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/242 October 05, 2021

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

SUB: **SUBMISSION OF ANNUAL AUDITED ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCARS Annual Audited Accounts of D.G. Khan Cement Company Limited (the Company) for the year ended June 30, 2021.

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 23, 2021 issued by M/s. A. F. Ferguson & Co., Chartered Accountants external auditors of the Company.

Thanking you,

Yours truly,

KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

Encl: As Above

NISHAT

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Head Office: Nishat House, 53 - A, Lawrence Road, Lahore - Pakistan.
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E-mail: info@dgcement.com

D. G. KHAN CEMENT COMPANY LIMITED

STATEMENT OF FREE FLOAT OF SHARES

	As of 30 September 2020	As of 31 December 2020	As of 31 March 2021	As of 30 June 2021
Total Outstanding Shares	438,119,118	438,119,118	438,119,118	438,119,118
Less: Government Holdings	(10,947,446)	(10,502,446)	(9,806,440)	(7,696,940)
Less: Shares held by Directors / Sponsors / Senior Management Officers and their associates	(50,720,236)	(50,720,236)	(50,720,236)	(50,720,236)
Less: Shares in Physical Form	(46,434,936)	(46,434,936)	(46,433,385)	(46,432,932)
Less: Shares held by Associate companies / Group Companies (**Cross holdings**)	(118,595,312)	(118,970,312)	(119,737,312)	(116,264,968)
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	**211,421,188**	**211,491,188**	**211,421,745**	**217,004,042**

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

A.F. Ferguson & Co. Chartered Accountants (A member firm of PWC network)

Factory Sites:
Khofli Sattai, Distt. Dera Ghazi Khan - Pakistan. UAN: (92 - 64) 111 - 113 - 333 Tel: (92 - 42) 36360153, Fax: (92 - 64) 2585010
Khairpur, Tehsil, Kallar Kahar. Distt. Chakwal - Pakistan. Tel: (92 - 42) 36360152 Fax: (92 - 543) 650231

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September 23, 2021

1069

The Company Secretary
D. G. Khan Cement Company Limited
Lahore

Dear Sir

INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES AS OF SEPTEMBER 30, 2020, DECEMBER 31, 2020, MARCH 31, 2021 AND JUNE 30, 2021

We enclose our independent reasonable assurance report on statement of free float of shares of D. G. Khan Cement Company Limited ('the Company') as of September 30, 2020, December 31, 2020, March 31, 2021 and June 30, 2021, initialed by us for the purposes of identification.

We wish to place on record, our appreciation for the courtesy and co-operation extended to us by the Company's personnel during the course of our engagement.

Yours truly

A F Ferguson & Co.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
Tel: +92 (42) 3571 5868-71 / 3577 5747-50 Fax: +92 (42) 3577 5754 www.pwc.com/pk

KARACHI LAHORE ISLAMABAD

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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, 2020, December 31, 2020, March 31, 2021 and June 30, 2021.

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, 2020, December 31, 2020, March 31, 2021 and June 30, 2021 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.

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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.

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, 2020, December 31, 2020, March 31, 2021 and June 30, 2021 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

Lahore: September 23, 2021

Annual Report 2021

NISHAT

DG CEMENT

D.G. KHAN CEMENT COMPANY LIMITED

ABOUT DGKC REPORT, SCOPE AND ITS BOUNDARIES

The Report is structured to assist our readers in assessing our business by providing information about state of affairs, performance and the outlook of DGKC. It fairly addresses the material matters pertaining to the long-term sustainability of the Company and its integrated performance. This Report comprises of strategic and operational review by the Board of Directors which encompasses financial reviews and analyses, overview of governance, risk management and business outlook.

The initial part of the report covers organizational structure, value creating business model supported by the outputs, outcomes and impacts of various forms of capitals associated with business activities supported by strategies to deal with the challenges and to achieve our vision.

The Governance portion of this annual report undoubtedly depicts our compliance with legal corporate governance practices, Integrated Reporting Framework, policies in controlled environment and other necessary information to cater needs of stakeholders.

Performance and business outlook are the main heart of this annual report that covers top management's reviews on overall industry, company's current position and plans for future growth, in-depth financial analysis and graphs resulting in a visually appealing information.

The report ends with auditor's report and complete financial statement prepared in accordance with applicable finical reporting framework.

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ORGANIZATIONAL OVERVIEW AND EXTERNAL/INTERNAL ENVIRONMENT

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ORGANIZATIONAL OVERVIEW AND EXTERNAL / INTERNAL ENVIRONMENT

VISION STATEMENT

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

MISSION STATEMENT

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

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 AT DGKC

- **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.

KEY BRANDS & QUALITY STANDARDS

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

COMPANY INFORMATION

Board of Directors

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

Female Director 01
Male Directors 06

Audit Committee

Mr. Khalid Niaz Khawaja	Member/Chairman
Mr. Mahmood Akhtar	Member
Mr. Usama Mahmud	Member

Human Resource & Remuneration Committee

Mr. Khalid Niaz Khawaja	Member/Chairman
Mr. Raza Mansha	Member
Mr. Shahzad Ahmad Malik	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	Chief Financial Officer

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

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

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

Important Identification Numbers of Company

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

Company Products

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

HS Code

Clinker: 2523.1000 Cement: 2523.2900

Applicable Laws & Regulations

Many laws and regulations apply to the Company including:

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

Company Rating

Long Term: AA -
Outlook: Stable
Rating Date: March 04, 2021
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
Siddique Trade Centre,
Office No. PL-29, PL Floor,
72 Main Boulevard,
Gulberg II, Lahore
Phone: +92 42 3578 1682

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

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

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	Coal	Total
DGP	-	24.60	-	10.40	30.00	65.00
KHP	-	-	33.00	12.00	-	45.00
HUB	23.84	-	-	10.00	30.00*	63.84
Total	23.84	24.60	33.00	32.40	60.00	173.84

Electricity Requirements

Factory	MW
DGK	42
KHP	31
HUB	40
Total	113

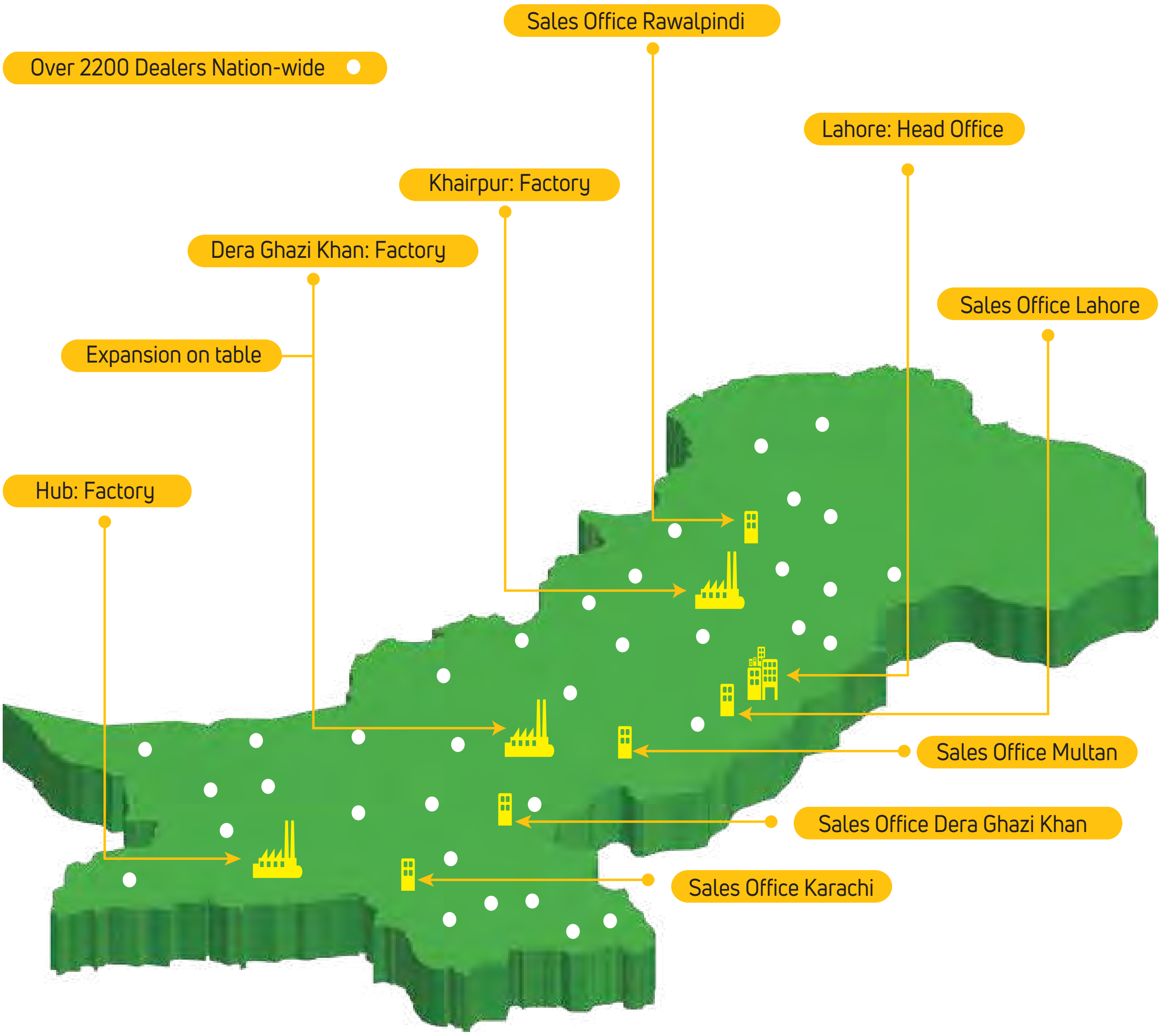
* Opterationalised in September, 2021

**Transferred to HUB from DGK site

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, 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.



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.

Its Market Capitalization as on June 30, 2021 is about PKR 311 billion (about USD 1.9 billion). The Group regular employees are more than 43,000. As on June 30, 2021, 60.8% of group market capitalization was occupied by banking sector, cement 16.6%, textile 10.5%, power 7.4%, and insurance 4.7%.

