NISHAT

D.G. KHAN CEMENT COMPANY LIMITED

Head Office: Nishat House, 53 - A, Lawrence Road, Lahore - Pakistan.
UAN: (92 - 42) 111 113 333, Tel: (92 - 42) 36360154, Fax: (92 - 42) 36367414
E-mail: info@dgcement.com

D.G. PSX/134 October 05, 2023

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

SUB: TRANSMISSION OF ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

Dear Sir,

We have to inform you that the Annual Report of D.G. Khan Cement Company Limited (the Company) for the year ended June 30, 2023 have been transmitted through PUCARS and is also available on Company's website.

Further please find attached Statement of Free Float of Shares duly signed by the Chief Executive Officer and Company Secretary of the Company along with Independent Reasonable Assurance Report on Statement of Free Float of Shares dated September 12, 2023 issued by M/s. A. F. Ferguson & Co., Chartered Accountants external auditors of the Company.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you,

Yours truly,

KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

Encl: As Above

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UAN: (92 - 42) 111 113 333, Tel: (92 - 42) 36360154, Fax: (92 - 42) 36367414
E-mail: info@dgcement.com

D. G. KHAN CEMENT COMPANY LIMITED

STATEMENT OF FREE FLOAT OF SHARES

	As of 30 September 2022	As of 31 December 2022	As of 31 March 2023	As of 30 June 2023
Total Outstanding Shares	438,119,118	438,119,118	438,119,118	438,119,118
Less: Government Holdings	(11,560,625)	(14,926,399)	(15,906,628)	(13,487,243)
Less: Shares held by Directors / Sponsors / Senior Management Officers and their associates	(29,489,676)	(46,257,919)	(46,257,919)	(46,457,919)
Less: Shares in Physical Form	(46,413,720)	(23,639,266)	(23,639,266)	(23,639,266)
Less: Shares held by Associate companies / Group Companies **(Cross holdings)**	(141,857,564)	(146,790,908)	(146,217,641)	(150,326,427)
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less : Treasury Shares	-	-	-	-
Less : Any other category that are barred from selling at the review date	-	-	-	-
Free Float	**208,797,533**	**206,504,626**	**206,097,664**	**204,208,263**

Basis of Preparation: This Statement is prepared in accordance with the requirements of Regulation No. 5.7.2 (c) (ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations).

Company Secretary

D.G. Khan Cement Co. Ltd.

Chief Executive Officer

INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES

To the Chief Executive of D.G. Khan Cement Company Limited

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares (the 'Statement') of D.G. Khan Cement Company Limited ('the Company') as of September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023.

2. Applicable criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(b)(ii) of Pakistan Stock Exchange Limited Regulations ('PSX Regulations') which requires every listed company/ modaraba/mutual fund to submit directly to Pakistan Stock Exchange Limited ('PSX') an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.9(a) of the PSX Regulations.

3. Management's responsibility for the Statement

Management is responsible for the preparation of the Statement as of September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

4. Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our responsibility and summary of the work performed

Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion as to whether the Statement is prepared in accordance with the applicable criteria, based on the procedures we have performed and the evidence we have obtained.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
308-Upper Mall, Shahrah-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.
Tel: +92 (42) 3519 9343-50 / Fax: +92 (42) 3519 9351 www.pwc.com/pk

KARACHI LAHORE ISLAMABAD

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), '*Assurance Engagements other than audits or reviews of historical financial statements' (ISAE 3000)* (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the free float of shares and related information in the Statement. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Statement. In making those risk assessments, we considered internal control relevant to the Company's preparation of the Statement. A reasonable assurance engagement also includes assessing the applicable criteria used and significant estimates made by management, as well as, evaluating the overall presentation of the Statement.

We have carried out the procedures considered necessary for the purpose of providing reasonable assurance on the Statement. Our assurance procedures performed included verification of information in the Statement with the underlying data and record comprising of Central Depository Company statements, forms submitted by the Company with Securities & Exchange Commission of Pakistan relating to its pattern of shareholding and other related information. Verification that the computation of free float of shares is in accordance with the PSX regulation also forms part of our assurance procedures.

With respect to identification of associates of an individual as defined in section 2(ii)(a) of the Securities Act, 2015, we have obtained and relied on management's representations that are based on written declarations from individuals (i.e. directors, sponsors and senior management officers of the Company) about their associates.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Opinion

In our opinion, the Statement as of September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023 is prepared, in all material respects, in accordance with the PSX Regulations.

7. Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Regulation No 5.7.2(b)(ii) of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachments.

Afferguson & Co

A.F. Ferguson & Co.
Chartered Accountants

Date: September 12, 2023
Lahore

NISHAT

D.G. KHAN CEMENT
COMPANY LIMITED

ANNUAL REPORT
2023

UNLOCKING
Potential

DG
CEMENT

ABOUT DGKC REPORT, SCOPE AND ITS BOUNDARIES

INTEGRATED THINKING AND DELIVERY ON OUR PURPOSE

ORGANIZATIONAL OVERVIEW & EXTERNAL ENVIRONMENT	STRATEGY AND RESOURCE ALLOCATION	BUSINESS MODEL	RISKS AND OPPORTUNITIES
What does the organization do and what are the circumstances under which it operates?"	Where does the organization want to go and how does it intend to get there?	What is the organization's business model?	What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?

*** Financial capital** *** Manufactured capital** *** Intellectual capital**

Driving value creation through integrated thinking

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

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

Reporting boundary and scope

Through our FY2023 Annual Report, we aim to provide concise communication about DGKC approach to value creation. This is provided in the context of our material matters addressed through our purpose, strategy and as informed by our key relationships, principal risks and associated opportunities. We also provide a succinct overview of our governance practices, business model and capitals performance in terms of financial and non-financial indicators for the financial year.

Governance

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

Strategic Focus and Future Outlook

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

Materiality

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

In FY2023, we conducted a review of the material matters that could, in our judgement, significantly impact the value we create for our stakeholders. The content of this report is based on the outcome of this assessment

OUR INTEGRATED REPORTING PROCESS

GOVERNANCE	PERFORMANCE	FURTURE OUTLOOK	BASIS OF PRESENTATION
How does the organization's governance structure support its ability to create value in the short, medium and long term?	To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?	What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?

*** Human capital** *** Social and relationship capital** *** Natural capital**

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

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

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

Which reporting frameworks do we adhere to?
The Annual Integrated Report 2023 is prepared on the basis and guidelines of International <IR> Framework (2022) and BCR criteria defined by ICAP/ICMAP. ***Readers can conveniently access the cross-referenced BCR criteria, along with their respective page numbers in the annual report, via the Investor Relations section on the company's official website, www.dgcement.com.***

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

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

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

OUR INTEGRATED REPORT

Reporting period
The report is prepared and published annually and covers the period July 01 to June 30, 2023.

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

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

Operating Businesses – DGKC, its Subsidiaries and Associates
DGKC, its subsidiaries and associated entities operates in paper, dairy, Hotels, and automobile industry.

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

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

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

Feedback: For any question or suggestion regarding Report please connect to the www.dgcement.com.

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INFORMATION

ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

VISION

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

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.

CODE OF CONDUCT

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

Salient Features of Code of Conduct

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

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

Conflict of Interest: Any director/employee who becomes aware of a conflict or potential conflict of interest is expected to bring it to the attention of the Chairman of the Board or the Compliance Officer/ HR department.

Confidentiality: All directors/employees must maintain the confidentiality of confidential information entrusted to them by either Company, except when the applicable Company authorizes disclosure or disclosure is required by laws, regulations, or legal proceedings.

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

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

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

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

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

Insider Trading: No director/employee shall, directly or indirectly, deal in the shares of the Company in any manner during the Closed Period prior to the announcement of financial results.

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

(Approved code of conduct for directors and employees are shown on webside in detail)

CULTURE

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

People at DGKC believe in shared values and goals. All team members collaborate, share knowledge, communicate and support one another. They believe that any result positive or not is an outcome of their collaborative efforts. With this belief inculcated as DG culture, every member of the team positively contributes and selflessly commits for the cause of the team and the organisation; has self-belief and respect for himself and for others; imbibes integrity and passion in all his actions and decisions; has tremendous drive and zeal to continuously improve and seeks to achieve excellence in all its actions. This collaborative team spirit at DGKC has resulted in continuous improvement and made us stay at the top. Our culture is built on the strong pillar of *'Together We Perform. Together We Achieve. Together We Grow'.*

ETHICS AND VALUES

INSPIRING, MOTIVATING & COMPELLING

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

ACCOUNTABILITY AND KEEP PROMISES

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

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

BE RESPECTFUL

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

COMPETENCE

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

COMMITMENT

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

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

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

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

COMPANY INFORMATION

Board of Directors

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

Female Director 01
Male Directors 06

Audit Committee

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

Human Resource & Remuneration Committee

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

Management

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

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

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

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

Important Identification Numbers of Company

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

Company Products

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

HS Code

Clinker: 2523.1000
Cement: 2523.2900

Applicable Laws & Regulations

Many laws and regulations apply to the Company including:

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

Company Rating

Long Term: AA -
Outlook: Stable
Rating Date: March 03, 2023
Short Term: A1+
Rating Agency: PACRA

Registered Office

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

Factories

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

12, K.M. Choa Saidan Shah Road, 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
Plot No. 32-C, Jami Commercial Street No. 2, DHA Phase_VII, Karachi 75500.
UAN: 021 111 000 322
Tel: 021 353 10 191,
Fax: 021 353 10 190

Branch Office, Lahore
Office No. 309, 3rd Floor, North Tower, LSE Building, 19 Shahrah-e-Aiwan-e-Iqbal, Lahore
Phone: +92 42 3630 2044

For Investors' Information, Comments, Inquiries, Complaints

Mr. Farid Fazal (Director Marketing)
E-mail: ffazal@dgcement.com
Phone: +92 42 111 11 33 33
(Marketing related queries)

Mr. Inayat Ullah Niazi (Chief Financial Officer)
E-mail: iniazi@dgcement.com
Phone: +92 42 111 11 33 33

Mr. Khalid Mehmood Chohan (Company Secretary)
E-mail: kchohan@dgcement.com
Phone: +92 42 111 11 33 33

PRINCIPAL BUSINESS ACTIVITIES

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

The Company is primarily engaged in production and sale of Clinker and Cement with more than 1,900+ regular employees. As at June 30, 2023; total market capitalization was about Rs 22 billion. Total market share of the company (local and export) is about 13%.

KEY BRANDS AND PRODUCT FEATURES

KEY PRODUCTS:

- **ORDINARY PORTLAND CEMENT**
- **SULPHATE RESISTANT CEMENT**
- **CLINKER**

KEY BRANDS:

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

QUALITY STANDARDS

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

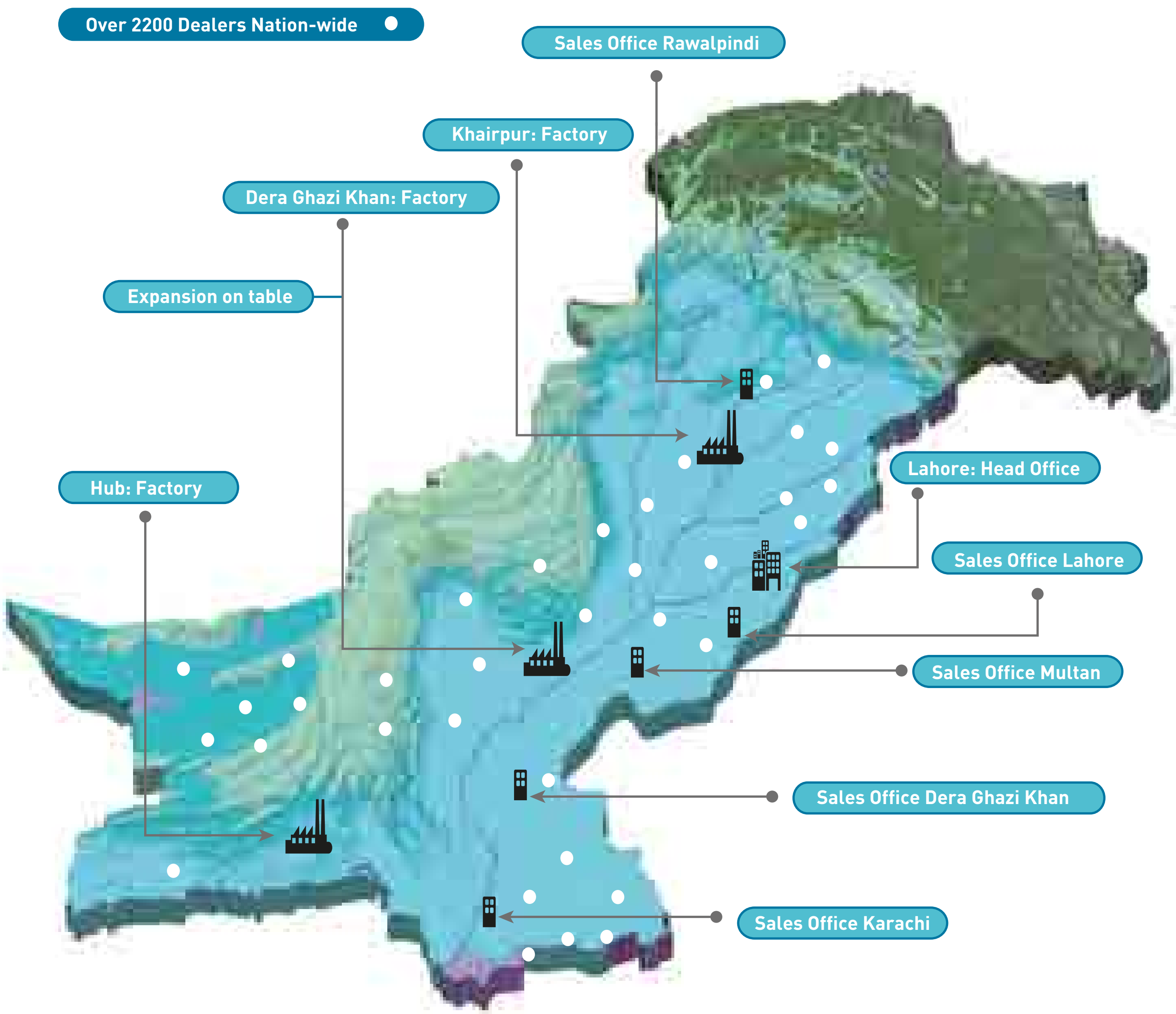
SRC
PS 612-2014 Class 42.5N
Compliance with:
American Standard: ASTM C-150 Type V
European Standard: BS/EN 197-1/2011 CEMI SR5, Class 42.5N

ISO Certifications
ISO-9001-2015
ISO-14001-2015

LOCAL & INTERNATIONAL MARKETS

DGKC has strong presence in all over Pakistan. With its plants stretched from North to Center to South, DGKC covers market in far reach areas of Pakistan through extensive dealership network of over 2,200 dealers.

DGKC also enjoys notable presence in foreign markets including Bangladesh, Afghanistan, USA, China, Srilanka and other parts of central Africa. The Company is also trying to find new export markets through its HUB plant close to the port.



China Srilanka Bangladesh Afghanistan Africa USA

PRODUCTION FACILITIES

PLANT MAKE

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

PLANT CAPACITIES

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

IMPORTANT MACHINERIES' CAPACITIES

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

ELECTRICITY GENERATION CAPACITY (MW)

	Furnace Oil	Gas	Dual Fuel (FO+G)	WHR	Solar	Coal	Total
DGP	-	24.60	-	10.40		30.00	65.00
KHP	-	-	33.00	12.00	6.9	-	51.90
HUB	23.84	-	-	10.00	1.02	30.00	64.86
Total	**23.84**	**24.60**	**33.00**	**32.40**	**7.92**	**60.00**	**181.76**

ELECTRICITY REQUIREMENTS

Factory	MW
DGK	42
KHP	31
HUB	40
Total	113

**Transferred to HUB from DGK site

GROUP PROFILE

About Founder:

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

He died in 1969, at the age of 51 having achieved so much in so short time. After him, **Mian Mohammad Mansha**, like his father, continues the spirit of entrepreneurship, and has led the Group to become a multi-dimensional corporation, with wide ranging interests. Nishat has grown from a cotton export house into the premier business group of the country.

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

The Group has notable presence in following business sectors:

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

RELATIONSHIP WTIH GROUP COMPANIES

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

DGKC-GROUP CROSS INVESTMENTS

HOLDING IN DGKC

Share Holder	No. of Shares	%
Nishat Mills Limited	137,574,201	31.40
Adamjee Life Insurance Company Limited	6,122,518	1.4
Security General Insurance Company Limited	428,500	0.10
Mrs. Naz Mansha	213,098	0.05
Mian Raza Mansha	12,796,880	2.92
Mrs. Ammil Raza Mansha	5,891,098	1.34
Mian Umer Mansha	27,565,313	6.29
Mian Hassan Mansha	27,139,917	6.19
	217,731,525	49.7

DGKC HOLDING IN

	No. of Shares	%
MCB Bank Limited	102,277,232	8.63
Nishat Mills Limited	30,289,501	8.61
Adamjee Insurance Co. Ltd.	27,877,735	7.97
Nishat Paper Products Co. Ltd.	25,595,398	55.00
Nishat Dairy (Pvt) Limited	270,000,000	55.10
Nishat Hotels and Properties Limited	104,166,667	8.55
Hyundai Nishat Motor (Pvt) Ltd.	195,623,000	10.00

SUBSIDIARIES

NISHAT PAPER PRODUCTS COMPANY LIMITED (NPPL)

NPPL is a public company limited by shares, incorporated in Pakistan on July 23, 2004. It is principally engaged in the manufacture and sale of paper products and packaging material. Its manufacturing facility is located at Khairpur on the parent company's land. Company has 3 main production lines with 220 million bags per annum production capacity to facilitate cement industry in meeting their packing requirements. DGKC holds 55% shares in NPPL.

NISHAT DAIRY (PRIVATE) LIMITED (NDPL)

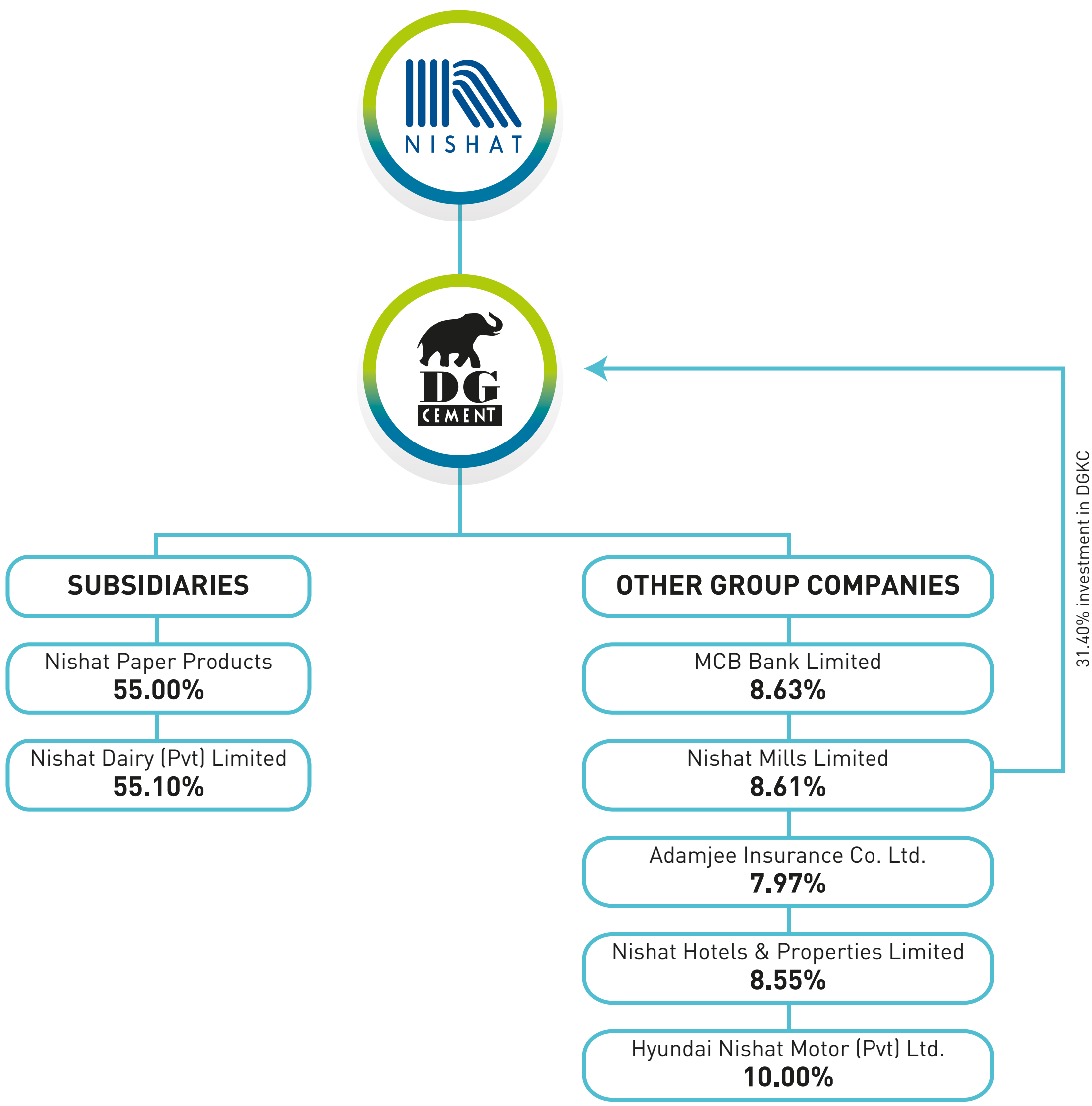
NDPL is a private company limited by shares, incorporated in Pakistan on October 28, 2011. It is principally engaged in the business of production and sale of raw milk. The company was set up with the principle object of carrying out dairy business in Pakistan. It has purchased 147 acres of land near Sukheki to set up the dairy operations. As at June 30, 2023 the Company has 3,535 mature milking animals.

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

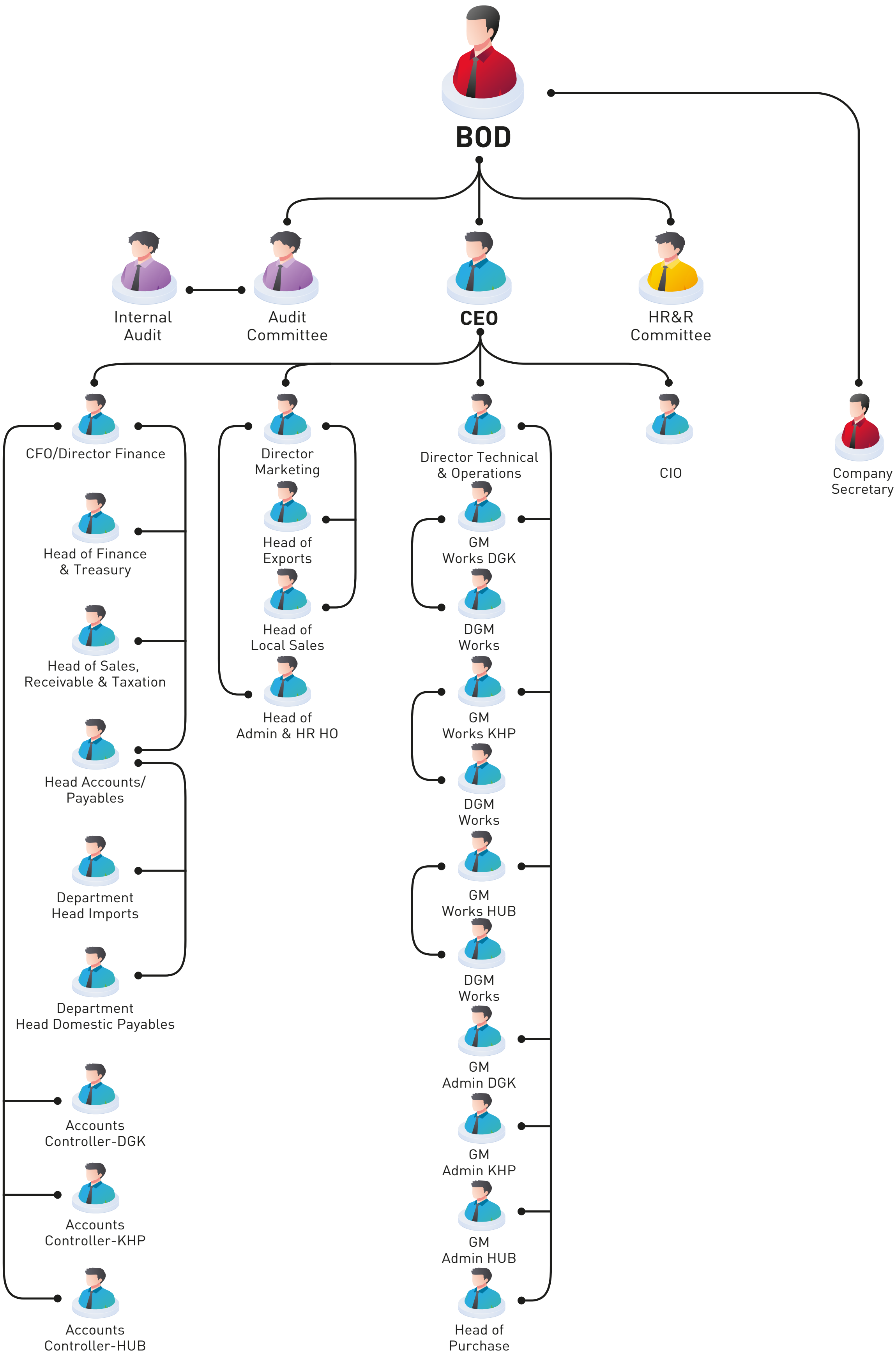
DISCLOSURE OF BENEFICIAL OWNERSHIP AND FLOW CHART OF INVESTMENTS

The company hereby discloses its significant beneficial ownership, inclusive of indirect interests, in its subsidiaries, Nishat Paper Products Limited and Nishat Dairy (Pvt) Limited, where it holds approximately 55% of shares in each. The company presents consolidated financial accounts that encompass these subsidiaries, ensuring transparency in its financial reporting.

Furthermore, the company maintains investments in several private and public companies within the group, which consistently yield dividends or capital appreciation. These investments include holdings in prominent entities such as MCB Bank, Nishat Mills Limited, Adamjee Insurance Limited, Nishat Hotels (Pvt) Limited, and Hyundai Nishat Motors (Pvt) Limited.



ORGANIZATION STRUCTURE



BUSINESS MODEL

D.G. Khan Cement, operates on a strong sustainable business model growing into a high-quality building material that mainly focuses environmental responsibility and customer satisfaction. Our core strategy is the efficient production of cement through modern, energy-efficient manufacturing processes that reduce carbon emissions and have minimum environmental impact.

We strategically source raw materials such as limestone and clay from nearby quarries located adjacent to our manufacturing plants to reduce transportation costs and support local communities in which we operate. We prioritize

Risk and opportunities in our operating environment

- Economic enviroment and market demand
- Inflation and cost of production
- Legal and Compliance

(Refer to Risks and Opportunities Section)

Strong governance oversight

- DGKC is committed to highest standards of governance, ethicsand integrity.
- DGKC embraces best in class governance systems and practices to ensure sustainable value creation and serve as market leader

(Refer to Governance Section)

Input

Financial Capital
- Equity - 64.19 Billion
- Total Assets - 134.71 Billion

Manufacturing
- Production facility at 3 different Sites
- Clinker production capacity of 6.7 Million ton/ annum

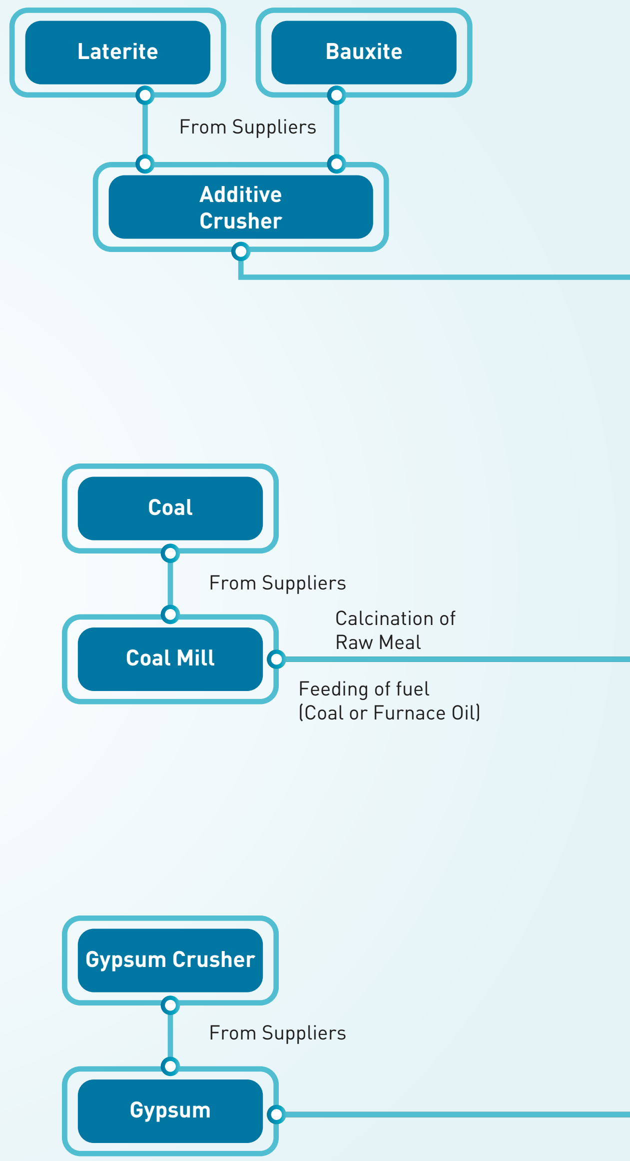
Natural
Water, energy & environement conservation

Human and Intellectual Capital
1900+ Regular employees

Social and Relationship
2200+ netweok of distrbutors and dearlers

Suppliers
Long term and constructive partnerships with key suppliers.

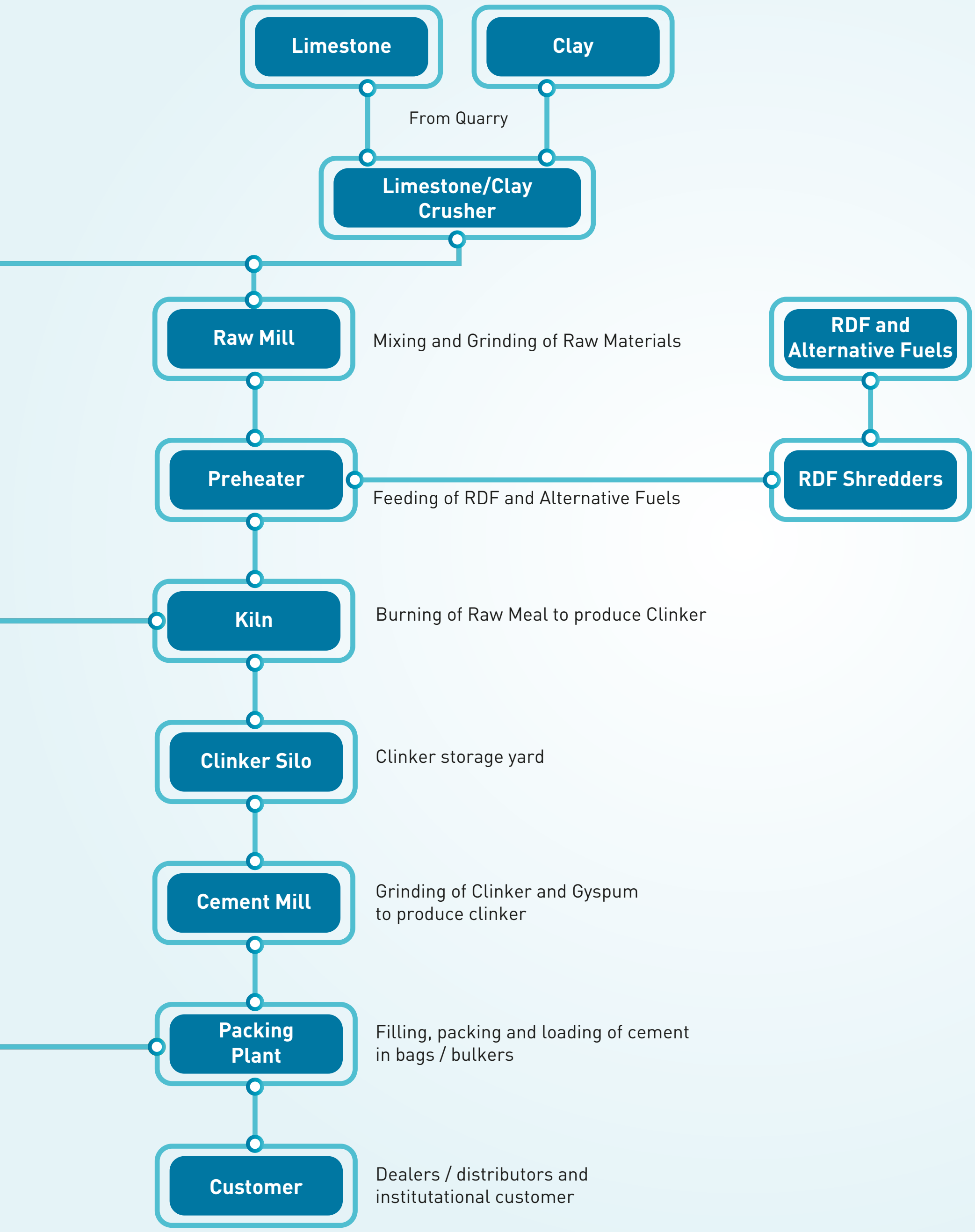
Our Business Activity



both residential and commercial customers to ensure a diverse audience. Our distribution network is increasingly focused in regions where housing and commercial industry is growing who are expanding our market and customer reach, not only in Pakistan but also around the world. DGKC also invests heavily in R&D to continuously develop new cost-effective processes without compromising the quality benchmark and produce environmentally friendly cement with the use of advanced technologies. Our revenue includes sales of cement, value-added services and working with construction companies to ensure strong growth and profitability.

DGKC goal is to become a leader in the industry by providing high quality cement, reducing environmental impact, promoting sustainable construction practices, and putting customers and communities first in our business process.

And Process



Our Capitals (Value Generated and Added)

Financial Capital

- Profit Before Tax - 3.1 Billion
- 26+ Billion in government treasury

Human Capital

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

Social Capital

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

Manufactured Capital

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

Natural Capital

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

(Refer to Performance Section)

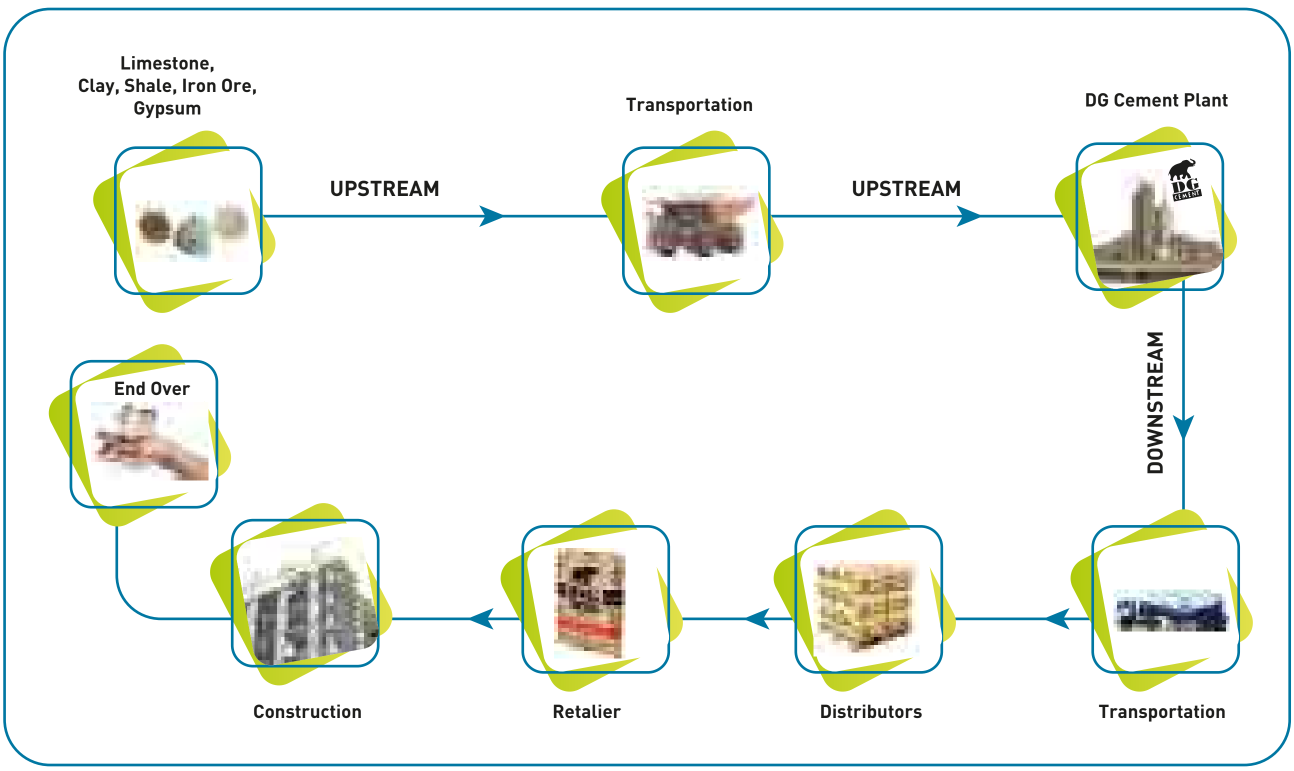
POSITION OF THE REPORTING ORGANIZATION WITHIN THE VALUE CHAIN

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

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

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

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



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

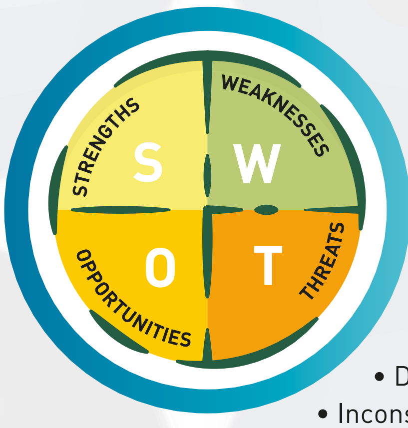
SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

FACTORS	DESCRIPTION	ORGANIZATION REPONSES
Political	• It determines how government policy and actions intervene in the economy and other factors that can affect a business. • Political instability and transition of government impacts the organization negatively. • Rapid changes in Government's macroeconomic policies also adversely impact the Company's business.	• Management look at tariffs, trade deals as they are developed not only by the economics or business side but what political relationships influence those decisions. • Management proactively plans for the different demand scenarios with help of budgeting, forecasts and projections. • Timely adjustments are made in the organizational processes and policies in response to actual or anticipated changes in Government policies. • Issues relating to the Cement Industry are dealt with through the forum of APCMA.
Economic	• Extensive competition, devaluation of currency, fluctuating interest rates and higher inflation. • Low Government's development spending, prevailing pandemic and lower economic growth, construction activities slow-down.	• Management continues to identify new markets for its products, internationally to offset local demand contraction and hedge currency fluctuation. • Company constantly strives to bring efficiencies in its manufacturing process and energy mix including BMR, which supports in mitigating adverse effect of increase in production cost.
Social	• Focus on Corporate Social Responsibility, Donations, development of communities and Scholarships.	• As a socially responsible corporate entity, DGKC strives hard to develop the communities in which it operates by ensuring compliance with all requirements of CSR. • It donates generously to various social and charitable causes including health, education and social sectors. • It also provides clean water, free education through schools, medical facilities and fire fighting services in arears nearby the sites.
Technological	• Risk of technological obsolescence. • Technological innovation by competitors	• To continue its legacy of being among the unparalleled leaders of the cement industry, DGKC has always given priority to latest technological developments. • Installation of 6.9 MW Solar Plant at KHP. • Continuous investment in key technological software to achieve operational excellence.
Environmental	Environmental Footprint, Recycling, Climatic Conditions Global warming, Natural disasters etc.	• The Company takes various steps to protect the environment including compliance with applicable environmental standards. • Company has approved standards of ISO for complying with an effective environmental management system. • Waste is collected from cities and is used as alternate fuel. • Investment in Waste Heat Recovery system so as to minimize Company's impact on the environment due to its operations.
Legal	Compliance with the applicable legal and regulatory requirements	DGKC has a dedicated team of professionals which ensures that all its processes comply with the applicable regulatory requirements. It ensures that all taxes and duties payments, whether income tax or sales tax, are made timely by having an effective cash management system in place.

S.W.O.T. ANALYSIS

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

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



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

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

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

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

In contrast, the rainy season (July to September) presents challenges. Heavy rains disrupt construction, delaying cement transport and causing logistics issues. Contractors may retire, adversely affecting cement sales. The impact of winter (October to February) varies from region to region. While bitterly cold temperatures may slow exterior construction, indoor construction is likely to continue, providing some support for cement sales.

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

POLITICAL ENVIRONMENT WHERE ORGANIZATION OPERATES

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

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

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

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

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

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

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

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

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

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

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

LEGITIMATE NEEDS AND INTERESTS OF KEY STAKEHOLDERS

Overall cement industry ensures that interests of stakeholders are duly respected. Customers are well attended and their grievances are timely addressed. Cement industry has also been good compliant of tax and corporate laws.

EMPLOYEES

Training, Development, Recognition, Work-life Balance

GOVERNMENT/REGULATORS

Compliance with Law and Regulatory Requirements

INVESTORS

Company's Growth and Performance, Return on Investment

FINANCIAL INSTITUTES

Deposits Volume, Investments, Borrowing Portfolio and Timely Repayments of Debts

DEALERS/RETAILERS

Regular Supplies, Timely Delivery, Profit margins

CONSUMERS

Quality, Consistency, Regular supplies and Timely delivery

SUPPLIES

Timely Payment, Long Term Relationship

LOCAL COMUNITIES

Job Creation, Minimum Negative Environment Impact

** Please refer to stakeholders engagement section for detailed analysis*

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

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

HISTORY OF MAJOR EVENTS (BRICK BY BRICK)

1978
Established under the control of State Cement Corporation of Pakistan Limited

1986
Commenced commercial production with clinker capacity of 2,000 TPD at DG Khan site

1992
Acquired by Nishat Group under privitization initiated by the Government

1993
Clinker production capacity of existing production line increased to 2,200 TPD

1996
Installation of 23.84 MW furnace oil based captive power plant

1998
Addition of another production line with clinker capacity of 3,300 TPD at DG Khan site

2001
Kiln Firing System converted from furnace oil to coal-based system.

2005
Increase in production capacity of existing lines to 6,700 tons per day

2007
Installation of plant at Khairpur Chakwal, enhanced the capacity to 13,400 TPD.

- **2007** Installation of 33 MW dual fuel power plant at Khairpur site
- **2010** Installation of 10.4 MW WHR power plant at DG Khan site
- **2013** Installation of 8.6 MW WHR power plant at Khairpur site
- **2016** Installation of 30 MW Coal Fired Power Plant at DG Khan site
- **2018** Addition of new plant at HUB enhanced the clinker capacity to 22,400 TPD
- **2020** Addition of 12 MW WHR power plant at Khairpur site. Old plant was decomissioned
- **2021** Addition of 10 MW WHR power plant at HUB site
- **2022** Addition of 30 MW CFPP power plant at HUB site
- **2023** Addition of 6.9 MW Solar power plant at Khairpur site

LEGISLATIVE AND REGULATORY REQUIREMENTS IN WHICH ORGANIZATION OPERATES

DG. Khan Cement Limited, is dedicated to operating within a framework of legality and ethics, recognizing the pivotal role of compliance with various legislative and regulatory requirements in its corporate governance and sustainability. As outlined in its 2023 Annual Report, DGKC diligently adheres to several key mandates:

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

- Being a publicly listed entity, DGKC adheres to stock exchange regulations to safeguard market integrity and investor interests. It commits to high corporate governance standards through the Code of Corporate Governance, promoting transparency and accountability.

- The company follows international accounting and financial reporting standards to maintain financial reporting accuracy and global comparability. Compliance with income tax, sales tax, and excise laws at provincial and federal levels is vital for financial sustainability and legal standing.

- DGKC is in full compliance with the Mining Act, as well as the laws and regulations administered and supervised by the Ministry of Mines and Minerals.

- Property tax payments are made to maintain property legality.

- DGKC upholds labor rights, workplace safety, and environmental compliance. It adheres to labor laws, ensuring employee welfare, and complies with health and safety regulations to minimize workplace hazards.

- Environmental responsibility is acknowledged through compliance with emission standards, waste disposal regulations, and measures aimed at reducing environmental impact.

DGKC's commitment to these requirements, as evidenced in its 2023 Annual Report, underscores its dedication to ethical and responsible operations, reinforcing its reputation as a responsible corporate entity.

EVENT CALANDER

JULY 01, 2022 TO JUNE 30, 2023

September 05, 2022

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

September 13, 2022

Meeting of the Members of HR&R Committee conducted.

September 05, 2022

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

September 05, 2022

Notice for Meeting of Board Directors for consideration of Annual Audited Accounts for the year ended June 30, 2022 sent to Board of Directors.

September 13, 2022

Meeting of the Members of Audit Committee conducted for recommendation of Annual Audited Accounts for the year ended June 30, 2022, related party transactions, appointment of External Auditors etc.etc. to the Board of Directors for their approval.

September 13, 2022

Meeting of the Board of Directors conducted for consideration and approval of Annual Audited Accounts for the year ended June 30, 2022 Director's Report, Related Party Transactions, Appointment of External Auditors, Agenda and Venue of AGM, Special Business Under Section 199 of the Companies Act, 2017 etc. etc.

September 13, 2022

Financial Results for the year ended June 30, 2022 and other Coprorate Actions Sent to Stock Exchange immediately after conclusion of Board Meeting.

September 29, 2022

Notice of AGM Sent to Pakistan Stock Exchange.

October 05, 2022

Notice of Annual General Meeting published in Newspapers.

October 17, 2022

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

October 17, 2022

Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 1st Quarter ended September 30, 2022 Sent to Directors and Stock Exchange.

October 25, 2022

Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 1st Quarter ended September 30, 2022, Related Party Transactions etc. etc. to the Board of Directors for their approval.

October 25, 2022

Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the 1st Quarter ended September 30, 2022, Directors Report, Related Party Transactions etc. etc.

October 25, 2022

Financial Results for the 1st Quarter ended September 30, 2022 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.

October 28, 2022

Annual General Meeting conducted and Shareholders approved Annual Audited Acounts, Appointment of External Auditors, Election of Directors and Investments under Section 199 of the Companies Act, 2017.

October 28, 2022

Certified Copy of Resolutions Passed by the Shareholders in their Annual General Meeting held on October 28, 2022 sent to Stock Exchange.

October 29, 2022

Notice for Meeting of Board Directors for Appointment of Chairperson, CEO and Re-constitution of Board Committees Sent to Directors and Stock Exchange.

November 04, 2022

Meeting of the Board of Directors conducted for Appointment of Chairperson, CEO and Re-constitution of Board Committees.

November 08, 2022

10% Final Cash Dividend Credited into designated bank accounts of shareholders

November 18, 2022

Minutes of Annual General Meeting held on October 28, 2022 sent to Stock Exchange.

November 24, 2022

Corporate Briefing Session on FY 2022 was held through video link.

Feberuary 14, 2023

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

Feberuary 14, 2023

Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the Half Year ended December 31, 2022 Sent to Directors.

February 22, 2023

Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the Half Year ended December 31, 2022, Related Party Transactions etc. etc. to the Board of Directors for their approval.

February 22, 2023

Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the Half Year ended December 31, 2022, Directors Report, Related Party Transactions.

February 22, 2023

Financial Results for the Half Year ended December 31, 2022 along with other Coprorate Actions, Sent to Stock Exchange immediately after conclusion of Board Meeting.

March 27, 2023

Material Information regarding successful construction and installation of On-grid Solar Power Plant of 6.952 MW at Khairpur Site, disseminated on PSX.

April 11, 2023

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

April 11, 2023

Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2023 Sent to Board of Directors.

April 19, 2023

Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 3rd Quarter ended March 31, 2023, Related Party Transactions etc. etc. to the Board of Directors for their approval.

April 19, 2023

Meeting of the Board of Directors conducted for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2023, Directors Report, Related Party Transactions etc. etc.

April 19, 2023

Financial Results for the 3rd Quarter ended March 31, 2023 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.

May 29, 2023

Notice of Emergent Meeting of Board Directors for consideration of Increase in Authorized Share Capital Sent to Board of Directors and was held on same day.

May 29, 2023

Decision of of the Board of Directors recommending increase in Authorized Share Capital disseminated on PSX immediately after BOD Meeting along with Notice of EOGM.

May 30, 2023

Notice of Extraordinary General Meeting published in Newspapers.

June 05, 2023

Notice of Meeting for consideration of Budgetry Impact on the business of the Company Sent to Board of Directors.

June 12, 2023

Meeting of the Board of Directors conducted for consideration of of Budgetry Impact on the business of the Company.

June 12, 2023

Decision of the Board of Directors disseminated on PSX immediately after BOD Meeting

June 15, 2023

Decision of the Board of Directors for cancellation of EOGM disseminated on PSX.

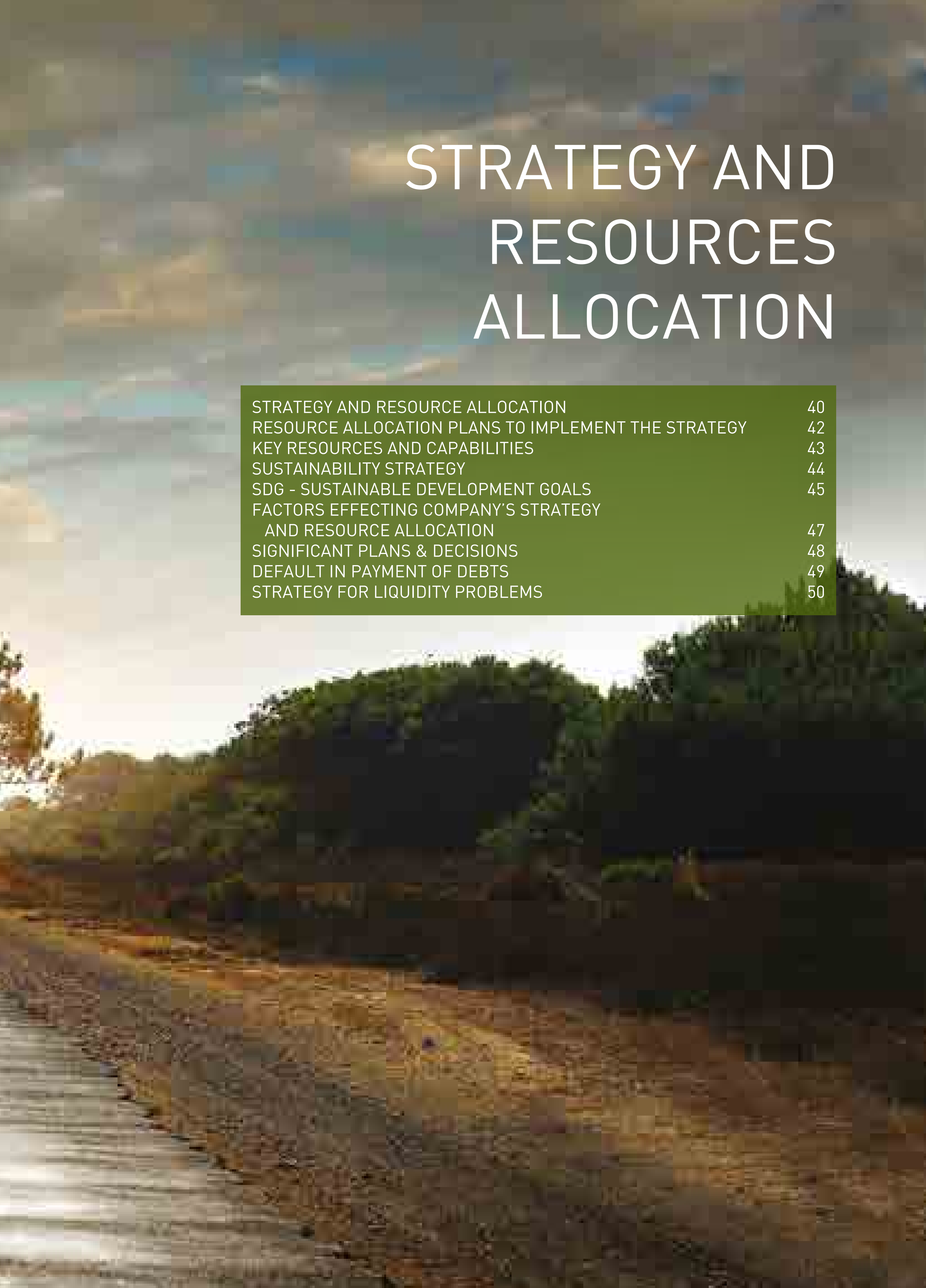
June 16, 2023

Notice for Cancellation of EOGM sent to PSX for circulation.

