopted by the company and have been fully complied with. A Statement to this effect is annexed to the Report.

Corporate and Financial Reporting Framework

The Directors of your company state that:

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

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

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

(d) The financial statements are prepared in conformity with the Companies Ordinance 1984 and International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;

(e) The system of internal control is sound in design and has been effectively implemented and monitored;

(f) There are no significant doubts upon the company's ability to continue as a going concern;

(g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing regulations.

(h) Significant deviations from last year in operating results of the company are highlighted and reasoned in other parts of Directors report.

(i) Key operating and financial data of last six years is annexed in this annual report;

(j) Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed in the financial statements;

(k) Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, has been outlined along with future prospects, risks and uncertainties surrounding the company;

(l) The number of board and committees' meetings held during the year and attendance by each director is annexed in this annual report;

(m) The details of training programs attended by directors is annexed in this annual report;

(n) The pattern of shareholding is annexed in this annual report.

(o) The company is current in its all financial obligations.

(p) All trades in the shares of the company, carried out by its directors, executives and their spouses and minor children is annexed in this annual report.

(q) Cost of investments of the Provident Fund is PKR 1,058 million (2016: 974 million) and of Gratuity is PKR 322.696 million (2016: 312.5 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

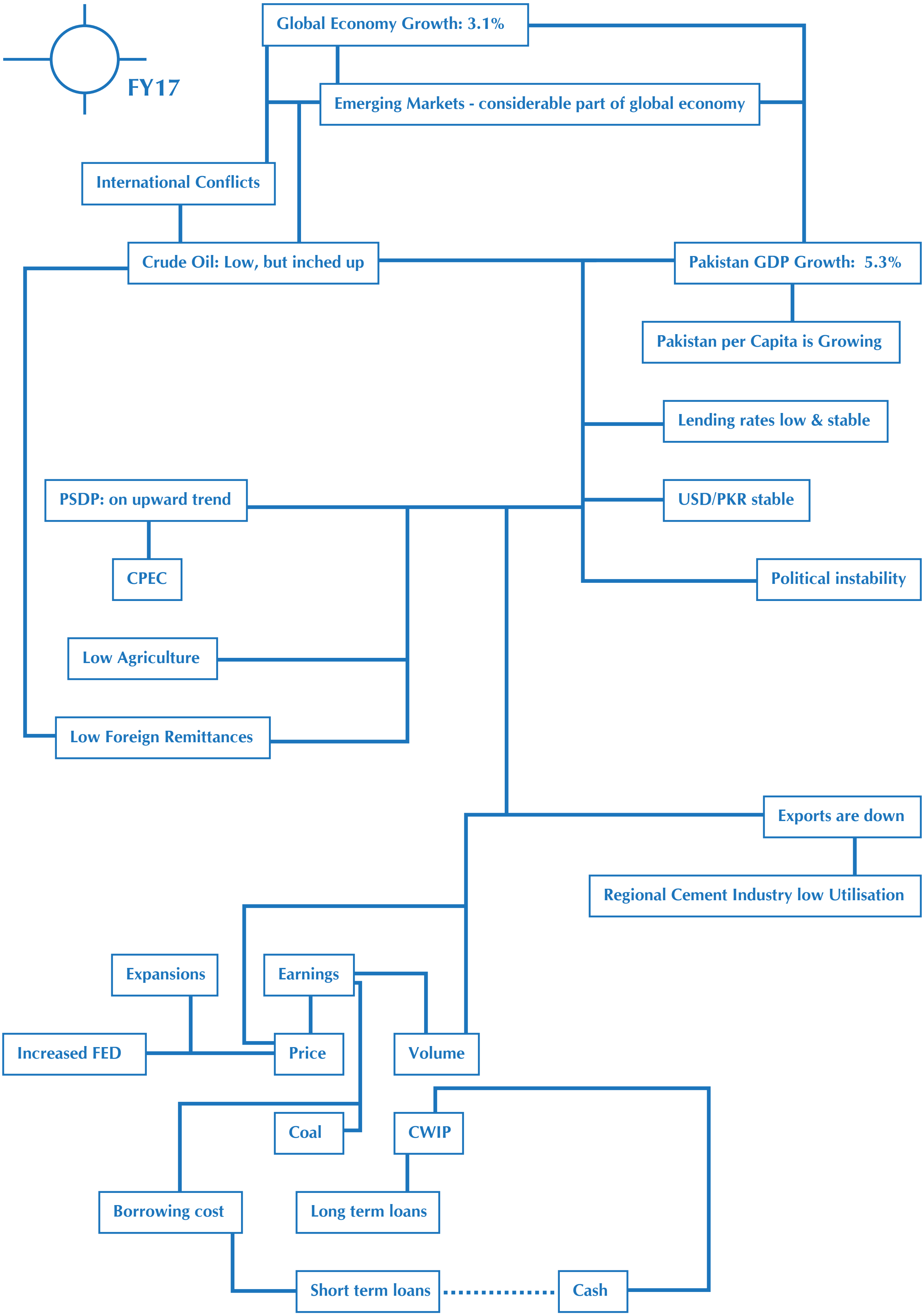
Farid Noor Ali Fazal
Director

Lahore
September 19, 2017

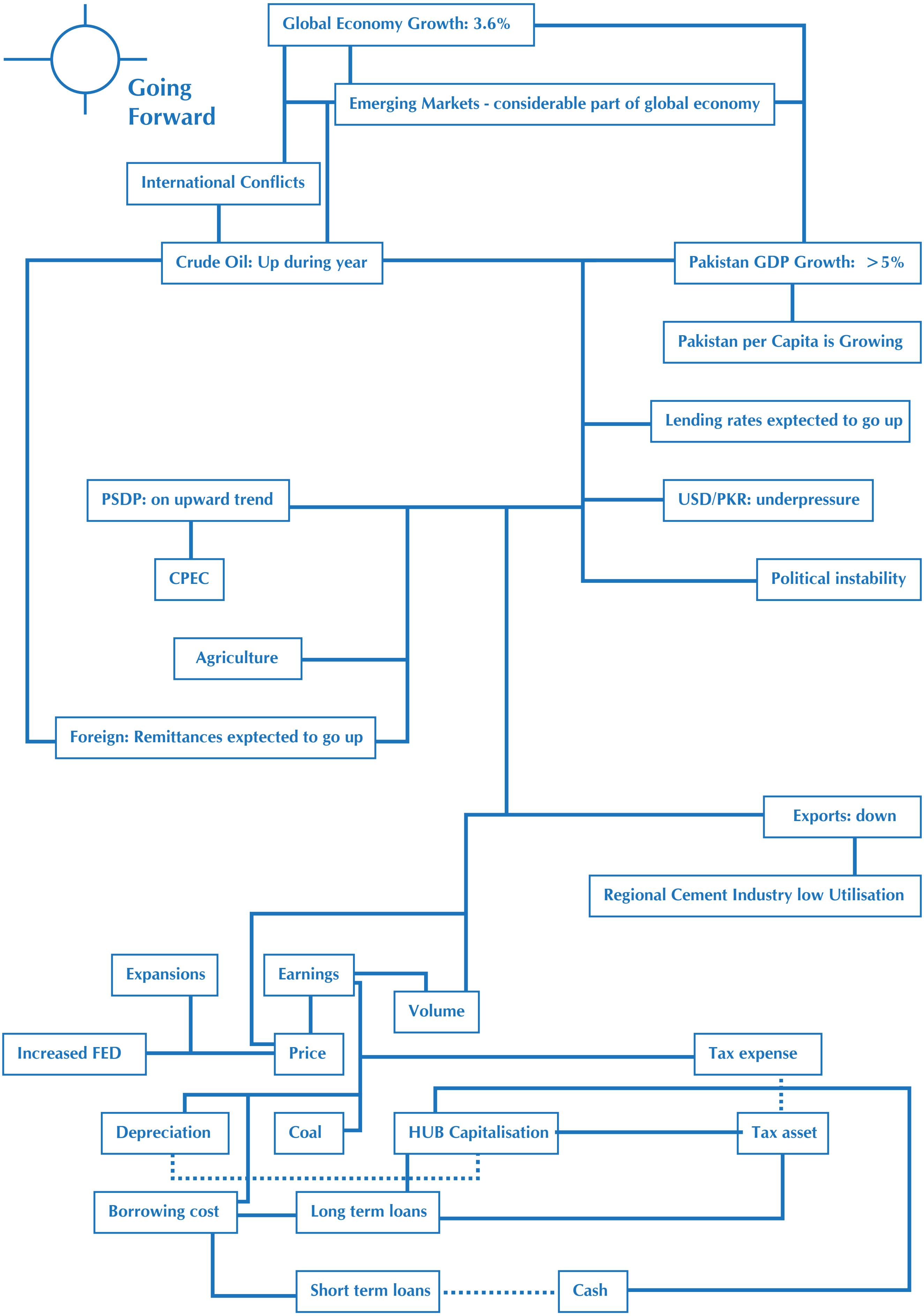
Nishat - The Group, is a Premier Business House of Pakistan. The Group's Net Wroth is about PKR 3 Trillion (USD 28 Billion) in 2016. The Group has presence in scectors like Cement, Textile, Banking, Insurance, Aviation, Livestock and Agriculture, Paper Products, Hospitality, Real Estate and Power.

D.G Khan Cement Company Limited is one of the most progressive and dynamic companies of Pakistan. The Company has excellent creditworthiness and reputation in the country and abroad. The Company is market leader and a blue chip. DGKC is now PKR 100 Billion balance sheet (USD 1 Billion) company.

Focusing acts as gravitational force.
It makes indulge in goal thus making
endeavours enjoyable.


FY17
Global Economy Growth: 3.1%
Emerging Markets - considerable part of global economy
International Conflicts
Crude Oil: Low, but inched up
Pakistan GDP Growth: 5.3%
Pakistan per Capita is Growing
Lending rates low & stable
USD/PKR stable
Political instability
PSDP: on upward trend
CPEC
Low Agriculture
Low Foreign Remittances
Exports are down
Regional Cement Industry low Utilisation
Expansions
Earnings
Increased FED
Price
Volume
Coal
CWIP
Borrowing cost
Long term loans
Short term loans
Cash

Going Forward



Hub Site Development

Financial Statements

Auditors' Report to the Members

We have audited the annexed balance sheet of D.G. Khan Cement Company Limited ('the company') as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

A.F. Ferguson & Co

Chartered Accountants
Lahore,
Dated: September 25, 2017
Name of engagement partner: Amer Raza Mir

Balance Sheet

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
- 950,000,000 (2016: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2016: 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 (2016: 438,119,118) ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Reserves	6	38,014,337	34,238,885
Un-appropriated profit		32,473,351	27,163,353
		74,868,879	65,783,429
NON-CURRENT LIABILITIES			
Long term finances - secured	7	12,520,000	2,400,000
Long term deposits	8	79,441	77,813
Deferred liabilities	9	186,837	111,334
Deferred taxation	10	5,866,359	4,989,055
		18,652,637	7,578,202
CURRENT LIABILITIES			
Trade and other payables	11	5,454,447	5,366,340
Accrued finance cost	12	217,204	52,931
Short term borrowings - secured	13	8,571,228	3,451,352
Current portion of non-current liabilities	14	523,778	1,150,921
Derivative financial instrument	15	48,056	-
Provision for taxation		35,090	35,090
		14,849,803	10,056,634
CONTINGENCIES AND COMMITMENTS	16		
		108,371,319	83,418,265

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	62,447,737	39,576,830
Intangible assets	18	-	-
Investments	19	18,564,054	12,947,976
Long term loans and deposits	20	58,844	57,938
		81,070,635	52,582,744
CURRENT ASSETS			
Stores, spare parts and loose tools	21	4,939,420	4,006,181
Stock-in-trade	22	1,162,914	766,633
Trade debts	23	220,182	201,574
Investments - related parties	24	17,044,084	17,819,005
Loans, advances, deposits, prepayments and other receivables	25	1,987,849	584,447
Loan to related party	26	1,000,000	-
Income tax receivable		524,355	433,136
Derivative financial instrument		-	14,701
Cash and bank balances	27	421,880	7,009,844
		27,300,684	30,835,521
		108,371,319	83,418,265

Chief Financial Officer

Director

Profit & Loss Account
for the Year Ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Sales	28	30,136,165	29,703,758
Cost of sales	29	(18,291,600)	(17,035,566)
Gross profit		11,844,565	12,668,192
Administrative expenses	30	(551,221)	(572,780)
Selling and distribution expenses	31	(979,045)	(949,628)
Other expenses	32	(891,513)	(913,642)
Other income	33	2,118,216	2,379,053
Finance cost	34	(382,895)	(130,451)
Profit before taxation		11,158,107	12,480,744
Taxation	35	(3,182,766)	(3,691,072)
Profit after taxation		7,975,341	8,789,672
Earnings per share - basic and diluted in Rupees	36	18.20	20.06

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

Statement of Comprehensive Income
for the Year Ended June 30, 2017

	2017	2016
	(Rupees in thousand)	
Profit after taxation	7,975,341	8,789,672
Other comprehensive income/(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	4,564,457	(3,148,887)
Tax effect	(787,725)	-
Gain transferred to profit and loss account on derecognition of available-for-sale investment	(1,280)	-
	3,775,452	(3,148,887)
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of retirement benefits	(52,326)	53,099
Tax effect	15,698	(15,930)
	(36,628)	37,169
Other comprehensive income/(loss) for the year	3,738,824	(3,111,718)
Total comprehensive income for the year	**11,714,165**	**5,677,954**

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Cash Flow Statement
for the Year Ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	38	9,224,332	13,896,567
Finance cost paid		(218,706)	(104,998)
Retirement and other benefits paid		(38,988)	(49,339)
Income tax paid		(3,417,436)	(2,628,068)
Income tax refunded		326,498	-
Long term deposits - net		1,628	5,810
Net cash generated from operating activities		5,877,328	11,119,972
Cash flows from investing activities			
Fixed capital expenditure		(24,947,189)	(11,516,561)
Proceeds from disposal of property, plant and equipment		23,334	45,751
Long term loans, advances and deposits - net		(906)	11,559
Investment in equity instruments		(278,193)	(822,264)
Loan to related party		(1,000,000)	-
Investment in finacial assets at fair value through profit or loss		-	(3,002,039)
Sale proceeds from disposal of investments		1,493	7,711,635
Interest received		33,688	639
Dividend received		1,944,054	1,869,917
Cash surrendered in respect of tax losses purchased from subsidiaries		(206,500)	(206,000)
Net cash used in investing activities		(24,430,219)	(5,907,363)
Cash flows from financing activities			
Proceeds from long term finances		11,320,000	3,300,000
Settlement of derivative financial instrument		9,051	(4,907)
Repayment of long term finances		(1,838,892)	(1,140,373)
Dividend paid		(2,628,715)	(2,190,596)
Net cash generated from/(used in) financing activities		6,861,444	(35,876)
Net (decrease)/increase in cash and cash equivalents		(11,691,447)	5,176,733
Cash and cash equivalents at the beginning of the year		3,558,492	(1,568,349)
Exchange losses on cash and cash equivalents		(16,393)	(49,892)
Cash and cash equivalents at the end of the year	39	(8,149,348)	3,558,492

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Statement of Changes in Equity
for the Year Ended June 30, 2017

	Capital Reserve				Revenue Reserve		
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Un-Appropriated Profit	Total
	--------------------Rupees in thousand--------------------						
Balance as on July 1, 2015	4,381,191	4,557,163	27,405,272	353,510	5,071,827	20,527,108	62,296,071
Total comprehensive (loss) / income for the year							
- Profit for the year	-	-	-	-	-	8,789,672	8,789,672
- Other comprehensive (loss)/income for the year							
- Changes in fair value of available-for-sale investments	-	-	(3,148,887)	-	-	-	(3,148,887)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	37,169	37,169
	-	-	(3,148,887)	-	-	8,826,841	5,677,954
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2015 (Rs 5 per share)	-	-	-	-	-	(2,190,596)	(2,190,596)
Balance as on June 30, 2016	4,381,191	4,557,163	24,256,385	353,510	5,071,827	27,163,353	65,783,429
Total comprehensive (loss) / income for the year							
- Profit for the year	-	-	-	-	-	7,975,341	7,975,341
- Other comprehensive (loss)/income for the year							
- Changes in fair value of available-for-sale investments - net of tax	-	-	3,776,732	-	-	-	3,776,732
- Gain transferred to profit and loss account on derecognition of available-for-sale investment	-	-	(1,280)	-	-	-	(1,280)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(36,628)	(36,628)
	-	-	3,775,452	-	-	7,938,713	11,714,165
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2016 (Rs 6 per share)	-	-	-	-	-	(2,628,715)	(2,628,715)
Balance as on June 30, 2017	4,381,191	4,557,163	28,031,837	353,510	5,071,827	32,473,351	74,868,879

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

1. Status and nature of business

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

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. During the year, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and further clarified through its press release dated July 20, 2017, companies whose financial year closes on or before June 30, 2017, shall prepare financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, these financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB') as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. Wherever the requirements of the repealed Ordinance or directives issued by SECP differ with the requirements of IFRSs, the requirements of the repealed Ordinance or the requirements of the said directives prevail.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective in the current year 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 financial statements except for the following:

- International Accounting Standard ('IAS') 1, 'Presentation of financial statements' (Amendment). The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

- Notes – confirmation that the notes do not need to be presented in a particular order.

- Other comprehensive income arising from investments accounted for under the equity method – the share of other comprehensive income arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

- IAS 16 (Amendment), 'Property, plant and equipment'. The amendment to IAS 16 clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The company's current accounting treatment is already in line with the requirement of this standard.

- 'Equity method in separate financial statements – Amendments to IAS 27'. These amendments will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The Company has elected to measure its investments in subsidiaries at cost in its separate financial statements, which has been followed earlier.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2017 or later periods, and the Company has not early adopted them:

- IAS 7, ‘Cashflow statements: Disclosure initiative’ (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. It is unlikely that the amendment will have any significant impact on the company’s financial statements.

- IFRS 9, ‘Financial instruments’ (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by the SECP. This standard replaces the guidance in 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. The company is yet to assess the full impact of the standard.

- IFRS 15, ‘Revenue from contracts with customers’ (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by the SECP. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the 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 is yet to assess the full impact of the standard.

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the company's financial statements.

3. Basis of measurement

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

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

a) Provision for taxation - note 4.2 and 35

b) Retirement and other benefits - note 4.3 and 9

c) Useful lives and residual values of property, plant and equipment - note 4.5 and 17.1

a) Provision for taxation

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

b) Retirement and other benefits

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

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

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

4. Significant accounting policies

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

4.1 Borrowings

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

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

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

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

4.2 Taxation

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. 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 balance sheet date. Deferred tax is charged or credited to the profit and loss account, 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 Retirement and other benefits

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

4.3.1 Defined benefit plan - Gratuity

The Company operates an approved funded defined benefit gratuity plan for all employees having a service period of more than five years for management staff and one year for workers. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2017 using the "Projected Unit Credit Method".

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

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

All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income as they occur. Past service costs are recognized immediately in the profit and loss account.

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

Discount rate	7.75% p.a.
Expected increase in eligible salary level	6.75% p.a.
Duration of the plan (years)	8

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

The Company is expected to contribute Rs 60.529 million to the gratuity fund in the next year.

4.3.2 Defined contribution plan

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

4.3.3 Accumulating compensated absences

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

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as at June 30, 2017 using the "Projected Unit Credit Method".

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

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

Discount rate	7.75% p.a.
Expected rate of increase in salary level per annum; and	6.75% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	7

4.4 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

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

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at June 30, 2017 has not required any adjustment.

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

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 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 profit and loss account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is 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 Intangible assets

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

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

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 financial statements.

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 Company is the lessee:

4.9.1 Finance leases

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

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

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

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

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

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

4.9.2 Operating leases

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

4.10 Investments

Investments in equity instruments of subsidiaries

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

Investments in equity instruments of associates

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

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of approved accounting standards. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

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

4.11 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 balance sheet date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.12 Stock-in-trade

Stock of raw materials (except for those in transit), work in process and finished goods are valued principally at the lower of weighted average cost and net realisable value. 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 financial statements for obsolete and slow moving stock in trade based on management estimate.

4.13 Financial Assets

4.13.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale financial assets

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

d) Held to maturity

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

4.13.2 Recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 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 profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

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

The Company assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.14.

4.13.3 Financial liabilities

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

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

4.13.4 Offsetting of financial assets and liabilities

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

4.14 Trade debts and other receivables

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

A provision for impairment 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 profit and loss account. Trade debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturity of three months or less, bank overdraft and short term borrowings. In the balance sheet, short term borrowings are included in current liabilities.

4.16 Derivative financial instruments

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

4.17 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 profit and loss account.

b) Functional and presentation currency

Items included in the 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.

4.18 Borrowing costs

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

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

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

4.19 Revenue recognition

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

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

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

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

4.20 Dividend

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

4.21 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

2017	2016		2017	2016
(Number of shares)			(Rupees in thousand)	
343,512,029	343,512,029	Ordinary shares of Rs 10 each fully paid in cash	3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs 10 each issued for consideration other than cash	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs 10 each issued as fully paid bonus shares	746,071	746,071
438,119,118	438,119,118		4,381,191	4,381,191

137,574,201 (2016: 137,574,201) and 228,500 (2016: 203,500) ordinary shares of the Company are held by Nishat Mills Limited (associated company) and Security General Insurance Company Limited (associated company) respectively as at June 30, 2017. In addition, 2,567.544 (2016: 6,275,944) ordinary shares are held by Adamjee Insurance Company Limited, a related party as at June 30, 2017.

6. Reserves

Movement in and composition of reserves is as follows:

		2017	2016
		(Rupees in thousand)	
Capital reserves			
- Share premium			
At the beginning of the year		4,557,163	4,557,163
Additions during the year		-	-
At the end of the year	- note 6.1	4,557,163	4,557,163
- Fair value reserve			
At the beginning of the year		24,256,385	27,405,272
Fair value gain/(loss) during the year		3,775,452	(3,148,887)
At the end of the year	- note 6.2	28,031,837	24,256,385
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		32,942,510	29,167,058
Revenue reserve			
- General reserve			
At the beginning of the year		5,071,827	5,071,827
Transferred (to) / from un-appropriated profit		-	-
At the end of the year		5,071,827	5,071,827
		38,014,337	34,238,885

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 fair value and is not available for distribution. This amount shall be transferred to profit and loss account on realisation.

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

7. Long term finances - secured

		2017	2016
		(Rupees in thousand)	
Long-term loans	- note 7.1 and 7.2	13,020,000	3,538,251
Less : Current portion shown under current liabilities	- note 14	500,000	1,138,251
		12,520,000	2,400,000

7.1 Long term loans - secured

Lender	2017 (Rupees in thousand)	2016	Rete of mark-up per annum	Number of instalments outstanding	Mark-up Payable
Local currency					
Loan 1 Dubai Islamic Bank	-	900,000	** Base rate + 0.35%	The loan has been fully repaid during the year	Half yearly
Loan 2 Bank Islami	650,000	800,000	* Base rate + 0.2%	13 quarterly equal installments ending in September 2020.	Quarterly
Loan 3 Habib Bank Limited	1,050,000	1,350,000	* Base rate + 0.35%	14 quarterly equal instalments ending in December 2020	Quarterly
Loan 4 Bank of Punjab	500,000	-	** Base rate + 0.25%	10 equal semi-annual installments ending in December 2023.	Half yearly
Loan 5 Habib Bank Limited	2,500,000	-	* Base rate + 0.2%	10 equal semi-annual installments ending in December 2023	Quarterly
Loan 6 Habib Bank Limited	1,730,000	-	* Base rate + 0.3%	10 equal semi-annual installments ending in December 2023	Quarterly
Loan 7 Bank Alfalah	2,300,000	-	** Base rate + 0.25%	10 equal semi-annual installments ending in September 2023	Quarterly
Loan 8 National Bank of Pakistan	2,290,000	-	* Base rate + 0.25%	20 equal quarterly installments ending in October 2023.	Quarterly
Loan 9 Allied Bank Limited	2,000,000	-	* Base rate + 0.20%	18 equal quarterly installments ending in November 2019.	Quarterly
Foreign Currency					
Loan 10 Eco Trade and Development Bank US$ Nil (2016: US$ 4.663 million)	-	488,251	*** Base rate + 1.65%	The loan has been fully repaid during the year	Semi - Annually
	13,020,000	3,538,251			

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

7.2 Security

Loan 1
The loan is secured by ranking charge of Rs 1,334 million on all present and future fixed assets including land and building of the plant site located at Dera Ghazi Khan site inclusive of 25% margin.

Loan 2
The loan is secured by ranking charge over fixed assets of the company amounting to Rs 1,000 million to be upgraded to pari passu charge with in 180 days from the date of disbursement.

Loan 3
The loan is secured by first pari passu charge over existing and future fixed assets of the company amounting to Rs 4,991 million.

Loan 4
The loan is secured by ranking charge over fixed assets of the company amounting to Rs 667 million with 25% margin to be upgraded to first pari passu charge with in 90 days from the date of disbursement.

Loan 5
The loan is secured by first pari passu hypothecation charge amounting to Rs 3,333.34 million on existing and future fixed assets of the company with 25% margin.

Loan 6
The loan is secured by first pari passu charge over existing and future fixed assets of the company amounting to Rs 4,991 million to be enhanced to Rs 8,667 million.

Loan 7
The loan is secured by first pari passu charge over existing and future fixed assets of the company amounting to Rs 3,533.33 million with 25% margin.

Loan 8
The loan is secured by ranking charge amounting to Rs 4,000 million over all present and future fixed assets of the company which will be upgraded to 1st pari passu charge within 180 days from the disbursement.

Loan 9
The loan is secured by first pari passu charge by way of charge on all present and future fixed assets of the company with 25% margin.

Loan 10
The loan is secured by first pari passu charge over all present and future fixed assets of the Company amounting to USD 27.980 million.