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	Associated
1	Nishat Mills Limited	Yes
2	MCB Bank Limited	No
3	Adamjee Insurance Company Limited	No
4	Nishat Power Limited	Yes
5	Lalpir Power Limited	Yes
6	Pakgen Power Limited	No
7	Nishat Paper Products Company Limited	Yes
8	Security General Insurance Company Limited	Yes
9	Nishat Hotels And Properties Limited	Yes
10	Nishat (Aziz Avenue) Hotels And Properties Limited	Yes
11	Nishat (Raiwind) Hotels And Properties Limited	Yes
12	Nishat Energy Limited	No
13	Nishat Hospitality (Pvt) Limited	Yes
14	Nishat Linen (Pvt) Limited	Yes
15	Nishat Agriculture Farming (Pvt) Limited	Yes
16	Nishat Developers (Pvt) Limited	Yes
17	Pakistan Aviators & Aviation (Pvt) Ltd.	No
18	Nishat Real Estate Development (Pvt) Limited	No
19	Nishat Dairy (Pvt) Limited	Yes
20	MCB Financial Services Limited	No
21	Adamje Life Assurance Company Limited	Yes
22	Mnet Services (Pvt) Limited	Yes
23	Lalpir Solar (Pvt) Limited	No
24	Hyundai Nishat Motor (Pvt) Limited	Yes
25	MCB Islamic Bank Ltd	Yes
26	Nishat Agrotech (Pvt) Limited	Yes
27	Emporium Properties (Pvt) Limited	Yes
28	Golf View Land (Pvt) Limited	Yes
29	Nishat Sutas Dairy Limited	No

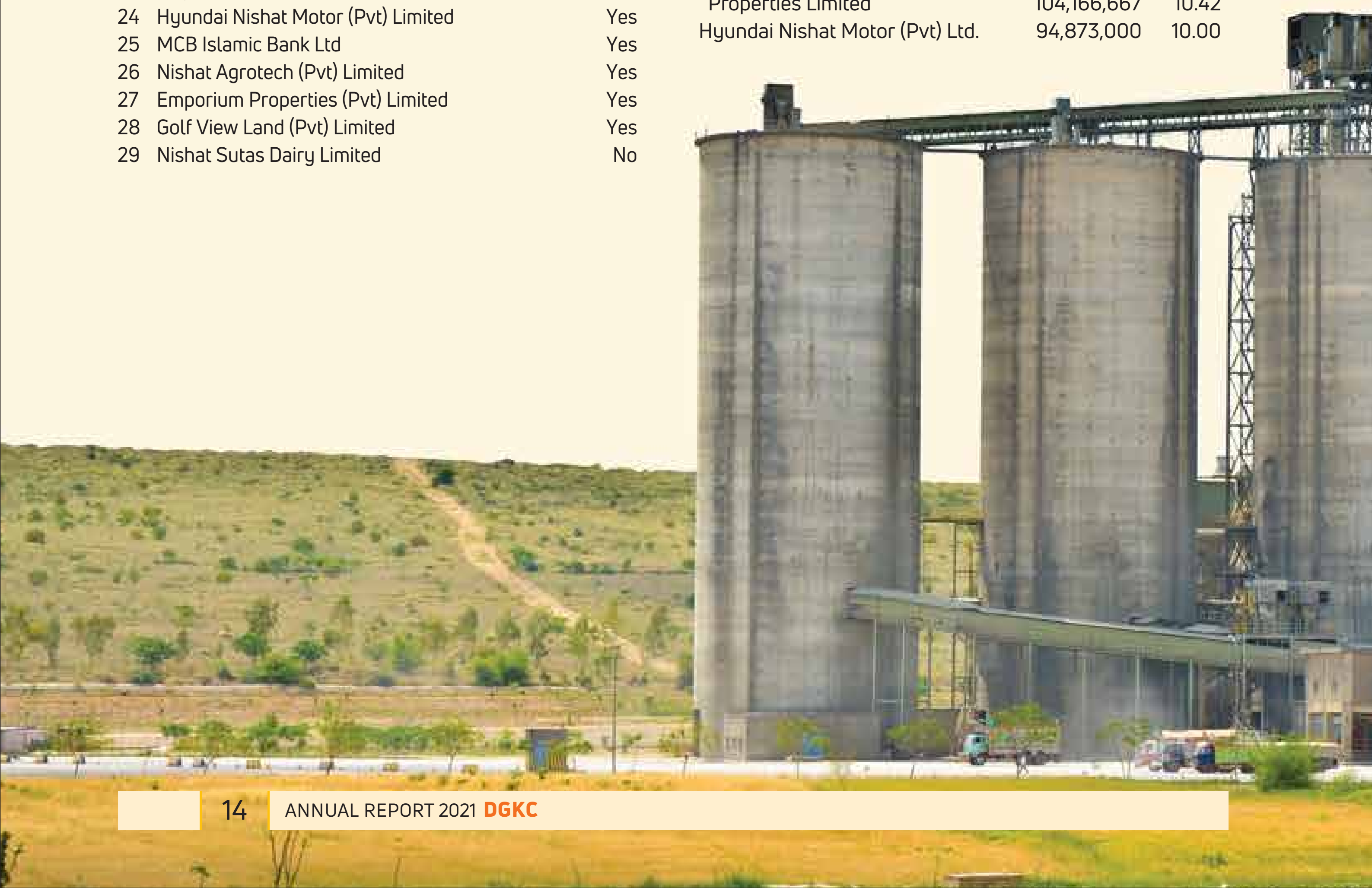
DGKC-GROUP CROSS INVESTMENTS

Holding in DGKC

Share Holder	No. of Shares	%
Nishat Mills Limited	137,574,201	31.40
Adamjee Life Insurance Company Limited	1,391,300	0.32
Security General Insurance Company Limited	228,500	0.05
Mrs. Naz Mansha	113,098	0.03
Mian Raza Mansha	12,796,880	2.92
Mrs. Ammil Raza Mansha	5,891,098	1.34
Mian Umer Mansha	27,565,313	6.29
Mian Hassan Mansha	27,139,917	6.19
	212,700,307	**48.54**

DGKC Holding in

	No. of Shares	%
MCB Bank Limited	102,277,232	8.63
Nishat Mills Limited	30,289,501	8.61
Adamjee Insurance Co. Ltd.	27,877,735	7.97
Nishat Paper Products Co. Ltd.	25,595,398	55.00
Nishat Dairy (Pvt) Limited	270,000,000	55.10
Nishat Hotels and Properties Limited	104,166,667	10.42
Hyundai Nishat Motor (Pvt) Ltd.	94,873,000	10.00

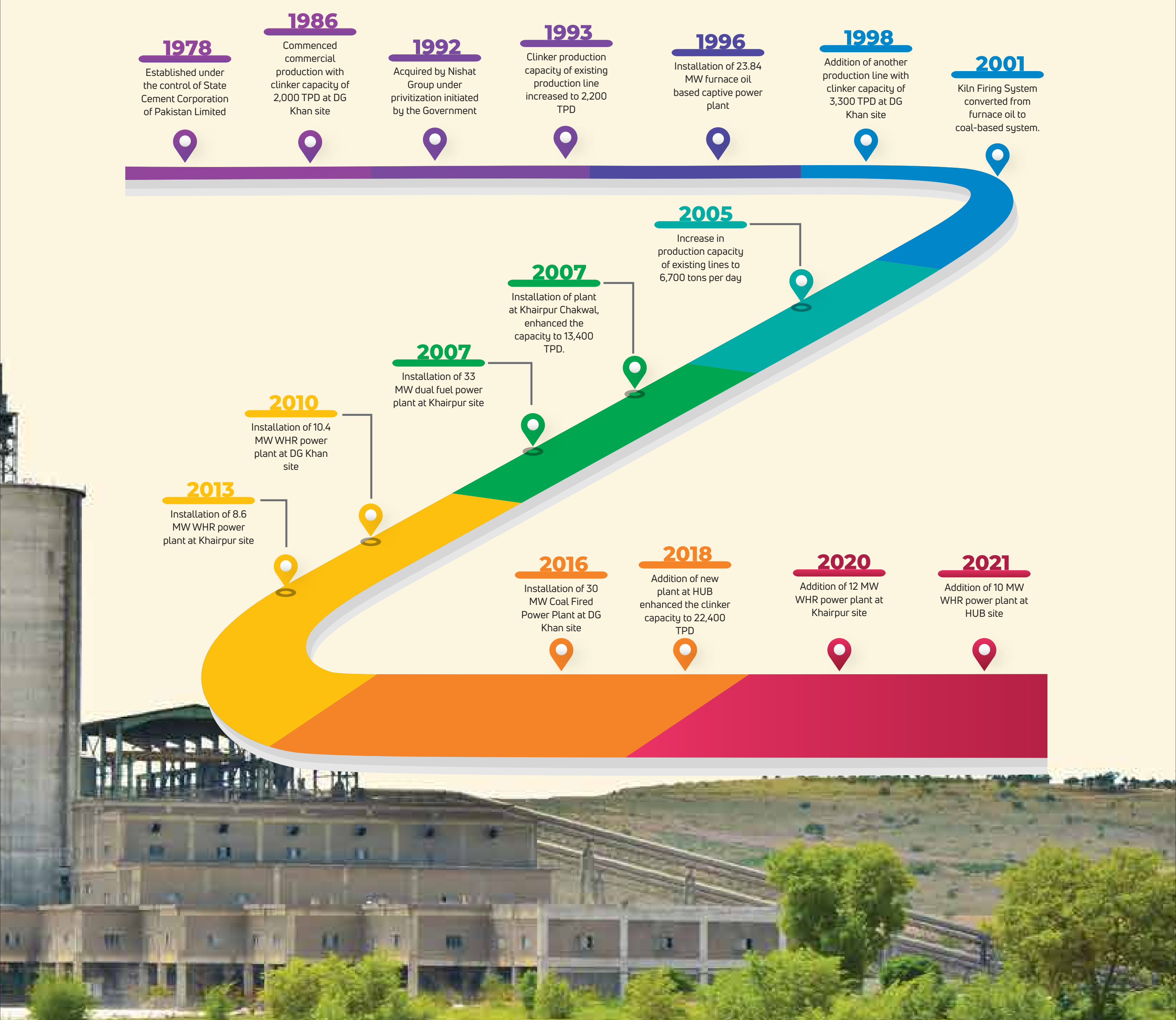


COMPANY PROFILE

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 1,800 regular employees. As at June 30, 2021; total market capitalization was about Rs 52 billion (about 7.3% of the total market capitalization of cement sector in Pakistan). Total market share of the company is about 11%.

BRICK BY BRICK...



FLOW CHART OF COMPANY'S INVESTMENTS

NISHAT

DG CEMENT

31.40% investment in DGKC

SUBSIDIARIES

Nishat Paper Products
55.00%

Nishat Dairy (Pvt) Limited
55.10%

OTHER GROUP COMPANIES

MCB Bank Limited
8.63%

Nishat Mills Limited
8.61%

Adamjee Insurance Co. Ltd.
7.97%

Nishat Hotels & Properties Limited
10.42%

Hyundai Nishat Motor (Pvt) Ltd.
10.00%

SUBSIDIARIES

NISHAT DAIRY (PRIVATE) LIMITED (NDPL)