June 17, 2023

Notice for Cancellation of EOGM published in Newspapers

STRATEGY AND RESOURCES ALLOCATION



STRATEGY AND RESOURCE ALLOCATION

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

Strategic Objectives and Related Strategies in Place

1 Footprint Strengthened

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

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

Strategies in place

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

KPIs Monitored

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

Relevance of KPIs

These KPIs will remain relevant in future

2 Sustainable and Profitable Cement Manufacturer

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

Primary capitals utilized and impacted:	◆ Financial Capital ◆ Social and Relationship Capital ◆ Manufacturing Capital
Nature	◆Medium term ◆Long term

Strategies in place

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

KPIs Monitored

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

Relevance of KPIs

These KPIs will remain relevant in future

3 Market Diversification

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

Primary capitals utilized and impacted:	◆ Financial Capital ◆ Social and Relationship Capital, ◆ Manufacturing Capital ◆ Human Capital ◆ Intellectual Capital
Nature	◆ Short term to medium term

Strategies in place

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

KPIs Monitored	■ Net retention in export and local market ■ Increase in export%
Relevance of KPIs	These KPIs will remain relevant in future

4 Social and environmentally Responsible

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

Primary capitals utilized and impacted:	◆ Financial Capital ◆ Social and Relationship Capital ◆ Manufacturing Capital ◆ Intellectual Capital
Nature	◆ Medium term ◆ Long term

Strategies in place

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

KPIs Monitored	■ Number of non-compliances ■ Legal and other notices from competent authorities
Relevance of KPIs	These KPIs will remain relevant in future

5 HR Excellence

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

Primary capitals utilized and impacted:	◆ Financial Capital ◆ Social and Relationship Capital ◆ Intellectual Capital ◆ Human Capital
Nature	◆ Medium term ◆ Long term

Strategies in place

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

KPIs Monitored	■ Employee turnover ratio ■ Employees feedback and surveys
Relevance of KPIs	These KPIs will remain relevant in future

RESOURCE ALLOCATION PLANS TO IMPLEMENT THE STRATEGY

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

1 Financial Capital

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

2 Manufactured Capital

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

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

3 Intellectual Capital

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

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

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

4 Human capital

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

5 Social and relationship capital

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

KEY RESOURCES AND CAPABILITIES

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

Key Resources and Capabilities to Provide Sustainable Competitive Advantage

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

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

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

Value Creation

Indirect wealth creation through equitable business with suppliers and customers

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

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

Forex generations through export opportunities

High returns for shareholders

Growth in shareholders' wealth

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

Long term relationship with customers and suppliers

SUSTAINABILITY STRATEGY

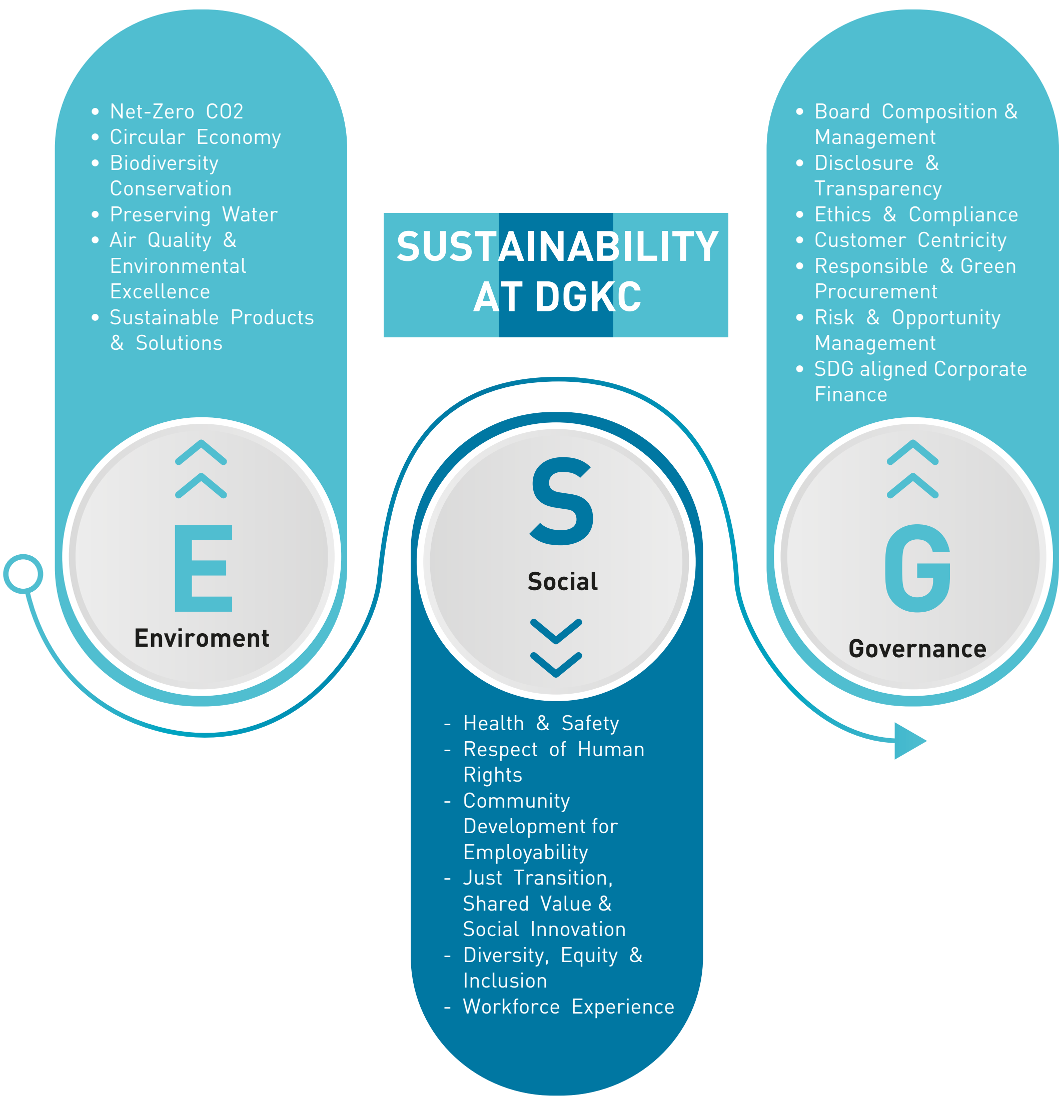
Sustainability Strategy and Measurable Objectives

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

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

ESG - Sustainability Model

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



SDG - SUSTAINABLE DEVELOPMENT GOALS

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

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

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

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

FACTORS EFFECTING COMPANY'S STRATEGY AND RESOURCE ALLOCATION

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

Technological Changes

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

Societal Issues

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

Environmental Issues

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

Initiatives In Promoting And Enabling Innovation

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

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

SIGNIFICANT PLANS & DECISIONS

The Company does not intend to initiate any plans of corporate restructuring. The Company has two significant plans for coming years:

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

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

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

Rationale of Major Capital Expenditure

During the FY23, major capital expenditure is related to Solar Power Plant at KHP site that was capitalized in last quarter, diversifying our power mix at Khairpur site, making it cleaner and cost-efficiently. The project was partially financed through financing scheme offered by SBP for renewable energy.

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

DEFAULT IN PAYMENT OF DEBTS

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

STRATEGY FOR LIQUIDITY PROBLEMS

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

Cash flow management is achieved through effective forecasting and periodic evaluation of planned inflows in the form of turnover and investment income. There have been consistent stream of dividend income of around Rs 2.5 billion (mainly from MCB) that provides needed liquidity to our operations.

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

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

The strategy to overcome liquidity problem is to ensure minimum cash requirement for working capital. Cash generation left out after financing working capital will be used to finance capex (that has been strategically deferred or minimized). Rest of the funds available will be used to lower the total debt. During the year, Company has reduced total debt by Rs 4.4 billion.

RISKS AND OPPORTUNITIES

RISK MANAGEMENT FRAMEWORK

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

Bottom-Up Approach

- Annual Assessment of risk in Board
- Operational level Company's risks are identified at executive level
- Annual tactical risk assessment
- Quarterly-Annual Operational risk assessment

Top-Down Approach

- Identifies strategic level risks, cascading these downward
- Periodic risk reviews with management committee
- Identified risks are assigned to member of management or risk champion for evaluation

Emerging Risk Review

An emerging risk assessment is conducted and reported at the different Management Committees to identify any new or emerging threats and trends. These are allocated to risk owners to investigate and assess

Group-level Principal Risks

Mitigating Actions

Board-level Review

The Board reviews and approves the risk appetite for each principal risk to enable informed, risk-based decision-making.

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

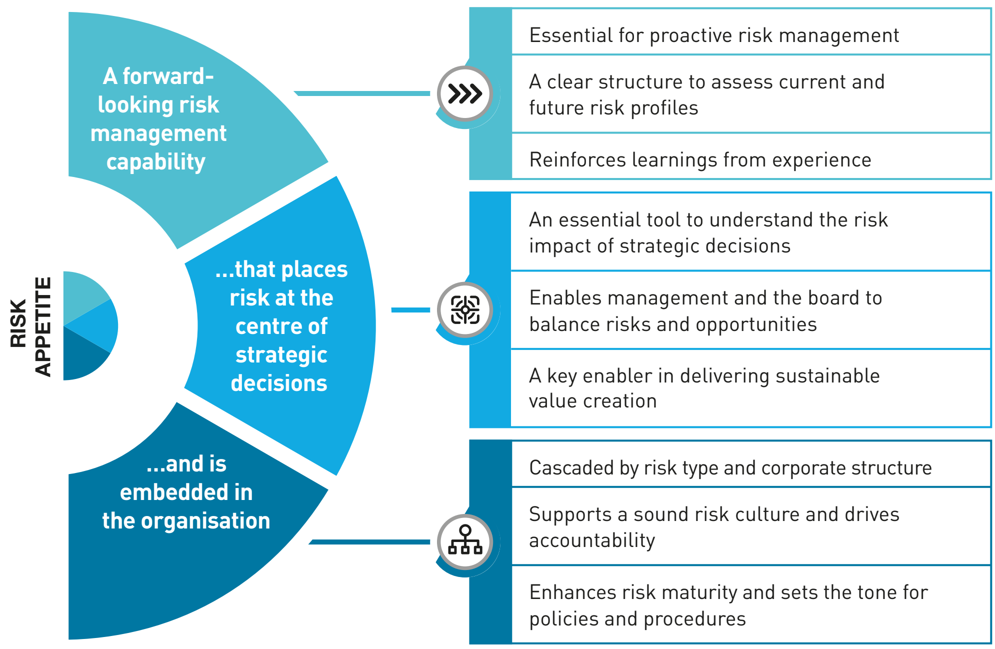
RISK APPETITE AND TOLERANCE

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

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

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

Placing Risk Appetite at the Core of Strategic Decision-Making



Balancing our Risk Capacity, Appetite and Tolerance

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

RISK REPORTING

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

Internal Reporting

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

External Reporting

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

BOARD COMMITMENT TOWARDS RISK MANAGEMENT

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

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

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

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

KEY RISKS AND OPPORTUNITIES

1 Political Instability Risk

Source: External

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

Strategic Objectives: Market diversification, sustainability

Context and Value Impact

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

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

Mitigating Action

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

2 Unstable economic and market conditions

Source: External

Capital Impacted: Financial Capital, Manufactured Capital, Human Capital

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

Context and Value Impact

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

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

Mitigating Action

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

High-Interest Rate

3

Source: External

Capital Impacted: Financial Capital, Manufactured Capital

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

Context and Value Impact

High interest rates may hinder Company ability to grow as funds would not be available at affordable rates. Further, as Company is leveraged with total exposure of more than Rs 40 billion, it may also affect its ability to maintain high margins as compared to its competitors.

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

Mitigating Action

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

Fluctuation in Coal Prices

4

Source: External

Capital Impacted: Financial Capital, Natural Capital

Strategic Objectives: Sustainable and profitable cement manufacturer

Context and Value Impact

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

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

Mitigating Action

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

Cybersecurity Risk

5

Source: Internal/External

Capital Impacted: Financial Capital, Intellectual Capital

Strategic objectives: Strong brand image, HR Excellence

Context and Value Impact

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

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

Mitigating Action

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

High Power Cost

6

Source: Internal/External

Capital Impacted: Financial Capital, Natural Capital, Manufactured Capital

Strategic objectives: Sustainable and profitable cement manufacturer

Context and Value Impact

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

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

Mitigating Action

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

Legal and Compliance Risk

7

Source: Internal/External

Capital Impacted: Financial Capital, Social and Relationship Capital, Intellectual capital

Strategic objectives: Social and environmentally responsible

Context and Value Impact

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

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

Mitigating Action

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

Health and Safety Risk

8

Source: External/Internal

Capital Impacted: Human Capital, Financial Capital, Manufactured Capital

Strategic objectives: Ensuring the health and safety of our workforce, maintaining operational continuity, sustaining profitability, and contributing to public health efforts.

Context and Value Impact

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

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

Mitigating Action

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

RISK OF SUPPLY CHAIN DISRUPTION

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

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

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

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

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

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

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

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

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

GOVERNANCE

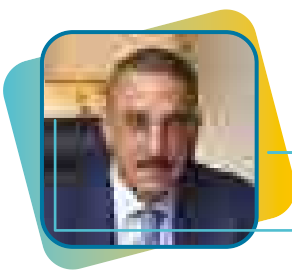
PROFILES OF DIRECTORS & MANAGEMENT

Mrs. Naz Mansha
Director/Chairperson

Mrs. Naz Mansha has over 36 years' experience as a Director on the Board of different companies. She has been associated with D. G. Khan Cement Company Limited (DGKCC) since 1994 and she is also a Chief Executive of Nishat Linen (Private) Limited, a subsidiary of Nishat Mills Limited and Director/Chief Executive of Emporium Properties (Pvt) Limited and Director on the Board of Golf View Land (Pvt) Limited and Adamjee Life Assurance Company Limited. She is a graduate from Kinnaird College, Lahore.

Mr. Khalid Niaz Khawaja
Director/Non-Executive

Mr. Khalid Niaz Khawaja is a Fellow of Institute of Bankers, Pakistan. He has more than 49 years' experience to work in different capacities in banking industry and CEO in one of the leading Leasing company. He had been on the board as a director on the leading institutions Including Lahore Stock Exchange Limited.



Mr. Raza Mansha
Director/Chief Executive Officer

Mian Raza Mansha has more than 28 years diversified professional experience in various business sectors including Banking, Textile, Power, Cement, Insurance, Hotels, Properties, Natural Gas, Agriculture, Dairy etc. He received his Bachelor degree from the University of Pennsylvania, USA. Currently he is on the Board of:

Director/Chief Executive Officer
- D. G. Khan Cement Company Limited
- Nishat Paper Products Co. Limited
- Nishat Developers (Pvt.) Limited

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

MR. USAMA MAHMUD
Director/Independent

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

MR. Shehryar Ahmad Buksh
Director/Independent

Mr. Shehryar has completed his MBA Management from Lahore University of Management Sciences. He has over 25 years of experience in the retail industry, mall development, product development and network expansion across Pakistan. He had been on the board as a director on the leading institutions including Lahore Chamber of Commerce and Industry, First Punjab Modaraba, Pakistan Board of Investments, Punjab Board of Investments, Punjab Small Industrial Corporation and Quaid – e – Azam Industrial Estate.

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

- HKB Enterprises
- HKB Retail SMC (Pvt.) Limited.
- Fortress Square Mall

A part 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) and Nishat Mills Limited as well.

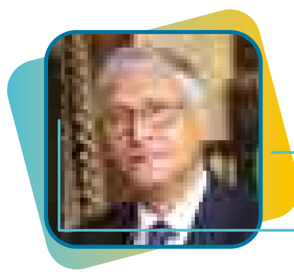
Mr. Shahzad Ahmad Malik
Director/Non-Executive

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

Mr. Farid Noor Ali Fazal
Director/Executive

He holds a bachelor degree in Commerce, Law and Management. He has vast experience of about 48 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.



Dr. Arif Bashir
Director Technical & Operations

Dr. Arif Bashir holds a Ph.D. degree, by profession he is Chemical Engineering. He joined cement sector in 1983. During his career spanning over 40 years, he has proven himself in technical, managerial and research areas.

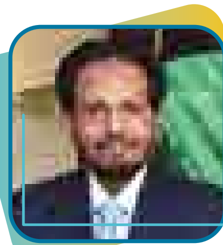
He has vast experience in the fields of chemical engineering, energy conservation, environmental studies, alternate fuels, renewable energy (biomass, solar & wind), project planning, execution and monitoring, operation and maintenance. He possesses good skills to develop and train technical teams having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

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

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

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

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



Mr. Khalid Mahmood Chohan
Company Secretary

He is a Commerce graduate. His experience tenor is about 40 years. His fields of expertise include income tax, corporate matters and secretarial practices.

He is Company Secretary of various companies in Nishat Group.

Mr. Inayat Ullah Niazi
Director Finance

He is a Commerce Graduate and C.A. Inter. His experience spans about 39 years, through out with DGKC. He supervised the financial matters related to expansion of DG Plant. He also oversaw critical financing arrangements for installation of new plants at Khairpur (2007) and Hub (2018). His expertise is in accounts, tax, audit, finance, treasury, budget and planning. He remained a crucial negotiator and dealer in transactions with international financial institutions, development institutions and export credit agencies.

He has served as director of Lahore Stock Exchange, National Clearing Company of Pakistan Limited and LSE Financial Services Limited. He is also CFO of Nishat Paper Products Company Limited.

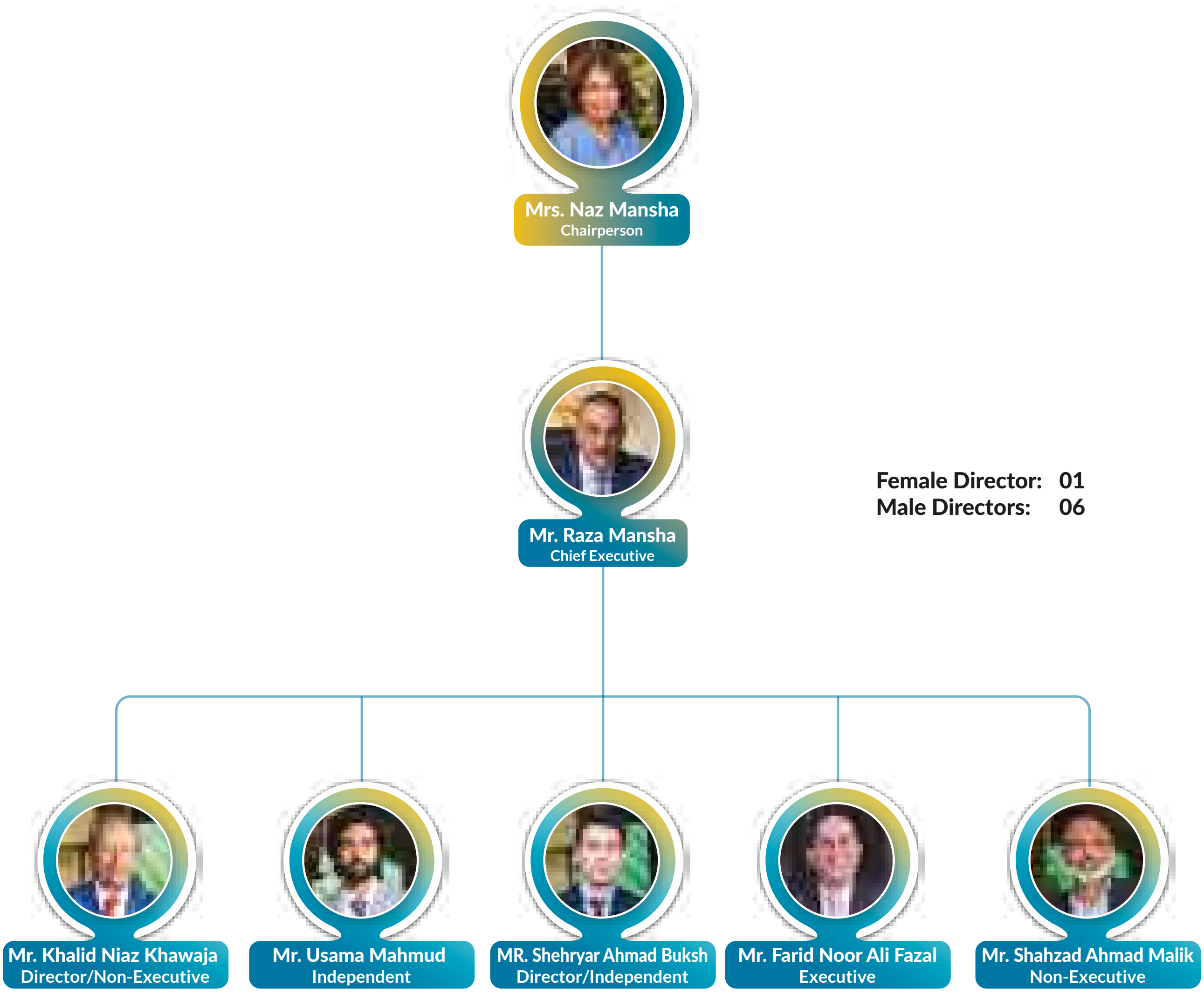
He is also serving as a director in Security General Insurance Company Limited, Nishat Hotels & Properties Limited, Nishat (Aziz Avenue) Hotels & Properties Limited, Nishat (Raiwind) Hotels & Properties Limited, Nishat Energy Limited, Lalpir Power Limited and Pakistan Aviators and Aviation (Private)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

Mr. Nauman Yaqoob
Chief Information Officer

He holds Bachelors and Master's degree in Information Technology (IT) from Preston University. He has experience of over 28 years in different areas of IT including ERP, Software development, Network communication, Data Centers, Security and BMS. He also has many international affiliations and certifications. (CISCO, Microsoft, Oracle, Dell, IBM, Honeywell, Bosch etc.)

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

BOARD COMPOSITION AND LEADERSHIP STRUCTURE



Female Director: 01
Male Directors: 06

CHAIRPERSON'S SIGNIFICANT COMMITMENTS

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

ANNUAL EVALUATION BY EXTERNAL CONSULTANT

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

BOARD MEETINGS HELD ABROAD

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

INDEPENDENT DIRECTORS - BASIS FOR INDEPENDENCE

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

DIVERSITY IN THE BOARD

Our Board diversity aims to cultivate a broad spectrum of demographic attributes and characteristics in the boardroom. All seven board members depict a true blend of diversity in the form of skills, exposure, expertise, knowledge, age and experience. Chairperson has over 36 years experience in running different businesses. CEO has more than 28 years of rich experience, particularly related to cement. Mr Khalid Niaz Khawaja and Shahzad Malik have rich banking and finance experience. Mr Usama Mahmood has engineering degree and skills in public administration. The blend of skills, experience and competencies provide diversity in the Board.

ROLE OF CHAIRPERSON AND CEO

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

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

ROLE AND RESPONSIBILITIES OF THE BOARD

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

These include but are not limited to:

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

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

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

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

CHAIRPERSON' REVIEW REPORT ON PERFORMANCE OF THE BOARD

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

The Board has constituted adequate number of Committees like Audit Committee and Human Resource and Remuneration Committee. The Committees performed well according to their Terms of Reference. The Board has developed a mechanism for annual evaluation of Board's own performance, members of the Board and its Committees. The Board carried out annual evaluation of Board's own performance, Members of the Board and its Committees on April 19, 2023. The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory. The overall assessment as satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives.

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

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

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

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

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

Naz Mansha

Mrs Naz Mansha
Chairperson

Lahore
August 31, 2023

BOARD'S ANNUAL EVALUATION OF PERFORMANCE

Listed Companies (Code of Corporate Governance) Regulations, 2019 requires the Board of DGKC to review its and the committees' performance annually. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. The Board has completed its annual self-evaluation on April 19, 2023 regarding which a report by the Chairman on Board's overall Performance is also attached with this Annual Report. For the purpose of Board evaluation, a comprehensive criterion has been developed. Key elements of the criteria are as follows:

Board Composition mainly:

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

Processes and Procedures mainly:

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

Oversight mainly:

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

In addition to that, Board will also review the performance of its committees' performance in accordance with their TORs. The criteria also include additional factors and questions as prescribed under S.R.O. 301(1)/2020 dated April 9, 2020

DIRECTORS' FORMAL ORIENTATION COURSES

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

DIRECTOR'S TRAINING PROGRAM

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

EXTERNAL OVERSIGHT OF VARIOUS FUNCTIONS AND MEASURES

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

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

DISCLOSURE OF RELATED PARTY TRANSACTIONS

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

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

The Company has made detailed disclosures about related party transactions (along with basis of relationship with the related parties) in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

All transactions or arrangements (other than investment in Hyundai Nishat Motor (Private) Limited) with all related parties were carried out in the ordinary course of business on an arm's length basis. During the year, Company invested Rs 1,007 million in Hyundai Nishat Motor (Private) Limited in accordance with the shareholders approval in last AGM to earn dividend and prospective capital gains.

During the year, there was no conflict of interest observed with any of the director in any of the contract or arrangement with the related party. However, all the related parties transactions have been annexed in the attached notice of AGM to seek approvals from shareholders in the AGM held on October 27, 2023.

CORPORATE GOVERNANCE FRAMEWORK

BOARD'S POLICY ON GOVERNANCE OF RISK AND INTERNAL CONTROL

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

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

DIVERSITY IN CULTURE

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

POLICY FOR DISCLOSURE OF CONFLICT OF INTEREST

No director of the Company shall take part in the discussion or vote relating to contract or agreement where they are concerned or interested. Where majority of directors are interested, the matter is laid before the General meeting for approval.

POLICY FOR RUMENERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

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

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

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

SECURITY CLEARANCE OF FOREIGN DIRECTORS

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

HUMAN RESOURCE MANAGEMENT POLICY

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

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

Recruitment and Selection

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

Development and Training

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

Reward and Motivation

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

Equality, Diversity and Dignity at Work

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

Succession Plan

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

SOCIAL AND ENVIRONMENT RESPONSIBILITY POLICY

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

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

To meet this, we:

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

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

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

We comply through following plan of actions:
- KPIs and standard protocols follow up
- Emissions monitoring and reporting
- Waste and water management
- Regulation updates, trends and new technologies
- Promotion of best practices throughout our operations

COMMUNICATION WITH STAKEHOLDERS

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

INVESTORS' GRIEVANCE POLICY

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

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

During the current year no complaint has been received at our Investors' Inquiries & Complaint Cell.

EMPLOYEE HEALTH, SAFETY AND PROTECTION

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

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

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

- Regularly checking of all equipment and tools to ensure that they are well maintained and safe to use
- Proper training is made necessary for all employees, especially if where there is a risk for potential injury associated with a job.
- Even if an incident does not result in a serious injury, we conduct an incident investigation to help determine why an incident happened so we can take steps to ensure that it will not recur in future.

- Keep records of all first aid treatments, inspections, incident investigations, and training activities.
- Awareness campaign of preventive measures against COVID-19
- Onsite gym, sports complex, swimming and other facilities for employee fitness
- Free dispensaries at sites
- Suitable medical policies in place to provide quality treatment to employees' in case of major or minor illness.
- Mandatory breaks and time-off

SPEAK UP (WHISTLE-BLOWING POLICY)

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

Policy and Procedures

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

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

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

Procedures for raising concerns are provided below:
Informal reporting: Voice concern with line manager or any other senior manager.

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

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

Anonymous reports: Individuals may wish to raise concerns anonymously.

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

- Director Marketing
- Chief Financial Officer
- GM HR & Admin

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

POLICY FOR SAFETY OF RECORDS

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

The policy ensures that:

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

COMPANY APPROACH TO MANAGING AND REPORTING POLICIES

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

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

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

BUSINESS CONTINUITY PLAN / DISASTER RECOVERY PLAN

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

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

INDEPENDENT AUDITOR'S REVIEW REPORT ON STATEMENT OF COMPLIANCE

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of D. G. Khan Cement Company Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

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

Date: September 12, 2023

UDIN: CR2023100705szuwWjd0

STATEMENT OF COMPLIANCE

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

Name of company : D. G. Khan Cement Company Limited
Year ended : June 30, 2023

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

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

a. Male: 6
b. Female: 1

2. The composition of board is as follows:

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

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

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

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

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

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

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

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

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

Six out of the seven Directors of the company, as above, have either obtained certificate of Directors' Training Program or are exempted from the requirement of Directors' Training Program. The company has planned to arrange Directors' Training Program certification for the remaining one director, Mr Shehryar Ahmad Buksh.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The board has formed committees comprising of members given below:

a) Audit Committee

1. Mr. Shehryar Ahmad Buksh (Independent Director) – Chairman
2. Mr. Khalid Niaz Khawaja (Non-Executive Director)
3. Mr. Shahzad Ahmad Malik (Non-Executive Director)

b) HR and Remuneration Committee

1. Mr. Usama Mahmud – (Independent Director) - Chairman
2. Mian Raza Mansha (Executive Director)
3. Mr. Khalid Niaz Khawaja (Non-Executive Director)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

a)	Audit Committee	4 quarterly meetings
b)	HR and Remuneration Committee	1 annual meeting

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

a. In respect of regulation 6(1), the Company believes that it has sufficient impartiality & is able to exercise independence in decision making within the Board and hence, does not require to roundup the fraction to 3 independent directors.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

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

(Mian Raza Mansha)
Director/CEO

Naz Mansha

(Mrs. Naz Mansha)
Director/Chairperson

TERMS OF REFERENCE OF AUDIT COMMITTEE

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

(i) determination of appropriate measures to safeguard the Company's assets;

(ii) review of annual and interim financial statements of the company, prior to their approval by the Board, focusing on,-

- (a) major judgmental areas;
- (b) significant adjustments resulting from the audit;
- (c) going concern assumption;
- (d) any changes in accounting policies and practices;
- (e) compliance with applicable accounting standards;
- (f) compliance with these Regulations and other statutory and regulatory requirements; and
- (g) all related party transactions;

(iii) review of preliminary announcements of results prior to external communication and publication;

(iv) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

(v) review of management letter issued by external auditors and management's response thereto;

(vi) ensuring coordination between the internal and external auditors of the company;

(vii) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;

(viii) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

(ix) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

(x) review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;

(xi) instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;

(xii) determination of compliance with relevant statutory requirements;

(xiii) monitoring compliance with these Regulations and identification of significant violations thereof;

(xiv) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

(xv) recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;

(xvi) consideration of any other issue or matter as may be assigned by the Board;

TERMS OF REFERENCE OF HR & REMUNERATION COMMITTEE

TORs include:-

(i) Recommending Human Resource Management Policies to the Board.

(ii) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer.

(iii) Recommending to the Board the Selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Financial Officer, Company Secretary and Head of Internal Audit.

(iv) Consideration and approval on recommendations of CEO on such matters for Key management positions who directly report to Chief executive officer.

(v) Consideration of any other issue or matter as may be assigned by the Board of Directors.

ANNOUNCEMENT OF FINANCIAL RESULTS

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

Particulars	Date of authorization	Time from period end date
First Quarter Results	October 25, 2022	1 month
Half Yearly Results	February 22, 2023	1 month
Third Quarter Results	April 19, 2023	1 month
Annual Results	August 31, 2023	2 Months

EXTERNAL SEARCH CONSULTANCY FOR APPOINTMENT OF ANY DIRECTOR

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

AUDIT COMMITTEE REPORT

The Board Audit Committee (BAC) is governed by the mandate given to it vide Code of Corporate Governance and Board of the Company. It is vital platform to ensure transparency of company reporting and checking effectiveness in achievement of company objectives. BAC assists Board in scrutinizing the financial and non-financial information and maintaining an independent check on activities of the management. It also provides a helping hand to Board in risk management, internal controls, compliance and governance matters.

Composition of Audit Committee

BAC comprises of three members:

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

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

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

Review of financial statements

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

- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws and financial reporting is consistent with management processes and adequate for shareholder needs.

- These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions of or directives under the Act prevail.

- The CEO and the CFO have endorsed the standalone as well as consolidated financial statements of the Company and the Board of Directors Report. They acknowledge their responsibility for true and fair presentation of the Company's financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the company.

Risk Management and IT Governance

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

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

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

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

Internal audit

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

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

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

Whistle -blowing to audit committee

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

Engagement with external auditors

The external auditors of the Company, M/s A.F. Ferguson & Co, Chartered Accountants, have completed their audit of the standalone and consolidated financial statements, the "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" for the year ended June 30, 2023.

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

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

Appointment of external Auditors

External auditors shall retire on the conclusion of the Annual General Meeting. Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review, recommended to the Board of Directors for reappointment of M/s. A.F. Ferguson & Co., Chartered Accountants, as external auditors for the year ending June 30, 2024. The current engagement partner has started his tenure from FY 2021.

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

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

M/s. A.F. Ferguson & Co., Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. The firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP and have indicated their willingness to continue as auditors for the year ending June 30, 2024.

Annual Report 2023

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

The Audit Committee believes that the Integrated Annual Report 2023 includes both financial and non-financial performance, risks and opportunities and outcomes attributable to Company's activities and key stakeholders having significant influence on its value creation ability

Compliance with applicable legal requirements

BAC ensured that:

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

Related parties transactions

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

Self evaluation

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

Shehryar Ahmad Buksh
Chairman

August 31, 2023

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

How ERP system of DGKC integrated the business processes

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

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

Management support in the effective implementation and continuous updating

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

User training of ERP software

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

ERP Risk Management

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

ERP System security in connection with sensitivity of Data

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

IT GOVERNANCE AND CYBER SECURITY

BOARD GOVERNANCE FRAMEWORK OVER IT AND CYBER SECURITY

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

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

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

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

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

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

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

IT GOVERNANCE AND CYBERSECURITY PROGRAMS, POLICIES AND PROCEDURES

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

- Establishing information technology goals, and the strategies for achieving IT related goals.
- Establishing principles and guidelines for making information technology decisions and managing initiatives.
- Overseeing the management of institutional information technology initiatives.
- Establishing and communicating organizational information technology priorities.
- Resource allocation plans for IT priorities.
- Use of ERP across all departments and reporting

requirements.

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

CYBERSECURITY AND BOARD'S RISK OVERSIGHT

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

COMMITTEE TO OVERSIGHT IT GOVERNANCE AND CYBERSECURITY MATTERS

Company holds 2-3 meetings annually comprising of Key Management Personnel, CIO and one executive director with an agenda of new developments, network upgradation, security risks, network, and system-level challenges and resolution strategy and approvals for the implementations of new tools and enhance security level over enterprise level. The recommendations from this committee is presented to Board Audit Committee for further recommendations. The recommendations are then presented to Board for approvals or any or additional line of actions. The management committee is further tasked with apprising the Board about new and potential IT risks, their likelihoods and measures to address them.

DISCLOSURE RELATED TO COMPANY'S CONTROLS ON EARLY WARNING SYSTEM

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

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

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

INDEPENDENT COMPREHENSIVE SECURITY ASSESSMENT

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

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

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

CONTINGENCY AND DISASTER RECOVERY PLAN

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

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

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

ADVANCEMENT IN DIGITAL TRANSFORMATION TO IMPROVE TRANSPARENCY AND GOVERNANCE

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

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

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

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

EDUCATION AND TRAINING TO MITIGATE CYBER SECURITY RISKS

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

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

COMPLIANCE OF FINANCIAL ACCOUNTING AND REPORTING STANDARDS

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

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

ii) Provisions of and directives issued under the Companies Act, 2017 ('Act').

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

Note 2.2 to the unconsolidated financial statement specify initial application of standards, amendments or an interpretation to existing standards.

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

Mrs Naz Mansha
Chairperson

ADOPTION OF INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

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

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

Fundamental Concepts

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

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

An integrated report therefore aims to provide insight about:

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

Guiding Principles

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

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

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

Contents of elements

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

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

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

Raza Mansha
Chief Executive

ATTENDANCE IN BOARD MEETINGS

ATTENDANCE OF MEMBERS IN AUDIT COMMITTEE MEETINGS DURING THE YEAR FROM JULY 01, 2022 TO JUNE 30, 2023

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

Name of Members		Number of Meetings Attended
Mr. Khalid Niaz Khawaja[1]	(Ex-Chairman)	4
Mr. Usama Mahmud[2]		2
Mr. Mahmood Akhtar[3]		2
Mr. Shehryar Ahmed Buksh[4]	(Chairman)	2
Mr. Shahzad Ahmad Malik[5]		2

Audit Committee was re-constituted on November 4, 2023 after Election of Directors held on October 28, 2022

1 Re-appointed as member of Audit Committee on November 04, 2023
2 Retired as member Audit Committee on October 28, 2023
3 Retired on October 28, 2023
4 Appointed as member and Chairman of Audit Committee on November 04, 2023
5 Appointed as member on November 04, 2023

ATTENDANCE OF MEMBERS IN HR & R COMMITTEE MEETINGS DURING THE YEAR FROM JULY 01, 2022 TO JUNE 30, 2023

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

Name of Members		Number of Meetings Attended
Mr. Khalid Niaz Khawaja[1]	(Ex-Chairman)	1
Mr. Raza Mansha[2]		1
Mr. Shahzad Ahmad Malik[3]		1
Mr. Usama Mahmud[4]	(Chairman)	0

HR & R Committee was re-constituted on November 4, 2023 after Election of Directors held on October 28, 2022

1 Retired as member HR & R Committee on October 28, 2023
2 Re-appointed as member HR & R Committee on November 04, 2023
3 Retired as member Hr & R Committee on October 28, 2023
4 Appointed as member and Chairman of HR & R Committee on November 04, 2023

ATTENDANCE OF DIRECTORS IN BOARD MEETINGS DURING THE YEAR FROM JULY 01, 2022 TO JUNE 30, 2023

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

Name of Directors	Number of Meetings Attended
Mr. Raza Mansha (Chief Executive Officer)	6
Mrs. Naz Mansha (Chairperson)	4
Mr. Shehryar Ahmed Buksh[1]	4
Mr. Khalid Niaz Khawaja	7
Mr. Usama Mahmud	6
Mr. Farid Noor Ali Fazal	7
Mr. Shahzad Ahmad Malik	6
Mr. Mikaal Mustafa Iqbal[2]	0
Mr. Mahmood Akhtar[3]	2

1 Appointed in place of Mr. Mikaal Mustafa Iqbal on November 04, 2022
2 Elected in Election of Directors held in AGM on October 28, 2022 and Resigned on November 04, 2022
3 Retired on October 28, 2023

PATTERN OF SHAREHOLDING

AS ON 30/06/2023

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
2,461	1	100	117,143	0.027
3,116	101	500	1,058,073	0.242
2,051	501	1000	1,780,595	0.406
3,135	1001	5000	8,144,528	1.859
734	5001	10000	5,659,034	1.292
243	10001	15000	3,090,441	0.705
176	15001	20000	3,257,104	0.743
120	20001	25000	2,768,350	0.632
68	25001	30000	1,921,505	0.439
54	30001	35000	1,773,565	0.405
35	35001	40000	1,330,008	0.304
25	40001	45000	1,080,028	0.247
51	45001	50000	2,524,151	0.576
16	50001	55000	853,220	0.195
21	55001	60000	1,239,846	0.283
14	60001	65000	882,700	0.202
28	65001	70000	1,932,411	0.441
15	70001	75000	1,091,778	0.249
4	75001	80000	315,378	0.072
11	80001	85000	915,476	0.209
9	85001	90000	794,965	0.181
5	90001	95000	470,100	0.107
23	95001	100000	2,298,500	0.525
2	100001	105000	210,000	0.048
3	105001	110000	322,772	0.074
3	110001	115000	340,638	0.078
5	115001	120000	596,924	0.136
3	120001	125000	363,386	0.083
6	125001	130000	767,187	0.175
7	130001	135000	930,552	0.212
7	135001	140000	953,455	0.218
2	140001	145000	288,500	0.066
5	145001	150000	750,000	0.171
4	150001	155000	611,356	0.140
4	155001	160000	630,813	0.144
1	160001	165000	165,000	0.038
1	165001	170000	165,500	0.038
1	170001	175000	171,506	0.039
1	175001	180000	176,439	0.040
1	180001	185000	185,000	0.042
7	185001	190000	1,310,787	0.299
2	190001	195000	389,249	0.089
8	195001	200000	1,600,000	0.365
7	200001	205000	1,422,700	0.325
2	205001	210000	413,875	0.095

Continued

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
1	210001	215000	210,512	0.048
3	215001	220000	650,743	0.149
4	220001	225000	897,956	0.205
4	225001	230000	909,400	0.208
1	235001	240000	236,360	0.054
6	245001	250000	1,493,000	0.341
2	250001	255000	506,000	0.116
2	255001	260000	519,200	0.119
2	260001	265000	529,000	0.121
1	265001	270000	268,500	0.061
2	270001	275000	548,451	0.125
2	275001	280000	558,000	0.127
2	280001	285000	565,250	0.129
1	285001	290000	287,122	0.066
5	295001	300000	1,500,000	0.342
2	310001	315000	624,543	0.143
1	315001	320000	318,952	0.073
1	320001	325000	325,000	0.074
1	325001	330000	330,000	0.075
1	340001	345000	344,239	0.079
2	345001	350000	700,000	0.160
1	355001	360000	359,400	0.082
1	360001	365000	363,936	0.083
1	365001	370000	370,000	0.085
2	370001	375000	743,945	0.170
1	375001	380000	380,000	0.087
3	395001	400000	1,198,219	0.274
2	405001	410000	815,454	0.186
1	410001	415000	414,500	0.095
1	425001	430000	428,500	0.098
1	435001	440000	440,000	0.100
1	445001	450000	450,000	0.103
1	450001	455000	450,620	0.103
1	475001	480000	475,759	0.109
1	490001	495000	495,000	0.113
3	495001	500000	1,500,000	0.342
1	515001	520000	517,500	0.118
1	530001	535000	532,951	0.122
1	640001	645000	644,848	0.147
1	645001	650000	646,800	0.148
1	655001	660000	659,000	0.150
2	675001	680000	1,353,558	0.309
2	695001	700000	1,400,000	0.320
1	705001	710000	710,000	0.162
1	710001	715000	710,531	0.162
1	750001	755000	754,910	0.172
1	800001	805000	803,500	0.183
1	810001	815000	813,867	0.186
1	850001	855000	854,000	0.195
1	890001	895000	892,500	0.204

Continued

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
1	960001	965000	962,000	0.220
1	995001	1000000	1,000,000	0.228
1	1000001	1005000	1,000,073	0.228
1	1075001	1080000	1,077,279	0.246
1	1195001	1200000	1,200,000	0.274
1	1210001	1215000	1,212,400	0.277
1	1425001	1430000	1,425,500	0.325
4	1495001	1500000	6,000,000	1.370
2	1575001	1580000	3,151,733	0.719
1	1645001	1650000	1,650,000	0.377
1	1665001	1670000	1,668,635	0.381
1	1715001	1720000	1,718,505	0.392
1	1750001	1755000	1,751,145	0.400
1	1795001	1800000	1,800,000	0.411
1	1870001	1875000	1,873,000	0.428
1	1910001	1915000	1,910,532	0.436
1	1955001	1960000	1,956,760	0.447
1	1980001	1985000	1,982,555	0.453
1	1990001	1995000	1,993,428	0.455
1	1995001	2000000	2,000,000	0.457
1	2020001	2025000	2,023,000	0.462
1	2045001	2050000	2,050,000	0.468
1	2190001	2195000	2,191,236	0.500
1	2370001	2375000	2,374,983	0.542
1	2410001	2415000	2,414,239	0.551
1	2710001	2715000	2,710,972	0.619
1	2940001	2945000	2,942,932	0.672
1	3065001	3070000	3,069,500	0.701
1	3515001	3520000	3,515,768	0.803
1	3865001	3870000	3,865,511	0.882
1	4410001	4415000	4,411,739	1.007
1	5220001	5225000	5,223,501	1.192
1	5335001	5340000	5,339,987	1.219
1	5665001	5670000	5,665,811	1.293
1	5890001	5895000	5,891,098	1.345
1	9145001	9150000	9,148,510	2.088
1	11530001	11535000	11,530,478	2.632
1	12795001	12800000	12,796,880	2.921
1	15220001	15225000	15,222,730	3.475
1	15550001	15555000	15,551,203	3.550
1	22925001	22930000	22,929,033	5.234
1	27135001	27140000	27,139,917	6.195
1	27565001	27570000	27,565,313	6.292
1	114645001	114650000	114,645,168	26.168
12,628	**Company Total**		**438,119,118**	**100.00**

CATEGORIES OF SHAREHOLDERS

AS ON JUNE 30, 2023

		SHARES HELD	%
1.	Directors, Chief Executive Officer, and their spouse and minor children	18,905,576	4.32
2.	Associated Companies, undertakings and related parties.	144,125,219	32.90
3.	NIT and ICP	1,994,928	0.46
4.	Banks Development Financial Institutions Non Banking Financial Institutions.	40,014,141	9.13
5.	Insurance Companies	9,067,169	2.07
6.	Modarabas and Mutual Funds	14,410,984	3.29
7.	Shareholders holding 10%	137,574,201	31.40
8.	General Public:		
	a. Local	96,839,009	22.10
	b. Foreign	7,011,261	1.60
9.	Others		
	Joint Stock Companies	16,445,493	3.75
	Investment Companies	18,034	0.00
	Pension Funds, Provident Funds etc.	21,778,027	4.97
	Foreign Companies	17,471,631	3.99
	Charitable Trusts, Foundations and Others	1,883,434	0.43

ADDITIONAL INFORMATION

AS ON JUNE 30, 2023

		No. of Shares	%
I. Associated Companies, undertakings and related parties			
Nishat Mills Limited	- Associated Company	137,574,201	31.40
Security General Insurance Company Limited	- Associated Company	428,500	0.10
Adamjee Life Assurance Company Limited	- Associated Company	710,531	0.16
Adamjee Life Assurance Company Limited-IMF	- Associated Company	5,339,987	1.22
Adamjee Life Assurance Company Limited-Amanat Fund	- Associated Company	72,000	0.02
II. Mutual Funds:			
CCONFIDENCE MUTUAL FUND		573	0.00
UNICOL LIMITED EMPLOYEES PROVIDENT FUND		10,000	0.00
PRUDENTIAL STOCK FUND LTD.		413	0.00
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND		1,425,500	0.33
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND		195,000	0.04
CDC - TRUSTEE HBL INVESTMENT FUND		227,531	0.05
CDC - TRUSTEE JS LARGE CAP. FUND		120,000	0.03
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND		1,500,000	0.34
CDC - TRUSTEE JS ISLAMIC FUND		80,000	0.02
CDC - TRUSTEE UNIT TRUST OF PAKISTAN		250,000	0.06
CDC - TRUSTEE AKD INDEX TRACKER FUND		59,727	0.01
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND		700,000	0.16
CDC - TRUSTEE MEEZAN ISLAMIC FUND		2,050,000	0.47
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND		90	0.00
CDC - TRUSTEE NBP STOCK FUND		80,000	0.02
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND		205,000	0.05
CDC - TRUSTEE HBL - STOCK FUND		136,000	0.03
MC FSL - TRUSTEE JS GROWTH FUND		325,000	0.07
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND		373,000	0.09
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT		30,000	0.01
CDC - TRUSTEE ALFALAH GHP ALPHA FUND		129,524	0.03
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND		2,710,972	0.62
CDC - TRUSTEE ABL STOCK FUND		370,000	0.08
CDC-TRUSTEE HBL ISLAMIC STOCK FUND		88,470	0.02
CDC - TRUSTEE HBL IPF EQUITY SUB FUND		88,405	0.02
CDC - TRUSTEE KSE MEEZAN INDEX FUND		813,867	0.19
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND		185,000	0.04
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND		15,000	0.00
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND		100	0.00
CDC - TRUSTEE AWT ISLAMIC STOCK FUND		23,200	0.01
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND		7,000	0.00
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND		7,000	0.00
CDC - TRUSTEE AWT STOCK FUND		28,216	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND		659,000	0.15
CDC-TRUSTEE NITIPF EQUITY SUB-FUND		31,000	0.01
CDC-TRUSTEE NITPF EQUITY SUB-FUND		69,000	0.02
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND		105,000	0.02
CDC - TRUSTEE FAYSAL MTS FUND - MT		312,543	0.07
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND		20,000	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND		6,000	0.00
CDC - TRUSTEE HBL INCOME FUND - MT		59,801	0.01
CDC - TRUSTEE ALFALAH CONSUMER INDEX EXCHANGE TRADED FUND		69,338	0.02
CDC - TRUSTEE JS MOMENTUM FACTOR EXCHANGE TRADED FUND		117,845	0.03
CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND		4,794	0.00
CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT		318,952	0.07
CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND		223,556	0.05

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

Mrs. Naz Mansha	Director/Chairperson	213,098	0.05
Mian Raza Mansha	Director/CEO	12,796,880	2.92
Mr. Khalid Niaz Khawaja	Diretcor	2,000	0.00
Mr. Usama Mahmud	Director	200	0.00
Mr. Shehryar Ahmed Buksh	Director	1,000	0.00
Mr. Farid Noor Ali Fazal	Director	1,200	0.00
Mr. Shahzad Ahmad Malik	Director	100	0.00
Mrs. Ammil Raza Mansha	Spouse of CEO	5,891,098	1.34

IV. Executives:

Mr. I.U. Niazi	Chief Financial Officer	2,775	0.00

V. Public Sector Companies and Corporations:

Joint Stock Companies	16,445,493	3.75

VI. Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds:

Investment Companies	18,034	0.00
Insurance Companies	9,067,169	2.07
Financial Institutions	40,014,141	9.13
Modaraba Companies	179,567	0.04
Mutual Funds	14,231,417	3.25
Pension Funds/Providend Funds/Charitable Trusts, Foundations Etc.	23,661,461	5.40

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

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

Trading in the shares of the Company, carried out by its Directors, Chief Excutive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children during the period July 01, 2022 to June 30, 2023, are as under:

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

PERFORMANCE

KEY PERFORMANCE INDICATORS

Net Revenue (000)

2023	64,983,821
2022	58,043,863
Percentage	12%

Gross Margin %

2023	14.7%
2022	17.9%

Total Assets (000)

2023	134,713,251
2022	136,562,013
Percentage	-1%

Profit Before Tax (PBT) (000)

2023	3,162,543
2022	6,019,761
Percentage	-47%

Equity (000)

2023	64,192,277
2022	69,918,102
Percentage	-8%

Profit / Loss After Tax (PAT) (000)

2023	-3,635,976
2022	2,972,132
Percentage	-222%

Earnings per Share (EPS)

2023	-8.30
2022	6.78
Percentage	-222%

Breakup Value/ Share

2023	146.52
2022	159.59
Percentage	-8%

Market Value per share

2023	51.3
2022	62.5
Percentage	-18%

Dividend per Share

2023	-
2022	1
Percentage	-100%

No. of Employees (Average)

2023	1,902
2022	1,900
Percentage	0.1%

Revenue per Employee (000)

2023	34,166
2022	30,549
Percentage	12%

Capitalization (000)

2023	2,081,492
2022	8,728,068
Percentage	-76%

Capacity Utilization

2023	69%
2022	95%

Production (MT)

2023	4,628,354
2022	6,370,194
Percentage	-27%%

CHAIRPERSON'S MESSAGE

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

FY23 has been very tough for all the segments of the society. Record breaking inflation, political chaos, legal battles and indecisiveness on part of Government have cost the middle-class segment of society very badly. Consequently, GDP grew by 0.29% only while large scale manufacturing shrank by 8.11%, depicting low volumes and profitability across all industries. Increase in Super Tax rate from 4% to 10% also affected the bottom line of the industry

Pakistan is now in stand-bye agreement with IMF. Elections are due and caretaker setup is in place. There is very narrow window available for Pakistan to navigate the transition upto March, otherwise IMF program may again be jeopardized and may off track the economic recovery path.

Keeping in view economic numbers, industry volume growth will remain modest for next financial year. Discount rates are expected to remain high. Your Company will have to face the uphill task to cover these high fixed costs.

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

Mrs. Naz Mansha
Chairperson

Lahore
August 31, 2023

CHIEF EXECUTIVE MESSAGE

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

This year had been tough for industries in Pakistan on many fronts. Pakistan got along with IMF at the start of the year in August, but later on, Pakistan internal political battle got it suspended. This shattered the overall business environment. Reserves hit rock bottom, putting extreme pressure on USD/PKR exchange rate. IMF stringent measures were put in place, getting inflation to record high of more than 35%. Discount rates were also increased to 22% in line with inflation numbers. Heavy flooding in first half of the year also affected the national income. Consequently, overall GDP growth reduced to 0.29%. All these factors affected the purchasing of power of middle-class men, reduced their savings and disturbed their buying pattern.

Your Company capacity remained under-utilized due to demand and supply gap. Lower margins are related to high fixed costs. High Finance cost of Rs 6.7 billion has been charged to profit and loss account due to record-breaking rising discount rates. Considerable dividend income and Company strategy of using alternate fuel have contributed significantly towards profitability. In continuation of sales strategy, clinker was exported to earn valuable foreign exchange reserves of USD 36 million (including export of cement) and to contribute towards fixed costs. We are also in contact with USA customers, which if materialized may boost our profitability, diversify our export base and opening up new horizon of opportunities. Super tax rate has been enhanced from 4% to 10% through Finance Act 2023. This increased our deferred tax liability and converted our bottom line into net loss.

Post year end situation appears to be uncertain for the country. IMF stand-bye agreement is only upto March and specifically for the purpose of transition of Government. Any violation of the agreements may cast doubt over future dealings with IMF. This may again derail the economic recovery path. Coal prices are now trending downward. However, with recent surge in oil prices, there is probability that coal may trend upward again. Keeping in view all these factors, I expect Cement dispatches may grow modestly for next year.

Mr Raza Mansha
Chief Executive Officer

Lahore
August 31, 2023

(To view the presentation video on the company's business performance for the year, which covers the company's business strategy for improvement and future outlook, please visit www.dgcement.com.)

ANALYSIS OF FINANCIAL PERFORMANCE

Company historically registered satisfactory performance with regard to its financial performance. During the period, the Company registered Profit Before Tax of Rs 3.163 billion despite historic high finance cost of Rs 6.742 billion. Comparison with last year and budgeted results are as follows:

Comparison with last year results

Company has shown growth in overall sales, while GP declined moderately. However, PBT decreased drastically mainly on account of high finance cost as compared to last year.

	2023	2022
	Rs in million	
Sales	64,984	58,044
GP	9,556	10,428
PBT	3,163	6,020

The plant remained under-utilized due to demand and supply gap prevailing in local market. Clinker export sales also decreased due to unfavorable rates in export market. In addition to that, there is inflationary pressure on cost side. The whole effect of inflation could not be passed on to customers by increasing prices. Company resorted to different cost saving measures, like changing mix of coals, use of RDF and TDF in replacement of coal etc. Despite all these measures, Company could not avoid hit on its GP. PBT decline was mainly attributable to rising finance costs, mainly on account of high discount rates.

Company's net profitability is negative due to increase in deferred tax liability mainly on account of rise in super tax and lapse of tax credits.

Comparison with budget

Company's results were largely in line with its budget/forecasts projected last year. GP remained almost the same, showing proper cost control. However, rise in discount rates were not correctly predicted. PBT variation is mainly on account of high finance cost.

	Actual	Budget
	Rs in million	
Sales	64,984	77,647
GP	9,556	9,435
PBT	3,163	4,937

Future Prospects Of Profit

Management believes that macro-economic factors prevailing may affect cement sector growth. Local dispatches may remain largely same as that of FY23. Cement prices will remain stable. Discount rates may remain high. However, management expects profitability on account of the following:

- There is declining trend of coal prices in international market. However, at the same time, there is cost push on account of currency devaluation. Some cost relief may be available on account of low coal cost.
- High discount rates may indicate better profitability for banking sector. Company has significant investment in MCB Bank Limited. Management expects better rate of dividend from MCB, that contributes positively towards profitability.
- Paper bags prices are also expected to decrease on account of downward trend of international kraft paper prices.
- Company will contribute to export clinker to keep plant capacity utilization at optimum level, contributing towards fixed costs.
- Company is also looking for exports options in USA market at favorable rates.

Detailed analysis of future prospects is available in 'Future Outlook' section of this annual report.

ANALYSIS OF NON-FINANCIAL PERFORMANCE

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

Manufactured Capital

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

As part of its strategy to continuously invest in state-of the art and green projects, DGKC installed 7 MW solar power plant at its Khairpur site, to replace high cost energy from fossil fuels and IESCO.

Intellectual Capital

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

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

Information Security has become a cause of concern globally, especially during the 'work from home' environment. Leading international and local organizations have witnessed security breaches in the recent past. In view thereof, DGKC undertook a comprehensive and critical review of its Information.

Security function followed by several actions to further fortify protective measures. Active directions and support by the Board of Directors enabled swift execution. Further investment in the security infrastructure has also been approved to strengthen the security posture

Human Capital

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

- DGKC has employed 1,902 permanent employees in our operations including plants, marketing offices and head office. The Company offers the right mix of benefits, rewarding work and career advancement prospects to attract and retain competent people.

- In 2023, DGKC paid Rs 5.4 billion as workforce salaries and benefits compared to Rs 4.6 billion last year. The Company also maintains funded gratuity schemes for its employees.

- DGKC does not discriminate on the basis of gender as benefits are provided according to the type of employment contract.

- To improve our competitiveness and value creation ability, skills retention and development are crucial. It is critical that we play an active role in supporting the existing workforce through reskilling and upskilling. DGKC believes that people learn every day, through experiential, social or formal avenues. During the year, various training workshops were conducted at different plant sites, to keep employees updated about latest trends regarding operations, IT and sales.