	2017	2016
	(Rupees in thousand)	

8. Long term deposits

	2017	2016
Customers	43,137	41,382
Others	36,304	36,431
	79,441	77,813

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

9. Retirement and other benefits

		2017	2016
		(Rupees in thousand)	
Staff gratuity	- note 9.1	88,029	1,962
Accumulating compensated absences	- note 9.2	98,808	109,372
		186,837	111,334

9.1 Staff gratuity

The amounts recognised in the balance sheet are as follows:

	2017	2016
Present value of defined benefit obligation	494,929	404,923
Fair value of plan assets	(406,900)	(402,961)
Liability as at June 30	88,029	1,962

9.1.1 Movement in net liability for staff gratuity

	2017	2016
Net liability as at beginning of the year	1,962	33,345
Current service cost	45,965	43,706
Net interest on defined benefit obligation	28,137	33,211
Return on plan assets during the year	(28,427)	(31,133)
	45,675	45,784
Total remeasurements for the year charged to other comprehensive income	52,326	(53,099)
Contributions made by the Company during the year	(11,934)	(24,068)
Net liability as at end of the year	88,029	1,962

9.1.2 Movement in present value of defined benefit obligation

	2017	2016
Present value of defined benefit obligation as at beginning of the year	404,923	352,380
Current service cost	45,965	43,706
Interest cost	28,137	33,211
Benefits paid during the year	(33,668)	(23,512)
Remeasurements:		
- Actuarial (gains) / losses from changes in demographic assumptions	-	-
- Actuarial (gains) / losses from changes in financial assumptions	405	(6,847)
- Experience adjustments	49,167	5,985
	49,572	(862)
Present value of defined benefit obligation as at end of the year	494,929	404,923

	2017	2016
	(Rupees in thousand)	

9.1.3 Movement in fair value of plan assets

	2017	2016
Fair value of plan assets as at beginning of the year	402,961	319,035
Interest income on plan assets	28,427	31,133
Contributions during the year	11,934	24,068
Benefits paid during the year	(33,668)	(23,512)
Remeasurements in fair value of plan assets	(2,754)	52,237
Fair value of plan assets as at end of the year	406,900	402,961

9.1.4 Plan assets

Plan assets are comprised as follows:

	2017		2016	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and bank balances	6,364	1.56%	1,010	0.25%
Debt instruments	338,372	83.16%	348,735	86.54%
Deposits	62,164	15.28%	53,216	13.21%
	406,900	100.00%	402,961	100.00%

	2017	2016
	(Rupees in thousand)	

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

	2017	2016
Current service cost	45,965	43,706
Interest cost	28,137	33,211
Interest income on plan assets	(28,427)	(31,133)
Total expense for the year	45,675	45,784
Less: Expense capitalized during the year	(5,227)	(1,767)
Expense charged to profit and loss account	40,448	44,017

9.1.6 Total remeasurements charged to other comprehensive income

	2017	2016
Actuarial (gains) / losses from changes in demographic assumptions	-	-
Actuarial (gains) / losses from changes in financial assumptions	405	(6,847)
Experience adjustments	49,167	5,985
	49,572	(862)
Remeasurements in plan assets, excluding interest income	2,754	(52,237)
Total remeasurements charged/(credited) to other comprehensive income	52,326	(53,099)

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:

	2017	2016	2015	2014	2013
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	494,929	404,923	352,380	273,597	225,816
Fair value of plan assets	(406,900)	(402,961)	(319,035)	(161,084)	(149,756)
Deficit	88,029	1,962	33,345	112,513	76,060
Experience adjustment arising on plan obligation	49,572	(862)	15,910	16,362	17,256
Experience adjustment arising on plan assets	(2,754)	52,237	30,157	(1,473)	1,396

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

		2017	2016
Discount rate	Per annum	7.75%	7.25%
Expected rate of increase in salary	Per annum	6.75%	6.25%
Rate of interest income on plan assets	Per annum	13.25%	13.25%
Duration of the plan	Number of years	8	9

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	458,137	537,551	538,017	457,078

9.1.10 The Company expects to pay Rs 60.529 million in contributions to defined benefit plan during the year ending June 30, 2018.

		2017	2016
		(Rupees in thousand)	
9.2 Accumulating compensated absences			
Opening balance		122,042	116,910
Expense recognised		27,598	30,403
Benefits paid		(27,054)	(25,271)
		122,586	122,042
Payable within one year	- note 14	(23,778)	(12,670)
Closing balance		98,808	109,372

	2017	2016
	(Rupees in thousand)	

9.2.1 Movement in liability for accumulating compensated absences

	2017	2016
Present value of accumulating compensated absences as at beginning of the year	122,042	116,910
Current service cost	24,249	22,416
Interest cost	7,867	10,167
Benefits paid during the year	(27,054)	(25,271)
Remeasurements:		
- Actuarial (gains)/losses from changes in demographic assumptions	-	-
- Actuarial (gains)/losses from changes in financial assumptions	-	-
- Experience adjustments	(4,518)	(2,180)
	(4,518)	(2,180)
Present value of accumulating compensated absences as at year end	122,586	122,042

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

	2017	2016
Current service cost	24,249	22,416
Interest cost	7,867	10,167
Remeasurement during the year	(4,518)	(2,180)
Total expense for the year	27,598	30,403
Less: Expense capitalized during the year	(2,018)	(1,735)
Expense charged to the profit and loss account	25,580	28,668

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

	2017	2016	2015	2014	2013
	(Rupees in thousand)				
As at June 30					
Present value of accumulated compensated absences	122,586	122,042	116,910	100,344	88,338
Experience adjustment arising on obligation	(4,518)	(2,180)	302	6,704	17,205

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

		2017	2016
Discount rate	Per annum	7.25%	7.25%
Expected rate of increase in salary	Per annum	6.75%	6.25%
Duration of the plan	Number of years	9	7
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	112,340	134,557	127,495	112,290

10. Deferred taxation

		2017	2016
		(Rupees in thousand)	
The liability for deferred taxation comprises taxable/(deductible) temporary differences relating to:			
Deferred tax liability			
Accelerated tax depreciation		5,136,772	5,021,419
Un-realised gain on long term investment		787,725	-
Deferred tax asset			
Provision for retirement and other benefits		(58,138)	(32,364)
		5,866,359	4,989,055
The gross movement in net deferred tax liability during the year is as follows:			
Opening balance		4,989,055	4,588,047
Charged to other comprehensive income		772,027	15,930
Charged to profit and loss account	- note 35	183,046	822,332
Losses purchased from subsidiary		(77,769)	(437,254)
Closing balance		5,866,359	4,989,055

11. Trade and other payables

		2017	2016
Trade creditors	- note 11.1	1,526,506	1,820,917
Infrastructure cess		89,164	89,164
Advances from customers		790,078	595,869
Accrued liabilities		1,985,080	1,768,446
Workers' profit participation fund	- note 11.2	603,957	668,129
Workers' welfare fund	- note 11.3	167,207	157,757
Federal excise duty payable		-	56,568
Withholding tax payable		8,002	20,338
Retention money payable		138,273	71,344
Unclaimed dividends		22,122	22,197
Advances against sale of scrap		4,146	5,578
Advance against sale of fixed assets		708	1,522
Unclaimed dividend on redeemable preference shares		127	127
Export commission payable		78,680	50,314
Others		40,397	38,070
		5,454,447	5,366,340

		2017	2016
		(Rupees in thousand)	

11.1 Trade creditors include amounts due to following related parties:

		2017	2016
Nishat Paper Products Company Limited (Subsidiary company)		107,645	257,558
Security General Insurance Company Limited (Associated company)		153	1,685
Adamjee Insurance Company Limited (Related party)		9,161	45
Nishat Dairy (Private) Limited (Subsidiary company)		96,442	224,999
		213,401	484,287

11.2 Workers' profit participation fund

		2017	2016
Opening balance		668,129	1,305,760
Provision for the year	- note 32	595,942	665,625
Interest for the year	- note 34	5,873	2,529
		1,269,944	1,973,914
Less: Payments made during the year		(665,987)	(1,305,785)
Closing balance		603,957	668,129

11.3 Workers' welfare fund

		2017	2016
Opening balance		157,757	91,596
Provision for the year	- note 32	164,799	166,139
		322,556	257,735
Less: Payments made during the year		(155,349)	(99,978)
Closing balance		167,207	157,757

12. Accrued finance cost

		2017	2016
Accrued mark-up on:			
- Long term loans - secured		168,971	41,582
- Short term borrowings - secured		48,150	11,265
Preference dividend on redeemable preference shares		83	84
		217,204	52,931

13. Short term borrowings - secured

		2017	2016
Short term running finances	- note 13.1	5,318,329	1,270,103
Import finances - secured	- note 13.2	1,412,899	351,249
Export finances - secured	- note 13.3	1,840,000	1,830,000
		8,571,228	3,451,352

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 10,170 million (2016: Rs 6,200 million). The rates of mark up are based on KIBOR plus spread and range from 6.02% to 7.08% (2016: 5.49% to 7.01%) 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 6,050 million (2016: 5,300 million) from commercial banks. The rates of mark up based on KIBOR plus spread range from 6.10% to 6.14% (2016: Nil) and those based on LIBOR plus spread range from 1.00% to 1.90% (2016: 1.05% 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, book debts, investments and receivables.

Of the aggregate facility of Rs 15,852 million (2016: Rs 36,744million) for opening letters of credit and Rs 2,100 million (2016: Rs 1,900 million) for guarantees, the amount utilised as at June 30, 2017 was Rs 1,563 million (2016: Rs 13,358 million) and Rs 1,066 million (2016: Rs 913 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 (2016: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 27.2.

13.3 Export finances - secured

This represents export 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 2.35% (2016: 3.75% to 4.00%). These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Company.

		2017	2016
		(Rupees in thousand)	
14. Current portion of non-current liabilities			
Long term finances	- note 7	500,000	1,138,251
Accumulating compensated absences	- note 9.2	23,778	12,670
		523,778	1,150,921
15. Derivative financial instrument			
Classified under current liabilities			
Cross currency interest rate swap	- note 15.1	-	-
Forward contract	- note 15.2	48,056	-
		48,056	-
Classified under current assets			
Cross currency interest rate swap	- note 15.1	-	14,701
Forward contract	- note 15.2	-	-
		-	14,701

15.1 This represents derivative cross currency interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Company pays KIBOR minus bank spread to the arranging bank on the notional Pak Rupee (PKR) amount for the purposes of the cross currency swap, and receives LIBOR on the notional US Dollar (USD) amount from the arranging bank. There have been no transfers of liabilities under the arrangements, only the nature of the interest payment was changed. This arrangement matured during the current year.

15.2 This represents forward contract entered into with a commercial bank for the purchase of USD 24.190 million on October 27, 2017 at a rate of PKR 106.99 per USD.

16. Contingencies and commitments

16.1 Contingencies

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

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

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

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

16.1.3 The Competition Commission of Pakistan (the CCP) took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated August 24, 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on August 28, 2009 and imposed a penalty of Rs 933 million on the 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, 2007 have been challenged by a large number of Petitioners and all have been advised by their legal counsels that prima facie the Competition Commission Ordinance, 2007 is ultra vires of the Constitution. A large number of grounds have been raised by these Petitioners and the matter is currently being adjudicated by the Lahore High Court, the Sindh High Court and the Supreme Court of Pakistan. In all these cases, stay orders have been granted by the Courts. Based on the legal opinion, the management is confident that the Company has a good case and there are reasonable chances of success in the pending Petition in the Supreme Court of Pakistan.

16.1.4 The matter relating to interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 (1944 Act) has now attained finality after having been adjudicated by the honorable 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 honorable High Courts of the country which, duly appreciating the contentions of the taxpayers, overturned the departmental view and succeeded the appeals.

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

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

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

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

- Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs 36.186 million (2016: Rs 33.627 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 575.9 million (2016: Rs 425.9 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs 3 million (2016: 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 (2016: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use for Khairpur Project and for D.G. Khan Project respectively amounting to Rs 427.606 million (2016: Rs 427.606 million).

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, D.G. Khan) amounting to Rs 0.05 million (2016: Rs 0.05 million).

- Sindh High Court against levy of Sales Tax, custom duty and excise amounting to Rs 15.423 million (2016: Rs 15.423 million).

- The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs 5 million (2016: Rs 5 million).

- Guarantees against export orders amounting to Rs 2.097 million (2016: Rs 2.094 million).

16.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 183.524 million (2016: Rs 274.83 million).
(ii) Letters of credit for capital expenditure Rs 773.728 million (2016: Rs 11,142.576 million)
(iii) Letters of credit other than capital expenditure Rs 876.794 million (2016: Rs 1,152.906 million)
(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2017	2016
	(Rupees in thousand)	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	4,645	4,976
	6,301	6,632

17. Property, plant and equipment

		2017	2016
Operating fixed assets	- note 17.1	30,987,739	31,806,997
Capital work-in-progress	- note 17.2	31,365,859	7,674,465
Major spare parts and stand-by equipment	- note 17.3	94,139	95,368
		62,447,737	39,576,830

17.1 Operating fixed assets

2017 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2016	Additions/ (Deletions)	Cost as at 30 June 2017	Accumulated depreciation as at July 01, 2016	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2017	Book value as at June 30, 2017
Freehold land	-	1,550,871	28,343	1,579,214	-	-	-	1,579,214
Leasehold land	3.33	63,000	-	63,000	17,850	2,100	19,950	43,050
Buildings on freehold land								
- Factory building	10	7,833,970	138,997	7,972,967	3,709,253	419,480	4,128,733	3,844,234
- Office building and housing colony	5	1,264,694	29,200	1,293,894	358,045	45,827	403,872	890,022
Roads	10	578,342	60,389	638,731	342,996	28,095	371,091	267,640
Plant and machinery	2.38 to 9.02	35,922,819	824,927	36,735,703	12,619,228	1,320,159	13,935,177	22,800,526
			(12,043)			(4,210)		
Quarry equipment	20	2,054,031	16,097	2,070,128	1,344,503	102,742	1,447,245	622,883
Furniture and fittings	10	184,466	15,212	199,678	66,320	12,678	78,998	120,680
Office equipment	10	299,997	19,756	319,372	125,876	18,228	143,947	175,425
			(381)			(157)		
Vehicles	20	503,349	118,180	586,944	194,048	60,898	234,019	352,925
			(34,585)			(20,927)		
Aircraft	30	328,752	-	328,752	241,360	26,216	267,576	61,176
Power and water supply lines	10	545,691	13,167	558,858	303,506	25,388	328,894	229,964
2017		51,129,982	1,264,268	52,347,241	19,322,985	2,061,811	21,359,502	30,987,739
			(47,009)			(25,294)		

2016 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2015	Additions/ (Deletions)	Cost as at 30 June 2016	Accumulated depreciation as at July 01, 2015	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2016	Book value as at June 30, 2016
Freehold land	-	721,369	829,502	1,550,871	-	-	-	1,550,871
Leasehold land	3.33	63,000	-	63,000	15,750	2,100	17,850	45,150
Buildings on freehold land								
- Factory building	10	6,700,177	1,133,793	7,833,970	3,366,430	342,823	3,709,253	4,124,717
- Office building and housing colony	5	837,822	426,872	1,264,694	330,921	27,124	358,045	906,649
Roads	10	578,342	-	578,342	316,847	26,149	342,996	235,346
Plant and machinery	2.38 to 9.02	33,011,721	2,911,098	35,922,819	11,388,264	1,230,964	12,619,228	23,303,591
Quarry equipment	20	1,890,109	163,922	2,054,031	1,237,203	107,300	1,344,503	709,528
Furniture and fittings	10	138,328	46,138	184,466	56,847	9,473	66,320	118,146
Office equipment	10	263,074	36,923	299,997	108,194	17,682	125,876	174,121
Vehicles	20	420,108	134,756 (51,515)	503,349	166,679	48,548 (21,179)	194,048	309,301
Aircraft	30	328,752	-	328,752	203,907	37,453	241,360	87,392
Power and water supply lines	10	498,528	47,163	545,691	281,256	22,250	303,506	242,185
2016		45,451,330	5,730,167 (51,515)	51,129,982	17,472,298	1,871,866 (21,179)	19,322,985	31,806,997

17.1.1 Freehold land and building include book values of Rs 12 million (2016: Rs 12 million) and Rs 5.495 million (2016: Rs 5.784 million) respectively which are held in the name of Chief Executive of the Company. This property is located in the locality of Defence Housing Authority where the by-laws restrict transfer of title of the residential property in the name of the Company.

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

		2017	2016
		(Rupees in thousand)	
Cost of sales	- note 29	1,983,431	1,793,840
Administrative expenses	- note 30	73,737	73,580
Selling and distribution expenses	- note 31	4,643	4,446
		2,061,811	1,871,866

17.1.3 Disposal of operating fixed assets

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

2017 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant and machinery	Damaged	12,043	4,210	7,833	-	(7,833)	Write off
Office equipment							
	Outside party - Office Automation Group	381	157	224	36	(188)	Auction
Vehicles	**Employees**						
	Habib Ullah	889	544	345	340	(5)	Auction
	Iftikhar Baig	1,646	374	1,272	1,290	18	-do-
	Zakki Nasir	889	559	330	720	390	-do-
	Muhammad Rafi	1,793	1,290	503	1,133	630	-do-
	Outside parties						
	Adnan Naseer	837	543	294	587	293	Auction
	Muhammad Yousaf	850	554	296	296	-	-do-
	Nisar Ahmed	2,040	1,169	871	1,420	549	-do-
	Muhammad Sharjeel	1,300	866	434	1,140	706	-do-
	Zulfiqar Ali	889	559	330	753	423	-do-
	Farooq-e-Azam	985	539	446	784	338	-do-
	Muhammad Aslam	1,106	683	423	845	422	-do-
	Abid Ansar	1,454	929	525	1,176	651	-do-
	Muhammad Aslam	1,920	1,236	684	1,330	646	-do-
	Awais Ahmad Khan	5,399	4,057	1,342	1,400	58	-do-
	Muhammad Mohsin	822	536	286	673	387	-do-
	Muhammad Mohsin	1,495	883	612	1,363	751	-do-
	Irfan Tehseen	617	485	132	530	398	-do-
	Mujahid Ali	427	358	69	248	179	-do-
	Amir Saleem	930	522	408	758	350	-do-
	Farooq-e-Azam	930	554	376	767	391	-do-
	Faisal Mujeeb	2,467	1,383	1,084	1,800	716	-do-
	Muhammad Mohsin	1,461	888	573	1,368	795	-do-
	Security General Insurance Company Limited - related party (associated company)	589	356	233	550	317	Insurance Claim
	Security General Insurance Company Limited - related party (associated company)	1,716	154	1,562	1,631	69	-do-
Other assets with book value less than Rs 50,000		1,134	906	228	396	168	
		47,009	25,294	21,715	23,334	1,619	

2016 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Vehicles							
	Employees						
	Muhammad Naveed Akhtar	2,008	1,187	821	1,330	509	Company policy
	Ghulam Ahmad Alvi	1,586	757	829	841	12	-do-
	Outside parties						
	Nadeem	822	521	301	617	316	Auction
	Ghulam Nabi	662	534	128	618	490	-do-
	Nadeem	822	521	301	638	337	-do-
	Mr. Asim	837	535	302	671	369	-do-
	Yasir Hussain	822	521	301	713	412	-do-
	Khurram Imtiaz	1,394	772	622	1,213	591	-do-
	Khurram Imtiaz	1,973	1,073	900	1,459	559	-do-
	Khurram Mahmood	2,150	1,107	1,043	1,590	547	-do-
	Khurram Imtiaz	1,587	557	1,030	1,393	363	-do-
	Khurram Imtiaz	398	295	103	363	260	-do-
	Kamran Ghulam Mustufa	500	314	186	375	189	-do-
	Zeeshan Haider Raza	555	423	132	536	404	-do-
	Asim	842	534	308	667	359	-do-
	Fareed Khan	842	534	308	716	408	-do-
	Muhammad Perwaiz	1,325	797	528	1,123	595	-do-
	Muhammad Perwaiz	1,354	814	540	1,223	683	-do-
	Khurram Imtiaz	2,097	1,093	1,004	1,621	617	-do-
	Security General Insurance Company Limited - related party (associated company)	28,939	8,290	20,649	28,044	7,395	Insurance Claim
Other assets with book value less than Rs 50,000		-	-	-	-	-	
		51,515	21,179	30,336	45,751	15,415	

17.2 Capital work-in-progress

2017 (Rupees in thousand)

	Balance as at June 30, 2016	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, 2017
Civil works	308,742	386,889	-	-	(146,467)	(266,221)	282,943
Plant and machinery	555,873	366,408	-	-	146,880	(401,514)	667,647
Advances to suppliers and contractors	30,699	289,897	-	-	-	(118,180)	202,416
Others	1,369	15,020	-	-	(268)	(15,831)	290
Expansion Project:							
- Civil works	1,985,126	5,838,897	-	-	(16,851)	-	7,807,172
- Plant and machinery	2,959,070	15,111,758	-	-	15,476	-	18,086,304
- Advances to suppliers and contractors	1,104,847	265,456	-	-	-	-	1,370,303
- Others	728,739	1,891,382	327,433	-	1,230	-	2,948,784
	6,777,782	23,107,493	327,433	-	(145)	-	30,212,563
	7,674,465	24,165,707	327,433	-	-	(801,746)	31,365,859

2016 (Rupees in thousand)

	Balance as at June 30, 2015	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, 2016
Civil works	724,241	1,097,453	-	(6,597)	19,822	(1,526,177)	308,742
Plant and machinery	656,348	2,653,044	141,457	(1,543)	16,711	(2,910,144)	555,873
Advances to suppliers and contractors	86,389	235,089	-	-	-	(290,779)	30,699
Others	42,519	8,386	-	-	(36,533)	(13,003)	1,369
Expansion Project:							
- Civil works	76,848	1,908,278	-	-	-	-	1,985,126
- Plant and machinery	-	2,959,070	-	-	-	-	2,959,070
- Advances to suppliers and contractors	-	1,104,847	-	-	-	-	1,104,847
- Others	288,124	440,615	-	-	-	-	728,739
	364,972	6,412,810	-	-	-	-	6,777,782
	1,874,469	10,406,782	141,457	(8,140)	-	(4,740,103)	7,674,465

		2017	2016
		(Rupees in thousand)	

17.3 Major spare parts and stand-by equipment

		2017	2016
Balance at the beginning of the year		95,368	105,469
Additions during the year		200,207	126,515
Transfers made during the year		(201,436)	(136,616)
Balance at the end of the year		94,139	95,368

18. Intangible assets

This represents Oracle ERP system.

		2017	2016
Cost			
As at beginning of the year		92,260	92,260
Additions		-	-
As at year end		92,260	92,260
Less: Accumulated amortisation			
As at beginning of the year		92,260	73,808
Amortisation for the year	- note 18.1	-	18,452
As at year end		92,260	92,260
		-	-

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

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

		2017	2016
Cost of sales	- note 28	-	12,916
Administrative expenses	- note 29	-	2,768
Selling and distribution expenses	- note 30	-	2,768
		-	18,452

19. Investments

		2017	2016
These represent the long term investments in:			
- Related parties	- note 19.1	6,158,460	5,880,267
- Others	- note 19.2	151,051	151,263
		6,309,511	6,031,530
Cumulative fair value gain	- note 19.3	12,254,543	6,916,446
		18,564,054	12,947,976

	2017	2016
	(Rupees in thousand)	

19.1 Related Parties

	2017	2016
Subsidiaries - unquoted - at cost:		
Nishat Paper Products Company Limited		
25,595,398 (2016: 25,595,398) fully paid ordinary shares of Rs 10 each		
Equity held: 55% (2016: 55%)	221,874	221,874
Nishat Dairy (Private) Limited		
270,000,000 (2016: 270,000,000) fully paid ordinary shares of Rs 10 each		
Equity held: 55.10% (2016: 55.10%)	2,331,900	2,331,900
sub-total	2,553,774	2,553,774
Available-for-sale - quoted:		
Nishat (Chunian) Limited		
7,173,982 (2016: 7,173,982) fully paid ordinary shares of Rs 10 each		
Equity held: 2.99% (2016: 2.99%)		
Market value - Rs 368.169 million (2016: Rs 254.102 million)	75,565	75,565
MCB Bank Limited		
21,305,315 (2016: 21,305,315) fully paid ordinary shares of Rs 10 each		
Equity held: 1.91% (2016: 1.91%)		
Market value Rs 4,483.277 million (2016: Rs 4,687.595 million)	125,834	125,834
Adamjee Insurance Company Limited		
25,055,735 (2016: 20,988,735) fully paid ordinary shares of Rs 10 each		
Equity held: 7.16% (2016: 6%)		
Market value - Rs 1,712.810 million (2016: Rs 1,052.794 million)	1,195,431	917,238
- Cumulative impairment loss	(118,703)	(118,703)
	1,076,728	798,535
Nishat Mills Limited		
30,289,501 (2016: 30,289,501) fully paid ordinary shares of Rs 10 each		
Equity held: 8.61% (2016: 8.61%) - note 19.1.1		
Market value - Rs 4,806.338 million (2016: Rs 3,268.237 million)	1,577,174	1,577,174
- Cumulative impairment loss	(250,615)	(250,615)
	1,326,559	1,326,559
sub-total	2,604,686	2,326,493
Available-for-sale - unquoted:		
Nishat Hotels and Properties Limited		
100,000,000 (2016: 100,000,000) fully paid ordinary shares of Rs 10 each		
Equity held: 10.2% (2016: 10.2%) - note 19.1.1 and 19.1.2	1,000,000	1,000,000
	6,158,460	5,880,267

19.1.1 Nishat Mills Limited and Nishat Hotels and Properties Limited are associated companies as per the Companies Act, 2017. For the purpose of measurement, these have been classified as available-for-sale investments and measured at fair value as the Company does not have significant influence over these companies.

19.1.2 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 45.01 per ordinary share as at June 30, 2017 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 44.3 to these financial statements. The fair value gain of Rs 3,501 million is included in the fair value gain 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 pre-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 companies.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 8.60%.

- Long term growth rate of 4% for computation of terminal value.