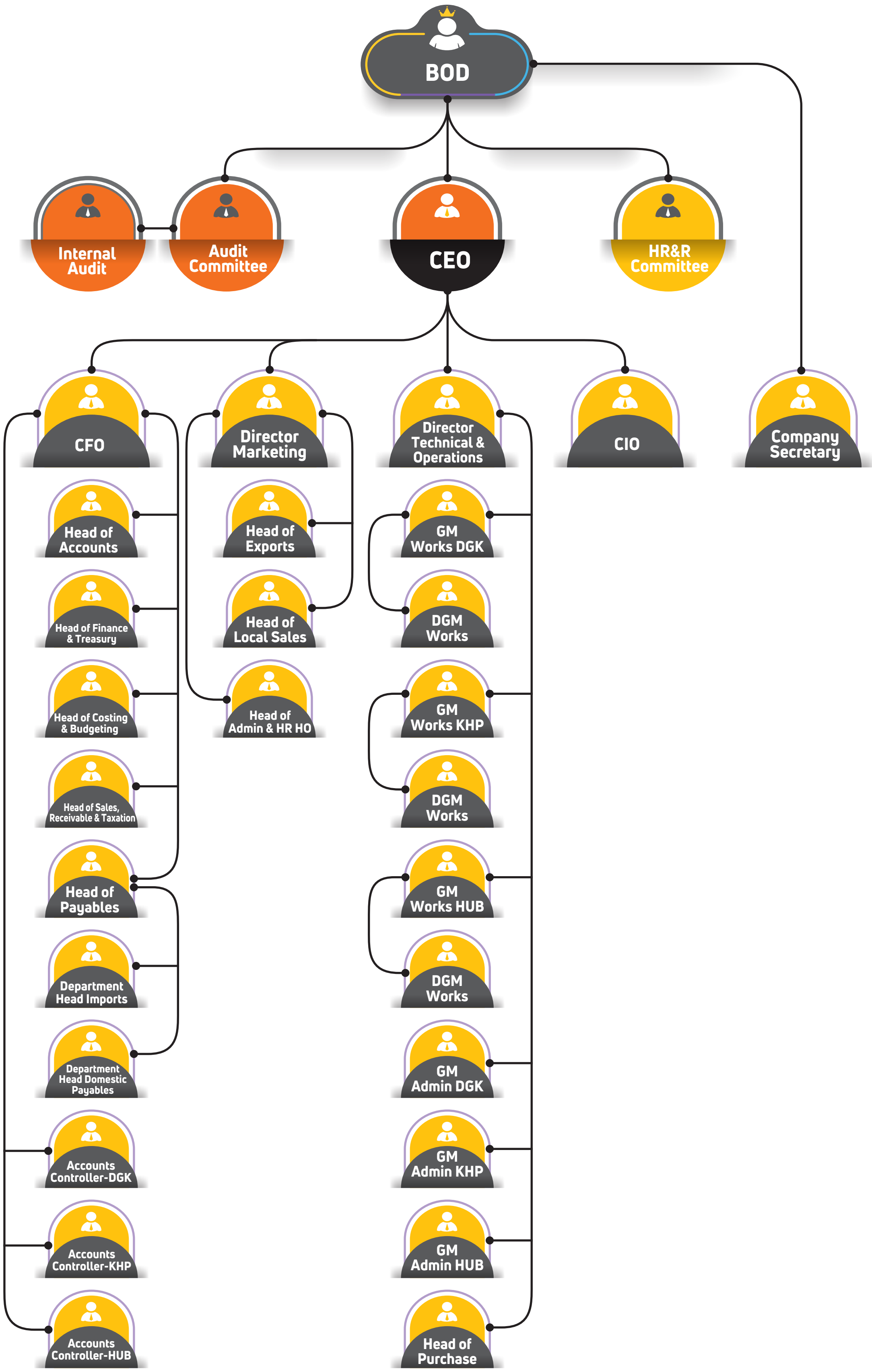
NDPL is a private company limited by shares, incorporated in Pakistan on October 28, 2011. It is principally engaged in the business of production and sale of raw milk. The company was set up with the principle object of carrying out dairy business in Pakistan. It has purchased 147 acres of land near Sukheki to set up the dairy operations. As at June 30, 2021 the Company has 3,033 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

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.

ORGANIZATION STRUCTURE



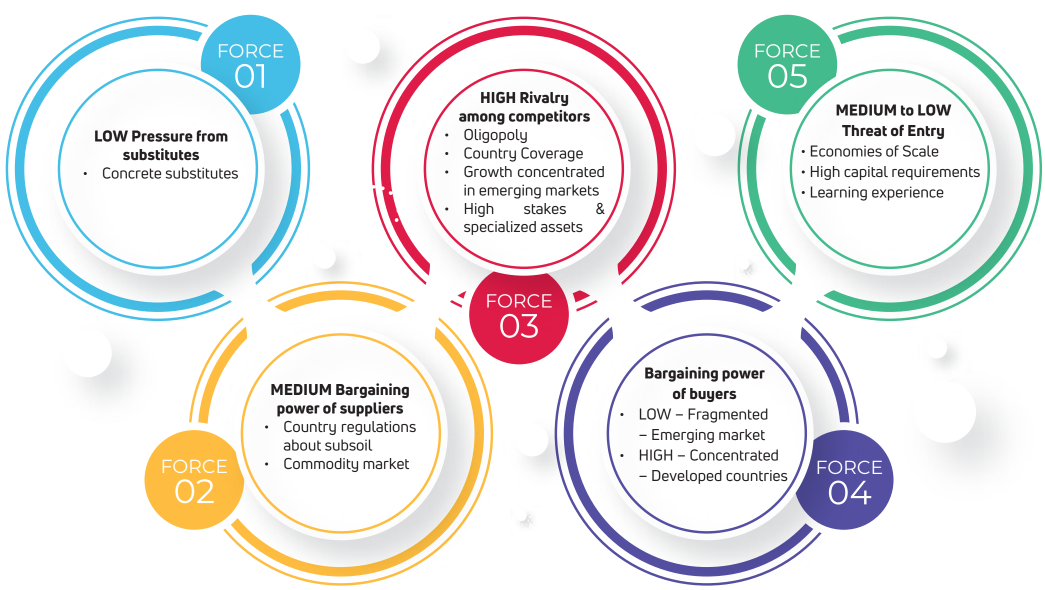
LOCAL VS IMPORTED RAW MATERIAL

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.

Imported coal is the major fuel for cement production and power generation that accounts for about 40% of manufacturing cost. DGKC imports all its coal from South Africa. Its cost varies in accordance with international market rates and PKR fluctuation against USD.

A fluctation in coal price of Rs 100/ton affects cost of clinker by Rs 14/ton that ultimately reduces margins. DGKC consistently monitors coal price and currency rates and takes necessary steps accordingly.

COMPETITIVE LANDSCAPE MARKET POSITIONING (PORTER'S FIVE FORCES)



SIGNIFICANT CHANGES AND DEVELOPMENTS FROM PRIOR YEAR

Following are some worth mentioning changes from prior year:

- Company has focused more on the utilization of alternative sources of energy that resulted into installation of 10MW new waste heat recovery power plant at HUB completed during the last quarter of current financial year while erection of 30MW coal fire power plant is all set to generate power in coming year.
- Last year we had been under a continuous cost pressure and tough price business conditions resulted into net loss of Rs 2.158 billion. Conditions improved in FY21. Significant demand in local market stablized the prices. This resulted in reversal of loss to net profit of Rs 3.715 billion.
- Company's subsidiary, Nishat Dairy (private) Limited, has registered PBT of Rs 103 million for the first time since it commenced its operations.
- Hyundai Nishat Motor (PVT) Limited (an associated company) has successfully commenced its operations last year. The company turned profitable in the first years of its operations, depicting high future prospects.

BUSINESS MODEL

Our value creation business model is the hub of everything we do. It defines risk and opportunities in our external environment, inputs we consume, activities we carry on, the relationships we depend on and the outputs and outcomes we desire to achieve while creating sustainable value for our stakeholders in short, medium and long-term.

Risk and opportunities in our operating environment

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

Strong governance oversight

- DGKC is committed to highest standards of governance, ethics and integrity.

- DGKC embraces best in class governance systems and practices to ensure sustainable value creation and serve as market leader

Input

Financial Capital
> Equity- 73.47 Billion
> Total Assets- 137.89 Billion

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

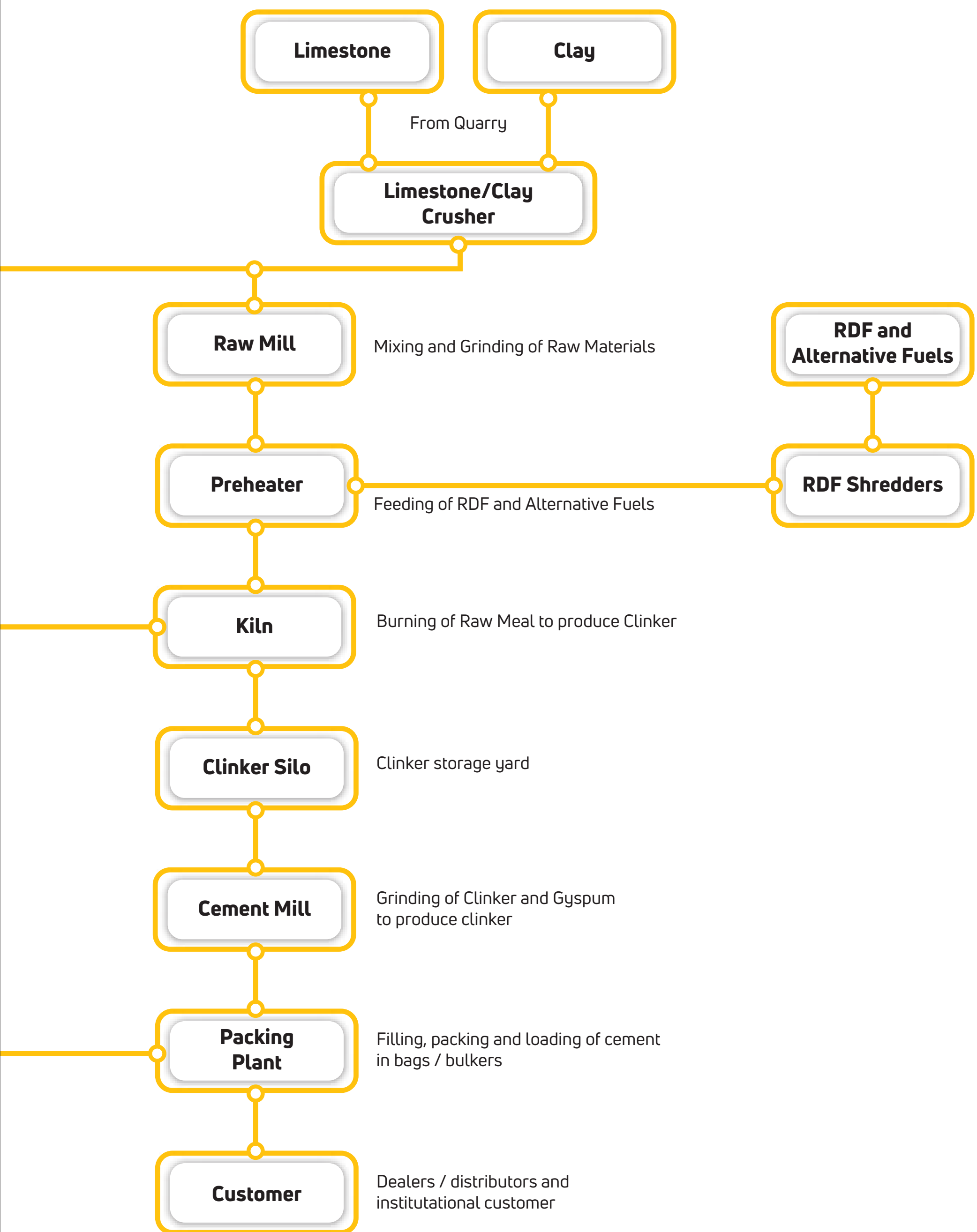
Natural
Water, energy & environement conservation

Human and Intellectual Capital
1800+ regular employees

Social and Relationship
2200+ netweok of distrbutors and dearlers

OUR BUSINESS ACTIVITY

AND PROCESS



Our Capitals (Value Generated and Added)

Financial Capital

> Net Profit- 3.7 Billion
> 19+ 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