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

Social and Relationship Capital

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

- During the year, DGKC shifted its focus towards local coal procurement that helps us to share value with our local partners in an effective manner and also saving valuable foreign exchange reserves. We promote sustainability in the supply chain by engaging with our trusted supply chain partners.
- We support local communities through payment of taxes, donations, investments in the field of education, health, sports and infrastructure developments as well as indirectly through our presence and procurement from local suppliers.
- Being a Socially Responsible Company, protecting nature and environment through continued investments in environment friendly technologies and production processes is the top priority at DGKC. During the year, Company made two significant variations from its operations; use of RDF and TDF in replacement of coal, installation of 7 MW Solar Power Plant at KHP site with aim to slowly replace fossil fuels to great extent at all plant sites.

FINANCIAL RATIOS

		FY 23	FY 22	FY 21	FY 20	FY 19	FY 18
Profitability Ratios							
Gross Profit ratio	%	14.70	17.97	17.89	4.17	13.24	28.50
Net Profit to Sales	%	(5.60)	5.12	8.25	(5.68)	3.97	28.82
EBITDA Margin to Sales	%	21.31	23.27	24.99	12.06	21.71	33.24
Operating leverage ratio	%	18.58	18.74	22.89	21.57	20.73	22.80
Return on Equity (Average)	%	(5.42)	4.15	5.31	(3.14)	2.17	11.63
Return on Capital employed	%	9.28	8.24	6.56	0.79	4.72	7.21
Shareholders' Funds (Net Equity)	Rs ('000')	64,192,277	69,918,102	73,477,873	66,644,157	70,928,415	77,134,421
Return on Shareholders' Funds	%	(5.66)	4.25	5.06	(3.24)	2.27	11.46
Liquidity Ratios							
Current Ratio (times)	Times	0.80	0.89	0.91	0.91	0.98	1.29
Quick / Acid test ratio	Times	0.32	0.36	0.52	0.56	0.57	0.88
Cash to Current Liabilities	Times	0.01	0.01	0.33	0.36	0.42	0.73
Cash flow from operations to Sales	Rs ('000')	6,504,238	(3,932,479)	6,161,981	(343,131)	(1,530,631)	8,910,698
Cash flow to capital expenditures	Rs ('000')	(3,418,069)	(1,739,551)	(5,087,104)	(7,374,428)	(7,014,359)	(17,816,476)
Cash flow coverage ratio	Times	1.99	0.26	3.59	1.30	0.54	21.53
Investment /Market Ratios							
Earnings per Share (EPS) and diluted EPS	Rs/Share	(8.30)	6.78	8.49	(4.93)	3.67	20.17
Price Earnings ratio	Times	(6.18)	9.21	13.88	(17.32)	15.39	5.68
Price to Book ratio	Times	0.35	0.39	0.70	0.56	0.35	0.65
Dividend Yield ratio	%	-	1.60	0.85	1.17	1.77	0.87
Dividend Payout ratio	%	0%	15%	0.12	0%	27%	21%
Cash Dividend per share	Rs/Share	-	1.00	1.00	-	1.00	4.25
Market value per share							
At 30-June	Rs/Share	51.30	62.50	117.92	85.33	56.54	114.50
High During the year	Rs/Share	62.95	120.39	141.48	87.90	126.74	215.23
Low during the year	Rs/Share	39.00	52.25	90.45	42.31	53.38	109.33
Breakup value per share							
(1) With FV reserves	Rs/Share	146.52	159.59	167.71	152.11	161.89	176.06
(2) Without FV reserves (all investments including Related party	Rs/Share	117.74	127.05	121.38	112.75	118.66	119.50
Capital Structure							
Financial leverage ratio	%	31.57	34.03	31.76	36.65	32.78	26.46
Weighted average cost of debt (excluding taxation)	%	15.15	7.91	6.40	10.48	8.99	1.93
Debt to Equity ratio							
Debt/ (Debt+Equity) (%)	%	39.85	39.93	37.34	41.60	36.79	29.48
Debt/ (Debt+Equity) (%) (w.r.t Market value)	%	65.42	62.93	45.88	55.95	62.50	39.13
Net assets per share	Rs/Share	146.52	159.59	167.71	152.11	161.89	176.06
Interest Cover /Time Interest earned ratio	Times	2.05	3.78	3.86	0.99	2.66	19.63
Activity / Turnover Ratios							
Total Assets turnover ratio (based on average total assets)	%	47.91	42.30	33.73	29.77	32.70	26.64
Fixed Assets turnover ratio (based on average total assets)	%	78.74	69.17	53.52	46.52	51.79	44.15
No. of Days in Inventory	Days	150	175	154	126	135	108
No. of Days in Receivables	Days	7	9	14	22	11	2
No. of Days in Payables	Days	87	92	138	106	79	119
Operating cycle	Days	70	92	30	42	66	(8)
Others							
No of employees (average during the year)	No.	1,902	1,900	1,861	1,824	1,716	1,455
Production per Employee	Tons	2,433	3,353	3,361	3,751	3,718	3,033
Revenue per Employee	Rs ('000')	34,166	30,549	24,238	20,851	23,611	21,078
Staff turnover ratio	%	10.04	8.16	5.96	7.24	7.46	7.08
% of Plant Availability	%	68.87	94.79	93.08	101.81	94.95	109.79
Customer Satisfaction Index (based on average no. of distributors)	%	99.30	93.80	98.00	99.20	97.60	96.20
Spares Inventory as % of Assets Cost	%	5.40	5.18	4.50	4.41	3.68	2.72
Maintenance Cost as % of Operating Expenses	%	7.29	6.15	9.47	8.51	9.70	10.02

ANALYSIS OF FINANCIAL RATIOS

Profitability Ratios

GP ratio showed a declining trend since last three years. There has been inflationary pressure on cost side which has not been passed on to customers by increasing prices. During the FY23, plant has also been under-utilized due to demand and supply gap prevailing in the market. Consequently, under-utilization led to high cost per unit, causing decline in GP. The Company shifted to different avenues like using mix of local coals, RDF, TDF, export of clinker at positive contribution to manage cost per unit but could not hedge totally against the inflationary pressure on cost side.

The same trend is visible in Net profit to sales ratio. In FY23, NP% turned negative due to high taxation expense on account of super tax rate enhancement from 4% to 10% and tax credit lapse. Consequently, there is negative ROE for FY23. Net equity declined in FY23 due to net loss and decrease in share price of major investments (MCB, HNMPL) due to macro-economic factors and stock market performance.
Operating leverage ratio showed declining trend indicating gradually decreasing trend of fixed costs in overall cost base. For FY23, there is slight increase in ratio due to less production and sale, lower variable cost leading to high ratio of fixed cost in overall cost base.

Liquidity Ratios

Current ratio remained less than 1 for last 5 years. Part of Cash generation has been utilized in capex payments. There has been decrease in short term investment value in MCB due to decline in share price. The Company has been timely meeting its short-term liabilities, debt repayments and statutory obligations. The Company has not made any default in any of its short-term obligations. On the cash flow side, Company generated Rs 6.5 billion of cash from its operations out of profit before tax of Rs 3.1 billion. This depicted efficient working capital management. Cash flow coverage has also been above 1.0 indicating no imminent risk of inability to meeting short term liabilities.

Market ratios

Due to net loss reported in FY23, EPS was negative. Taking a six years view, Company EPS remained reasonable with average of Rs 4.32/share despite the fact that Company has been financially leveraged with total debt obligations of more than Rs 40 billion.

Market price of its share closed at Rs 51.3 (average closing market price for last six years is Rs 81.35). Fluctuations in high and low of share price are in line with stock market fluctuations during the year. Breakup value per share is at Rs 146.52/share (without FV reserves: Rs 116.48) indicating a room for positive share price fluctuation in the stock market.

Capital Structure

There has been no considerable change in capital structure since last year. There has been reduction in total debt by Rs 4.5 billion, but decline in net equity (as discussed in profitability ratios) resulted in no significant change in debt to equity ratio. Interest cover ratio remained reasonable at 2.05, that is evident from timely repayments of all debt obligations by the Company during the year.

Turnover Ratio

Strong total assets turnover ratio and fixed assets turnover ratios indicate that Company is generating strong sales out of its assets base. Variation from last year is due to price driven sales growth. Operating cycle improved from last year due to less inventory turnover days.

Others

Average number of employees almost remained same with turnover ratio of 10.04%. As discussed earlier, plant remained under-utilized due to demand and supply gap, causing lower production per employee. Customer satisfaction index almost touched to 100%, consistent with the trend over the years. The indicator is based on number of distributors/dealers left the company's network during the year. Maintenance cost % of operating expenses increased mainly on account of inflationary pressure and schedule maintenance of power plant at DG plant site.

HORIZONTAL AND VERTICAL ANALYSIS

Horizontal Analysis (%)

Balance sheet	FY23	FY22	FY21	FY20	FY19	FY18
	YOY % Change					
Net Equity	(8.19)	(4.84)	10.25	(6.04)	(8.04)	3.03
Non-Current Liabilities	6.28	(14.79)	(4.60)	21.76	(6.47)	19.03
Current Liabilities	5.61	14.38	7.10	9.86	51.85	51.88
Property, plant and equipment	(0.67)	(2.61)	1.78	4.46	4.56	22.49
Non-Current Assets	(0.07)	(5.24)	5.87	3.40	(0.53)	14.48
Current Assets	(4.38)	10.75	8.05	1.40	15.64	6.50
Total Assets	(1.35)	(0.97)	6.44	2.87	3.32	12.47
Profit and loss accounts	YOY % Change					
Sales	11.96	28.68	18.60	(6.13)	32.11	1.77
COS	16.41	28.57	1.61	3.68	60.31	19.88
Gross Profit	(8.37)	29.19	408.98	(70.43)	(38.65)	(26.21)
Finance Cost	88.80	22.26	(37.23)	40.83	536.30	35.62
Profit before tax	(47.46)	26.16	(227.03)	(288.67)	(72.99)	(33.95)
Profit after tax	(222.34)	(20.13)	(272.39)	(234.10)	(81.79)	10.81

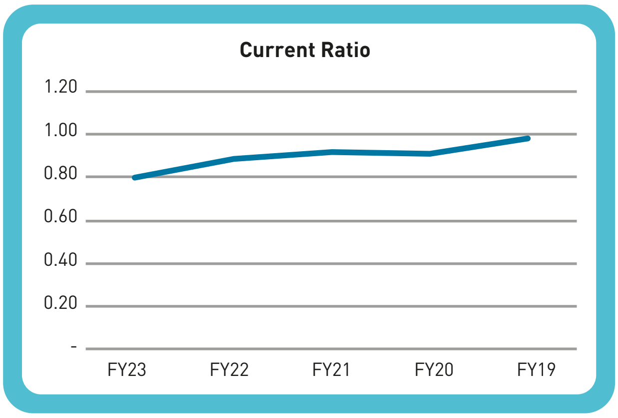
Vertical Analysis (%)

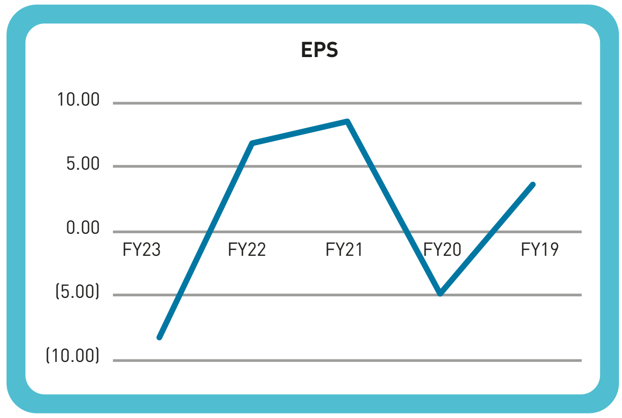
Balance sheet	FY23	FY22	FY21	FY20	FY19	FY18
	% of Total Assets					
Net Equity	47.7	51.2	53.3	51.4	56.3	63.3
Non-Current liabilities	16.2	15.1	17.5	19.5	16.5	18.2
Current Liabilities	36.1	33.7	29.2	29.0	27.2	18.5
Property, plant and equipment	61.1	60.6	61.7	64.5	63.5	62.8
Non-Current Assets	71.0	70.1	73.3	73.7	73.3	76.1
Current Assets	29.0	29.9	26.7	26.3	26.7	23.9
Profit and loss accounts	% of Net Sales					
Sales	100.00	100.00	100.00	100.00	100.00	100.00
COS	(85.30)	(82.03)	(82.11)	(95.83)	(86.76)	(71.50)
Gross Profit	14.70	17.97	17.89	4.17	13.24	28.50
Finance Cost	(10.38)	(6.15)	(6.48)	(12.23)	(8.15)	(1.69)
Profit before tax	4.87	10.37	10.58	(9.88)	4.91	24.03
Profit after tax	(5.60)	5.12	8.25	(5.68)	3.97	28.82

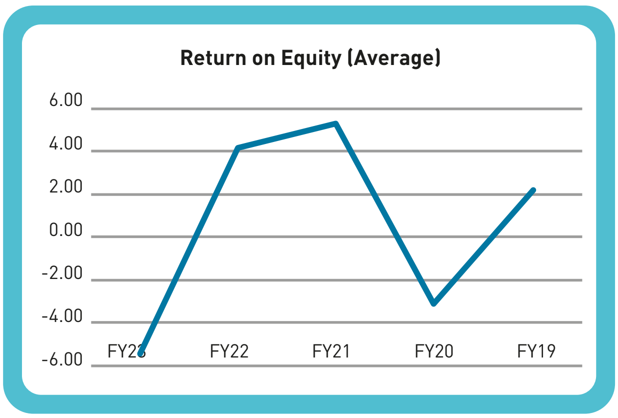
During the year total balance sheet footing dropped on account of net loss and FV loss on investments. This fact disturbed vertical analysis of balance sheet of all balance sheet items. Non-current liabilities as percentage of total assets showed upward variation due to increase in deferred tax liabilities on account of lapse of tax credits and revaluation of deferred tax liability from 33% to 39% due to super tax. Net Equity declined due to FV loss and net loss during the year. Current liabilities in absolute terms increased due to increase in accrued markup due to hike in discount rates. Consequently, its share in total balance sheet footing showed upward trend in FY23.

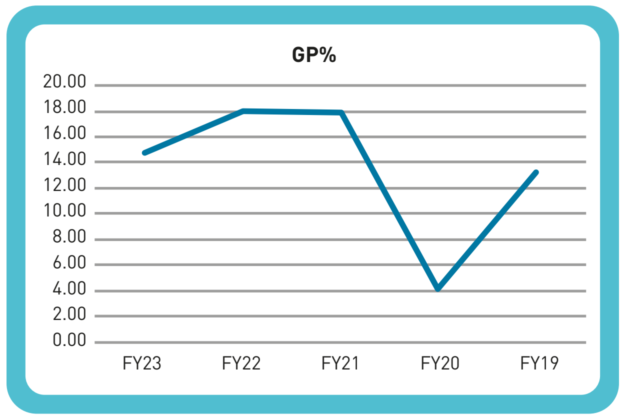
Taking into account profit and loss vertical analysis, GP declined from last year due to under-utilization of plant and inflationary pressure, the effect of which could not be passed on to customers. Finance cost jumped upward due to hike in discount rates despite repayment of loan. Almost whole of GP was absorbed by Finance cost. PBT was converted into net loss after taxation due to super tax impact of 4% to 10% and lapse of tax credits.

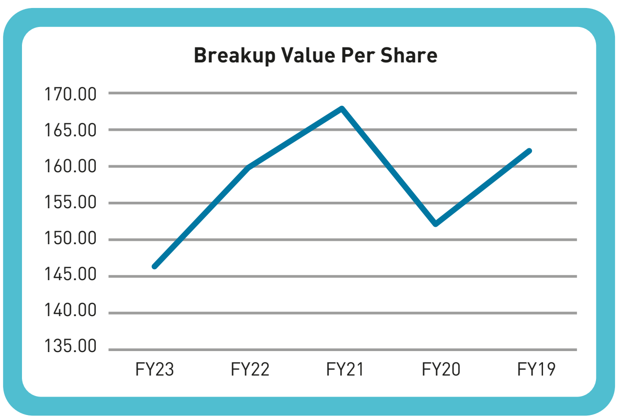
Horizontally, taking YOY% analysis, we see significant increase in non-current liabilities due to increase in deferred tax liability effect. Current liabilities increase was justified with increase in accrued markup due to increase in discount rate. On profit and loss side, there is increasing trend on sales and COS side mainly due to inflation push on price and costs. Finance cost also increased dramatically on account of record high discount rates despite repayments of long term loans. PAT showed massive variation due to one time adjustment in taxation related to super tax and tax credit lapse in current year.

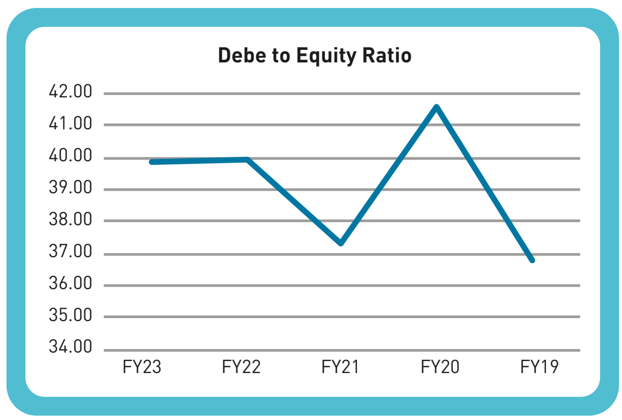

Current Ratio
1.20
1.00
0.80
0.60
0.40
0.20
-
FY23
FY22
FY21
FY20
FY19

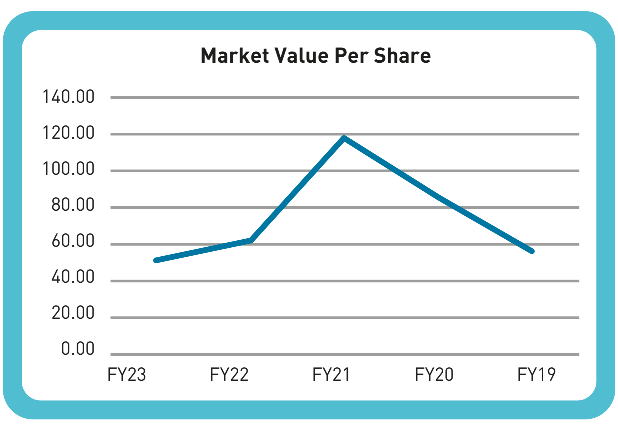

EPS
10.00
5.00
0.00
(5.00)
(10.00)
FY23
FY22
FY21
FY20
FY19

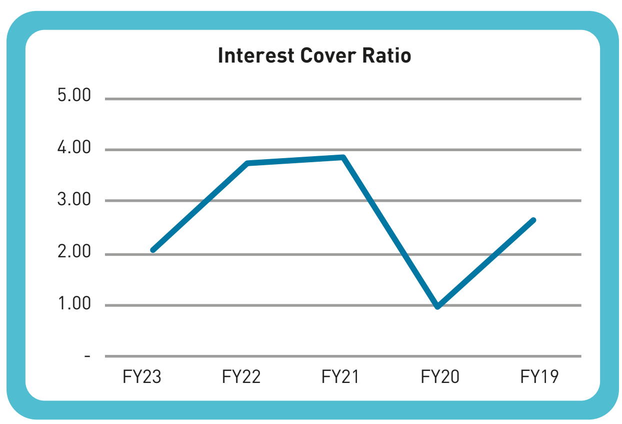

Return on Equity (Average)
6.00
4.00
2.00
0.00
-2.00
-4.00
-6.00
FY23
FY22
FY21
FY20
FY19


GP%
20.00
18.00
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
FY23
FY22
FY21
FY20
FY19


Breakup Value Per Share
170.00
165.00
160.00
155.00
150.00
145.00
140.00
135.00
FY23
FY22
FY21
FY20
FY19


Debe to Equity Ratio
42.00
41.00
40.00
39.00
38.00
37.00
36.00
35.00
34.00
FY23
FY22
FY21
FY20
FY19


Market Value Per Share
140.00
120.00
100.00
80.00
60.00
40.00
20.00
0.00
FY23
FY22
FY21
FY20
FY19


Interest Cover Ratio
5.00
4.00
3.00
2.00
1.00
-
FY23
FY22
FY21
FY20
FY19

SUMMARY OF CASH FLOW STATEMENT

	FY23	FY22	FY21	FY20	FY19	FY18
Profit/(loss) before tax	3,162,543	6,019,761	4,771,405	(3,756,188)	1,990,841	7,370,078
Profit before working capital changes	11,422,923	12,139,783	9,056,333	3,271,235	5,311,754	1,694,192
Effect on cash flows due to working capital changes	1,974,379	(11,197,917)	1,416,096	2,791,064	(5,505,071)	2,116,989
Cash flows from operating activities	6,504,238	(3,932,479)	6,161,190	(343,131)	(1,530,631)	8,910,698
Cash flows from investing activities	(1,747,153)	1,461,646	(2,962,160)	(5,082,796)	(5,444,043)	(16,070,791)
Cash flows from financing activities	(4,883,572)	(4,864,956)	2,374,853	2,519,577	(872,069)	3,705,515
Net increase/(decrease) in cash and cash equivalents	(126,487)	(7,335,789)	5,573,883	(2,906,350)	(7,846,743)	(3,454,578)
Cash and cash equivalents at the beginning of the year	(24,799,703)	(17,555,677)	(23,148,133)	(19,769,652)	(11,740,563)	(8,149,348)
Cash and cash equivalents at the end of the year	(24,819,321)	(24,799,703)	(17,555,677)	(23,148,133)	(19,769,652)	(11,740,563)

Analysis of cash flow statement shows that Company depicted strong cash potential before working capital changes effect taken into account. Effect of working capital on cash flow was positive this year as there was built up of coal inventory and clinker stock last year in anticipation of coal price increase and scheduled shutdown upfront. Company has consistent and reliable stream of dividend income that has been reflected in investing activities. However, continuous capital expenditure inline with industry trends and upkeeping of manufacturing facilities resulted in net cash out flow in investing activities. During the year, Company also invested Rs 1 billion in Hyundai Nishat Motor (private) limited in line with shareholders' approval. Company has been successfully reducing its debt from last two years as has been evidenced in net outflow in financing activities.

METHODS AND ASSUMPTIONS IN COMPILING INDICATORS

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

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

The Company manages its dividend policy with the purpose of increasing shareholders' wealth. Dividend is the amount allocated out of profit for the payment to shareholders. The Company takes its decisions of cash or stock dividend based on market conditions, share price and governing laws and regulations.

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

Capex is determined keeping in view available cash at reasonable rates, requirement in the Company and return on investments. Keeping in view market situation, management has decided to finance only the ongoing projects and start the new projects only with the availability of funds.

CASH FLOW STATEMENT FROM DIRECT METHOD

	2023	2022
Cash flows from operating activities		
Cash received from customers	85,742,379	77,132,012
Cash paid to suppliers/employees for goods and services	(72,345,077)	(76,190,146)
Finance cost paid	(5,998,599)	(3,195,727)
Retirement and other benefits paid	(127,441)	(108,762)
Income tax paid	(925,544)	(1,604,041)
Long term deposits - net	158,520	34,185
Net cash inflow/(outflow) from operating activities	6,504,238	(3,932,479)
Cash flows from investing activities		
Payments for property, plant and equipment and Intangible	(3,418,069)	(1,739,551)
Proceeds from disposal of property, plant and equipment	206,392	99,592
Long term loans, advances and deposits - net	(2,900)	(4,013)
Investment in equity instruments	(1,007,500)	-
Recovery of loan given to related party	-	765,000
Interest received	3,551	37,882
Dividend received	2,471,373	2,302,736
Net cash outflow from investing activities	(1,747,153)	1,461,646
Cash flows from financing activities		
Proceeds from long term finances	2,038,739	1,630,445
Repayment of long term finances	(6,484,384)	(6,058,277)
Dividend paid	(437,927)	(437,124)
Net cash inflow from financing activities	(4,883,572)	(4,864,956)
Net increase/(decrease) in cash and cash equivalents	(126,487)	(7,335,789)
Cash and cash equivalents at the beginning of the year	(24,799,703)	(17,555,677)
Effect of exchange rate changes on cash and cash equivalents	106,869	91,763
Cash and cash equivalents at the end of the year	(24,819,321)	(24,799,703)

SEGMENTAL REVIEW AND ANALYSIS

Cement Segment

Clinker capacity (per annum)	6,720,000 tons
Clinker Production (FY 23)	4,628,354 tons

Rs in thousand

Cement Sector	FY23	FY22
Revenue	64,983,821	58,043,863
GP	9,555,775	10,428,312
PBT	3,162,542	6,019,761
PAT	(3,635,976)	2,972,132
GP%	14.7%	18.0%
PBT%	4.9%	10.4%
Total Assets	134,713,251	136,562,013
Total liabilities	70,520,974	66,643,909

Cement sector performance was dominated by depressed local demand, resulting in under-utilization of plant. Inflationary pressure on cost sides and higher discount rates also eroded profitability. Higher taxation expense on account of super tax rate from 4% to 10% and lapse of tax credits resulted in net loss.

Dairy Segment

Milk production capacity (per annum)	40,150,000 litres
Actual production (FY 23)	36,529,439 litres

Rs in thousand

Dairy	FY23	FY22
Revenue	4,942,085	2,826,376
GP	655,915	244,307
PBT	970,098	406,234
PAT	491,485	175,232
GP%	13.3%	8.6%
PBT%	19.6%	14.4%
Total Assets	4,920,138	3,749,576
Total liabilities	1,767,867	1,088,790

Dairy segment registered increase in profitability by more than 100%. There is increase in sales both in volume and price terms. Cost has also been controlled through different measures. Under achievement of production capacity was due to mortality of milking cows and low health of some animals.

As at June 30, dairy segment has 3,535 (2022: 3,270) mature milking animals

Paper Segment

Production capacity (per annum)	220,000,000 bags
Actual bags produced (FY 23)	50,748,897 bags

Rs in thousand

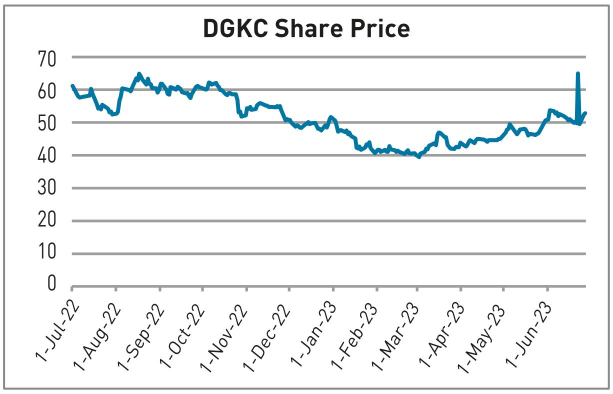
Paper	FY23	FY22
Revenue	3,091,593	3,070,166
GP	480,465	669,859
PBT	(263,123)	431,947
PAT	(177,131)	291,665
GP%	15.5%	21.8%
PBT%	-8.5%	14.1%
Total Assets	5,597,511	4,430,998
Total liabilities	3,629,026	2,214,861

Paper segment performance during the year remained depressed due to low sales volume. Cement industry shifted to poly propylene bags due to low cost, causing low sales utilization. The segment also felt pressure on account of high finance costs, owing to high discount rates, causing net loss. Going forward, Kraft paper bags prices are declining downward in international market that may reverse the sale trend. The management has also intended to sell one of its operational lines, keeping capacity at par with the industry requirement.

There has been no other significant change in segment's assets and liabilities.

SHARE PRICE SENSITIVITY

DGKC share price trend over the year FY23 can be graphically represented as follows:



DGKC shares are traded on Pakistan. Its free float is 50.0% and total market capitalization at the end of financial year was PKR 22 billion. Its beta is 1.71. Share price is exposed to numerous quantitative or qualitative factors during the year some of which are listed below:

- High inflation trend in the country during the year on account of high fuel and utilities prices as it could affect profitability. DGKC is exposed to K.Electric and Wapda for its electricity requirement. Any variation on account of electricity prices may materially affect Company overall profitability.

- Commodity prices particularly coal, that trended very high during the year, as the effect could not be passed on to customers and may reduce Company's margin. Company has shifted to local and Afghan coals and towards RDF/TDF in substitution of coal to offset the negative effect of Imported coal.

- Government regulation and taxation policies relevant to cement sector in particular and businesses as usual. During the year, as Government approached IMF to resume IMF program, fiscal and monetary tightening and reduction of development expenditure put pressure on DGKC share price. Government enactment of 18% sales tax, 10% super tax and increase of FED to Rs 2,000/ton also depressed the share price of DGKC.

- Volatility in exchange rates as it may lead to inflation and also affect fuel and power cost. During the year, the DGKC exposure towards imports was minimum as it shifted towards local sources of coal. However, exchange rate volatility gravely affected the general population purchasing power which indirectly affected the DGKC.

- Profitability and future prospects of equity investments of the Company also incentivize the investors. Company has major investments in MCB Bank Limited, Hyundai Nishat Motor (Pvt) Limited and Nishat Mills Limited etc. Any positive developments in these sectors also affected DGKC share price as it derived dividend income from it.

- State bank announcements related to discount rates as company's profitability is highly exposed to financial expenses. This has also been evident from current year results where higher financial expenses eroded the GP into lower profitability before tax. Company has around Rs 40 billion of exposure towards debt. Any change in KIBOR rate significantly affects its profitability. Owing to higher discount rates, DGKC share price remained depressed throughout the year.

- DGKC is also exposed to general market and industry risk prevailing in the stock market.

DECLARATION OF DIVIDEND

The company has registered net loss of Rs 3.6 billion. Keeping in view debt profile and future demand cycle, Board of directors of the Company has not recommended any dividend for FY23. The recommendation has been made with aim of lowering outstanding debt, financial expenses and maximizing shareholders' wealth.

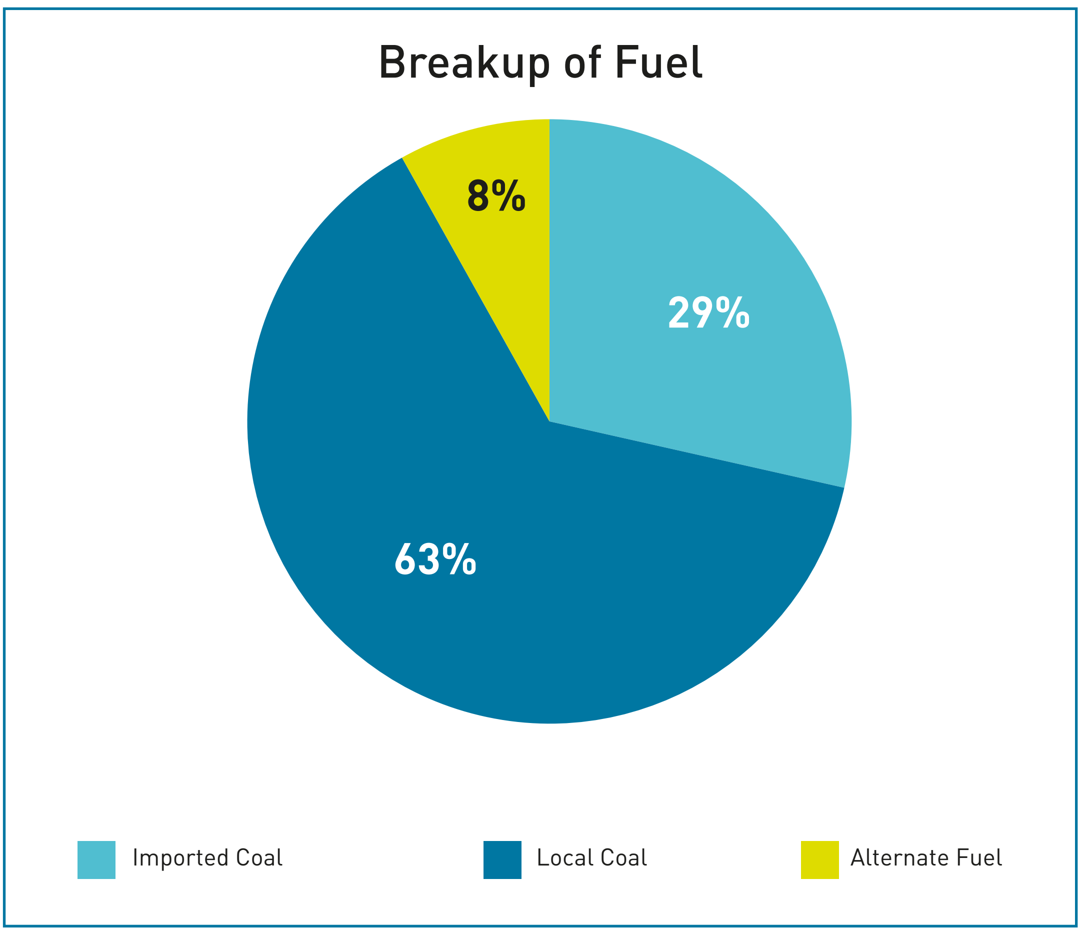
LOCAL VS IMPORTED RAW MATERIAL

Greatest strength for cement manufacturer is availability of its raw material at low cost. Limestone and shale quarries are usually leased from the government on a long-term basis. Other additives are either self-mined or purchased from local markets. Packing material is largely purchased from subsidiary, Nishat Paper Product Company Limited.

Coal is the major fuel for cement production and power generation that accounts for about 51% of manufacturing cost. For FY23, coal prices showed stability and downward trend after touching record high of CIF USD 400/ton in international market last year due to commodity super cycle and Russia-Ukraine War. DGKC managed to diversify coal sources, largely purchasing from Afghan and local market in addition to international market. DGKC also partially shifted to Alternate Energy Fuel in the form of RDF, as part of cost measure and environment sustainability initiative. These measures helped DGKC to offset negative fallouts of high coal prices in international market without disrupting its operations. For the purpose of price sensitivity analysis of major raw material, coal, a fluctuation of Rs 100/ton in its price affects cost of clinker by Rs 14/ton that ultimately reduces margins.

During the year Company purchased USD 16 million of imported coal that are exposed to foreign currency.

DGKC consistently monitors coal price and currency rates and takes necessary steps accordingly



QUARTERLY ANALYSIS

Extracts of Profit and loss (Rs in thousands)

	FY22	Q1	Q2	Q3	Q4	FY 23
Sales- Net	58,043,863	13,584,833	16,176,206	18,282,317	16,940,465	64,983,821
Gross Profit	10,428,312	2,072,579	2,184,430	3,480,465	1,818,301	9,555,775
Finance cost	3,571,187	1,593,083	1,610,393	1,673,007	1,865,809	6,742,292
(Loss)/profit before tax	6,019,761	581,313	808,721	1,766,809	5,700	3,162,543
Taxation	3,047,629	192,375	266,003	586,321	5,753,820	6,798,519
Profit after tax	2,972,132	388,938	542,718	1,180,488	(5,748,120)	(3,635,976)
GP%	18.0%	15.3%	13.5%	19.0%	10.7%	14.7%
PBT%	10.4%	4.3%	5.0%	9.7%	0.0%	4.9%
EPS (PKR)	6.78	0.89	1.24	2.69	(13.12)	(8.30)

Extracts of Cash flow Statement (Rs in thousands)

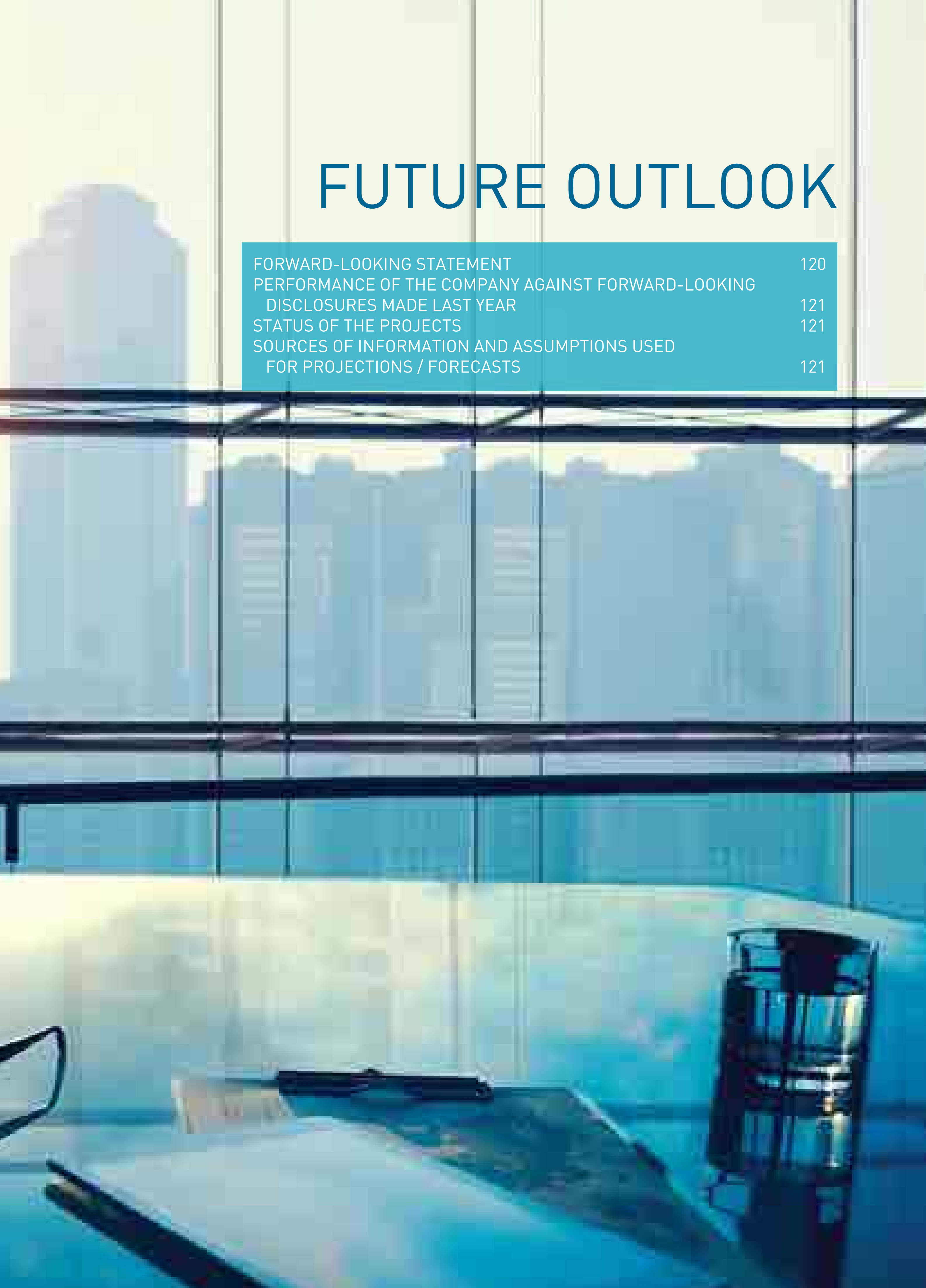
	FY22	Q1	Q2	Q3	Q4	FY 23
Cash flow from Operating activities	(3,932,479)	1,756,957	(1,196,062)	6,860,743	(917,400)	6,504,238
Cash flow from Investing activities	1,461,646	(150,536)	(785,206)	(567,777)	(243,634)	(1,747,153)
Cash flow from Financing activities	(4,864,956)	(931,553)	(1,840,230)	(504,054)	(1,607,735)	(4,883,572)

Operational Date (figures in tons)

	FY22	Q1	Q2	Q3	Q4	FY 23
Clinker production	6,370,194	886,008	1,090,626	1,471,221	1,180,499	4,628,354
Cement production	5,354,142	962,158	1,241,429	1,145,593	976,580	4,325,760
Total Cement sales	5,358,873	952,470	1,211,396	1,155,656	953,995	4,273,517
Local Cement sales	5,061,409	906,398	1,211,330	1,087,480	907,590	4,112,798
Export cement sales	297,464	46,072	66	68,176	46,405	160,719
Clinker sales	1,173,745	115,450	1,400	271,600	380,494	768,944

Quarterly results were in line with industry trends and towards growth trajectory except for Q4 where PAT was hit by high taxation expense due to enactment of super tax from 4% to 10% and lapse of tax credits. Q4 was also slowed down in terms of sales and lower GP on account of lower demand. This was depicted from Government tough negotiation with IMF and subsequent fiscal adjustments. GP% also declined in Q4 due to lower base of sales and high per unit fixed costs Consequently, Company resorted to exporting clinker to contribute positively towards fixed costs. Finance costs kept on increasing quarter on quarter despite reduction in borrowing, the trend in line with SBP announcements of hike in policy rate.

FUTURE OUTLOOK



FORWARD-LOOKING STATEMENT

As we look ahead for our cement company's journey, it's crucial to recognize the effects of both known and possible risks related to our product, finances, and how we work over the short, medium, and long terms. This detailed assessment aims to show how things are shaping up in the Pakistani cement industry and specifically influencing our company:

Expanding Export Base

We're expecting a significant increase in exports, and this positive direction is mostly because coal prices have recently gone down. This makes it more reasonable to export cement, especially to the US as we have already got necessary certifications to get ourself registered as prospective supplier. We also secured some orders last year and we aimed to penetrate there more aggressively. In the medium to long term, we plan to increase our export base from Hub plant to offset the low local demand in the South Market.

However, it's important to note that higher costs for materials, labor, and transportation have made it tough for all businesses to stay reasonably profitable. Because of this, fewer new construction projects are starting, which affects the demand for cement locally.

Challenges in the Construction Sector

Builders are facing higher costs to get loans, which makes starting new projects more expensive. This financial strain has led to less demand for cement products in the market. We also expect that construction work might slow down, and there are limits on spending for public projects, adding complications as we approach the start of FY2024. The situation persists in short to medium term. However, there is persistent housing demand in Pakistan market. As situation gets better at macro-economic level, we foresee the demand for cement would grow at reasonable rate in long term.

Impact of Interest Rates and Economic Instability

Interest rates have been high for a while and might even increase further, looking at inflation numbers. This, along with the ongoing shaky economic and political situation and unstable exchange rate could increase our borrowing costs and make consumers less confident. DGKC has high exposure towards debt amounting to around Rs 40 billion. This will put significant pressure on our profitability as it already did in FY23. The situation persists in short term to medium term. However, as inflation numbers settle down, we foresee the interest rates to drop down in 2-3 years time. Further, repayments of long term loan will also reduce our total exposure.
Economic instability may also affect how much people want to invest in construction projects and big infrastructure plans in the next few years.

Dealing with High Energy Costs And Inflation

Energy costs are a constant challenge, and we need to change how we work to save energy and handle the pressure on our profits. Considering the market challenges, it is not possible to pass on whole effect of this cost pressure to consumers by increasing sale price. Changes in how much things cost (inflation) and how money from different countries compares (exchange rates) might cause problems with getting what we need and selling our cement at good prices.

Competition in the Medium Term

Looking ahead, our competitors might become stronger, which could lead to a competitive situation. To handle this, we're planning to be smart about how we set prices and manage our costs to make sure we stay strong in the market and keep making money. Considering all of these changes, we're taking an active approach. We're focusing on being innovative, making our workplace more diverse, and forming smart partnerships. We're also investing in new ways to get energy, like solar power, to make our operations more efficient. By using cost optimization models and finding better ways to do things, we're ready to adapt to changes and find new ways to grow.

When tough times come, we know how to turn them into chances for positive change. With our experience, ability to change, and forward-thinking attitude, we're all set to use uncertainty as a way to make things even better. We're confident that this will lead us toward long-lasting success.

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

	2024
Total sales	69,465
Gross Profits	13,102
Profit before Tax	5,169

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

In the current year, the company's performance aligns with the forward-looking disclosures from the previous year, where it was anticipated that the cement industry would face challenges, including declining gross margins due to elevated coal prices, increased power and gas tariffs, exchange rate devaluation, high inflation, and mainly higher finance costs. These challenges have materialized, resulting in nominal profits before taxation and dividend income.

The company's financial difficulties are consistent with the predicted impact of these factors on the company's profitability. The GP remained in line with our forecasts. However, higher finance cost rate (than anticipated) and additional super tax have further hampered the company's net profitability (due to deferred taxation impact) and resulting net losses, aligning with the previously disclosed financial pressures.

STATUS OF THE PROJECTS

In the current year, we focused on moving forward with our ongoing projects, just as we had talked about in our plans for the future. To explain a bit more, last year we had a plan to make our energy sources more diverse and efficient. We started by setting up renewable energy sources, like a solar power plant that generates 7 MW of electricity at the Khairpur site. We also planned to install 6 MW of solar power at both the DG and HUB sites. Further, we planned about putting in a tire derived fuel plant at the HUB site that uses old tires to make fuel. This shows how committed we are to finding new and eco-friendly ways to produce energy. We're happy to say that we successfully finished building the 7 MW solar power plant at the Khairpur site.

However, because the current financial situation has very high interest rates, we made a careful choice to pause the rest of the power projects we had planned. We did this because these projects would cost a lot due to the high interest rates, so we need to think about them again and decide if they still make sense financially. We're being responsible with our finances, and we're always looking for the best ways to make these projects happen. We'll keep an eye on the economic situation, and when things look better, we'll restart these projects.

SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR PROJECTIONS / FORECASTS

We've carefully looked at how things are going in the economy and in our cement industry. We've checked out how things have been in the past and what we think might happen in the future.

To make these predictions, we've looked at information from different places. We've paid attention to what's happening in the cement industry, as well as how the bigger economy is doing. We've gotten this information from reliable sources like the All-Pakistan Cement Manufacturers Association (APCMA), Annual Fiscal Budget, Economic research reports, Pakistan Bureau of Statistics (PBS), and the International Monetary Fund (IMF), among others.

Inside our company, our managers have also worked hard to figure out what might happen. They've looked at how the market is doing right now and where there could be opportunities for growth. They also get information directly from the dealers and distributors in the market, predicting the future trends. Historical events and trends are also source of these assumption and information.

It's important to know that these ideas about the future come from the thoughts and experience of our management team. They know a lot about cement and the business world, and that's how they've come up with these predictions.

No assistance has been taken from any external consultant in this regard.

STAKEHOLDERS ENGAGEMENT

STAKEHOLDERS ENGAGEMENT POLICY

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

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

Identification of stakeholders

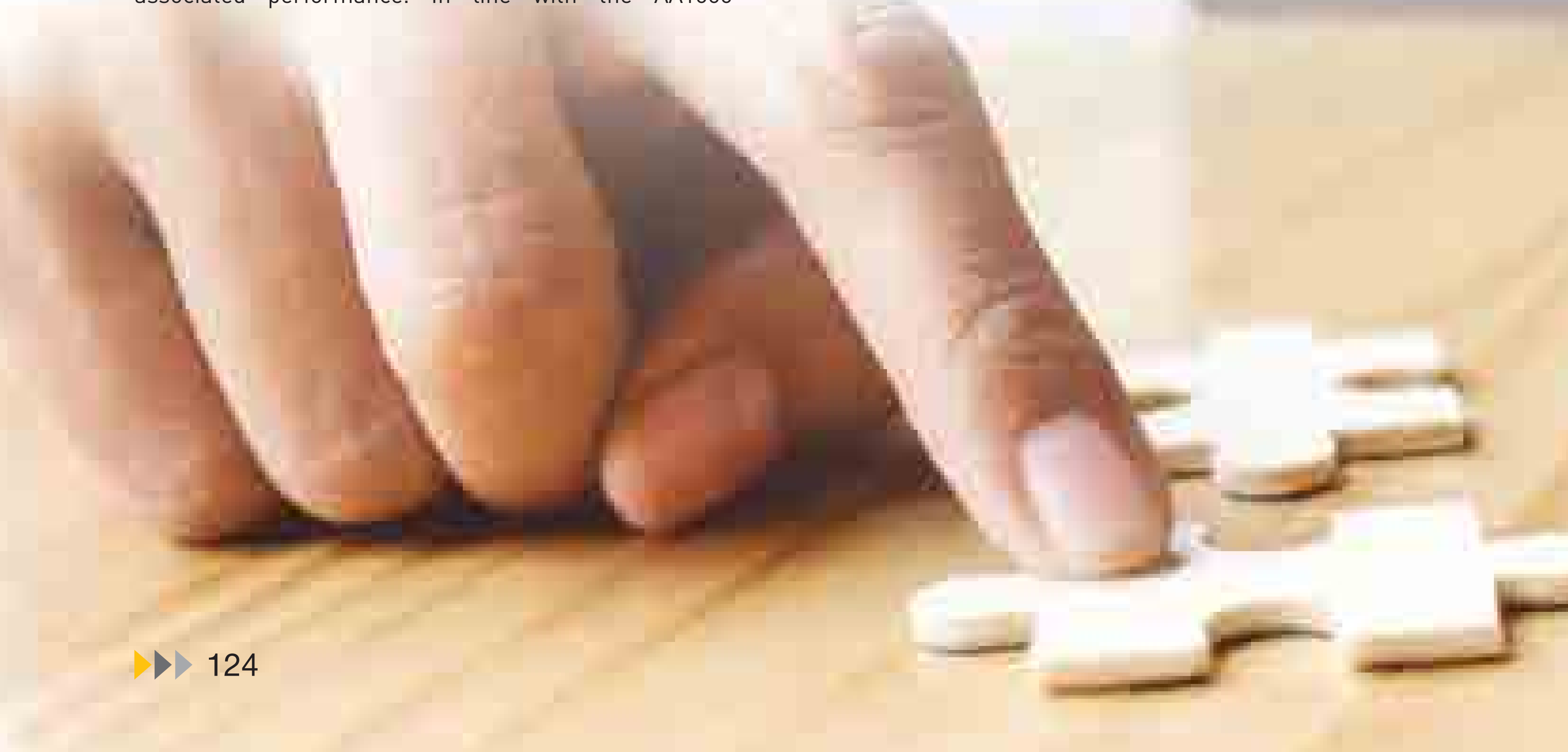
We identify stakeholders as those individuals, groups of individuals or organizations that affect us and/or could be affected by our activities, products or services and the associated performance. In line with the AA1000 Stakeholder Engagement Standard, DGKC analyses its internal and external environment to identify its internal and external stakeholders, which may include those individuals, groups of individuals and/or organizations:

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

Our key stakeholders include:

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

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



STAKEHOLDERS' ENGAGEMENT PROCESS

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

- Prior to engaging with a stakeholder, define the purpose, scope and frequency of engagement and design appropriate engagement methods. The method and the level of engagement with a stakeholder is defined by nature of relationship that DGKC has with them or aims to develop with them;
- Assign adequate resources and responsibilities for effective stakeholder engagement, striving to imbibe the principles of inclusiveness and transparency at all times;
- Acknowledge and assume responsibility about the impact of DGKC's policies, decisions, products, services and associated operations on the stakeholders;
- Consider potential stakeholder engagement risks prior to selecting the level or method of engagement, and devise ways and means to address them. Potential risks may include participation fatigue, lack of stakeholder integrity, conflicts of interest, disruptive or uninformed stakeholders, and an unwillingness to engage.
- Allow stakeholders to provide feedback and engage positively in business operations;
- Proactively engage with and respond to those that are disadvantaged, vulnerable and marginalized. Additionally, DGKC gives special attention and develops special initiatives in relation to stakeholders in areas that are underdeveloped;
- Settlement of stakeholder grievances in a fair, equitable and timely manner;
- Align our goals and actions with the stakeholders' high priority areas based on our assessment; and
- Communicate and report the outcome of the stakeholder engagement to internal and external stakeholder groups through various modes as appropriate, including but not limited to the annual report, notices on our official website, one-to-one meetings etc.

SIGNIFICANCE AND MANAGEMENT OF RELATIONSHIP WITH STAKEHOLDERS

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

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

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

ENCOURAGEMENT OF MINORITY SHAREHOLDERS TO ATTEND THE GENERAL MEETINGS

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

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

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

ISSUES RAISED IN THE LAST AGM

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

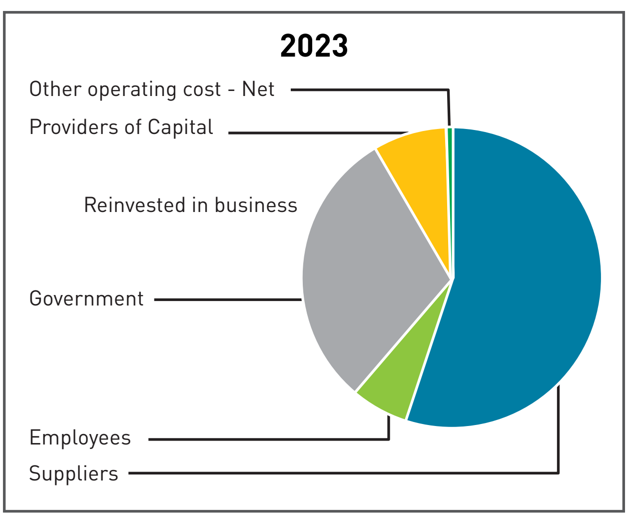
The management justified dividend recommendation was in line with Company's financial positions, debt profile and future demand cycle. Shareholders were also briefed about the cost saving initiatives and comparison with the competitors. Plans regarding future expansion were also discussed and shareholders were informed that any future expansion would be in line with debt profile, macro-economic indicator and favorable financing rates.

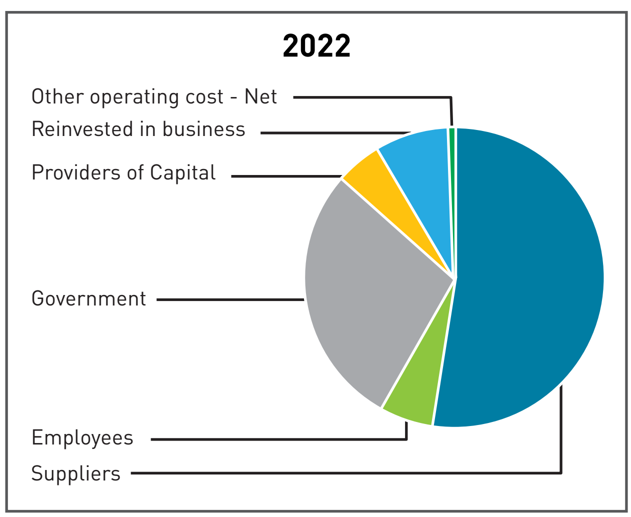
Shareholders' approvals were also sought regarding further investment upto Rs 900 million in Hyundai Nishat Motor (Pvt) limited, dividend payout at 10%, appointment of statutory auditors and elections of directors.

Shareholders gave their approvals on all the above matters after deliberation. Election of directors were also conducted successfully.

VALUE ADDED AND ITS DISTRIBUTION

	FY23 (Rupees in thousand)			FY22 (Rupees in thousand)		
Wealth Created						
Revenues:						
- Local sales	75,842,781			68,130,124		
- Exports	9,442,414	85,285,195	96%	9,472,015	77,602,139	97%
Income from other sources						
- Investment income	2,509,716			2,302,735		
- Other income	737,283	3,246,999	4%	411,605	2,714,340	3%
		88,532,194	100%		80,316,479	100%
Wealth Distributed						
Suppliers:						
- Against raw and packing materials	4,574,814			4,310,729		
- Against services	1,633,825			1,799,674		
- Against stores spares	4,418,134			3,282,181		
- Against fuels and other energy sources	38,152,734	48,779,507	55%	33,234,367	42,626,951	53%
Employees		5,479,640	6%		4,680,304	6%
Government:						
- Direct taxes	6,798,519			3,047,629		
- Indirect taxes	19,190,821			18,651,861		
- Other levies and duties	858,297	26,847,637	30%	1,305,235	23,004,725	29%
Providers of Capital:						
- Banks	6,742,292			3,571,187		
- Ordinary share holders	-	6,742,292	8%	438,119	4,009,306	5%
Reinvested in business						
- Depreciation	3,936,961			3,909,107		
- Retained profits after dividend	(3,635,976)	300,985	0%	2,534,013	6,443,120	8%
Other operating costs - Net		382,133	0%		(447,927)	-1%
		88,532,194	100%		80,316,479	100%





BOARD COMMITMENT TOWARDS CORPORATE BRIEFING SESSIONS

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

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

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

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

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

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

HIGHLIGHTS ABOUT REDRESSAL OF INVESTORS' COMPLAINTS

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

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

INVESTORS' RELATIONSHIP SECTION ON WEBSITE

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

https://www.dgcement.com

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

STATEMENT FOR ADOPTION OF BEST PRACTICES FOR CSR.