- Annual growth in costs and revenues is linked to inflation at 6.62% 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, 2017 would be Rs 1,146.659 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, 2017 would be Rs 813.973 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2017 would be Rs 329.608 million lower.

	2017	2016
	(Rupees in thousand)	

19.2 Others

Available-for-sale:

	2017	2016
First Capital Mutual Fund		
Nil (2016: 104,457) units		
Market value - Nil (2016: Rs 1.232 million)	-	890
- Cumulative fair value loss	-	(678)
	-	212
Pakistan Petroleum Limited - quoted		
595,382 (2016: 595,382) fully paid ordinary shares of Rs 10 each		
Equity held: 0.03% (2016: 0.03%)		
Market value - Rs 88.199 million (2016: Rs 92.313 million)	117,405	117,405
United Bank Limited - quoted		
214,354 (2016: 214,354) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2016: 0.02%)		
Market value - Rs 50.485 million (2016: Rs 37.924 million)	33,646	33,646
	151,051	151,263

19.3 Cumulative fair value gain

	2017	2016
Balance as at beginning of the year	6,916,446	7,708,917
Fair value gain/(loss) recognized in other comprehensive income	5,339,378	(792,471)
	12,255,824	6,916,446
Gain transferred to profit and loss account on derecognition of investment in shares	(1,280)	-
Balance as at end of the year	12,254,543	6,916,446

19.4 3,860,267 (2016: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

	2017	2016
	(Rupees in thousand)	

20. Long term loans and deposits

Considered good:

		2017	2016
- Loans to related parties	- note 20.1	-	-
- Other loans and advances	- note 20.2	58,844	57,938
		58,844	57,938

20.1 Loans to related parties

	2017	2016
Loan to related party	-	17,206
Less: Receivable within one year	-	17,206
	-	-

		2017	2016
		(Rupees in thousand)	

20.2 Other loans and advances

		2017	2016
Loans to employees			
- Executives	- note 20.2.1	854	105
- Others		1,663	1,973
		2,517	2,078
Less: Receivable within one year			
- Executives		817	26
- Others		692	671
		1,509	697
		1,008	1,381
Long term security deposits		57,836	56,557
		58,844	57,938

20.2.1 Executives

	2017	2016
Opening balance	105	137
Loan given during the year	1,000	-
	1,105	137
Less: Repayment during the year	251	32
	854	105

These represent secured interest free loans given to executives and other employees for house building and purchase of motor vehicles and are recoverable in equal monthly installments over a period of 24 to 96 months. These loans have not been carried at amortised cost as the effect of discounting is not considered material.

The loans of Rs 2.517 million (2016: Rs 2.078 million) are secured against the employees' respective retirement benefits.

The maximum aggregate amount due from executives at any time during the year was Rs 1.086 million (2016: Rs 0.137 million).

21. Stores, spare parts and loose tools

	2017	2016
	(Rupees in thousand)	
Stores [including in transit: Rs 196.426 million (2016: Rs 99.524 million)]	1,871,079	1,564,087
Spare parts [including in transit Rs 9.369 million (2016: Rs 7.94 million)]	3,063,300	2,437,661
Loose tools	5,041	4,433
	4,939,420	4,006,181

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

	2017	2016
	(Rupees in thousand)	

22. Stock-in-trade

	2017	2016
Raw materials	173,568	208,713
Packing material [including in transit amounting to Rs 0.286 (2016: Rs 0.142 million)]	134,511	205,638
Work-in-process	522,557	166,940
Finished goods	332,278	185,342
	1,162,914	766,633

23. Trade debts

		2017	2016
Considered good:			
Secured		194,975	148,052
Unsecured			
- Related parties	- note 23.1	25,207	14,021
- Others		-	39,501
		220,182	201,574

23.1 Related parties

	2017	2016
Nishat Hospitality (Private) Limited	537	537
Nishat Mills Limited	23,075	-
Nishat Linen (Private) Limited	221	221
Nishat Hotels and Properties Limited	809	12,822
Nishat Dairy (Private) Limited	69	434
Nishat (Chunian) Limited	430	-
Nishat Agriculture Farming (Private) Ltd	66	7
	25,207	14,021

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

	1 to 3 months	More than 3 months	As at June 30, 2017	As at June 30, 2016
	(Rupees in thousand)			
Nishat Hospitality (Private) Limited	-	537	537	537
Nishat Mills Limited	13,890	9,185	23,075	-
Nishat Linen (Private) Limited	-	221	221	221
Nishat Hotels and Properties Limited	501	308	809	12,822
Nishat Dairy (Private) Limited	65	4	69	434
Nishat (Chunian) Limited	2	428	430	-
Nishat Agriculture Farming (Private) Ltd	66	-	66	7
	14,524	10,683	25,207	14,021

		2017	2016
		(Rupees in thousand)	

24. Investments - related parties

		2017	2016
Available for sale - quoted			
Cost	- note 24.1	479,066	479,066
Cumulative fair value gain	- note 24.2	16,565,018	17,339,939
		17,044,084	17,819,005

24.1 This represents the following quoted investments:

	2017	2016
Nishat (Chunian) Limited		
100,620 (2016: 100,620) fully paid ordinary shares of Rs 10 each		
Equity held: 0.042% (2016: 0.042%)		
Market value - Rs 5.164 million (2016: Rs 3.564 million)	832	832
MCB Bank Limited		
80,971,917 (2016: 80,971,917) fully paid ordinary shares of Rs 10 each		
Equity held: 7.27% (2016: 7.27%)		
Market value Rs 17,038.920 million (2016: Rs 17,815.441 million)	478,234	478,234
	479,066	479,066

24.2 Cumulative fair value gain

	2017	2016
Opening balance	17,339,939	19,696,354
Fair value gain/(loss) recognized in other comprehensive income	(774,921)	(2,356,415)
Closing balance	16,565,018	17,339,939

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

		2017	2016
Current portion of loans to employees - considered good		1,509	697
Current portion of long term receivable from related party		-	17,206
Advances - considered good			
- To employees	- note 25.1	6,123	17,047
- To suppliers		98,483	197,897
		104,606	214,944
Due from related parties	- note 25.2	-	5,240
Prepayments		19,203	12,560
Mark-up receivable from related party	- note 25.3	5,458	140
Profit receivable on bank deposits		-	36,325
Letters of credit - margins, deposits, opening charges etc.		37,758	-
Balances with statutory authorities:			
- Sales tax	- note 25.4	1,447,711	263,177
- Excise duty		352,364	17,243
- Export rebate		18,234	15,469
		1,818,309	295,889
Other receivables		1,006	1,446
		1,987,849	584,447

25.1 Included in advances to employees are amounts due from executives of Rs 0.817 million (2016: Rs 4.424 million).

	2017	2016
	(Rupees in thousand)	

25.2 Due from related parties

	2017	2016
Nishat Mills Limited	-	4,751
Nishat Developers (Private) Limited	-	489
	-	5,240

25.3 This represents mark-up receivable from Nishat Hotels and Properties Limited on the loan referred to in note 26.

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

26. Loan to related party - considered good

This represents loan amounting to Rs 1,000 million to Nishat Hotels and Properties Limited ('NHPL'), an associated company, for meeting its working capital requirements. The loan carries markup 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 30, 2017. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Company. The effective markup rate charged during the period was 6.55% per annum which is above the borrowing cost of the Company. In case of default in payment of principal or markup, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default.

27. Cash and bank balances

		2017	2016
		(Rupees in thousand)	
At banks:			
Savings accounts			
Local currency	- note 27.1 and 27.2	139,379	198,164
Foreign currency: US$ 93,360 (2016: US$ 1,423,638)		9,787	149,055
Term deposit receipts		-	6,275,120
Current accounts		272,115	386,086
		421,281	7,008,425
In hand		599	1,419
		421,880	7,009,844

27.1 The balances in saving accounts bear mark-up at 2% to 3% per annum (2016: 4% per annum).

27.2 Included in balances at banks on saving accounts are Rs 14.480 million (2016: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.2.

		2017	2016
		(Rupees in thousand)	

28. Sales

Local sales		36,990,666	33,190,696
Export sales	- note 28.1	3,394,074	3,855,019
		40,384,740	37,045,715
Less:			
Sales tax		5,992,872	5,368,344
Excise duty		3,968,293	1,626,039
Commission to stockists and export agents		287,410	347,574
		10,248,575	7,341,957
		30,136,165	29,703,758

28.1 Export sales include rebate on exports amounting to Rs 16.130 million (2016: Rs 21.609 million).

		2017	2016
		(Rupees in thousand)	

29. Cost of sales

Raw and packing materials consumed		2,350,577	2,414,220
Salaries, wages and other benefits	- note 29.1	1,857,967	1,691,573
Electricity and gas		2,405,680	2,026,778
Furnace oil and coal		8,037,843	6,466,481
Stores and spares consumed		1,511,998	1,489,298
Repairs and maintenance		277,519	211,549
Insurance		54,262	65,932
Depreciation on operating fixed assets	- note 17.1.2	1,983,431	1,793,840
Amortisation of intangible assets	- note 18.2	-	12,916
Royalty		339,736	310,038
Excise duty		32,143	29,504
Vehicle running		28,883	27,563
Postage, telephone and telegram		4,866	3,752
Printing and stationery		10,452	4,126
Legal and professional charges		2,972	1,277
Travelling and conveyance		14,350	12,469
Estate development		33,946	26,740
Rent, rates and taxes		62,910	52,327
Freight charges		28,573	25,448
Other expenses		55,244	24,870
		19,093,352	16,690,701
Opening work-in-process	- note 22	166,940	508,578
Closing work-in-process	- note 22	(522,557)	(166,940)
		(355,617)	341,638
Cost of goods manufactured		18,737,735	17,032,339
Opening stock of finished goods	- note 22	185,342	305,740
Closing stock of finished goods	- note 22	(332,278)	(185,342)
		(146,936)	120,398
Own consumption		(299,199)	(117,171)
		18,291,600	17,035,566

29.1 Salaries, wages and other benefits include Rs 43.670 million (2016: Rs 39.441 million), Rs 29.010 million (2016: Rs 32.927 million) and Rs 18.771 million (2016: Rs 20.881 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences as detailed below.

		2017	2016
		(Rupees in thousand)	
29.1.1 Salaries, wages and other benefits			
Salaries, wages and other benefits include the following in respect of retirement benefits:			
Gratuity			
Current service cost		29,195	31,432
Interest cost for the year		17,871	23,884
Interest income on plan assets		(18,056)	(22,389)
		29,010	32,927
Accumulating compensated absences			
Current service cost		16,492	15,396
Interest cost for the year		5,351	6,983
Remeasurements		(3,072)	(1,498)
		18,771	20,881

30. Administrative expenses

		2017	2016
Salaries, wages and other benefits	- note 30.1	300,495	277,286
Electricity, gas and water		17,057	9,534
Repairs and maintenance		6,951	12,911
Insurance		4,451	2,949
Depreciation on operating fixed assets	- note 17.1.2	73,737	73,580
Amortisation of intangible assets	- note 18.2	-	2,768
Vehicle running		11,026	7,915
Postage, telephone and telegram		11,043	11,056
Printing and stationery		8,952	12,122
Legal and professional services	- note 30.2	14,406	19,192
Travelling and conveyance		30,217	31,649
Rent, rates and taxes		472	258
Entertainment		3,478	3,583
School expenses		28,946	25,020
Fee and subscription		28,041	24,610
Advances written off		-	50,684
Other expenses		11,949	7,663
		551,221	572,780

30.1 Salaries, wages and other benefits include Rs 8.689 million (2016: Rs 7.906 million), Rs 7.682 million (2016: Rs 7.394 million) and Rs 4.543 million (2016: Rs 5.186 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences as detailed below.

		2017	2016
		(Rupees in thousand)	

30.1.1 Salaries, wages and other benefits

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

	2017	2016
Gratuity		
Current service cost	7,731	7,058
Interest cost for the year	4,732	5,363
Interest income on plan assets	(4,781)	(5,028)
	7,682	7,393
Accumulating compensated absences		
Current service cost	3,991	3,824
Interest cost for the year	1,295	1,734
Remeasurements	(744)	(372)
	4,542	5,186

30.2 Legal and professional charges

Legal and professional charges include the following in respect of auditors' remuneration for:

	2017	2016
Statutory audit	2,541	2,310
Half-yearly review	733	666
Tax services	1,733	9,355
Other certification charges	93	110
Out of pocket expenses	872	120
	5,972	12,561

31. Selling and distribution expenses

		2017	2016
Salaries, wages and other benefits	- note 31.1	142,622	136,717
Electricity, gas and water		2,004	1,885
Repairs and maintenance		719	1,212
Insurance		710	647
Depreciation on operating fixed assets	- note 17.1.2	4,643	4,446
Amortisation of intangible assets	- note 18.2	-	2,768
Vehicle running		4,058	3,776
Postage, telephone and telegram		1,876	1,677
Printing and stationery		1,714	1,959
Legal and professional services		100	972
Rent, rates and taxes		2,655	1,566
Travelling and conveyance		2,104	2,391
Entertainment		923	864
Advertisement and sales promotion		12,815	15,666
Freight and handling charges		792,093	772,330
Other expenses		10,009	752
		979,045	949,628

31.1 Salaries, wages and other benefits include Rs 5.628 million (2016: Rs 4.187 million), Rs 3.756 million (2016: 3.697 million) and Rs 2.267 million (2016: Rs 2.601 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences as detailed below.

	2017	2016
	(Rupees in thousand)	

31.1.1 Salaries, wages and other benefits

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

	2017	2016
Gratuity		
Current service cost	3,780	3,530
Interest cost for the year	2,314	2,682
Interest income on plan assets	(2,338)	(2,515)
	3,756	3,697
Accumulating compensated absences		
Current service cost	1,992	1,918
Interest cost for the year	646	870
Remeasurements	(371)	(187)
	2,267	2,601

32. Other expenses

		2017	2016
Workers' profit participation fund	- note 11.2	595,942	665,625
Donations	- note 32.1	50,589	650
Realized loss on derivative financial instrument		5,650	4,907
Un-realized loss on derivative financial instrument		48,056	-
Exchange loss		21,010	76,071
Workers' Welfare Fund	- note 11.3	164,799	166,139
Others		5,467	250
		891,513	913,642

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

	2017	2016
	(Rupees in thousand)	

33. Other income

		2017	2016
Income from financial assets			
Income on bank deposits		101,794	418,266
Mark-up on loan / advances to related parties		39,006	499
Unrealized gain on derivative financial instruments	- note 33.1	-	4,828
Gain on disposal of available-for-sale investments		1,280	29,222
Dividend income from:			
- Related parties	- note 33.1	1,937,318	1,864,174
- Others	- note 33.2	6,736	5,743
		1,944,054	1,869,917
		2,086,134	2,322,732
Income from non-financial assets:			
Rental income		1,345	834
Gain on disposal of operating fixed assets	- note 17.1.3	1,619	15,415
Scrap sales		26,758	23,860
Provisions and unclaimed balances written back		-	16,207
Others		2,360	5
		32,082	56,321
		2,118,216	2,379,053

		2017	2016
		(Rupees in thousand)	

33.1 This is from the following related parties:

		2017	2016
Nishat Hotels and Properties Limited		38,796	-
Sui Northern Gas Pipelines Limited	- note 33.1.1	210	499
		39,006	499

33.1.1 Sui Northern Gas Pipelines Limited ceased to be a related party (associated company) from June 21, 2017.

33.2 Dividend income from related parties

	2017	2016
	(Rupees in thousand)	
Nishat Mills Limited	151,448	136,303
MCB Bank Limited	1,636,436	1,636,436
Adamjee Insurance Company Limited	92,855	54,928
Nishat Chunian Limited	18,186	10,912
Nishat Paper Products Company Limited	38,393	25,595
	1,937,318	1,864,174

33.3 Dividend income from other parties

	2017	2016
United Bank Limited	2,786	2,786
First Capital Mutual Fund	78	83
Pakistan Petroleum Limited	3,870	2,874
	6,734	5,743

34. Finance cost

		2017	2016
Interest and mark-up on:			
- Long term loans - secured		179,299	36,812
- Short term borrowings - secured		154,014	64,644
- Workers' profit participation fund	- note 11.2	5,873	2,529
Guarantee commission		6,397	2,130
Bank charges		37,312	24,336
		382,895	130,451

35. Taxation

		2017	2016
Current:			
- For the year		3,162,000	2,734,000
- Prior years		(162,280)	134,740
		2,999,720	2,868,740
Deferred	- note 10	183,046	822,332
		3,182,766	3,691,072

35.1 The provision for current taxation represents tax under normal tax regime of the Income Tax Ordinance, 2001 ('the Ordinance') at the rate of 31% and super tax at the rate of 3% under section 4B of the Ordinance as reduced by tax credit under section 65B. In addition to this, it includes tax on exports and dividend income which is full and final discharge of Company's tax liability in respect of income arising from such source and tax on capital gains under section 37A of the Ordinance. For purposes of current taxation, there are no tax losses available for carry forward as at June 30, 2017 (2016: Nil).

35.2 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 ('the Ordinance'), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding company subject to certain conditions as prescribed under the Ordinance. Accordingly, the Company has adjusted its tax liability for the Tax Year 2017 by acquiring the losses of its subsidiary company, Nishat Dairy (Private) Limited and consequently, an aggregate sum of Rs 77.77 million equivalent to the tax value of the losses acquired has been recognized as payable to the subsidiary company.

35.3 By virtue of amendments introduced through Finance Act 2017, the provisions of section 5A of the Ordinance have been amended to the effect that a listed company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the said tax year through cash or bonus shares, shall be liable to pay tax at the rate of 7.5% 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.

35.4 Tax charge reconciliation

	2017	2016
	%	%
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	31.00	32.00
Tax effect of amounts that are not deductible for tax purposes	0.47	(0.19)
Effect of change in prior years' tax	(1.45)	1.10
Effect of tax credits	(0.75)	(2.46)
Effect of Super Tax	2.85	3.03
Effect of presumptive/final tax regime	(3.60)	(3.92)
Rounding and others	-	0.01
	(2.48)	(2.43)
Average effective tax rate charged to profit and loss account	28.52	29.57

36. Earnings per share

36.1 Earnings per share - Basic

		2017	2016
Profit for the year	**Rupees**	7,975,341,000	8,789,672,000
Weighted average number of ordinary shares	**Number**	438,119,118	438,119,118
Earnings per share - basic	**Rupees**	18.20	20.06

36.2 Earnings per share - Diluted

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

37. Remuneration of Chief Executive, Directors and Executives

37.1 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	
	2017	2016	2017	2016	2017	2016
Managerial remuneration	18,960	17,336	14,260	12,732	531,355	431,982
Contributions to Provident and Gratuity Fund	-	-	2,614	2,334	81,096	69,121
Housing	270	270	335	335	194,718	160,226
Utilities	-	-	-	-	38,384	31,988
Leave passage	-	-	594	1,273	13,864	13,580
Bonus	4,334	1,313	1,061	965	143,553	103,580
Medical expenses	2,221	304	56	299	22,146	22,110
Others	12,370	11,287	753	637	95,721	73,068
	38,155	30,510	19,673	18,575	1,120,837	905,655
Number of persons	1	1	1	1	435	332

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

37.3 During the year, the Company paid meeting fee amounting to Rs 590 thousand (2016: Rs 180 thousand) to its non-executive directors. The number of non-executive directors is 5 (2016: 5).

	2017	2016
	(Rupees in thousand)	

38. Cash generated from operations

		2017	2016
Profit before tax		11,158,107	12,480,744
Adjustments for:			
- Depreciation on operating fixed assets		2,061,811	1,871,866
- Amortisation on intangible assets		-	18,452
- Gain on disposal of investments		(1,280)	(29,222)
- Gain on disposal of operating fixed assets		(1,619)	(15,415)
- Realized loss on derivative financial instruments		5,650	4,907
- Unrealized loss/ (gain) on derivative financial instruments		48,056	(4,828)
- Dividend income		(1,944,054)	(1,869,917)
- Mark-up income		(39,006)	(499)
- Provision for retirement benefits		66,028	72,685
- Exchange loss		21,010	76,071
- Provisions and unclaimed balances written back		-	(16,231)
- Advances written off		-	51,030
- Finance cost		382,895	130,451
Profit before working capital changes		599,491	289,350
Effect on cash flows due to working capital changes			
- Increase in stores, spares and loose tools		(933,239)	(370,323)
- (Increase)/decrease in stock-in-trade		(396,281)	421,743
- Increase in trade debts		(8,006)	(29,884)
- (Increase)/decrease in loans, advances, deposits, prepayments and other receivables		(1,398,084)	12,393
- Increase in trade and other payables		202,344	1,092,544
		(2,533,266)	1,126,473
		9,224,332	13,896,567

39. Cash and cash equivalents

		2017	2016
Cash and bank balances	- note 27	421,880	7,009,844
Short term borrowings - secured	- note 13	(8,571,228)	(3,451,352)
		(8,149,348)	3,558,492

40. Transactions with related parties

The related parties comprise subsidiaries, associated companies, other related companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 37. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Relationship with the Company	Nature of transactions	2017	2016
		(Rupees in thousand)	
i. Subsidiary companies	Purchase of goods	1,249,058	1,297,934
	Sales of goods and services	26,440	16,998
	Rental income	834	834
ii. Other related parties	Sale of goods	184,489	121,299
	Insurance premium	83,634	91,133
	Purchase of services	46,541	1,397,836
	Insurance claims received	6,404	31,649
	Dividend paid	839,221	720,418
iii. Post employment benefit plan	Expense charged in respect of retirement benefit plans (including capitalized)	73,273	76,187
	Expense charged in respect of contributory provident fund	58,007	52,533
	Funds paid to contributory provident fund	191,902	159,282

41. Plant capacity and actual production

		Capacity		Actual production	
		2017	2016	2017	2016
Clinker (Metric Tonnes)					
Unit I	- note 40.1	810,000	810,000	829,387	696,461
Unit II	- note 40.1	1,200,000	1,200,000	1,195,979	1,227,600
Unit III	- note 40.1	2,010,000	2,010,000	2,289,234	2,040,937

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

42. Number of employees

	2017	2016
Total number of employees as at June 30	1,280	1,156
Average number of employees during the year	1,230	1,152

		2017	2016
		(Rupees in thousand)	

43. Provident Fund Related Disclosures

The company operates a provident fund for its employees.

			2017	2016
(i)	Size of the fund - total assets		1,915,781	1,578,549
(ii)	Cost of investments made		1,058,118	974,034
(iv)	Fair value of investments	- note 43.1	1,722,692	1,406,171
(iii)	Percentage of investments made		89.92%	89.08%

43.1 The breakup of fair value of investments is:

	2017		2016	
	Fair value of investment	Percentage of size of fund	Fair value of investment	Percentage of size of fund
	(Rs in '000')	--%--	(Rs in '000')	--%--
Category wise break-up of investments				
Special accounts in a scheduled bank	212,770	11.11%	144,977	10.31%
Government securities	367,121	19.16%	422,212	30.03%
Listed securities				
- Mutual funds	160,489	8.38%	121,066	8.61%
- Other listed securities	914,208	47.72%	666,127	47.37%
Un-listed securities	68,104	3.55%	51,789	3.68%
	1,722,692	89.92%	1,406,171	89.08%

The figures for 2017 are based on the un-audited financial statements of the Provident Fund. The investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Act and the Employees' Provident Fund (Investment in Listed Securities) Rules, 2016 ('Rules') formulated for this purpose except for:

- investments in unlisted securities (NIT units)
- investment in listed securities in excess of 30% of the provident fund

However, as per S.R.O 770 (1)/2016 dated August 17, 2016, a transition period of two years from the date of the said S.R.O has been granted to bring all the investments of provident fund in confirmity with the provisions of the above Rules.

44. Financial risk management

44.1 Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

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

	2017	2016
	(Rupees in thousand)	
Cash and bank balances - USD	93	1,424
Receivable against sales to foreign parties - USD	1,485	1,417
Short term borrowings - secured - USD	(24,000)	-
Long term loan - USD	-	(4,663)
Net liability exposure - USD	(22,422)	(1,822)

At June 30, 2017, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been Rs 168.331 million (2016: Rs 13.442 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US Dollar-denominated financial assets and liabilities.

(ii) Price risk

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

The Company's investments in equity of other entities that are publicly traded are included in the Pakistan Stock Exchange.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Company's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE-100 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 post-tax profit		Impact on other components of equity	
	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)	
Pakistan Stock Exchange	-	-	2,855,336	2,721,321

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available for sale. As at June 30, 2017, the Company had no investments classified as at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

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

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

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

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

At June 30, 2017, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 102.240 million (2016: Rs 35.905 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

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

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

(i) Exposure to credit risk

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

	2017	2016
	(Rupees in thousand)	
Long term loans and deposits	58,844	57,938
Trade debts - unsecured	25,207	53,522
Loans, advances, deposits and other receivables	7,973	61,054
Balances with banks	421,281	7,008,425
	513,305	7,180,939

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

	2017	2016
Up to 90 days	14,524	43,888
91 to 180 days	9,586	5,352
181 to 365 days	330	2,141
Above 365 days	767	2,141
	25,207	53,522

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

(ii) Credit quality of financial assets

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

	Rating		Rating		
	Short term	Long term	Agency	2017	2016
				(Rupees in thousand)	
Askari Bank Limited	A1+	AA+	JCR-VIS	6	6
Bank Alfalah Limited	A1+	AA	PACRA	127,022	268,170
Bank Islami Pakistan Limited	A1	A+	PACRA	288	58
Bank of Punjab	A1+	AA	PACRA	151	109
Citibank N.A.	P-1	A1	Moody's	20,001	2
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	1,076	348
Faysal Bank Limited	A1+	AA	PACRA	-	4
Habib Bank Limited	A1+	AAA	JCR-VIS	-	500,000
MCB Bank Limited	A1+	AAA	PACRA	197,857	777,538
Meezan Bank Limited	A1+	AA	JCR-VIS	13	12
National Bank of Pakistan	A1+	AAA	JCR-VIS	3,003	1,922
NIB Bank Limited	A1+	AA-	PACRA	16,390	1,017,347
Silk Bank Limited	A2	A-	JCR-VIS	5	5
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,287	554
United Bank Limited	A1+	AAA	JCR-VIS	54,144	154,517
Soneri Bank Limited	A1+	AA-	PACRA	-	715
Deutsche Bank AG	F1	A-	Moody's	-	1
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	27	2,258,502
JS Bank	A1+	AA-	PACRA	11	2,025,119
Bank Al-Habib	A1+	AA+	PACRA	-	3,496
				421,281	7,008,425

(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 balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

(Rupees in thousand)

At June 30, 2017	Carrying value	Less than 1 years	Between 1 and 2 years	3 to 5 years
Long term finances	13,020,000	500,000	4,132,722	8,387,278
Trade and other payables	4,659,515	4,659,515	-	-
Accrued finance cost	48,056	48,056	-	-
Short term borrowings - secured	8,571,228	8,571,228	-	-
Derivative financial instrument	48,056	48,056	-	-
	26,346,855	13,826,855	4,132,722	8,387,278

At June 30, 2016	Carrying value	Less than 1 years	Between 1 and 2 years	3 to 5 years
Long term finances	3,538,251	1,388,251	800,000	1,350,000
Trade and other payables	4,763,371	4,763,371	-	-
Accrued finance cost	52,931	52,931	-	-
Short term borrowings - secured	3,451,352	3,451,352	-	-
	11,805,905	9,655,905	800,000	1,350,000

44.2 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 total debt divided by total capital employed. Total debt represents long term and short-term finances obtained by the Company. Total capital employed includes equity as shown in the balance sheet plus total debt. The Company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at June 30, 2017 and June 30, 2016 is as follows:

	2017	2016
	(Rupees in thousand)	
Total interest bearing borrowings	21,591,228	6,989,603
Total equity	74,868,879	65,783,429
Total capital employed	96,460,107	72,773,032
Gearing ratio	22%	10%

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 in respect of capital requirements which the company has complied with throughout the reporting period.