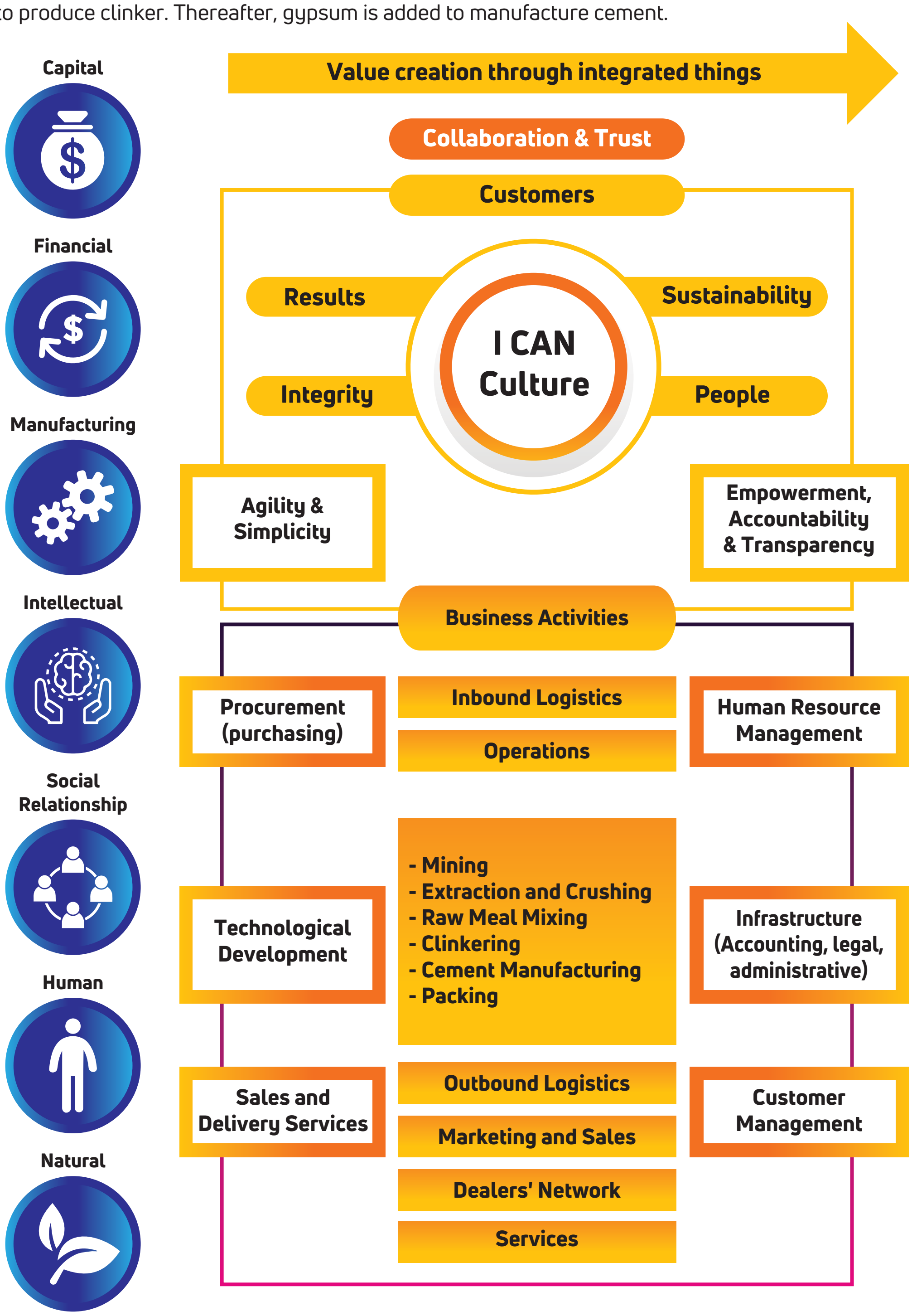
> Better utilization of natural resources including water, energy & other natural resources.

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. • DGKC has installed WHR 10MW power plant at its HUB plant. Subsequent to year end, 30MW CFPP has become operational. • 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.

VALUE CHAIN ANALYSIS

DGKC principal business activity is to produce and sell clinker and cement products. Manufacturing cement involves blending a mixture of limestone and other minerals at a high temperature in kilns. Coal is used to heat the kiln at desired temperature to produce clinker. Thereafter, gypsum is added to manufacture cement.



Value created for our stake holders

Stakeholders and Investors

- Increased Market Capitalization
- Elevated EBITDA margins
- Rise in operating cash flows
- Increased revenue from operations

Customers

- Sustainable and cost saving product
- Increased customer satisfaction

Communities

- Running schools for education
- Water supply facilities
- Support to the deserving persons
- Contribution towards natural disaster
- Sessions on health and safety
- Rehabilitation of disable person Fire fighting services for nearby areas
- Free medical and dispensary

Suppliers

- Timely receipt of payments
- Business growth for more orders

Government

- Timely payment of taxes and duties
- Acting as a social responsible citizen
- Compliance with laws & Regulations

INTEGRATED RISKS INTO BUSINESS STRATEGY

DGKC has invested in maintaining a smooth flow of operations. The company has implemented a proactive approach to mitigate its risk of disruptions in the production process. Our production team is specialized in using various maintenance techniques such as predictive, preventive and proactive maintenance to keep in pace all the machinery and equipment for their adequate functionality and to increase cost effectiveness, machine uptime, and a greater understanding of the level of risk that the organization is presently managing. At DGKC, the mining, grinding, crushing and blending processes are strictly monitored by highly qualified specialists, to ensure that the best possible product is manufactured for our valued customer

STRATEGY, OBJECTIVES AND RESOURCE ALLOCATION

Out 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, STRATEGIES, RESOURCES AND KPIS'

Objectives	Strategies in Place / Resource Allocation	KPIs monitored	Nature
Ensure operational Efficiencies	• Maximizing our capacity utilization • Continuous BMR and analysing • Eradicating operational inefficiencies via strong control system and ethical values. • Improvement of organizational structure and optimum utilization of Company resources.	• Capacity Utilization • Gross Margin • Non-compliance of controls	Short Term / Medium Term
Enhance the profitability of the Company and maximize the shareholders' value;	• Sales expansion through product reaching out to new global/ local markets with improved product quality.	• Market share, • Sales volume, • Customer retention • New market reached	Short Term / Medium Term
Remain socially and environmentally responsible.	• Contribute to sustainable development of society throughout all commercial and social activities of the Company. • Ensure compliance to all applicable laws via strong legal and compliance team	• Number of non-compliances. • Legal and other notices from competent authorities	Long Term
Become the market leader by outshining the competitors and ensure the competitive advantage by new technology.	• Maximizing our capacity utilization • Eradicating operational inefficiencies via strong controls • Optimal utilization of human resources • Advance technology use	• Cost controls • Explore new international markets • Alternative energy resources	Medium Term / Long Term
Develop and promote the brand as 'first choice' among its customers and develop the strong and loyal dealers'	• Provide highest quality of cement • Prompt delivery • Sales services with improved marketing strategy.	• No. of same customer retention • Addition of new dealer's network. • No of complains	Long Term
HR Excellence to fit our human resources into the strategies, initiatives and visions of this organization.	• Forecast future HR plans • Succession Plan • Diversity into HR strategy • Linking HR planning to overall business strategy • Accept and absorb change to cope with future chellenges	• Employees turnover • Employees satisfaction • Training and development	Long Term

* No Significant change has been observed in objectives and strategies from last year.
** These KPIs will remain relevant for future as well.

STRATEGY TO OVERCOME 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. 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. During the year, the Company successfully decreased its net debt by Rs 4 billion.

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.

INFORMATION ABOUT DEFAULTS IN PAYMENT OF ANY 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.

SIGNIFICANT PLANS AND DECISIONS

The Company does not intend to initiate any plans of corporate restructuring. The Company's plan for Power capacity expansion at HUB site is under way. An update on the progress of projects has been reported in the Directors' Report. 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.

EFFECT OF SEASONALITY ON BUSINESS

Seasonality has no impact on Cement Production. Cement sales are higher in spring/summer months due to longer duration of the day. It is also observed that the people also undertake construction activities at the end of crop season starting from spring because of availability of finances. The sales fall in the monsoon and snowy season due to less construction work undertaken.

EFFECT OF TECHNOLOGICAL AND SOCIETAL CHANGES ON STRATEGY AND RESOURCE ALLOCATIONS:

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, advance 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 implement/replicate 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

SPECIFIC PROCESSES USED TO MAKE STRATEGIC DECISIONS

Strategic decisions are usually long term in nature and have effect on various tactical and operational decisions. Usually driven by vision, DGKC has developed the coherent decision-making process in line with best corporate governance practices. Basic intelligence is provided by the field/operational level staff that is polished at mid to senior level management. Finally, Board through extensive discussion and considering various inputs, outside factors, possible outcomes, and seeking specialized service make strategic decision. Board also ensures that tactical and operational level decisions are in line with the strategic decision. The process can be summarized in the following steps:

1) Identification of problems through market intelligence, SWOT analysis and competitors' analysis

2) Gathering of information through various sources and even seeking specialized outside service

3) Identification of various possible solution and evaluating each solution in term of cost benefit and whether the suggested solution is line with organization vision.

4) Selecting the best option and ensuring its implementation through tactical and operational plans

SPECIFIC PROCESSES USED TO ESTABLISH AND MONITOR THE CULTURE OF THE ORGANIZATION

DGKC has well-established Core Values and a Code of Conduct for its employees at all levels. The Code of Conduct caters to a wide variety of matters pertaining to employees' conduct. It is circulated to all employees who are required to read and acknowledge its understanding by signing it. New employees are hired keeping in view the culture of organization. Every employee of the Company is encouraged to promptly contact the Compliance Officer/ HR department if he or she has observed a violation of this Code, illegal or unethical behaviour and actions are taken promptly.

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.
- 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.

RISKS AND OPPORTUNITIES

SWOT ANALYSIS

Strength

- 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 production facilities
- Self sufficiency in electricity requirement

Weaknesses

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

SWOT ANALYSIS

Opportunities

- Future growth potential due to emphasis on construction industry
- Focus on cost optimizing
- Emerging export markets
- Export opportunities due to fully operational HUB facility
- Falling fuel prices amid corona outbreak
- CPEC led growth opportunities

Threats

- Overcapacity effecting the margins
- Devaluation of money
- Inconsistent economic policies
- Protectionism
- Covid-19 impact
- Rising cost of logistics
- High cost of financing
- Slashing PSDP funds
- Rise in coal prices

RISK MANAGEMENT FRAMEWORK

Risk is an integral and unavoidable component of business and your Company is committed to managing risk in a proactive manner. Though risks cannot be completely eliminated; an effective risk management plan ensures that risks are reduced, avoided, retained or shared. To have oversight of your Company's risks, the BOD of your Company is mandated to review the risk management plan / process of your Company.

DETERMINING LEVEL OF RISK TOLERANCE AND ESTABLISHING RISK MANAGEMENT POLICIES

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 systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.

ROBUST ASSESSMENT OF PRINCIPAL RISKS

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. Directors' undertaking of such assessment has also been attached in Directors' report.

TYPES OF RISK

Given the challenging and dynamic environment of your Company's operations, strategies for mitigating the inherent risks in accomplishing the ambitious plans for your Company is imperative. Two types of key risks are identified and strategies to mitigate them are discussed below:

1. Non Business Risks
2. Business Risks

NON BUSINESS RISKS

Economic Environment and Market Demand

Economic slowdown and subdued infrastructural development might lead to low cement demand in the country. The demand for construction material is fundamentally driven by economic growth / contraction in the country. The growth in construction activity in the country has been slow over the last few years, impacting the cement demand.