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

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

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

STATEMENT ABOUT THE COMPANY'S STRATEGIC OBJECTIVES ON ESG

As a vigilant Board, we consider ESG and sustainability reporting as integral components of our corporate strategy. Our strategic objectives revolve around transparency and accountability. We commit to robustly report our environmental impact, social initiatives, and governance practices to all stakeholders. By setting realistic targets and adopting sustainable practices, we are determined to mitigate environmental risks, draw positive social outcomes, and strengthen governance frameworks. Through regular and comprehensive reporting, we aim to build trust, engage stakeholders, and promote sustainable value creation. By adopting the principles of ESG, we see a strong and responsible company that not only excels financially but also plays a vital role in advancing a more sustainable and equitable future for all.

CHAIRMAN'S OVERVIEW ON COMPANY'S SUSTAINABLE PRACTICES

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

Sustainable practices improve our market reputation and brand's value, fostering customer loyalty and attracting environmentally conscious consumers. This increased market appeal can result in higher sales and market share, driving revenue growth. This also strengthen our relationships with stakeholders, including investors, regulators, and communities. Improved stakeholder engagement can lead to increased access to capital and reduced risk premiums, thus positively impacting our cost of capital. Specially these practices can mitigate regulatory risks and potential legal liabilities associated with environmental and social issues, safeguarding our company from financial penalties and reputation damage.

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

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

HIGHLIGHTS OF THE COMPANY'S INITIATIVES TOWARDS SUSTAINABILITY AND CSR

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

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

These initiatives are based on following pillars:

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

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

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

EDUCATION

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

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

At our Khairpur site, we offer technical support to students attending the Mining Training Centre in Katas on a regular basis. We actively provide internship opportunities to both students and university graduates, collaborating with universities to engage in applied research projects in the fields of engineering and specialized sciences. Throughout the year, we have made significant contributions, including donations to the Special Education School in Kallar Kahar and the announcement of merit-based scholarships for the better future of handicapped children. Additionally, we have invested millions of rupees in the construction of Dalailpur Boys School in Khairpur.

MEDICAL

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

TRAINING, JOB AND CAPACITY DEVELOPMENT

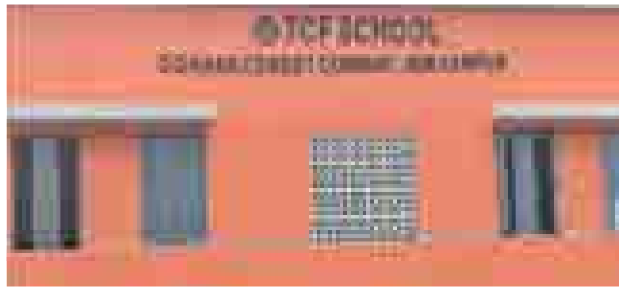
DGKC creates job opportunities for the local community and provides the platform to train technical staff at all levels particularly to fresh diploma holders and graduate engineers. Majority of unskilled labor is engaged from the local population. Our internship program at DGKCCL has benefited thousands of students from various universities and colleges. The program's primary goal is to familiarize recent engineering graduates with the industrial environment, which is instrumental in fostering their professional growth and career development. Various awareness trainings have also been conducted by DGKC Safety department as well as organized through Rescue 1122, Motorway Police and Civil Defense department for capacity building and general public awareness regarding safety measures. 704 Participants attended training sessions with 248 Training Instruction Hours through 37 Training Sessions during current year.

EMPLOYEES SAFETY

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

- We provide free Personal Protective Equipment (PPEs) to our entire workforce to ensure their safety on the job. Additionally, we supply job-specific PPEs to address hazards associated with specific work activities. Regular training sessions are conducted to keep our employees well-informed about safety protocols and practices.

- We believe in recognizing and rewarding employees who exhibit a positive attitude towards Occupational Health Safety, and Environment (OHSE) with safety awards and badges.



- Our commitment to safety extends beyond internal efforts. We provide third-party training to our employees to foster and develop an OHSE culture. Furthermore, all new hires and visitors receive comprehensive safety inductions.

- Our dedication to safety is reflected in our ISO 45001 certification for Occupational Health and Safety Management System (OHSMS). We undergo independent audits conducted by ISO representatives to ensure compliance with the highest safety standards.

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

NATURAL CALAMITY AND DISASTERS

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

CHARITY

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

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

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

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

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

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

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

ENVIRONMENTAL STEWARDSHIP & ECOLOGICAL FOOTPRINT

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

In alignment with the "Go Green" initiative, the company has invested in a 6.9MW solar power plant at the Khairpur site, with plans for additional 30 MW solar power plants at Khairpur, DG Khan and Hub sites in the near future. Additionally, management has decided to install necessary plant and machinery for processing alternative fuels, including the potential incorporation of shredded tires with coal and other fuels at Hub site.

Furthermore, DG Cement Hub Plant has commissioned an automatic "FLY ASH FEEDING SYSTEM" for controlled feed of fly ash from Coal Fired Power Plants into the Cement Mill. This system was inaugurated on June 8, 2023.

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

DGKC is committed to environmental protection and conducts regular campaigns in the surrounding areas. Throughout the year, we carried out a plantation drive across all our sites, contributing thousands of plants to the local municipal committee. We also provided heavy machinery for the cleaning of the Manka Canal, which flows through the center of DG Khan city. In addition, we supplied Mini Loaders/Loader Rickshaws worth millions of rupees to the District Administration, supporting city cleanliness efforts.

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

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

COMPLIANCE WITH CSR GUIDELINES, 2013 ISSUED BY SECP

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

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

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

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

CERTIFICATIONS & ACCREDITATIONS


Certificate of Approval
DG Khan Cement Company Limited


Certificate of Approval
DG Khan Cement Company Limited


Certificate of Approval
DG Khan Cement Company Limited


Certificate of Approval
DG Khan Cement Company Limited

DIRECTORS' REPORT

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

The performance numbers of your Company for the year ended on June 30, 2023 are:

	FY23	FY22
	Rupees in '000'	
Sales	64,983,821	58,043,863
Cost of sales	(55,428,046)	(47,615,551)
Gross profit	**9,555,775**	**10,428,312**
Administrative expenses	(879,356)	(751,052)
Selling and distribution expenses	(1,818,028)	(1,748,859)
Net impairment gain/(losses) on financial assets	(104,094)	(8,990)
Other operating expenses	(96,461)	(1,042,803)
Other income	3,246,999	2,714,340
Finance cost	(6,742,292)	(3,571,187)
Profit/(loss) before taxation	**3,162,543**	**6,019,761**
Taxation	(6,798,519)	(3,047,629)
Profit/(loss) for the year	**(3,635,976)**	**2,972,132**

Production and Sales volumetric data is as under:

Figures in MT	FY23	FY22
	In MT	
Production:		
Clinker	4,628,354	6,370,194
Cement	4,325,760	5,354,142
Sales:		
Total	4,273,517	5,358,873
Local (excluding own consumption)	4,112,798	5,061,409
Exports	160,719	297,464
Clinker Sale	768,944	1,173,745

GP%	14.7%	18.0%
PBT %	4.9%	10.4%
PAT%	-5.6%	5.1%
EPS	(8.30)	6.78

Overview

Highlights of this financial year can be best tagged as 'Financial chaos and politico-social unrest'. The year can be labelled as one of the worst years in the history of Pakistan underlying with uncertain political and financial direction. Almost whole of the year was headlined with 'Default risk' that loomed over the head of financial planners, potential investors, lenders and businesses across the country. Storm of inflation with record number of more than 35% hit the country and general public very hard. Indecisiveness on part of government in second part of the year also shook the investors confidence. Natural calamities like heavy flooding and rainfalls also affected different streams of national income, further tightened already bleak fiscal space for the Government. Massive currency devaluation in second half also brought sudden inflation jerk that curtailed already weak purchasing power of general public. Consequently, GDP marginally grew by 0.29% by March-23 (and expected to decrease further by June-23). At last, by the end of the FY23, government managed to get the stand-by agreement from IMF till March to facilitate transition into new government. Subsequently, deposits from KSA and UAE also brought much needed stability on external front. However, the year brought great challenges for middle class, the backbone of the country, that dented their purchasing power, hit their expense flows and greatly affected their buying pattern. This effect has been witnessed across all industries, affecting profitability and business operations.

Cement industry dispatches and analysis

In volume terms, total sales quantity of industry witnessed decline of 8.3 million tons (15.7%) year on year basis to 44.5 million tons. North zone registered negative growth of 6.5 million tons (16.1%) while South Zone of 1.8 million tons (14.4%). Further analysis shows that negative growth was driven by local dispatches that declined by 7.6 million tons (16.0%) while exports showed contraction by 0.7 million tons. Sales utilization of industry declined to 60% against 76% for the corresponding period last year. It was largely contributed by local sales of 54% and exports sales utilization of 6%.

Business Performance Review

Kiln operational days of your Company decreased by 26% from 1,030 days to 759 days. Clinker production % reduced to 69% (FY22: 95%). Sales utilization of your Company declined to 71% (FY22: 93%). The trend was in inline with industry numbers, mainly due to demand-supply gap. Clinker was exported to contribute towards fixed costs earning valuable total foreign exchange of USD 36 million (including from export of cement).

Sales, in value terms, registered growth primarily due to stable local cement prices. Whole effect of inflation, high energy and fuel prices could not be passed on to the consumers. The Company partially shifted to Alternate Fuel, local and Afghan coal in substitution of imported coal, taking into account cost consideration and also saving valuable foreign exchange reserves. 'Other expenses' decrease was associated with decline in exchange loss as there has been no major import payment exposed to exchange rate fluctuation this year. Rate of Dividend from our MCB investment increased as compared to last year, resulting into increase in 'Other Income'. Scrap sales also increased on account of wire scrap from tyres being used as alternate fuel. Financial expenses registered increase due to rise in discount rates including ERF rates as compared to last year. Effective tax rate increased to 214.97% against 50.63% in FY22. This is mainly due to deferred taxation impact of super tax rate increase from 4% to 10% and lapse of tax credits as minimum tax credits may not be utilized against future tax profits.

Consolidated Results

Consolidated results for FY23 are as follows:

Rs in Million	FY23	FY22
Net Sales	70,495	61,653
Gross Profit	10,674	11,325
PBT	3,825	6,801
PAT	(3,366)	3,382
EPS (PKR/Share)	(8.06)	7.21

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

Future Outlook

The government has entered into stand-bye agreement with IMF. Interim Government is in place and general elections are due. Politico-economic situation of the country is still vulnerable. If elections are delayed beyond a reasonable time, this may cast a doubt about the future dealings with IMF program. Any unreasonable delay may push the country further into political, economic and legal battle. All these factors may disturb overall business environment in the country. PKR/USD parity will remain under pressure and may be pushed further upward. This may create a concern on cost side. Keeping inflation projected numbers in view, discount rates may remain high throughout FY24. Coal is trending downward, providing much needed relief in cost for the cement industry. However, some of the benefit may be offset by currency devaluation. Company will continue to use mix of imported and local coals as part of its cost saving strategy. Considering inflation and expected GDP growth numbers, local dispatches may not see significant growth from last year. Company will continue with the strategy to export clinker to contribute towards fixed costs and to earn valuable foreign currency reserves. Company is also evaluating export opportunities in USA market, which if materialized may contribute significantly to profitability.

Appropriation

The Board keeping in view loss for the year and debt profile, recommended no dividend for FY23.

Principal Risks

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

- Tight price market and tough competition
- Capacity utilization
- Interest rate
- Foreign currency fluctuations
- Shrinking cement exports market

(Please refer to risks & opportunities section for detailed analysis)

Directors' Remuneration

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

- The Company shall not pay remuneration of its non-executive directors including independent directors except for meeting fee for attending Board and its Committee meetings.

- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending of Board and its Committees meetings.

- The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time

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

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

Please also refer to note 36 of unconsolidated financial statements for remuneration of Chief Executive and executive director.

Directors:

Following are the directors of the Company:

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

Female Directors:	01
Male Directors:	06

Audit Committee:

Mr. Shehryar Ahmad Buksh	Chairman
Mr. Khalid Niaz Khawaja	Member
Mr. Usama Mahmud	Member

Human Resource & Remuneration Committee:

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

Post Balance Sheet Events:

There are no material post balance sheet events affecting the period 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 and food distribution

- Company has also made arrangements for water supply to local areas/villages close to our production facilities.

- Emergency and Disaster Help.
- Company used to supply equipment and services on need basis in case of any mishap/accident in adjoining areas.
- Company used to contribute towards natural disasters victims rehabilitation.
- Food distribution to flood affectees near plant sites.

Awareness & HSE

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

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

Significant Changes:

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

Auditors:

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

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

The requirements of the Regulations relevant for the year ended June 30, 2023 have been adopted by the Company and have been complied with. A Statement to this effect is annexed to the Report.

Principal activity of the Company

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

Related parties' transactions:

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

Corporate reporting Framework:

The Directors of your company states that:

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

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

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

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

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

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

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

(h) Significant deviations from last year in operating results of the company are highlighted and reasoned in other parts of Directors report/annual report. Other significant business matters are have been discussed in annual report.

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

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

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

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

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

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

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

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

(q) Value of investments on the basis of unaudited accounts of Provident Fund is Rs 2,315 million (FY22: Rs 1,948 million) and of Gratuity Fund is Rs 585 million (FY22: Rs 539 million)

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

For and on behalf of the Board

Raza Mansha
Chief Executive Officer

Farid Noor Ali Fazal
Director

Lahore
August 31, 2023

UNCONSOLIDATED FINANCIAL STATEMENTS

pwc

A.F.FERGUSON&CO.

Independent Auditor's Report

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

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of D. G. Khan Cement Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

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

Sr. No.	Key audit matters	How the matters were addressed in our audit
	for determining recoverability of deferred tax assets and the significance of the amounts involved, we consider it to be a key audit matter.	Ordinance, 2001; • Involved internal tax specialists to check the income tax computation for the year and assessed the management's conclusion on carry forward of the tax credits and unused tax losses; • Obtained the Company's approved business plan and evaluated the management's assumptions used in the preparation of business plan; • Assessed the reasonableness of computation of taxable income derived from the Company's approved business plan; • Checked the management's analysis regarding the timing of utilization of unused tax credits and unused tax losses by considering the year wise utilization of such amounts and evaluated the selection of the expected tax rate in this regard; and • Assessed the appropriateness of accounting policy in respect of recognition of deferred tax assets on unused tax credits and unused tax losses and the adequacy of the disclosures made by the Company in this area with regard to the applicable accounting and reporting standards.
2.	**Investments measured at fair value** (Refer notes 19.1.3 and 19.1.4 to the annexed unconsolidated financial statements) The Company holds investments in equity instruments of Nishat Hotels and Properties Limited ('NHPL') and Hyundai Nishat Motor (Private) Limited ('HNMPL'). Due to NHPL and HNMPL being non-listed companies, their shares do not have a quoted price in an active market. Therefore, fair values of their shares have been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flows of respective businesses and related discount rates. Management involved an expert to perform these valuations on its behalf. Due to the significant level of judgment and estimation required to determine the fair values of the investments, we consider it to be a key audit matter.	Our audit procedures included the following: • Understood and evaluated the process by which the cash flow forecasts were prepared and approved, including confirming the mathematical accuracy of the underlying calculations; • Evaluated the cash flow forecasts by obtaining an understanding of respective businesses of NHPL and HNMPL; • Obtained an understanding of the work performed by the management's expert on the models for the purpose of valuations; • Examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; • Obtained corroborating evidence relating to the values as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecasts by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; • Performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the values of the investments; and • Assessed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A.F. Ferguson & Co.
Chartered Accountants

Lahore
Date: September 12, 2023

UDIN: AR202310070tRZ6szrY5

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023	2022
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
- 950,000,000 (2022: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2022: 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 (2022: 438,119,118) ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Other reserves	6	22,592,167	24,238,624
Revenue reserve: Un-appropriated profits		37,218,919	41,298,287
Total equity		64,192,277	69,918,102
NON-CURRENT LIABILITIES			
Long term finances from financial institutions - secured	7	9,663,619	14,168,229
Deferred government grant	8	278,753	450,684
Long term deposits	9	439,697	281,177
Employee benefits obligations	10	849,515	712,640
Deferred taxation	11	10,613,603	4,942,150
		21,845,187	20,554,880
CURRENT LIABILITIES			
Trade and other payables	12	13,783,299	12,591,709
Short term borrowings from financial institutions - secured	13	25,494,293	25,210,506
Accrued markup	14	1,739,547	883,229
Current portion of non-current liabilities	15	7,588,857	7,333,985
Unclaimed dividend		34,704	34,512
Provision for taxation		35,090	35,090
		48,675,790	46,089,031
CONTINGENCIES AND COMMITMENTS	16		
		134,713,254	136,562,013

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

Chief Executive

AS AT JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	82,245,650	82,803,860
Intangible asset	18	10,152	17,319
Investments	19	13,366,360	12,866,145
Long term deposits	20	64,426	61,526
		95,686,588	95,748,850
CURRENT ASSETS			
Stores, spare parts and loose tools	21	13,852,005	16,813,883
Stock-in-trade	22	8,873,170	5,981,515
Trade debts	23	1,193,440	1,467,862
Investments	24	9,270,898	9,962,421
Loans, advances, deposits, prepayments and other receivables	25	926,047	1,430,613
Income tax receivable		4,236,134	4,746,066
Cash and bank balances	26	674,972	410,803
		39,026,666	40,813,163
		134,713,254	136,562,013

Chief Financial Officer

Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the Year Ended June 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Revenue	27	64,983,821	58,043,863
Cost of sales	28	(55,428,046)	(47,615,551)
Gross profit		9,555,775	10,428,312
Administrative expenses	29	(879,356)	(751,052)
Selling and distribution expenses	30	(1,818,028)	(1,748,859)
Net impairment loss on financial assets	23.2	(104,094)	(8,990)
Other expenses	31	(96,461)	(1,042,803)
Other income	32	3,246,999	2,714,340
Finance cost	33	(6,742,292)	(3,571,187)
Profit before taxation		3,162,543	6,019,761
Taxation	34	(6,798,519)	(3,047,629)
(Loss)/profit for the year		(3,635,976)	2,972,132
(Loss)/earnings per share - basic and diluted (in Rupees)	35	(8.30)	6.78

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

Chief Executive

Chief Financial Officer

Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended June 30, 2023

	2023	2022
	(Rupees in thousand)	
(Loss)/profit for the year	(3,635,976)	2,972,132
Other comprehensive loss for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:	-	-
Items that will not be subsequently reclassified to profit or loss:		
Change in fair value of investments at fair value through other comprehensive income (OCI)	(1,301,215)	(6,084,078)
Tax effect of change in fair value of investments at fair value through OCI	(345,241)	42,583
Remeasurement of retirement benefits	(42,104)	(75,842)
Tax effect of remeasurement of retirement benefits	36,831	23,553
	(1,651,729)	(6,093,784)
Other comprehensive loss for the year	(1,651,729)	(6,093,784)
Total comprehensive loss for the year	(5,287,705)	(3,121,652)

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

Chief Executive | Chief Financial Officer | Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended June 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	37	13,397,298	941,866
Finance cost paid		(5,998,599)	(3,195,727)
Retirement and other benefits paid		(127,441)	(108,762)
Income tax paid		(925,544)	(1,604,041)
Long term deposits - net		158,520	34,185
Net cash inflow/(outflow) from operating activities		6,504,234	(3,932,479)
Cash flows from investing activities			
Payments for property, plant and equipment and intangible asset		(3,418,069)	(1,739,551)
Proceeds from disposal of property, plant and equipment		206,392	99,592
Long term loans, advances and deposits - net		(2,900)	(4,013)
Investment in equity instruments		(1,007,500)	-
Recovery of loan to related party		-	765,000
Interest received		3,551	37,882
Dividends received		2,471,374	2,302,736
Net cash (outflow)/inflow from investing activities		(1,747,152)	1,461,646
Cash flows from financing activities			
Proceeds from long term finances	7	2,038,739	1,630,445
Repayment of long term finances	7	(6,484,381)	(6,058,277)
Dividend paid		(437,927)	(437,124)
Net cash outflow from financing activities		(4,883,569)	(4,864,956)
Net decrease in cash and cash equivalents		(126,487)	(7,335,789)
Cash and cash equivalents at the beginning of the year		(24,799,703)	(17,555,677)
Effect of exchange rate changes on cash and cash equivalents		106,869	91,763
Cash and cash equivalents at the end of the year	38	(24,819,321)	(24,799,703)

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

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

Chief Executive | Chief Financial Officer | Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended June 30, 2023

	Share Capital	Capital Reserves: Share premium	Capital Reserves: FVOCI reserve	Capital Reserves: Capital redemption reserve fund	Revenue Reserves: General reserve	Revenue Reserves: Un-Appropriated Profits	Total
	Rupees in thousand						
Balance as on July 01, 2021	4,381,191	4,557,163	20,297,619	353,510	5,071,827	38,816,563	**73,477,873**
Total comprehensive loss for the year							
- Profit for the year	-	-	-	-	-	2,972,132	**2,972,132**
- Other comprehensive loss for the year							
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(6,041,495)	-	-	-	**(6,041,495)**
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(52,289)	**(52,289)**
	-	-	(6,041,495)	-	-	2,919,843	**(3,121,652)**
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2021 (Rupee 1 per share)	-	-	-	-	-	(438,119)	**(438,119)**
Balance as on June 30, 2022	4,381,191	4,557,163	14,256,124	353,510	5,071,827	41,298,287	**69,918,102**
Total comprehensive loss for the year							
- Loss for the year	-	-	-	-	-	(3,635,976)	**(3,635,976)**
- Other comprehensive loss for the year							
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(1,646,457)	-	-	-	**(1,646,457)**
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(5,273)	**(5,273)**
	-	-	(1,646,457)	-	-	(3,641,249)	**(5,287,706)**
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2022 (Rupee 1 per share)	-	-	-	-	-	(438,119)	**(438,119)**
Balance as on June 30, 2023	**4,381,191**	**4,557,163**	**12,609,667**	**353,510**	**5,071,827**	**37,218,919**	**64,192,277**

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

Chief Executive

Chief Financial Officer

Director

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended June 30, 2023

1. The Company and its activities

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

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

These financial statements (hereinafter may be referred to as 'unconsolidated financial statements') are the separate financial statements of the Company in which the investment in subsidiary has been carried at cost less accumulated impairment losses, if any. Consolidated financial statements are prepared separately.

The Company has regional offices located across Pakistan, the geographical locations of which are listed below:

Regional office	Geographical location
Lahore region	53-A, Nishat House, Lawrence Road, Lahore
Multan region	17 E-1, Officers Colony, Eid Gah Chowk, Multan
Karachi region	D-247, KDA Scheme No. 1/A, Karachi
Rawalpindi region	13-16, 3rd Floor, Rizwan Arcades, Adam Gee Road, Sadar, Rawalpindi
D.G. Khan region	16-B Khayaban-E-Sarwar, Maanka Road, D.G. Khan

2. Basis of preparation

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

ii) Provisions of and directives issued under the Companies Act, 2017 ('Act').

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

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated financial statements.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements, except for the following:

a) Narrow scope amendments to International Accounting Standard (IAS) 1 Practice Statement 2 and International Accounting Standard (IAS) 8 (effective for annual period beginning on July 1, 2023)

The IASB has issued narrow-scope amendments to IFRS Standards. The amendments will help companies:

- improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and

- distinguish changes in accounting estimates from changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

b) Amendments to International Accounting Standard (IAS) 12 'Income Taxes' - Deferred tax related to assets and liabilities arising from a single transaction (effective for annual reporting period beginning on July 01, 2023)

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

c) Amendment to International Accounting Standard (IAS) 1 – Non-current liabilities with covenants (effective for annual period beginning on July 01, 2024)

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

The Company is yet to assess the impact of these amendments on its financial statements.

3. Basis of measurement

3.1 These unconsolidated financial statements have been prepared on a historical cost basis except for the following:

- certain financial instruments, government grant and plan assets of defined benefit gratuity at fair value, and

- certain employee benefit obligations and provisions at present value.

3.2 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. Following are the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong.

a) Provision for taxation and recognition of deferred tax asset for tax credits and for carried-forward tax losses - notes 4.2, 11 and 35
b) Employee benefits obligations - notes 4.3 and 10
c) Useful lives and residual values of property, plant and equipment - notes 4.6 and 17.1

d) Fair value of unquoted fair value through other comprehensive income ('FVOCI') investments - notes 4.10 and 19
e) Impairment of financial assets (other than investments in equity instruments) - note 4.13.4
f) Estimate of present value of provisions - notes 4.5 and 12

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

4. Summary of significant accounting policies

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

4.1 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.2 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

4.3 Employee benefits

4.3.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

4.3.2 Post employment benefits

(a) Defined benefit plan - Gratuity

The Company operates an approved funded defined benefit gratuity plan for all regular employees having a service period of more than five years for officers and six months for workers. Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2023 using the "Projected Unit Credit Method".

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

The amount recognized in statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the statement of profit or loss.
The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, has been used for valuation of this scheme:

	2023	2022
Discount rate per annum	16.25%	13.25%
Expected increase in eligible salary level per annum	15.25%	12.25%
Duration of plan (years)	7	7

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

(b) Defined contribution plan

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

4.3.3 Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 30 days in case of officers. However, leave policy for officers whose leave balance was already accumulated to 90 days or above as of July 01, 2019 may keep leaves accumulated up to 90 days. An officer is entitled to encash the unutilised earned leave accrued during the year. In addition, he can also encash some portion of his accumulated leave balance during the year. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries. In case of workers, unutilised leaves may be accumulated up to 120 days, however, accumulated leave balance above 50 days is encashable upon demand of the worker. Unutilised leaves can be used at any time by all employees, subject to the approval of the Company's management.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss . The most recent valuation was carried out as at June 30, 2023 using the "Projected Unit Credit Method.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

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

	2023	2022
Discount rate per annum	16.25%	13.25%
Expected rate of increase in salary level per annum	15.25%	12.25%
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	8	8

4.4 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.5 Provisions

Provisions for legal claims and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.6 Property, plant and equipment

4.6.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain operating fixed assets signifies historical cost and borrowing costs as referred to in note 4.20.

Depreciation on all operating fixed assets is charged to the statement of profit or loss on the reducing balance method, except for plant and machinery and leasehold land which is being depreciated using the straight line method, so as to write off the depreciable amount of an asset over its estimated useful life at following annual rates.

	Depreciation method	Annual depreciation rate
- Leasehold land	Straight line	3.3%
- Plant and machinery	- do -	3.91% to 6.59%
- Buildings on freehold land	Reducing balance	5%
- Roads	- do -	10%
- Quarry equipment	- do -	10%
- Office equipment	- do -	30%
- Furniture and fittings	- do -	30%
- Vehicles	- do -	20%
- Aircraft	- do -	30%
- Power and water supply lines	- do -	10%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.8 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 statement of profit or loss during the year in which they are incurred.

Proceeds from the sale of items while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of an item of property, plant and equipment. Instead, the Company recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

Expenditure incurred to acquire computer software is capitalised as intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Computer software is amortised using the straight line method over a period of three years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.8 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:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments include the following:

- fixed payments, less any lease incentives receivable;

- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by the Company under residual value guarantees;

- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4.10 Investments

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

4.10.1 Investments in equity instruments of subsidiaries

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

The Company assesses at the end of each reporting period whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. It assesses whether there have been favourable events or changes in circumstances, since impairment loss was recognised. If any such indication exists, the Company estimates the recoverable amount of that investment and reverses the impairment loss. The amount of any reversal recognised is restricted to increasing the carrying value of investment to the carrying value that would have been recognised if the original impairment had not occurred.

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

4.11 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.12 Stock-in-trade

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

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

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

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

4.13 Financial assets

4.13.1 Classification

The Company classifies its financial assets other than investments in subsidiaries in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and

- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

4.13.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.13.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments except for investments in subsidiaries, at fair value through other comprehensive income. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.13.4 Impairment of financial assets other than investment in equity instruments

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits, loans, bank balances and other receivables i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Long term deposits;
- Deposits and other receivables; and
- Bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The measurement of ECL reflects:

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

- the time value of money; and

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

The Company recognizes an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.14 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

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

4.15 Offsetting of financial assets and liabilities

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

4.16 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Company. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

4.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

4.18 Contract asset and contract liability

A contract asset is recognised for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.19 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the unconsolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

4.20 Borrowing costs

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

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

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

4.21 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies.

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

In case of export sales, the delivery of goods and transportation are two distinct performance obligations and the total transaction price is allocated to each performance obligation. Revenue relating to each performance obligation is recognized on satisfaction of each distinct performance obligation.

4.22 Finance income

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments. Interest income is recognized as it accrues in profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established.

4.23 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.24 Dividend

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

4.25 Contingent liabilities and assets

Contingent liability is disclosed when:

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

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

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or

- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.27 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

5. Issued, subscribed and paid up share capital

2023	2022			2023	2022
(Number of shares)				(Rupees in thousand)	
343,512,029	343,512,029	Ordinary shares of Rs 10 each fully paid in cash		3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs 10 each issued for consideration other than cash	- note 5.2	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs 10 each issued as fully paid bonus shares		746,071	746,071
438,119,118	438,119,118			4,381,191	4,381,191

5.1 137,574,201 (2022: 137,574,201), 428,500 (2022: 228,500) and 6,122,518 (2022: 4,242,155) ordinary shares of the Company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited and Adamjee Life Assurance Company Limited respectively.

Nishat Mills Limited is an Investor and the Company is an associate of Nishat Mills Limited as per IAS 28, 'Investments in Associates and Joint Ventures'.

5.2 20,000,000 ordinary shares of Rs 10 each were issued to the shareholders of D.G. Khan Electric Company Limited upon its merger with D.G. Khan Cement Company Limited on July 01, 1999. These shares were issued as consideration of merger against all assets, properties, rights, privileges, powers, bank accounts, trade marks, patents, leaves and licenses of D.G. Khan Electric Company Limited.

6. Other reserves

Composition of reserves is as follows:

		2023	2022
		(Rupees in thousand)	
Capital reserves			
- Share premium	- note 6.1	4,557,163	4,557,163
- FVOCI reserve	- note 6.2	12,609,667	14,256,124
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		17,520,340	19,166,797
Revenue reserve			
- General reserve		5,071,827	5,071,827
		22,592,167	24,238,624

6.1 This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

6.2 This represents the unrealised gain on remeasurement of equity investments at FVOCI and is not available for distribution.

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

7. Long term finances from financial institutions - secured

		2023	2022
		(Rupees in thousand)	
From banking companies:			
Loans under refinance scheme	- note 7.1	3,291,719	4,228,437
Long term loans	- note 7.2	13,742,264	17,036,958
		17,033,983	21,265,395
Current portion shown under current liabilities	- note 15	(7,370,364)	(7,097,166)
		9,663,619	14,168,229

7.1 Loans under refinance scheme - secured

Lender	2023	2022	Number of instalments outstanding	Mark-up Payable
	(Rupees in thousand)			
State Bank of Pakistan's (SBP) Islamic Refinance Scheme for Payment of Wages & Salaries				
Loan 1				
Allied Bank Limited	-	142,585	Nil	Quarterly
Loan 2				
Faysal Bank Limited	-	143,746	Nil	Quarterly
State Bank of Pakistan's Islamic Temporary Economic Refinance Facility (ITERF)				
Loan 3				
National Bank of Pakistan	3,156,276	4,006,676	15 equal quarterly instalments ending in March 2027	Quarterly
Loan 4				
Faysal Bank Limited - note 7.1.1	585,778	600,000	14 equal semi-annual instalments of each tranche - note 7.1.1	Half yearly
	3,742,054	4,893,007		

Such facilities are available at mark-up rates ranging from base rate plus 0.5% to 0.75% (2022: 0.15% to 0.75%) per annum. The base rate applicable during the year on such facilities is SBP rate ranging from zero to one percent resulting in coupon rate ranging from 0.50% to 1.7% (2022: 0.50% to 1.7%) per annum.

Loan 1

This represents long term financing facility availed under the State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). The loan was secured by a first pari passu charge of Rs 767 million over fixed assets of the Company.

Loan 2

This represents long term financing facility availed under the SBP Refinance Scheme. The loan was secured by first pari passu charge of Rs 767 million over present and future fixed assets of the Company (including land & machinery).

Loan 3

This represents long term financing facility availed under the SBP Temporary Economic Refinance Scheme. The loan is secured by first pari passu charge over present and future fixed assets of the Company for Rs 6,993.33 million with 25% margin.

Loan 4

This represents long term financing facility availed under the SBP Temporary Economic Refinance Scheme. The loan is secured by first pari passu charge of Rs 800 million over present and future fixed assets of the Company (including land & machinery).

7.1.1 Lender - Faysal Bank Limited

Tranche	2023	2022	Number of instalments outstanding	Mark-up Payable
	(Rupees in thousand)			
Tranche 1	99,551	113,773	14 equal semi-annual instalments ending in May 2030	Half yearly
Tranche 2	123,624	123,624	16 equal semi-annual instalments starting in July 2023	Half yearly
Tranche 3	156,256	156,256	16 equal semi-annual instalments starting in August 2023	Half yearly
Tranche 4	206,347	206,347	16 equal semi-annual instalments starting in December 2023	Half yearly
	585,778	**600,000**		

		2023	2022
		(Rupees in thousand)	

7.1.2 The reconciliation of the carrying amount is as follows:

		2023	2022
Balance as at beginning of the year		4,893,004	5,678,264
Repayments during the year		(1,150,952)	(785,260)
	- note 7.1	3,742,052	4,893,004
Discount on liability:			
Balance as at beginning of the year		(664,567)	(927,027)
Unwinding of discount on liability		214,234	262,460
		(450,333)	(664,567)
Balance as at end of the year		3,291,719	4,228,437
Current portion shown under current liabilities	- note 15	(933,980)	(1,169,983)
		2,357,739	3,058,454

7.2 Long term loans

Lender		2023 (Rupees in thousand)	2022	Number of instalments outstanding	Mark-up Payable
Loan 1 The Bank of Punjab	- note 7.2.3	200,000	250,000	4 equal semi-annual instalments ending in December 2024	Half yearly
Loan 2 The Bank of Punjab		1,200,000	1,500,000	8 equal semi-annual instalments ending in May 2027	Half yearly
Loan 3 The Bank of Punjab - Islamic	- note 7.2.3	900,000	1,000,000	9 equal semi-annual instalments ending in June 2027	Half yearly
Loan 4 Habib Bank Limited		750,000	1,250,000	3 equal semi-annual instalments ending in December 2024	Quarterly
Loan 5 Habib Bank Limited		749,941	1,249,902	3 equal semi-annual instalments ending in December 2024	Quarterly
Loan 6 Bank Alfalah Limited	- note 7.2.3	1,000,000	1,250,000	4 equal semi-annual instalments ending in December 2024	Quarterly
Loan 7 Bank Alfalah Limited		250,000	750,000	2 equal quarterly instalments ending in November 2023	Quarterly
C/F		**5,049,941**	**7,249,902**		

Lender		2023 (Rupees in thousand)	2022 (Rupees in thousand)	Number of instalments outstanding	Mark-up Payable
	B/F	**5,049,941**	**7,249,902**		
Loan 8 Bank Alfalah Limited		1,031,250	1,312,500	11 equal quarterly instalments ending in December 2025	Quarterly
Loan 9 National Bank of Pakistan		897,000	1,495,000	6 equal quarterly instalments ending in October 2024	Quarterly
Loan 10 National Bank of Pakistan - Islamic	- note 7.2.3	600,000	700,000	6 equal semi annual payments ending in December 2025	Half yearly
Loan 11 Allied Bank Limited		540,000	720,000	12 equal quarterly instalments ending in May 2026	Quarterly
Loan 12 Allied Bank Limited		2,288,222	3,595,778	7 equal quarterly instalments ending in March 2025	Quarterly
Loan 13 Allied Bank Limited		1,166,667	1,833,333	7 equal quarterly instalments ending in January 2025	Quarterly
Loan 14 The Bank of Punjab		586,693	130,445	20 equal quarterly instalments starting in June 2024	Quarterly
Loan 15 Allied Bank Limited		900,000	-	20 equal quarterly instalments starting in March 2024	Quarterly
Loan 16 Meezan Bank Limited		682,491	-	20 equal quarterly instalments starting in June 2024	Quarterly
		13,742,264	**17,036,958**		

Such facilities are available at mark-up rates ranging from three to six months Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.15% to 0.35% (2022: three to six months KIBOR plus 0.15% to 0.75%) per annum. Markup rate charged during the year on outstanding balance ranged from 14.69% to 23.22% (2022: 7.54% to 15.88%) per annum.

7.2.1 Security

Loan 1
First pari passu charge over present and future fixed assets of the Company for Rs 667 million with 25% margin.

Loan 2
First pari passu charge over present and future fixed assets of the Company for Rs 2,000 million.

Loan 3
First pari passu charge over present and future fixed assets of the Company for Rs 1,333 million.

Loan 4
First pari passu charge over present and future fixed assets of the Company for Rs 3,333 million with 25% margin.

Loan 5
First pari passu charge over present and future fixed assets of the Company for Rs 3,333 million with 25% margin.

Loan 6
First pari passu charge over present and future fixed assets of the Company for Rs 3,333 million with 25% margin.

Loan 7
First pari passu charge over present and future fixed assets of the Company for Rs 2,667 million.

Loan 8
Ranking charge over present and future fixed assets of the Company for Rs 2,000 million to be upgraded to first pari passu charge.

Loan 9
First pari passu charge over present and future fixed assets of the Company for Rs 4,000 million with 25% margin.

Loan 10
First pari passu charge over present and future fixed assets of the Company for Rs 1,333 million.

Loan 11
First pari passu charge over present and future fixed assets of the Company for Rs 1,200 million with 25% margin.

Loan 12
First pari passu charge over present and future fixed assets of the Company for Rs 7,867 million with 25% margin.

Loan 13
First pari passu charge over present and future fixed assets of the Company for Rs 1,333 million.

Loan 14
Joint pari passu charge of Rs 1,056 million over present and future fixed assets of the Company.

Loan 15
First pari passu charge over present and future fixed assets of the Company with 25% margin.

Loan 16
Joint pari passu charge over all present and future plant and machinery of the Company with 20% margin.

		2023	2022
		(Rupees in thousand)	

7.2.2 The reconciliation of the carrying amount is as follows:

		2023	2022
Opening balance		17,036,958	20,679,530
Disbursements during the year		2,038,739	1,630,445
Repayments during the year		(5,333,433)	(5,273,017)
Closing balance		13,742,264	17,036,958
Current portion shown under current liabilities	- note 7.2.3	(6,436,384)	(5,927,183)
		7,305,880	11,109,775

7.2.3 This includes one instalment of Rs 593.750 million due on June 30, 2023. The repayments were made subsequent to the year end due to closure of financial institutions on the last three days of June on account of Eid Holidays.

8. Deferred government grant

This represents deferred grant recognized in respect of the benefit of below-market interest rate on the facilities as referred to in note 7.1 to these unconsolidated financial statements. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company used the prevailing market rate of mark-up at the date of disbursement for similar instruments to calculate fair values of respective loans. The discount rates used range from 7.34% to 7.76% per annum. The reconciliation of the carrying amount is as follows:

		2023	2022
		(Rupees in thousand)	
Opening balance		664,567	927,027
Credited to profit or loss	- note 33	(214,233)	(262,460)
Closing balance		450,334	664,567
Current portion shown under current liabilities	- note 15	(171,581)	(213,883)
		278,753	450,684

There are no unfulfilled conditions or other contingencies attached to these grants.

	2023	2022
	(Rupees in thousand)	

9. Long term deposits

	2023	2022
Customers	309,194	165,667
Others	130,503	115,510
	439,697	281,177

These include interest free security deposits from stockists and suppliers and are repayable on cancellation/withdrawal of the dealership or on cessation of business with the Company. As per the agreements signed with these parties, the Company has the right to utilise the amounts for the furtherance of their business, hence, the amounts are not required to be kept in a separate account maintained in a scheduled bank. Therefore, the Company is in compliance with section 217 of the Companies Act, 2017. These deposits have not been carried at amortised cost since the effect of discounting is immaterial in the context of these financial statements.

		2023	2022
		(Rupees in thousand)	

10. Employee benefits obligations

		2023	2022
This represents:			
Staff gratuity	- note 10.1	657,255	530,909
Accumulating compensated absences	- note 10.2	192,260	181,731
		849,515	712,640

	2023	2022
	(Rupees in thousand)	

10.1 Staff gratuity

The amounts recognised in the statement of financial position are as follows:

	2023	2022
Present value of defined benefit obligation	1,243,229	1,070,156
Fair value of plan assets	(585,974)	(539,247)
Liability as at June 30	657,255	530,909

10.1.1 Movement in net liability for staff gratuity

	2023	2022
Net liability as at beginning of the year	530,909	366,489
Current service cost	102,308	87,770
Net interest on defined benefit obligation	134,553	85,820
Return on plan assets during the year	(71,737)	(51,452)
	165,124	122,138
Total remeasurements for the year charged to other comprehensive income	42,105	75,842
Contributions made by the Company during the year	(80,883)	(33,560)
Net liability as at end of the year	657,255	530,909

10.1.2 Movement in present value of defined benefit obligation

	2023	2022
Present value of defined benefit obligation as at beginning of the year	1,070,156	882,460
Current service cost	102,308	87,770
Interest cost	134,553	85,820
Payments against opening payables	(5,638)	-
Benefits paid during the year	(76,560)	(36,694)
Remeasurements:		
- Actuarial losses from changes in financial assumptions	5,051	5,035
- Experience adjustments	13,359	45,765
	18,410	50,800
Present value of defined benefit obligation as at end of the year	1,243,229	1,070,156

10.1.3 Movement in fair value of plan assets

	2023	2022
Fair value of plan assets as at beginning of the year	539,247	516,091
Interest income on plan assets	71,737	51,452
Contributions during the year	80,883	33,560
Benefits paid during the year	(82,198)	(36,814)
Remeasurements in fair value of plan assets	(23,695)	(25,042)
Fair value of plan assets as at end of the year	585,974	539,247

10.1.4 Plan assets

Plan assets are comprised as follows:

	2023		2022	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Cash and bank balances	85,951	15%	75,008	14%
Debt instruments	500,023	85%	317,578	59%
Special Savings Certificates with accrued interest	-	0%	146,661	27%
	585,974	100%	539,247	100%

	2023	2022
	(Rupees in thousand)	

10.1.5 Charge for the year

	2023	2022
Current service cost	102,308	87,770
Interest cost	134,553	85,820
Interest income on plan assets	(71,737)	(51,452)
Total expense for the year	165,124	122,138

10.1.6 Total remeasurements charged to other comprehensive income

	2023	2022
Actuarial losses from changes in financial assumptions	5,051	5,035
Experience adjustments	13,359	45,765
	18,410	50,800
Remeasurements in plan assets, excluding interest income	23,695	25,042
	42,105	75,842

10.1.7 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumptions			Impact on defined benefit obligation				
				Increase in assumption			Decrease in assumption	
	2023	2022		2023	2022		2023	2022
Discount rate	3.00%	3.25%	Decrease by	8.11%	7.88%	Increase by	5.63%	6.63%
Salary growth rate	3.00%	3.25%	Increase by	5.70%	6.72%	Decrease by	8.29%	8.07%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

10.1.8 Risks associated with the defined benefit plan

- Final salary risk (linked to inflation risk) – the risk that the final salary at the time of cessation of service is greater than what is currently assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Demographic risks

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- Investment risk – the risk of the investment underperforming and being not sufficient to meet the liabilities.

10.1.9 Expected contribution to the defined benefit plan for the year ending June 30, 2024 is Rs 140.800 million.

10.1.10 The weighted average duration of the defined benefit obligation is 7 years (2022 – 7 years). The expected benefit payment for the next 10 years and beyond is as follows:

	Less than a year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
			(Rupees in thousand)		
June 30, 2023	140,800	112,207	551,974	27,105,259	27,910,240
June 30, 2022	128,239	92,796	319,420	14,692,499	15,232,954

10.2 Accumulating compensated absences

		2023	2022
		(Rupees in thousand)	
Opening liability		181,731	164,313
Charged to profit or loss		81,064	74,838
Payments made during the year		(23,623)	(34,484)
Liability as at year end		239,172	204,667
Current portion shown under current liabilities	- note 15	(46,912)	(22,936)
		192,260	181,731

10.2.1 Movement in liability for accumulating compensated absences

	2023	2022
Present value of accumulating compensated absences as at beginning of the year	181,731	164,313
Current service cost	61,391	57,930
Interest cost	19,406	13,560
Benefits due but not paid	(46,912)	(22,936)
Benefits paid during the year	(23,623)	(34,484)
Remeasurement in respect of experience adjustments	267	3,348
Present value of accumulating compensated absences as at year end	192,260	181,731

10.2.2 Charge for the year

	2023	2022
Current service cost	61,391	57,930
Interest cost	19,406	13,560
Remeasurement during the year	267	3,348
Total expense for the year	81,064	74,838

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

		2023	2022
Discount rate	Per annum	16.25%	13.25%
Expected rate of increase in salary	Per annum	15.25%	12.25%
Duration of the plan	Number of years	8	8
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

10.2.4 The sensitivity of the accumulating compensated balances to changes in the weighted principal assumptions is:

	Change in assumptions			Impact on defined benefit obligation				
				Increase in assumption			Decrease in assumption	
	2023	2022		2023	2022		2023	2022
Discount rate	3.00%	3.25%	Decrease by	7.14%	7.46%	Increase by	8.17%	8.58%
Salary growth rate	3.00%	3.25%	Increase by	8.08%	8.49%	Decrease by	7.17%	7.49%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the accumulating leave absences to significant actuarial assumptions the same method (present value of the accumulating compensated absences calculated with the projected unit credit method at the end of the reporting period) has been applied for valuation of balance of accumulating compensated absences in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

10.2.5 Risks associated with the accumulating compensated absences

- Final Salary Risk (linked to inflation risk) - the risk that the final salary at the time of cessation of service is greater than what we assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Demographic risks

Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

11. Deferred taxation

	2023	2022
	(Rupees in thousand)	
The net liability for deferred taxation comprises taxable/(deductible) temporary differences, unused tax credits and unused tax losses relating to:		
Deferred tax liability		
Accelerated tax depreciation	17,709,878	12,397,100
Un-realised gain on investments - net	1,046,058	710,585
	18,755,936	13,107,685
Deferred tax asset		
Available unused minimum tax credit	(1,666,699)	(2,097,450)
Available unused Alternative Corporate Tax credit	(492,992)	(492,992)
Available unused tax losses	(5,547,435)	(5,350,780)
Loss allowance on financial assets	(85,601)	(16,778)
Employee benefit obligations	(349,606)	(207,535)
	(8,142,333)	(8,165,535)
	10,613,603	4,942,150

		2023	2022
		(Rupees in thousand)	
The gross movement in net deferred tax liability during the year is as follows:			
Opening balance		4,942,150	3,378,941
Charged/(credited) to other comprehensive income		308,410	(66,136)
Charged to statement of profit or loss	- note 34	5,363,043	1,629,344
Closing balance		10,613,603	4,942,150

Deferred tax asset on tax losses and tax credits available for carry forward have been recognized to the extent that the realisation of related tax benefits is probable from reversal of existing taxable temporary differences and future taxable profits. Based on the Company's approved business plan, it is probable that sufficient taxable profits will be available for utilization of deferred tax asset. However, the Company has not recognised deferred tax asset in respect of minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 amounting to Rs 1,371.103 million as sufficient taxable profits would not be available to utilise these in the foreseeable future. These tax credits would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax (Rupees in thousand)	Accounting year in which minimum tax will expire
2019	261,895	2024
2020	576,740	2025
2022	532,468	2025
	1,371,103	

12. Trade and other payables

		2023	2022
		(Rupees in thousand)	
Trade creditors	- note 12.1	6,530,049	3,871,207
Infrastructure cess		178,328	178,328
Contract liability	- note 12.2	2,393,152	1,468,611
Accrued liabilities	- note 12.3	4,192,363	5,740,256
Workers' profit participation fund	- note 12.4	202,984	338,556
Workers' welfare fund	- note 12.5	-	840
Withholding tax payable		33,659	43,891
Retention money payable		31,941	36,429
Export commission payable		166,256	82,840
Federal Excise Duty payable		-	733,298
Others	- note 12.6	54,567	97,453
		13,783,299	12,591,709

12.1 Trade creditors include amounts due to following related parties:

	2023	2022
Nishat Paper Products Company Limited	769,411	883,504
Security General Insurance Company Limited	6,243	1,349
Nishat Dairy (Private) Limited	45,071	88,071
Pakistan Aviators and Aviation (Private) Limited	512	-
Nishat Hotels and Properties Limited	9	-
	821,246	972,924

12.2 This represents contract liabilities of the Company towards various parties. Revenue recognised in the current year that was included in the contract liability balance at the beginning of the year amounts to Rs 1,266.072 million (2022: Rs 630.225 million).

12.3 Includes Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Company were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government of Pakistan in 24 equal monthly instalments. The Company has partially paid GIDC amounting to Rs 84.5 million. The Company also filed a Suit with the Sindh High Court against collection of GIDC instalments, before a factual determination of GIDC passed on to end consumers or not is carried out. The Sindh High Court granted a stay in March 2021 against recovery of GIDC payable from the Company till the finalisation of matter by the Court. The matter is currently pending in the Sindh High Court. The Company has followed the relevant accounting standards and guidelines of the Institute of Chartered Accountants of Pakistan (ICAP) in this regard.

		2023	2022
		(Rupees in thousand)	
12.4 Workers' profit participation fund			
The reconciliation of carrying amount is as follows:			
Opening balance		338,556	348,668
Provision for the year	- note 31	36,377	189,886
Interest for the year	- note 33	7,778	-
		382,711	538,554
Payments made during the year		(179,727)	(199,998)
Closing balance		202,984	338,556
12.5 Workers' welfare fund			
The reconciliation of carrying amount is as follows:			
Opening balance		840	97,649
Provision for the year	- note 32	-	839
		840	98,488
Reversal of prior year provision	- note 33	-	(96,051)
Payments made during the year		(840)	(1,597)
Closing balance		-	840

12.6 Includes payable to employees' provident fund amounting to Rs 0.0218 million (2022: Rs 31.473 million).

		2023	2022
		(Rupees in thousand)	
13. Short term borrowings from financial institutions - secured			
Short term running finances/short term borrowings	- note 13.1	20,019,028	10,569,147
Import finances	- note 13.2	1,897,265	9,479,359
Export finances	- note 13.3	3,578,000	5,162,000
		25,494,293	25,210,506

13.1 Short term running finances/short term borrowings

Short term running finance facilities and short term borrowings available from various commercial banks under mark-up arrangements aggregate to Rs 38,150 million (2022: Rs 31,150 million). Such facilities are available at mark-up rates ranging from one to three months KIBOR plus -0.05% to 1% (2022: One to three months KIBOR plus -0.05% to 1%) per annum. The mark-up rate charged during the year on the outstanding balance ranged from 14.23% to 22.68% (2022: 7.35% to 15.15%) per annum and markup is payable monthly to quarterly. These are secured by joint 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

Import finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs 19,850 million (2022: Rs 18,600 million). Such facilities are available at mark-up rates ranging from one to six months KIBOR plus -0.10 % to 0.05% (2022: one to six months KIBOR plus -0.05% to 0.1%) per annum. The mark-up rate charged during the year on the outstanding balance ranged from 10.64% to 22.96% (2022: 7.51% to 15.18%) per annum and markup is payable on settlement. The aggregate import finances are secured by a registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, trade debts, investments and other receivables.

13.3 Export finances

Export finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs 15,250 million (2022: Rs 14,250 million). Such facilities are available at markup rate agreed as per State Bank of Pakistan plus 0.25% to 1.00% (2022: State Bank of Pakistan agreed rate plus 0.00% to 1.00%) per annum. The Export Finance Scheme rate has ranged from 2% to 18% throughout the year. These loans are obtained for a period of 180 days and are secured against joint pari passu hypothecation charge over current assets of the Company.

13.4 Letters of credit and guarantees

Of the aggregate facility of Rs 47,050 million (2022: Rs 35,750 million) for opening letters of credit and Rs 4,850 million (2022: Rs 5,750 million) for guarantees, all being either main limits or sub-limits of the running finance facilities, the amount utilised as at June 30, 2023 was Rs 25,538 million (2022: Rs 16,054 million) and Rs 2,825 million (2022: Rs 3,309 million) respectively. The facilities for opening letters of credit are secured against lien over import documents whereas aggregate facilities for guarantees are secured against registered joint pari passu charge over the present and future current assets of the Company. Of the facility for guarantees, Rs 14.48 million (2022: Rs 14.480 million) is secured by a lien over bank deposits as referred to in note 26.2.

		2023	2022
		(Rupees in thousand)	
14. Accrued mark-up			
Accrued mark-up/interest on:			
- Long term finances - secured		695,325	425,861
- Short term borrowings - secured		1,044,222	457,368
		1,739,547	883,229
15. Current portion of non-current liabilities			
Loans under refinance scheme	- note 7.1.2	933,980	1,169,983
Long term loans	- note 7.2.2	6,436,384	5,927,183
Accumulating compensated absences	- note 10.2	46,912	22,936
Deferred government grant	- note 8	171,581	213,883
		7,588,857	7,333,985

16. Contingencies and commitments

16.1 Contingencies

Contingent assets:

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

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

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

Contingent liabilities:

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

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

After various appeals at different forums, the honourable Supreme Court of Pakistan remanded the case back to the Customs Authorities to reassess the liability of the Company. The custom authorities re-determined the liability of the Company upon which the Company preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Company, upon which the Company discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench on November 19, 2013. Last hearing of the case was conducted on June 25, 2018. In case of any adverse decision, the management assesses liability to the tune of Rs 233.390 million. No provision for this amount has been made in the financial statements as according to the management of the Company, there are meritorious grounds that the ultimate decision would be in its favour.

16.1.4 The Competition Commission of Pakistan ('the CCP') took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association ('APCMA') and its member cement manufacturers. The Company filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated 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 have been challenged by a large number of petitioners and all have been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution of Pakistan. The Honourable Supreme Court of Pakistan sent the appeals of the petitioners to newly formed Competition Appellate Tribunal ('CAT') to decide the matter. The Company has challenged sections 42, 43 and 44 of the Competition Act, 2010 in the Sindh High Court. The Honourable Sindh High Court upon petition filed by large number of petitioners gave direction to CAT to continue with the proceedings and not to pass a final order till the time petition is pending in Sindh High Court. No provision for this amount has been made in the financial statements as according to the management of the Company, there are meritorious grounds that the ultimate decision would be in its favour.