44.3 Fair value estimation

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

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

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

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

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

As at June 30, 2017	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investments - Available-for-sale	29,003,364	-	4,051,000	33,054,364
Total assets	29,003,364	-	4,051,000	33,054,364
Liabilities				
Derivative financial instrument	-	48,056	-	48,056
Total liabilities	-	48,056	-	48,056
As at June 30, 2016				
Assets				
Investments - Available-for-sale	27,213,207	-	1,000,000	28,213,207
Derivative financial instruments	-	14,701	-	14,701
	27,213,207	14,701	1,000,000	28,227,908
Liabilities				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

44.4 Financial instruments by categories

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2017				
Assets as per balance sheet				
Long term loans and deposits	-	-	58,844	58,844
Trade debts	-	-	220,182	220,182
Loans, advances, deposits and other receivables	-	-	7,973	7,973
Investments	-	33,054,364	-	33,054,364
Cash and bank balances	-	-	421,880	421,880
	-	33,054,364	708,879	33,763,243

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2016				
Assets as per balance sheet				
Derivative financial instrument	14,701	-	-	14,701
Long term loans and deposits	-	-	57,938	57,938
Loans, advances, deposits and other receivables	-	-	61,054	61,054
Trade debts	-	-	201,574	201,574
Investments	-	28,213,207	-	28,213,207
Cash and bank balances	-	-	7,009,844	7,009,844
	14,701	28,213,207	7,330,410	35,558,318

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)	
Liabilities as per balance sheet				
Long term finances - secured	-	-	13,020,000	3,538,251
Accrued mark up	-	-	48,056	52,931
Trade and other payables	-	-	4,659,515	4,763,371
Short term borrowings - secured	-	-	8,571,228	3,451,352
Derivative financial instrument	48,056	-	-	-
	48,056	-	26,298,799	11,805,905

44.5 Offsetting financial assets and financial liabilities

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

45. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. Significant re-arrangement is as follows:

	(Rupees in thousand)
"Advances to suppliers and contractors" under "Capital work-in-progress" has been reclassified to "Advances to suppliers and contractors" under "Capital work-in-progress - Expansion Project"	1,104,847
"Plant and machinery" under "Capital work-in-progress" has been reclassified to "Plant and machinery" under "Capital work-in-progress - Expansion Project"	2,913,886

46. Date of authorisation for issue

These financial statements were authorised for issue on September 19, 2017 by the Board of Directors of the Company.

47. Event after the balance sheet date

47.1 The Board of Directors have proposed a final dividend for the year ended June 30, 2017 of Rs 7.50 per share (2016: Rs 6 per share), amounting to Rs 3,285.893 million (2016: Rs 2,628.715 million) at their meeting held on September 19, 2017 for approval of the members at the Annual General Meeting to be held on October 28, 2017. 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.

Chief Executive | Chief Financial Officer | Director

Consolidated Financial Statements

Directors' Report on Consolidated FS

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 and 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, 2017:

PKR in thousands

	FY17	FY16
Sales	**32,475,147**	**31,946,614**
Cost of sales	(20,348,126)	(19,514,551)
Gross profit	**12,127,021**	**12,432,063**
Administrative expenses	(617,386)	(632,779)
Selling and distribution expenses	(996,589)	(965,870)
Other operating expenses	(1,076,075)	(1,226,798)
Other income	2,110,462	2,362,110
Changes in fair value of biological assets	(10,017)	(6,889)
Finance cost	(412,137)	(171,845)
Profit before taxation	**11,125,279**	**11,789,992**
Taxation	(3,271,815)	(3,408,616)
Profit after taxation	**7,853,464**	**8,381,376**

Earnings Per Share

Consolidated Earnings Per Share is PKR 18.01 (FY16: PKR 19.52)

Performance

Consolidated EPS for FY17 is PKR 18.01 against PKR 19.52 of FY16. Gross profit decreased by about 2% and PAT decreased by about 6%.

Separate detailed report is issued on affairs of holding company.

NPPL capacity utilization remained at 99% (FY16: 92%). Despatches increased by 10% but average selling price decreased. Therefore, net sales increased by 5% GP decreased by 2%. PBT increased by 5% and PAT increased by 2%. COGS increased by 7.5% and 392% increase is registered in taxation.

NDL is at gross loss of 25% and Loss After tax of 36%. Mature & milking animals at year end were about 2,800 and immature animals were about 2,800. Major cause of loss is unexpected diseases and mortality of imported milking animals due to ecological and environmental change.

Future Prospects

Growing GDP, development projects and CPEC are positive indicators. Cement sales are expected to grow with a risk of range bound price fluctuations due to expansions. The volumetric increase in cement industry sales will impart positive impression on NPPL. Kraft paper prices trend is one of major factors to determine the earnings of NPPL. NDL is devising strategy to make this venture profitable.

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 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.

DGKC

Mrs. Naz Mansha (Chairperson)
Mr. Raza Mansha
Mr. Khalid Niaz Khawaja
Mr. Mohammad Arif Hameed
Mr. Khalid Qadeer Qureshi
Mr. Farid Noor Ali Fazal
Mr. Shahzad Ahmad Malik
Ms Nabiha Shahnawaz Cheema (She retired on on October 31, 2016)

NPPL

Mr. Raza Mansha (Chairman)
Mr. Farid Noor Ali Fazal
Mr. Aftab Ahmad Khan
Mr. Mehmood Akhtar
Mr. Inayat Ullah Niazi
Dr. Arif Bashir
Mr. Badr Ul Hassan

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

Raza Mansha
Chief Executive Officer

Farid Noor Ali Fazal
Director

Lahore
September 19, 2017

Auditors' Report on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of D.G. Khan Cement Company Limited (the 'holding company') and its subsidiary companies (hereinafter referred to as 'the Group') as at June 30, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the holding company and its subsidiary companies, except for Nishat Paper Products Company Limited and Nishat Farm Supplies (Private) Limited which were audited by other firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These consolidated financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of D.G. Khan Cement Company Limited and its subsidiary companies as at June 30, 2017 and the results of their operations for the year then ended.

Chartered Accountants
Lahore,
Dated: September 25, 2017
Name of engagement partner: Amer Raza Mir

Consolidated Balance Sheet

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
950,000,000 (2016: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
50,000,000 (2016: 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 (2016: 438,119,118)			
ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Reserves	6	37,979,019	34,205,232
Un-appropriated profit		32,333,597	27,108,337
Attributable to owners of the parent company		74,693,807	65,694,760
Non-controlling interest		1,971,423	2,041,337
		76,665,230	67,736,097
NON-CURRENT LIABILITIES			
Long term finances - secured	7	12,547,500	2,513,750
Long term deposits	8	79,441	77,813
Deferred liabilities	9	186,838	111,335
Deferred taxation	10	6,245,772	5,379,939
		19,059,551	8,082,837
CURRENT LIABILITIES			
Trade and other payables	11	5,695,482	5,296,293
Accrued finance cost	12	219,927	60,421
Short term borrowings - secured	13	8,614,810	3,750,006
Loan from related party - unsecured	14	169,000	-
Current portion of non-current liabilities	15	610,028	1,284,046
Derivative financial instrument	16	48,056	-
Provision for taxation		35,090	35,090
		15,392,393	10,425,856
CONTINGENCIES AND COMMITMENTS	17		
		111,117,174	86,244,790

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

Chief Executive

As At June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	65,810,012	43,067,616
Biological assets	19	591,579	660,491
Intangible assets	20	-	-
Investments	21	16.126,081	10,441,240
Long term loans, advances and deposits	22	59,748	58,842
		82,587,420	54,228,189
CURRENT ASSETS			
Stores, spares and loose tools	23	5,083,011	4,124,476
Stock-in-trade	24	1,795,345	1,338,211
Trade debts	25	497,748	524,974
Investments	26	17,044,142	17,819,047
Loans, advances, deposits, prepayments and other receivables	27	1,983,428	604,398
Loan to related party	28	1,000,000	-
Income tax recoverable		675,552	568,700
Derivative financial instrument		-	14,701
Cash and bank balances	29	450,528	7,022,094
		28,529,754	32,016,601
		111,117,174	86,244,790

Chief Financial Officer

Director

Consolidated Profit & Loss Account
for the Year Ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Sales	30	32,475,147	31,946,614
Cost of sales	31	(20,348,126)	(19,514,551)
Gross profit		12,127,021	12,432,063
Administrative expenses	32	(617,386)	(632,779)
Selling and distribution expenses	33	(996,589)	(965,870)
Other expenses	34	(1,076,075)	(1,226,798)
Other income	35	2,110,462	2,362,110
Changes in fair value of biological assets	19	(10,017)	(6,889)
Finance cost	36	(412,137)	(171,845)
Profit before taxation		11,125,279	11,789,992
Taxation	37	(3,271,815)	(3,408,616)
Profit after taxation		7,853,464	8,381,376
Attributable to:			
Equity holders of the parent company		7,890,603	8,552,868
Non-controlling interest		(37,139)	(171,492)
		7,853,464	8,381,376
Earnings per share - basic and diluted in Rupees	38	18.01	19.52

The annexed notes 1 to 51 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, 2017

	2017	2016
	(Rupees in thousand)	
Profit after taxation	7,853,464	8,381,376
Other comprehensive income/(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	4,561,430	(3,145,529)
Tax effect	(787,725)	-
Gain transferred to consolidated profit and loss account on derecognition of available-for-sale investment	(1,280)	-
	3,772,425	(3,145,529)
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of retirement benefits	(52,326)	53,099
Tax effect	15,698	(15,930)
	(36,628)	37,169
Total comprehensive income for the year	11,589,261	5,273,016
Attributable to:		
Equity holders of the parent company	11,627,762	5,442,997
Non-controlling interest	(38,501)	(169,981)
	11,589,261	5,273,016

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

Chief Executive	Chief Financial Officer	Director

Consolidated Cash Flow Statement
for the Year Ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	39	9,855,222	13,746,484
Finance cost paid		(252,715)	(294,185)
Retirement and other benefits paid		(38,988)	(49,337)
Income tax paid		(3,632,065)	(2,743,143)
Income tax refunded		347,088	-
Long term deposits - net		(906)	11,560
Net cash generated from operating activities		6,277,636	10,671,379
Cash flows from investing activities			
Fixed capital expenditure		(25,072,918)	(11,430,940)
Proceeds from sale of operating fixed assets		(1,360)	47,157
Purchase of/cost incurred on biological assets		(131,290)	(61,129)
Proceeds from sale of biological assets		44,025	289,043
Loan to related party		(1,000,000)	-
Long term loans, advances and deposits - net		1,628	5,810
Investment in 'available-for-sale' financial assets		(349,994)	(865,990)
Investment in 'financial assets at fair value through profit or loss'		-	(3,001,994)
Proceeds from disposal of investments - 'available-for-sale"		1,493	-
Proceeds from disposal of investments - 'at fair value through profit or loss'		-	7,711,637
Interest income received		33,688	384,572
Dividends received		1,911,209	1,845,684
Net cash used in investing activities		(24,563,519)	(5,076,150)
Cash flows from financing activities			
Proceeds from long term finances		11,320,000	3,300,000
Repayment of long term finances		(1,972,017)	(1,257,873)
Loan from related party		169,000	-
Settlement of derivative financial instrument		9,051	(4,907)
Dividends paid to:			
- Non-controlling interests		(31,413)	(20,942)
- Owners of the parent company		(2,628,715)	(2,186,488)
Net cash used in financing activities		6,865,906	(170,210)
Net (decrease)/increase in cash and cash equivalents		(11,419,977)	5,425,019
Cash and cash equivalents at the beginning of the year		3,272,088	(2,082,557)
Exchange loss on cash and cash equivalents		(16,393)	(70,374)
Cash and cash equivalents at the end of the year	40	(8,164,282)	3,272,088

The annexed notes 1 to 51 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, 2017

	Capital Reserve				Revenue Reserve				
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Un-appropriated Profit	Total equity attributable to owners of parent company	Non-Controlling Interest	Total equity
	Rupees in thousand								
Balance as on July 1, 2015	4,381,191	4,557,163	27,330,748	353,510	5,110,851	20,708,896	62,442,359	2,232,260	64,674,619
Total comprehensive income for the year									
- Profit / (loss) for the year	-	-	-	-	-	8,552,868	8,552,868	(171,492)	8,381,376
- Other comprehensive income for the year									
- Changes in fair value of available-for-sale investments	-	-	(3,147,040)	-	-	-	(3,147,040)	1,511	(3,145,529)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	37,169	37,169	-	37,169
	-	-	(3,147,040)	-	-	8,590,037	5,442,997	(169,981)	5,273,016
Transactions with owners in their capacity as owners:									
Final dividend for the year ended June 30, 2015	-	-	-	-	-	(2,190,596)	(2,190,596)	(20,942)	(2,211,538)
Balance as on June 30, 2016	4,381,191	4,557,163	24,183,708	353,510	5,110,851	27,108,337	65,694,760	2,041,337	67,736,097
Total comprehensive income for the year									
- Profit / (loss) for the year	-	-	-	-	-	7,890,603	7,890,603	(37,139)	7,853,464
- Other comprehensive income for the year									
- Changes in fair value of available-for-sale investments - net of tax	-	-	3,775,067	-	-	-	3,775,067	(1,362)	3,773,705
- Gain transferred to consolidated profit and loss account on derecognition of available-for-sale investment	-	-	(1,280)	-	-	-	(1,280)	-	(1,280)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(36,628)	(36,628)	-	(36,628)
	-	-	3,773,787	-	-	7,853,975	11,627,762	(38,501)	11,589,261
Transactions with owners in their capacity as owners:									
Final dividend for the year ended June 30, 2016	-	-	-	-	-	(2,628,715)	(2,628,715)	(31,413)	(2,660,128)
Balance as on June 30, 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**

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

Chief Executive

Chief Financial Officer

Director

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;
- Nishat Dairy (Private) Limited; and
- Nishat Farm Supplies (Private) Limited.

D. G. Khan Cement Company Limited is a public limited company incorporated in Pakistan and is listed on 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').

Nishat Paper Products Company Limited is a public limited company incorporated in Pakistan. It is principally engaged in the manufacture and sale of paper products and packaging material (hereinafter referred to as the 'Paper segment').

Nishat Dairy (Private) Limited is a private limited company incorporated in Pakistan. It is principally engaged in the business of production and sale of raw milk (hereinafter referred to as the 'Dairy segment').

Nishat Farm Supplies (Private) Limited is a private limited company incorporated in Pakistan. It is a wholly owned subsidiary of Nishat Dairy (Private) Limited. The principal activity of the company is to carry on the business of sale, marketing and distribution of imported chemicals, medicines, vaccines, cows, other chemicals of all kinds and types (hereinafter referred to as the 'Farm Supplies segment').

The registered office of the Group is situated at 53-A, 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% (approx)
- Nishat Farm Supplies (Private) Limited	55.10% (approx)

2. Basis of preparation

2.1 These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. During the year, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and further clarified through its press release dated July 20, 2017, companies whose financial year closes on or before June 30, 2017, shall prepare its financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, these financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB') as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. Wherever the requirements of the repealed Ordinance or directives issued by SECP differ with the requirements of IFRSs, the requirements of the repealed Ordinance or the requirements of the said directives prevail.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective in the current year 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 financial statements except for the following:

- International Accounting Standard ('IAS') 1, 'Presentation of financial statements' (Amendment). The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

- Notes – confirmation that the notes do not need to be presented in a particular order.

- Other comprehensive income arising from investments accounted for under the equity method – the share of other comprehensive income arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

- IAS 16 (Amendment), 'Property, plant and equipment'. The amendment to IAS 16 clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The group's current accounting treatment is already in line with the requirement of this standard.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after July 01, 2017 or later periods, and the Group has not early adopted them:

- IAS 7, 'Cashflow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. It is unlikely that the amendment will have any significant impact on the Group's consolidated financial statements.

- IFRS 9, ‘Financial instruments’ (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by the SECP. This standard replaces the guidance in 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. The Group is yet to assess the full impact of the standard.

- IFRS 15, ‘Revenue from contracts with customers’ (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by the SECP. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the 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 is yet to assess the full impact of the standard.

- IFRIC 22, ‘Foreign currency transactions and advance consideration’ (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the Group’s consolidated financial statements.

3. Basis of measurement

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

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

a) Provision for taxation - note 4.3 and 37

b) Retirement and other benefits - note 4.4 and 9

c) Useful lives and residual values of property, plant and equipment - note 4.6 and 18

d) Fair valuation of biological assets - note 4.7 and 19

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) Retirement and other benefits

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

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

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

d) Fair valuation of biological assets

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 profit and loss account 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. To the extent that actual values differ from estimates, biological assets, profit and loss account and comprehensive income will be affected in future periods. 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.

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 aquisition method of accounting is used to account for business combinations by the Group. The acquisition method of accounting is used for all business combinations regardless of whether equity instruments or other assets are aquired. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the aquired business and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase.

Where the settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Inter-company 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 in the results and equity of subsidaries are shown separately in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

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

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

c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other 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 other comprehensive income are reclassified to profit or loss.

d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. The Group's investment includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated profit and loss account where appropriate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the consolidated profit and loss account.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated profit and loss account.

4.2 Borrowings

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

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

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

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

4.3 Taxation

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. 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 balance sheet date. Deferred tax is charged or credited to the consolidated profit and loss account, except in the case of items charged or credited to other comprehensive income or equity in which case it is included in the consolidated statement of other comprehensive income or changes in equity.

4.4 Retirement and other benefits

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

a) Cement segment

4.4.1 Defined benefit plans - Gratuity

The Cement segment operates an approved funded defined benefit gratuity plan for all employees having a service period of more than five years for management staff and one year for workers. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2017 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 the consolidated balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in consolidated other comprehensive income as they occur. Past service costs are recognized immediately in the consolidated profit and loss account.

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

Discount rate	7.75% p.a.
Expected increase in eligible salary level	6.75% p.a.
Duration of the plan (years)	8

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

The Group is expected to contribute Rs 60.529 million to the gratuity fund in the next year.

4.4.2 Defined contribution plan

The Group, except for the Farm Supplies segment, 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 profit and loss account as and when incurred.

4.4.3 Accumulating compensated absences

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

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to consolidated profit and loss account. The most recent valuation was carried out as at June 30, 2017 using the "Projected Unit Credit Method".

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

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

Discount rate	7.75% p.a.
Expected rate of increase in salary level per annum; and	6.75% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	7

4.5 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

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 4.19.

Depreciation on all operating fixed assets of the Cement segment and Paper segment is charged to the consolidated profit and loss account on the reducing balance method, except for plant and machinery which is being depreciated using the straight line method, while for the Dairy segment, all operating fixed assets are depreciated using the reducing balance method so as to write off the depreciable amount of such asset over its estimated useful life at annual rates mentioned in note 18.1 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 of its opeating fixed assets as at June 30, 2017 has not required any adjustment.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.9 to these 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 profit and loss account during the period in which they are incurred.

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

4.6.2 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them 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 profit and loss account.

Livestock are categorized as mature or immature. Mature livestock are those that have attained harvestable specifications. Immature livestock have not yet reached that stage.

Farming cost such as feeding, labour cost, pasture maintenance, veterinary services and sheering are expensed as incurrred. The cost of purchase of cattle and transportation charges are capitalised as part of biological assets.

4.8 Intangible assets

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.9 to these consolidated financial statements.

4.9 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.

4.10 Leases

The Group is the lessee:

4.10.1 Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

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

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

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method except plant and machinery which is depreciated on straight line method at the rates mentioned in note 18.1. Depreciation of leased assets is charged to the consolidated profit and loss account.

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

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

4.10.2 Operating leases

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

4.11 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 balance sheet 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. 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 financial statements for obsolete and slow moving stock in trade based on management estimate.

4.13 Financial assets

4.13.1 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 assets.

b) Loans and receivables

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

c) Available-for-sale financial assets

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

d) Held to maturity

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

4.13.2 Recognition and measurement

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 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 methodolgy 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 profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated profit and loss account as part of other income when the Group's right to receive payments is established.

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

The Group assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the consolidated profit and loss account. Impairment losses recognized in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.15.

4.13.3 Financial liabilities

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

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

4.13.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the 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.

4.14 Trade debts and other receivables

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

A provision for impairment 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 profit and loss account. Trade debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturity of three months or less, bank overdraft and short term borrowings. In the consolidated balance sheet, short term borrowings are included in current liabilities.

4.16 Derivative financial instruments

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

4.17 Foreign currency transactions and translation

a) Transactions and balances

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 profit and loss account.

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 company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

4.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources 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 balance sheet date and adjusted to reflect the current best estimate.

4.19 Borrowing costs

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

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

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

4.20 Revenue recognition

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

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

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

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

4.21 Dividend

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

4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group executive committee.

4.23 Contingent liabilities

Contingent liability is disclosed when:

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

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

5. Issued, subscribed and paid up capital

2017	2016		2017	2016
(Number of shares)			(Rupees in thousand)	
343,512,029	343,512,029	Ordinary shares of Rs 10 each fully paid in cash	3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs 10 each issued for consideration other than cash	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs 10 each issued as fully paid bonus shares	746,071	746,071
438,119,118	438,119,118		4,381,191	4,381,191

		2017	2016
		(Rupees in thousand)	

6. Reserves

Movement in and composition of reserves is as follows:

		2017	2016
Capital reserves			
- Share premium			
At the beginning of the year		4,557,163	4,557,163
Additions during the year		-	-
At the end of the year	- note 6.1	4,557,163	4,557,163
- Fair value reserve			
At the beginning of the year		24,183,708	27,330,748
Fair value gain/(loss) during the year - net		3,773,787	(3,147,040)
At the end of the year	- note 6.2	27,957,495	24,183,708
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		32,868,168	29,094,381
Revenue reserves			
- General reserve			
At the beginning of the year		5,110,851	5,110,851
Transferred (to) / from un-appropriated profit		-	-
At the end of the year		5,110,851	5,110,851
		37,979,019	34,205,232

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 fair value and is not available for distribution. This amount shall be transferred to consolidated profit and loss account on realisation.

6.3 The Capital redemption reserve fund represents fund created for redemption of preference shares and in accordance with the terms of issue of preference shares, to ensure timely payments, the 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 profit and loss account in order to ensure that fund balance at redemption date was equal to the principal amount of the preference shares. The preference shares have been redeemed during the year ended June 30, 2007.

		2017	2016
		(Rupees in thousand)	

7. Long term finances - secured

		2017	2016
- Long-term loans	- note 7.1 - 7.2	13,133,750	3,785,126
Less : Current portion shown under current liabilities	- note 14	586,250	1,271,376
		12,547,500	2,513,750

7.1 Long term loans - secured

Loan	Lender	2017 (Rupees in thousand)	2016 (Rupees in thousand)	Rate of mark-up per annum	Number of instalments outstanding	Mark-up Payable
Local						
1	The Bank of Punjab	31,250	109,375	* Base rate + 0.75%	2 equal quarterly installments ending in December 2017	Quarterly
2	United Bank Limited	82,500	137,500	** Base rate + 0.75%	3 equal semi-annual installments ending in September 2018	Half yearly
3	Dubai Islamic Bank	-	900,000	** Base rate + 0.35%	The loan has been fully repaid during the year	Half yearly
4	Bank Islami	650,000	800,000	* Base rate + 0.20%	13 quarterly equal instalments ending in September 2020	Quarterly
5	Habib Bank Limited	1,050,000	1,350,000	* Base rate + 0.35%	14 quarterly equal instalments ending in December 2020	Quarterly
6	The Bank of Punjab	500,000	-	** Base rate + 0.25%	10 equal semi-annual installments ending in December 2023	Half yearly
7	Habib Bank Limited	2,500,000	-	* Base rate + 0.20%	10 equal semi-annual installments ending in December 2023	Quarterly
8	Habib Bank Limited	1,730,000	-	* Base rate + 0.30%	10 equal semi-annual installments ending in December 2023	Quarterly
9	Bank Alfalah	2,300,000	-	** Base rate + 0.25%	10 equal semi-annual installments ending in September 2023	Quarterly
10	National Bank of Pakistan	2,290,000	-	* Base rate + 0.25%	20 equal quarterly installments ending in October 2023	Quarterly
11	Allied Bank Limited	2,000,000	-	* Base rate + 0.20%	18 equal quarterly installments ending in November 2019	Quarterly
	Foreign currency					
12	Eco Trade and Development Bank US$ Nil (2016: US$ 4.663 million)	-	488,251	*** Base rate + 1.65%	The loan has been fully repaid during the year	Semi-annually
		13,133,750	3,785,126			

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

7.2 Security

Loan 1
The loan is secured by first pari passu charge over the present and future fixed assets of the Paper segment amounting to Rs 334 million.