The cement industry in Pakistan is a myriad aggregation of small and large players. In such an environment the risk of protecting market share is optimal. With the expanding capacities of existing players and also the emergence of new entrants, competition is a sustained risk. Endeavors to enhance brand equity through innovative marketing activities and continuous efforts in improving the product portfolio and value adding services have been the thrust areas for your Company. It is also worthwhile to note that the engineering expertise of your Company and the emphasis on quality also substantially minimizes the risk of market fluctuations.

Legal and Compliance

The risk that your Company is found to have inadvertently violated laws covering business conduct. The country's regulatory framework is ever evolving and the risk of non-compliance and penalties may increase for your Company, leading to reputational risks. A comprehensive risk based compliance program involving inclusive training and adherence to the Code of Conduct is institutionalized by your Company. The management encourages employees to place reliance on professional guidance and opinion to discuss the impact of any changes in laws and regulations to ensure total compliance. Periodic and ad hoc reporting to various internal committees for oversight ensures effectiveness of such program.

Political Risk

There is risk of inconsistent/arbitrary changes in government policies. Robust ups and downs in economic cycle has adversely affected the investors' confidence. Such abrupt policy decisions could impact Company's earnings and Company's future plans. To mitigate the risk, management regularly advocates through different forums, like APCMA, Pakistan Business Council etc. to timely apprise the relevant Government departments and Regulators of all issues that may have an adverse impact on the Industry or competitive environment. Management regularly monitors the changing regulatory and competitive environment and assesses the impact of any change in Government policy, so as to take timely action.

BUSINESS RISKS

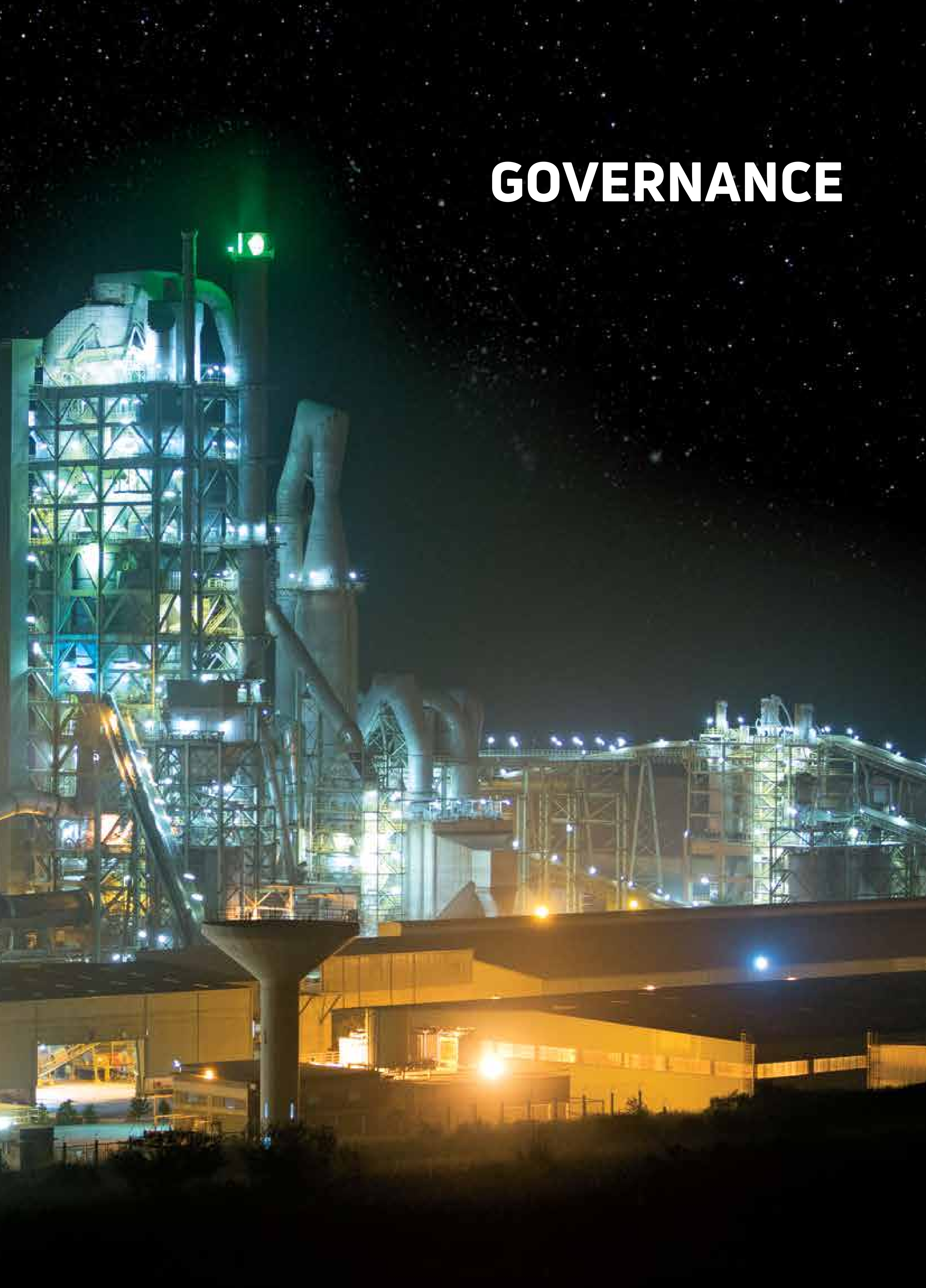
Risk & Sources	Type of Risk	Probable Impact	How it is handled/mitigated
Imported Coal (External)	**Availability**	Imported coal is the main burning stuff of kilns and its non-availability could hamper production	• Maintaining stock levels • Relationship with international coal suppliers. • Replacing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

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

CAPITAL STRUCTURE AND ASSESSMENT OF ITS ADEQUACY

The Company primarily intends to finance its capital requirement from the mix of long term debt and equity financing. However, working capital requirements are intended to finance through internally generated operating cash flows and short-term borrowings. It takes advantage of availability of finance at low rates due to its good reputation, integrity and history of timely payments. Healthy operating cash flows and prudent liquidity management aids the Company to maintain its adequate liquidity position. The Company believes that it is maintaining an optimal capital structure.

GOVERNANCE



PROFILES OF DIRECTORS & MANAGEMENT

Mrs. Naz Mansha
Director/Chairperson

Mrs. Naz Mansha has over 34 years' experience as a Director on the Board of different companies. She has been associated with D. G. Khan Cement Company Limited (DGKC) since 1994, She is also a Chief Executive of Nishat Linen (Private) Limited, a subsidiary of Nishat Mills Limited and Director/Chief Executive of Emporium Properties (Pvt) Limited and Director on the Board of Golf View Land (Pvt) Limited.

Mr. Khalid Niaz Khawaja
Director/Independent

Mr. Khalid Niaz Khawaja is a Fellow of Institute of Bankers, Pakistan. He has more than 47 years experience to work in different capacities in banking industry. He is also CEO in one of the leading leasing companies. 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

He is a graduate from University of Pennsylvania. He has rich experience of about 26 years in business management, corporate strategies, commercial insights and project management. He is a visionary man and the success of DGKC is a witness to his business intelligence.

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

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

He is also a director in MCB Islamic Bank Limited, Nishat Hotels & Properties Limited, Nishat Dairy (Private) Limited, Nishat Agriculture Farming (Private) Limited, Euronet Pakistan (Private) Limited, Nishat (Raiwind) Hotels & Properties Limited and Nishat (Aziz Avenue) Hotels & Properties Limited, Hyundai Nishat Motors (Pvt.) Limited and 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 sectors. 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. Mahmood Akhtar
Director/Non-Executive

Mr. Mahmood Akhtar holds an MBA degree from Punjab University and has over 38 years of managerial experience spread across various industries. He also serves on the Board of Lalpir Power Limited, Nishat Mills Limited, Nishat Power Limited, Security General Insurance Company Limited, Nishat Hospitality (Pvt) Limited, Nishat Paper Products Company Limited, Nishat (Aziz Avenue) Hotels and Properties Ltd and Nishat Commodities (Pvt) Limited.

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 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 46 years in marketing, selling, logistics and administration. He started his career in 1967 with Fancy Group of Companies and later served as Marketing Manager of Steel Corporation of Pakistan before moving to Middle East in 1976. He remained associated with the cement and steel sector in Middle East for more than a decade where he served in various companies mostly as General Manager (Sales & Marketing).

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

Apart from Executive Director's (Sales & Marketing) day to day operational activities, he is currently Senior Vice Chairman of All Pakistan Cement Manufacturers Association (APCMA) and has also served as its Acting Chairman in 2002. Moreover, he serves on boards of Directors of Nishat Papers Products Company Limited (NPPCL) and Nishat Mills Limited 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 39 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 38 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
Chief Financial Officer

He is a Commerce Graduate and C.A. Inter. His experience spans about 37 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, Nishat Solar Power (Private) 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 27 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.

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. Khalid Niaz Khawaja 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.

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.

EXECUTIVE DIRECTOR OTHER SIGNIFICANT COMMITMENTS

Apart from Executive Director's (Sales & Marketing) day to day operational activities, Mr. Farid Noor Ali Fazal is currently Senior Vice Chairman of All Pakistan Cement Manufacturers Association (APCMA). Moreover, he serves on the Boards of Directors of Nishat Papers Products Company Limited (NPPCL) and Nishat Mills Limited as well.

DIRECTOR'S TRAINING PROGRAM

In compliance with regulatory requirements, the Board members except Mr. Usama Mahmud are appropriately certified/exempted under the Directors' Training Program from SECP approved institutions. Mr. Usama Mahmud will undertake the Directors' Training Program within the stipulated time.

DETAILS OF ANY 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.

CORPORATE GOVERNANCE FRAMEWORK

ROLE AND RESPONSIBILITIES OF 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.

The Board exercises all its powers with responsibility, diligence, and in compliance with the legal framework after due deliberations. These include but are not limited to:

- Appointment of key management positions;
- Approval of quarterly and annual accounts of the company
- Review of key risks facing company
- Approval and periodic reviews of annual budget;
- Review of business performance, including key business indicators for sales, cost optimization, profitability and sustainability
- Review of company's cost optimization plans
- Monitoring and review of governance practices;
- Review of the investments in subsidiaries and associates.
- Review of Key Judgement Areas and provide guidance to the management wherever required

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.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

Our commitment towards adherence to highest moral and ethical standards is evident from voluntary adoption and implementation of governance practices exceeding legal requirements, some of which include:

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed
- Corporate social responsibilities being a responsible corporate citizen.
- Implementation of health and safety environment for employees.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing regulations
- Information regarding outstanding taxes and levies, as required by Listing Regulations, is disclosed in the notes to the financial statements
- Best reporting practices recommended by ICAP

UNRESERVED STATEMENT OF COMPLIANCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

DGKC prepares its financial statements in accordance with IFRSs issued by IASB as adopted and notified by Securities and Exchange Commission of Pakistan (SECP) under section 225 of the Companies Act, 2017, in addition to the local requirements of the Act under the Fourth Schedule.

INTEGRATED REPORTING FRAMEWORK

An integrated report is a concise communication about how an organisation'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.

The integrated reporting framework follows a principle-based approach, including the following guiding principles:

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

Integrated Report is based on integrity and compliance with the framework, including the following content:

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

The Report has been prepared in compliance of:

- The International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).
- Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP)
- Provisions and directives of Companies Act , 2017
- Code of Corporate Governance Regulations, 2019
- Core guidelines of the Integrated Reporting Framework issued by the IIRC

DIRECTORS' ORIENTATION

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 and major customers 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.