16.1.5 The Company, consequent to the order-in-appeal passed by the learned Customs, Federal Excise and Sales Tax Appellate Tribunal, Lahore, filed a petition before the Lahore High Court on March 27, 2008, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period from June 13, 1997 to August 11, 1998. Last hearing of the case was conducted on December 17, 2015. According to the legal counsel of the Company, chances of favourable outcome of the petition are fair, therefore the payable amount has not been incorporated in these financial statements amounting to Rs 212.239 million.

16.1.6 On August 31, 2021, the Lahore High Court has granted interim relief to the Company in respect of a writ petition filed by the Company to challenge a showcause notice issued by the Deputy Commissioner Inland Revenue (DCIR) dated July 02, 2021, whereby, it was alleged that the Company had claimed inadmissible input tax for the periods from July 2018 to December 2020 aggregating Rs 1,384.644 million primarily related to construction/building material.

During the year, the Lahore High Court through its order dated March 31, 2023, directed the DCIR to constitute a team of qualified/experts to attain an on-site/physical verification, clarifying the fact that whether the items on which input tax claimed by the Company has been done as per provisions of Sales Tax Act, 1990 or not. The said team will visit the manufacturing premises of the Company in order to verify each and every invoice to conclude whether the goods thereunder have been used for the purpose of taxable activity of making taxable supply. After completion of the said exercise, the matter will be finally decided by the Lahore High Court.

As per management, meritorious grounds exist to support the position that the ultimate decision would be in its favour wherein such claim of input tax would be allowed to the Company. Therefore, such credit of input sales tax has not been reversed in these financial statements. However, in case of an adverse decision, such input sales tax shall be reversed and will become part of the cost of the related fixed assets that would result in increase in depreciation charge of such fixed assets over their remaining useful lives. Consequently, no provision has been made in these financial statements on this account.

16.1.7 The DCIR passed an order dated August 20, 2021 for tax periods July 2017 to June 2018, whereby, a demand was raised for recovery of sales tax of Rs 5,795.981 million, including applicable default surcharge and penalty (amounting to Rs 275.999 million) imposed under sections 34 and 33(5) of the Sales Tax Act, 1990 respectively. The demand was raised mainly on account of alleged suppression of production and sales of cement and disallowance of input sales tax on various goods and services (including that related to fixed assets and building materials).

Further for these tax periods, a Federal Excise Duty ('FED') demand of Rs 2,884.751 million, along with applicable default surcharge and penalty was also raised by the DCIR on November 30, 2021 under relevant provisions of the Federal Excise Act, 2005 solely on account of alleged suppression of production and sales of cement on bases identical to those framed through order dated August 20, 2021.

The Company had preferred appeal before the CIR(A) against the said orders, whereby through CIR(A)'s order dated March 29, 2022 decision has been made in the Company's favour as the matter has been remanded back to learned DCIR to adjudicate the matter afresh. The department has, however, appealed against this decision before the ATIR.

The management, on the basis of consultation with its legal counsel and the favorable decision of the CIR(A), considers that meritorious grounds exist to defend the company's stance and that such sales tax and FED demands are not likely to sustain appellate review by appellate authorities. Consequently, no provision has been created in these financial statements on this account.

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

- Collector of Customs, Excise and Sales Tax against levy of sales tax, custom duty and excise amounting to Rs 30.538 million (2022: Rs 30.538 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 1,177.900 million (2022: Rs 1,287.900 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2022: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use at plants at Khairpur and at D.G. Khan respectively amounting to Rs 544.414 million (2022: Rs 544.414 million).

- Sindh High Court against levy of sales tax, custom duty and excise amounting to Rs 228.174 million (2022: Rs 176.860 million).

- Pakistan Railways against supply of cement amounting to Rs 5.906 million (2022: Rs 7.075 million).

16.1.9 The Company has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs 1,238.471 million (2022: Rs 1,262.243 million).

16.1.10 The Company has issued a post dated cheque in favour of Nazir of the High Court of Sindh amounting to Rs 227.760 million (2022: Rs 227.760 million) against the Industrial Support Package Adjustment on K-Electric electricity bills.

16.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 520.310 million (2022: Rs 164.581 million).

(ii) Letters of credit for capital expenditure Rs 93.980 million (2022: Rs 1,254.466 million).

(iii) Letters of credit other than capital expenditure Rs 1,161.854 million (2022: Rs 3,037.820 million).

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

	2023	2022
	(Rupees in thousand)	
Not later than one year	425	425
Later than one year and not later than five years	1,699	1,699
Later than five years	3,474	3,887
	5,598	6,011

17. Property, plant and equipment

		2023	2022
Operating fixed assets	- note 17.1	80,039,245	81,934,028
Capital work-in-progress	- note 17.2	2,006,864	724,168
Major spare parts and stand-by equipment	- note 17.3	199,541	145,664
		82,245,650	82,803,860

17.1 Operating fixed assets

2023 (Rupees in thousand)

	Cost as at July 01, 2022	Additions / (deletions)	Cost as at June 30, 2023	Accumulated depreciation and impairment as at July 01, 2022	Depreciation charge / (deletions) for the year	Accumulated depreciation and impairment as at June 30, 2023	Book value as at June 30, 2023
Freehold land - note 17.1.2	1,804,817	152,378	1,940,890	-	-	-	1,940,890
		(16,305)					
Leasehold land	263,000	-	263,000	51,006	8,767	59,773	203,227
Buildings on freehold land							
- Factory building	23,194,745	2,381	23,197,126	7,788,909	770,361	8,559,270	14,637,856
- Office building and housing colony	3,980,932	58,452	4,039,384	986,649	151,419	1,138,068	2,901,316
Roads	2,449,488	2,630	2,452,118	1,008,892	144,213	1,153,105	1,299,013
Plant and machinery	78,690,058	1,482,230	80,172,288	23,975,855	2,247,425	26,223,280	53,949,008
Quarry equipment	4,473,612	5,914	4,479,526	2,376,010	165,716	2,541,726	1,937,800
Furniture and fittings	518,259	61,543	516,833	385,713	45,245	372,688	144,145
		(62,969)			(58,270)		
Office equipment	589,215	151,616	648,573	438,442	69,187	424,234	224,339
		(92,258)			(83,395)		
Vehicles	970,522	160,064	1,105,790	481,400	83,194	549,246	556,544
		(24,796)			(15,348)		
Aircraft	328,752	-	328,752	318,467	3,084	321,551	7,201
Power and water supply lines	4,022,461	4,284	4,026,745	1,540,490	248,349	1,788,839	2,237,906
	121,285,861	2,081,492	123,171,025	39,351,833	3,936,961	43,131,780	80,039,245
		(196,328)			(157,013)		

(Rupees in thousand)

	2022						
	Cost as at July 01, 2021	Additions / (deletions)	Cost as at June 30, 2022	Accumulated depreciation and impairment as at July 01, 2021	Depreciation charge / (deletions) for the year	Accumulated depreciation and impairment as at June 30, 2022	Book value as at June 30, 2022
Freehold land	1,785,959	18,858	1,804,817	-	-	-	1,804,817
Leasehold land	263,000	-	263,000	42,239	8,767	51,006	211,994
Buildings on freehold land							
- Factory building	22,043,479	1,151,266	23,194,745	6,997,602	791,307	7,788,909	15,405,836
- Office building and housing colony	3,599,679	381,253	3,980,932	844,594	142,055	986,649	2,994,283
Roads	2,322,250	127,238	2,449,488	856,914	151,978	1,008,892	1,440,596
Plant and machinery	71,929,058	6,761,000	78,690,058	21,805,276	2,170,579	23,975,855	54,714,203
Quarry equipment	4,471,330	2,282	4,473,612	2,192,276	183,734	2,376,010	2,097,602
Furniture and fittings	497,808	20,451	518,259	333,398	52,315	385,713	132,546
Office equipment	551,050	38,182	589,215	384,354	54,100	438,442	150,773
		(17)			(12)		
Vehicles	887,008	158,227	970,522	453,323	77,602	481,400	489,122
		(74,713)			(49,525)		
Aircraft	328,752	-	328,752	314,061	4,406	318,467	10,285
Power and water supply lines	3,953,150	69,311	4,022,461	1,268,227	272,263	1,540,490	2,481,971
	112,632,523	8,728,068	121,285,861	35,492,264	3,909,107	39,351,833	81,934,028
		(74,730)			(49,537)		

17.1.1 Freehold land and building include book values of Rs 12 million (2022: Rs 12 million) and Rs 4.252 million (2022: Rs 4.252 million) respectively which are held in the name of Chief Executive of the Company. This property is located in the locality of Defence Housing Authority, Lahore, where the bye-laws restrict transfer of title of the residential property in the name of the Company.

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

Location	Usage of immovable property	2023 Total Area (in Acres)	2022 Total Area (in Acres)
Hub, Mauza Chichai, Balochistan	Plant site and staff colony	1462.5	1467.5
Khairpur district, Chakwal, Punjab	Plant site and staff colony	901.5	901.5
Kanrach Nai, District Lasbela, Balochistan	Source of raw material	723.14	723.14
Dera Ghazi Khan, Punjab	Plant site and staff colony	590	590
Lakho Dair, Lahore, Punjab	Processing site	44	44
Gulberg, Lahore, Punjab	Administrative offices	1.5	1.5
Others	Sales offices	0.28	0.28

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

		2023 (Rupees in thousand)	2022 (Rupees in thousand)
Cost of sales	- note 28	3,864,346	3,849,213
Administrative expenses	- note 29	61,625	49,709
Selling and distribution expenses	- note 30	10,990	10,185
		3,936,961	3,909,107

17.1.4 Sale of operating fixed assets

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

2023 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss) on sale	Mode of sale
Freehold land	**Outside party**					
	Muhammad Ahmed	16,305	16,305	187,500	171,195	Negotiation
Vehicles	**Outside parties**					
	Captain Ijaz	4,254	3,185	3,185	-	Auction
	Related party					
	Security General Insurance Company Limited	7,610	3,452	7,552	4,100	Insurance claim
	Employees					
	Ijaz Khalid	1,851	688	688	-	As per Company Policy
	Muhammad Amin	2,096	738	738	-	-do-
	Abid Naseer	1,847	601	601	-	-do-

2022 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (loss) on sale	Mode of sale
Vehicles	**Outside parties**					
	Syed Raza	15,536	3,528	9,000	5,472	Negotiation
	Muhammad Ali Hijazi	10,502	9,113	7,700	(1,413)	Negotiation
	M/s Mindbridge (Private) Limited	40,775	9,981	75,000	65,019	Auction
	Related party					
	Security General Insurance Company Limited	3,323	1,106	3,288	2,182	Insurance claim

17.2 Capital work-in-progress

2023 (Rupees in thousand)

	Balance as at July 1, 2022	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Charged off during the year	Transfers within capital work-in-progress	Transfers to operating fixed assets	Transfers to major spare parts and stand by equipment	Balance as at June 30, 2023
Civil works	327,811	553,005	-	-	-	(109,517)	-	771,299
Plant and machinery	330,995	1,972,862	-	-	125,138	(1,331,371)	-	1,097,624
Advances to suppliers and contractors	51,929	164,803	-	-	(125,138)	-	-	91,594
Others	13,433	23,512	89,652	(25,318)	-	(54,932)	-	46,347
	724,168	2,714,182	89,652	(25,318)	-	(1,495,820)	-	2,006,864

2022 (Rupees in thousand)

	Balance as at July 1, 2021	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Charged off during the year	Transfers within capital work-in-progress	Transfers to operating fixed assets	Transfers to major spare parts and stand by equipment	Balance as at June 30, 2022
Civil works	1,457,071	397,780	-	-	-	(1,527,040)	-	327,811
Plant and machinery	5,864,018	525,260	59,578	-	152,220	(6,241,547)	(28,534)	330,995
Advances to suppliers and contractors	84,336	119,813	-	-	(152,220)	-	-	51,929
Others	321,295	121,390	-	(396)	-	(428,856)	-	13,433
	7,726,720	1,164,243	59,578	(396)	-	(8,197,443)	(28,534)	724,168

	2023	2022
	(Rupees in thousand)	

17.3 Major spare parts and stand-by equipment

	2023	2022
The reconciliation of carrying amount is as follows:		
Balance at the beginning of the year	145,664	153,128
Additions during the year	432,596	131,525
	578,260	284,653
Transfers made during the year	(378,719)	(138,989)
Balance at the end of the year	199,541	145,664

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

18. Intangible assets

This represents computer software. The reconciliation of carrying amount is as follows:

		2023	2022
		(Rupees in thousand)	
		Computer Software	
COST			
Balance as at July 01		21,500	-
Additions during the year		-	21,500
Balance as at June 30		21,500	21,500
AMORTIZATION			
Balance as at July 01		4,181	-
Charge for the year	- note 30	7,167	4,181
Balance as at June 30		11,348	4,181
Book value as at June 30		10,152	17,319
Annual amortisation rate %		33.33%	33.33%

		2023	2022
		(Rupees in thousand)	

19. Investments

These represent the long term investments in:

		2023	2022
- Related parties	- note 19.1	13,197,667	12,786,427
- Others	- note 19.2	168,693	79,718
		13,366,360	12,866,145

		2023	2022
		(Rupees in thousand)	
19.1 Related parties			
Subsidiaries - unquoted - at cost:			
Nishat Paper Products Company Limited			
25,595,398 (2022: 25,595,398) fully paid ordinary shares of Rs 10 each			
Equity held: 55% (2022: 55%)			
Cost - Rs 250.811 million (2022: Rs 250.811 million)	- note 19.1.1	250,811	250,811
Nishat Dairy (Private) Limited			
Nishat Dairy (Private) Limited			
270,000,000 (2022: 270,000,000) fully paid ordinary shares of Rs 10 each			
Equity held: 55.10% (2022: 55.10%)			
Cost - Rs 2,331.900 million (2022: Rs 2,331.900 million)			
Cumulative impairment loss - Rs 162.789 million (2022: Rs 162.789 million)	- note 19.1.2	2,169,111	2,169,111
sub-total		2,419,922	2,419,922
FVOCI - quoted:			
Nishat (Chunian) Limited			
7,173,982 (2022: 7,173,982) fully paid ordinary shares of Rs 10 each			
Equity held: 2.99% (2022: 2.99%)			
Cost - Rs 75.565 million (2022: Rs 75.565 million)		145,632	321,323
MCB Bank Limited			
21,305,315 (2022: 21,305,315) fully paid ordinary shares of Rs 10 each			
Equity held: 1.80% (2022: 1.80%)			
Cost - Rs 125.834 million (2022: Rs 125.834 million)		2,438,819	2,620,141
Adamjee Insurance Company Limited			
27,877,735 (2022: 27,877,735) fully paid ordinary shares of Rs 10 each			
Equity held: 7.97% (2022: 7.97%)			
Cost - Rs 1,239.698 million (2022: Rs 1,239.698 million)		630,873	879,821
Nishat Mills Limited			
30,289,501 (2022: 30,289,501) fully paid ordinary shares of Rs 10 each			
Equity held: 8.61% (2022: 8.61%)			
Cost - Rs 1,326.559 million (2022: Rs 1,326.559 million)		1,719,535	2,238,748
	sub-total	4,934,859	6,060,033

		2023	2022
		(Rupees in thousand)	
FVOCI - unquoted:			
Nishat Hotels and Properties Limited			
104,166,667 (2022: 104,166,667) fully paid ordinary shares of Rs 10 each Equity held: 8.55% (2022: 8.55%%) Cost - Rs 1,041.667 million (2022: Rs 1,041.667 million)	- note 19.1.3	1,995,782	1,920,481
Hyundai Nishat Motor (Private) Limited 195,623,000 (2022: 94,873,000) fully paid ordinary shares of Rs 10 each Equity held: 10% (2022: 10%) Cost - Rs 1,956.23 million (2022: Rs 948.7 million)	- note 19.1.4	3,847,104	2,385,991
	sub-total	5,842,886	4,306,472
		13,197,667	12,786,427

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

19.1.2 The principal activity of Nishat Dairy (Private) Limited is to carry on the business of production of raw milk. The registered office of the subsidiary is situated at 53-A, Nishat House, Lawrence Road, Lahore and its production facility and factory is situated at 1- KM Sukheki Road, Pindi Bhattian.

19.1.3 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 19.16 per ordinary share as at June 30, 2023 (2022: Rs 18.44 per share) through a valuation technique based on discounted cash flow analysis of NHPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 43.3 to these financial statements. The fair value gain of Rs 75.300 million recognised during the year is included in other comprehensive income.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL.

- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

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

- Discount rate of 16.68% per annum.

- Long term growth rate of 2% per annum for computation of terminal value.

- Annual growth in costs is linked to inflation with a range of 6.50% to 25.60% 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, 2023 would be Rs 209.375 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, 2023 would be Rs 71.875 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2023 would be Rs 21.875 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2023 would be Rs 15.625 million lower.

19.1.4 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. During the year, the Company under right issue acquired further equity shares of HNMPL amounting to Rs 1,007.500 million (fully paid shares of Rs 10 each). Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 19.67 per ordinary share as at June 30, 2023 (2022: Rs 25.15 per share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 43.3 to these financial statements. The fair value gain of Rs 453.612 million recognised during the year is included in other comprehensive income.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.

- Long term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

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

- Discount rate of 23.80% per annum.

- Long term growth rate of 2% per annum for computation of terminal value.

- Annual growth in costs are linked to inflation and currency devaluation at 15% per annum and revenues are linked to currency devaluation at 15% 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, 2023 would be Rs 191.977 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, 2023 would be Rs 77.093 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2023 would be Rs 317.710 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2023 would be Rs 30.499 million lower.

		2023	2022
		(Rupees in thousand)	

19.2 Others

		2023	2022
FVOCI - quoted:			
Pakistan Petroleum Limited			
821,626 (2022: 821,626) fully paid ordinary shares of Rs 10 each Equity held: 0.03% (2022: 0.03%) Cost - Rs 117.405 million (2022: Rs 117.405 million)		48,591	55,468
United Bank Limited			
214,354 (2022: 214,354) fully paid ordinary shares of Rs 10 each Equity held: 0.02% (2022: 0.02%) Cost - Rs 33.646 million (2022: Rs 33.646 million)		25,195	24,250
Nishat (Chunian) Power Limited			
5,683,067 (2022: Nil) fully paid ordinary shares of Rs 10 each Equity held: 1.55% (2022: Nil) Cost - Rs 102.408 million (2022: Nil)		94,907	-
		168,693	79,718

19.3 Reconciliation of carrying amount

		2023	2022
Balance as at beginning of the year		12,866,145	15,965,811
Investment made during the year	- note 19.3.1	1,007,500	-
Shares received as a result of merger scheme	- note 19.3.2	102,408	-
		13,976,053	15,965,811
Fair value loss recognized in other comprehensive income		(609,693)	(3,099,666)
Balance as at end of the year		13,366,360	12,866,145

19.3.1 This represents 100.75 million shares acquired against right issue of HNMPL at a par value of Rs 10 per ordinary share.

19.3.2 Pursuant to the Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst Nishat (Chunian) Limited and its members and Nishat Chunian Properties (Private) Limited and its members duly sanctioned by Honorable Lahore High Court, Lahore, the Company on, 18 August 2022, received 5,683,067 ordinary shares of Nishat Chunian Power Limited as one of the principal objects of the Scheme was to make Nishat (Chunian) Limited and Nishat Chunian Power Limited totally independent of each other by the transfer amongst the members of Nishat (Chunian) Limited of 187,585,820 ordinary shares of Nishat Chunian Power Limited owned by Nishat (Chunian) Limited. Hence, the Company has also become a shareholder of Nishat Chunian Power Limited with effect from August 18, 2022.

19.4 3,860,267 (2022: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

20. Long term deposits

These represent security deposits against various goods and services. These deposits have not been carried at amortised cost mainly because the period after which the deposits are to be refunded is indefinite. Further, the effect of discounting is immaterial in the context of these financial statements.

21. Stores, spare parts and loose tools

	2023	2022
	(Rupees in thousand)	
Stores [including in transit: Rs 1,028.872 million (2022: Rs 160.027 million)]	6,519,935	9,680,336
Spare parts [including in transit Rs 294.019 million (2022: Rs 259.788 million)]	7,271,212	7,079,901
Loose tools	60,858	53,646
	13,852,002	16,813,883

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

22. Stock-in-trade

		2023	2022
		(Rupees in thousand)	
Raw materials		481,109	217,744
Packing material		582,074	414,913
Work-in-process		6,199,920	4,612,748
Finished goods		1,610,067	736,110
		8,873,170	5,981,515
23. Trade debts			
Related parties	- note 23.1	15,361	19,697
Others		1,397,569	1,563,561
		1,412,930	1,583,258
Loss allowance	- note 23.2	(219,490)	(115,396)
		1,193,440	1,467,862

23.1 This is from the following related parties:

	2023	2022
Nishat Mills Limited	1,777	5,575
Nishat Hotels and Properties Limited	-	1,154
Nishat Hospitality (Private) Limited	-	107
Nishat Dairy (Private) Limited	14	684
Hyundai Nishat Motor (Private) Limited	11,689	12,037
Nishat Agriculture Farming (Private) Limited	4	140
Pakistan Aviators And Aviation (Private) Limited	1,877	-
	15,361	19,697

23.1.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs 44.861 million (2022: Rs 19.697 million). The aging analysis of trade debts from related parties that are past due and carry loss allowance is as follows:

	2023	2022
	(Rupees in thousand)	
Up to 90 days	15,342	15,836
91 to 180 days	19	2,042
181 to 365 days	-	330
Above 365 days	-	1,489
	15,361	19,697
Loss allowance	(2,216)	(724)
	13,145	18,973

23.2 Loss allowance

The reconciliation of loss allowance is as follows:		
Balance at the beginning of the year	115,396	106,406
Loss allowance recognized during the year	104,094	8,990
Balance as at end of the year	219,490	115,396

24. This represents the following quoted investments in related parties:

FVOCI:		
Nishat (Chunian) Limited		
100,620 (2022: 100,620) fully paid ordinary shares of Rs 10 each		
Equity held: 0.042% (2022: 0.042%)		
Cost - Rs 0.832 million (2022: Rs 0.832 million)	2,043	4,507
MCB Bank Limited		
80,971,917 (2022: 80,971,917) fully paid ordinary shares of Rs 10 each		
Equity held: 6.83% (2022: 6.83%)		
Cost - Rs 478.234 million (2022: Rs 478.234 million)	9,268,855	9,957,914
	9,270,898	9,962,421

24.1 Reconciliation of carrying amount

Opening balance	9,962,421	12,946,786
Fair value loss recognized in other comprehensive income	(691,523)	(2,984,365)
Closing balance	9,270,898	9,962,421

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

Current portion of loans to employees		-	735
Advances			
- To employees		114,248	93,155
- To suppliers		78,654	599,193
		192,902	692,348
Prepayments		6,154	7,732
Due from related parties	- note 25.1	8	1,832
Letters of credit - margins, deposits, opening charges etc.		13,747	8,365
Balances with statutory authorities:			
- Sales tax	- note 25.2	618,730	595,925
- Excise duty		16,713	-
- Export rebate		13,430	10,071
		648,873	605,996
Other advances		-	106,907
Other receivables	- note 25.3	64,363	6,698
		926,047	1,430,613

25.1 This represents receivable from Nishat Sutas Dairy (Private) Limited and Hyundai Nishat Motor (Private) Limited, related parties, amounting to Nil (2022: Rs 1.511 million) and Rs 0.008 million (2022: Rs 0.320 million) respectively, on account of shared expenses. The maximum aggregate amount outstanding at the end of any month during the year from such related parties was Rs 15.816 million (2021: Rs 1.832 million). The balances are neither past due nor impaired.

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

Furthermore, the vires of section 8(h) and (i) of the Sales Tax Act, 1990 (the "Act"), in the context of disallowance of adjustment of input tax on goods used for taxable services, was called in question by the Company. The honourable Lahore High Court vide its order dated January 29, 2020 on the basis of its reading of sections 7 and 8 of the Act, observed that input tax paid on goods can be deducted or reclaimed, only if such goods are used for the purpose of taxable supplies. Thus, in light of the said observation, the case was disposed of with a direction to the tax authorities to determine each and every case on its merits and allow adjustment of input tax on goods used for taxable supplies. Management is confident that the input tax already claimed shall not be disallowed by the relevant tax authorities.

25.3 Includes a receivable of Rs 5.793 million (2022: Rs 6.160 million) from Hyundai Nishat Motor (Private) Limited, being a related party of the Company. The maximum aggregate amount outstanding at the end of any month during the year of Hyundai Nishat Motor (Private) Limited was Rs 5.793 million (2022: Rs 6.160 million). This amount is neither past due nor impaired.

26. Cash and bank balances

		2023	2022
		(Rupees in thousand)	
At banks:			
Savings accounts			
Local currency	- notes 26.1, 26.2 & 26.3	74,899	82,023
Foreign currency: US$ 1,481,054 (2022: US$ 1,277,401)		423,567	261,671
Current accounts			
Local currency		43,172	66,581
Foreign currency: US$ 547,892 (2022: Nil)		132,969	-
		674,607	410,275
In hand		365	528
		674,972	410,803

26.1 The balances in saving accounts bear mark-up of 14% per annum (2022: 12% per annum).

26.2 Included in balances at banks on saving accounts are Rs 14.480 million (2022: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 14.4.

26.3 Included in balances at banks in saving accounts is Rs 0.004 million (2022: Rs 0.004 million) which relates to unpaid dividend held by the Company.

		2023	2022
		(Rupees in thousand)	

27. Revenue

		2023	2022
Local sales		75,842,781	68,130,124
Export sales	- note 27.1	9,442,414	9,472,015
		85,285,195	77,602,139
Less:			
Sales tax and federal excise duty		19,190,821	18,651,861
Trade discount		744,926	475,815
Commission to stockists and export agents		293,347	190,609
Ocean freight	- note 27.2	72,280	239,991
		20,301,374	19,558,276
		64,983,821	58,043,863

27.1 It includes rebate and incentive on exports amounting to Rs 3.67 million (2022: Rs 7.53 million) and Rs 20.197 million (2022: Nil) respectively. Incentive is received due to early shipment made under the contract.

27.2 Represents freight cost incurred upon shipping goods to export customers under cost and freight terms in the capacity of agent.

		2023	2022
		(Rupees in thousand)	

28. Cost of sales

		2023	2022
Raw materials consumed		909,187	807,203
Packing materials consumed		3,665,627	3,503,526
Salaries, wages and other benefits	- note 28.1	4,808,713	4,075,273
Fuel and power		38,066,005	33,172,402
Stores and spares consumed		4,129,238	3,022,003
Repairs and maintenance		288,896	260,178
Insurance		146,498	123,010
Depreciation on operating fixed assets	- note 17.1.3	3,864,346	3,849,213
Royalty	- note 28.2	821,920	1,114,510
Excise duty		35,954	49,051
Vehicle running		414,181	271,119
Security expenses		217,990	190,804
Input sales tax written off		92,634	71,264
Postage, telephone and telegram		10,426	9,971
Printing and stationery		24,248	15,339
Legal and professional charges		6,086	6,629
Travelling and conveyance		10,876	10,880
Plant cleaning and gardening expenses		52,554	41,949
Rent, rates and taxes	- note 28.3	178,182	173,513
Freight charges		53,790	44,030
Water charges		15,747	11,737
Other expenses		106,957	70,421
		57,920,055	50,894,025
Opening work-in-process	- note 22	4,612,748	1,538,675
Closing work-in-process	- note 22	(6,199,920)	(4,612,748)
		(1,587,172)	(3,074,073)
Cost of goods manufactured		56,332,883	47,819,952
Opening stock of finished goods	- note 22	736,110	554,170
Closing stock of finished goods	- note 22	(1,610,067)	(736,110)
		(873,957)	(181,940)
Own consumption		(30,880)	(22,461)
		55,428,046	47,615,551

28.1 Salaries, wages and other benefits include Rs 100.778 million (2022: Rs 92.532 million), in respect of provident fund contribution by the Company. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2023	2022
	(Rupees in thousand)	
Gratuity		
Current service cost	81,195	69,870
Interest cost for the year	106,786	68,318
Interest income on plan assets	(56,933)	(40,959)
	131,048	97,229
Accumulating compensated absences		
Current service cost	48,810	46,206
Interest cost for the year	15,429	10,816
Remeasurements	212	2,670
	64,451	59,692

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

28.3 This includes rentals of heavy machinery used at quarry site where raw materials i.e. clay and limestone, are extracted.

29. Administrative expenses

		2023	2022
		(Rupees in thousand)	
Salaries, wages and other benefits	- note 29.1	388,662	358,320
Electricity, gas and water		82,470	58,408
Repairs and maintenance		13,096	8,363
Insurance		25,057	18,076
Amortization of intangible assets	- note 18	7,167	4,181
Depreciation on operating fixed assets	- note 17.1.3	61,625	49,709
Vehicle running		33,246	21,050
Postage, telephone and telegram		12,576	8,813
Printing and stationery		36,472	25,701
Legal and professional services	- note 29.2	32,960	40,433
Travelling and conveyance		78,398	61,759
Rent, rates and taxes		2,471	444
Entertainment		4,968	2,713
School expenses		63,509	51,273
Fee and subscription		28,837	25,990
Other expenses		7,842	15,819
		879,356	751,052

29.1 Salaries, wages and other benefits includes Rs 12.086 million (2022: Rs 11.192 million) in respect of provident fund contribution by the Company. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2023	2022
	(Rupees in thousand)	
Gratuity		
Current service cost	12,720	10,782
Interest cost for the year	16,729	10,542
Interest income on plan assets	(8,919)	(6,320)
	20,530	15,004
Accumulating compensated absences		
Current service cost	7,551	7,053
Interest cost for the year	2,387	1,651
Remeasurements	33	408
	9,971	9,112

		2023	2022
		(Rupees in thousand)	

29.2 Legal and professional charges

	2023	2022
Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:		
Statutory audits	3,518	3,350
Half-yearly review	889	846
Tax services	10,946	8,300
Certifications required under various regulations	383	140
Out of pocket expenses	880	790
	16,616	13,426

30. Selling and distribution expenses

		2023	2022
Salaries, wages and other benefits	- note 30.1	282,265	246,711
Electricity, gas and water		4,259	3,557
Repairs and maintenance		2,141	1,554
Insurance		3,312	3,289
Depreciation on operating fixed assets	- note 17.1.3	10,990	10,185
Vehicle running		21,058	11,759
Postage, telephone and telegram		3,866	4,101
Printing and stationery		2,701	2,219
Rent, rates and taxes		2,882	4,708
Travelling and conveyance		7,038	2,226
Entertainment		2,737	1,741
Advertisement and sales promotion		59,449	12,089
Freight and handling charges		1,386,678	1,415,308
Legal and professional charges		-	4,419
Other expenses		28,652	24,993
		1,818,028	1,748,859

30.1 Salaries, wages and other benefits includes Rs 11.124 million (2022: Rs 9.992 million) in respect of provident fund contribution by the Company. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2023	2022
	(Rupees in thousand)	
Gratuity		
Current service cost	8,393	7,118
Interest cost for the year	11,038	6,960
Interest income on plan assets	(5,885)	(4,173)
	13,546	9,905
Accumulating compensated absences		
Current service cost	5,031	4,671
Interest cost for the year	1,590	1,093
Remeasurements	22	270
	6,643	6,034

		2023	2022
		(Rupees in thousand)	

31. Other expenses

		2023	2022
Workers' profit participation fund	- note 12.4	36,377	189,886
Workers' welfare fund	- note 12.5	-	839
Donations	- note 31.1	1,700	1,500
Exchange loss		-	839,234
Advance written off		58,384	-
Miscellaneous		-	11,344
		96,461	1,042,803

31.1 Represents donation made to Pakistan Agricultural Coalition. None of the directors or their spouses have any interest in the donee.

32. Other income

		2023	2022
		(Rupees in thousand)	
Income on bank deposits		3,551	8,102
Mark-up on loan to related party		-	32,519
Dividend income from:			
- Related parties	- note 32.1	2,407,308	2,295,787
- Others		64,065	6,948
		2,471,373	2,302,735
Initial gain on shares received as a result of merger scheme	- note 19.3 & 32.1	102,408	-
Rental income		1,732	1,676
Reversal of provision for workers' welfare fund	- note 12.5	-	96,051
Gain on disposal of operating fixed assets		167,077	74,399
Scrap sales		410,561	197,461
Provisions and unclaimed balances written back		6,222	-
Exchange gain		84,075	-
Others		-	1,397
		3,246,999	2,714,340

32.1 Dividend income from related parties

	2023	2022
Nishat Mills Limited	121,158	121,158
Adamjee Insurance Company Limited	83,633	83,633
MCB Bank Limited	2,147,822	1,994,406
Nishat (Chunian) Limited	131,508	58,197
Nishat Paper Products Company Limited	25,595	38,393
	2,509,716	2,295,787

33. Finance cost

		2023	2022
Interest and mark-up on:			
- Long term finances - secured	- note 33.1	2,648,715	1,921,319
- Short term borrowings - secured		4,047,306	1,623,338
- Workers' profit participation fund		7,778	-
Bank charges		38,493	26,530
		6,742,292	3,571,187

33.1 Included in this is the finance cost on ITERF and Islamic re-finance facilities for payment of salaries and wages, which has been set off against the amount of unwinding of grant as referred in note 8.

		2023	2022
		(Rupees in thousand)	

34. Taxation

		2023	2022
Current:			
- For the year		1,411,796	1,371,940
- Prior years'		23,680	46,345
		1,435,476	1,418,285
Deferred	- note 11	5,363,043	1,629,344
		6,798,519	3,047,629

34.1 Tax charge reconciliation

	2023 %	2022 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate as per Income Tax Ordinance, 2001	29.00	29.00
Tax effect of:		
- Amounts that are not deductible for tax purposes - net	0.41	0.27
- Change in prior years' tax	(2.62)	(1.34)
- Effect of Super tax	76.60	29.40
- Income not subject to tax	(1.57)	-
- Previously recognized deferred tax asset charged off	43.87	10.10
- Change in allocation ratio of temporary differences among Normal Tax Regime and Final Tax Regime	-	(12.67)
- Recognition of deferred tax on temporary differences related to exports revenue stream that is to be taxed under Normal Tax Regime	80.67	-
- Income chargeable under Final Tax Regime	(11.39)	(4.13)
	185.97	21.63
Average effective tax rate	214.97	50.63

35. Earnings per share

35.1 Earnings per share - Basic

		2023	2022
(Loss)/profit for the year	Rupees	(3,635,976,000)	2,972,132,000
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
(Loss)/earnings per share - basic	Rupees	(8.30)	6.78

35.2 Earnings per share - Diluted

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2023, and June 30, 2022, which would have any effect on the earnings per share if the option to convert is exercised.

36. Remuneration of Chief Executive, Directors and Executives

36.1 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**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Short term employee benefits						
Managerial remuneration	32,908	34,907	24,573	22,339	641,760	833,748
Housing	270	-	-	335	233,032	373
Utilities	20,402	-	570	443	50,775	-
Leave passage	-	-	3,835	-	1,924	39,188
Bonus	-	2,266	-	1,692	57,135	134,108
Medical expenses	1,588	367	832	470	32,348	20,858
Others	23,822	19,674	2,319	918	214,099	137,741
Post employment benefits						
Contributions to Provident and Gratuity Fund	-	-	4,505	4,095	102,301	91,037
	78,990	57,214	36,634	30,292	1,333,374	1,257,053
Number of persons	1	1	1	1	260	238

36.2 The Company also provides the Chief Executive, certain directors and executives with Company maintained car, travelling and utilities. Certain executives are provided with housing facilities.

36.3 During the year, the Company paid meeting fee amounting to Rs 1.140 million (2022: Rs 0.910 million) to its non-executive directors. The number of non-executive directors is 5 (2022: 5).

		2023	2022
		(Rupees in thousand)	

37. Cash generated from operations

		2023	2022
Profit before tax		3,162,543	6,019,761
Adjustments for:			
- Depreciation on operating fixed assets	- note 17.1.3	3,936,961	3,909,107
- Amortization of intangible assets	- note 18	7,167	4,181
- Gain on disposal of operating fixed assets	- note 32	(167,077)	(74,399)
- Dividend income	- note 32	(2,471,373)	(2,302,735)
- Gain on initial recongition of ordinary shares transferred under Scheme of Compromises, Arrangement and Reconstruction	- note 32	(102,409)	-
- Mark-up income	- note 32	(3,551)	(32,519)
- Provision for retirement benefits	- notes 10.1.5 & 10.2.2	246,188	196,976
- Exchange (gain)/loss	- note 31	(84,075)	839,234
- Provisions and unclaimed balances written back	- note 32	(6,222)	-
- Impairment loss on financial assets	- note 22.2	104,094	8,990
- Advances written off		58,384	-
- Finance cost	- note 33	6,742,292	3,571,187
Profit before working capital changes		11,422,922	12,139,783
Effect on cash flows due to working capital changes:			
- Decrease/(increase) in stores, spares and loose tools		2,961,881	(3,934,535)
- Increase in stock-in-trade		(2,891,655)	(3,252,926)
- Decrease in trade debts		277,569	6,874
- Decrease/(increase) in loans, advances, deposits, prepayments and other receivables		446,182	(947,410)
- Increase/(decrease) in trade and other payables		1,180,402	(3,069,920)
		1,974,379	(11,197,917)
		13,397,301	941,866

38. Cash and cash equivalents

		2023	2022
Cash and bank balances	- note 26	674,972	410,803
Short term borrowings - secured	- note 13	(25,494,293)	(25,210,506)
		(24,819,321)	(24,799,703)

39. Transactions with related parties

The related parties include the subsidiaries, the Investor, related parties on the basis of common directorship, group companies, key management personnel and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Related party transactions carried out during the year are as follows:

Relationship with the Company	Nature of transactions	2023 (Rupees in thousand)	2022 (Rupees in thousand)
i. Subsidiary companies	Purchase of goods (inclusive of sales tax)	2,950,609	2,674,662
	Sales of goods and services	69,997	78,995
	Rental income	966	966
	Dividend income	25,595	38,393 9
ii. Investor	Sale of goods	16,647	62,581
	Dividend paid	137,574	137,574
	Purchase of goods and services	290	324
	Dividend income	121,158	121,158
iii. Other related parties	Sale of goods	117,671	104,658
	Insurance premium	224,799	193,087
	Purchase of goods and services	94,512	73,003
	Reimbursement of expenses	36,110	11,185
	Insurance claims received	43,417	73,062
	Rental income	765	717
	Dividend paid	37,244	35,189
	Dividend income	2,260,555	2,136,236
	Initial gain on shares received as a result of merger scheme	102,408	-
	Purchase of shares	1,007,500	-
iv. Key management personnel	Remuneration - note 39.1	301,760	257,687
	Dividend paid	39,943	39,943
v. Post employment benefit plans	Expense charge in respect of retirment benefit plan	245,561	177,091
	Expense charge in respect of contributory provident fund	123,989	113,716

39.1 This represents remuneration of the Chief Executive, executive director and certain executives that are included in the remuneration disclosed in note 36 to these unconsolidated financial statements.

39.2 Transactions with related parties have been carried out on mutually agreed terms and conditions. The related parties with whom the Company had entered into transactions or had arrangements/agreements in place during the year have been disclosed below along with their basis of relationship:

Name	Relationship	%age of shareholding in the Company
Adamjee Insurance Company Limited	Group company	1.40%
Hyundai Nishat Motor (Private) Limited	Common directorship	Nil
Lalpir Power Limited	Common directorship	Nil
MCB Bank Limited	Group company	0%
Nishat (Chunian) Limited	Group company	Nil
Nishat Sutas Dairy Limited	Group company	Nil
Nishat Dairy (Private) Limited	Subsidiary	Nil
Nishat Hospitality (Private) Limited	Subsidiary of Investor	Nil
Nishat Hotels and Properties Limited	Common directorship	Nil
Nishat Agriculture Farming (Private) Limited	Common directorship	Nil
Nishat Linen (Private) Limited	Subsidiary of Investor	Nil
Nishat Mills Limited	Investor	31%
Nishat Paper Products Company Limited	Subsidiary	Nil
Pakgen Power Limited	Group company	Nil
Pakistan Aviators & Aviation (Private) Limited	Group company	Nil
Security General Insurance Company Limited	Group company	0.10%
Mrs. Naz Mansha	Director/Chairperson	0.05%
Mr. Mian Raza Mansha	Director/Chief Executive	3.00%
Mrs. Ammil Raza Mansha	Spouse of Chief Executive	1.34%
Mr. Hassan Mansha	Close family member of director	6.19%
Mr. Mian Umer Mansha	Close family member of director	6.29%
Mr. Shehryar Ahmed Baksh	Director	Nil
Mr. Shahzad Ahmad Malik	Director	Nil
Mr. Khalid Niaz Khawaja	Director	Nil
Mr. Usama Mahmud	Director	Nil
Mr. Farid Noor Ali Fazal	Director	Nil
Mr. Arif Bashir	Key Management Personnel	Nil
Mr. Inayat Ullah Niazi	Key Management Personnel	0%
Company's Employees Gratuity Fund	Post Employment Benefit Plan	Nil
Company's Employees Provident Fund	Post Employment Benefit Plan	Nil

40. Plant capacity and actual production

		Capacity		Actual production	
		2023	2022	2023	2022
Clinker (Metric Tonnes)					
Plant I & II - D.G. Khan	- note 40.1	2,010,000	2,010,000	1,328,904	1,655,502
Plant III - Khairpur	- note 40.1	2,010,000	2,010,000	1,339,707	1,727,607
Plant IV - Hub	- note 40.1	2,700,000	2,700,000	1,959,742	2,987,085

40.1 Plant capacity is based on 300 working days, that can be exceeded if the plant is operational for more than 300 days during the year. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply of cement.

41. Number of employees

	2023	2022
	(USD in thousand)	
Total number of employees as at June 30	1,881	1,923
Average number of employees during the year	1,902	1,900

42. Provident fund related disclosures

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

As at reporting date, the provident fund has signed the term sheet for appointment of 'investment advisor' and is in the process of signing the agreement.

43. Financial risk management

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors ('the Board'). The Company's finance department evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

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

(a) Market risk

(i) Currency risk

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

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

	2023	2022
	(USD in thousand)	
Cash and bank balances	2,029	1,277
Trade receivables from foreign parties	1,702	965
Net asset exposure	3,731	2,242

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2023	2022	2023	2022
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
USD 1	248.00	178.01	285.90	205.50

At June 30, 2023, if the Rupee had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax loss for the year would have been Rs 65.066 million lower/higher (2022: Rs 30.879 million higher/lower) mainly as a result of foreign exchange gains/losses on translation of USD - denominated financial assets.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

The Company's certain investments in equity instruments are publicly traded on the Pakistan Stock Exchange Limited.

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

	Impact on other components of equity	
	2023	2022
	(Rupees in thousand)	
Pakistan Stock Exchange Limited	876,841	1,078,842

As at June 30, 2023, the Company had no investments classified as at fair value through profit or loss, hence there is no impact on the profit for the year.

(iii) Cash flow and fair value interest rate risk

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

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

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

	2023	2022
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	498,466	343,694
Financial liabilities		
Export finances	(3,578,000)	(5,162,000)
Net exposure	(3,079,534)	(4,818,306)
Floating rate instruments:		
Financial liabilities		
Long term finances	(13,742,264)	(17,036,958)
Short term borrowings	(21,916,293)	(20,048,506)
Net exposure	(35,658,557)	(37,085,464)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2023, if interest rates on variable rate instruments had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been Rs 217.517 million (2022: Rs 248.473 million lower/higher) higher/lower, mainly as a result of higher/lower interest expense on floating rate instruments.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

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

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022
	(Rupees in thousand)	
Long term deposits	64,426	61,526
Trade debts	1,193,440	1,467,862
Loans, deposits and other receivables	64,371	9,265
Balances with banks	674,607	410,275
	1,996,844	1,948,928

(ii) Impairment of financial assets

The Company's financial assets, other than investments in equity instruments, are subject to the expected credit losses model. While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

Trade debts

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before June 30, 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade debts. The Company has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Security deposits pledged by the customers to Company have been regarded as collateral against trade receivables. These security deposits are in liquid form.

On that basis, the loss allowance as at June 30, 2023 and June 30, 2022 was determined as follows:

	Local sales			Export sales		
June 30, 2023	**Expected loss rate**	**Trade debts**	**Loss allowance**	**Expected loss rate**	**Trade debts**	**Loss allowance**
	%	**(Rupees in thousand)**		**%**	**(Rupees in thousand)**	
Net trade debts*						
Up to 30 days	0.06%	150,915	96	0%	418,813	-
31 to 60 days	0.21%	69,195	147	0%	-	-
61 to 90 days	0.69%	28,433	195	0%	-	-
91 to 120 days	1.73%	41,229	714	0%	-	-
121 to 150 days	3.32%	9,123	303	0%	-	-
151 to 180 days	6.80%	78,213	5,317	0%	-	-
181 to 210 days	10.27%	37,239	3,824	0%	-	-
211 to 240 days	13.88%	1,266	176	0%	-	-
241 to 270 days	17.99%	2,826	508	0%	-	-
271 to 300 days	22.55%	17,421	3,929	0%	-	-
301 to 330 days	28.58%	3,385	967	0%	-	-
331 to 360 days	36.08%	5,722	2,065	0%	-	-
Above 360 days	38.63%	290,142	112,089	100%	89,160	89,160
		735,109	130,330		507,973	89,160
Trade debts against which collateral is held		169,848	-		-	-
Gross Trade debts		**904,957**	**130,330**		**507,973**	**89,160**

June 30, 2022	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Net trade debts*						
Up to 30 days	0.04%	710,038	115	0.00%	45,532	-
31 to 60 days	0.10%	233,536	97	0.00%	21,757	-
61 to 90 days	0.27%	127,430	164	0.00%	60,676	-
91 to 120 days	0.59%	117,065	367	0.00%	-	-
121 to 150 days	1.79%	46,674	509	0.00%	5,845	-
151 to 180 days	4.92%	7,840	258	0.00%	-	-
181 to 210 days	8.11%	5,797	327	0.00%	22	-
211 to 240 days	13.30%	7,562	730	0.00%	-	-
241 to 270 days	18.19%	4,031	549	0.00%	-	-
271 to 300 days	24.24%	3,023	565	0.00%	-	-
301 to 330 days	35.76%	2,053	593	0.00%	-	-
331 to 360 days	45.27%	1,052	398	0.00%	-	-
Above 360 days	100.00%	46,171	46,171	100.00%	64,553	64,553
		1,312,272	50,843		198,385	64,553
Trade debts against which collateral is held		72,601	-		-	-
Gross Trade debts		**1,384,873**	**50,843**		**198,385**	**64,553**

* This represents amounts net of trade debts against which security deposits, considered as collateral, are held amounting to Rs 169.848 million (2022: Rs 72.601 million).

The amount of loss allowance that best represents maximum exposure to credit risk at the end of the reporting period without taking into account any collateral is Rs 153.192 million (2022: Rs 133.650 million).

Generally, default is triggered when more than 360 days have passed. However, in case of certain parties, extended credit period is allowed by the Credit Committees of the Company. The names of defaulting parties of outstanding trade debts from export sales and their respective default amount is as follows:

	2023	2022
	(Rupees in thousand)	
Nobel Translink Private Limited	1,367	980
Chempex Industries	-	40
Hizbullah & Saeed Ullah House Limited	670	480
Vikrant Traders	87,122	62,469
A A Middle East FZE	-	131
Taruna Trading Company	-	1
Abhishek Trading Co.	-	1
Sai Enterprises	-	373
Others	-	78
	89,159	64,553

(iii) Credit quality of financial assets

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

	Rating		Rating		
	Short term	Long term	Agency	2023	2022
				(Rupees in thousand)	
Bank Alfalah Limited	A1+	AA+	PACRA	423,567	261,671
Bank Islami Pakistan Limited	A1	AA-	PACRA	41,212	435
The Bank of Punjab	A1+	AA+	PACRA	1,132	455
The Bank of Khyber	A1	A+	PACRA	82	126
Citibank N.A.	F-1	A+	FITCH	-	12
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	100	36
MCB Bank Limited	A1+	AAA	PACRA	105,266	66,983
MCB Islamic Bank Limited	A1	A	PACRA	9,118	15,142
Meezan Bank Limited	A1+	AAA	JCR-VIS	15	15
National Bank of Pakistan	A1+	AAA	PACRA	1,384	1,322
Silkbank Limited	A2	A-	JCR-VIS	5	5
Soneri Bank Limited	A1+	AA-	PACRA	-	907
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	56,907	2,226
United Bank Limited	A1+	AAA	JCR-VIS	7,174	60,137
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,512	36
Faysal Bank Limited	A1+	AA	PACRA	6	293
JS Bank Limited	A1+	AA-	PACRA	12	12
Industrial and Commercial Bank of China	F1 +	A	FITCH	61	-
Habib Bank Limited - Islamic	A1+	AAA	JCR-VIS	588	6
Askari Bank Limited	A1+	AA+	PACRA	-	456
Habib Bank Limited	A1+	AAA	JCR-VIS	26,646	-
				674,787	410,275

(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. At June 30, 2023, the Company had Rs 38,150 million available borrowing limits from financial institutions under short term mark up arrangements, Rs 19,850 million available borrowing limits from financial institutions under import finance facilities and Rs 671.716 million in cash and bank balances.

Management monitors the forecasts of the Company’s cash and cash equivalents (note 38 to these financial statements) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company’s financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

At June 30, 2023	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years	Total contractual cashflows	Carrying value
	(Rupees in thousand)					
Long term finances	7,370,364	5,159,197	4,240,652	764,537	17,534,750	17,033,983
Trade and other payables	9,808,485	-	-	-	9,808,485	9,808,485
Long term deposits*	439,697	-	-	-	439,697	439,697
Accrued mark-up	1,739,547	-	-	-	1,739,547	1,739,547
Short term borrowings						
- secured	25,494,293	-	-	-	25,494,293	25,494,293
Unclaimed dividend	34,704	-	-	-	34,704	34,704
	44,887,090	5,159,197	4,240,652	764,537	55,051,476	54,550,709

*The maturity period of long term deposit is not ascertainable.

At June 30, 2022	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years	Total contractual cashflows	Carrying value
	(Rupees in thousand)					
Long term finances	7,097,166	6,622,591	6,984,979	1,225,110	21,929,846	21,265,395
Trade and other payables	8,661,494	-	-	-	8,661,494	8,661,494
Long term deposits*	281,177	-	-	-	281,177	281,177
Accrued mark-up	883,229	-	-	-	883,229	883,229
Short term borrowings						
- secured	25,210,506	-	-	-	25,210,506	25,210,506
Unclaimed dividend	34,512	-	-	-	34,512	34,512
	42,168,084	6,622,591	6,984,979	1,225,110	57,000,764	56,336,313

*The maturity period of long term deposit is not ascertainable.

43.2 Capital management

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

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

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) including book overdraft (if any) less cash and bank balances and liquid investments.

The gearing ratios as at June 30, 2023 and 2022 were as follows:

		2023	2022
		(Rupees in thousand)	
Borrowings - notes 7, 13 and 15		42,528,276	46,475,901
Less: Cash and bank balances - note 26		674,972	410,803
Net debt		41,853,304	46,065,098
Total equity		64,192,277	69,918,102
Gearing ratio	Percentage	65%	66%

In accordance with the terms of agreements with the lenders of long term finances (as referred to in note 7 to these financial statements), the Company is required to comply with certain financial covenants. The Company has complied with these covenants throughout the reporting period except for certain covenants in respect of which the lenders have not raised any objection to the Company.

43.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

As at June 30, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees in thousand)		
Recurring fair value measurements				
Assets				
Investments - FVOCI	14,374,450	-	5,842,886	20,217,336
Total assets	14,374,450	-	5,842,886	20,217,336
Total liabilities	-	-	-	-
As at June 30, 2022				
Recurring fair value measurements				
Assets				
Investments - FVOCI	16,102,172	-	4,306,472	20,408,644
	16,102,172	-	4,306,472	20,408,644
Total liabilities	-	-	-	-

Movement in the above mentioned assets has been disclosed in notes 19 and 24 to these financial statements and movement in fair value reserve has been disclosed in the statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the year. Since the ordinary shares of Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited are not listed, an investment advisor engaged by the Company has estimated fair values of Rs 19.16 and Rs 19.67 per ordinary share, respectively, as at June 30, 2023, through a valuation technique based on discounted cash flow analysis. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

- Other techniques, such as discounted cash flow analysis, are used to determine fair values for the remaining financial instruments. An appropriate discount for lack of control and lack of marketability is also applied, where relevant.