Loan 2
The loan is secured by first pari passu charge on equipment and machinery of the Paper segment amounting Rs 293.33 million.

Loan 3
The loan is secured by ranking charge of Rs. 1,334 million on all present and future fixed assets of the Cement segment including land and building of the plant site located at Dera Ghazi Khan site inclusive of 25% margin.

Loan 4
The loan is secured by ranking charge over fixed assets of the Cement segment amounting to Rs 1,000 million to be upgraded to pari passu charge with in 180 days from the date of disbursment.

Loan 5
The loan is secured by first pari passu charge over existing and future fixed assets of the Cement segment amounting to Rs 4,991 million.

Loan 6
The loan is secured by ranking charge over fixed assets of the Cement segment amounting to Rs 667 million with 25% margin to be upgraded to first pari passu charge with in 90 days from the date of disbursement.

Loan 7
The loan is secured by first pari passu hypothecation charge amounting to Rs 3,333.34 million on existing and future fixed assets of the Cement segment with 25% margin.

Loan 8
The loan is secured by first pari passu charge over existing and future fixed assets of the Cement segment amounting to Rs 4,991 million to be enhanced to Rs 8,667 million.

Loan 9
The loan is secured by first pari passu charge over existing and future fixed assets of the Cement segment amounting to Rs 3,533.33 million with 25% margin.

Loan 10
The loan is secured by ranking charge amounting to Rs 4,000 million over all present and future fixed assets of the Cement segment which will be upgraded to 1st pari passu charge within 180 days from the disbursement.

Loan 11
The loan is secured by first pari passu charge by way of charge on all present and future fixed assets of the Cement segment with 25% margin.

Loan 12
The loan is secured by first pari passu charge over all present and future fixed assets of the Cement segment amounting to USD 27.980 million. The total facility amount available is USD 20.985 million.

	2017	2016
	(Rupees in thousand)	

8. Long term deposits

	2017	2016
Customers	43,137	41,382
Others	36,304	36,431
	79,441	77,813

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

9. Retirement and other benefits

		2017	2016
		(Rupees in thousand)	
Staff gratuity	- note 9.1	88,029	1,962
Accumulating compensated absences	- note 9.2	98,809	109,373
		186,838	111,335

9.1 Staff gratuity

	2017	2016
The amounts recognised in the consolidated balance sheet are as follows:		
Present value of defined benefit obligation	494,929	404,923
Fair value of plan assets	(406,900)	(402,961)
Liability as at June 30	88,029	1,962

9.1.1 Movement in net liability for staff gratuity

	2017	2016
Net liability as at beginning of the year	1,962	33,345
Current service cost	45,965	43,706
Net interest on defined benefit obligation	28,137	33,211
Return on plan assets during the year	(28,427)	(31,133)
	45,675	45,784
Total remeasurements for the year charged to consolidated other comprehensive income	52,326	(53,099)
Contributions made by the Group during the year	(11,934)	(24,068)
Liability as at June 30	88,029	1,962

9.1.2 Movement in present value of defined benefit obligation

	2017	2016
Present value of defined benefit obligation as at beginning of the year	404,923	352,380
Current service cost	45,965	43,706
Interest cost	28,137	33,211
Benefits paid during the year	(33,668)	(23,512)
Remeasurements:		
- Actuarial (gains) / losses from changes in demographic assumptions	-	-
- Actuarial (gains) / losses from changes in financial assumptions	405	(6,847)
- Experience adjustments	49,167	5,985
	49,572	(862)
Present value of defined benefit obligation as at June 30	494,929	404,923

	2017	2016
	(Rupees in thousand)	

9.1.3 Movement in fair value of plan assets

	2017	2016
Fair value of plan assets as at beginning of the year	402,961	319,035
Interest income on plan assets	28,427	31,133
Contributions during the year	11,934	24,068
Benefits paid during the year	(33,668)	(23,512)
Remeasurements in fair value of plan assets	(2,754)	52,237
Fair value of plan assets as at June 30	406,900	402,961

9.1.4 Plan assets

Plan assets consist of the following:

	2017		2016	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and bank balances	6,364	1.56%	1,010	0.25%
Debt instruments	338,372	83.16%	348,735	86.54%
Deposits	62,164	15.28%	53,216	13.21%
	406,900	100.00%	402,961	100.00%

	2017	2016
	(Rupees in thousand)	

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

	2017	2016
Current service cost	45,965	43,706
Interest cost	28,137	33,211
Interest income on plan assets	(28,427)	(31,133)
Total expense for the year	45,675	45,784
Less: Expense capitalized during the year	(5,227)	(1,767)
Expense charged to the consolidated profit and loss account	40,448	44,017

9.1.6 Total remeasurements charged to other comprehensive income

	2017	2016
Actuarial (gains) / losses from changes in demographic assumptions	-	-
Actuarial (gains) / losses from changes in financial assumptions	405	(6,847)
Experience adjustments	49,167	5,985
	49,572	(862)
Remeasurements in plan assets, excluding interest income	2,754	(52,237)
Total remeasurements charged to consolidated other comprehensive income	52,326	(53,099)

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:

	2017	2016	2015	2014	2013
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	494,929	404,923	352,380	273,597	225,816
Fair value of plan assets	(406,900)	(402,961)	(319,035)	(161,084)	(149,756)
Deficit	88,029	1,962	33,345	112,513	76,060
Experience adjustment arising on plan obligation	49,572	(862)	15,910	16,362	17,256
Experience adjustment on plan assets	(2,754)	52,237	30,157	(1,473)	1,396

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

		2017	2016
Discount rate	Per annum	7.75%	7.25%
Expected rate of increase in salary	Per annum	6.75%	6.25%
Rate of interest income on plan assets	Per annum	13.25%	13.25%
Duration of the plan	Number of years	8	9

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	458,137	537,551	538,017	457,078

9.1.10 The Group expects to pay Rs 60.529 million in contributions to defined benefit plan during the year ending June 30, 2018.

		2017	2016
		(Rupees in thousand)	
9.2 Accumulating compensated absences			
Opening balance		122,043	116,910
Expenses recognised		27,598	30,403
Benefits paid		(27,054)	(25,270)
		122,587	122,043
Payable within one year	- note 15	(23,778)	(12,670)
Closing balance		98,809	109,373

	2017	2016
	(Rupees in thousand)	

9.2.1 Movement in liability for accumulating compensated absences

	2017	2016
Present value of accumulating compensated absences as at beginning of the year	122,043	116,910
Current service cost	24,249	22,416
Interest cost	7,867	10,167
Benefits paid during the year	(27,054)	(25,270)
Remeasurements:		
- Actuarial (gains)/losses from changes in demographic assumptions	-	-
- Actuarial (gains)/losses from changes in financial assumptions	-	-
- Experience adjustments	(4,518)	(2,180)
	(4,518)	(2,180)
Present value of accumulating compensated absences as at June 30	122,587	122,043

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

	2017	2016
Current service cost	24,249	22,416
Interest cost	7,867	10,167
Remeasurement during the year	(4,518)	(2,180)
Total expense for the year	27,598	30,403
Less: Expense capitalized during the year	(2,018)	(1,735)
Expense charged to the consolidated profit and loss account	25,580	28,668

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

	2017	2016	2015	2014	2013
	(Rupees in thousand)				
As at June 30					
Present value of accumulating compensated absences	122,586	122,042	116,910	100,344	88,338
Experience adjustment arising on obligation	(4,518)	(2,180)	302	6,704	17,205

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

		2017	2016
Discount rate	Per annum	7.75%	7.25%
Expected rate of increase in salary	Per annum	6.75%	6.25%
Duration of the plan	Number of years	9	7
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

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

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of obligation	112,340	134,557	127,495	112,290

10. Deferred income tax liabilities

The liability for deferred taxation comprises taxable/(deductible) temporary differences relating to:

		2017	2016
		(Rupees in thousand)	
Deferred tax liability			
Accelerated tax depreciation		5,516,185	5,412,303
Un-realised gain on long term investment		787,725	-
Deferred tax assets			
Provision for retirement and other benefits		(58,138)	(32,364)
		6,245,772	5,379,939
The gross movement in net deferred tax liability during the year is as follows:			
Opening balance		5,379,939	4,866,434
(Credited)/charged to other comprehensive income		772,027	15,930
Charged to profit and loss account	- note 37	93,691	503,646
Other adjustments		115	(6,071)
Closing balance		6,245,772	5,379,939

Deferred tax asset on tax losses available for carry forward, minimum tax paid available for carry forward under section 113 of the Income Tax Ordinance, 2001 and Alternate Corporate Tax ('ACT') paid available for carry forward under section 113C of the Income Tax Ordinance, 2001 are recognized to the extent that the realisation of related tax benefits through future taxable profits is probable.

The Group has not recognised deferred tax assets of Rs 244.619 million (2016: Rs 183.268 million) in respect of tax losses which will expire in 2023, as sufficient taxable profits would not be available to set these off in the foreseeable future.

		2017	2016
		(Rupees in thousand)	

11. Trade and other payables

		2017	2016
Trade creditors	- note 11.1	1,617,224	1,604,173
Infrastructure cess		157,665	148,383
Advances from customers		790,078	595,869
Accrued liabilities		2,011,615	1,799,629
Workers' profit participation fund	- note 11.2	631,567	694,111
Workers' welfare fund	- note 11.3	187,893	167,692
Federal excise duty payable		-	56,568
Withholding tax payable		8,002	20,338
Retention money payable		142,547	75,619
Unclaimed dividends		22,122	22,197
Advances against sale of scrap		4,146	5,578
Advance against sale of operating fixed asset		708	1,522
Unclaimed dividend on redeemable preference shares		127	127
Export commission payable		78,680	50,314
Others	- note 11.4	43,108	54,173
		5,695,482	5,296,293

11.1 Trade creditors include amount due to related parties amounting to Rs 10.254 million (2016: Rs 5.180 million).

		2017	2016
		(Rupees in thousand)	
Nishat Agriculture Farming (Private) Limited		548	1,543
Nishat Developers (Private) Limited		11	1,906
Adamjee Insurance Company Limited		153	45
Security General Insurance Company Limited		9,542	1,686
		10,254	5,180

11.2 Workers' profit participation fund

		2017	2016
Opening balance		694,111	1,342,564
Provision for the year	- note 34	623,552	691,792
Interest for the year	- note 36	5,873	2,529
		1,323,536	2,036,885
Less: payments made during the year		691,969	1,342,774
Closing balance		631,567	694,111

11.3 Workers' welfare fund

		2017	2016
Opening balance		167,692	91,596
Provision for the year	- note 34	175,550	176,074
		343,242	267,670
Less: Payments made during the year		(155,349)	(99,978)
Closing balance		187,893	167,692

11.4 Includes an amount of Nil (2016: Rs 0.62 million) payable to Employees' Provident Fund of the Dairy segment.

		2017	2016
		(Rupees in thousand)	

12. Accrued finance cost

Accrued mark-up on:			
- Long term loans - secured		170,854	46,859
- Short term borrowings - secured		48,990	13,478
Preference dividend on redeemable preference shares		83	84
		219,927	60,421

13. Short term borrowings - secured

Short term running finances - secured	- note 13.1	5,361,911	1,426,095
Import finances - secured	- note 13.2	1,412,899	493,911
Export finances - secured	- note 13.3	1,840,000	1,830,000
Murabaha finance	- note 13.4	-	-
		8,614,810	3,750,006

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 11,320 million (2016: Rs 7,100 million). The rates of mark up are based on KIBOR plus spread and range from 6.02% to 7.62% (2016: 5.49% to 8.47%) 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 Cement segment and Paper segment 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 8,000 million (2016: Rs 7,200 million) from commercial banks. The rates of mark up based on KIBOR plus spread range from 6.10% to 6.34% (2016: 6.74% to 6.75%) per annum and those based on LIBOR plus spread range from 1.00% to 1.9% (2016: 1.1% to 3.5%) 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 15,852 million (2016: Rs 36,744million) for opening letters of credit and Rs 2,100 million (2016: Rs 1,900 million) for guarantees, the amount utilised as at June 30, 2017 was Rs 1,563 million (2016: Rs 13,358 million) and Rs 1,066 million (2016: Rs 913 million) respectively. The aggregate facilities for guarantees are secured by a registered charge on current assets of the Cement segment. Of the facility for guarantees, Rs 14.48 million (2016: 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, the facilities for opening letters of credits and guarantees as at June 30, 2017 amount to Rs 3,130 million (2016: Rs 1,370 million) of which the un-utilized amount as of this date was Rs 1,971.94 million (2016: Rs 1,000 million). The above aggregate non-funded facilities include Rs 850 million (amount utilized as at June 30, 2016: Rs 700 million) under permissible shariah arrangements with Islamic banks.

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 2.35% (2016: 3.75% to 4.00%). 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. Loan from related party - unsecured

This represents unsecured and interest free loan provided by the three directors of the Dairy segment. The loan amount shall be payable within one year from the execution date in one installment. The un-availed facility of loan as at June 30, 2017 is Rs 6 million. It also includes Rs 56.333 million given as loan to the Group by the Chief Executive.

		2017	2016
		(Rupees in thousand)	
15. Current portion of non-current liabilities			
Long term finances	- note 7	586,250	1,271,376
Accumulating compensated absences	- note 9.2	23,778	12,670
		610,028	1,284,046
16. Derivative financial instrument			
Classified under current liabilities			
Cross currency interest rate swap	- note 16.1	-	-
Forward contract	- note 16.2	48,056	-
		48,056	-
Classified under current assets			
Cross currency interest rate swap	- note 16.1	-	14,701
Forward contract	- note 16.2	-	-
		-	14,701

16.1 This represents derivative cross currency interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Group pays KIBOR minus bank spread to the arranging bank on the notional Pak Rupee (PKR) amount for the purposes of the cross currency swap, and receives LIBOR on the notional US Dollar (USD) amount from the arranging bank. There have been no transfers of liabilities under the arrangements, only the nature of the interest payment has changed. This arrangement matured during the current year.

16.2 This represents forward contract entered into with a commercial bank for the purchase of USD 24.190 million on October 27, 2017 at a rate of PKR 106.99 per USD.

17. Contingencies and commitments

17.1 Contingencies

17.1.1 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.

17.1.2 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 has 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 Honorable Supreme Court 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. 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.

17.1.3 The Competition Commission of Pakistan (the CCP) took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Group has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated August 24, 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on August 28, 2009 and imposed a penalty of Rs 933 million on the Group. 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, 2007 have been challenged by a large number of Petitioners and all have been advised by their legal counsels that prima facie the Competition Commission Ordinance, 2007 is ultra vires of the Constitution. A large number of grounds have been raised by these Petitioners and the matter is currently being adjudicated by the Lahore High Court, the Sindh High Court and the Supreme Court of Pakistan. In all these cases stay orders have been granted by the Courts. Based on the legal opinion, the management is confident that the Group has a good case and there are reasonable chances of success in the pending Petition in the Supreme Court of Pakistan.

17.1.4 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 honorable Supreme Court of Pakistan through its judgment dated January 27, 2009 (upholding its previous judgment dated February 15, 2007). The longstanding controversy between the revenue department and the 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 honorable High Courts of the country which, duly appreciating the contentions of the taxpayers, overturned the departmental view and succeeded the appeals.

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

17.1.5 The Group, consequent to the order passed by the Supreme Court of Pakistan against the decision of the Sindh High Court in the matter of infrastructure cess, filed a petition before the Sindh High Court, challenging the levy of fifth version of the law enforcing infrastructure cess. Earlier, the Sindh High Court, in August 2008, ruled out that only levies computed against consignments made on or after December 28, 2006 shall be payable by the petitioners. Although the parties have reached an interim arrangement, through an order of Sindh High Court dated May 31, 2011, for release of 50% of the guarantees, the final order from Sindh High Court is still pending. According to the legal counsel of the Group, chances of favorable 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.

17.1.6 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, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period of June 13, 1997 to August 11, 1998. According to the legal counsel of the Group, chances of favorable outcome of the petition are fair, therefore the payable amount has not been incorporated in these financial statements amounting to Rs 212.239 million.

17.1.7 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.

17.1.8 In the year 2014, Group filed a petition before the honorable Islamabad High Court, against the valuation ruling No. 601/2013 which was subsequently superseded by ruling No. 721/2015 issued by the Directorate General of Customs Valuation, Custom House, Karachi ('Custom authorities'). As per the valuation ruling, sack Kraft paper shall be assessed to duty/taxes on fixed rate per kilogram, rather than the transaction value based assessment. The honorable Islamabad High Court on January 23, 2015, while allowing the goods to be released on furnishing of bank guarantee for the different amount, dismissed the aforementioned writ petition due to non-jurisdiction of the Court. Group then filed writ petitions No. 806/2015 and 846/2015 before the honorable Sindh High Court for declaration and permanent injunction to the effect that value of the goods imported by Group to be assessed under section 25(2) of the Customs Act, 1969 (existing transaction value based assessment), that ruling 721/2015 is arbitrary and for restraining the custom authorities from encashment of bank guarantees. During the current year, the honorable Sindh High Court, while disposing off both the writ petitions, directed the concerned custom authorities to pass a proper speaking assessment order in terms of section 80 of the Customs Act, 1969 after affording an opportunity of proper hearing to the plaintiff. The Court also restrained encashment of bank guarantees in case of any adverse order unless the plaintiff appeal has been heard at an appellate forum.

Meanwhile Group also filed review petition to Director General of Customs Valuation for revision of ruling 721 and requested to delete Sack Kraft Paper from the valuation ruling. Consequently, upon order of honorable Sindh High Court and presentations made by Group, Group again appealed custom authorities to revise valuation ruling as it is not representing international rates of Kraft paper and make final assessment of goods imported on declared (transaction based) value, the Custom authorities on April 19, 2016 issued fresh valuation ruling No. 833/2016 superseding earlier ruling No. 721/2015 and further deleting Sack Kraft Paper from the ruling. However, the custom authorities decision on account of final assessment of provisionally released Kraft paper earlier imported against bank guarantees is pending. Pursuant to revision of ruling and Court order, Group is hopeful of a favorable decision. However, being prudent, Group has made a provision of Rs 20.60 million (2016: Rs 20.63 million) of custom duties that might be payable representing duty determined as per ruling and actual declared value in these consolidated financial statements.

17.1.9 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) under section 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 case was heard by CIR(Appeals) and order is awaited. 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.

17.1.10 The Group has issued the following guarantees in favour of:

- Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs 36.186 million (2016: Rs 33.627 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 575.9 million (2016: Rs 425.9 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs 3 million (2016: 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 (2016: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use for Khairpur Project and for D.G. Khan Project respectively amounting to Rs 427.606 million (2016: Rs 427.606 million).

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, D.G. Khan) amounting to Rs 0.05 million (2016: Rs 0.05 million).

- Sindh High Court against levy of Sales Tax, custom duty and excise amounting to Rs 15.423 million (2016: Rs 15.423 million).

- The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs 5 million (2016: Rs 5 million).

- Guarantees against export orders amounting to Rs 2.097 million (2016: Rs 2.094 million).

- Habib Bank Limited has issued a bank guarantee for Rs 50.39 million (2016: Rs 50.39 million) in favour of Directorate General of Customs Valuation, Custom House, Karachi as a security against a pending case. The guarantee will expire after the final decision on this case is announced.

- United Bank Limited and Bank Al-Habib have issued a bank guarantee for Rs. 56.92 million (2016: 45.92 million) in favour of The Director Excise and Taxation, Karachi as a security against a pending case. The guarantee will expire after the final decision on this case is announced.

- Letter of guarantee of Rs 16 million (2016: Rs 14 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

- Letter of guarantee of Rs 3.98 million (2016: Nil) in favour of Collector of Customs, Karachi against temporary import of livestock items.

- Letter of guarantee of Rs 2 million (2016: Nil) in favour of Metro Habib Cash and Carry against purchase of goods and supplies on credit.

- Letter of guarantee of Rs 26 million (2016: Nil) in favour of Sui Northern Gas Pipelines Limited against connection of gas supply for Sukheki Farm.

17.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 904.364 million (2016: Rs 274.830 million)
(ii) Letters of credits for capital expenditure Rs 773.728 million (2016: Rs 11,195.826 million)
(iii) Letter of credit other than capital expenditure Rs 1,087.394 million (2016: Rs 1,425.616 million).
(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2017	2016
	(Rupees in thousand)	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	4,645	4,976
	6,301	6,632

18. Property, plant and equipment

		2017	2016
Operating fixed assets	- note 18.1	34,336,559	35,288,238
Capital work-in-progress	- note 18.2	31,379,314	7,684,010
Major spare parts and stand-by equipment	- note 18.3	94,139	95,368
		65,810,012	43,067,616

18.1 Operating fixed assets

2017 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2016	Additions/ (Deletions)	Cost as at 30 June 2017	Accumulated depreciation as at July 01, 2016	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2017	Book value as at June 30, 2017
Freehold land	-	1,883,831	38,525	1,922,356	-	-	-	1,922,356
Leasehold land	3.33	63,000	-	63,000	17,850	2,100	19,950	43,050
Buildings on freehold land								
- Factory building	5 to 10	9,705,001	221,859	9,926,860	4,057,252	572,157	4,629,409	5,297,451
- Office building and housing colony	5	1,265,298	29,200	1,294,498	358,190	45,850	404,040	890,458
Roads	10	588,599	66,354	654,953	349,373	28,533	377,906	277,047
Plant and machinery	2.38 to 10	37,687,903	852,612	38,522,973	13,012,731	1,410,047	14,416,705	24,106,268
			(17,542)			(6,073)		
Factory and quarry equipment	10 to 20	2,109,666	18,722	2,128,388	1,351,515	107,673	1,459,188	669,200
Furniture, fixture and								
office equipment	10 to 30	519,948	39,664	559,091	203,592	35,339	238,701	320,390
			(521)			(230)		
Vehicles	20	580,182	123,240	668,837	211,388	72,615	263,076	405,761
			(34,585)			(20,927)		
Aircraft	30	328,752	-	328,752	241,309	26,216	267,525	61,227
Power and water supply lines								
and installations	10	691,796	21,330	713,126	332,538	37,237	369,775	343,351
2017		55,423,976	1,411,506	56,782,834	20,135,738	2,337,767	22,446,275	34,336,559
			(52,648)			(27,230)		

	2016							(Rupees in thousand)
	Annual rate of depreciation %	Cost as at July 01, 2015	Additions/ (Deletions)	Cost as at 30 June 2016	Accumulated depreciation as at July 01, 2015	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2016	Book value as at June 30, 2016
Freehold land	0	1,054,329	829,502	1,883,831	-	-	-	1,883,831
Leasehold land	3.33	63,000	-	63,000	15,750	2,100	17,850	45,150
Buildings on freehold land								
- Factory building	5 to 10	8,556,091	1,148,910	9,705,001	3,558,776	498,476	4,057,252	5,647,749
- Office building and housing colony	5	838,426	426,872	1,265,298	331,042	27,148	358,190	907,108
Roads	10	588,599	-	588,599	322,793	26,580	349,373	239,226
Plant and machinery	2.38 to 10	34,764,279	2,927,404	37,687,903	11,676,597	1,336,134	13,012,731	24,675,172
			(3,780)					
Factory and quarry equipment	10 to 20	1,937,566	172,100	2,109,666	1,240,033	112,310	1,351,515	758,151
						(828)		
Furniture, fixture and office equipment	10 to 30	430,659	89,289	519,948	172,298	31,294	203,592	316,356
Vehicles	20	477,527	154,170	580,182	171,178	61,389	211,388	368,794
			(51,515)			(21,179)		
Aircraft	30	328,752	-	328,752	203,856	37,453	241,309	87,443
Power and water supply lines and installations	10	643,581	48,215	691,796	297,350	35,188	332,538	359,258
2016		49,682,809	5,796,462	55,423,976	17,989,673	2,168,072	20,135,738	35,288,238
			(55,295)			(22,007)		

18.1.1 Freehold land and building include book values of Rs 12 million (2016: Rs 12 million) and Rs 5.495 million (2016: Rs 5.784 million) respectively which are held in the name of the Chief Executive. This property is located in the locality of Defence Housing Authority where the by-laws restrict transfer of title of the residential property in the name of the Group.