RELATED PARTIES TRANSACTIONS AND POLICY IN RESPECT OF SUCH 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.

Details of all related party transactions have been appropriately disclosed in Notes to the Financial Statements.

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.

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.

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.

SPEAK UP (WHISTLE-BLOWING POLICY)

At DGKC, any employee who suspects a wrongdoing at work, is strongly encouraged to report such wrong doing 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.

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.

DIVERSITY IN CULTURE

DGKC is committed to free and equitable treatment of employees by embracing diversity in the form of age, gender ethnicity, physical and mental ability, and other such characteristics that make our employees a unique blend of cultural diversity.

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.

IT GOVERNANCE POLICY

Information Technology (IT) Governance is an integral part of enterprise governance and consists of the leadership and organizational structures and processes that ensure the sustenance and extension of the Company's strategies and objectives.

IT Governance provides a structured decision making process around IT investment decisions and promotes accountability, due diligence, and efficient and economic delivery of IT services to the users in the Company. Cheif Information Officer's Department enables and supports the corporate objectives of the Company by playing a crucial role in IT governance by aligning decisions of IT investments with the Company's mission.

Cheif Information Officer Department's supportive role in IT governance at the Company includes but is not limited to the following:

- To develop effective and appropriate IT governance framework for investments in IT infrastructures;
- To support the strategic planning and administration of IT infrastructure and resources;
- To develop and assess IT capital planning and investment control activities;
- To develop IT management tools and training methodologies;
- To conduct special projects and initiatives to promote new concepts and techniques relating to IT.

MANAGEMENT PLAN IN RESPONSE TO COVID-19

In response to COVID-19, management ensured the implementation of following guidelines:

- Temperature screening is a major recommendation of FDA and CDC for preventing COVID-19 spread in offices.
- Manning levels at Corporate Head Office and Marketing offices have been reduced to a minimum.
- Outside movement from DGKC premises was stopped for employees and their families, whereas entry of non-essential personnel was also banned to discourage any unnecessary interactions.
- Social distancing protocols are being strictly adhered to throughout the Company to ensure minimum personal contact.
- Meetings are encouraged to be carried out through video / tele conferencing.
- Regular disinfections are also carried out as per WHO guidelines.

Adherence to SOPs by all departments is regularly monitored to ensure maximum compliance.

INITIATIVES OF COMPANY TOWARDS SUSTAINABILITY /HEALTH AND SAFETY OF EMPLOYEES

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

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

CORPORATE SOCIAL RESPONSIBILITY (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 endeavour to fulfil sustainable social goals. This vision is demonstrated by our CSR wing which strives to improve the lives of people living in low-income communities with impact investments.

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 employability
- Sustainable and resilient infrastructure and mobility
- Charity, Social welfare and reduction of poverty from society
- Culture of environmental protection, health and safety
- Reduction of carbon footprints

DGKC is committed to being Socially Responsible in all its sites and undergoing the following activities:

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

Education:

Two schools at DG Khan Site are functional with the strength of 800+ students. Technical support to the students of Training Centre, Katas are also provided. We provide internship opportunities to students and graduates. We collaborate with universities to carry on applied research projects. We plan to establish school and vocational institution in collaboration with well reputed organization. During the year, we donated IT equipment for the students of Bochhal Kalan Degree College.

Medical

Medical services to local community by establishing free dispensary at sites where around 10,000 patients are managed yearly. Free factory ambulance services are available for local patients 24/7 in case of emergencies. Free PCR test execution and provisioning of safety kits to fight against COVID-19 to local community

Training and Jobs

DGKC creates job opportunities for the local community and provides the platform to train technical staff at all levels particularly to fresh diploma holder and graduate engineers. Majority of unskilled labour is engaged from the local population.

Charity

DGKC Installed two new water filtration plants at District DG. Khan and one at Khairpur to provide water to adjoining communities. Three Food Points "Langar Khana" have been established in District D.G Khan where food is being provided to deserving locals on daily basis. DGKC provides food to needy and poor people of adjoining areas. During the year, DGKC entertained 4,000 plus Hindu Yatris across the country visited during the year at KATAS RAJ TEMPLE.

Environment and Alternate fuel

DGKC replaces the use of coal, to some extent, with the waste collected from the city. The process, though economically unviable but it contributes towards Company policy of maintaining clean environment. WHR power plants have also been installed at all sites that not only saves valuable power costs but also replaces the fossil fuel consumption and indirectly saving valuable foreign exchange reserves. Regular campaigns are also run for environment protection in adjoining areas. During the year, plantation drive at all sites was conducted in line with the Government initiatives of "Billion Tree Tsunami".

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.


AMBULANCE


فری میڈیکل سنٹر
برائے خواتین و حضرات
ڈی جی خان سیمنٹ کمپنی لمیٹڈ
خیرپور ضلع چکوال


FIRE
LES
3463
FIRE SERVICE
D.G. KHAN CEMENT


CHINESE
PARK

ATTENDANCE IN BOARD MEETINGS

ATTENDANCE OF MEMBERS IN AUDIT COMMITTEE MEETINGS DURING THE YEAR FROM JULY 01, 2020 TO JUNE 30, 2021

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	(Member/Chairman)	4
Mr. Usama Mahmud	(Member)	4
Mr. Mahmood Akhtar	(Member)	4

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	(Member/Chairman)	1
Mian Raza Mansha	(Member)	1
Mr. Shahzad Ahmad Malik	(Member)	1

ATTENDANCE OF DIRECTORS IN BOARD MEETINGS DURING THE YEAR FROM JULY 01, 2020 TO JUNE 30, 2021

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

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

BOARD'S ANNUAL EVALUATION OF PERFORMANCE

As required by the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of DGKC reviews its own performance annually and undertakes a formal process of self-evaluation of performance of the Board and its committees. The Board has recently completed its annual self-evaluation for the year ended June 30, 2021, regarding which a report by the Chairman on Board's overall is also attached with this Annual Report. For the Purpose of Board evaluation, a comprehensive criterion has been developed which are based on the following parameters.

- Effective leadership and planning
- Ethics and compliance with laws
- Accountability and reviews
- Formulation of strategy and resource allocations
- Robust and sound risk management

CHAIRPERSON'S REVIEW REPORT ON BOARD PERFORMANCE

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

- Mrs. Naz Mansha (Chairperson)
- Mr. Raza Mansha (Director/CEO)
- Mr. Khalid Niaz Khawaja (Independent Director)
- Mr. Usama Mahmud (Independent Director)
- Mr. Mahmood Akhtar (Non-Executive Director)
- Mr. Shahzad Ahmad Malik (Non-Executive Director)
- Mr. Farid Noor Ali Fazal (Director/ Executive Director Marketing)

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

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

During financial year 2021 the BOD met four times. The board itself is compliant with all the regulatory requirements and acted in accordance with applicable laws and best practices.

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

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

The Board also ensured:

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

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

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

Naz Mansha

Naz Mansha
Chairperson

Lahore
September 14, 2021

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.

BAC comprises of three members:

- Mr. Khalid Niaz Khawaja (Chairman / Independent Director)
- Mr. Mr. Usama Mahmud (Member/Independent Director)
- Mr. Mahmood Akhtar (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.

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

During FY21, BAC met four times. CFO and internal auditors are regular participants of the meeting. BAC also meets external and internal auditors independently once a year.

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

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

The Board Audit Committee has reviewed the performance and operations of the Company for the year ended June 30, 2021 and reports that:

- Internal controls of the company are sound and are working properly;
- Departments of the company are working in line with company objectives;
- Records are maintained in accordance with applicable laws and regulations;
- Financial statements are in conformity with applicable laws and regulations;
- Code of Corporate Governance is followed;
- Being at arm's length, related party transactions are recommended to the Board for approval;
- Recommended the present auditors, M/S A.F. Ferguson & Co. Chartered Accountants, for reappointment for year ending June 30, 2022

Khalid Niaz Khawaja
Chairman Board Audit Committee

Lahore
September 14, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

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

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 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 for the year ended June 30, 2021 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, 2021.

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

Date: September 14, 2021

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, 2021

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. Khalid Niaz Khawaja Mr. Usama Mahmud
b) Other Non-executive Director	Mr. Mahmood Akhtar 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. Mian Raza Mansha
   Mr. Farid Noor Ali Fazal
   Mr. Khalid Niaz Khawaja
   Mr. Shahzad Ahmad Malik
   Mr. Mahmood Akhtar

While Mr. Usama Mahmud will undertake the Directors' Training Program within the stipulated time.

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. Khalid Niaz Khawaja (Independent Director) – Chairman
2. Mr. Usama Mahmud (Independent Director)
3. Mr. Mahmood Akhtar (Non-Executive Director)

b) **HR and Remuneration Committee**
1. Mr. Khalid Niaz Khawaja – (Independent Director) - Chairman
2. Mian Raza Mansha (Executive Director)
3. Mr. Shahzad Ahmad Malik (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	**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)
4	**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

(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. BOD 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;
(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.

PATTERN OF SHAREHOLDING

AS ON 30/06/2021

No. of Shareholders	Having Shares From	To	Shares Held	Percentage
1838	1	100	91019	0.02
2438	101	500	848746	0.19
1566	501	1000	1372884	0.31
2229	1001	5000	5922625	1.35
584	5001	10000	4649064	1.06
198	10001	15000	2531284	0.58
133	15001	20000	2464987	0.56
100	20001	25000	2331304	0.53
62	25001	30000	1755962	0.40
50	30001	35000	1639980	0.37
41	35001	40000	1570937	0.36
20	40001	45000	861927	0.20
42	45001	50000	2072445	0.47
22	50001	55000	1175992	0.27
18	55001	60000	1060897	0.24
12	60001	65000	759405	0.17
27	65001	70000	1860640	0.42
21	70001	75000	1527875	0.35
8	75001	80000	622359	0.14
3	80001	85000	245263	0.06
10	85001	90000	880787	0.20
8	90001	95000	745971	0.17
27	95001	100000	2677060	0.61
4	100001	105000	408290	0.09
3	105001	110000	323000	0.07
3	110001	115000	343000	0.08
5	115001	120000	592895	0.14
9	120001	125000	1111886	0.25
3	125001	130000	379290	0.09
5	130001	135000	662500	0.15
2	135001	140000	277500	0.06
4	140001	145000	575037	0.13
8	145001	150000	1196631	0.27
3	150001	155000	456979	0.10
4	155001	160000	631157	0.14
4	165001	170000	672000	0.15
2	170001	175000	347500	0.08
5	175001	180000	893855	0.20
1	180001	185000	181900	0.04
2	185001	190000	377500	0.09
7	195001	200000	1399200	0.32
1	200001	205000	203500	0.05
4	205001	210000	827990	0.19
4	215001	220000	870755	0.20
2	220001	225000	449400	0.10
5	225001	230000	1137532	0.26
2	240001	245000	487851	0.11
9	245001	250000	2243000	0.51
1	250001	255000	255000	0.06
2	255001	260000	519200	0.12
1	265001	270000	268500	0.06
1	270001	275000	274000	0.06
1	275001	280000	276770	0.06
1	280001	285000	281000	0.06
3	295001	300000	900000	0.21
1	330001	335000	332500	0.08
4	345001	350000	1399118	0.32
2	360001	365000	724238	0.17