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

43.4 Financial instruments by categories

	At fair value through other comprehensive income	At amortised cost	Total
		(Rupees in thousand)	
As at June 30, 2023			
Assets as per statement of financial position			
Long term deposits	-	64,426	64,426
Trade debts	-	1,193,440	1,193,440
Loans, deposits and other receivables	-	64,371	64,371
Investments	20,217,336	-	20,217,336
Cash and bank balances	-	674,972	674,972
	20,217,336	1,997,209	22,214,545

	At fair value through other comprehensive income	At amortised cost	Total
		(Rupees in thousand)	
As at June 30, 2022			
Assets as per statement of financial position			
Long term deposits	-	61,526	61,526
Trade debts	-	1,467,862	1,467,862
Loans, deposits and other receivables	-	9,265	9,265
Investments	20,408,644	-	20,408,644
Cash and bank balances	-	410,803	410,803
	20,408,644	1,949,456	22,358,100

	Financial liabilities at amortized cost	
	2023	2022
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term finances - secured	17,033,983	21,265,395
Long term deposits	439,697	281,177
Accrued mark-up	1,739,547	883,229
Trade and other payables	9,808,485	8,661,494
Short term borrowings - secured	25,494,293	25,210,506
Unclaimed dividend	34,704	34,512
	54,550,709	56,336,313

43.5 Offsetting financial assets and financial liabilities

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

	2023	2022
	(Rupees in thousand)	
44. Disclosures by Company Listed on Islamic Index		
Loans/advances obtained as per Islamic mode:		
Loans obtained as per Islamic mode	7,835,288	7,670,221
Shariah compliant bank deposits/bank balances:		
Bank balances	51,965	16,083
Profit earned from shariah compliant bank deposits/bank balances		
Profit on deposits with banks	885	879
Revenue earned from shariah compliant business	64,983,821	58,043,863
Gain or dividend earned from shariah compliant investments		
Dividend income	122,390	124,034
Exchange (gain)/loss	(84,075)	839,234
Mark-up paid on Islamic mode of financing	807,196	422,174
Profits earned or interest paid on any conventional loan or advance		
Profit earned on deposits with banks	3,453	8,102
Interest paid on loans	5,998,599	3,544,656

Relationship with shariah compliant banks

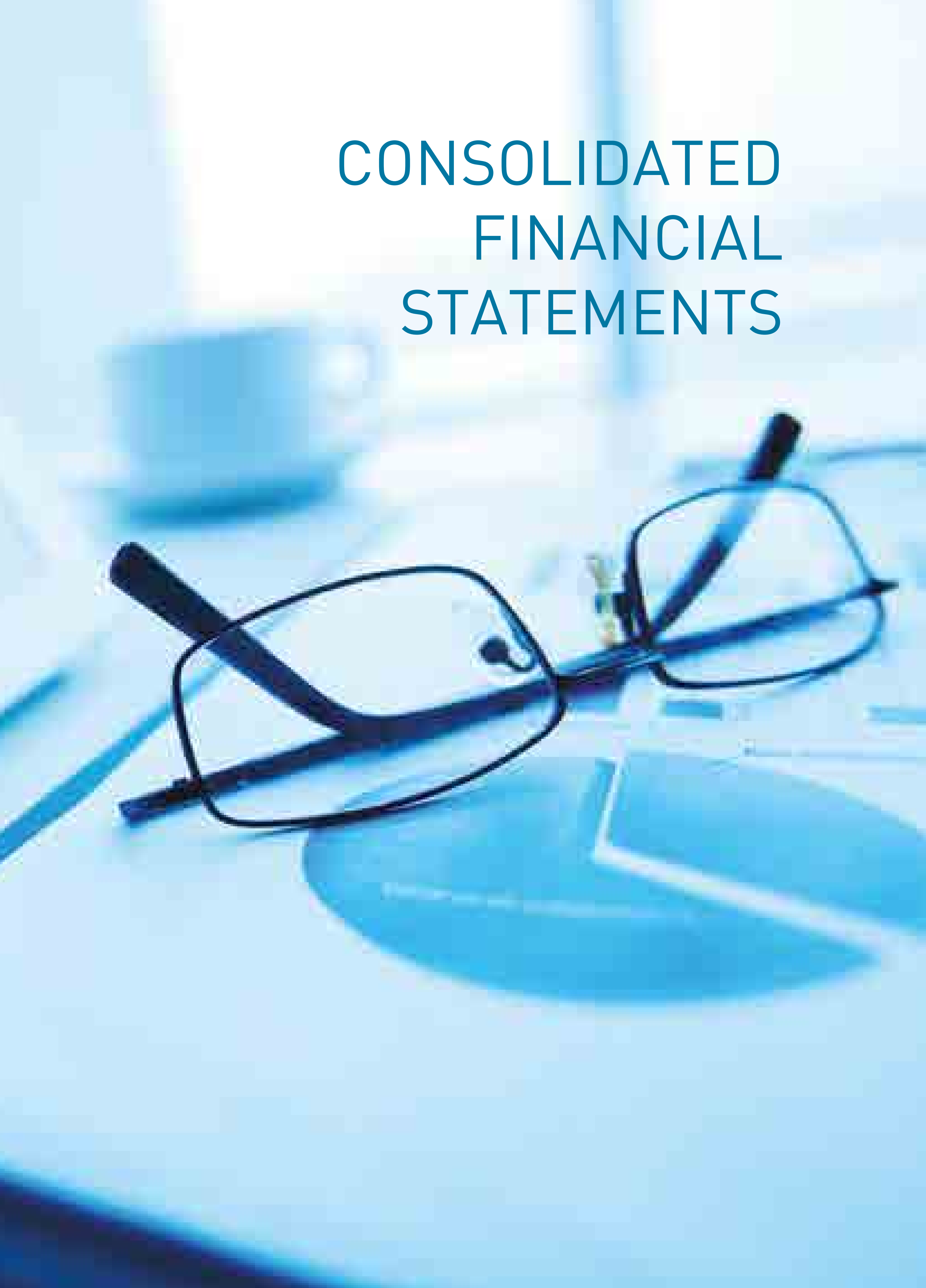
The Company has obtained short term borrowings and long term finances, and has maintained bank balances with shariah compliant banks.

45. Date of authorisation for issue

These financial statements were authorised for issue on August 31, 2023 by the Board of Directors of the Company.

Chief Executive	Chief Financial Officer	Director

CONSOLIDATED FINANCIAL STATEMENTS



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A.F.FERGUSON&CO.

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of D. G. Khan Cement Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	**Deferred taxation** (Refer note 11 to the annexed consolidated financial statements) The Group has recognized deferred tax in respect of unused tax credits and unused tax losses. Deferred tax assets on such items have been recognized as it is probable that sufficient taxable profits will be available in future, before their expiry, for their utilization on the basis of	Our audit procedures included the following: • Obtained an understanding of the Group's process of preparing the deferred tax working and tested internal controls over management's valuation of deferred tax assets; • Obtained an understanding regarding the relevant tax laws with respect to availability of tax credits and

Sr. No.	Key audit matters	How the matters were addressed in our audit
	the approved business plan. Due to the significant level of judgement and estimation required in preparing the business plan for determining recoverability of deferred tax assets and the significance of the amounts involved, we consider it to be a key audit matter.	unused tax losses; • Recalculated the amount of tax credits and unused tax losses in accordance with the provisions of Income Tax Ordinance, 2001; • Involved internal tax specialists to check the income tax computation for the year and assessed the management's conclusion on carry forward of the tax credits and unused tax losses; • Obtained the approved business plan and evaluated the management's assumptions used in the preparation of business plan; • Assessed the reasonableness of computation of taxable income derived from the approved business plan; • Checked the management's analysis regarding the timing of utilization of unused tax credits and unused tax losses by considering the year wise utilization of such amounts and evaluated the selection of the expected tax rate in this regard; and • Assessed the appropriateness of accounting policy in respect of recognition of deferred tax assets on unused tax credits and unused tax losses and the adequacy of the disclosures made by the Group in this area with regard to the applicable accounting and reporting standards.
2.	Investments measured at fair value (Refer notes 21.1.1 and 21.1.2 to the annexed consolidated financial statements) The Group holds investments in equity instruments of Nishat Hotels and Properties Limited ('NHPL') and Hyundai Nishat Motor (Private) Limited ('HNMPL'). Due to NHPL and HNMPL being non-listed companies, their shares do not have a quoted price in an active market. Therefore, fair values of their shares have been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flows of respective businesses and related discount rates. Management involved an expert to perform these valuations on its behalf.	Our audit procedures included the following: • Understood and evaluated the process by which the cash flow forecasts were prepared and approved, including confirming the mathematical accuracy of the underlying calculations; • Evaluated the cash flow forecasts by obtaining an understanding of respective businesses of NHPL and HNMPL; • Obtained an understanding of the work performed by the management's expert on the models for the purpose of valuations; • Examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;

Sr. No.	Key audit matters	How the matters were addressed in our audit
	Due to the significant level of judgment and estimation required to determine the fair value of the investments, we consider it to be a key audit matter.	• Obtained corroborating evidence relating to the values as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecasts by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; • Performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the values of the investments; and • Assessed the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A.F. Ferguson & Co.
Chartered Accountants

Lahore
Date: September 12, 2023

UDIN: AR202310070V9HGItZUi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023	2022
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
950,000,000 (2022: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
50,000,000 (2022: 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 (2022: 438,119,118)			
ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Other reserves	6	22,493,832	24,153,481
Revenue reserve: Un-appropriated profits		37,785,778	41,759,427
Attributable to owners of the parent company		64,660,801	70,294,099
Non-controlling interests		2,482,081	2,349,613
Total equity		67,142,882	72,643,712
NON-CURRENT LIABILITIES			
Long term finances from financial institutions - secured	7	9,763,223	14,566,482
Deferred government grant	8	298,958	475,970
Long term deposits	9	439,697	281,177
Employee benefits obligations	10	849,514	712,639
Deferred taxation	11	11,306,527	5,540,533
		22,657,919	21,576,801
CURRENT LIABILITIES			
Trade and other payables	12	14,457,666	12,519,880
Short term borrowings from financial institutions - secured	13	27,925,023	26,170,194
Accrued markup	14	1,857,643	928,826
Loans from related parties - unsecured	15	-	94,000
Current portion of non-current liabilities	16	7,897,387	7,536,742
Unclaimed dividend		34,705	34,512
Provision for taxation		273,046	86,187
		52,445,470	47,370,341
CONTINGENCIES AND COMMITMENTS	17		
		142,246,271	141,590,854

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive

AS AT JUNE 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	85,600,466	86,314,054
Intangible asset	19	10,153	17,319
Biological assets	20	1,150,612	964,995
Investments	21	11,474,189	10,636,098
Long term loans to employees	22	-	1,192
Long term deposits	23	64,426	61,526
		98,299,846	97,995,184
CURRENT ASSETS			
Stores, spares and loose tools	24	14,126,139	17,066,399
Stock-in-trade	25	11,237,446	7,268,544
Trade debts	26	1,222,551	1,591,516
Contract assets	27	79,530	28,501
Investments	28	9,283,913	9,966,440
Loans, advances, deposits, prepayments and other receivables	29	1,689,054	1,830,899
Income tax recoverable		4,935,294	5,412,213
Cash and bank balances	30	1,199,860	431,158
		43,773,787	43,595,670
Non-current assets classified as held for sale	31	172,638	-
		43,946,425	43,595,670
		142,246,271	141,590,854

Chief Financial Officer

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the Year Ended June 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Revenue	32	70,495,201	61,653,833
Cost of sales	33	(59,820,917)	(50,328,602)
Gross profit		10,674,284	11,325,231
Administrative expenses	34	(1,045,635)	(892,479)
Selling and distribution expenses	35	(1,822,492)	(1,753,090)
Net impairment (loss)/gain on financial assets		(99,981)	15,069
Changes in fair value of biological assets	20	441,456	303,033
Other expenses	36	(349,232)	(1,183,810)
Other income	37	3,245,940	2,735,461
Finance cost	38	(7,219,255)	(3,748,080)
Profit before taxation		3,825,085	6,801,335
Taxation	39	(7,191,139)	(3,418,913)
(Loss)/profit for the year		(3,366,054)	3,382,422
(Loss)/profit is attributable to:			
Owners of the parent company		(3,530,256)	3,160,534
Non-controlling interests		164,202	221,888
		(3,366,054)	3,382,422
(Loss)/earnings per share - basic and diluted in Rupees	40	(8.06)	7.21

The annexed notes 1 to 53 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, 2023

	2023	2022
	(Rupees in thousand)	
(Loss)/profit for the year	(3,366,054)	3,382,422
Other comprehensive loss for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:	-	-
Items that will not be subsequently reclassified to profit or loss:		
Change in fair value of investments at fair value through other comprehensive income (OCI)	(1,325,200)	(6,135,664)
Tax effect of change in fair value of investments at fair value through OCI	(345,242)	42,583
Remeasurement of retirement benefits	(42,104)	(75,842)
Tax effect of remeasurement of retirement benefits	36,830	23,557
	(1,675,716)	(6,145,366)
Other comprehensive loss for the year	(1,675,716)	(6,145,366)
Total comprehensive loss for the year	(5,041,770)	(2,762,944)
Total comprehensive loss is attributable to:		
Owners of the parent company	(5,195,179)	(2,961,618)
Non-controlling interests	153,409	198,674
	(5,041,770)	(2,762,944)

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive

Chief Financial Officer

Director

CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended June 30, 2023

	Note	2023	2022
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	41	13,741,708	2,182,174
Finance cost paid		(6,403,065)	(3,372,722)
Retirement and other benefits paid		(127,442)	(108,763)
Income tax paid		(1,069,779)	(1,724,425)
Long term loans, advances and deposits - net		156,812	33,581
Net cash inflow/(outflow) from operating activities		6,298,234	(2,990,155)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,707,946)	(1,933,052)
Proceeds from disposal of property, plant and equipment		213,538	100,467
Proceeds from sale of biological assets		252,949	152,553
Investment in equity and debt instruments		(1,366,079)	(68,480)
Recovery of loan to related party		-	765,000
Interest received		3,750	44,583
Dividends received		2,413,026	2,275,029
Net cash (outflow)/inflow from investing activities		(2,190,762)	1,336,100
Cash flows from financing activities			
Proceeds from long term finances acquired		2,038,739	1,735,445
Repayment of long term finances		(6,682,340)	(6,278,653)
Dividends paid to owners of the parent company		(458,867)	(468,536)
Repayment of loans from related parties		(94,000)	(120,000)
Net cash outflow from financing activities		(5,196,468)	(5,131,744)
Net decrease in cash and cash equivalents		(1,088,996)	(6,785,799)
Cash and cash equivalents at the beginning of the year		(25,735,036)	(19,041,000)
Effect of exchange rate changes on cash and cash equivalents		106,869	91,763
Cash and cash equivalents at the end of the year	42	(26,717,163)	(25,735,036)

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

The annexed notes 1 to 53 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, 2023

		Capital Reserve			Revenue Reserve				
	Share Capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated Profits	Total equity attributable to owners of parent company	Non-Controlling Interest	Total equity
	---------- Rupees in thousand ----------								
Balance as on July 01, 2021	4,381,191	4,557,163	20,201,824	353,510	5,110,851	39,089,297	73,693,836	2,182,351	75,876,187
Total comprehensive loss for the year									
- Profit for the year	-	-	-	-	-	3,160,534	3,160,534	221,888	3,382,422
- Other comprehensive loss for the year:									
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(6,069,867)	-	-	-	(6,069,867)	(23,214)	(6,093,081)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(52,285)	(52,285)	-	(52,285)
	-	-	(6,069,867)	-	-	3,108,249	(2,961,618)	198,674	(2,762,944)
Transactions with owners in their capacity as owners recognised directly in equity									
Final dividend for the year ended June 30, 2021	-	-	-	-	-	(438,119)	(438,119)	(31,412)	(469,531)
Balance as on June 30, 2022	4,381,191	4,557,163	14,131,957	353,510	5,110,851	41,759,427	70,294,09	2,349,613	72,643,712
Total comprehensive loss for the year									
- Loss for the year	-	-	-	-	-	(3,530,256)	(3,530,256)	164,202	(3,366,054)
- Other comprehensive loss for the year:									
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(1,659,649)	-	-	-	(1,659,649)	(10,793)	(1,670,442)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(5,274)	(5,274)	-	(5,274)
	-	-	(1,659,649)	-	-	(3,535,530)	(5,195,179)	153,409	(5,041,770)
Transactions with owners in their capacity as owners recognised directly in equity									
Final dividend for the year ended June 30, 2022	-	-	-	-	-	(438,119)	(438,119)	(20,941)	(459,060)
Balance as on June 30, 2023	**4,381,191**	**4,557,163**	**12,472,308**	**353,510**	**5,110,851**	**37,785,778**	**64,660,801**	**2,482,081**	**67,142,882**

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive

Chief Financial Officer

Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended June 30, 2023

1. The Group and its activities

The Group comprises of:

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

D. G. Khan Cement Company Limited is a public company limited by shares, incorporated in Pakistan in 1978 under the repealed Companies Act, 1913 (now, the Companies Act, 2017, hereinafter may be referred to as the 'Act'). Its ordinary shares are listed on the Pakistan Stock Exchange Limited. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement (hereinafter referred to as the 'Cement segment'). It has four cement plants; two plants located at Dera Ghazi Khan ('D. G. Khan'), one at Khairpur District, Chakwal ('Khairpur') and one at Hub District, Lasbela ('Hub').

Nishat Paper Products Company Limited is a public company limited by shares, incorporated in Pakistan on July 23, 2004 under the repealed Companies Ordinance, 1984 (now, the Act). It is principally engaged in the manufacture and sale of paper products and packaging material (hereinafter referred to as the 'Paper segment'). Its manufacturing facility is located at Khairpur on the parent company's land.

Nishat Dairy (Private) Limited is a private company limited by shares, incorporated in Pakistan on October 28, 2011 under the repealed Companies Ordinance, 1984 (now, the Act). It is principally engaged in the business of production and sale of raw milk (hereinafter referred to as the 'Dairy segment'). Its production facility and factory is situated at 1- KM Sukheki Road, Pindi Bhattian.

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

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

The Group has regional offices located across Pakistan, the geographical locations of which are listed below:

Regional office	Geographical location
Lahore region	53-A, Nishat House, Lawrence Road, Lahore
Multan region	17 E-1, Officers Colony, Eid Gah Chowk, Multan
Karachi region	D-247, KDA Scheme No. 1/A, Karachi
Rawalpindi region	13-16, 3rd Floor, Rizwan Arcades, Adam Gee Road, Sadar, Rawalpindi
D.G. Khan region	16-B Khayaban-E-Sarwar, Maanka Road, D.G. Khan

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017; and

ii) Provisions of and directives issued under the Companies Act, 2017.

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

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2022 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

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

There are certain standards, amendments to the IFRS and interpretations that are mandatory for Group's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

a) Narrow scope amendments to International Accounting Standard (IAS) 1 Practice Statement 2 and International Accounting Standard (IAS) 8 (effective for annual period beginning on July 1, 2023)

The IASB has issued narrow-scope amendments to IFRS Standards. The amendments will help companies:

- improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements; and

- distinguish changes in accounting estimates from changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

b) Amendments to International Accounting Standard (IAS) 12 'Income Taxes' - Deferred tax related to assets and liabilities arising from a single transaction (effective for annual reporting period beginning on July 01, 2023)

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

c) Amendment to International Accounting Standard (IAS) 1 – Non-current liabilities with covenants (effective for annual period beginning on July 01, 2024)

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

The Group is yet to assess the impact of these amendments on its financial statements.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under the historical cost convention except for the following:

- certain financial instruments, government grant and plan assets of defined benefit gratuity at fair value;

- certain employee benefit obligations and provisions at present value; and

- Biological assets at fair value less costs to sell.

3.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Following are the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong.

a) Provision for taxation and recognition of deferred tax asset for tax credits and for carried-forward tax losses - notes 4.3, 11 and 39
b) Employee benefit obligations - notes 4.4 and 10
c) Useful lives and residual values of property, plant and equipment - notes 4.6 and 18.1
d) Fair valuation of biological assets - notes 4.9 and 20
e) Fair value of unquoted fair value through other comprehensive income ('FVOCI') investments - note 4.15 and 21
f) Impairment of financial assets (other than investments in equity instruments) - note 4.15.4
g) Estimate of present value of provisions - notes 4.21 and 12

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

4. Summary of 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, except for the accounting policy adopted as set out in note 4.7.

4.1 Principles of consolidation

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests ('NCI') in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in consolidated statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated statement of comprehensive income are reclassified to consolidated statement of profit or loss.

4.2 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.3 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that relates to items recognised directly in consolidated statement of changes in equity or consolidated statement of comprehensive income, in which case it is recognised directly in equity or consolidated statement of comprehensive income.

Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

4.4 Employee benefits

4.4.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

4.4.2 Post employment benefits

(a) Defined benefit plan - Gratuity

The Cement segment operates an approved funded defined benefit gratuity plan for all regular employees having a service period of more than five years for officers and six months for workers. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2023 using the "Projected Unit Credit Method".

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

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

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

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

	2023	2022
Discount rate per annum	16.25%	13.25%
Expected increase in eligible salary level per annum	16.25%	12.25%
Duration of the plan (years)	7	7

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

(b) Defined contribution plan

The Group operates provident funds for all its regular employees. Equal monthly contributions are made to the funds both by the Group and the employees as follows:

Cement segment: at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers.

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

Dairy segment: at the rate of 9.5% of the basic salary plus cost of living allowance

The Group has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated statement of profit or loss as and when incurred.

4.4.3 Accumulating compensated absences

The Cement segment provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 30 days in case of officers. However, leave policy for officers whose leave balance was already accumulated to 90 days or above as of July 01, 2019 may keep leaves accumulated up to 90 days. An officer is entitled to encash the unutilised earned leave accrued during the year. In addition, he can also encash some portion of his accumulated leave balance during the year. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries. In case of workers, unutilised leaves may be accumulated up to 120 days, however, accumulated leave balance above 50 days is encashable upon demand of the worker. Unutilised leaves can be used at any time by all employees, subject to the approval of the Group's management.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the consolidated statement of profit or loss . The most recent valuation was carried out as at June 30, 2023 using the "Projected Unit Credit Method".

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

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

	2023	2022
Discount rate per annum	16.25%	13.25%
Expected rate of increase in salary level per annum	15.25%	12.25%
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	8	8

4.5 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.6 Property, plant and equipment

4.6.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain operating fixed assets signifies historical cost and borrowing costs as referred to in note 4.22.

Depreciation on all operating fixed assets of the Group is charged to the consolidated statement of profit or loss on the reducing balance method, except for plant and machinery and leasehold land of the Cement and Paper segments, which are being depreciated using the straight line method, so as to write off the depreciable amount of such assets over their estimated useful life at annual rates mentioned in note 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 and useful life of its operating fixed assets as at June 30, 2023 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.10 to these consolidated financial statements.

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

Proceeds from the sale of items while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of an item of property, plant and equipment. Instead, the Group recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

4.6.2 Major spare parts and stand-by equipment

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

4.6.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.7 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets that are carried at fair value, and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the assets classified as held for sale to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of assets classified as held for sale, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the assets classified as held for sale is recognised at the date of derecognition.

Non-current assets are not depreciated while they are classified as held for sale. Assets classified as held for sale are presented separately from the other assets in the statement of financial position.

4.8 Intangible assets - Computer software

Expenditure incurred to acquire computer software is capitalised as intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Computer software is amortised using the straight line method over a period of three years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.10 to these consolidated financial statements).

4.9 Biological assets - Livestock

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock is recognized in the consolidated statement of profit or loss.

Livestock are categorized as mature or immature. Mature livestock are those that have attained harvestable specifications. Immature livestock have not yet reached that stage.

Farming cost such as feeding, labour cost, pasture maintenance, veterinary services and sheering are expensed as incurred. The cost of purchase of cattle plus transportation charges are capitalized as part of biological assets.

4.10 Impairment of non-financial assets

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

4.11 Leases

The Group is the lessee:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments include the following:

- fixed payments, less any lease incentives receivable;

- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by the Group under residual value guarantees;

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

4.12 Investments

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

4.13 Stores, spares and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.14 Stock-in-trade

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

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

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

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

4.15 Financial assets

4.15.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

4.15.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.15.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these consolidated financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these consolidated financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.15.4 Impairment of financial assets other than investment in equity instruments

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts and contract assets, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables while general 3-stage approach for loans, deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Contract assets;
- Long term loans;
- Long term deposits;
- Loans, deposits and other receivables; and
- Bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The measurement of ECL reflects:

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

- the time value of money; and

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

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.16 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

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 statement of profit or loss.

4.17 Offsetting of financial assets and liabilities

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

4.18 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

4.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Short term borrowings are also included in cash and cash equivalent if it is repayable on demand and forms an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

4.20 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

b) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

4.21 Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.22 Borrowing costs

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

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

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

4.23 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue is recognised upon satisfaction of performance obligations.

In case of local sales for all segments, except for made-to-order paper products produced by the paper segment, revenue is recognised at the time of despatch of goods from the factory.

In case of export sales, the delivery of goods and transportation are two distinct performance obligations and the total transaction price is allocated to each performance obligation. Revenue relating to each performance obligation is recognized on satisfaction of each distinct performance obligation.

In case of made-to-order paper products, revenue is recognised over time.

4.24 Finance income

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments. Interest income is recognized as it accrues in profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

4.25 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.26 Dividend

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

4.27 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Makers (the CODMs) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the parent company.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenses. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

The Group's strategic steering committee, consisting of the Board of Directors of the parent company, examines the Group's performance both from a product and geographic perspective and has identified three reportable segments of its business:

Cement segment: Production and sale of clinker, ordinary portland and sulphate resistant cements.

Paper segment: Manufacture and supply of paper products and packing material.

Dairy segment: Production and sale of raw milk.

4.28 Contingent liabilities and assets

Contingent liability is disclosed when:

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

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

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or

- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.29 Contract asset and contract liability

A contract asset is recognised for the Group's right to consideration in exchange for goods or services that it has transferred to a customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.31 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

5. Issued, subscribed and paid up share capital

2023	2022			2023	2022
(Number of shares)				(Rupees in thousand)	
343,512,029	343,512,029	Ordinary shares of Rs 10 each fully paid in cash		3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs 10 each issued for consideration other than cash	- note 5.2	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs 10 each issued as fully paid bonus shares		746,071	746,071
438,119,118	438,119,118			4,381,191	4,381,191

5.1 137,574,201 (2022: 137,574,201), 428,500 (2022: 228,500) and 6,122,518 (2022: 4,242,155) ordinary shares of the parent company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited and Adamjee Life Insurance Company Limited respectively.

Nishat Mills Limited is an Investor and the parent company is an associate of Nishat Mills Limited as per IAS 28, 'Investments in Associates and Joint Ventures'.

5.2 20,000,000 ordinary shares of Rs 10 each were issued to the shareholders of D. G. Khan Electric Company Limited upon its merger with the parent company on July 01, 1999. These shares were issued as consideration of merger against all assets, properties, rights, privileges, powers, bank accounts, trade marks, patents, leaves and licenses of D. G. Khan Electric Company Limited.

		2023	2022
		(Rupees in thousand)	

6. Other reserves

Composition of reserves is as follows:

Capital reserves

		2023	2022
- Share premium	- note 6.1	4,557,163	4,557,163
- FVOCI reserve	- note 6.2	12,472,308	14,131,957
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		17,382,981	19,042,630
Revenue reserve			
- General reserve		5,110,851	5,110,851
		22,493,832	24,153,481

6.1 This reserve can be utilised by the Group only for the purposes specified in section 81 of the Companies Act, 2017.

6.2 This represents the unrealised gain on remeasurement of equity investments at FVOCI and is not available for distribution.

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

7. Long term finances from financial institutions - secured

		2023	2022
		(Rupees in thousand)	
From banking companies:			
Loans under refinance scheme	- note 7.1	3,371,441	4,325,733
Long term loans	- note 7.2	14,065,595	17,535,845
		17,437,036	21,861,578
Current portion shown under current liabilities		(7,673,813)	(7,295,096)
		9,763,223	14,566,482

7.1 Loans under refinance scheme - secured

Lender	2023	2022	Number of instalments outstanding	Mark-up Payable
	(Rupees in thousand)			
State Bank of Pakistan's (SBP) Islamic Refinance Scheme for Payment of Wages & Salaries				
Loan 1				
Allied Bank Limited	-	142,585	Nil	Quarterly
Loan 2				
Faysal Bank Limited	-	143,746	Nil	Quarterly
Loan 3				
Bank Alfalah Limited	-	12,231	Nil	Quarterly
Loan 4				
Allied Bank Limited	-	7,588	Nil	Quarterly
State Bank of Pakistan's Islamic Temporary Economic Refinance Facility (ITERF)				
Loan 5				
National Bank of Pakistan	3,156,276	4,006,676	15 equal quarterly instalments ending in March 2027	Quarterly
Loan 6				
Faysal Bank Limited - note 7.1.1	585,778	600,000	14 equal semi-annual instalments of each tranche - note 7.1.1	Half yearly
Loan 7				
MCB Islamic Bank Limited	105,000	105,000	32 equal quarterly instalments starting from two years after the date of respective disbursement.	Quarterly
	3,847,054	5,017,826		

Such facilities are available at mark-up rates ranging from base rate plus 0.5% to 1.25% (2022: 0.15% to 0.75%) per annum. The base rate applicable during the year on such facilities is SBP rate ranging from zero to one percent resulting in coupon rate ranging from 0.50% to 1.7% (2022: 0.50% to 1.7%) per annum.

Loan 1

This represents long term financing facility availed under the State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). The loan was secured by a first pari passu charge of Rs 767 million over fixed assets of the Cement Segment.

Loan 2

This represents long term financing facility availed under the SBP Refinance Scheme. The loan was secured by first pari passu charge of Rs 767 million over present and future fixed assets of the Cement Segment (including land & machinery).

Loan 3

This represents long term financing facility availed under SBP Refinance Scheme. The loan was secured by first pari passu charge on plant and machinery of the of the Dairy segment with 25% margin.

Loan 4
This represents long term financing facility availed under the SBP Refinance Scheme. The loan was secured by first pari passu charge over current assets of the Paper Segment with 25% margin.

Loan 5
This represents long term financing facility availed under the SBP Temporary Economic Refinance Scheme. The loan is secured by first pari passu charge over present and future fixed assets of the Cement Segment for Rs 6,993.33 million with 25% margin.

Loan 6
This represents long term financing facility availed under the SBP Temporary Economic Refinance Scheme. The loan is secured by first pari passu charge of Rs 800 million over present and future fixed assets of the Cement segment (including land and machinery).

Loan 7
This represents long term financing facility availed under the SBP Temporary Economic Refinance Scheme. The loan is secured by by exclusive hypothecation and pari passu charge over specific plant and machinery of the Dairy segment with 25% margin.

7.1.1 Lender - Faysl Bank Limited

Tranche 1	2023 (Rupees in thousand)	2022	Number of instalments outstanding	Mark-up Payable
Tranche 1	99,551	113,773	14 equal semi-annual instalments ending in May 2030	Half yearly
Tranche 2	123,624	123,624	16 equal semi-annual instalments starting in July 2023	Half yearly
Tranche 3	156,256	156,256	16 equal semi-annual instalments starting in August 2023	Half yearly
Tranche 4	206,347	206,347	16 equal semi-annual instalments starting in December 2023	Half yearly
	585,778	600,000		

7.1.2 The reconciliation of the carrying amount is as follows:

		2023 (Rupees in thousand)	2022
Balance as at beginning of the year		5,017,826	5,744,763
Disbursements during the year		-	105,000
Repayments during the year		(1,175,780)	(831,937)
	- note 7.1	3,842,046	5,017,826
Discount on liability:			
Balance as at beginning of the year		(692,093)	(928,300)
Discounting adjustment for recognition at fair value - deferred government grant	- note 8	-	(33,194)
Unwinding of discount on liability		221,488	269,401
		(470,605)	(692,093)
Balance as at end of the year		3,371,441	4,325,733
Current portion shown under current liabilities	- note 16	(941,873)	(1,184,770)
		2,429,568	3,140,963

7.2 Long term loans

Lender		2023	2022	Number of instalments outstanding	Mark-up Payable
		(Rupees in thousand)			
Loan 1 The Bank of Punjab	- note 7.2.3	200,000	250,000	4 equal semi-annual instalments ending in December 2024	Half yearly
Loan 2 The Bank of Punjab		1,200,000	1,500,000	8 equal semi-annual instalments ending in May 2027	Half yearly
Loan 3 The Bank of Punjab - Islamic	- note 7.2.3	900,000	1,000,000	9 equal semi-annual instalments ending in June 2027	Half yearly
Loan 4 Habib Bank Limited		750,000	1,250,000	3 equal semi-annual instalments ending in December 2024	Quarterly
Loan 5 Habib Bank Limited		749,941	1,249,902	3 equal semi-annual instalments ending in December 2024	Quarterly
Loan 6 Bank Alfalah Limited	- note 7.2.3	1,000,000	1,250,000	4 equal semi-annual instalments ending in December 2024	Quarterly
Loan 7 Bank Alfalah Limited		250,000	750,000	2 equal quarterly instalments ending in November 2023	Quarterly
	C/F	**5,049,941**	**7,249,902**		

Lender		2023	2022	Number of instalments outstanding	Mark-up Payable
		(Rupees in thousand)			
B/F		**5,049,941**	**7,249,902**		
Loan 8 Bank Alfalah Limited		1,031,250	1,312,500	11 equal quarterly instalments ending in December 2025	Quarterly
Loan 9 National Bank of Pakistan		897,000	1,495,000	6 equal quarterly instalments ending in October 2024	Quarterly
Loan 10 National Bank of Pakistan - Islamic	- note 7.2.3	600,000	700,000	6 equal semi annual payments ending in December 2025	Half yearly
Loan 11 Allied Bank Limited		540,000	720,000	12 equal quarterly instalments ending in May 2026	Quarterly
Loan 12 Allied Bank Limited		2,288,222	3,595,778	7 equal quarterly instalments ending in March 2025	Quarterly
Loan 13 Allied Bank Limited		1,166,667	1,833,333	7 equal quarterly instalments ending in January 2025	Quarterly
Loan 14 The Bank of Punjab		586,693	130,445	20 equal quarterly instalments starting in June 2024	Quarterly
Loan 15 Allied Bank Limited		900,000	-	20 equal quarterly instalments starting in March 2024	Quarterly
Loan 16 Meezan Bank Limited		682,491	-	20 equal quarterly instalments starting in June 2024	Quarterly
Loan 17 Habib Bank Limited		240,000	360,000	4 equal semi annual instalments ending in February 2025	Half yearly
Loan 18 The Bank of Punjab		83,333	138,887	3 equal semi annual instalments ending in October 2024	Half yearly
		14,065,597	**17,535,845**		

Such facilities are available at mark-up rates ranging from three to six months Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.15% to 0.35% (2022: three to six months KIBOR plus 0.15% to 0.75%) per annum. Markup rate charged during the year on outstanding balance ranged from 14.69% to 23.22% (2022: 7.54% to 15.88%) per annum.

7.2.1 Security

Loan 1
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 667 million with 25% margin.

Loan 2
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 2,000 million.

Loan 3
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,333 million.

Loan 4
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 3,333 million with 25% margin.

Loan 5
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 3,333 million with 25% margin.

Loan 6
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 3,333 million with 25% margin.

Loan 7
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 2,667 million.

Loan 8
Ranking charge over present and future fixed assets of the Cement Segment for Rs 2,000 million to be upgraded to first pari passu charge.

Loan 9
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 4,000 million with 25% margin.

Loan 10
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,333 million.

Loan 11
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,200 million with 25% margin.

Loan 12
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 7,867 million with 25% margin.

Loan 13
First pari passu charge over present and future fixed assets of the Cement Segment for Rs 1,333 million.

Loan 14
Joint pari passu charge of Rs 1,056 million over present and future fixed assets of the Cement Segment.

Loan 15
First pari passu charge over present and future fixed assets of the Cement Segment with 25% margin.

Loan 16
Joint pari passu charge over all present and future plant and machinery of the Cement Segment with 20% margin.

Loan 17
First pari passu hypothecation charge on present and future fixed assets (plant and machinery) of the Paper Segment with 25% margin

Loan 18
First pari passu charge over present and future operating fixed assets (plant and machinery) of the Paper Segment with 25% margin.

		2023	2022
		(Rupees in thousand)	

7.2.2 The reconciliation of the carrying amount is as follows:

		2023	2022
Opening balance		17,535,845	21,353,973
Disbursements during the year		2,038,739	1,630,445
Repayments during the year		(5,508,989)	(5,448,573)
		14,065,595	17,535,845
Current portion shown under current liabilities	- note 16	(6,731,940)	(6,110,326)
		7,333,655	11,425,519

7.2.3 This includes one instalment of Rs 593.750 million due on June 30, 2023. The repayments were made subsequent to the year end due to closure of financial institutions on the last three days of June on account of Eid Holidays.

8. Deferred government grant

This represents deferred grant recognized in respect of the benefit of below-market interest rate on the facilities as referred to in note 7.1 to these unconsolidated financial statements. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company used the prevailing market rate of mark-up at the date of disbursement for similar instruments to calculate fair values of respective loans. The discount rates used range from 7.34% to 7.76% per annum. The reconciliation of the carrying amount is as follows:

		2023	2022
		(Rupees in thousand)	
Opening balance		694,680	929,030
Deferred grant recognized during the year		-	33,194
Credited to profit or loss	- note 38	(219,058)	(267,544)
Closing balance		475,622	694,680
Current portion shown under current liabilities	- note 16	(176,664)	(218,710)
		298,958	475,970

There are no unfulfilled conditions or other contingencies attached to these grants.

9. Long term deposits

	2023	2022
Customers	309,194	165,667
Others	130,503	115,510
	439,697	281,177

These include interest free security deposits from stockists and suppliers and are repayable on cancellation/withdrawal of the dealership or on cessation of business with the Group. As per the agreements signed with these parties, the Group has the right to utilise the amounts for the furtherance of their business, hence, the amounts are not required to be kept in a separate account maintained in a scheduled bank. Therefore, the Group is in compliance with section 217 of the Companies Act, 2017. These deposits have not been carried at amortised cost since the effect of discounting is immaterial in the context of these consolidated financial statements.

		2023	2022
		(Rupees in thousand)	

10. Employee benefits obligations

		2023	2022
Staff gratuity	- note 10.1	657,255	530,909
Accumulating compensated absences	- note 10.2	192,259	181,730
		849,514	712,639

10.1 Staff gratuity

The amounts recognised in the consolidated statement of financial position are as follows:

	2023	2022
	(Rupees in thousand)	
Present value of defined benefit obligation	1,243,229	1,070,156
Fair value of plan assets	(585,974)	(539,247)
Liability as at June 30	657,255	530,909

10.1.1 Movement in net liability for staff gratuity

	2023	2022
Net liability as at beginning of the year	530,909	366,489
Current service cost	102,308	87,770
Net interest on defined benefit obligation	134,553	85,820
Return on plan assets during the year	(71,737)	(51,452)
	165,124	122,138
Total remeasurements for the year charged to consolidated statement of comprehensive income	42,105	75,842
Contributions made by the Group during the year	(80,883)	(33,560)
Net liability as at end of the year	657,255	530,909

10.1.2 Movement in present value of defined benefit obligation

	2023	2022
Present value of defined benefit obligation as at beginning of the year	1,070,156	882,460
Current service cost	102,308	87,770
Interest cost	134,553	85,820
Payments against opening payables	(5,638)	-
Benefits paid during the year	(76,560)	(36,694)
Remeasurements:		
- Actuarial losses from changes in financial assumptions	5,051	5,035
- Experience adjustments	13,359	45,765
	18,410	50,800
Present value of defined benefit obligation as at end of the year	1,243,229	1,070,156

10.1.3 Movement in fair value of plan assets

	2023	2022
Fair value of plan assets as at beginning of the year	539,247	516,091
Interest income on plan assets	71,737	51,452
Contributions during the year	80,883	33,560
Benefits paid during the year	(82,198)	(36,814)
Remeasurements in fair value of plan assets	(23,695)	(25,042)
Fair value of plan assets as at end of the year	585,974	539,247

10.1.4 Plan assets

Plan assets are comprised as follows:

	2023		2022	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Cash and bank balances	85,951	14.67%	75,008	14%
Debt instruments	500,023	85.33%	317,578	59%
Special Savings Certificates with accrued interest	-	0%	146,661	27%
	585,974	100.00%	539,247	100.00%

	2023	2022
	(Rupees in thousand)	

10.1.5 Charge for the year

	2023	2022
Current service cost	102,308	87,770
Interest cost	134,553	85,820
Interest income on plan assets	(71,737)	(51,452)
Total expense for the year	165,124	122,138

10.1.6 Total remeasurements charged to consolidated statement of comprehensive income

	2023	2022
Actuarial losses from changes in financial assumptions	5,051	5,035
Experience adjustments	13,359	45,765
	18,410	50,800
Remeasurements in plan assets, excluding interest income	23,695	25,042
	42,105	75,842

10.1.7 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumptions			Impact on defined benefit obligation				
				Increase in assumption			Decrease in assumption	
	2023	2022		2023	2022		2023	2022
Discount rate	3.00%	3.25%	Decrease by	8.11%	7.88%	Increase by	5.63%	6.63%
Salary growth rate	3.00%	3.25%	Increase by	5.70%	6.72%	Decrease by	8.29%	8.07%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

10.1.8 Risks associated with the defined benefit plan

- Final salary risk (linked to inflation risk) – the risk that the final salary at the time of cessation of service is greater than what is currently assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Demographic risks
Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- Investment risk – the risk of the investment underperforming and being not sufficient to meet the liabilities.

10.1.9 Expected contribution to the defined benefit plan for the year ending June 30, 2024 is Rs 140.800 million.

10.1.10 The weighted average duration of the defined benefit obligation is 7 years (2022 – 7 years). The expected benefit payment for the next 10 years and beyond is as follows:

	Less than a year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
	(Rupees in thousand)				
June 30, 2023	140,800	112,207	551,974	27,105,259	27,910,240
June 30, 2022	128,239	92,796	319,420	14,692,499	15,232,954

		2023	2022
		(Rupees in thousand)	
10.2 Accumulating compensated absences			
Opening balance		181,730	164,312
Charged to profit or loss		81,064	74,838
Payments made during the year		(23,623)	(34,484)
Liability as at year end		239,171	204,666
Current portion shown under current liabilities	- note 16	(46,912)	(22,936)
		192,259	181,730
10.2.1 Movement in liability for accumulating compensated absences			
Present value of accumulating compensated absences as at beginning of the year		181,730	164,313
Current service cost		61,391	57,930
Interest cost		19,406	13,560
Benefits due but not paid		(46,912)	(22,936)
Benefits paid during the year		(23,623)	(34,485)
Remeasurement in respect of experience adjustments		267	3,348
Present value of accumulating compensated absences as at year end		192,259	181,730
10.2.2 Charge for the year			
Current service cost		61,391	57,930
Interest cost		19,406	13,560
Remeasurement during the year		267	3,348
Total expense for the year		81,064	74,838

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

		2023	2022
Discount rate	Per annum	16.25%	13.25%
Expected rate of increase in salary	Per annum	15.25%	12.25%
Duration of the plan	Number of years	8	8
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

10.2.4 The sensitivity of the accumulating compensated balances to changes in the weighted principal assumptions is:

	Change in assumptions		Impact on defined benefit obligation					
				Increase in assumption			Decrease in assumption	
	2023	2022		2023	2022		2023	2022
Discount rate	3.00%	3.25%	Decrease by	7.14%	7.46%	Increase by	8.17%	8.58%
Salary growth rate	3.00%	3.25%	Increase by	8.08%	8.49%	Decrease by	7.17%	7.49%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the accumulating leave absences to significant actuarial assumptions the same method (present value of the accumulating compensated absences calculated with the projected unit credit method at the end of the reporting period) has been applied for valuation of balance of accumulating compensated absences in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

10.2.5 Risks associated with the accumulating compensated absences

- Final Salary Risk (linked to inflation risk) - the risk that the final salary at the time of cessation of service is greater than what we assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Demographic risks
Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

11. Deferred taxation

The net liability for deferred taxation comprises temporary taxable/(deductible) differences, unused tax credits and unused tax losses relating to:

	2023	2022
	(Rupees in thousand)	
Deferred tax liability		
Accelerated tax depreciation	18,211,618	12,879,979
Un-realised gain on investments - net	1,046,058	710,585
Gain arising from changes in fair value of biological assets	446,011	313,175
	19,703,687	13,903,739
Deferred tax asset		
Available unused minimum tax credit	(1,705,405)	(2,097,450)
Available unused Alternative Corporate Tax credit	(570,668)	(526,528)
Available unused tax losses	(5,684,910)	(5,512,677)
Loss allowance on financial assets	(86,235)	(17,318)
Employee benefit obligations	(349,606)	(207,535)
Others	(336)	(1,698)
	(8,397,160)	(8,363,206)
	11,306,527	5,540,533

		2023	2022
		(Rupees in thousand)	
The gross movement in net deferred tax liability during the year is as follows:			
Opening balance		5,540,533	3,784,340
Charged/(credited) to other comprehensive income		308,412	(66,140)
Charged to statement of profit or loss	- note 39	5,457,582	1,822,333
Closing balance		11,306,527	5,540,533

Deferred tax asset on tax losses and tax credits available for carry forward have been recognized to the extent that the realisation of related tax benefits is probable from reversal of existing taxable temporary differences and future taxable profits. Based on the Cement and Dairy segment's approved business plans, it is probable that sufficient taxable profits will be available for utilization of deferred tax assets. However, the Group has not recognised deferred tax asset in respect of minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 amounting to Rs 1,423.472 million (2022: Rs 703.646 million) as sufficient taxable profits would not be available to utilise these in the foreseeable future. These tax credits would expire as follows:

Accounting year to which minimum tax relates	Amount of minimum tax (Rupees in '000)	Accounting year in which minimum tax will expire
2019	261,895	2024
2021	30,649	2024
2020	576,740	2025
2022	554,188	2025
	1,423,472	

12. Trade and other payables

		2023	2022
		(Rupees in thousand)	
Trade creditors	- note 12.1	6,211,761	3,252,486
Bills payable		332,640	121,950
Infrastructure cess		379,981	340,804
Contract liability	- note 12.2	2,701,621	1,566,052
Accrued liabilities	- note 12.3	4,241,422	5,784,493
Workers' profit participation fund	- note 12.4	243,179	392,331
Workers' welfare fund	- note 12.5	32,673	22,004
Sales tax payable		295	321
Federal excise duty payable		-	733,298
Withholding tax payable		33,659	43,891
Retention money payable		32,679	39,481
Export commission payable		166,256	82,840
Others	- note 12.6	81,500	139,929
		14,457,666	12,519,880

12.1 Trade creditors includes amount due to the following related parties:

	2023	2022
Nishat Agriculture Farming (Private) Limited	19,635	22,191
Security General Insurance Company Limited	6,276	1,349
Adamjee Insurance Company Limited	2,085	58
Pakistan Aviators and Aviation (Private) Limited	512	-
Nishat Hotels and Properties Limited	9	-
	28,517	23,598

12.2 This represents contract liabilities of the Group towards various parties. Revenue recognised in the current year that was included in the contract liability balance of the Group at the beginning of the year amounts to Rs 1,363.440 million (2022: Rs 639.42 million).

12.3 Includes Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Group were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government of Pakistan in 24 equal monthly instalments. The Group has partially paid GIDC amounting to Rs 84.5 million. The Group also filed a Suit with the Sindh High Court against collection of GIDC instalments, before a factual determination of GIDC passed on to end consumers or not is carried out. The Sindh High Court granted a stay in March 2021 against recovery of GIDC payable from the Group till the finalisation of matter by the Court. The matter is currently pending in the Sindh High Court. The Group has followed the relevant accounting standards and guidelines of the Institute of Chartered Accountants of Pakistan (ICAP) in this regard.

		2023	2022
		(Rupees in thousand)	
12.4 Workers' profit participation fund			
The reconciliation of carrying amount is as follows:			
Opening balance		392,331	397,345
Provision for the year	- note 36	36,377	205,064
Interest for the year	- note 38	8,359	-
		437,067	602,409
Payments made during the year		(193,888)	(210,078)
Closing balance		243,179	392,331
12.5 Workers' welfare fund			
The reconciliation of carrying amount is as follows:			
Opening balance		22,004	116,617
Provision for the year	- note 36	19,800	17,257
		41,804	133,874
Reversal of prior year provision	- note 37	-	(96,051)
Payments made during the year		(9,131)	(15,819)
Closing balance		32,673	22,004

12.6 Includes payable to employees' provident fund amounting to Rs 0.803 million (2022: Rs 33.288 million).

		2023	2022
		(Rupees in thousand)	
13. Short term borrowings from financial institutions - secured			
Short term running finances/short term borrowings	- note 13.1	22,449,758	11,528,835
Import finances	- note 13.2	1,897,265	9,479,359
Export finances	- note 13.3	3,578,000	5,162,000
		27,925,023	26,170,194

13.1 Short term running finances/short term borrowings

Short term running finances available from various commercial banks under mark-up arrangements aggregate to Rs 44,975 million (2022: Rs 38,375 million). Such facilities are available at mark-up rates ranging from one to three months KIBOR plus -0.05% to 1.5% per annum (2022: one to three months KIBOR plus 0.05% to 1.5% per annum). The mark-up rate charged during the year on the outstanding balance ranged from 11.89% to 23.30% (2022: 7.35% to 15.81%) per annum and mark-up is payable monthly to quarterly. These are secured by joint registered charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments, receivables.

13.2 Import finances - secured

Import finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs 19,850 million (2022: Rs 23,020 million). Such facilities are available at mark-up rates ranging from one to six months KIBOR plus -0.10 % to 0.05% (2022: one to six months KIBOR plus 0.05% to 0.2%) per annum. The mark-up rate charged during the year on the outstanding balance ranged from 10.64% to 22.96% (2022: 7.39% to 15.18%) per annum and markup is payable on settlement. The aggregate import finances are secured by a registered charge on all present and future current assets of the Cement Segment wherever situated including stores and spares, stock in trade, trade debts, investments and other receivables.

13.3 Export finances - secured

Export finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs 15,250 million (2022: Rs 14,250 million). Such facilities are available at markup rate agreed as per State Bank of Pakistan plus 0.25% to 1.00% (2022: State Bank of Pakistan agreed rate plus 0.00% to 1.00%) per annum. The Export Finance Scheme rate has ranged from 2% to 18% throughout the year. These loans are obtained for a period of 180 days and are secured against joint pari passu hypothecation charge over current assets of the Cement segment.

13.4 Letters of credit and guarantees

Of the aggregate facility of Rs 51,825 million (2022: Rs 40,100 million) for opening letters of credit and Rs 4,850 million (2022: Rs 5,750 million) for guarantees, all being either main limits or sub-limits of the facilities, the amount utilised as at June 30, 2023 was Rs 26,057 million (2022: Rs 16,216 million) and Rs 2,825 million (2022: Rs 3,309 million) respectively. The facilities for opening letters of credit are secured against lien over import documents whereas aggregate facilities for guarantees are secured against registered joint pari passu charge over the present and future current assets of the Group. Of the facility for guarantees, Rs 14.48 million (2022: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 30.2.

14. Accrued markup

	2023	2022
	(Rupees in thousand)	
Accrued mark-up/interest on:		
- Long term finances - secured	721,925	452,632
- Short term borrowings - secured	1,135,718	476,194
	1,857,643	928,826

15. This represents unsecured and interest free loans provided by the three directors (including Chief Executive) of Nishat Dairy (Private) Limited to finance the working capital requirements. The loan amount was fully repaid during the year.

16. Current portion of non-current liabilities

		2023	2022
		(Rupees in thousand)	
Loans under refinance scheme	- note 7.1.2	941,873	1,184,770
Long term finances	- note 7.2.2	6,731,940	6,110,326
Accumulating compensated absences	- note 10.2	46,911	22,936
Deferred government grant	- note 8	176,663	218,710
		7,897,387	7,536,742

17. Contingencies and commitments

17.1 Contingencies

Contingent assets:

17.1.1 The matter relating to interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 (1944 Act) has now attained finality after having been adjudicated by the honourable Supreme Court of Pakistan through its judgment dated 27 January 2009 (upholding its previous judgment dated 15 February

2007). The longstanding controversy between the Revenue Department and the tax payers related primarily to finer interpretation of the provisions of section 4(2) of the 1944 Act wherein the department had a view that excise duty shall be included as a component for determination of the value (retail price) for levying excise duty. The departmental view, being against the spirit of law, was challenged by the taxpayers in appeals before the honourable High Courts of Pakistan which, duly appreciating the contentions of the taxpayers, overturned the departmental view and succeeded the appeals.

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

17.1.2 The Income Tax Officer, while framing the assessments for the assessment years 1984-85 to 1990-91, has taxed the income of the 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.

Contingent liabilities:

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

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

After various appeals at different forums, the honourable Supreme Court of Pakistan remanded the case back to the Customs Authorities to reassess the liability of the Group. The custom authorities re-determined the liability of the Group upon which the Group preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Group, upon which the Group discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench on November 19, 2013. Last hearing of the case was conducted on June 25, 2018. In case of any adverse decision, the management assesses liability to the tune of Rs 233.390 million. No provision for this amount has been made in the financial statements as according to the management of the Group, there are meritorious grounds that the ultimate decision would be in its favour.

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

The vires of the Competition Commission of Pakistan have been challenged by a large number of petitioners and all have been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution of Pakistan. The Honourable Supreme Court of Pakistan sent the appeals of the petitioners to newly formed Competition Appellate Tribunal ('CAT') to decide the matter. The Group has challenged sections 42, 43 and 44 of the Competition Act, 2010 in the Sindh High Court. The Honourable Sindh High Court upon petition filed by large number of petitioners gave direction to CAT to continue with the proceedings and not to pass a final order till the time petition is pending in Sindh High Court. No provision for this amount has been made in the financial statements as according to the management of the Group, there are meritorious grounds that the ultimate decision would be in its favour.

17.1.5 The Group, consequent to the order-in-appeal passed by the learned Customs, Federal Excise and Sales Tax Appellate Tribunal, Lahore, filed a petition before the Lahore High Court on March 27, 2008, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period from June 13, 1997 to August 11, 1998. Last hearing of the case was conducted on December 17, 2015. According to the legal counsel of the Group, chances of favourable outcome of the petition are fair, therefore the payable amount has not been incorporated in these consolidated financial statements amounting to Rs 212.239 million.

17.1.6 On August 31, 2021, the Lahore High Court has granted interim relief to the Group in respect of a writ petition filed by the Group to challenge a showcause notice issued by the Deputy Commissioner Inland Revenue (DCIR) dated July 02, 2021, whereby, it was alleged that the Group had claimed inadmissible input tax for the periods from July 2018 to December 2020 aggregating Rs 1,384.644 million primarily related to construction/building material.

During the year, the Lahore High Court through its order dated March 31, 2023, directed the DCIR to constitute a team of qualified/experts to attain an on-site/physical verification, clarifying the fact that whether the items on which input tax claimed by the Group has been done as per provisions of Sales Tax Act, 1990 or not. The said team will visit the manufacturing premises of the Group in order to verify each and every invoice to conclude whether the goods thereunder have been used for the purpose of taxable activity of making taxable supply. After completion of the said exercise, the matter will be finally decided by the Lahore High Court.

As per management, meritorious grounds exist to support the position that the ultimate decision would be in its favour wherein such claim of input tax would be allowed to the Group. Therefore, such credit of input sales tax has not been reversed in these consolidated financial statements. However, in case of an adverse decision, such input sales tax shall be reversed and will become part of the cost of the related fixed assets that would result in increase in depreciation charge of such fixed assets over their remaining useful lives. Consequently, no provision has been made in these consolidated financial statements on this account.

17.1.7 The DCIR passed an order dated August 20, 2021 for tax periods July 2017 to June 2018, whereby, a demand was raised for recovery of sales tax of Rs 5,795.981 million, including applicable default surcharge and penalty (amounting to Rs 275.999 million) imposed under sections 34 and 33(5) of the Sales Tax Act, 1990 respectively. The demand was raised mainly on account of alleged suppression of production and sales of cement and disallowance of input sales tax on various goods and services (including that related to fixed assets and building materials).

Further for these tax periods, a Federal Excise Duty ('FED') demand of Rs 2,884.751 million, along with applicable default surcharge and penalty was also raised by the DCIR on November 30, 2021 under relevant provisions of the Federal Excise Act, 2005 solely on account of alleged suppression of production and sales of cement on bases identical to those framed through order dated August 20, 2021.

The Group had preferred appeal before the Commissioner Inland Revene (Appeals) ('CIR(A)') against the said orders, whereby CIR(A) through order dated March 29, 2022 decision has been made in the Group's favour as the matter has been remanded back to learned DCIR to adjudicate the matter afresh. The department has, however, appealed against this decision before the ATIR.

The management, on the basis of consultation with its legal counsel and the favorable decision of the CIR(A), considers that meritorious grounds exist to defend the Group's stance and that such sales tax & FED demands are not likely to sustain appellate review by appellate authorities. Consequently, no provision has been created in these consolidated financial statements on this account.

17.1.8 The Group filed an appeal before the Commissioner Inland Revenue CIR(A), against the amended assessment order 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 thereby reducing the declared loss of tax year 2011 by Rs 56.19 million. Further, the amount of refund was reduced by Rs 2.05 million through levy of Workers Welfare Fund. The CIR(A) upheld the additions of Rs 55.63 million as valid against which the Group filed an appeal before the Appellate Tribunal Inland Revenue which is pending adjudication. The management, based on the advice of its legal counsel, is confident that there are strong arguments and 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.

17.1.9 Commissioner Inland Revenue amended the assessments made for tax years 2016 and 2017 through order passed under section 122 (5A) of the Income Tax Ordinance, 2001 and disallowed the adjustments on account of brought forward 'minimum' taxes of Rs 72.653 million and Rs 44.850 million claimed under section 113 and 113C of the Income Tax Ordinance, 2001 against normal tax liabilities pertaining to tax year 2016 and 2017 respectively.