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

		2017	2016
		(Rupees in thousand)	
Cost of sales	- note 31	2,253,628	2,084,981
Administrative expenses	- note 32	79,496	78,645
Selling and distribution expenses	- note 33	4,643	4,446
		2,337,767	2,168,072

18.1.3 Disposal of operating fixed assets

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

2017 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant & Machinery							
	Outsiders - Mr. Munir Mubarik Ali	5,499	1,863	3,636	710	(2,926)	Negotiation
	Damaged	12,043	4,210	7,833	-	(7,833)	Write off
Office equipment							
	Outside party - Office Automation Group	381	157	224	36	(188)	Auction
Vehicles							
	Employees						
	Habib Ullah	889	544	345	340	(5)	Auction
	Iftikhar Baig	1,646	374	1,272	1,290	18	-do-
	Zakki Nasir	889	559	330	720	390	-do-
	Muhammad Rafi	1,793	1,290	503	1,133	630	-do-
	Outside parties						
	Adnan Naseer	837	543	294	587	293	Auction
	Muhammad Yousaf	850	554	296	296	-	-do-
	Nisar Ahmed	2,040	1,169	871	1,420	549	-do-
	Muhammad Sharjeel	1,300	866	434	1,140	706	-do-
	Zulfiqar Ali	889	559	330	753	423	-do-
	Farooq-e-Azam	985	539	446	784	338	-do-
	Muhammad Aslam	1,106	683	423	845	422	-do-
	Abid Ansar	1,454	929	525	1,176	651	-do-
	Muhammad Aslam	1,920	1,236	684	1,330	646	-do-
	Awais Ahmad Khan	5,399	4,057	1,342	1,400	58	-do-
	Muhammad Mohsin	822	536	286	673	387	-do
	Muhammad Mohsin	1,495	883	612	1,363	751	-do-
	Irfan Tehseen	617	485	132	530	398	-do-
	Mujahid Ali	427	358	69	248	179	-do-
	Amir Saleem	930	522	408	758	350	-do-
	Farooq-e-Azam	930	554	376	767	391	-do-
	Faisal Mujeeb	2,467	1,383	1,084	1,800	716	-do-
	Muhammad Mohsin	1,461	888	573	1,368	795	-do-
	Security General Insurance Company Limited - related party (associated company)	589	356	233	550	317	Insurance Claim
	Security General Insurance Company Limited - related party (associated company)	1,716	154	1,562	1,631	69	-do-
Other assets with book value less than Rs 50,000		1,274	979	295	410	115	
		52,648	27,230	25,418	24,058	(1,360)	

2016 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant & Machinery							
	Outsiders						
	M/s Shareef Dairy Farm	2,282	503	1,779	816	(963)	Negotiation
	Mr. Muhammad Nadeem	1,427	310	1,117	560	(557)	Negotiation
	Mr. Ali Imran	71	16	55	30	(25)	Negotiation
Vehicles							
	Employees						
	Muhammad Naveed Akhtar	2,008	1,187	821	1,330	509	Auction
	Ghulam Ahmad Alvi	1,586	757	829	841	12	-do-
	Outside parties						
	Nadeem	822	521	301	617	316	Auction
	Ghulam Nabi	662	534	128	618	490	-do-
	Nadeem	822	521	301	638	337	-do-
	Mr. Asim	837	535	302	671	369	-do-
	Yasir Hussain	822	521	301	713	412	-do-
	Khurram Imtiaz	1,394	772	622	1,213	591	-do-
	Khurram Imtiaz	1,973	1,073	900	1,459	559	-do-
	Khurram Mahmood	2,150	1,107	1,043	1,590	547	-do-
	Khurram Imtiaz	1,587	557	1,030	1,393	363	-do-
	Khurram Imtiaz	398	295	103	363	260	-do-
	Kamran Ghulam Mustufa	500	314	186	375	189	-do-
	Zeeshan Haider Raza	555	423	132	536	404	-do-
	Asim	842	534	308	667	359	-do-
	Fareed Khan	842	534	308	716	408	-do-
	Muhammad Perwaiz	1,325	797	528	1,123	595	-do-
	Muhammad Perwaiz	1,354	814	540	1,223	683	-do-
	Khurram Imtiaz	2,097	1,093	1,004	1,621	617	-do-
	Security General Insurance Company Limited - related party (associated company)	28,939	8,289	20,650	28,044	7,394	Insurance Claim
Other assets with book value less than Rs 50,000-		-	-	-	-	-	
		55,295	22,007	33,288	47,157	13,869	

18.2 Capital work-in-progress

2017 (Rupees in thousand)

	Balance as at June 30, 2016	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, 2017
Civil works	315,300	468,082	-	-	(146,467)	(348,503)	288,412
Plant and machinery	555,873	377,680	-	-	146,880	(408,789)	671,644
Advances to suppliers and contractors	32,100	292,538	-	-	-	(119,818)	204,820
Others	2,955	15,019	-	-	(268)	(15,831)	1,875
Expansion Project:							
- Civil works	1,985,126	5,838,897	-	-	(16,851)	-	7,807,172
- Plant and machinery	2,959,070	15,111,758	-	-	15,476	-	18,086,304
- Advances to suppliers and contractors	1,104,847	265,456	-	-	-	-	1,370,303
- Others	728,739	1,891,382	327,433	-	1,230	-	2,948,784
	6,777,782	23,107,493	327,433	-	(145)	-	30,212,563
	7,684,010	24,260,812	327,433	-	-	(892,941)	31,379,314

2016 (Rupees in thousand)

	Balance as at June 30, 2015	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, 2016
Civil works	728,778	1,112,271	-	(6,597)	19,822	(1,538,974)	315,300
Plant and machinery	656,348	2,653,044	141,457	(1,543)	16,711	(2,910,144)	555,873
Advances to suppliers and contractors	101,856	236,902	-	(54)	-	(306,604)	32,100
Others	42,519	10,667	-	-	(36,533)	(13,698)	2,955
Expansion Project:							
- Civil works	76,848	1,908,278	-	-	-	-	1,985,126
- Plant and machinery	-	2,959,070	-	-	-	-	2,959,070
- Advances to suppliers and contractors	-	1,104,847	-	-	-	-	1,104,847
- Others	288,124	440,615	-	-	-	-	728,739
	364,972	6,412,810	-	-	-	-	6,777,782
	1,894,473	10,425,694	141,457	(8,194)	-	(4,769,420)	7,684,010

	2017	2016
	(Rupees in thousand)	

18.3 Major spare parts and stand-by equipment

	2017	2016
Balance at the beginning of the year	95,368	105,469
Additions during the year	200,207	126,515
Transfers made during the year	(201,436)	(136,616)
Balance at the end of the year	94,139	95,368

19. Biological assets

Dairy livestock

		2017	2016
- Mature		417,156	540,051
- Immature		174,423	120,440
	- note 19.1	591,579	660,491

19.1 Reconciliation of carrying amounts of livestock

	2017	2016
Opening balance	660,491	1,149,799
Increase due to purchases during the year	137,377	61,128
	797,868	1,210,927
Fair value gain due to new births	37,072	36,243
Changes in fair value (due to price change and biological transformation)	(47,089)	(43,132)
	(10,017)	(6,889)
Decrease due to deaths/ livestock losses	(59,164)	(32,383)
Decrease due to diabilities/abortions	(6,087)	-
Decrease due to sale of livestock	(131,021)	(511,164)
	(196,272)	(543,547)
Carrying amount at the end of the year which approximates the fair value	591,579	660,491

19.2 As at June 30, 2017, the Group held 2,773 (2016: 3,135) mature assets able to produce milk and 2,805 (2016: 2,084) immature assets that are being raised to produce milk in the future. During the year, 985 (2016: 2,449) cows were sold. During the year, the Group produced approximately 18,746,115 (2016: 20,905,116) gross liters of milk from these biological assets. As at June 30, 2017, the Group also held 76 (2016: 127) immature male calves.

19.3 The valuation of dairy livestock as at June 30, 2017 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, 2017. 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 a 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.

		2017	2016
		(Rupees in thousand)	

20. Intangible assets

This represents Oracle ERP system.			
Cost			
As at July 1		92,260	92,260
Additions		-	-
As at June 30		92,260	92,260
Less: Accumulated amortisation			
As at July 1		92,260	73,808
Amortisation for the year	- note 20.1	-	18,452
As at June 30		92,260	92,260
		-	-

20.1 Oracle ERP system was amortised over a useful life of five years.

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

		2017	2016
		(Rupees in thousand)	
Cost of sales	- note 31	-	12,916
Administrative expenses	- note 32	-	2,768
Selling and distribution expenses	- note 33	-	2,768
		-	18,452

21. Investments

These represent the long term investments in:			
- Related parties	- note 21.1	3,720,057	3,370,122
- Others - available-for-sale	- note 21.2	151,098	151,263
		3,871,155	3,521,385
Cumulative fair value gain	- note 21.3	12,254,926	6,919,855
		16,126,081	10,441,240

	2017	2016
	(Rupees in thousand)	
21.1 Related parties		
Available-for-sale - quoted:		
Nishat Chunian Limited		
7,173,982 (2016: 7,173,982) fully paid ordinary shares of Rs 10 each		
Equity held: 2.99% (2016: 2.99%)		
Market value - Rs 368.169 million (2016: Rs 254.102 million)	75,565	75,565
MCB Bank Limited		
21,855,591 (2016: 21,519,115) fully paid ordinary shares of Rs 10 each		
Equity held: 1.96% (2016: 1.94%)		
Market value Rs 4,599.080 million (2016: Rs 4,734.635 million)	241,205	169,463
Adamjee Insurance Company Limited		
25,055,735 (2016: 20,988,735) fully paid ordinary shares of Rs 10 each		
Equity held: 7.16% (2016: 6%)		
Market value - Rs 1,712.810 million (2016: Rs 1,052.794 million)	1,195,431	917,238
- Cumulative impairment loss	(118,703)	(118,703)
	1,076,728	798,535
Nishat Mills Limited		
30,289,501 (2016: 30,289,501) fully paid ordinary shares of Rs 10 each		
Equity held: 8.61% (2016: 8.61%) - note 21.1.1		
Market value - Rs 4,806.338 million (2016: Rs 3,268.237 million)	1,577,174	1,577,174
- Cumulative impairment loss	(250,615)	(250,615)
	1,326,559	1,326,559
Available-for-sale - unquoted		
Nishat Hotels and Properties Limited		
100,000,000 (2016: 100,000,000) fully paid ordinary shares of Rs 10 each		
Equity held: 10.2% (2016: 10.2%) - note 21.1.1 and 21.1.2	1,000,000	1,000,000
	3,720,057	3,370,122

21.1.1 Nishat Mills Limited and Nishat Hotels and Properties Limited are associated companies as per the Companies Act, 2017. For the purpose of measurement, these have been classified as available-for-sale investments and measured at fair value as the Group does not have significant influence over these companies.

21.1.2 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 investment advisor engaged by the Group has estimated a fair value of Rs 45.01 per ordinary share as at June 30, 2017 through a valuation technique based on discounted cash flow analysis of NHPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 46 to these consolidated financial statements. The fair value gain of Rs 3,501 million is included in the fair value gain recognised during the year in consolidated 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 pre-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 companies.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 8.60%.
- Long term growth rate of 4% for computation of terminal value.
- Annual growth in costs and revenues is linked to inflation at 6.62% 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, 2017 would be Rs 1,146.659 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, 2017 would be Rs 813.973 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2017 would be Rs 329.608 million lower.

	2017	2016
	(Rupees in thousand)	
21.2 Others		
Available-for-sale		
First Capital Mutual Fund		
Nil (2016: 104,457) units of Rs 10 each		
Equity held Nil (2016: 0.%)		
Market value - Rs 1.232 million (2016: Rs 1.232 million)	-	890
- Cumulative fair value loss	-	(678)
	-	212
Pakistan Petroleum Limited - quoted		
595,382 (2016: 595,382) fully paid ordinary shares of Rs 10 each		
Equity held: 0.03% (2016: 0.03%)		
Market value - Rs 88.199 million (2016: Rs 92.313 million)	117,405	117,405
United Bank Limited - quoted		
214,354 (2016: 214,354) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2016: 0.02%)		
Market value - Rs 50.485 million (2016: Rs 37.924 million)	33,646	33,646
NIB Bank Limited - quoted		
25,000 (2016: Nil) fully paid ordinary shares of Rs. 10 each		
Equity held: 0.00% (2016: Nil)		
Market value - Rs. 0.043 million (2016: Nil)	47	-
	151,098	151,263

	2017	2016
21.3 Cumulative fair value gain		
Balance as at beginning of the year	6,919,855	7,708,917
Fair value (loss) / gain recognized in other Consolidated comprehensive income	5,336,351	(789,062)
	12,256,206	6,919,855
Gain transferred to Consolidated profit and loss account on derecognition of investment in shares	(1,280)	-
Balance as at end of the year	12,254,926	6,919,855

21.4 3,860,267 (2016: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

22. Long term loans, advances and deposits

		2017	2016
		(Rupees in thousand)	
Considered Good			
- Loans to related parties	- note 22.1	-	-
- Other loans and advances	- note 22.2	59,748	58,842
		59,748	58,842

22.1 Loans and advances to related parties

	2017	2016
Loan to related party	-	17,206
Less: receivable within one year	-	17,206
	-	-

22.2 Other loans and advances

		2017	2016
Loans to employees			
- Executives	- note 22.2.1	854	105
- Others		1,663	1,973
		2,517	2,078
Less: receivable within one year			
- Executives		817	26
- Others		692	671
		1,509	697
		1,008	1,381
Security deposits		58,740	57,461
		59,748	58,842

22.2.1 Executives

	2017	2016
Opening balance	105	137
Loan given during the year	1,000	-
	1,105	137
Less: repayment during the year	251	32
	854	105

These represent secured interest free loans given to executives and other employees for house building and purchase of motor vehicles and are recoverable in equal monthly installments over a period of 24 to 96 months. These loans have not been carried at amortised cost as the effect of discounting is not considered material.

The loans of Rs 2.517 million (2016: Rs 2.078 million) are secured against the employees' respective retirement benefits.

The maximum aggregate amount due from executives at any time during the year was Rs 1.086 million (2016: Rs 0.137 million).

	2017	2016
	(Rupees in thousand)	

23. Stores, spares and loose tools

	2017	2016
Stores [including in transit: Rs 196.426 million (2016: Rs 99.524 million)]	1,934,567	1,613,215
Spare parts [including in transit Rs 10.289 million (2016: Rs 9.570 million)]	3,141,982	2,505,475
Loose tools	6,462	5,786
	5,083,011	4,124,476

23.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	2017	2016
	(Rupees in thousand)	

24. Stock-in-trade

	2017	2016
Raw materials [including in transit Rs 174.89 million (2016: Rs 199.4 million)]	486,910	464,509
Packing material [including in transit Rs 0.286 million (2016: Rs 0.142 million)]	122,010	200,312
Animal Forage	232,512	214,356
Work-in-process	522,557	166,940
Finished goods	431,356	292,094
	1,795,345	1,338,211

25. Trade debts

		2017	2016
Considered good			
Secured		195,044	148,052
Unsecured			
- Related parties	- note 25.1	25,138	13,587
- Others		277,566	363,335
		497,748	524,974
Considered doubtful		3,466	-
		501,214	524,974
Less: Provision for doubtful debts	- note 25.2	(3,466)	-
		497,748	524,974

25.1 Related parties - unsecured

	2017	2016
Nishat Hospitality (Private) Limited	537	537
Nishat Linen (Private) Limited	221	221
Nishat Hotels and Properties Limited	809	12,822
Nishat Mills Limited	23,075	-
Nishat Agriculture Farming (Private) Limited	66	7
Nishat (Chunian) Limited	430	-
	25,138	13,587

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

	1 to 3 months	More than 3 months	As at June 30, 2017	As at June 30, 2016
	(Rupees in thousand)			
Nishat Hospitality (Private) Limited	-	537	537	537
Nishat Linen (Private) Limited	-	221	221	221
Nishat Hotels and Properties Limited	501	308	809	12,822
Nishat Mills Limited	13,890	9,185	23,075	-
Nishat (Chunian) Limited	2	428	430	-
Nishat Agriculture Farming (Private) Limited	66	-	66	7
	14,459	10,679	25,138	13,587

		2017	2016
		(Rupees in thousand)	
25.2 Provision for doubtful debts			
Balance as at beginning of the year		-	-
Provision made during the year		3,466	-
Balance as at end of the year		3,466	-
26. Investments			
Available for sale - quoted			
Related parties - cost	- note 26.1	479,118	479,118
Cumulative fair value gain	- note 26.2	16,564,967	17,339,888
		17,044,085	17,819,006
At fair value through profit or loss			
Others	- note 26.3	57	41
		17,044,142	17,819,047
26.1 This represents the following quoted investments:			
MCB Bank Limited			
80,971,917 (2016: 80,971,917) fully paid ordinary shares of Rs 10 each			
Equity held: 7.27% (2016: 7.27%)			
Market value Rs 17,038.920 million (2016: Rs 17,815.441 million)		478,286	478,286
Nishat (Chunian) Limited			
100,620 (2016: 100,620) fully paid ordinary shares of Rs 10 each			
Equity held: 0.042% (2016: 0.042%)			
Market value - Rs 5.164 million (2016: Rs 3.564 million)		832	832
		479,118	479,118
26.2 Cumulative fair value gain			
Balance as at beginning of the year		17,339,888	19,696,355
Fair value (loss) / gain recognized in other comprehensive income		(774,921)	(2,356,467)
Balance as at end of the year		16,564,967	17,339,888

	2017	2016
	(Rupees in thousand)	

26.3 Others - at fair value through profit or loss

	2017	2016
Habib Bank Limited - quoted		
210 (2016: 210) fully paid ordinary shares of Rs 10 each		
Equity held: 0.00% (2016: 0.00%)		
Cost - Rs 0.024 million (2016: Rs 0.024 million)	57	41

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

		2017	2016
Current portion of loans to employees - considered good		1,509	697
Current portion of long term receivable from related party		-	17,206
Advances - considered good			
- To employees	- note 27.1	7,756	18,996
- To suppliers		104,157	206,690
		111,913	225,686
Due from related parties	- note 27.2	536	5,776
Prepayments		20,862	14,023
Mark-up receivable from related party	- note 27.3	5,458	140
Profit receivable on bank deposits		-	36,325
Letters of credit - margins, deposits, opening charges, etc		46,005	-
Claims recoverable from government			
- Sales tax	- note 27.4	1,417,729	263,177
- Excise duty		352,364	17,243
- Export rebate		18,234	15,469
		1,788,327	295,889
Other receivables			
- Considered good		8,818	8,656
- Considered doubtful		1,342	-
		10,160	8,656
		1,984,770	604,398
Provision for doubtful receivables	- note 27.5	(1,342)	-
		1,983,428	604,398

27.1 Included in advances to employees are amounts due from executives of Rs 1.701 million (2016: Rs 6.019 million).

	2017	2016
	(Rupees in thousand)	

27.2 Due from related parties - unsecured

	2017	2016
Nishat Mills Limited	536	5,287
Nishat Developers (Private) Limited	-	489
	536	5,776

27.3 This represents mark-up receivable from Nishat Hotels and Properties Limited against the loan as referred to in note 28.

27.4 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 17.

	2017	2016
	(Rupees in thousand)	

27.5 Provision for doubtful receivables

	2017	2016
Balance as at beginning of the year	-	-
Provision made during the year	1,342	-
Balance as at end of the year	1,342	-

28. Loan to related party - considered good

This represents loan amounting to Rs 1,000 million to NHPL, an associated company, for meeting its working capital requirements. The loan carries markup 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 30, 2017. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Group. The effective markup rate charged during the period was 6.55% per annum which is above the borrowing cost of the Cement segment. In case of default in payment of principal or markup, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default.

29. Cash and bank balances

		2017	2016
		(Rupees in thousand)	
At banks:			
Saving accounts			
Local currency	- note 29.1 & 29.2	140,157	199,005
Foreign currency: US$ 93,360 (2016: US$ 1,423,638)		9,787	149,055
Term deposit receipts		-	6,275,120
Current accounts		298,673	393,766
		448,617	7,016,946
In hand		1,911	5,148
		450,528	7,022,094

29.1 The balances in saving accounts bear mark-up at 2% to 3.75% per annum (2016: 6% to 8% per annum).

29.2 Included in balances at banks on saving accounts are Rs 14.480 million (2016: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.2.

30. Sales

		2017	2016
		(Rupees in thousand)	
Local sales		39,751,926	35,835,780
Export sales	- note 30.1	3,394,074	3,855,019
		43,146,000	39,690,799
Less:			
Sales tax		6,415,150	5,770,572
Excise duty		3,968,293	1,626,039
Commission to stockists and export agents		287,410	347,574
		10,670,853	7,744,185
		32,475,147	31,946,614

30.1 Export sales include rebate on exports amounting to Rs 16.130 million (2016: Rs 21.609 million).

31. Cost of sales

		2017	2016
		(Rupees in thousand)	
Raw and packing materials consumed		2,845,607	2,781,955
Forage		752,331	1,010,226
Medicines and related items		105,738	142,799
Salaries, wages and other benefits	- note 31.1	1,993,082	1,810,571
Electricity and gas		2,405,680	2,137,819
Furnace oil and coal		8,166,143	6,482,072
Stores and spares consumed		1,545,309	1,519,405
Repairs and maintenance		329,595	269,756
Insurance		60,819	113,968
Depreciation on operating fixed assets	- note 18.1.2	2,253,628	2,084,981
Amortisation of intangible assets	- note 20.1.1	-	12,916
Royalty		339,736	310,038
Excise duty		32,143	29,504
Vehicle running		29,480	28,273
Postage, telephone and telegram		6,232	5,039
Printing and stationery		10,452	4,126
Legal and professional charges		3,072	1,377
Travelling and conveyance		22,279	23,611
Estate development		33,946	26,740
Rent, rates and taxes		79,862	65,642
Technical consultancy charges		-	12,890
Freight charges		35,608	42,250
Sales tax receivable written off		-	230,666
Other expenses		97,498	58,425
		21,148,240	19,205,049
Opening work-in-process	- note 24	166,940	508,578
Closing work-in-process	- note 24	(522,557)	(166,940)
		(355,617)	341,638
Cost of goods manufactured		20,792,623	19,546,687
Opening stock of finished goods	- note 24	292,094	378,542
Closing stock of finished goods	- note 24	(431,356)	(292,094)
		(139,262)	86,448
Less: Own consumption		305,235	118,584
		20,348,126	19,514,551

31.1 Salaries, wages and other benefits include Rs 46.827 million (2016: Rs 42.052 million), Rs 29.010 million (2016: Rs 32.927 million) and Rs 18.771 million (2016: Rs 20.881 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences as detailed below.

		2017	2016
		(Rupees in thousand)	

31.1.1 Salaries, wages and other benefits

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

	2017	2016
Gratuity		
Current service cost	29,195	31,432
Interest cost for the year	17,871	23,884
Interest income on plan assets	(18,056)	(22,389)
	29,010	32,927
Accumulating compensated absences		
Current service cost	16,492	15,396
Interest cost for the year	5,351	6,983
Remeasurements	(3,072)	(1,498)
	18,771	20,881

32. Administrative expenses

		2017	2016
Salaries, wages and other benefits	- note 32.1	345,611	309,121
Electricity, gas and water		17,057	9,534
Repairs and maintenance		8,464	13,801
Insurance		4,494	2,949
Depreciation on operating fixed assets	- note 18.1.2	79,496	78,645
Amortisation of intangible assets	- note 20.1.1	-	2,768
Vehicle running		11,026	7,921
Postage, telephone and telegram		12,118	13,005
Printing and stationery		9,299	12,498
Legal and professional services	- note 32.2	20,190	23,305
Travelling and conveyance		30,807	32,317
Rent, rates and taxes		472	258
Entertainment		3,574	3,583
School expenses		28,946	25,020
Fee and subscription		28,714	25,506
Advances / debts written off		-	63,949
Provision for doubtful debts / advances		4,814	-
Incorporation expenses		-	130
Other expenses		12,304	8,469
		617,386	632,779

32.1 Salaries, wages and other benefits include Rs 10.704 million (2016: Rs 9.222 million), Rs 7.682 million (2016: Rs 7.394 million) and Rs 5.186 million (2016: Rs 5.186 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences as detailed below.

		2017	2016
		(Rupees in thousand)	

32.1.1 Salaries, wages and other benefits

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

	2017	2016
Gratuity		
Current service cost	7,731	7,058
Interest cost for the year	4,732	5,363
Interest income on plan assets	(4,781)	(5,028)
	7,682	7,393
Accumulating compensated absences		
Current service cost	3,991	3,824
Interest cost for the year	1,295	1,734
Remeasurements	(744)	(372)
	4,542	5,186

32.2 Legal and professional charges

Legal and professional charges include the following in respect of auditors' services for:

	2017	2016
Statutory audit	4,104	3,738
Half-yearly review	733	666
Tax services	3,294	10,608
Other assurance services	93	110
Out of pocket expenses	905	150
	9,129	15,272

33. Selling and distribution expenses

		2017	2016
Salaries, wages and other benefits	- note 33.1	143,715	137,751
Electricity, gas and water		2,004	1,885
Repairs and maintenance		719	1,212
Insurance		1,992	1,719
Depreciation on operating fixed assets	- note 18.1.2	4,643	4,446
Amortisation of intangible assets	- note 20.1.1	-	2,768
Vehicle running		4,085	3,856
Postage, telephone and telegram		1,892	1,709
Printing and stationery		1,714	1,959
Rent, rates and taxes		2,655	1,566
Legal and professional charges		100	972
Travelling and conveyance		3,286	2,405
Entertainment		923	864
Advertisement and sales promotion		12,815	16,047
Freight and handling charges		805,986	785,914
Other expenses		10,060	797
		996,589	965,870

33.1 Salaries, wages and other benefits include Rs 5.664 million (2016: Rs 4.232 million), Rs 3.756 million (2016: Rs 3.697 million) and Rs 2.267 million (2016: Rs 2.601 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences as detailed below.