Continued

No. of Shareholders	Having Shares From	To	Shares Held	Percentage
1	365001	370000	369000	0.08
2	375001	380000	760000	0.17
1	385001	390000	385861	0.09
4	395001	400000	1593673	0.36
1	405001	410000	405500	0.09
1	410001	415000	414500	0.09
1	425001	430000	430000	0.10
1	430001	435000	435000	0.10
1	435001	440000	437640	0.10
1	455001	460000	459000	0.10
1	485001	490000	487000	0.11
6	495001	500000	2996500	0.68
1	500001	505000	502000	0.11
1	505001	510000	509510	0.12
1	515001	520000	519579	0.12
1	520001	525000	524400	0.12
1	540001	545000	543500	0.12
1	555001	560000	558386	0.13
1	560001	565000	562090	0.13
1	605001	610000	608616	0.14
1	610001	615000	613586	0.14
1	615001	620000	617511	0.14
1	625001	630000	626571	0.14
1	640001	645000	644848	0.15
1	650001	655000	650150	0.15
1	655001	660000	659000	0.15
1	680001	685000	681361	0.16
1	685001	690000	688500	0.16
1	695001	700000	700000	0.16
1	715001	720000	717964	0.16
1	805001	810000	805268	0.18
2	810001	815000	1627500	0.37
1	820001	825000	820086	0.19
1	835001	840000	836500	0.19
1	845001	850000	850000	0.19
1	865001	870000	865479	0.20
1	890001	895000	892500	0.20
1	895001	900000	900000	0.21
1	955001	960000	958369	0.22
2	980001	985000	1962866	0.45
3	995001	1000000	3000000	0.68
1	1005001	1010000	1009101	0.23
1	1010001	1015000	1013000	0.23
1	1075001	1080000	1077279	0.25
1	1125001	1130000	1129500	0.26
1	1175001	1180000	1177000	0.27
2	1210001	1215000	2425900	0.55
1	1215001	1220000	1219500	0.28
1	1245001	1250000	1245945	0.28
1	1260001	1265000	1260053	0.29
1	1320001	1325000	1325000	0.30
1	1340001	1345000	1340193	0.31
1	1480001	1485000	1480879	0.34
3	1495001	1500000	4500000	1.03
1	1550001	1555000	1551145	0.35
3	1575001	1580000	4727600	1.08
1	1645001	1650000	1650000	0.38
1	1665001	1670000	1670000	0.38
1	1680001	1685000	1685000	0.38
1	1745001	1750000	1750000	0.40
1	1790001	1795000	1794381	0.41
1	1795001	1800000	1800000	0.41
1	1820001	1825000	1820181	0.42
1	1850001	1855000	1851480	0.42
1	1895001	1900000	1896000	0.43
1	1915001	1920000	1918420	0.44

Continued

No. of Shareholders	Having Shares From	To	Shares Held	Percentage
1	1955001	1960000	1956760	0.45
1	2455001	2460000	2459746	0.56
1	2775001	2780000	2775972	0.63
1	2820001	2825000	2820500	0.64
1	2950001	2955000	2953649	0.67
1	2995001	3000000	2999917	0.68
1	3065001	3070000	3069500	0.70
1	3395001	3400000	3400000	0.78
1	3865001	3870000	3865511	0.88
1	3915001	3920000	3919994	0.89
1	4315001	4320000	4318597	0.99
1	4630001	4635000	4631962	1.06
1	4635001	4640000	4635974	1.06
1	4905001	4910000	4909249	1.12
1	6005001	6010000	6006253	1.37
1	6255001	6260000	6259575	1.43
1	6335001	6340000	6336522	1.45
1	6545001	6550000	6546000	1.49
1	7660001	7665000	7661181	1.75
1	8160001	8165000	8160906	1.86
1	11145001	11150000	11149920	2.55
1	15985001	15990000	15989997	3.65
1	21555001	21560000	21559060	4.92
1	22270001	22275000	22270914	5.08
1	22925001	22930000	22929033	5.23
1	114645001	114650000	114645168	26.17
9685	**Company Total**		**438,119,118**	**100.00**

CATEGORIES OF SHAREHOLDERS

		SHARES HELD	%
1.	Directors, Chief Executive Officer, and their spouse and minor children	18,805,076	4.29
2.	Associated Companies, undertakings and related parties.	139,194,001	31.77
3.	NIT and ICP	1,821,681	0.42
4.	Banks Development Financial Institutions Non Banking Financial Institutions.	22,057,255	5.03
5.	Insurance Companies	27,631,540	6.31
6.	Modarabas and Mutual Funds	28,737,101	6.56
7.	Shareholders holding 10%	137,574,201	31.40
8.	General Public:		
	a. Local	85,318,769	19.47
	b. Foreign	4,670,183	1.07
9.	Others		
	Joint Stock Companies	18,658,059	4.26
	Investment Companies	18,034	0.00
	Pension Funds, Provident Funds etc.	14,271,220	3.26
	Foreign Companies	22,230,969	5.07

ADDITIONAL INFORMATION
AS ON JUNE 30, 2021

		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	228,500	0.05
Adamjee Life Assurance Company Limited	- Associated Company	514,300	0.12
Adamjee Life Assurance Company Limited-IMF	- Associated Company	850,000	0.19
Adamjee Life Assurance Company Limited-DGF	- Associated Company	27,000	0.01

II. Mutual Funds:

CONFIDENCE MUTUAL FUND	573	0.00
UNICOL LIMITED EMPLOYEES PROVIDENT FUND	10000	0.00
PRUDENTIAL STOCK FUND LTD.	413	0.00
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1851480	0.42
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	38000	0.01
CDC - TRUSTEE PICIC INVESTMENT FUND	172500	0.04
CDC - TRUSTEE PICIC GROWTH FUND	226500	0.05
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	608616	0.14
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1685000	0.38
CDC - TRUSTEE MEEZAN BALANCED FUND	360938	0.08
CDC - TRUSTEE UBL GROWTH AND INCOME FUND	812500	0.19
CDC - TRUSTEE JS ISLAMIC FUND	6500	0.00
CDC - TRUSTEE FAYSAL STOCK FUND	208639	0.05
CDC - TRUSTEE ALFALAH GHP VALUE FUND	47410	0.01
CDC - TRUSTEE ATLAS INCOME FUND	332500	0.08
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	86800	0.02
CDC - TRUSTEE AKD INDEX TRACKER FUND	52187	0.01
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	380000	0.09
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	650150	0.15
CDC - TRUSTEE MEEZAN ISLAMIC FUND	2953649	0.67
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	52250	0.01
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	487000	0.11
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	562090	0.13
CDC - TRUSTEE NBP STOCK FUND	1009101	0.23
CDC - TRUSTEE NBP BALANCED FUND	91500	0.02
CDC - TRUSTEE ALFALAH GHP INCOME FUND	19000	0.00
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	46000	0.01
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	815000	0.19
CDC - TRUSTEE APF-EQUITY SUB FUND	86000	0.02
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	27000	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	437640	0.10
CDC - TRUSTEE HBL - STOCK FUND	181900	0.04
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	558386	0.13
CDC - TRUSTEE APIF - EQUITY SUB FUND	110000	0.03
MC FSL TRUSTEE JS - INCOME FUND	12500	0.00
MC FSL - TRUSTEE JS GROWTH FUND	199400	0.05
CDC - TRUSTEE HBL MULTI - ASSET FUND	26900	0.01
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	75670	0.02
CDC - TRUSTEE ALFALAH GHP STOCK FUND	189500	0.04
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	141800	0.03
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2775972	0.63
CDC - TRUSTEE ABL STOCK FUND	5895	0.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	17000	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	509510	0.12
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	127000	0.03
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1480879	0.34
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	44062	0.01
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	95100	0.02
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	40000	0.01
CDC - TRUSTEE HBL PF EQUITY SUB FUND	33100	0.01
CDC - TRUSTEE KSE MEEZAN INDEX FUND	617511	0.14
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	40500	0.01
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	96000	0.02
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	43000	0.01
CDC-TRUSTEE UBL INCOME OPPORTUNITY FUND	688500	0.16
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	20000	0.00

CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	102100	0.02
CDC - TRUSTEE NIT INCOME FUND - MT	519579	0.12
CDC - TRUSTEE AWT ISLAMIC STOCK FUND	95500	0.02
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	205451	0.05
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1219500	0.28
CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	178349	0.04
CDC - TRUSTEE AWT STOCK FUND	55000	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	659000	0.15
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	59500	0.01
CDC-TRUSTEE NITPF EQUITY SUB-FUND	39000	0.01
CDC - TRUSTEE NBP SAVINGS FUND - MT	86437	0.02
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	32500	0.01
CDC - TRUSTEE FAYSAL MTS FUND - MT	243599	0.06
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	459000	0.10
CDC - TRUSTEE LAKSON TACTICAL FUND	61690	0.01
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	71865	0.02
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	144737	0.03
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	71760	0.02
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	244252	0.06
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	10000	0.00
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	6333	0.00
CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	7300	0.00
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	54500	0.01
CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	1340193	0.31
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	119795	0.03
CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND	276770	0.06
CDC - TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND	18550	0.00
CDC - TRUSTEE HBL INCOME FUND - MT	15813	0.00

			No. of Shares	%
III.	**Directors and their spouse(s) and minor children:**			
	Mrs. Naz Mansha	Director/Chairperson	113,098	0.03
	Mian Raza Mansha	Director/CEO	12,796,880	2.92
	Mr. Khalid Niaz Khawaja	Diretcor	2,000	0.00
	Mr. Usama Mahmud	Director	200	0.00
	Mr. Mahmood Akhtar	Director	500	0.00
	Mr. Farid Noor Ali Fazal	Director	1,200	0.00
	Mr. Shahzad Ahmad Malik	Director	100	0.00
	Mrs. Ammil Raza Mansha	Spouse of CEO	5,891,098	1.34
IV.	**Executives:**			
	Mr. I.U. Niazi	Chief Financial Officer	2,775	0.00
V.	**Public Sector Companies and Corporations:**			
	Joint Stock Companies		18,658,059	4.26
VI.	**Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds:**			
	Investment Companies		18,034	0.00
	Insurance Companies		27,631,540	6.31
	Financial Institutions		23,878,936	5.45
	Modaraba Companies		92,007	0.02
	Mutual Funds		28,645,094	6.54
	Pension Funds/Providend Funds Etc.		14,271,220	3.26
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, 2020 to June 30, 2021, are as under:

S.No.	Name	Designation	No. of Shares	
			Sold	Purchased
1	Mrs. Iffat Mahmood	Spouse of Mr. Mehmood Akhtar	3,000	-

EVENT CALANDER

FROM JULY 01, 2020 TO JUNE 30, 2021

Date	Event
September 09, 2020	Notice of Meeting of HR&R Committee sent to Members of HR&R Committee.
September 16, 2020	Meeting of the Members of HR&R Committee conducted.
September 09, 2020	Notice for Meeting of Board Directors for consideration of Annual Audited Accounts for the year ended June 30, 2020 sent to Stock Exchange.
September 09, 2020	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
September 09, 2020	Notice for Meeting of Board Directors for consideration of Annual Audited Accounts for the year ended June 30, 2020 sent to Board of Directors.
September 16, 2020	Meeting of the Members of Audit Committee conducted for recommendation of Annual Audited Accounts for the year ended June 30, 2020, related party transactions, appointment of External Auditors etc.etc. to the Board of Directors for their approval.
September 17, 2020	Meeting of the Board of Directors conducted for consideration and approval of Annual Audited Accounts for the year ended June 30, 2020 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 17, 2020	Financial Results for the year ended June 30, 2020 and other Coprorate Actions Sent to Stock Exchange immediately after conclusion of Board Meeting.
September 25, 2020	Notice of AGM Sent to Pakistan Stock Exchange
September 29, 2020	Notice of Annual General Meeting published in Newspapers.
October 15, 2020	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
October 15, 2020	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 1st Quarter ended September 30, 2020 Sent to Directors and Stock Exchange.
October 22, 2020	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 1st Quarter ended September 30, 2020, Related Party Transactions etc. etc. to the Board of Directors for their approval.
October 23, 2020	Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the 1st Quarter ended September 30, 2020, Directors Report, Related Party Transactions etc. etc.
October 23, 2020	Financial Results for the 1st Quarter ended September 30, 2020 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.
October 28, 2020	Annual General Meeting conducted and Shareholders approved Annual Audited Acounts, Appointment of External Auditors and Investments under Section 199 of the Companies Act, 2017.
October 29, 2020	Certified Copy of Special Resolutions Passed by the Shareholders in their Annual General Meeting held on October 28, 2020 sent to Stock Exchange.
November 26, 2020	Corporate Briefing Session on FY 2020 was held through video link.
November 11, 2020	Minutes of Annual General Meeting held on Oectober 28, 2020 sent to Stock Exchange.