The Group preferred an appeal before the CIR(A) against the order. CIR(A) accepted the appeals and allowed tax credits in respect of minimum taxes subject to due verification by the department. Commissioner Inland Revenue preferred an appeal before the Appellate Tribunal Inland Revenue which is pending adjudication. Management, on the basis of legal advice from its consultant believes that there are reasonable arguments that the decision would be in favour of the Group and accordingly, no provision has been made in these consolidated financial statements.

17.1.10 Assistant / Deputy Commissioner Inland Revenue (ADCIR) through an order dated July 11, 2023 under section 170(3) of the Income Tax Ordinance, 2001, has issued the refund for adjustment against the advance tax liability for the tax year 2024 to the extent of Rs 62.370 million with the remaining refund of Rs 95.180 million was not allowed on account of disallowance of the adjustment of the minimum tax brought forward under section 113(2)(c) of the Income Tax Ordinance, 2001 for the tax year 2018 and non-verification of tax payments / want of relevant documentary evidence. The Group is in process of preferring an appeal before the CIR(A). Management, on the basis of legal advice from its consultants believes that there are reasonable arguments that the decision would be in favour of the Group and accordingly, no provision has been made in these consolidated financial statements.

17.1.11 The banks have issued the following guarantees on Group's behalf in favour of:

- Collector of Customs, Excise and Sales Tax against levy of sales tax, custom duty and excise amounting to Rs 30.538 million (2022: Rs 30.538 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 1,177.900 million (2022: Rs 1,287.900 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2022: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use at plants at Khairpur and at D.G. Khan respectively amounting to Rs 544.414 million (2022: Rs 544.414 million).

- Sindh High Court against levy of sales tax, custom duty and excise amounting to Rs 228.174 million (2022: Rs 176.860 million).

- Pakistan Railways against supply of cement amounting to Rs 5.906 million (2022: Rs 7.075 million).

- Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess amounting to Rs 26 million (2022: Rs 22 million).

- Metro Habib Cash and Carry against purchase of goods and supplies on credit amounting to Rs 2 million (2022: Rs 2 million).

- Sui Northern Gas Pipelines Limited against connection of gas supply for Sukheki Farm amounting to Rs 26.6 million (2022: Rs 26.6 million).

- Directorate General of Customs Valuation, Custom House Karachi on account of valuation ruling amounting to Rs 21.770 million (2022: Rs 22.650 million).

- The Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs 177.420 million (2022: Rs 136.920 million).

17.1.12 The Group has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs 1,238.471 million (2022: Rs 1,262.243 million).

17.1.13 The Group has issued a post dated cheque in favour of Nazir of the High Court of Sindh amounting to Rs 227.760 million (2022: Rs 227.760 million) against the Industrial Support Package Adjustment on K-Electric electricity bills.

17.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 520.310 million (2022: Rs 191.251 million).

(ii) Letters of credit for capital expenditure Rs 93.980 million (2022: Rs 1,254.466 million).

(iii) Letters of credit other than capital expenditure Rs 1,246.104 million (2022: Rs 3,037.820 million).

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

	2023	2022
	(Rupees in thousand)	
Not later than one year	425	425
Later than one year and not later than five years	1,699	1,699
Later than five years	3,474	3,887
	5,598	6,011

18. Property, plant and equipment

		2023	2022
Operating fixed assets	- note 18.1	83,234,634	85,392,522
Capital work-in-progress	- note 18.2	2,166,286	775,868
Major spare parts and stand-by equipment	- note 18.3	199,546	145,664
		85,600,466	86,314,054

18.1 Operating fixed assets

2023 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2022	Additions / (deletions)	Reclassification to assets held for sale	Cost as at June 30, 2023	Accumulated depreciation as at July 01, 2022	Depreciation charge/ (deletions) for the year	Reclassification to assets held for sale	Accumulated depreciation as at June 30, 2023	Book value as at June 30, 2023
Freehold land - note 18.1.2	-	2,210,321	201,438	-	2,395,454	-	-	-	-	2,395,454
			(16,305)							
Leasehold land	3.33	263,000	-	-	263,000	51,007.00	8,767	-	59,774	203,226
Buildings on freehold land and leasehold land										
- Factory building	5 to 10	25,123,665	65,003	-	25,188,668	8,709,701	869,750	-	9,579,451	15,609,217
- Office building and housing colony	5	3,999,199	58,452	-	4,057,651	1,117,019	151,436	-	1,268,455	2,789,196
Roads	10	2,465,711	2,630	-	2,468,341	1,019,560	144,768	-	1,164,328	1,304,013
Plant and machinery	3 to 9	81,505,530	1,487,306	(322,708)	82,669,936	25,013,565	2,353,848	(150,070)	27,217,343	55,452,593
			(192)							
Factory equipment	10	120,656	152,177	-	180,575	266,289	72,500	-	255,394	(74,819)
			(92,258)				(83,395)			
Quarry equipment	10	4,574,718	5,914	-	4,580,632	2,241,466	165,716	-	2,407,182	2,173,450
Furniture, fixture and office equipment	10 to 30	1,137,064	62,249	-	1,136,344	788,114.00	46,822	-	776,666	359,678
			(62,969)				(58,270)			
Vehicles	20	1,173,460	180,038	-	1,325,546	569,605.00	105,122	-	659,379	666,167
			(27,952)				(15,348)			
Aircraft	30	328,752	-	-	328,752	318,416.00	3,084	-	321,500	7,252
Power and water supply lines	10	4,177,077	20,877	-	4,197,954	1,591,889.00	256,858	-	1,848,747	2,349,207
		127,079,153	2,236,084	(322,708)	128,792,853	41,686,631	4,178,671	(150,070)	45,558,219	83,234,634
			(199,676)				(157,013)			

2023

(Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2022	Additions / (deletions)	Reclassification to assets held for sale	Cost as at June 30, 2023	Accumulated depreciation as at July 01, 2022	Depreciation charge/ (deletions) for the year	Reclassification to assets held for sale	Accumulated depreciation as at June 30, 2023	Book value as at June 30, 2023
Freehold land - note 18.1.2	-	2,191,463	18,858	-	2,210,321	-	-	-	-	2,210,321
Leasehold land	3.33	263,000	-	-	263,000	42,240	8,767	-	51,007	211,993
Buildings on freehold land and										
leasehold land										
- Factory building	5 to 10	23,868,943	1,254,722	-	25,123,665	7,829,527	880,174	-	8,709,701	16,413,964
- Office building and housing colony	5	3,617,946	381,253	-	3,999,199	974,946	142,073	-	1,117,019	2,882,180
Roads	10	2,338,473	127,238	-	2,465,711	866,965	152,595	-	1,019,560	1,446,151
Plant and machinery	3 to 9	74,677,616	6,827,914	-	81,505,530	22,712,515	2,301,050	-	25,013,565	56,491,965
Factory equipment	10	120,369	287	-	120,656	262,683	3,606	-	266,289	(145,633)
Quarry equipment	10	4,572,439	2,279	-	4,574,718	2,057,735	183,731	-	2,241,466	2,333,252
Furniture, fixture and office equipment	10 to 30	1,074,605	62,652	-	1,137,064	679,110	109,016	-	788,114	348,950
			(193)				(12)			
Vehicles	20	1,029,729	219,069	-	1,173,460	521,083	98,042	-	569,605	603,855
			(75,338)				(49,520)			
Aircraft	30	328,752	-	-	328,752	314,010	4,406	-	318,416	10,336
Power and water supply lines	10	4,107,766	69,311	-	4,177,077	1,319,343	272,546	-	1,591,889	2,585,188
		118,191,101	8,963,583	-	127,079,153	37,580,157	4,156,006	-	41,686,631	85,392,522
			(75,531)				(49,532)			

18.1.1 Freehold land and building include book values of Rs 12 million (2022: Rs 12 million) and Rs 4.252 million (2022: Rs 4.475 million) respectively which are held in the name of Chief Executive. This property is located in the locality of Defence Housing Authority, Lahore, where the bye-laws restrict transfer of title of the residential property in the name of the Group.

18.1.2 Following are the particulars of the Group's immovable fixed assets:

			2023	2022
Cement segment	**Location**	**Usage of immovable property**	**Total Area (in Acres)**	
	Hub, Mauza Chichai, Balochistan	Plant site and staff colony	1462.5	1467.5
	Khairpur district, Chakwal, Punjab	Plant site and staff colony	901.5	901.5
	Kanrach Nai, District Lasbela, Balochistan	Source of raw material	723.14	723.14
	Dera Ghazi Khan, Punjab	Plant site and staff colony	590	590
	Lakho Dair, Lahore, Punjab	Processing site	44	44
	Gulberg, Lahore, Punjab	Administrative offices	1.5	1.5
	Others	Sales offices	0.28	0.28
Dairy segment	Moza Katrani Tehsil Pindi Bhattian, District Hafizabad, Sukheki	Plant site	214.57	214.57
	Moza Harsa Attla Tehsil Pindi Bhattian, District Hafizabad, Sukheki	Plant site	0.75	0.75

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

		2023	2022
		(Rupees in thousand)	
Cost of sales	- note 33	4,098,393	4,088,790
Administrative expenses	- note 34	68,481	56,022
Selling and distribution expenses	- note 35	11,797	11,194
		4,178,671	4,156,006

18.1.4 Book values of operating fixed assets consist of the following with respect to operating segments:

	Cement segment		Paper segment		Dairy segment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)							
Plant and machinery	53,949,008	54,714,203	1,131,921	1,363,704	413,131	414,058	55,494,060	56,491,965
All other assets	26,090,237	27,219,825	172,602	192,931	1,477,735	1,487,801	27,740,574	28,900,557
Total	80,039,245	81,934,028	1,304,523	1,556,635	1,890,866	1,901,859	83,234,634	85,392,522

18.1.5 Sale of operating fixed assets

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

2023 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss) on sale	Mode of sale
Freehold land	**Outside party**					
	Muhammad Ahmed	16,305	16,305	187,500	171,195	Negotiation
Vehicles	**Outside party**					
	Captain Ijaz	4,254	3,185	3,185	-	Auction
	Related party					
	Security General Insurance Company Limited	7,610	3,452	7,552	4,100	Insurance claim
	Employees					
	Ijaz Khalid	1,851	688	688	-	As per Group Policy
	Muhammad Amin	2,096	738	738	-	-do-
	Abid Naseer	1,847	601	601	-	-do-

2022 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (loss) on sale	Mode of sale
Plant and machinery	**Outside parties**					
	Syed Raza	15,536	3,528	9,000	5,472	Negotiation
	Muhammad Ali Hijazi	10,502	9,113	7,700	(1,413)	Negotiation
	M/s Mindbridge (Private) Limited	40,775	9,981	75,000	65,019	Auction
	Related party					
	Security General Insurance Company Limited	3,323	1,106	3,288	2,182	Insurance claim

18.2 Capital work-in-progress

2023 (Rupees in thousand)

	Balance as at July 1, 2022	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Charged off during the year	Transfers within capital work-in-progress	Transfers to operating fixed assets	Transfers to major spare parts and stand by equipment	Balance as at June 30, 2023
Civil works	367,636	587,365	-	(2,243)	-	(176,488)	-	776,270
Plant and machinery	330,636	2,127,672	-	-	125,138	(1,331,371)	-	1,252,075
Advances to suppliers and contractors	64,163	164,803	-	-	(125,138)	(12,234)	-	91,594
Others	13,433	23,512	89,652	(25,318)	-	(54,932)	-	46,347
	775,868	2,903,352	89,652	(27,561)	-	(1,575,025)	-	2,166,286

2022 (Rupees in thousand)

	Balance as at July 1, 2021	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Charged off during the year	Transfers within capital work-in-progress	Transfers to operating fixed assets	Transfers to major spare parts and stand by equipment	Balance as at June 30, 2022
Civil works	1,548,573	449,645	-	(929)	-	(1,629,653)	-	367,636
Plant and machinery	5,866,231	584,543	59,578	554	152,220	(6,303,956)	(28,534)	330,636
Advances to suppliers and contractors	84,336	132,047	-	-	(152,220)	-	-	64,163
Others	321,295	121,390	-	(396)	-	(428,856)	-	13,433
	7,820,435	1,287,625	59,578	(771)	-	(8,362,465)	(28,534)	775,868

	2023	2022
	(Rupees in thousand)	

18.3 Major spare parts and stand-by equipment

The reconciliation of carrying amount is as follows:

	2023	2022
Balance at the beginning of the year	145,664	153,128
Additions during the year	432,596	131,525
	578,260	284,653
Transfers made during the year	(378,714)	(138,989)
Balance at the end of the year	199,546	145,664

18.4 All operating fixed assets of Cement and Paper segments are pledged as security against long term finances as referred to in note 7.

	2023	2022
	(Rupees in thousand)	

19. Intangible assets

This represents computer software. The reconciliation of carrying amount is as follows:

		2023	2022
COST			
Balance as at July 01		21,500	-
Additions during the year		-	21,500
Balance as at June 30		21,500	21,500
AMORTIZATION			
Balance as at July 01		4,181	-
Charge for the year	- note 34	7,166	4,181
Balance as at June 30		11,347	4,181
Book value as at June 30		10,153	17,319
Annual amortisation rate %		33.33%	33.33%

20. This represents dairy livestock. It consists of the following:

		2023	2022
- Mature		864,610	724,325
- Immature		284,025	240,025
- Bulls		1,977	645
	- note 20.1	1,150,612	964,995

20.1 Reconciliation of carrying amounts of dairy livestock

		2023	2022
Opening balance		964,995	877,563
Fair value gain due to new births		137,742	97,570
Changes in fair value (due to price change, exchange fluctuations and biological transformation)	- note 20.3	303,714	205,463
		441,456	303,033
Decrease due to deaths/livestock losses		(27,795)	(24,018)
Decrease due to sale of livestock		(228,044)	(191,583)
		(255,839)	(215,601)
Carrying amount at the end of the year which approximates the fair value		1,150,612	964,995

20.2 As at June 30, 2023, the Group held 3,535 (2022: 3,270) mature assets able to produce milk and 3,319 (2022: 3,086) immature assets that are being raised to produce milk in the future. During the year, 2,678 (2022: 2,054) cows were sold. During the year, the Group produced approximately 36.53 million (2022: 31.65 million) gross litres of milk from these biological assets. As at June 30, 2023, the Group also held 50 (2022: 25) immature male calves.

20.3 The valuation of dairy livestock as at June 30, 2023 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, 2023. Further, market and replacement values of similar livestock from active markets in Pakistan have been used as basis of valuation model by the independent valuer. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing.

21. Investments

These represent the long term investments in:

		2023	2022
		(Rupees in thousand)	
- Related parties	- note 21.1	11,305,496	10,556,380
- Others	- note 21.2	168,693	79,718
		11,474,189	10,636,098

21.1 Related parties

		2023	2022
FVOCI - quoted:			
Nishat (Chunian) Limited 7,173,982 (2022: 7,173,982) fully paid ordinary shares of Rs 10 each Equity held: 2.99% (2022: 2.99%) Cost - Rs 75.565 million (2022: Rs 75.565 million)		145,632	321,323
MCB Bank Limited 25,915,699 (2022: 22,849,265) fully paid ordinary shares of Rs 10 each Equity held: 2.190% (2022: 1.930%) Cost - Rs 767.830 million (2022: Rs 405.970 million)		2,966,570	2,810,016
Adamjee Insurance Company Limited 27,877,735 (2022: 27,877,735) fully paid ordinary shares of Rs 10 each Equity held: 7.97% (2022: 7.97%) Cost - Rs 1,239.698 million (2022: Rs 1,239.698 million)		630,873	879,821
Nishat Mills Limited 30,289,501 (2022: 30,289,501) fully paid ordinary shares of Rs 10 each Equity held: 8.61% (2022: 8.61%) Cost - Rs 1,326.559 million (2022: Rs 1,326.559 million)		1,719,535	2,238,748
	sub-total	5,462,610	6,249,908
FVOCI - unquoted:			
Nishat Hotels and Properties Limited 104,166,667 (2022: 104,166,667) fully paid ordinary shares of Rs 10 each Equity held: 8.55% (2022: 8.55%%) Cost - Rs 1,041.667 million (2022: Rs 1,041.667 million)	- note 21.1.1	1,995,782	1,920,481
Hyundai Nishat Motor (Private) Limited 195,623,000 (2022: 94,873,000) fully paid ordinary shares of Rs 10 each Equity held: 10% (2022: 10%) Cost - Rs 1,956.23 million (2022: Rs 948.7 million)	- note 21.1.2	3,847,104	2,385,991
		5,842,886	4,306,472
		11,305,496	10,556,380

21.1.1 This represents investment in the ordinary shares of Nishat Hotels and Properties Limited ('NHPL') which is principally engaged in establishing and managing a multi-purpose facility including a shopping mall, hotel and banquet halls in Johar Town, Lahore, by the name of 'Nishat Emporium'. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the Group has estimated a fair value of Rs 19.16 per ordinary share as at June 30, 2023 (2022: Rs 18.44 per share) through a valuation technique based on discounted cash flow analysis of NHPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 48.3 to these financial statements. The fair value gain of Rs 75.300 million recognised during the year is included in other comprehensive income.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL.

- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

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

- Discount rate of 16.68% per annum.

- Long term growth rate of 2% per annum for computation of terminal value.

- Annual growth in costs is linked to inflation with a range of 6.50% to 25.60% 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, 2023 would be Rs 209.375 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, 2023 would be Rs 71.875 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2023 would be Rs 21.875 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2023 would be Rs 15.625 million lower.

21.1.2 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. During the year, the Group under right issue acquired further equity shares of HNMPL amounting to Rs 1,007.500 million (fully paid shares of Rs 10 each). Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Group has estimated a fair value of Rs 19.67 per ordinary share as at June 30, 2023 (2022: Rs 25.15 per share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 48.3 to these financial statements. The fair value gain of Rs 453.612 million recognised during the year is included in other comprehensive income.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.

- Long term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

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

- Discount rate of 23.80% per annum.

- Long term growth rate of 2% per annum for computation of terminal value.

- Annual growth in costs are linked to inflation and currency devaluation at 15% per annum and revenues are linked to currency devaluation at 15% 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, 2023 would be Rs 191.977 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, 2023 would be Rs 77.093 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2023 would be Rs 317.710 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2023 would be Rs 30.499 million lower.

		2023	2022
		(Rupees in thousand)	
21.2 Others			
FVOCI - quoted:			
Pakistan Petroleum Limited			
821,626 (2022: 821,626) fully paid ordinary shares of Rs 10 each Equity held: 0.03% (2022: 0.03%) Cost - Rs 117.405 million (2022: Rs 117.405 million)		48,591	55,468
United Bank Limited			
214,354 (2022: 214,354) fully paid ordinary shares of Rs 10 each Equity held: 0.02% (2022: 0.02%) Cost - Rs 33.646 million (2022: Rs 33.646 million)		25,195	24,250
Nishat (Chunian) Power Limited			
5,683,067 (2022: Nil) fully paid ordinary shares of Rs 10 each Equity held: 1.55% (2022: Nil) Cost - Rs 102.408 million (2022: Nil)		94,907	-
		168,693	79,718
21.3 Reconciliation of carrying amount			
Balance as at beginning of the year		10,636,098	13,718,917
Investments made during the year	- note 21.3.1	1,369,359	68,433
Shares received as a result of merger scheme	- note 21.3.2	102,408	-
		12,107,865	13,787,350
Fair value loss recognized in other comprehensive income		(633,676)	(3,151,252)
Balance as at end of the year		11,474,189	10,636,098

23.2.1 This includes 100.75 million shares acquired against right issue of HNMPL at a par value of Rs 10 per ordinary share.

21.3.2 Pursuant to the Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst Nishat (Chunian) Limited and its members and Nishat Chunian Properties (Private) Limited and its members duly sanctioned by Honorable Lahore High Court, Lahore, the Group on, 18 August 2022, received 5,683,067 ordinary shares of Nishat Chunian Power Limited as one of the principal objects of the Scheme was to make Nishat (Chunian) Limited and Nishat Chunian Power Limited totally independent of each other by the transfer amongst the members of Nishat (Chunian) Limited of 187,585,820 ordinary shares of Nishat Chunian Power Limited owned by Nishat (Chunian) Limited. Hence, the Group has also become a shareholder of Nishat Chunian Power Limited with effect from August 18, 2022.

21.4 3,860,267 (2021: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

22. Long term loans to employees

		2023	2022
		(Rupees in thousand)	
Long term loans - considered good		9,097	18,352
Less: Current portion shown under current assets	- note 29	(9,097)	(17,160)
		-	1,192

This represents interest free loans given to employees, receivable in monthly instalments in accordance with the Group's policy. These loans are secured against the accumulated provident fund balance of the relevant employee. These loans have not been carried at amortised cost as the effect of discounting is not considered material. The total balance includes amounts due from executives of Rs 8.23 million (2022: Rs 13.23 million).

24. Stores, spare parts and loose tools

	2023	2022
	(Rupees in thousand)	
Stores [including in transit: Rs 1,028.872 million (2022: Rs 160.027 million)]	6,746,470	9,726,849
Spare parts [including in transit Rs 294.019 million (2022: Rs 259.788 million)]	7,317,381	7,284,465
Loose tools	62,288	55,085
	14,126,139	17,066,399

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

25. Stock-in-trade

		2023	2022
		(Rupees in thousand)	
Raw materials [including in transit Rs 328.380 million (2022: Rs 221.340 million)]		2,079,012	918,910
Packing material		491,853	324,462
Animal forage		856,024	566,741
Work-in-process	- note 33	6,199,920	4,612,748
Finished goods	- note 33	1,610,637	845,683
		11,237,446	7,268,544

26. Trade debts

		2023	2022
- Related parties	- note 26.1	15,347	19,013
- Others		1,427,713	1,693,031
		1,443,060	1,712,044
Loss allowance	- note 26.2	(220,509)	(120,528)
		1,222,551	1,591,516

	2023	2022
	(Rupees in thousand)	

26.1 This is from the following related parties:

	2023	2022
Nishat Hospitality (Private) Limited	-	107
Nishat Hotels and Properties Limited	-	1,154
Nishat Mills Limited	1,777	5,575
Hyundai Nishat Motor (Private) Limited	11,689	12,037
Pakistan Aviators And Aviation (Private) Limited	1,877	-
Nishat Agriculture Farming (Private) Limited	4	140
	15,347	19,013

26.1.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs 44.763 million (2022: Rs 19.013 million). The aging analysis of trade debts from related parties that are past due and carry loss allowance is as follows:

	2023	2022
	(Rupees in thousand)	
Up to 90 days	15,343	15,800
91 to 180 days	4	1,394
181 to 365 days	-	330
Above 365 days	-	1,489
	15,347	19,013
Loss allowance	(2,213)	(724)
	13,134	18,289

26.2 The reconciliation of loss allowance is as follows:

	2023	2022
Balance at the beginning of the year	120,528	135,597
Loss allowance charged/(reversed) during the year	99,981	(15,069)
Balance as at end of the year	220,509	120,528

27. This represents the Group's right to consideration for work completed but not billed at the reporting date on made to order paper products. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

28. Investments

		2023	2022
		(Rupees in thousand)	
FVOCI - quoted:			
Related parties	- note 28.1	9,270,898	9,962,421
At FVPL			
Others		15	19
	- note 28.2	9,270,913	9,962,440
At Amortized Cost			
Term deposit certificates	- note 28.3	13,000	4,000
		9,283,913	9,966,440

		2023	2022
		(Rupees in thousand)	
28.1	This represents the following quoted investments in related parties:		
	Nishat (Chunian) Limited		
	100,620 (2022: 100,620) fully paid ordinary shares of Rs 10 each		
	Equity held: 0.042% (2022: 0.042%)		
	Cost - Rs 0.832 million (2022: Rs 0.832 million)	2,043	4,507
	MCB Bank Limited		
	80,971,917 (2022: 80,971,917) fully paid ordinary shares of Rs 10 each		
	Equity held: 6.83% (2022: 6.83%)		
	Cost - Rs 478.234 million (2022: Rs 478.234 million)	9,268,855	9,957,914
		9,270,898	9,962,421
28.2	**Reconciliation of carrying amount**		
	Opening balance	9,962,440	12,946,812
	Fair value loss recognized in other comprehensive income	(691,523)	(2,984,365)
	Fair value loss recognized in profit or loss	(4)	(7)
	Closing balance	9,270,913	9,962,440

28.3 This represents term deposit receipts having maturity of three months from the date of purchase. These bear markup at the rates of 16.25% to 19.75% (2022: 6.2% to 8.25%) per annum.

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

		2023	2022
		(Rupees in thousand)	
Current portion of loans to employees		9,097	17,895
Advances			
- To employees		115,574	95,773
- To suppliers		89,831	612,593
		205,405	708,366
Prepayments		15,845	13,770
Due from related parties	- note 29.1	6,686	3,331
Letters of credit - margins, deposits, opening charges, etc.		77,320	148,078
Balances with statutory authorities:			
- Sales tax	- notes 29.2 & 29.3	1,280,317	815,420
- Excise duty		16,713	-
- Export rebate		13,430	10,071
		1,310,460	825,491
Other advances		-	106,907
Other receivables	- note 29.4	65,872	8,692
		1,690,685	1,832,530
Loss allowance		(1,631)	(1,631)
		1,689,054	1,830,899

		2023	2022
		(Rupees in thousand)	

29.1 Includes amounts due from the following related parties:

		2023	2022
Nishat Mills Limited		62	-
Nishat Linen (Private) Limited		2,141	1,175
Hyundai Nishat Motor (Private) Limited		8	320
Nishat Sutas Dairy Limited		489	1,836
Nishat Agriculture Farming (Private) Limited		3,986	-
	- note 29.1.2	6,686	3,331

29.1.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs 6.686 million (2022: Rs 3.331 million). The balances have an age of upto 90 days.

29.2 Sales tax recoverable includes amounts which have been recovered by the sales tax department against miscellaneous demands raised by it. The Group has filed appeals against the demands at different forums as referred to in note 17.

29.3 The vires of section 8(h) and (i) of the Sales Tax Act, 1990 (the "Sales Tax Act"), in the context of disallowance of adjustment of input tax on goods used for taxable services, was called in question by the Group. The honourable Lahore High Court vide its order dated January 29, 2020 on the basis of its reading of sections 7 and 8 of the Sales Tax Act, observed that input tax paid on goods can be deducted or reclaimed, only if such goods are used for the purpose of taxable supplies. Thus, in light of the said observation, the case was disposed of with a direction to the tax authorities to determine each and every case on its merits and allow adjustment of input tax on goods used for taxable supplies. Management is confident that the input tax already claimed shall not be disallowed by the relevant tax authorities.

29.4 Includes a receivable of Rs 5.793 million (2022: Rs 6.160 million) from Hyundai Nishat Motor (Private) Limited, being a related party of the Group. The maximum aggregate amount outstanding at the end of any month during the year of Hyundai Nishat Motor (Private) Limited was Rs 5.793 million (2022: Rs 6.160 million). This amount is neither past due nor impaired.

30. Cash and bank balances

		2023	2022
		(Rupees in thousand)	
At banks:			
Saving accounts:			
- Local currency	- notes 30.1, 30.2 & 30.3	275,197	91,840
- Foreign currency: US$ 1,481,054 (2022: US$ 1,277,401)		423,567	261,671
Current accounts:			
- Local currency		353,172	75,122
- Foreign currency: US$ 547,892 (2022: Nil)		132,969	-
		1,184,905	428,633
In hand		14,955	2,525
		1,199,860	431,158

30.1 The balances in saving accounts bear mark-up at rates ranging from 11.5% to 19.5% (2022: 5.5% to 12.25%) per annum.

30.2 Included in balances at banks on saving accounts are Rs 14.480 million (2022: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.4.

30.3 Included in balances at banks in saving accounts is Rs 0.004 million (2022: Rs 0.004 million) which relates to unpaid dividend held by the Group.

31. Non-current assets classified as held for sale

In February 2023, management committed to a plan to sell one of Paper segment's production line. Accordingly, that asset is presented as asset held for sale in accordance with IFRS-5 'Non-current Assets Held for Sale and Discontinued Operations'. Efforts to sell the asset have started and sale of asset is expected within one year.

At June 30, 2023, the assets held for sale were stated at carrying amount being lower than the fair value less cost to sell.

		2023	2022
		(Rupees in thousand)	
Plant and machinery	- note 18.1	172,638	-
		172,638	-

32. Revenue

		2023	2022
Local sales	- note 32.1	81,890,688	72,262,023
Export sales	- note 32.2	9,442,414	9,472,015
		91,333,102	81,734,038
Less:			
Sales tax and federal excise duty		19,727,348	19,173,790
Trade discount		744,926	475,815
Commission to stockists and export agents		293,347	190,609
Ocean freight	- note 32.3	72,280	239,991
		20,837,901	20,080,205
		70,495,201	61,653,833

32.1 This includes unbilled revenue amounting to Rs 67.400 million (2022: Rs 24.360 million).

32.2 It includes rebate and incentive on exports amounting to Rs 3.67 million (2022: Rs 7.53 million) and Rs 20.197 million (2022: Nil) respectively. Incentive is received due to early shipment made under the contract.

32.3 Represents freight cost incurred upon shipping goods to export customers under cost and freight terms in the capacity of agent.

33. Cost of sales

		2023	2022
		(Rupees in thousand)	
Raw and packing materials consumed		4,277,672	4,246,733
Forage		3,228,205	1,817,314
Medicines and related items		194,760	128,200
Salaries, wages and other benefits	- note 33.1	5,103,541	4,283,493
Fuel and power		38,446,526	33,448,122
Stores and spares consumed		4,141,863	3,038,923
Repairs and maintenance		356,640	321,832
Insurance		160,208	129,867
Depreciation on operating fixed assets	- note 18.1.3	4,098,393	4,088,790
Royalty	- note 33.2	821,920	1,114,510
Excise duty		35,954	49,051
Vehicle running		415,585	271,902
Postage, telephone and telegram		10,839	11,144
Printing and stationery		24,248	15,339
Legal and professional charges		6,086	6,629
Travelling and conveyance		25,612	19,705
Plant cleaning and gardening		52,554	41,949
Rent, rates and taxes	- note 33.3	198,727	187,515
Freight charges		94,096	77,385
Water charges		15,747	11,737
Security expenses		217,990	190,804
Input sales tax written off		92,634	71,264
Other expenses		184,123	122,562
		62,203,923	53,694,770
Opening work-in-process	- note 25	4,612,748	1,538,676
Closing work-in-process	- note 25	(6,199,920)	(4,612,748)
		(1,587,172)	(3,074,072)
Cost of goods manufactured		60,616,751	50,620,698
Opening stock of finished goods	- note 25	845,683	576,048
Closing stock of finished goods	- note 25	(1,610,637)	(845,683)
		(764,954)	(269,635)
Own consumption		(30,880)	(22,461)
		59,820,917	50,328,602

33.1 Salaries, wages and other benefits include Rs 112.288 million (2022: Rs 102.692 million), in respect of provident fund contribution by the Group. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2023	2022
	(Rupees in thousand)	
Gratuity		
Current service cost	81,195	69,870
Interest cost for the year	106,786	68,318
Interest income on plan assets	(56,933)	(40,959)
	131,048	97,229
Accumulating compensated absences		
Current service cost	48,810	46,206
Interest cost for the year	15,429	10,816
Remeasurements	212	2,670
	64,451	59,692

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

33.3 This includes rentals of heavy machinery used at quarry site where raw materials i.e. clay and limestone, are extracted.

34. Administrative expenses

		2023	2022
		(Rupees in thousand)	
Salaries, wages and other benefits	- note 34.1	526,923	476,675
Electricity, gas and water		84,126	58,408
Repairs and maintenance		15,776	10,728
Insurance		25,333	18,352
Amortization of intangible asset	- note 19	7,167	4,181
Depreciation on operating fixed assets	- note 18.1.3	68,481	56,022
Vehicle running		33,246	21,050
Postage, telephone and telegram		15,225	10,002
Printing and stationery		37,260	26,238
Legal and professional services	- note 34.2	38,453	46,819
Travelling and conveyance		79,545	62,787
Rent, rates and taxes		2,471	444
Entertainment		5,741	4,869
School expenses		63,509	51,273
Fee and subscription		31,475	27,543
Other expenses		10,904	17,088
		1,045,635	892,479

34.1 Salaries, wages and other benefits include Rs 16.716 million (2022: Rs 15.442 million) in respect of provident fund contribution by the Group. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2023	2022
	(Rupees in thousand)	
Gratuity		
Current service cost	12,720	10,782
Interest cost for the year	16,729	10,542
Interest income on plan assets	(8,919)	(6,320)
	20,530	15,004
Accumulating compensated absences		
Current service cost	7,551	7,053
Interest cost for the year	2,387	1,651
Remeasurements	33	408
	9,971	9,112

		2023	2022
		(Rupees in thousand)	

34.2 Legal and professional charges

	2023	2022
Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:		
Statutory audits	5,721	5,394
Half-yearly review	889	846
Tax services	11,416	8,727
Certifications required under various regulations	383	140
Out of pocket expenses	1,052	950
	19,461	16,057

35. Selling and distribution expenses

		2023	2022
Salaries, wages and other benefits	- note 35.1	284,637	248,855
Electricity, gas and water		4,259	3,557
Repairs and maintenance		2,141	1,554
Insurance		4,461	4,259
Depreciation on operating fixed assets	- note 18.1.3	11,797	11,194
Vehicle running		21,090	11,764
Postage, telephone and telegram		3,877	4,108
Printing and stationery		2,701	2,219
Rent, rates and taxes		2,882	4,708
Travelling and conveyance		,038	2,226
Entertainment		2,737	1,741
Advertisement and sales promotion		59,473	12,109
Freight and handling charges		1,386,678	1,415,308
Legal and professional charges		-	4,419
Other expenses		28,721	25,069
		1,822,492	1,753,090

35.1 Salaries, wages and other benefits include Rs 11.244 million (2022: Rs 10.142 million) in respect of provident fund contribution by the Group. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

	2023	2022
	(Rupees in thousand)	
Gratuity		
Current service cost	8,393	7,118
Interest cost for the year	11,038	6,960
Interest income on plan assets	(5,885)	(4,173)
	13,546	9,905
Accumulating compensated absences		
Current service cost	5,031	4,671
Interest cost for the year	1,590	1,093
Remeasurements	22	270
	6,643	6,034

		2023	2022
		(Rupees in thousand)	

36. Other expenses

		2023	2022
Workers' profit participation fund	- note 12.4	36,377	205,064
Workers' welfare fund	- note 12.5	19,800	17,257
Donations	- note 36.1	1,700	1,500
Exchange loss		223,800	885,590
Loss on disposal of biological assets - cows		9,167	63,048
Advances written off		58,384	-
Fair value loss on investments at FVPL		4	7
Miscellaneous		-	11,344
		349,232	1,183,810

36.1 Represents donation made to Pakistan Agricultural Coalition. None of the directors or their spouses have any interest in the donee.

		2023	2022
		(Rupees in thousand)	

37. Other income

		2023	2022
Income on bank deposits		15,314	21,902
Gain on investments at fair value through FVOCI		8,280	-
Provisions and unclaimed balances written back		6,306	160
Mark-up on loan to related party		-	32,519
Gain on disposal of operating fixed assets		170,875	74,468
Gain on disposal of store items		751	2,184
Dividend income from:			
- Related parties	- note 37.1	2,451,369	2,281,977
- Others		64,065	6,948
		2,515,434	2,288,925
Initial gain on shares received as a result of merger scheme	- notes 21.3 & 37.1	102,408	-
Scrap sales		416,338	203,494
Rental income		1,947	2,895
Reversal of provision for workers' welfare fund	- note 12.5	-	96,051
Sale of bull calves		8,287	9,122
Others		-	3,741
		3,245,940	2,735,461

37.1 Dividend income from related parties

	2023	2022
Nishat Mills Limited	121,158	121,158
MCB Bank Limited	2,217,478	2,018,989
Adamjee Insurance Company Limited	83,633	83,633
Nishat (Chunian) Limited	131,508	58,197
	2,553,777	2,281,977

38. Finance cost

		2023	2022
Interest and mark-up on:			
- Long term finances - secured	- note 38.1	2,715,595	1,978,371
- Short term borrowings - secured		4,445,274	1,740,842
- Workers' profit participation fund	- note 12.4	8,358	-
Guarantee commission		84	212
Bank charges		49,944	28,655
		7,219,255	3,748,080

38.1 Included in this is the finance cost on ITERF and Islamic re-finance facilities for payment of salaries and wages, which has been set off against the amount of unwinding of grant as referred in note 8.

39. Taxation

		2023	2022
		(Rupees in thousand)	
Current			
- For the year		1,709,877	1,586,868
- Prior years		23,680	9,712
		1,733,557	1,596,580
Deferred	- note 11	5,457,582	1,822,333
		7,191,139	3,418,913

39.1 Tax charge reconciliation

	2023	2022
	%	%
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate as per Income Tax Ordinance, 2001	29.00	29.00
Tax effect of:		
- Amounts that are not deductible for tax purposes - net	0.68	0.49
- Change in prior years' tax	(2.17)	(1.19)
- Change in tax rate	2.29	1.36
- Effect of Super tax	65.87	26.50
- Income not subject to tax	(1.30)	-
- Income chargeable under final tax regime	(9.16)	(4.25)
- Previously recognized deferred tax asset charged off	36.27	8.94
- Change in allocation ratio of temporary differences among Normal Tax Regime and Final Tax Regime	-	(11.21)
- Recognition of deferred tax on temporary differences related to exports revenue stream that is to be taxed under Normal Tax Regime	66.70	-
- Deferred tax recognised on depreciation losses	-	0.04
- Permanent differences	0.37	0.27
- Deferred tax asset not recognised on minimum tax available for carry forward	-	0.32
- Others	(0.02)	-
	159.53	21.27
Average effective tax rate	188.53	50.27

40. Earnings per share

40.1 Earnings per share - Basic

		2023	2022
(Loss)/profit for the year - attributable to owners of the parent company	Rupees	(3,530,256,000)	3,160,534,000
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
(Loss)/earning per share - basic	Rupees	(8.06)	7.21

40.2 Earnings per share - diluted

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

41. Cash generated from operations

		2023	2022
		(Rupees in thousand)	
Profit before tax		3,825,085	6,801,335
Adjustments for:			
- Depreciation on operating fixed assets	- note 18.1.3	4,178,671	4,156,006
- Amortization of intangible assets	- note 34	7,167	4,181
- Change in fair value of investments - FVPL		4	7
- Gain on investments at fair value through FVOCI		(8,280)	-
- Capital work-in-progress charged off during the year	- note 18.2	27,561	-
- Gain on disposal of operating fixed assets	- note 37	(170,875)	(74,468)
- Loss on disposal of biological assets - cows	- note 36	9,167	63,048
- Changes in fair value of biological assets	- note 20.1	(441,456)	(303,033)
- Biological assets consumed		2,010	-
- Gain on disposal of biological assets - bull calves	- note 37	(8,287)	-
- Dividend income	- note 37	(2,413,026)	(2,275,029)
- Gain on initial recongition of ordinary shares transferred under Scheme of Compromises, Arrangement and Reconstruction	- note 37	(102,408)	-
- Mark-up income	- note 37	-	(32,519)
- Income on bank deposits		(3,750)	-
- Provision for retirement benefits	- notes 10.1.5 & 10.2.2	246,188	196,976
- Advance written-off		58,384	-
- Liabilities written back	- note 37	(6,306)	(160)
- Net impairment loss/(gain) on financial assets		99,981	(15,069)
- Exchange loss	- note 36	223,800	885,590
- Finance costs	- note 38	7,219,256	3,748,080
Profit before working capital changes		12,742,886	13,154,945
Effect on cash flow due to working capital changes			
- Decrease/(increase) in stores, spares and loose tools		2,940,260	(3,963,816)
- Increase in stock-in-trade		(3,968,902)	(3,585,846)
- Decrease in trade debts		325,196	887,232
- Decrease/(increase) in advances, deposits, prepayments and other receivables		83,461	(1,298,545)
- Increase/(decrease) in trade and other payables		1,618,807	(3,011,796)
		998,822	(10,972,771)
		13,741,708	2,182,174

42. Cash and cash equivalents

		2023	2022
Cash and bank balances	- note 30	1,199,860	431,158
Short term investments		8,000	4,000
Short term borrowings from financial institutions - secured	- note 13	(27,925,023)	(26,170,194)
		(26,717,163)	(25,735,036)

43. Transactions with related parties

The related parties include the Investor, related parties on the basis of common directorship, group companies, key management personnel including directors, other related parties and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise). The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Related party transactions carried out during the year are as follows:

Relationship with the Group	Nature of transactions	2023	2022
		(Rupees in thousand)	
i. Investor	Sale of goods	16,647	62,581
	Purchase of goods	1,941	-
	Sale of fixed assets	62	-
	Dividend income	121,158	121,158
	Dividend paid	149,208	155,025
ii. Other related parties	Sale of goods and services	633,141	461,072
	Insurance premium	247,443	204,495
	Purchase of goods and services	388,921	268,041
	Insurance claims received	45,976	73,062
	Rental income	1,946	-
	Dividend paid	37,244	35,189
	Dividend income	2,451,369	2,281,977
	Initial gain on shares received as a result of merger scheme	102,408	-
	Purchase of shares	1,007,500	-
	Purchase of fixed assets	3,938	2,664
	Reimbursement of expenses	84,280	31,801
iii. Key management personnel	Remuneration - note 43.1	320,919	273,287
	Dividend paid	47,468	47,035

43.1 This represents remuneration of the Chief Executive, executive director and certain executives that are included in the remuneration disclosed in note 44 to these consolidated financial statements.

43.2 Transactions with related parties have been carried out on mutually agreed terms and conditions. The related parties with whom the Group had entered into transactions or had arrangements/agreements in place during the year have been disclosed below along with their basis of relationship:

Name	Basis of relationship	%age of shareholding in the parent company
Nishat Mills Limited	Investor	31.00%
Adamjee Insurance Company Limited	Group company	1.40%
MCB Bank Limited	Group company	0%
Pakgen Power Limited	Group company	Nil
Pakistan Aviators & Aviation (Private) Limited	Group company	Nil
Security General Insurance Company Limited	Group company	0.10%
Hyundai Nishat Motor (Private) Limited	Common directorship	Nil
Lalpir Power Limited	Common directorship	Nil
Nishat (Chunian) Limited	Group company	Nil
Nishat Agriculture Farming (Private) Limited	Common directorship	Nil
Nishat Sutas Dairy Limited	Group company	Nil
Nishat Developers (Private) Limited	Common directorship	Nil
Nishat Hotels And Properties Limited	Common directorship	Nil
Nishat Hospitality (Private) Limited	Subsidiary of Investor	Nil
Nishat Linen (Private) Limited	Subsidiary of Investor	Nil
Mrs. Naz Mansha	Director/Chairperson	0.05%
Mr. Mian Raza Mansha	Director/Chief Executive	3.00%
Mrs. Ammil Raza Mansha	Spouse of Chief Executive	1.34%
Mr. Hassan Mansha	Close family member of director	6.19%
Mr. Mian Umer Mansha	Close family member of director	6.29%
Mr. Shehryar Ahmed Baksh	Director	Nil
Mr. Shahzad Ahmad Malik	Director	Nil
Mr. Khalid Niaz Khawaja	Director	Nil
Mr. Usama Mahmud	Director	Nil
Mr. Farid Noor Ali Fazal	Director	Nil
Mr. Arif Bashir	Key Management Personnel	Nil
Mr. Inayat Ullah Niazi	Key Management Personnel	0.00%
Company's Employees Gratuity Fund	Post Employment Benefit Plan	Nil
Company's Employees Provident Fund	Post Employment Benefit Plan	Nil

44. Remuneration of Chief Executive, Directors and Executives

44.1 The aggregate amounts charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive Director and Executives are as follows:

	(Rupees in thousand)					
	Chief Executive		Executive Director		Executives	
	2023	2022	2023	2022	2023	2022
Short term employee benefits						
Managerial remuneration	32,908	34,907	24,573	22,339	687,605	874,328
Housing	270	-	-	335	247,926	13,627
Utilities	20,402	-	570	443	55,168	3,739
Leave passage	-	-	3,835	-	1,924	39,188
Bonus	-	2,266	-	1,692	66,235	140,587
Medical expenses	1,588	367	832	470	36,741	24,597
Others	23,822	19,674	2,319	918	214,385	138,224
Post employment benefits						
Contributions to Provident and Gratuity Fund	-	-	4,505	4,095	106,671	94,914
	78,990	57,214	36,634	30,292	1,416,655	1,329,204
Number of persons	1	1	1	1	275	253

44.2 The Group also provides the Chief Executive, certain directors and executives with company maintained cars, travelling and utilities. Certain executives are provided with housing facilities.

44.3 During the year, the Group paid meeting fee amounting to Rs 1.140 million (2022: Rs 0.910 million) to its non-executive directors. The number of non-executive directors is 5 (2022: 5).

45. Plant capacity and actual production

		Capacity		Actual production	
		2023	2022	2023	2022
Cement segment:					
Clinker (Metric Tonnes)					
Plant I & II - D. G. Khan	- note 45.1	2,010,000	2,010,000	1,328,904	1,655,502
Plant III - Khairpur	- note 45.1	2,010,000	2,010,000	1,339,707	1,727,607
Plant IV - Hub	- note 45.1	2,700,000	2,700,000	1,959,742	2,987,085
Paper segment:					
Cement bags (number of bags in thousand)	- note 45.2	220,000	220,000	50,743	85,406
Dairy segment:					
Milk-litres -[100,000 litres per day]	- note 45.3	40,150,000	36,500,000	36,529,439	31,650,987

45.1 Plant capacity is based on 300 working days, that can be exceeded if the plant is operational for more than 300 days during the year. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply of cement.

45.2 Lower capacity utilization is due to gap between demand and supply of the products.

45.3 Actual milk production is lower due to the mortality of milking cows and poor health of certain animals.

46. Number of employees

	2023	2022
Total number of employees as at June 30	2,303	2,344
Average number of employees during the year	2,326	2,311

47. Provident fund related disclosures

47.1 Cement segment

The investments by the provident fund in collective investment shcemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specifed thereunder.

As at reporting date, the provident fund has signed the term sheet for appointment of 'investment advisor' and is in the process of signing the agreement.

47.2 Paper segment

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

47.3 Dairy segment

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

48. Financial risk management

48.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

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

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

(a) Market risk

(i) Currency risk

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

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

	2023	2022
	(USD in thousand)	
Financial assets		
Cash and bank balances	2,029	1,277
Receivable against sales to foreign parties	1,702	965
	3,731	2,242

	2023	2022
	(Euros in thousand)	
Financial assets	-	-
Financial liabilities		
Trade and other payables	(1,063)	(570)
Net liability exposure	(1,063)	(570)

	Average rate		Year-end spot rate	
	2023	2022	2023	2022
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
USD 1	248.00	178.01	285.90	205.50
EURO 1	263.37	202.23	312.93	215.75

At June 30, 2023, if the Rupee had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax loss for the year would have been Rs 65.066 million lower/higher (2022: Rs 30.879 million higher/lower) mainly as a result of foreign exchange gains/losses on translation of USD - denominated financial assets.

At June 30, 2023, if the Rupee had weakened/strengthened by 10% against the Euro with all other variables held constant, post-tax loss for the year would have been Rs 20.291 million (2022: post-tax profit would have been Rs 8.240 million lower/higher) higher/lower, mainly as a result of foreign exchange losses/gains on translation of Euro-denominated financial assets and liabilities.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

The Group’s certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited.

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

	Impact on pre-tax profit/loss		**Impact on other components of equity**	
	2023	**2022**	**2023**	**2022**
	(Rupees in thousand)		**(Rupees in thousand)**	
Pakistan Stock Exchange Limited	2	3	909,035	1,091,564

(iii) Cash flow and fair value interest rate risk

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

The Group's interest rate risk arises from loan to related party, bank balances, short term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

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

	2023	2022
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	698,764	353,511
Term deposit receipts	13,000	4,000
	711,764	357,511
Financial liabilities		
Export finances	(3,578,000)	(5,162,000)
Net exposure	(2,866,236)	(4,804,489)
Floating rate instruments:		
Financial liabilities		
Long term finances - secured	(17,437,036)	(21,861,578)
Short term borrowings - secured	(24,347,023)	(21,008,194)
	(41,784,059)	(42,869,772)
Net exposure	(41,784,059)	(42,869,772)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2023, if interest rates on floating rate instruments had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been Rs 254.913 million (2022: post-tax profit would have been Rs 287.227 million lower/higher) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

Credit risk of the Group arises from deposits with banks and other financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	2022
	(Rupees in thousand)	
Long term loans to employees	-	1,192
Long term deposits	64,426	61,526
Trade debts	1,222,551	1,591,516
Contract assets	79,530	28,501
Deposits and other receivables	81,655	29,918
Balances with banks	1,184,905	428,633
	2,633,067	2,141,286

(ii) Impairment of financial assets

The Group's financial assets, other than investments in equity instruments, are subject to the expected credit losses model. While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

Trade debts

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers. The Group has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before June 30, 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at June 30, 2023 and June 30, 2022 was determined as follows:

	Local sales			Export sales		
June 30, 2023	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Net trade debts*						
Not yet due	0.00%	29,110	-	0%	-	-
Up to 30 days	0.06%	150,915	96	0%	418,813	-
31 to 60 days	0.21%	69,195	147	0%	-	-
61 to 90 days	0.69%	28,433	195	0%	-	-
91 to 120 days	1.73%	41,229	714	0%	-	-
121 to 150 days	3.32%	9,123	303	0%	-	-
151 to 180 days	6.80%	78,213	5,317	0%	-	-
181 to 210 days	10.27%	37,239	3,824	0%	-	-
211 to 240 days	13.90%	1,266	176	0%	-	-
241 to 270 days	17.98%	2,826	508	0%	-	-
271 to 300 days	22.55%	17,421	3,929	0%	-	-
301 to 330 days	28.57%	3,385	967	0%	-	-
331 to 360 days	36.09%	5,722	2,065	0%	-	-
Above 360 days	38.85%	291,162	113,108	100%	89,160	89,160
		765,239	131,349		507,973	89,160
Trade debts against which collateral is held		169,848	-		-	-
Gross Trade debts		**935,087**	**131,349**		**507,973**	**89,160**

June 30, 2022	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Net trade debts*						
Not yet due	0.00%	84,757	-	0%	-	-
Up to 30 days	0.02%	710,038	115	0%	45,532	-
31 to 60 days	0.05%	245,141	129	0%	21,757	-
61 to 90 days	0.13%	127,430	164	0%	60,676	-
91 to 120 days	0.31%	117,065	367	0%	-	-
121 to 150 days	1.09%	46,674	509	0%	5,845	-
151 to 180 days	3.29%	7,840	258	0%	-	-
181 to 210 days	5.64%	5,797	327	0%	22	-
211 to 240 days	9.65%	7,562	730	0%	-	-
241 to 270 days	13.62%	4,031	549	0%	-	-
271 to 300 days	18.69%	3,023	565	0%	-	-
301 to 330 days	28.88%	2,053	593	0%	-	-
331 to 360 days	37.93%	1,052	399	0%	-	-
Above 360 days	65.23%	78,595	51,270	100%	64,553	64,553
		1,441,058	55,975		198,385	64,553
Trade debts against which collateral is held		72,601	-		-	-
Gross Trade debts		**1,513,659**	**55,975**		**198,385**	**64,553**

* This represents amounts net of trade debts against which security deposits, considered as collateral, are held amounting to Rs 169.848 million (2022: Rs 72.601 million).

The amount of loss allowance that best represents maximum exposure to credit risk at the end of the reporting period without taking into account any collateral is Rs 153.192 million (2022: Rs 133.650 million).

Generally, default is triggered when more than 360 days have passed. However, in case of certain parties, extended credit period is allowed by the Credit Committees of the Group. The names of defaulting parties of outstanding trade debts from export sales and their respective default amount is as follows:

	2023	2022
	(Rupees in thousand)	
Nobel Translink Private Limited	1,368	980
Chempex Industries	-	40
Hizbullah & Saeed Ullah House Limited	670	480
Vikrant Traders	87,122	62,469
A A Middle East FZE	-	131
Taruna Trading Company	-	1
Abhishek Trading Co.	-	1
Sai Enterprises	-	373
Others	-	78
	89,160	64,553

(iii) Credit quality of financial assets

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

	Rating		Rating		
	Short term	Long term	Agency	2023	2022
				(Rupees in thousand)	
Bank Alfalah Limited	A1+	AA+	PACRA	431,629	261,811
Askari Bank Limited	A1+	AA+	PACRA	238	694
Bank Islami Pakistan Limited	A1	A+	PACRA	41,367	439
The Bank of Punjab	A1+	AA	PACRA	1,796	1,843
The Bank of Khyber	A1	A	PACRA	82	126
Citibank N.A.	F-1	A+	FITCH	-	12
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	100	36
MCB Bank Limited	A1+	AAA	PACRA	613,931	82,256
Habib Bank Limited	A1+	AAA	JCR-VIS	26,646	21
Meezan Bank Limited	A1+	AAA	JCR-VIS	17	357
National Bank of Pakistan	A1+	AAA	PACRA	1,512	1,569
Silk Bank Limited	A2	A-	JCR-VIS	5	5
Soneri Bank Limited	A1+	AA-	PACRA	-	907
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	56,907	2,226
United Bank Limited	A1+	AAA	JCR-VIS	7,208	60,245
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,512	48
Faysal Bank Limited	A1+	AA	PACRA	95	377
JS Bank Limited	A1+	AA-	PACRA	12	12
MCB Islamic Bank Limited	A1	A	PACRA	9,377	15,639
Samba Bank Limited	A1	AA	JCR-VIS	4	4
Industrial and Commercial Bank of China	F1 +	A	FITCH	61	-
Habib Bank Limited - Islamic	A1+	AAA	JCR-VIS	588	6
Bank Al-Habib Limited	A1+	AAA	PACRA	5,000	-
				1,198,087	428,633

(c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's businesses, the Group's finance department maintains flexibility in funding by maintaining availability under committed credit lines. The Group's borrowing limits and cash and bank balances have been disclosed in notes 13 and 30 to these consolidated financial statements.

Management monitors the forecasts of the Group's cash and cash equivalents (note 42 to these consolidated financial statements) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring consolidated statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

At June 30, 2023	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years	Total contractual cashflows	Carrying value
	(Rupees in thousand)					
Long term finances	7,673,813	5,252,600	4,240,652	796,019	17,963,084	17,437,036
Trade and other payables	10,101,220	-	-	-	10,101,220	10,101,220
Long term deposits*	439,697	-	-	-	439,697	439,697
Short term borrowings						
- secured	27,925,023	-	-	-	27,925,023	27,925,023
Accrued mark-up	1,857,643	-	-	-	1,857,643	1,857,643
Unclaimed dividend	34,512	-	-	-	34,512	34,705
	48,031,908	5,252,600	4,240,652	796,019	58,321,179	57,795,324

*The maturity period of long term deposit is not ascertainable.

At June 30, 2022	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years	Total contractual cashflows	Carrying value
	(Rupees in thousand)					
Long term finances	7,295,096	6,821,177	7,205,562	1,271,553	22,593,388	21,861,578
Trade and other payables	8,416,964	-	-	-	8,416,964	8,416,964
Long term deposits*	281,177	-	-	-	281,177	281,177
Short term borrowings						
- secured	26,170,194	-	-	-	26,170,194	26,170,194
Accrued mark-up	928,826	-	-	-	928,826	928,826
Unclaimed dividend	34,512	-	-	-	34,512	34,512
Loans from related parties						
- unsecured	94,000	-	-	-	94,000	94,000
	43,220,769	6,821,177	7,205,562	1,271,553	58,519,061	57,787,251

*The maturity period of long term deposit is not ascertainable.