		2017	2016
		(Rupees in thousand)	
33.1.1 Salaries, wages and other benefits			
Salaries, wages and other benefits include the following in respect of retirement benefits:			
Gratuity			
Current service cost		3,780	3,530
Interest cost for the year		2,314	2,682
Interest income on plan assets		(2,338)	(2,515)
		3,756	3,697
Accumulating compensated absences			
Current service cost		1,992	1,918
Interest cost for the year		646	870
Remeasurements		(371)	(187)
		2,267	2,601

34. Other expenses

		2017	2016
Workers' profit participation fund	- note 11.2	623,552	691,792
Workers' welfare fund	- note 11.3	175,550	176,074
Donations	- note 34.1	50,589	650
Realized loss on derivative financial instrument		5,650	4,907
Un-realized loss on derivative financial instrument		48,056	-
Exchange loss		19,535	94,605
Loss on disposal of operating fixed assets	- note 18.1.3	1,360	-
Loss on disposal of biological assets		146,160	254,505
Loss on sale of store items		158	4,011
Fair value loss on investments at fair value through profit or loss		-	4
Others		5,465	250
		1,076,075	1,226,798

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

		2017	2016
		(Rupees in thousand)	

35. Other income

Income from financial assets

		2017	2016
Income on bank deposits		101,832	418,302
Gain on investments at fair value through profit or loss		15	-
Provisions and unclaimed balances written back		8,381	16,483
Mark-up on loan / advances to related parties	- note 35.1	39,006	499
Unrealized gain on derivative financial instruments		-	4,828
Gain on disposal of available-for-sale investments		1,280	29,222
Dividend income from:			
- Related parties	- note 35.2	1,904,473	1,839,941
- Others		6,736	5,743
		1,911,209	1,845,684
		2,061,723	2,315,018

Income from non-financial assets:

		2017	2016
Gain on disposal of operating fixed assets	- note 18.1.3	-	13,869
Scrap sales		33,485	29,231
Rental income		512	-
Sale of bull calves		12,009	3,988
Others		2,733	4
		48,739	47,092
		2,110,462	2,362,110

35.1 This is from the following related parties:

		2017	2016
Nishat Hotels and Properties Limited		38,796	-
Sui Northern Gas Pipelines Limited	- note 35.1.1	210	499
		39,006	499

35.1.1 Sui Northern Gas Pipelines Limited ceased to be a related party (associated company) from June 21, 2017.

35.2 Dividend income from related parties

	2017	2016
	(Rupees in thousand)	
Nishat Mills Limited	151,448	136,303
MCB Bank Limited	1,641,982	1,637,795
Adamjee Insurance Company Limited	92,855	54,928
Habib Bank Limited	2	3
Nishat Chunian Limited	18,186	10,912
	1,904,473	1,839,941

		2017	2016
		(Rupees in thousand)	

36. Finance costs

		2017	2016
Interest and mark-up on:			
- Long term loans - secured		191,450	59,569
- Short term borrowings - secured		168,468	82,031
- Workers' profit participation fund	- note 11.2	5,873	2,529
Guarantee commission		6,503	2,221
Bank charges		39,843	25,495
		412,137	171,845

37. Taxation

	2017	2016
Current		
- For the year	3,290,155	2,770,231
- Prior years	(112,031)	134,739
	3,178,124	2,904,970
Deferred	93,691	503,646
	3,271,815	3,408,616

37.1 By virtue of amendments introduced through Finance Act 2017, the provisions of section 5A of the Ordinance have been amended to the effect that a listed company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the said tax year through cash or bonus shares, shall be liable to pay tax at the rate of 7.5% 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.

37.2 Tax charge reconciliation

	2017 %	2016 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate of:	31.00	32.00
Tax effect of amounts that are not deductible for tax purposes	0.62	(0.19)
Effect of change in prior years' tax	(1.01)	1.10
Effect of change in tax rate	-	0.02
Effect of tax credits	(1.25)	(2.46)
Effect of presumptive/final tax regime	(3.53)	(4.57)
Effect of Super Tax	3.00	3.00
Tax losses for which no deferred tax asset recognised	0.58	-
Rounding and others	-	0.01
	(1.59)	(3.09)
Average effective tax rate charged to consolidated profit and loss account	29.41	28.91

		2017	2016

38. Earnings per share

38.1 Earnings per share - Basic

		2017	2016
Profit for the year - attributable to equity holders of the Parent Company	Rupees	7,890,603,000	8,552,868,000
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	18.01	19.52

38.2 Earnings per share - Diluted

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

39. Cash generated from operations

		2017	2016
		(Rupees in thousand)	
Profit before tax		11,125,279	11,789,992
Adjustments for:			
- Depreciation on operating fixed assets		2,337,767	2,168,072
- Amortisation on intangible assets		-	18,452
- Change in fair value of investments at fair value through profit or loss		15	4
- Gain on disposal of investments - available for sale		(1,280)	-
- Gain on disposal of investments - at fair value through profit or loss		-	(29,222)
- Loss/(gain) on disposal of operating fixed assets		1,360	(13,869)
- Loss on disposal of biological assets		146,160	254,505
- Changes in fair value of biological assets		10,017	6,889
- Realized loss on derivative financial instruments		5,650	4,907
- Unrealized loss/(gain) on derivative financial instruments		48,056	(4,828)
- Dividend income		(1,911,209)	(1,845,684)
- Mark-up income		(39,006)	(418,801)
- Provision for retirement benefits		66,028	72,685
- Provision for doubtful advances		1,342	-
- Provision for doubtful debts		3,466	-
- Exchange loss		19,535	94,605
- Provisions and unclaimed liabilities written back		-	(16,483)
- Finance costs		412,137	171,845
Profit before working capital changes		1,100,038	463,077
Effect on cash flow due to working capital changes			
- Decrease in stores, spares and loose tools		(958,535)	(358,627)
- (Increase)/decrease in stock-in-trade		(457,134)	575,103
- Decrease/(increase) in trade debts		34,362	(77,021)
- (Increase)/decrease in advances, deposits, prepayments and other receivables		(1,375,054)	409,855
- Increase in trade and other payables		386,266	944,105
		(2,370,095)	1,493,415
		9,855,222	13,746,484

40. Cash and cash equivalents

		2017	2016
Cash and bank balances	- note 29	450,528	7,022,094
Short term borrowings - secured	- note 13	(8,614,810)	(3,750,006)
		(8,164,282)	3,272,088

41. Remuneration of Chief Executive, Directors and Executives

41.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive Directors and Executives of the Group are as follows:

(Rupees in thousand)

	Chief Executive		Executive Directors		Executives	
	2017	2016	2017	2016	2017	2016
Managerial remuneration	18,960	17,336	15,380	13,643	547,537	446,516
Contributions to Provident and Gratuity Fund	-	-	2,614	2,334	82,841	70,449
Housing	270	270	839	745	200,133	165,582
Utilities	-	-	-	-	39,565	32,731
Bonus	4,334	1,313	1,061	965	144,518	104,650
Leave passage	-	-	594	1,470	13,864	15,112
Medical expenses	2,221	304	56	299	23,327	22,853
Others	12,370	11,287	996	637	96,684	73,087
	38,155	30,510	21,540	20,093	1,148,469	930,980
Number of persons	2	2	2	2	452	382

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

41.3 During the year, the Group paid meeting fee amounting to Rs 590 thousand (2016: Rs 180 thousand) to its non-executive directors. The number of non-executive directors is 8 (2016: 8).

42. Transactions with related parties

The related parties comprise associated companies, other related companies, directors, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, and remuneration of directors and key management personnel is disclosed in note 41. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Relationship with the group	Nature of transactions	2017	2016
		(Rupees in thousand)	
i. Related parties	Sale of goods and services	184,489	121,761
	Insurance premium	92,826	141,538
	Purchase of goods and services	73,599	1,435,965
	Insurance claims received	6,404	31,649
	Dividend income	1,904,473	1,839,941
	Dividend paid	839,221	720,418
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	73,273	76,187
	Expense charged in respect of contributory provided fund	63,215	56,506
	Funds paid to contributory provident fund	200,589	162,984

43. Plant capacity and actual production

		Capacity		Actual production	
		2017	2016	2017	2016
Cement segment:					
Clinker (Metric Tonnes)					
Unit I	- note 43.1	810,000	810,000	829,387	696,461
Unit II	- note 43.1	1,200,000	1,200,000	1,195,979	1,227,600
Unit III	- note 43.1	2,010,000	2,010,000	2,289,234	2,040,937
Paper segment:					
Cement bags (number of bags in thousand)	- note 43.2	120,000	120,000	118,718	110,404

Dairy segment:
The number of biological assets have been disclosed in note 19 to these consolidated financial statements.

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

43.2 Actual cement bags produced by the Paper segment's plant is dependent on the quantity demanded by the customers.

	2017	2016

44. Number of employees

	2017	2016
Total number of employees as at June 30	1,553	1,411
Average number of employees during the year	1,478	1,375

45. Provident Fund related disclosures

45.1 Cement segment

			2017	2016
			(Rupees in thousand)	
(i)	Size of the fund - total assets		1,915,781	1,578,549
(ii)	Cost of investments made		1,058,118	974,034
(iii)	Fair value of investments	- note 45.1.1	1,722,692	1,406,171
(iv)	Percentage of investments made		89.92%	89.08%

45.1.1 The breakup of fair value of investments is:

	2017		2016	
	Fair value of investment	Percentage of size of fund	Fair value of investment	Percentage of size of fund
	(Rs in '000')	--%--	(Rs in '000')	--%--
Category wise break-up of investments				
Special accounts in a scheduled bank	212,770	11.11%	144,977	9.18%
Government securities	367,121	19.16%	422,212	26.75%
Listed securities				
- Mutual funds	160,489	8.38%	121,066	7.67%
- Other listed securities	914,208	47.72%	666,127	42.20%
Un-listed securities	68,104	3.55%	51,789	3.28%
	1,722,692	89.92%	1,406,171	89.08%

The figures for 2017 are based on the un-audited financial statements of the Provident Fund. The investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the Employees' Provident Fund (Investment in Listed Securities) Rules, 2016 ('Rules') formulated for this purpose except for:

- investments in unlisted securities (NIT units)

- investments in listed securites in excess of 30% of the provident fund

However, as per S.R.O 770 (1)/2016 dated August 17, 2016, a transition period of two years from the date of the said S.R.O has been granted to bring all the investments of provident fund in confirmity with the provisions of the above Rules.

		2017	2016
		(Rupees in thousand)	

45.2 Paper segment

			2017	2016
(i)	Size of the fund - total assets		9,751	11,474
(ii)	Cost of investments made		7,954	10,182
(iii)	Fair value of investments	- note 45.2.1	7,954	10,182
(iv)	Percentage of investments made		81.57%	88.74%

45.2.1 The breakup of fair value of investments is:

	2017 (Rs in '000')	--%--	2016 (Rs in '000')	--%--
Break up of investments - at fair value				
Special accounts in a scheduled bank	7,954	81.57%	10,182	88.74%

The figures are based on the audited financial statements of the Provident Fund. The investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the Employees' Provident Fund (Investment in Listed Securities) Rules, 2016 ('Rules') formulated for this purpose.

45.3 Dairy segment

			2017	2016
			(Rupees in thousand)	
(i)	Size of the fund - total assets		18,146	11,209
(ii)	Cost of investments made		17,932	8,384
(iii)	Fair value of investments	- note 45.3.1	17,013	8,463
(iv)	Percentage of investments made		93.76%	75.50%

45.3.1 The breakup of fair value of investments is:

	2017		2016	
	Fair value of investment (Rs in '000')	Percentage of size of fund --%--	Fair value of investment (Rs in '000')	Percentage of size of fund --%--
Category wise break-up of investments				
Special accounts in a scheduled bank	-	0.00%	4,597	41.01%
Investment in mutual funds - listed	17,013	93.76%	3,866	34.49%

The figures are based on the audited financial statements of the Provident Fund. The investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Act and the Employees' Provident Fund (Investment in Listed Securities) Rules, 2016 ('Rules') formulated for this purpose except for the investment made in a money market listed collective investment scheme which exceeds the twenty percent threshold as set by the Rules.

However, as per S.R.O 770 (1)/2016 dated August 17, 2016, a transition period of two years from the date of the said S.R.O has been granted to bring all the investments of provident fund in confirmity with the provisions of the above Rules.

46. Financial risk management

46.1 Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

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

	2017	2016
	(In thousand)	
Cash and bank balances - USD	93	1,424
Receivable against sales to foreign parties - USD	1,485	1,417
Long term loan - USD	-	(4,663)
Short term borrowings - secured - USD	(24,000)	-
Net exposure - USD	(22,422)	(1,822)
Finances under mark-up arrangements - Euro	-	948
Mark-up payable - Euro	-	3
Trade and other payables - Euro	1,041	822
Net exposure - Euro	1,041	1,773

At June 30, 2017, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 166.188 million (2016: Rs 13.568 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

At June 30, 2017, if the Rupee had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs 14.288 million (2016: Rs 14.662 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of Euro-denominated financial assets and liabilities.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

The Group’s investments in equity of other entities that are publicly traded are included in 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	
	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)	
Pakistan Stock Exchange	-	-	2,859,841	2,726,025

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss, this impact is considered to be immaterial. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available-for-sale.

(iii) Cash flow and fair value interest rate risk

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

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

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

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

At June 30, 2017, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 115.110 million (2016: Rs 41.067 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

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

(i) Exposure to credit risk

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

	2017	2016
	(Rupees in thousand)	
Long term loans, advances and deposits	59,748	58,842
Trade debts - unsecured	302,704	376,922
Advances, deposits and other receivables	17,663	68,800
Balances with banks	448,617	7,016,946
	828,732	7,521,510
The aging analysis of trade receivables - unsecured is as follows:		
Up to 90 days	239,840	261,387
90 to 180 days	56,260	75,580
181 to 365 days	5,906	36,060
Above 365 days	767	3,895
	302,773	376,922

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

(ii) Credit quality of financial assets

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

	Rating Short term	Long term	Rating Agency	2017	2016
				(Rupees in thousand)	
Askari Bank Limited	A1+	AA+	JCR-VIS	244	22
Bank Alfalah Limited	A1+	AA	PACRA	127,142	268,320
Bank Islami Pakistan Limited	A1	A+	PACRA	288	58
Bank of Punjab	A1+	AA	PACRA	329	109
Citibank N.A.	P-1	A1	Moody's	20,001	2
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	1,076	348
Faysal Bank Limited	A1+	AA	PACRA	218	256
Habib Bank Limited	A1+	AAA	JCR-VIS	-	500,000
MCB Bank Limited	A1+	AAA	PACRA	209,018	783,449
MCB Islamic Bank Limited	A1+	AAA	PACRA	1,312	1,002
Meezan Bank Limited	A1+	AA	JCR-VIS	465	12
National Bank of Pakistan	A1+	AAA	JCR-VIS	4,623	2,749
NIB Bank Limited	A1+	AA-	PACRA	16,390	1,017,347
Silk Bank Limited	A2	A-	JCR-VIS	5	5
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,350	554
United Bank Limited	A1+	AAA	JCR-VIS	65,628	154,713
Soneri Bank Limited	A1+	AA-	PACRA	-	715
Deutsche Bank AG	F1	A-	Moody's	-	1
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	27	2,258,502
JS Bank	A1+	AA-	PACRA	11	2,025,119
Bank Al-Habib	A1+	AA+	PACRA	486	3,659
Samba Bank Limited	A-1	AA	JCR-VIS	4	4
				448,617	7,016,946

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

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

At June 30, 2017	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
				(Rupees in thousand)
Long term finances	13,133,750	586,250	4,160,222	8,387,278
Trade and other payables	4,081,090	4,081,090	-	-
Accrued finance cost	219,927	219,927	-	-
Short term borrowings - secured	8,614,810	8,614,810	-	-
Loan from related party - unsecured	169,000	169,000	-	-
Derivative financial instrument	48,056	48,056	-	-
	26,266,633	13,719,133	4,160,222	8,387,278

At June 30, 2016	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
				(Rupees in thousand)
Long term finances	3,785,126	1,521,376	913,750	1,350,000
Trade and other payables	4,693,324	4,693,324	-	-
Accrued finance cost	60,421	60,421	-	-
Short term borrowings - secured	3,750,006	3,750,006	-	-
	12,288,877	10,025,127	913,750	1,350,000

46.2 Capital management

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

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

Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as total debt divided by total capital employed. Total debt represent long term and short-term finances obtained by the Group. Total capital employed includes equity as shown in the consolidated balance sheet plus total debt. The Group's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at June 30, 2017 and June 30, 2016 is as follows:

	2017	2016
	(Rupees in thousand)	
Total debt	21,748,560	7,535,132
Total equity - attributable to shareholders of the parent company	74,693,807	65,694,760
Total capital employed	96,442,367	73,229,892
Gearing ratio	23%	10%

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 in respect of capital requirements which the Group has complied with throughout the reporting period.

46.3 Fair value estimation

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

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

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

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

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

As at June 30, 2017	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investment - At fair value through profit or loss	57	-	-	57
Investments - Available-for-sale	29,119,166	-	4,051,000	33,170,166
Biological assets	-	-	591,579	591,579
Total assets	29,119,223	-	4,642,579	33,761,802
Liabilities				
Derivative financial instruments	-	48,056	-	48,056
Total liabilities	-	48,056	-	48,056

As at June 30, 2016	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investment - At fair value through profit or loss	41	-	-	41
Investments - Available-for-sale	27,260,246	-	1,000,000	28,260,246
Biological assets	-	-	660,491	660,491
Derivative financial instruments	-	14,701	-	14,701
	27,260,287	14,701	1,660,491	28,935,479
Liabilities	-	-	-	-
Total liabilities	-	-	-	-

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the period and there were no changes in valuation techniques during the periods.

Valuation techniques used to measure level 3 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, 2017. 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.

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.

Valuation inputs and relationship to fair value

The international market prices of similar dairy cattle, when these increase the fair value increases. The fair value is also dependent on the age of the cattle. The fair value increases as the cows mature. This value decreases as cows age and go through lactations.

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 loss for the year would have been Rs 5.916 million (2016: Rs 6.605 million) lower/higher mainly as a result of lower/higher fair value loss on biological assets.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

46.4 Financial instruments by categories

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2017				
Assets as per balance sheet				
Long term loans, advances and deposits	-	-	59,748	59,748
Trade debts	-	-	497,748	497,748
Advances, deposits and other receivables	-	-	17,663	17,663
Loan to related party	-	-	1,000,000	-
Investments	57	33,170,166	-	33,170,223
Cash and bank balances	-	-	450,528	450,528
	57	33,170,166	2,025,687	34,195,910
As at June 30, 2016				
Assets as per balance sheet				
Derivative financial instrument	14,701	-	-	14,701
Long term loans, advances and deposits	-	-	58,842	58,842
Trade debts	-	-	524,974	524,974
Advances, deposits and other receivables	-	-	68,800	68,800
Investments	41	28,260,246	-	28,260,287
Cash and bank balances	-	-	7,022,094	7,022,094
	14,742	28,260,246	7,674,710	35,949,698

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)	
Liabilities as per balance sheet				
Long term finance - secured	-	-	13,133,750	3,785,126
Accrued mark up	-	-	219,927	60,421
Trade and other payables	-	-	4,081,090	4,693,324
Short term borrowings - secured	-	-	8,614,810	3,750,006
Loan from related party - unsecured	-	-	169,000	-
Derivative financial instrument	48,056	-	-	-
	48,056	-	26,218,577	12,288,877

46.5 Offsetting financial assets and financial liabilities

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

47. Operating Segments

Segment information is presented in respect of the Group's business. The primary format, business segment, is based on the Group's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Group's operations comprise of the following main business segment types:

Type of segments	Nature of business
Cement	Production and sale of clinker, ordinary portland and sulphate resistant cements
Paper	Manufacture and supply of paper products and packing material
Dairy	Production and sale of raw milk

The identification of operating segments was based on the internal organisational and reporting structure, built on the different products and services within the Group. Allocation of the individual organisational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under the repealed Companies Ordinance, 1984.

47.1 Segment analysis and reconciliation

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments.

(Rupees in thousand)

	Cement		Paper		Dairy/Farm Supplies		Elimination - net		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from										
- External customers	30,130,129	29,702,346	1,234,930	1,068,112	1,110,088	1,176,156	-	-	32,475,147	31,946,614
- Inter group	6,036	1,412	1,249,058	1,297,934	-	-	(1,255,094)	(1,299,346)	-	-
	30,136,165	29,703,758	2,483,988	2,366,046	1,110,088		(1,255,094)	(1,299,346)	32,475,147	31,946,614
Segment gross profit	11,844,563	12,668,191	587,293	601,911	(280,349)	(804,178)	(24,486)	(33,861)	12,127,021	12,432,063
Segment expenses	(2,421,773)	(2,436,050)	(64,414)	(78,602)	(206,955)	(312,529)	3,092	1,734	(2,690,050)	(2,825,447)
Other income	2,118,216	2,379,053	19,350	4,939	15,213	6,286	(42,317)	(28,168)	2,110,462	2,362,110
Changes in fair value of biological assets	-	-	-	-	(10,017)	(6,889)	-	-	(10,017)	(6,889)
Financial charges	(382,895)	(130,450)	(28,390)	(41,004)	(852)	(391)	-	-	(412,137)	(171,845)
Taxation	(3,182,766)	(3,691,071)	(174,334)	(155,062)	85,285	437,516	-	1	(3,271,815)	(3,408,616)
Profit after taxation	7,975,345	8,789,673	339,505	332,182	(397,675)	(680,185)	(63,711)	(60,294)	7,853,464	8,381,376
Segment assets	108,371,316	83,418,260	1,860,330	1,874,543	3,230,910	3,477,550	(2,345,382)	(2,525,563)	111,117,174	86,244,790
Segment liabilities	33,502,440	17,634,838	677,241	958,131	548,882	397,846	(276,619)	(482,122)	34,451,944	18,508,693
Depreciation and amortisation	2,061,811	1,890,318	33,027	32,921	208,734	226,411	34,195	36,874	2,337,767	2,186,524
Net cash generated from / (used in) operating activities	5,877,328	11,119,972	552,316	439,200	56,991	(230,481)	(208,998)	(657,312)	6,277,637	10,671,379
Capital expenditure	(24,947,189)	(11,516,561)	(16,694)	(7,170)	(134,453)	(51,680)	25,418	144,471	(25,072,918)	(11,430,940)
Net cash used in investing activities	(24,430,219)	(5,907,363)	(82,914)	(50,818)	(220,995)	233,941	170,609	648,090	(24,563,519)	(5,076,150)

47.2 Geographical segments

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

48. Interests in other entities

48.1 Material subsidiaries

The Group's principal subsidiaries as at June 30, 2017 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 is also their principal place of business.

		Ownership interest held by the Group		Ownership interest held by non-controlling interests		
Name of entity		**2017**	**2016**	**2017**	**2016**	**Principal activities**
Nishat Paper Products Company Limited	Lahore, Pakistan	55%	55%	45%	45%	Paper products and packaging material
Nishat Dairy (Private) Limited	Lahore, Pakistan	55.10% approx	55.10% approx	44.90% approx	44.90% approx	Production and sale of raw milk
Nishat Farm Supplies (Private) Limited	Lahore, Pakistan	55.10% approx	55.10% approx	44.90% approx	44.90% approx	Sale/distribution of imported chemicals, medicines, vaccines etc.

48.2 Non-controlling interests ('NCI')

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations:

	Nishat Paper Products Limited		Nishat Dairy (Private) Limited		Nishat Farm Supplies (Private) Limited	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Summarised balance sheet						
Current assets	1,067,460	1,134,105	451,537	551,281	4	5
Current liabilities	482,215	672,785	336,910	178,472	85	85
Current net assets / (liabilities)	585,245	461,320	114,627	372,809	(81)	(80)
Non-current assets	792,869	740,438	2,779,609	2,926,400	-	-
Non-current liabilities	195,026	285,346	211,887	219,286	-	-
Non-current net assets	597,843	455,092	2,567,722	2,707,114	-	-
Net assets	1,183,088	916,412	2,682,349	3,079,923	(81)	(80)
Accumulated non-controlling interest	637,969	518,506	1,333,490	1,522,830	(36)	(36)

	Nishat Paper Products Limited		Nishat Dairy (Private) Limited		Nishat Farm Supplies (Private) Limited	
	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Summarised statement of comprehensive income						
Revenue	2,483,988	2,366,046	1,110,088	1,176,156	-	-
Profit / (loss) for the year	339,507	332,183	(397,571)	(679,969)	(105)	(216)
Other comprehensive income	(3,026)	3,358	-	-	-	-
Total comprehensive income	336,481	335,541	(397,571)	(679,969)	(105)	(216)
Profit / (loss) allocated to NCI	152,238	145,929	(189,330)	(317,324)	(47)	(97)
Other comprehensive income allocated to NCI	(1,362)	1,511	-	-	-	-
Dividends paid to NCI	31,413	20,942	-	-	-	-
Summarised cash flows						
Cash flow from operating activities	552,316	439,200	57,096	(230,351)	(105)	(131)
Cash flow from investing activities	(82,914)	(50,818)	(221,100)	233,806	-	-
Cash flow from financing activities	(202,930)	(164,037)	169,000	-	105	135
Net increase in cash and cash equivalents	266,472	224,345	4,996	3,455	-	4

49. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. Significant re-arrangement is as follows:

	(Rupees in thousand)
"Advances to suppliers and contractors" under "Capital work-in-progress" has been reclassified to "Advances to suppliers and contractors" under "Capital work-in-progress - Expansion Project"	1,104,847
"Plant and machinery" under "Capital work-in-progress" has been reclassified to "Plant and machinery" under "Capital work-in-progress - Expansion Project"	2,913,886

50. Date of authorisation for issue

These consolidated financial statements were authorised for issue on September 19, 2017 by the Board of Directors.

51. Events after the balance sheet date

51.1 The Board of Directors have proposed a final dividend for the year ended June 30, 2017 of Rs 7.50 per share (2016: Rs 6 per share), amounting to Rs 3,285.893 million (2016: Rs 2,628.715 million) at their meeting held on September 19, 2017 for approval of the members at the Annual General Meeting to be held on October 28, 2017. 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.

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

- 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۔

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۔

فریم ورک اور داخلی کنٹرول

اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر 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۔

DGKC

محترمہ ناز منشا (چیئر پرسن)

جناب رضا منشا

جناب خالد نیاز خواجہ

جناب محمد عارف حمید

جناب خالد قدیر قریشی

جناب فرید نور علی فضل

جناب شہزاد احمد ملک

محترمہ نبیجہ شاہ نواز چیمہ (وہ 31 اکتوبر 2016 کو ریٹائر ہوگئیں)

NPPL

جناب رضا منشا (چیئر مین)

جناب فرید نور علی فضل

جناب آفتاب احمد خان

جناب محمود اختر

جناب عنائت اللہ نیازی

ڈاکٹر عارف بشیر

جناب بدر الحسن

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
19 ستمبر 2017ء

حصص داران کے لئے ڈائریکٹرز کی رپورٹ مجموعی حسابات پہ

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے مجموعی مالیاتی اعدادوشمار 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 2017ء مختتمہ سال کے لئے مجموعی کارکردگی کے اعدادوشمار:

پاکستانی روپے ہزاروں میں

	مالی سال 2017	مالی سال 2016
فروخت	32,475,147	31,946,614
قیمت فروخت	(20,348,126)	(19,514,551)
مجموعی منافع	12,127,021	12,432,063
انتظامی لاگت	(617,386)	(632,779)
فروخت اور تقسیم کرنے کی لاگت	(996,589)	(965,870)
دیگر آپریشنل لاگت	(1,076,075)	(1,226,798)
دیگر آمدنی	2,110,462	2,362,110
بائیالوجیکل اثاثوں کی فیئر ویلیو میں تبدیلی	(10,017)	(6,889)
مالی لاگت	(412,137)	(171,845)
ٹیکس سے قبل منافع	11,125,279	11,789,992
ٹیکسیشن	(3,271,815)	(3,408,616)
بعداز ٹیکس منافع	7,853,464	8,381,376

فی حصص آمدنی

مجموعی فی حصص آمدنی 18.01 پاکستانی روپے ہے (PKR 19.52:FY16)

کارکردگی

مجموعی فی حصص آمدنی FY16 کی 19.52 پاکستانی روپے کے مقابلے FY17 کے لئے 18.01 پاکستانی روپے ہے۔ مجموعی منافع تقریباً 2 فیصد اور PAT تقریباً 6 فیصد کم ہوا۔ ہولڈنگ کمپنی کے امور پر الگ تفصیلی رپورٹ جاری کی گئی ہے:

NPPL صلاحیت کا استعمال 99 فیصد پر رہا (FY16 : 92%)۔ ترسیلات میں 10 فیصد تک اضافہ ہوا جبکہ اوسط قیمت فروخت میں کمی ہوئی۔ اس لئے، خالص فروخت میں 5 فیصد اضافہ ہوا اور GP میں 2 فیصد کمی ہوئی۔ PBT میں 5 فیصد اضافہ اور PAT میں 2 فیصد اضافہ ہوا۔ COGS میں 7.5 فیصد اضافہ اور ٹیکسیشن میں 392 فیصد اضافہ درج کیا گیا ہے۔

NDL کو 25 فیصد مجموعی نقصان اور بعداز ٹیکس نقصان 36 فیصد ہوا ہے۔ سال کے آخر پر بالغ اور دودھ دینے والے جانور تقریباً 2,800 اور نابالغ جانور تقریباً 2,800 تھے۔ نقصان کی اہم وجہ ماحول اور ماحولیاتی تبدیلی کے باعث درآمد شدہ دودھ دینے والے جانوروں کی غیر متوقع شرح اموات اور بیماریاں ہیں۔

مستقبل کے امکانات

GDP نمو، ترقیاتی منصوبے اور CPEC مثبت اشارے ہیں۔ سیمنٹ کی فروخت بڑھنے کا امکان ہے مگر اس کی قیمت متوقع وقوع پذیر ہونے والی سیمنٹ انڈسٹری کی اضافی پیداواری صلاحیت کی وجہ سے ایک خاص حد تک تبدیل ہو سکتی ہے۔ سیمنٹ کی فروخت میں بڑھوتری سے NPPL پر مثبت اثرات آئیں 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 حکمت عملی تیار کر رہا 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
- غیر ملکی کرنسی کا اتار چڑھاؤ
- برآمد مارکیٹ

جنرل

- کمپنی کھیلوں کے لئے مستحق افراد کی مدد کرتی ہے۔
- کمپنی معذور افراد کی بحالی میں بھی مدد کرتی ہے۔

سال کے دوران کمپنی نے ایک ہسپتال میں 50 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:

محترمہ ناز منشا (چیئرپرسن)

جناب رضا منشا

جناب خالد نیاز خواجہ

جناب محمد عارف حمید

جناب خالد قدیر قریشی

جناب فرید نور علی فضل

جناب شہزاد احمد ملک

محترمہ نبیحہ شاہنواز چیمہ (وہ 31 اکتوبر 2016 کو ریٹائر ہوگئیں)

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ بورڈ نے آئندہ سالانہ عام اجلاس میں ارکان کی منظوری سے مشروط آڈٹ کمیٹی کی طرف سے تجویز کے طور پر آئندہ سال کے لئے بطور آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

کارپوریٹ گورننس کے ضابطہء اخلاق کی تعمیل

کمپنی نے 30 جون 2017 کو ختم ہونے والے سال کے متعلقہ، کوڈ آف کارپوریٹ گورننس جو کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضابطے میں مقرر ہے 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 آرڈیننس 1984 کے قوانین 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 مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f۔ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات 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 1,058 ملین پاکستانی روپے (2016: 974 ملین) اور گریجوئٹی میں سرمایہ کاری کی قیمت 322.696 ملین پاکستانی روپے (2016: 312.5 ملین) ہے۔

ہم اپنے تمام صارفین، ڈیلرز، سپلائرز، قرض دہندہ سمیت تمام اسٹیک ہولڈرز کی حمایت کے شکرگزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

منجانب بورڈ

رضا منشا
چیف ایگزیکٹو آفیسر

فرید نور علی فضل
ڈائریکٹر

لاہور
19 ستمبر 2017ء

زور دیا گیا جس نے اس کی لاگت کو کسی حد تک محدود رکھنے میں بھی فائدہ پہنچایا۔ اگر ذاتی بجلی پیدا کرنے کے انتظامات نہ کئے گئے ہوتے تو لاگت زیادہ ہوسکتی تھی۔ FY16 کے مقابلے میں کوئلہ کی قیمتیں FY17 میں زیادہ رہیں۔ نومبر 2016 سے، آر ایل این جی ٹیرف کی مد میں گیس مہنگی ہوگئی۔

دیگر

دیگر آمدنی 11 فیصد کم واقع ہوئی۔ بینک کے ذخائر سے آمدنی میں کمی کی وجہ ذخائر کا پراجیکٹ میں استعمال ہوجانا ہے۔ ڈیویڈینڈ آمدنی 1,870 ملین پاکستانی روپے سے بڑھ کر 1,944 ملین پاکستانی روپے ہوگئی جو کہ 4 فیصد کا اضافہ ہے۔ مالی لاگت مختصر مدتی لائنز کے نسبتاً زیادہ استعمال اور کول پاور پراجیکٹ مدتی قرضوں کی وجہ سے زیادہ ہوئی ہے۔

ٹیکسیشن

ٹیکسیشن کے اخراجات 14 فیصد تک کم ہوئے۔ موجودہ ٹیکس پروویژن معمول کے ٹیکس نظام کے تحت شمار کی گئی ہے۔ اس میں سپر ٹیکس اور حتمی ٹیکس نظام کے تحت آنے والا ٹیکس بھی شامل ہے۔ ذیلی اداروں کے ٹیکس کے نقصانات کو بھی سال کے لئے ٹیکس کا حساب لگانے میں شمار کیا گیا ہے۔

طویل مدتی قرضے

نئے قرضے حب منصوبے کے لیے ہیں۔ قرضے مسابقتی قیمت پر ہیں۔

سرمایہ کاری

سال کے دوران فیئر ویلیو بڑھی ہے۔ کمپنی نے اس سال کے دوران 278 ملین پاکستانی روپے مالیت کے آدم جی انشورنس کمپنی لمیٹڈ کے حصص خریدے۔

مستقبل کے امکانات

تیل کی قیمتوں میں کچھ اضافہ ہوگا۔ کوئلے کی قیمتیں اب تیل کے ساتھ اپنے تاریخی ربط کے برعکس چل رہی ہیں، اور غیر متوقع رہیں گی۔ کول انڈیکس قیمت 100 امریکی ڈالر سے کراس کرسکتی ہے۔ KIBOR میں بہت زیادہ تبدیلی نہیں ہوگی۔ پاکستانی روپے میں امریکی ڈالر کے مقابلہ میں کمی پائے جانے کی امید ہے۔

ترقیاتی اخراجات، سی پی ای سی منصوبوں اور انتخابی سال میں تعمیری سرگرمی کو فروغ ملنے کی امید ہے اور اس کے نتیجے میں سیمنٹ کے شعبے میں صحت مند اضافہ ہوگا۔ سیمنٹ کی مقامی طلب بڑھ جائے گی، لیکن برآمدات دباؤ میں رہیں گی۔ آنے والی اضافی سیمنٹ پیداوار، کی وجہ سے سیمنٹ کی قیمتیں تبدیل ہوتی رہ سکتی ہیں۔

مالی سال 18 کے لئے حکومت نے فیڈرل ایکسائز ڈیوٹی -/1000 پاکستانی روپے فی ٹن سے -/1250 پاکستانی روپے فی ٹن تک بڑھادی ہے۔
ہمیں امید ہے کہ آئندہ سال میں منافع کا رجحان تقریباً یہی رہے گا۔
9000 ٹن یومیہ کا حب سیمنٹ پلانٹ، ایک بہت ہی جدید منصوبہ ہوگا۔ فیکٹری کی عمارات کا سول ورک تقریباً مکمل ہوگیا ہے اور تنصیب کا کام عروج پر ہے۔ منصوبہ ٹائم شیڈول کے مطابق ہے۔ 30 جون 2017ء تک اس منصوبہ پر 30.8 بلین پاکستانی روپے خرچ ہوئے ہیں۔

ڈیرہ غازی خان کے مقام پر 2,200,000 ٹن سالانہ تک کی صلاحیت کا ایک براؤن فیلڈ منصوبہ کا قیام زیرِ نظر ہے جو کہ معاشیاتی اصولوں کی بنیاد پر باقاعدہ شروع کیا جائے گا۔ کمپنی یونٹ 1 کی BMR کر رہی ہے جس سے پیداواری صلاحیت میں بہتری اور ماحول دوستی میں بہتری ہوگی۔

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۔ کمپنی نے پلانٹ سے خارج ہونے والی ہیٹ اور صنعتی اور میونسپل فضلوں کے جلانے سے بجلی پیدا کرنے 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۔

آپ کی کمپنی کے ڈائریکٹرز آپ کو اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پاکستانی روپے ہزاروں میں

	مالی سال 2017	مالی سال 2016
فروخت	30,136,165	29,703,758
قیمت فروخت	(18,291,600)	(17,035,566)
مجموعی منافع	11,844,565	12,668,192
انتظامی اخراجات	(551,221)	(572,780)
فروخت اور تقسیم کے اخراجات	(979,045)	(949,628)
دیگر معاملاتی اخراجات	(891,513)	(913,642)
دیگر آمدنی	2,118,216	2,379,053
مالی لاگت	(382,895)	(130,451)
ٹیکسیشن سے قبل منافع	11,158,107	12,480,744
ٹیکسیشن	(3,182,766)	(3,691,072)
ٹیکسیشن کے بعد منافع	7,975,341	8,789,672

امسال کے لئے آپ کی کمپنی کے آپریشنل اعداد و شمار درج ذیل ہیں:

اعداد و شمار میٹرک ٹن میں

	مالی سال 2017	مالی سال 2016
کلنکر کی پیداوار	4,314,600	3,964,998
سیمنٹ کی پیداوار	4,588,900	4,426,631
کل فروخت	4,478,065	4,422,691
مقامی فروخت (علاوہ خود استعمال کے)	3,895,042	3,710,393
برآمد فروخت	583,023	712,298

تصرف

بورڈ نے منافع اور صلاحیت کی توسیع کی ضروریات کو مدنظر رکھتے ہوئے، FY17 کے لئے 7.5 پاکستانی روپے فی شیئر کے ڈیویڈینڈ کی سفارش کرنے کا فیصلہ کیا ہے۔

روپے ہزاروں میں

منافع بعد از ٹیکس	7,975,341
ڈیویڈینڈ	3,285,893

فی شیئر آمدنی

امسال کمپنی کی فی شیئر آمدنی 18.20 پاکستانی روپے (FY16: PKR 20.06) رہی۔ فی شیئر آمدنی میں 9 فیصد تک کمی ہوئی۔ خالص فروخت میں صرف 1.4 فیصد تک اضافہ اور دیگر آمدنی 11 فیصد تک کم ہوئی جس کے نتیجہ میں مجموعی اخراجات کے 4 فیصد اضافہ کے مقابلے کل وصولی میں فقط 0.5 فیصد اضافہ ہوا ہے۔

حجم

کمپنی کی کلنکر پیداوار میں 8.82 فیصد (FY16: 13 فیصد) کا اضافہ ہوا۔ حجم کے لحاظ سے کل فروخت میں 1.25 فیصد (FY16: 14.6 فیصد) اضافہ ہوا جو کہ بشمول مقامی فروخت میں تقریباً 5 فیصد (FY16: 16 فیصد) اضافہ اور برآمدات میں تقریباً 18 فیصد کمی (FY16: 7.6 فیصد) کے ساتھ ہے۔

مالی سال 17 میں کمپنی کی مستعمل پیداواری صلاحیت تقریباً 106 فیصد (FY 16: 105 فیصد) رہی جبکہ سیمنٹ صنعت کی مستعمل پیداواری صلاحیت 86 فیصد (FY16: 85 فیصد) رہی۔ FY17 کے لئے کمپنی کی مقامی فروخت کا استعمال 92 فیصد (FY16: 88 فیصد) ریکارڈ کیا گیا اور برآمدات کے لئے یہ 14 فیصد (FY16: 17 فیصد) تھا۔

کلن کے آپریشنل ایام (تین بھٹیوں کے لئے) تقریباً 958 (FY16: 874) تھے۔ کلنکر پیداوار نے 107 فیصد (FY16: 98 فیصد) کی سطح حاصل کی جبکہ سیمنٹ کی پیداوار نے 109 فیصد (FY16: 105 فیصد) کی سطح کو چھو لیا۔

فروخت اور مجموعی منافع

فروخت آمدنی فقط 1.46 فی صد تک بڑھی جبکہ قیمت فروخت تقریباً 7 فیصد بڑھ گئی، اس طرح مجموعی مارجن 6.5 فی صد کم ہو گیا۔

گزشتہ مالی سال کے مقابلے میں حجم کے لحاظ سے مقامی فروخت میں 1.25 فیصد اور مجموعی قدر کے لحاظ سے 11.45 فیصد اور خالص نقدی میں فقط 3 فیصد اضافہ ہوا۔ مالی سال 17 کے دوران FED، قیمت فروخت کے 5 فیصد سے تبدیل ہو کے -/1,000 پاکستانی روپے فی ٹن ہو گیا۔ اس نے FED پر تقریباً دوگنا سے زیادہ اثر ڈالا۔ کل فروخت سے متعلقہ سرکاری واجبات گزشتہ سال میں مجموعی قیمت کے 21 فیصد تھے۔ اب یہ مجموعی فروخت کے 27 فیصد ہیں۔ اس لئے، اوسط خالص مقامی قیمت فروخت پر تقریباً 3 فیصد کمی ہوئی ہے۔ کمپنی اضافہ شدہ ٹیکسز کے تمام اثرات آگے منتقل نہیں کر سکی۔

فروخت کی لاگت کا 57 فیصد (FY16: 50 فیصد) توانائی یعنی بجلی، گیس، فرنس آئل اور کوئلہ پر محیط ہے۔ توانائی سے متعلقہ اخراجات گزشتہ سال سے 23 فیصد زیادہ ہوئے۔ کلن آپریشنل ایام کی نسبتاً زیادتی اور کلنکر اور سیمنٹ کی زیادہ پیداوار نے، کوئلہ کی نسبتاً بڑھتی قیمتوں کے منفی اثرات کو کسی حد تک ختم کیا ہے۔ واپڈا سے زیادہ اپنی بجلی پیدا کرنے پر زیادہ

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, 2017 (Saturday) at 11:00 A.M. at Grand Ball Room - D, 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, 2017 together with the Chairman's Review, Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 75% [i.e. Rs. 7.50 (Rupees Seven and Paisas Fifty Only) per Ordinary Share as recommended by the Board of Directors.

3. To appoint Statutory Auditors and fix their remuneration.

4. **Special Business:-**

a) **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).**

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 of the Companies Act, 2017 and Regulation No. 7(e) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012 for investment of upto PKR 1,000,000,000/- (Rupees One Billion Only) in the form of 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 mark up rate of 3 Month KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company) 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) **To consider and if deemed fit, to pass the following resolutions as Special Resolution, with or without modification, addition(s) or deletion(s):**

RESOLVED unanimously that approval of the members of D. G. Khan Cement Company Limited (the "Company") be and is hereby accorded for transmission of Annual Reports including Annual Audited Financial Statements to the members for future years commencing from the year 2018 through CD/DVD/USB instead of transmitting the same in hard copies, as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O. 470(I)/2016 dated May 31, 2016.

FURTHER RESOLVED that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution.

By order of the Board

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

Lahore
September 19, 2017

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from **21-10-2017 to 28-10-2017** (both days inclusive) for entitlement of **75% Final Cash Dividend [i.e. Rs. 7.50 (Rupees Seven and Paisas Fifty Only) Per Ordinary Share]** and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on October 20, 2017 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 75% Final Cash Dividend and attending of meeting.

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.

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 20%

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 20, 2017, 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 20, 2017.

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. Please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or 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. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective folio numbers.

Shareholders should also notify our Share Registrar, Ms/ THK Associates (Pvt) Limited regarding any change in their addresses.

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.

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. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

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.

STATEMENT 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, 2017.

a) LOAN TO NISHAT HOTELS AND PROPERTIES LIMITED 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 31, 2016 at the interest rate of 3 months KIBOR plus 0.50% for a period of one year starting from the date of this AGM. The principal and mark-up due have already been received as per Loan Agreement and nothing is outstanding in this respect.

The Board of Directors in their meeting held on September 19, 2017 has recommended renewal of above said working capital of loan of Rs. 1 billion extended to NHPL at the interest rate of 3 Months KIOBOR plus 0.50% for a further period of one year starting from the date of this AGM i.e. October 28, 2017 on the terms and conditions of loan agreement in writing and as disclosed to the members.

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. 10,000,000,000/- (Rupees Ten Billion Only) divided into 1,000,000,000 (One Billion) ordinary shares of PKR 10 each. Its main object is to carry on hotels and hospitality business in Pakistan. For the intended purpose, NHPL has acquired Hotel 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. NHPL has already handed over the premises to Hyperstar which is now fully operational. Hotel has been opened from 20th May 2017 and 135 rooms are fully operational, two floors of hotel are at finishing stage. The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

- 3-4 star up to 198 rooms hotel
- Banquet halls
- Hyper Star
- 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.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company has recommended renewal of working capital loan up to Rs. 1 billion extended to NHPL at the interest rate of 3 Months KIBOR plus 0.50% which shall not be less than borrowing cost of the Company. 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 of the shareholders of the Company.

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.

Information under Clause (a) of sub-regulation (1) of regulation 3 of (Investment in Associated Companies or Associated Undertakings) Companies Regulations, 2012.

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th colspan="4">Information</th></tr>
<tr><td rowspan="2">i</td><td>Name of associated company</td><td colspan="4">Nishat Hotels and Properties Limited.</td></tr>
<tr><td>Criteria of associated relationship</td><td colspan="4">Common Directorship.</td></tr>
<tr><td>ii</td><td>Amount of loans and advances</td><td colspan="4">Rs. 1,000,000,000/- (Rupees One Billion Only).</td></tr>
<tr><td rowspan="2">iii</td><td>Purpose</td><td colspan="4">Renewal of working captical loan.</td></tr>
<tr><td>Benefits</td><td colspan="4">The Company will earn higher income from investment.</td></tr>
<tr><td>iv</td><td>Details of existing loans</td><td colspan="4">Rs. 1,000,000,000/- (Rupees One Billion Only).</td></tr>
<tr><td rowspan="5">v</td><td rowspan="5">Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements as on June 30, 2017.</td><td>Equity And Liabilities</td><td>Rupees</td><td>Assets</td><td>Rupees</td></tr>
<tr><td>Equity</td><td>9,363,103,571</td><td>Non-Current Assets</td><td>23,707,737,594</td></tr>
<tr><td>Non-Current Liabilities</td><td>11,890,297,305</td><td>Current Assets</td><td>3,370,566,055</td></tr>
<tr><td>Current Liabilities</td><td>5,824,902,773</td><td></td><td></td></tr>
<tr><td></td><td>27,078,303,649</td><td></td><td>27,078,303,649</td></tr>
<tr><td>vi</td><td>Average borrowing cost of the investing company</td><td colspan="4">6.40% as on June 30, 2017.</td></tr>
<tr><td>vii</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged</td><td colspan="4">3 Months KIBOR + 0.50%. 3 Month KIBOR as on September 19, 2017 is 6.15%.</td></tr>
<tr><td>viii</td><td>Sources of funds from where loans or advances will be given</td><td colspan="4">Company's own funds.</td></tr>
<tr><td>ix</td><td>Where loans or advances are being granted using borrowed funds; justification for granting loan or advance out of borrowed funds; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.</td><td colspan="4">N/A</td></tr>
<tr><td>X</td><td>Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.</td><td colspan="4">Corporate Guarantee of the associated company.</td></tr>
<tr><td>xi</td><td>If the loans or advances carry conversion feature:</td><td colspan="4">No</td></tr>
</table>

Ref. No.	Requirement	Information
xii	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of principal will be made within one year of the approval by members while payment of interest due will be made on monthly basis.
xiii	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to 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. The associated company shall provide corporate guarantee to secure extension of loan.
xiv	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:	One director of D. G. Khan Cement Company Limited, Mian Raza Mansha currently holds 21.50% shares in Nishat Hotels and Properties Limited. The brothers of Mian Raza Mansha, namely Mian Umer Mansha and Mian Hassan Mansha also holds 21.72% shares each in Nishat Hotels and Properties Limited. The directors of the associated company are interested in the investing company 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 Nishat Hotels and Properties Limited are interested in D. G. Khan Cement Company Limited to the extent of their shareholding in Nishat Hotels and Properties Limited as follows:- % Nishat Mills Limited — 7.40 The associated companies holding shares of D. G. Khan Cement Company Limited are interested in Nishat Hotels and Properties Limited to the extent of their shareholding in D. G. Khan Cement Company Limited as follows:- % Nishat Mills Limited — 31.40

Ref. No.	Requirement	Information
xv	Any other important details necessary for the members to understand the transaction:	None
xvi	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not Applicable
	Starting date of work	Not Applicable
	Completion of work	Not Applicable
	Commercial operations date	Not Applicable
	Expected time by which the project shall start paying return on investment	Not Applicable

b) Circulation of annual reports through CD/DVD/USB:

The Securities and Exchange Commission of Pakistan vide its S.R.O.470(I)/2016 dated May 31, 2016 has allowed companies to circulate annual audited accounts to its members through CD/DVD/USB at their registered addresses, therefore, the Board of Directors of D. G. Khan Cement Company Limited ("the Company") in their meeting held on September 19, 2017 has recommended for transmission of Annual Audited Accounts of the Company to its members through CD/DVD/USB at their registered addresses instead of transmitting the said accounts in hard copies, however, hard copies of the annual audited accounts will be supplied to the shareholders, on demand, at their registered addresses, free of cost, within one week of such demand.

If a member prefers to receive hard copies for all the future annual audited accounts, then such preference of the members shall be given to the Company in writing on the Standard Request Form available on the website of the Company and the Company will provide hard copies of all the future annual audited accounts to such member.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

D.G. KHAN CEMENT COMPANY LIMITED

FORM OF PROXY

IMPORTANT
Proxies, in order to be effective, must be received at the Company's registered Office not less than forty eight hours before the time for holding the meeting and must be stamped, signed and witnessed. Proxies of the members through CDC shall be accompanied with attested copies of thier CNIC. The shareholders through CDC are requested to bring their original CNIC, Sub Account Number and Participant I.D. Number. to produce at the time of attending the meeting.
Please quote Registered Folio Number/CDC Account Number

Folio No. ____________________ CDC Participant I.D. No. ____________________

CDC Participant's Name ____________________ A/C, Sub A/C No. ____________________

Shares Held ____________________

I/We ____________________

of ____________________

being a member of D.G. KHAN CEMENT COMPANY LIMITED hereby appoint ____________________

or failing him/her ____________________

of ____________________

who is also a member of the Company, vide Registered Folio No./CDC A/C Sub A/C No.__________________as my/our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 28th October 2017 at 11:00 a.m. at Grand Ball Room - D, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore and at any adjournment thereof.

As witness my/our hand this ____________________ day of ____________________ 2017

Signed by the said ____________________ in the presence

of ____________________

____
(Member's Signature)

____
Member's CNIC No.

____
(Witness's Signature)

____
Witness's CNIC No.

Place ____________________

Date ____________________

Affix Rs. 5/- Revenue Stamp which must be cancelled either by signature over it or by some other means

D.G. KHAN CEMENT
COMPANY LIMITED

AFFIX
CORRECT
POSTAGE

Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan.
UAN:+92-42-111-11-33-33

نمائندگی کا فارم (پراکسی فارم)

سالانہ اجلاس عام

کمپنی سیکرٹری

ڈی ۔ جی ۔ خان سیمنٹ کمپنی لمیٹڈ

نشاط ہاوس 53۔اے، لارنس روڈ،

لاہور، پاکستان۔

میں/ہم ____________ کا/ کے ____________ بحیثیت رکن ڈی ۔ جی ۔ خان سیمنٹ کمپنی لمیٹڈ اور حامل عام حصص بمطابق شیئر رجسٹرار فولیو نمبر ______ اور/ یا سی ڈی سی پارٹیسپنٹ آئی ڈی نمبر ______ اور ذیلی اکاونٹ نمبر ________ محترم/محترمہ کو اپنے/ ہمارے ایماء پر ____________ کے ____________ کا ڈی ۔ جی ۔ خان سیمنٹ کمپنی لمیٹڈ کے 28 اکتوبر 2017ء کو دن 11 بجے گرینڈ بال روم ۔ڈی، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپوسنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور پر ہونے والے سالانہ اجلاسِ عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں ____________ کے ____________ میں اپنا/ ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

آج بروز ____________ بتاریخ ____________ 2017ء کو دستخط کیے گئے۔

گواہ:

دستخط ____________

نام ____________

پتہ ____________

سی این آئی سی نمبر ____________

D.G. KHAN CEMENT COMPANY LIMITED
Nishat House, 53-A, Lawrence Road, Lahore-Pakistan.
UAN: +92-42-111-11-33-33