48.2 Capital management

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

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

Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the consolidated statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) including bank overdraft less cash and bank balances and liquid investments.

The gearing ratios as at June 30, 2023 and 2022 were as follows:

		2023	2022
		(Rupees in thousand)	
Borrowings - notes 7, 13 & 15		44,800,023	48,106,742
Cash and bank balances - note 30		(1,199,860)	(431,158)
Net debt		43,600,163	47,675,584
Total equity		67,142,882	72,643,712
Gearing ratio	**Percentage**	65%	66%

In accordance with the terms of agreement with the lenders of long term finances (as referred to in note 7 to these consolidated financial statements), the Group is required to comply with certain financial covenants such as maintaining certain level of gearing ratio and current ratio. The Group has complied with these covenants throughout the reporting period except for certain covenants in respect of which the lenders have not raised any objection to the Group.

48.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

As at June 30, 2023	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Recurring fair value measurements				
Assets				
Investment - FVPL	15	-	-	15
Investments - FVOCI	14,902,201	-	5,842,886	20,745,087
Biological assets	-	-	1,150,612	1,150,612
Total assets	14,902,216	-	6,993,498	21,895,714
Total assets	14,902,216	-	6,993,498	21,895,714
Total liabilities	-	-	-	-
As at June 30, 2022				
Recurring fair value measurements				
Assets				
Investment - FVPL	19	-	-	19
Investments - FVOCI	16,292,047	-	4,306,472	20,598,519
Biological assets	-	-	964,995	964,995
Total assets	16,292,066	-	5,271,467	21,563,533
Total liabilities	-	-	-	-

Movement in the above mentioned assets has been disclosed in notes 21 and 28 to these financial statements and movement in fair value reserve has been disclosed in the statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the year. Since the ordinary shares of Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited are not listed, an investment advisor engaged by the Group has estimated fair values of Rs 19.16 and Rs 19.67 per ordinary share, respectively, as at June 30, 2023, through a valuation technique based on discounted cash flow analysis. The Group’s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. An appropriate discount for lack of control and lack of marketability is also applied, where relevant.

Valuation techniques used to measure level 3 assets

Investments - FVOCI

Since the ordinary shares of Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited are not listed, an investment advisor engaged by the Group has estimated fair values of Rs 19.16 and Rs 19.67 per ordinary share, respectively, as at June 30, 2023, through a valuation technique based on discounted cash flow analysis.

The method for calculation of fair value and valuation inputs including sensitivity analysis has been explained in note 21.1.1 and 21.1.2 to these consolidated financial statements.

Biological assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2023. Level 3 fair value of biological assets has been determined considering the prices of animals in local markets (replacement cost approach), health profile of the herd, disease outbreaks in Pakistan, current economic conditions of the country and the current trends in dairy industry in Pakistan.

The fair value is also dependent on the age of the cattle. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing. At the same time, a value was fixed on the calf heifer recently born according to the estimation and in relation with referential values of the similar cattle breeding in Pakistan.

When the cow arrives at 6 years i.e. 72 months of age or more (5th Lactation) and is considered an old cow as is usual in Pakistan, and if the cow remains in the farm because she is profitable, normally this is the stage of culling. The value of cow at this stage shall be kept constant.

a) Valuation inputs and relationship to fair value

The valuation inputs used in the calculation includes the farm cost to raise the heifer (as starting point) and according to actual cost in the farm and the analysis of the average local market prices in Pakistan.

The milking performance for the Australian imported heifers, Dutch heifers and farm born heifers has been almost same throughout the year and hence same values have been ascertained for all the milking animals regardless of their categories but according to their lactation levels.

b) Fair value sensitivity analysis for biological assets

If the fair value of biological assets, at the year end date fluctuates by 1% higher / lower with all other variables held constant, post tax loss for the year would have been Rs 8.17 million (2022: Rs 6.85 million) lower/higher mainly as a result of higher / lower fair value gain /(loss) on biological assets.

The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

48.4 Financial instruments by categories

	At fair value through profit or loss	At fair value through OCI	At amortised cost	Total
	(Rupees in thousand)			
As at June 30, 2023				
Assets as per statement of financial position				
Long term deposits	-	-	64,426	64,426
Trade debts	-	-	1,222,551	1,222,551
Deposits and other receivables	-	-	81,655	81,655
Investments	15	20,745,087	13,000	20,758,102
Cash and bank balances	-	-	1,199,860	1,199,860
	15	20,745,087	2,581,492	23,326,594
As at June 30, 2022				
Assets as per statement of financial position				
Long term loans to employees	-	-	1,192	1,192
Long term deposits	-	-	61,526	61,526
Trade debts	-	-	1,591,516	1,591,516
Deposits and other receivables	-	-	29,918	29,918
Investments	19	20,598,519	4,000	20,602,538
Cash and bank balances	-	-	431,158	431,158
	19	20,598,519	2,119,310	22,717,848

	Financial liabilities at amortized cost 2023	2022
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term finances - secured	17,437,036	21,861,578
Long term deposits	39,697	281,177
Accrued markup	1,857,643	928,826
Trade and other payables	10,101,220	8,416,964
Short term borrowings	27,925,023	26,170,194
Loans from related parties - unsecured	-	94,000
Unclaimed dividend	34,705	34,512
	57,795,324	57,787,251

48.5 Offsetting financial assets and financial liabilities

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

49. Operating Segments

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

The Group's operations comprise of the following main business segment types:

Type of segments	Nature of business
Cement	Production and sale of clinker, ordinary portland and sulphate resistant cements
Paper	Manufacture and supply of paper products and packing material
Dairy	Production and sale of raw milk

The identification of operating segments was based on the internal organisational and reporting structure, built on the different products and services within the Group. Allocation of the individual organisational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under the Companies Act, 2017.

49.1 Segment analysis and reconciliation

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments.

(Rupees in thousand)

	Cement		Paper		Dairy		Elimination - net		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from										
- External customers	64,983,821	58,043,863	569,566	784,130	4,941,814	2,825,840	-	-	70,495,201	61,653,833
- Inter segment	-	-	2,522,027	2,286,036	271	536	(2,522,298)	(2,286,572)	-	-
	64,983,821	58,043,863	3,091,593	3,070,166	4,942,085	2,826,376	(2,522,298)	(2,286,572)	70,495,201	61,653,833
Segment gross profit/(loss)	9,555,775	10,428,312	480,465	669,859	655,915	244,307	(17,871)	(17,247)	10,674,284	11,325,231
Segment expenses	(2,897,939)	(3,512,940)	(367,184)	(129,243)	(140,404)	(157,422)	88,187	(14,705)	(3,317,340)	(3,814,310)
Other income	3,246,999	2,675,576	86,548	63,932	27,141	20,608	(114,748)	(24,655)	3,245,940	2,735,461
Changes in fair value of biological assets	-	-	-	-	441,456	303,033	-	-	441,456	303,033
Finance cost	(6,742,293)	(3,571,187)	(462,952)	(172,601)	(14,010)	(4,292)	-	-	(7,219,255)	(3,748,080)
Taxation	(6,798,518)	(3,047,629)	85,992	(140,282)	(478,613)	(231,002)	-	-	(7,191,139)	(3,418,913)
Profit/(loss) after taxation	(3,635,976)	2,972,132	(177,131)	291,665	491,485	175,232	(44,432)	(56,607)	(3,366,054)	3,382,422
Segment assets	134,713,251	136,562,013	5,597,511	4,430,998	4,920,138	3,749,576	(2,984,629)	(3,151,733)	142,246,271	141,590,854
Segment liabilities	70,520,974	66,643,909	3,629,026	2,214,861	1,767,867	1,088,790	(814,478)	(1,000,418)	75,103,389	68,947,142
Depreciation, amortization and impairment	3,944,128	3,913,288	60,290	61,939	158,527	160,644	15,726	20,135	4,178,671	4,156,006
Net cash generated (used in)/from operating activities	6,504,238	(3,932,479)	(518,032)	1,089,569	269,483	(3,983)	42,545	(143,262)	6,298,234	(2,990,155)
Capital expenditure	(3,418,069)	(1,718,051)	(49,078)	(1,642)	(213,225)	(191,862)	(27,574)	(21,497)	(3,707,946)	(1,933,052)
Net cash generated from/(used in) investing activities	(1,747,153)	1,461,646	(337,802)	(34,510)	46,869	(30,848)	(152,676)	(180,188)	(2,190,762)	1,216,100

49.2 Geographical segments

All segments of the Group are managed on a nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

49.3 Geographical markets (Export Revenue)

	2023	2022
	(Rupees in thousand)	
Bangladesh	5,677,793	3,024,100
Madagascar	963,525	1,361,920
Tanzania	945,132	-
Qatar	526,242	1,041,421
Mexico	512,064	-
United States of America	481,612	467,867
Sri Lanka	329,016	3,235,024
Afghanistan	7,030	43,917
Mozambique	-	294,337
Philippines	-	15
China	-	3,414
	9,442,414	9,472,015

50. Interests in other entities

50.1 Material subsidiaries

The subsidiaries as at June 30, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the parent company, and the proportion of ownership interests held equals the voting rights held by the parent company. The country of incorporation or registration and their principal places of business are disclosed in note 1.

	Ownership interest held by the Group		Ownership interest held by non-controlling interests		
Name of entity	2023	2022	2023	2022	Principal activities
Nishat Paper Products Company Limited	55%	55%	45%	45%	Paper products and packaging material
Nishat Dairy (Private) Limited	55.10%	55.10%	44.90%	44.90%	Production and sale of raw milk

50.2 Non-controlling interests ('NCI')

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations:

	Nishat Paper Products Company Limited		Nishat Dairy (Private) Limited	
	2023	2022	2023	2022
	(Rupees in thousand)		(Rupees in thousand)	
Summarised statement of financial position				
Current assets	3,915,178	2,902,691	1,905,465	970,679
Less: current liabilities	3,421,920	1,577,061	1,162,242	704,658
Net current assets	493,258	1,325,630	743,223	266,021
Non-current assets	1,682,333	1,528,307	3,014,673	2,778,897
Less: non-current liabilities	189,873	637,800	605,625	384,131
Net non-current assets	1,492,460	890,507	2,409,048	2,394,766
Net assets	1,985,718	2,216,137	3,152,271	2,660,787
Accumulated non-controlling interests	983,161	1,065,608	1,498,920	1,284,005
Summarised statement of comprehensive income				
Revenue	3,091,593	3,070,167	4,942,085	2,826,376
Profit/(loss) for the year	(177,131)	291,665	491,485	175,232
Other comprehensive loss	(23,984)	(51,586)	-	-
Total comprehensive income/(loss)	(201,114)	240,079	491,485	175,232
Profit/(loss) allocated to NCI	(50,710)	149,607	214,912	72,281
Other comprehensive loss allocated to NCI	(10,793)	(23,214)	-	-
Dividends paid to NCI	(20,941)	(31,412)	-	-
Summarised cash flows				
Cash flows from operating activities	(518,032)	1,089,569	269,483	3,983
Cash flows from investing activities	(337,802)	(34,510)	46,869	(30,848)
Cash flows from financing activities	(620,345)	(433,557)	(108,822)	(44,644)
Net increase/(decrease) in cash and cash equivalents	(1,476,179)	621,502	207,530	(71,508)

	2023	2022
	(Rupees in thousand)	
51. Disclosures by Company Listed on Islamic Index		
Loans/advances obtained as per Islamic mode:		
Loans obtained as per Islamic mode	7,835,288	7,670,221
Shariah compliant bank deposits/bank balances:		
Bank balances	51,965	16,083
Profit earned from shariah compliant bank deposits/bank balances		
Profit on deposits with banks	885	879
Revenue earned from shariah compliant business	64,983,821	58,043,863
Gain or dividend earned from shariah compliant investments		
Dividend income	122,390	124,034
Exchange (gain)/loss	(84,075)	839,234
Mark-up paid on Islamic mode of financing	807,196	422,174
Profits earned or interest paid on any conventional loan or advance		
Profit earned on loan to related party	-	-
Profit earned on deposits with banks	3,453	8,102
Interest paid on loans	5,998,599	3,544,656

Relationship with shariah compliant banks

The Cement segment has obtained short term borrowings and long term finances, and has maintained bank balances with shariah compliant banks.

52. Date of authorisation for issue

These consolidated financial statements were authorised for issue on August 31, 2023 by the Board of Directors.

53. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these consolidated financial statements.

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

g۔ ضابطہ، کارپوریٹ گورننس میں سے کسی خاطرخواہ شق سے انحراف نہیں ہو رہا ہے۔

h۔ کمپنی کے آپریٹنگ نتائج میں گزشتہ سال سے اہم تبدیلیوں پر روشنی ڈالی گئی ہے اور ڈائریکٹرز رپورٹ / سالانہ رپورٹ کے دوسرے حصوں میں مدلل درج ہیں۔ دیگر اہم کاروباری امور پر سالانہ رپورٹ میں تفصیلاً روشنی ڈالی گئی ہے۔

i۔ گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

j۔ جہاں ٹیکس، ڈیوٹیز، لیویز اور چارجز کی 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 کے غیر نظر ثانی شدہ اکاؤنٹس کی بنیاد پر سرمایہ کاری کی قیمت 2,342 ملین روپے (FY22: 1,955 ملین روپے) اور گریجوئٹی فنڈ 585 ملین روپے (FY22: 539 ملین روپے) ہے۔

ہم اپنے تمام اسٹیک ہولڈرز کی حمایت کے شکر گزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

منجانب بورڈ

رضا منشا
چیف ایگزیکٹو آفیسر
لاہور
31 اگست 2023ء

فرید نور علی فضل
ڈائریکٹر

تفصیلی بیان کیا گیا ہے۔

اہم تبدیلیاں

مالی سال کے دوران کمپنی یا اس کے ماتحت اداروں جن میں کمپنی دلچسپی رکھتی ہے، کے کاروبار کی نوعیت کے بارے میں کوئی تبدیلی واقع نہیں ہوئی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ بورڈ نے آئندہ سالانہ عام اجلاس میں ارکان کی منظوری سے مشروط آڈٹ کمیٹی کی طرف سے تجویز کے طور پر آئندہ سال کے لئے بطور آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشنز 2019 (ریگولیشنز) کی تعمیل

کمپنی نے 30 جون 2023 کو ختم ہونے والے سال کی متعلقہ، ریگولیشنز کے ضابطے کو اپنایا اور اس پر مکمل طور عمل کیا ہے۔ اس اثر پر باقاعدہ ایک رپورٹ منسلک ہے۔

کمپنی کی اصل سرگرمی

کمپنی کی اصل سرگرمی سیمنٹ اور کلنکر کی تیاری اور فروخت کرنا ہے۔ ذیلی کمپنیوں سے متعلقہ معلومات کا سالانہ رپورٹ میں انکشاف کیا گیا ہے۔

متعلقہ پارٹیوں سے لین دین

بورڈ نے قانون کے مطابق متعلقہ پارٹیز پالیسی تیار کی ہے اور جس کا خلاصہ سالانہ رپورٹ میں بیان کیا گیا ہے۔ تمام متعلقہ پارٹیوں کے ساتھ لین دین کا انکشاف مالی گوشواروں کے نوٹس میں کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ:

a۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d۔ مالی حسابات کو کمپنیز قانون کے تحت تیار کیا گیا ہے اور اس کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

e۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f۔ کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

بعداز بیلنس شیٹ کے واقعات

بعداز بیلنس شیٹ کوئی اہم واقع نہیں ہے جو رپورٹ کیا جائے۔

کاروبار کے ماحول پر اثرات

ہمارے پلانٹس اور آپریشن بین الاقوامی اور قومی ماحول کے معیارات کے مطابق ہیں۔ کمپنی نے پلانٹ سے خارج ہونے والی ہیٹ سے بجلی پیدا کرنے اور صنعتی اور میونسپل فضلوں کو استعمال میں لانے کے لئے جدید مشینریوں میں بھاری سرمایہ کاری کی ہے۔

کارپوریٹ سماجی ذمہ داری

DGKC اپنی معاشرتی اور فلاحی ذمہ داریوں سے بخوبی واقف ہے۔

تعلیم

کمپنی ڈی جی خان میں بلوم فیلڈ ہال سکول اور سیمنٹ ماڈل ٹرسٹ سکول نامی دوسکولوں کو چلاتی ہے۔

میڈیکل اور فائر فائٹنگ

- ڈی جی خان، خیرپور 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۔

پانی کی فراہمی اور خوراک کی تقسیم

- کمپنی نے اپنی پیداواری سہولیات کے قریبی مقامی علاقوں / دیہاتوں کے لئے واٹر سپلائی کے بھی انتظامات کئے ہیں۔
- ہنگامی اور قدرتی آفات میں مدد
- کمپنی ملحقہ علاقوں میں کسی بھی ناگہانی / حادثے کی صورت میں ضرورت کی بنیاد پر آلات اور خدمات مہیا کرتی ہے۔
- کمپنی قدرتی آفتوں کے متاثرین کی بحالی میں مدد کرتی ہے۔
- پلانٹ کے مقامات کے قریبی سیلاب کے متاثرین میں خوراک کی تقسیم۔

آگاہی اور ایچ ایس ای

- کمپنی بیماریوں اور ان کی روک تھام پر مختلف آگاہی کے سیشنز کا انعقاد کرتی ہے۔
- کمپنی سکیورٹی، صحت اور حفاظت پر سیشن کا اہتمام کرتی ہے اور ہنگامی صورت حال کی فرضی مشقوں کو انجام دیتی ہے۔
- جنرل
- کمپنی کھیلوں کے لئے مستحق افراد کی مدد کرتی ہے۔
- کمپنی معذور افراد کی بحالی میں بھی مدد کرتی ہے۔
- کمپنی کوئلے کے استعمال کی جگہ، کسی حد تک، شہر سے جمع ہونے والے کوڑے کو استعمال کرتی ہے۔ یہ عمل اگرچہ معاشی طور پر ناقابل برداشت ہے لیکن اس نے کمپنی کی پالیسی کے مطابق صاف ستھرا ماحول برقرار رکھنے میں اہم کردار ادا کیا۔

کمپنی کی دیگر CSR سرگرمیوں کا سالانہ رپورٹ کے دیگر پارٹس میں

- مستعمل پیداواری صلاحیت
- سود کی شرح
- غیر ملکی کرنسی کا اتار چڑھاؤ
- برآمد مارکیٹ کا سکڑاؤ

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی پالیسی کی منظوری دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آزاد ڈائریکٹرز سمیت اپنے نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرے گی۔
- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات ادا کرے گی۔
- بورڈ آف ڈائریکٹرز، وقتاً فوقتاً ڈائریکٹرز معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

چیف ایگزیکٹو معاوضہ کے پیکیج میں تنخواہ (بشمول الاؤنسز)، بونس اور طبی معاوضہ جات شامل ہیں۔

ایگزیکٹو ڈائریکٹر کے معاوضہ کے پیکیج میں تنخواہ (بشمول الاؤنسز)، بونس، طبی معاوضہ، ہاؤسنگ، یوٹیلیٹیز ری ایمبر سمنٹ اور ریٹائرمنٹ کے فوائد (پراویڈنٹ فنڈ اور گریجویٹی) شامل ہیں۔

چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹر کے معاوضہ کے لیے براہ کرم غیر مجموعی مالیاتی گوشواروں کا نوٹ 36 ملاحظہ فرمائیں۔

ڈائریکٹر

مندرجہ ذیل کمپنی کے ڈائریکٹر ہیں:

1۔ محترمہ ناز منشا (چیئرپرسن)	نان ایگزیکٹو
2۔ جناب رضا منشا	چیف ایگزیکٹو/ایگزیکٹو
3۔ جناب خالد نیاز خواجہ	نان ایگزیکٹو
4۔ جناب اسامہ محمود	آزاد
5۔ جناب شہریار احمد بخش	آزاد
6۔ جناب فرید نور علی فضل	ایگزیکٹو
7۔ جناب شہزاد احمد ملک	نان ایگزیکٹو

خاتون ڈائریکٹر:	01
مرد ڈائریکٹر:	06

آڈٹ کمیٹی

1۔ جناب خالد نیاز خواجہ	چیئرمین
2۔ جناب اسامہ محمود	رکن
3۔ جناب محمود اختر	رکن

انسانی وسائل اور معاوضہ کمیٹی

1۔ جناب خالد نیاز خواجہ	چیئرمین
2۔ جناب رضا منشا	رکن
3۔ جناب شہزاد ملک	رکن

شرح میں گزشتہ سال کے مقابلے میں اضافہ ہوا، جس کے نتیجے 'دیگر آمدنی' زیادہ ہوئی ہے۔ متبادل ایندھن کے طور پر استعمال ہونے والے ٹائروں سے تاروں کے اسکریپ کی وجہ سے سکریپ کی فروخت میں بھی اضافہ ہوا۔ گزشتہ سال کے مقابلے ERF کی شرحوں سمیت رعایتی شرحوں میں اضافے کی وجہ سے مالی اخراجات میں 89% اضافہ ہوا۔ ٹیکس کے لیے مؤثر ٹیکس کی شرح مالی سال 22 میں 50.63 فیصد کے مقابلے 214.97 فیصد تک بڑھ گئی۔ یہ بنیادی طور پر سپر ٹیکس کی شرح میں 4% سے 10% تک اضافہ کے مؤثر ٹیکس کے اثرات میں اضافہ اور ٹیکس کریڈٹس کے ختم ہونے کی وجہ سے ہے کیونکہ کم از کم ٹیکس کریڈٹ مستقبل کے ٹیکس منافع کے مقابل استعمال نہیں ہوسکتے ہیں۔

مالی کارکردگی۔ مجموعی

آپ کے گروپ کے مختصر مجموعی نتائج مندرجہ ذیل ہیں:

پاکستانی روپے ملین میں

	مالی سال 2023	مالی سال 2022
خالص فروخت	70,495	61,653
مجموعی منافع	10,674	11,325
PBT	3,825	6,801
PAT	(3,366)	3,382
EPS (پاکستانی روپے/شیئر)	(8.06)	7.21

مجموعی نتائج کا تفصیلی تجزیہ " Segmental Review of Business Performance" سیکشن میں فراہم کیا گیا ہے۔

مستقبل کا نقطہ نظر

حکومت کا آئی ایم ایف کے ساتھ اسٹینڈ بائی معاہدہ ہوگیا ہے۔ عبوری حکومت قائم اور عام انتخابات ہونے جا رہے ہیں۔ ملک کی سیاسی ومعاشی صورتحال بدستور کشیدہ ہے۔ اگر انتخابات میں معقول وقت سے زیادہ تاخیر ہوتی ہے تو آئی ایم ایف پروگرام میں مستقبل کے معاملات پر شکوک پیدا ہو سکتے ہیں۔ کوئی بھی غیر مناسب تاخیر ملک کو مزید سیاسی، معاشی اور قانونی جنگ میں دھکیل سکتی ہے۔ یہ تمام عوامل ملک میں مجموعی کاروباری ماحول کو کشیدہ کر سکتے ہیں۔ پاکستانی روپیہ/امریکی ڈالر کی برابری دباؤ میں رہے گی اور ڈالر کی قیمت مزید بڑھ سکتی ہے۔ جس سے لاگت میں اضافہ کی تشویش پیدا ہوسکتی ہے۔ متوقع افراط زر کو مدنظر رکھتے ہوئے، مالی سال 24 کے دوران رعایتی شرحیں بلند رہیں گی۔ کوئلہ کی قیمت کم ہو رہی ہے، جو سیمنٹ کی صنعت کی لاگت میں بہت ضروری ریلیف فراہم کرے گا۔ تاہم، کچھ فائدہ کرنسی کی قدر میں کمی سے پورا کیا جا سکتا ہے۔ کمپنی اپنی لاگت بچانے کی حکمت عملی کے تحت درآمدی اور مقامی کوئلے کے مرکب کا استعمال جاری رکھے گی۔ افراط زر اور متوقع GDP نمو کے اعداد کو مدنظر رکھتے ہوئے، مقامی ترسیلات میں گزشتہ سال کے مقابلے میں نمایاں اضافہ نہیں ہوسکا۔ کمپنی مقررہ لاگت میں حصہ ڈالنے اور قیمتی غیر ملکی زر مبادلہ کے ذخائر حاصل کرنے کے لیے کلنکر برآمد کرنے کی حکمت عملی جاری رکھے گی۔ کمپنی امریکہ کی مارکیٹ میں برآمدی مواقع کا بھی جائزہ لے رہی ہے، جو کہ اگر مکمل ہوجائیں تو نمایاں منافع حاصل ہوسکتا ہے۔

تصرف

بورڈ نے منافع اور صلاحیت کی توسیع کی ضروریات کو مدنظر رکھتے ہوئے، FY23 کے لئے کسی ڈیویڈینڈ کی سفارش نہیں کی ہے۔

اہم خطرات

کمپنی کی اصل سرگرمی سیمنٹ اور کلنکر تیار اور فروخت کرنا ہے اور کمپنی کو مندرجہ ذیل اہم خطرات کا سامنا ہے:

- مارکیٹ قیمت اور سخت مقابلہ

جائزہ

اس مالی سال کی جھلکیوں کو بہترین طور پر 'مالی افراتفری اور سیاسی سماجی بدامنی' کے ساتھ منسلک کیا جاسکتا ہے۔ اس سال کو غیر یقینی سیاسی اور مالیاتی لحاظ سے پاکستان کی تاریخ کے بدترین سالوں میں سے ایک قرار دیا جاسکتا ہے۔ تقریباً پورا سال 'ڈیفالٹ رسک' کے ساتھ شہ سرخیوں میں رہا جو ملک بھر کے مالیاتی منصوبہ سازوں، ممکنہ سرمایہ کاروں، قرض دہندگان اور کاروباروں پر چھایا ہوا تھا۔ 35 فیصد سے زائد کی ریکارڈ مہنگائی کے طوفان نے ملک اور عام لوگوں کو بہت نقصان پہنچایا۔ سال کی دوسری ششماہی میں حکومت کی جانب سے عدم فیصلہ سازی نے بھی سرمایہ کاروں کے اعتماد کو متزلزل کردیا۔ قدرتی آفات جیسے کہ شدید سیلاب اور بارشوں نے قومی آمدنی کے مختلف سلسلے کو بھی متاثر کیا، حکومت کے لیے پہلے سے ہی تاریک مالیاتی گنجائش کو مزید سخت کردیا۔ دوسری ششماہی میں کرنسی کی قدر میں بڑے پیمانے پر کمی نے بھی اچانک مہنگائی کو بڑھادیا جس سے عام لوگوں کی پہلے ہی کمزور قوت خرید مزید کم ہوگئی۔ نتیجتاً GDR میں 23 مارچ تک 0.29 فیصد کا معمولی اضافہ ہوا (اور جون-23 تک مزید کمی متوقع ہے)۔ آخرکار، مالی سال 23 کے اختتام تک، حکومت نئی حکومت کی تبدیلی کی سہولت کے لیے مارچ تک آئی ایم ایف سے اسٹینڈ بائی معاہدہ حاصل کرنے میں کامیاب ہوگئی۔ اس کے بعد KSA اور UAE سے ڈیپازٹس بھی بیرونی محاذ پر بہت ضروری استحکام آیا۔ تاہم، یہ سال ملک کی ریڑھ کی ہڈی متوسط طبقے کے لیے بہت مشکلات لے کر آیا، جس نے ان کی قوت خرید کو کشیدہ، ان کے اخراجات کے بہاؤ اور ان کی خریداری کے انداز کو بہت متاثر کیا۔ یہ اثر تمام صنعتوں میں دیکھا گیا، جس سے منافع اور کاروباری آپریشنز متاثر ہوئے ہیں۔

سیمنٹ انڈسٹری کی ترسیلات اور تجزیہ

حجم کے لحاظ سے، صنعت کی کل فروخت مقدار میں سالانہ بنیادوں پر 8.3 ملین ٹن (15.7%) کی کمی جو 44.5 ملین ٹن تک پہنچ گئی۔ شمالی زون نے جنوبی زون کے 1.8 ملین ٹن (14.4%) کے مقابلے میں 6.5 ملین ٹن (16.1%) کی منفی نمو درج کی۔ مزید تجزیہ ظاہر کرتا ہے کہ منفی نمو مقامی ترسیلات کی وجہ سے ہوئی جس میں 7.6 ملین ٹن (16.4%) کی واقع ہوئی جبکہ برآمدات میں 0.7 ملین ٹن کی معمولی کمی واقع ہوئی۔ صنعت کی مستعمل فروخت گزشتہ سال کی اسی مدت کے 76 فیصد کے مقابلے میں کم ہوکر 60 فیصد ہوگئی۔ اس میں بڑے پیمانے پر 54 فیصد کی مقامی فروخت جبکہ برآمدات کی فروخت کا 6 فیصد حصہ استعمال کیا گیا۔

کاروباری کارکردگی کا جائزہ

آپ کی کمپنی کے کلن کے آپریشنل دن 1,030 دنوں سے 759 دن تک 26 فیصد کم ہوگئے۔ کلینکر کی فیصد پیداوار 69% (FY22: 95%) تک کم رہی۔ آپ کی کمپنی کی مستعمل فروخت کم ہوکر 71% (FY22: 93%) ہوگئی۔ صنعت کے اعدادوشمار کے لحاظ سے یہ رجحان بنیادی طور پر طلب و رسد میں فرق کی وجہ سے تھا۔ کمپنی کی مقامی فروخت میں 5.0% کی کمی واقع ہوئی۔ کلینکر کو مقررہ لاگت میں حصہ ڈالنے کے لیے برآمد کیا گیا جس سے (بشمول سیمنٹ کی برآمد سے) 36 ملین امریکی ڈالر کا قیمتی زرمبادلہ کمایا گیا۔

فروخت، قدر کے لحاظ سے، بنیادی طور پر مستحکم مقامی سیمنٹ کی قیمتوں کی وجہ سے اضافہ ہوا ہے۔ مہنگائی، توانائی اور ایندھن کی زیادہ قیمتوں کا سارا اثر صارفین تک منتقل نہیں کیا جاسکا۔ کمپنی کو لاگت کو مدنظر رکھتے ہوئے اور قیمتی زرمبادلہ کے ذخائر کی بچت کرتے ہوئے، درآمدی کوئلے کے بدلے جزوی طور پر متبادل ایندھن، مقامی اور افغانی کوئلے کی طرف منتقل کر دیا گیا۔ 'دیگر اخراجات' میں کمی کا تعلق زرمبادلہ کے نقصان میں کمی سے تھا کیونکہ اس سال شرح مبادلہ کے اتار چڑھاؤ کی وجہ سے کوئی بڑی درآمدی ادائیگی نہیں ہوئی ہے۔ ہماری MCB سرمایہ کاری سے منافع کی

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو مالی سال 23 کے نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

30 جون 2023ء مختتمہ سال کے لئے کمپنی کی مجموعی کارکردگی کے اعداد و شمار:

	مالی سال 2023	مالی سال 2022
	پاکستانی روپے ہزاروں میں	
فروخت	64,983,821	58,043,863
قیمت فروخت	(55,428,046)	(47,615,551)
مجموعی منافع	**9,555,775**	**10,428,312**
انتظامی اخراجات	(879,356)	(751,052)
فروخت اور تقسیم کے اخراجات	(1,818,028)	(1,748,859)
مالی اثاثوں پر خالص قرضی منافع/(نقصان)	(104,094)	(8,990)
دیگر معاملاتی اخراجات	(96,461)	(1,042,803)
دیگر آمدنی	3,246,999	2,714,340
مالی لاگت	(6,742,292)	(3,571,187)
ٹیکسیشن سے قبل (نقصان)/منافع	**3,162,543**	**6,019,761**
ٹیکسیشن	(6,798,519)	(3,047,629)
سال کے لئے	**(3,635,976)**	**2,972,132**

امسال کے لئے آپ کی کمپنی کی پیداوار اور فروخت حجم کے اعداد و شمار درج ذیل ہیں:

	مالی سال 2023	مالی سال 2022
پیداوار	اعداد و شمار میٹرک ٹن میں	
کلنکر کی پیداوار	4,628,354	6,370,194
سیمنٹ کی پیداوار	4,325,760	5,354,142
فروخت		
کل فروخت	4,273,517	5,358,873
مقامی فروخت (علاوہ ذاتی استعمال)	4,112,798	5,061,409
برآمد فروخت	160,719	297,464
کلنکر فروخت	768,944	1,173,745

GP%	14.7%	18.0%
PBT %	4.9%	10.4%
PAT%	-5.6%	5.1%
EPS	(8.30)	6.78

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/DGKC) will be held on October 27, 2023 (Friday) at 03:00 P.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2023 together with the Chairman's Review, Directors' and Auditors' reports thereon.

2. To appoint statutory Auditors for the year 2023-24 and fix their remuneration.

3. **Special Business:-**

   a) **To ratify and approve transactions conducted with the Related Parties during the year ended June 30, 2023 by passing the following special resolution with or without modification:**

   Resolved that the Related Party Transactions disclosed in the annual audited financial statements for the year ended June 30, 2023 as approved by the Board of Directors of D. G. Khan Cement Company Limited ("the Company") be and are hereby ratified, approved and confirmed in all respects.

   b) **To authorize the Board of Directors of the Company to approve transactions with the Related Parties during the financial year ending on June 30, 2024 by passing the following special resolution with or without modification:**

   Resolved that the Board of Directors of D. G. Khan Cement Company Limited ("the Company") be and is hereby authorized to approve the transactions to be conducted with the related parties during the financial year ending on June 30, 2024 and these transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their ratification.

   c) **To consider and if deemed fit, to pass the following resolutions as special resolutions in pursuance of S.R.O. 389(I)/2023 dated March 21, 2023 of the Securities and Exchange Commission of Pakistan to authorize the Company to circulate the annual audited financial statements to its members through QR enabled code and weblink with or without modification, addition(s) or deletion(s).**

   Resolved that the 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 financial year 2024 through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB, as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated March 21, 2023.

   Resolved further that 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.

A Statement of Material Facts as required under Section 134(3) of the Companies Act, 2017 is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board

Lahore
August 31, 2023

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from **20.10.2023 to 27.10.2023 (both days inclusive)** for attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respects up to 1:00 p.m. on 19.10.2023 at the office of Share Registrar, THK Associates (Pvt) Limited, **Karachi Office,** Plot No.32-C, Jami Commercial Street No.2, DHA, Phase VII, Karachi, **Lahore Office,** THK Associates (Pvt) Ltd., Office No. 309, 3rd Floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, Lahore shall be considered in time for entitlement for 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.

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Transmission of Annual Financial Statements through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.dgcement.com and send the form, duly signed by the shareholder, along with copy of his/her CNIC to the Company's Share Registrar M/s THK Associates (Pvt) Limited.

Circulation of Annual Reports through Digital Storage

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the Members of D. G. Khan Cement Company Limited in AGM held on 28th October 2017 had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

Unclaimed Dividend / Shares

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

Video Conference Facility

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting on the Standard Form placed in the annual report which is also available on the website of the Company.

E-voting and Postal Ballot Facility

Polling on Special Business Resolutions:

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of D. G. Khan Cement Company Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on Friday, October 27, 2023, at 03:00 PM, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

Procedure for E-Voting:

I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 20, 2023.

II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

III. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

IV. E-Voting lines will start from October 24, 2023, 09:00 a.m. and shall close on October 26, 2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address Nishat House 53-A, Lawrence Road, Lahore, Pakistan or email at chairman@dgcement.com one day before the Annual General Meeting on October 26, 2023 up to 5:00 p.m. The signature on the ballot paper shall match the signature on CNIC.

This postal Poll paper is also available for download from the website of the Company at www.dgcement.com or use the same as attached to this Notice and published in newspapers.

Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

Video Link Facility for Meeting:-

In light of COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP") has advised vide Circular No. 4 of 2021 dated 15 February, 2021 to provide participation of the members through electronic means. The members can attend the AGM via video link using smart phones/tablets/. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at kchohan@dgcement.com or smahmood@dgcement.com by October 20 2023.

Name of Member/ Proxyholder	CNIC No.	Folio No. / CDC Account No.	Cell No. Whatsapp No.	Email ID

Conversion of Physical Shares into Book Entry Form

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

We hereby request all members who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member / stock broker of the Pakistan Stock Exchange to open an account in the Central Depository System and to facilitate conversion of physical shares into book-entry form. Members are informed that holding shares in book-entry form has several benefits including but not limited to Secure and convenient custody of shares, conveniently tradeable and transferable, No risk of the loss, damage or theft, No stamp duty on transfer of shares in book-entry form and Hassle free credit of bonus or right shares.

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at earliest.

STATEMENT OF MATERIAL FACTS
UNDER SECTION 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 27, 2023.

a) Item No. 3(a)
Approval of transactions conducted with the Related Parties during the year ended June 30, 2023

Following transactions carried out with associated companies/related parties have been approved by the Board as recommended by the Audit Committee on a quarterly basis pursuant to provisions of applicable laws. However, as majority of Company Directors were interested in certain related party transactions due to their common directorship and holding of shares in the associated companies/related parties, the Board has recommended for placement of the same before the shareholders of the Company in general meeting for ratification/approval.

Relationship with the Company	Nature of transactions	(Rupees in thousand)
i. Subsidiary companies	Purchase of goods (inclusive of sales tax)	2,950,609
	Sales of goods and services	69,997
	Rental income	966
	Dividend income	25,595
ii. Investor	Sale of goods	16,647
	Dividend paid	137,574
	Purchase of goods and services	290
	Dividend income	121,158
iii. Other related parties	Sale of goods	117,671
	Insurance premium	224,799
	Purchase of goods and services	94,512
	Reimbursement of expenses	36,110
	Insurance claims received	43,417
	Rental income	765
	Dividend paid	37,244

	Dividend income	2,260,555
	Initial gain on shares received as a result of merger scheme	102,408
	Purchase of shares	1,007,500
iv. Key management Personnel	Remuneration	301,760
	Dividend paid	39,943
v. Post Employment benefit plan	Expense charged in respect of defined benefit plans	245,561
	Expense charged in respect of defined contribution plan	123,989

All these related party transactions during the mentioned period were executed at Arm's Length Price in a fair and transparent manner and there was no departure from the guidelines mentioned in the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and listed companies regulations 2019 Code of Corporate Governance for such transactions.

Pursuant to the above, these transactions have to be approved/ratified by the shareholders in the General Meeting.

b) Item No. 3(b)
To authorize the Board of Directors of the Company to approve transactions with the Related Parties during the financial year ending on June 30, 2024

The Company shall be conducting transactions with its related parties during the year ending June 30, 2024 on an arm's length basis as per approved policy with respect to transactions with related parties' in the normal course of business. The majority of Directors are interested in certain transactions due to their relationship with the Company. In order to promote the transparent business practices, the Board of Directors has to be authorized to approve all transactions with the related parties from time to time during the year ending June 30, 2024 and the same will be placed before the Shareholders in the next AGM for their ratification / approval.

c) Item No. 3(c)
Transmission of Annual Audited Financial Statements through QR Enabled Code and Weblink

The Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated March 21, 2023 has allowed companies to circulate annual audited financial statements to its members through QR enabled code and Weblink, therefore, the Board of Directors of D. G. Khan Cement Company Limited ("the Company") in their meeting held on August 31, 2023 has recommended for transmission of Annual Reports including Audited Financial Statements of the Company to its members through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB, however, hard copy of the annual audited financial statements will be supplied to the shareholders, on demand, at their registered addresses, free of cost, within one week of receipt of such demand.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above businesses except to the extent of shares that are held by them in the Company.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	Hyundai Nishat Motor (Pvt) Limited (HNMPL)		
Total Investment Approved:	Equity investment upto Rupees 850 million was approved in EOGM held on March 28, 2018 and further enhanced from PKR 850 million to PKR 1,056.400 million by the shareholders in their AGM held on October 28, 2019 for the period of 4 years.	Additional Equity investment upto Rupees 900 million was approved by the shareholders in their AGM held on October 28, 2022 for the period of 4 years.	Guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to PKR 1,000 Million for a tenure of 7.5years was approved by members in EOGM held on March 28, 2018 and further enhanced from PKR 1,000 million to PKR 1,277 million by the shareholders in their AGM held on October 28, 2019 for the period of 7.5 years.
Amount of Investment Made to date:	Investment of Rupees 1,056.230 million has been made against this approval to date.	Investment of Rupees 900 million has been made against this approval to date.	Guarantee of Rs. 1,238.230 million provided by the Company to the lenders of Hyundai Nishat Motors (Pvt) Limited against this approval.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. The Company will make further equity investment as and when further shares offered by HNMPL.	Full investment has been made in investee company.	Partial guarantee has been extended after the approval. The Company will arrange issuance of further Guarantee /SBLC as and when requested by HNMPL within the approved time line and amount.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs.19.67 and breakup value per share was Rs. 4.85. As per latest audited financial statements for the year ended December 31, 2022 the basic earnings per share is Rs. 0.28 and breakup value per share is Rs. 16.15.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2021, the basic earnings share was Rs. 1.44 and breakup value per share was Rs. 8.22. As per latest audited financial statements for the year ended December 31, 2022 the basic earnings per share is Rs. 0.28 and breakup value per share is Rs. 16.22.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs.19.67 and breakup value per share was Rs. 4.85. As per latest audited financial statements for the year ended December 31, 2022 the basic earnings per share is Rs. 0.28 and breakup value per share is Rs. 16.22.

D. G. KHAN CEMENT COMPANY LIMITED

NISHAT

BALLOT PAPER FOR VOTING THROUGH POST

For voting through post for the Special Business at the Annual General Meeting of D. G. Khan Cement Company Limited to be held on (Friday) October 27, 2023 at 03:00 PM (PST) at Emporium Mall, the Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: chairman@dgcement.com.

Name of shareholder/joint shareholder(s):	
Registered Address:	
Folio No. / CDC Participant / Investor ID with sub-account No.	
Number of shares held	
CNIC, NICOP/Passport No. (In case of foreigner) *(Copy to be attached)*	
Additional Information and enclosures (In case of representative of body corporates, corporations and Federal Government)	
Name of Authorized Signatory:	
CNIC, NICOP/Passport No. (In case of foreigner) of Authorized Signatory - *(Copy to be attached)*	

I/we hereby exercise my/our vote in respect of the following special resolutions through postal ballot by giving my/our assent or dissent to the following resolutions by placing tick (√) mark in the appropriate box below:

Special Resolutions

Agenda Item 3(a)

To ratify and approve transactions conducted with the Related Parties during the year ended June 30, 2023 by passing the following special resolution with or without modification:

Resolved that the Related Party Transactions disclosed in the annual audited financial statements for the year ended June 30, 2023 as approved by the Board of Directors of D.G. Khan Cement Company Limited ("the Company") be and are hereby ratified, approved and confirmed in all respects.

Agenda Item 3(b)

To authorize the Board of Directors of the Company to approve transactions with the Related Parties during the financial year ending on June 30, 2024 by passing the following special resolution with or without modification:

Resolved that the Board of Directors of D. G. Khan Cement Company Limited ("the Company") be and is hereby authorized to approve the transactions to be conducted with the related parties during the financial year ending on June 30, 2024 and these transactions shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their ratification.

Agenda Item 3(c)

To consider and if deemed fit, to pass the following resolutions as special resolutions in pursuance of S.R.O. 389(I)/2023 dated March 21, 2023 of the Securities and Exchange Commission of Pakistan to authorize the Company to circulate the annual audited financial statements to its members through QR enabled code and weblink with or without modification, addition(s) or deletion(s).

Resolved that the 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 financial year 2024 through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB, as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated March 21, 2023.

RESOLVED further that 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.

I/we hereby exercise my/our vote in respect of above mentioned special resolutions through postal ballot by conveying my/our assent or dissent to the said resolutions by placing tick (√) mark in the appropriate box below:

Sr. No.	Nature and Description of resolutions	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1.	**Special Resolution as per the Agenda Item No. 3(a) (as given above)**		
2.	**Special Resolution as per the Agenda Item No. 3(b) (as given above)**		
2.	**Special Resolution as per the Agenda Item No. 3(c) (as given above)**		

____

Shareholder / Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Place: __________________

Date: __________________

NOTES:

1. Duly filled postal ballots should be sent to the Chairman at Nishat House, 53-A, Lawrence Road, Lahore or through email at: chairman@dgcement.com .
2. Copy of CNIC, NICOP/Passport (In case of foreigner) should be enclosed with the postal ballot form.
3. Postal Ballot form should reach the Chairman of the Meeting on or before October 26, 2023 up to 5:00 p.m. Any Postal Ballot received after this time/date, will not be considered for voting.
4. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Consul General of Pakistan having jurisdiction over the member.
5. Signature on postal ballot should match with signature on CNIC, NICOP/Passport (In case of foreigner).
6. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

قرار پایا ہے کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O. 389(I)/2023 مورخہ 21 مارچ 2023 کی رُو سے اجازت کے مطابق ڈی جی خان سیمنٹ کمپنی لمیٹڈ ("کمپنی") کے ممبران کی منظوری ہے اور بذریعہ ہذا سال 2023 سے شروع ہونے والے آئندہ سالوں کے لیے سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ممبرز کو منتقلی CD/DVD/USB کے ذریعے منتقل کرنے کی بجائے QR فعال کوڈ اور ویب لنک کے ذریعے کرنے کی منظوری دی جاتی ہے۔

مزید قرار پایا ہے کہ کمپنی کے چیف ایگزیکٹو آفیسر اور/یا چیف فنانشل آفیسر اور/یا کمپنی سیکرٹری تمام کاموں، اعمال اور چیزوں کو کرنے، تمام قانونی تقاضے، ضروری اقدامات اٹھانے یا کرنے کا سبب بننے اور ضروری دستاویزات فائل کرنے جو کہ اس قرارداد کو نافذ کرنے کے مقاصد کے لیے ضروری یا اتفاقی ہوں کے مجاز ہیں۔

میں/ہم مندرجہ بالا خصوصی قراردادوں کے سلسلے میں پوسٹل بیلٹ کے ذریعے اپنا/ہمارے ووٹ استعمال کرتے ہیں اور ذیل میں مناسب خانہ میں ٹک (✓) کا نشان لگا کر درج ذیل قراردادوں پر اپنی رضامندی یا اختلاف رائے دیتا ہوں/دیتے ہیں:

نمبر شمار	قراردادوں کی نوعیت اور تفصیل	میں/ہم قراردادوں پر رضامند ہیں (FOR)	میں/ہم قراردادوں پر کے خلاف ہیں (AGAINST)
1۔	ایجنڈا آئٹم نمبر 3(a) کے مطابق خصوصی قرارداد (مذکورہ بالا)		
2۔	ایجنڈا آئٹم نمبر 3(b) کے مطابق خصوصی قرارداد (مذکورہ بالا)		
3۔	ایجنڈا آئٹم نمبر 3(c) کے مطابق خصوصی قرارداد (مذکورہ بالا)		

شیئر ہولڈر/پراکسی ہولڈر دستخط/مجاز کنندہ کے دستخط:

(بصورت کارپوریٹ ادارہ، براہ مہربانی کمپنی کی مہر ثبت کریں)

مقام: ____________________ تاریخ: ____________________

نوٹس:

1۔ صحیح طریقے سے پُر شدہ پوسٹل بیلٹ چیئرمین کو نشاط ہاؤس، 53-A، لارنس روڈ، لاہور، یا chairman@dgcement.com پر ای میل بھیجنا چاہیے۔
2۔ CNIC، NICOP/پاسپورٹ کی کاپی (غیر ملکی کی صورت میں) پوسٹل بیلٹ فارم کے ساتھ منسلک ہونی چاہیے۔
3۔ پوسٹل بیلٹ فارم 26 اکتوبر 2023 شام 5:00 بجے کو یا اس سے پہلے چیئرمین اجلاس تک پہنچ جانے چاہئیں۔ اس تاریخ/وقت کے بعد موصول ہونے والا کوئی بھی پوسٹل بیلٹ ووٹنگ کے لیے قبول نہیں کیا جائے گا۔
4۔ باڈی کارپوریٹ، کارپوریشن یا وفاقی حکومت کے نمائندہ کی صورت میں، قابل اطلاق کمپنیز ایکٹ 2017 کی دفعہ 138 یا 139 کے مطابق بیلٹ پیپر فارم لازماً مجاز فرد کے CNIC کی کاپی، بورڈ کی قرارداد/مختارنامہ/اتھرائزیشن لیٹر وغیرہ کی مصدقہ کاپی کے ہمراہ ہونا چاہیے۔ غیر ملکی باڈی کارپوریٹ وغیرہ کی صورت میں، تمام دستاویزات رکن کی جورسڈکشن کے پاکستان کے قونصل جنرل سے تصدیق شدہ ہونے چاہئیں۔
5۔ پوسٹل بیلٹ پر دستخط CNIC، NICOP/پاسپورٹ (غیر ملکی کی صورت میں) کے دستخط سے مماثل ہونا چاہیے۔
6۔ نامکمل، بغیر دستخط شدہ، غلط، کاٹ کر لکھا ہوا، پھٹا ہوا، مسخ شدہ، دوبارہ لکھا ہوا بیلٹ پیپر مسترد کر دیا جائے گا۔

D. G. KHAN CEMENT COMPANY LIMITED

NISHAT

ڈی جی خان سیمنٹ کمپنی لمیٹڈ
ڈاک کے ذریعے ووٹنگ کے لیے بیلٹ پیپر

بروز جمعہ، 27 اکتوبر 2023 کو دوپہر 03:00 بجے (PST) ایمپوریم مال، نشاط ہوٹل، مارکی اینڈ کانفرنس سنٹر بلاک، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور، پر منعقد ہونے والے ڈی جی خان سیمنٹ کمپنی لمیٹڈ کے سالانہ اجلاس عام میں ڈاک کے ذریعے ووٹنگ برائے خصوصی امور کے لیے۔

چیئرمین کا نامزد کردہ ای میل ایڈریس جس پر صحیح طریقے سے پُر شدہ بیلٹ پیپر بھیجا جا سکتا ہے: chairman@dgcement.com.

شیئر ہولڈر/مشترکہ شیئر ہولڈرز کا نام	
رجسٹرڈ ایڈریس	
فولیو نمبر/سی ڈی سی پارٹیسپنٹ/انویسٹر آئی ڈی معہ سب اکاؤنٹ نمبر	
ملکیتی حصص کی تعداد	
CNIC، NICOP/پاسپورٹ نمبر (بصورت غیر ملکی) (کاپی منسلک ہو)	
اضافی معلومات اور ملفوظات (باڈی کارپوریٹ، کارپوریشن اور وفاقی حکومت کے نمائندہ کی صورت میں)	
مجاز دستخط کنندہ کا نام:	
مجاز دستخط کنندہ کا CNIC، NICOP/پاسپورٹ نمبر (بصورت غیر ملکی) (کاپی منسلک ہو)	

میں/ہم مندرجہ ذیل خصوصی قراردادوں کے سلسلے میں پوسٹل بیلٹ کے ذریعے اپنا/اپنے ووٹ استعمال کرتے ہیں اور ذیل میں مناسب باکس میں ٹک (✓) کا نشان لگا کر درج ذیل قراردادوں پر اپنی رضامندی یا اختلاف رائے دیتے ہیں:

خصوصی قراردادیں

ایجنڈا آئٹم 3(a)

30 جون 2023 کو ختم ہونے والے سال کے دوران متعلقہ فریقین (ریلیٹڈ پارٹی) کے ساتھ کیے گئے لین دین کی توثیق اور منظوری کے لیے درج ذیل خصوصی قرارداد کو ترمیم کے ساتھ یا اس کے بغیر منظور کرنا۔

قرار پایا کہ 30 جون 2023 کو ختم ہونے والے مالی سال کے سالانہ آڈٹ شدہ مالی سٹیٹمنٹس میں متعلقہ فریقین (ریلیٹڈ پارٹی) کے ساتھ کئے گئے لین دین کی معلومات ظاہر ہے، جیسا کہ ڈی جی خان سیمنٹ کمپنی لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز نے منظور کیا ہے اور ہر لحاظ سے ان کی توثیق، منظوری اور تصدیق کی جاتی ہے۔

ایجنڈا آئٹم 3(b)

کمپنی کے بورڈ آف ڈائریکٹرز کو درج ذیل خصوصی قرارداد کو ترمیم کے ساتھ یا اس کے بغیر منظور کر کے 30 جون 2024 کو ختم ہونے والے مالی سال کے دوران متعلقہ فریقین (ریلیٹڈ پارٹی) کے ساتھ لین دین کی

منظوری کا اختیار دینا:

قرار پایا کہ ڈی جی خان سیمنٹ کمپنی لمیٹڈ ("کمپنی") کا بورڈ آف ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے مالی سال کے دوران متعلقہ فریقین (ریلیٹڈ پارٹی) کے ساتھ کیے جانے والے لین دین کی منظوری دینے کا مجاز ہے اور ان لین دین کو شیئر ہولڈرز کی طرف سے منظور کیا گیا سمجھا جائے گا اور اگلے سالانہ اجلاس عام میں شیئر ہولڈرز کے سامنے ان کی توثیق کے لیے پیش کیا جائے گا۔

ایجنڈا آئٹم 3(c)

غور و خوض اور اگر مناسب سمجھا جائے تو سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے S.R.O.389(I)/2023 مورخہ 21 مارچ 2023 کی پیروی میں اپنے ممبران کو سالانہ آڈٹ شدہ مالیاتی گوشواروں کو QR فعال کوڈ اور ویب لنک کے ذریعے ارسال کرنے کا کمپنی کو اختیار دینے کے لئے مندرجہ ذیل قراردادوں کو ترمیم کے ساتھ یا بغیر، اضافے یا حذف کے خصوصی قراردادوں کے طور پر پاس کرنا۔

Form of Proxy

I /We ____

of ____

being a member of D.G Khan Cement Company Limited, hereby appoint ____________________

____

of ____

or failing him/her ____

of ____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 27, 2023 (Friday) at 03:00 P.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

as witness may hand this ____________ day of ________ 2023

Signed by the said member ____________________

in presence of ____________________

Please affix revenue stamp Rs. 50

Signature(s) of Member(s)

Signature of witness ....

Name ....

Address ....

....

CNIC # ....

Signature of witness ....

Name ....

Address ....

....

CNIC # ....

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time to holding the annual general meeting.

AFFIX
CORRECT
POSTAGE

D.G. KHAN CEMENT COMPANY LIMITED

Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan.
UAN:+92-42-111-11-33-33

پراکسی فارم

میں / ہم مسمی / مسماۃ .... ساکن .... ضلع ....

بحیثیت ممبر کمپنی، مسمی / مسماۃ .... ساکن .... کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں

مسمی / مسماۃ .... ساکن .... کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ

اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۸ اکتوبر ۲۰۲۳ء بروقت دوپہر 03:00 بجے ایمپوریم مال، نشاط ہوٹل، ٹریڈ سنٹر کمرشل ایریا، فیز 2، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ .... دن 2023ء

پچاس روپے کی ریونیو اسٹیمپ چسپاں کریں

گواہ کوائف

دستخط ....

نام ....

پتہ ....

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ....

فولیو نمبر ....

سی ڈی سی کھاتہ نمبر ....

حصص کی تعداد ....

گواہ کوائف

دستخط ....

نام ....

پتہ ....

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ....

دستخط ....

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

اہم:

پراکسی فارم، کمپنی کے رجسٹرڈ آفس نشاط ہاؤس، A-53، لارنس روڈ، لاہور، میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

D.G. KHAN CEMENT
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