Date	Event
January 08, 2021	Material Information sent to Pakistan Stock Exchange regarding installation & commissioning of first phase of captive power plants 10MW (WHRPP) at its site in Hub, Lasbela with Air Cool Condenser.
Feberuary 11, 2021	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the half year ended December 31, 2020 sent to Stock Exchange.
Feberuary 11, 2021	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
Feberuary 11, 2021	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the Half Year ended December 31, 2020 Sent to Directors.
February 18, 2021	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the Half Year ended December 31, 2020, Related Party Transactions etc. etc. to the Board of Directors for their approval.
February 19, 2021	Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the Half Year ended December 31, 2020, Directors Report, Related Party Transactions.
February 19, 2021	Financial Results for the Half Year ended December 31, 2020 along with other Coprorate Actions, Sent to Stock Exchange immediately after conclusion of Board Meeting.
April 12, 2021	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2021 Sent to Stock Exchange.
April 16, 2021	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
April 16, 2021	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2021 Sent to Board of Directors.
April 23, 2021	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 3rd Quarter ended March 31, 2021, Related Party Transactions etc. etc. to the Board of Directors for their approval.
April 24, 2021	Meeting of the Board of Directors conducted for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2021, Directors Report, Related Party Transactions etc. etc.
April 24, 2021	Financial Results for the 3rd Quarter ended March 31, 2021 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.

BEST CORPORATE REPORT AWARD 2020

DGKC has been awarded Certificate of Merit in cement category in **Best Corporate Report Award 2020** organized by ICAP and ICMA..

The award recognizes organizations which have published timely, accurate, informative, and well-presented annual reports for the investors, regulators and other stake holders.

Key elements considered for selection are high standards of corporate governance and transparency according to the international best practices.

STAKEHOLDERS' ENGAGEMENT AND ANALYSIS

At DGKC, we take special steps to ensure that the Stakeholders are engaged by the Company from time to time so that their interests with the Company are duly respected. To ensure that an effective Stakeholder Engagement Policy is in place, DGKC Limited has established the following methods to fully involve the stakeholders in both the current and developing issues being faced by the Company:

- **Inform**
- **Consult**
- **Involve**
- **Collaborate**

The following stakeholders are being engaged by the Company regularly to add value to the Company and relationship of the Company with the respective stakeholders:

Stakeholder Group	Key Concerns	Mode of Engagement	Frequency
Employees	• Training and development • Performance evaluation and recognition • Sharing knowledge and best practices • Fair practices and work- life balance • Health and safety matters	• Meetings and emails • Committees and toolbox talks • Trainings and performance management system • Reporting mechanisms	• Regularly
Government / Regulators	• Compliance with laws and regulations • Regular reporting	• Regular visits and applications • Meetings, presentation, reports and networking in different forums organized by regulatory authorities • Presentations from management	• As and when required
Channels-Dealers / Retailers	• Assured quality • Support in sales promotion • Regular supply and timely delivery • Profitability and return on investment	• Sales calls • Relationship building activities such as meets, events and engagements	• Continuous contact visits • Dealer meets
Consumers (trade) —builders and contractor	• Estimation of building cost • Assured quality • Selection of good cement • Process of good construction • Troubleshooting	• Regular customer visits; others based on needs and opportunities	• Continuous contact • High frequency
Consumers (institutional)	• Assured quality • Consistency in product • Regular supply and timely delivery • One-window solution for all cement and concrete needs • Testing if needed	• Business briefings and meetings • One-to-one sales calls and after sales service • Key account management system	• High frequency and regular
Communities	• Livelihood opportunities and income generation • Quality education • Preventive health and sanitation • Community environment • Infrastructure development	• Safety management system • Volunteering initiatives • Community events and functions • Stakeholder engagement surveys • Community advisory panels meetings	• Programmed-based and regular

Stakeholder Group	Key Concerns	Mode of Engagement	Frequency
Banks and Financial Institutes	• Borrowing portfolio • Sound financial position • Deposits volume • Investments • Timely repayment of debts	• Treasury operational transactions • Financing and borrowing • Security and guarantees	• Continuous • As and when required
Investors / Shareholders	• Information on Company's performance • Company's financial health, growth and performance • Dividend payments	• Annual General Meetings. • Stakeholders' Relationship Committee to addresses grievances of investors and shareholders • Letters, Circulation of minutes	• Quarterly/ annually/ as and when required
Vendors and Suppliers	• Registration as approved vendor • Product specifications • Pricing and terms of payment • Delivery period • Product failures and user complaints • Compliance with SOP	• By phone, email or in person. • Suppliers meet • Surveys	• High frequency and continuous contact visits
Trade Association and Industrial Bodies	• Issues faced by the Company/ industry • Need for policy intervention and changes as part of ease of doing business	• Sharing best practices and benchmarks • Participating in regional and national events of industry bodies	• As and when required and organized

ISSUES RAISED AT LAST AGM

DGKC held its AGM on October 28, 2020. During the meeting, general queries and clarifications were sought by shareholders regarding the agenda points, which were resolved to their satisfaction. Apart from the said queries, no significant issue or concern was raised.

ENCOURAGEMENT OF MINORITY SHAREHOLDERS TO ATTEND THE GENERAL MEETINGS

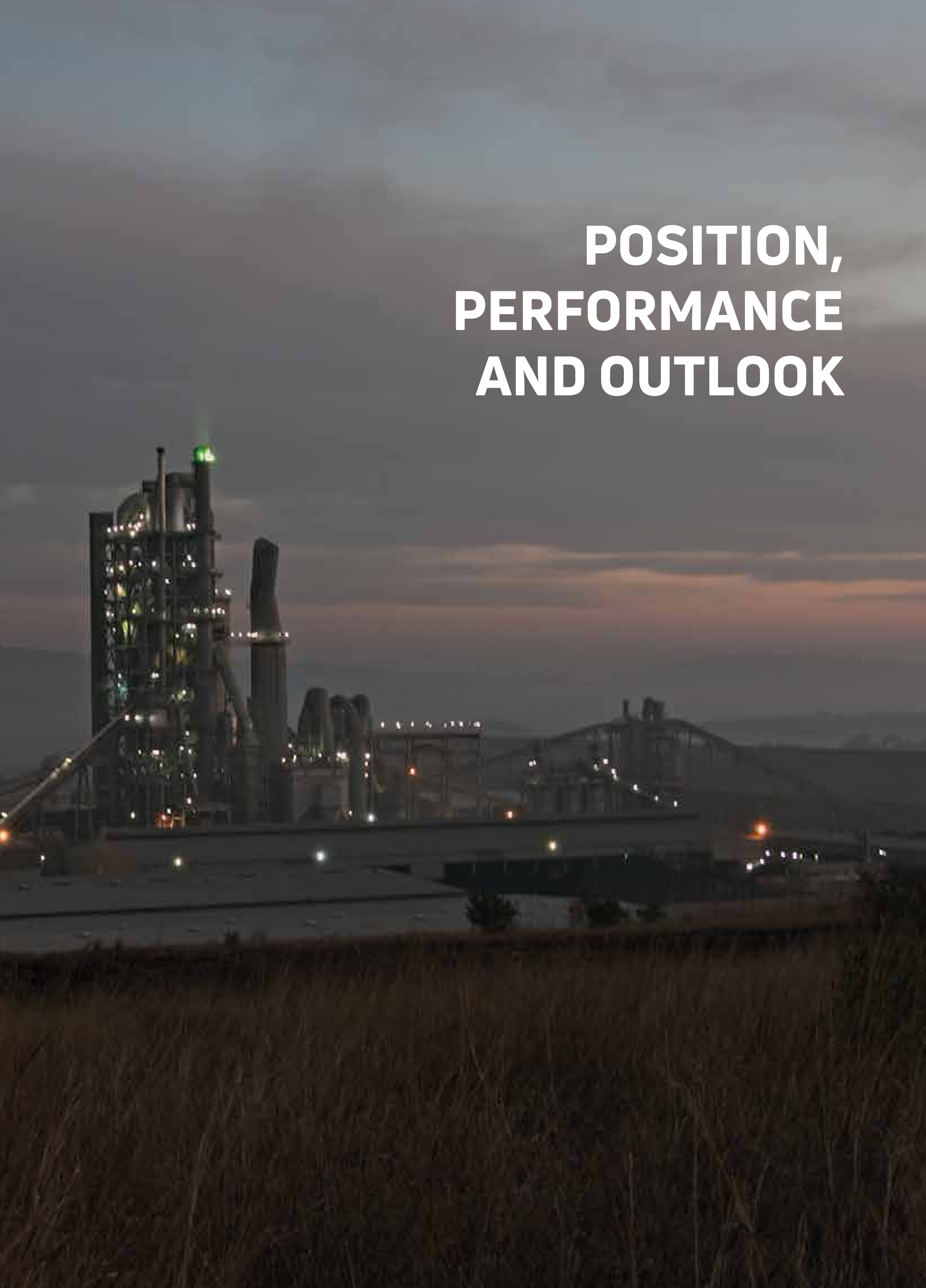
We value our shareholders who are the providers of Financial Capital. Each shareholder is important to the Company irrespective of the holding and voting power. We value our investors, their concerns and grievances (if any). We take the following steps to encourage our minority shareholders to attend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

- 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. The proxy forms enables 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 encourage and appreciate two-way communication in the general meetings, in this way we listen to our shareholders views and concerns.

CORPORATE BRIEFING SESSION

DGKC conducted a corporate briefing session during the year to cover the Company's operational and financial performance during 2020. The briefings were keenly attended by PSX representatives as well as analysts from all over the Country. The presentation was followed-up by detailed 'Questions & Answers' sessions which were welcomed by the company's top management, exhibiting DGKC's commitment to a transparent and continuously evolving stakeholders' engagement approach.

POSITION, PERFORMANCE AND OUTLOOK



KEY HIGHLIGHTS 2020-21 UNCONSOLIDATED

(Rupees in thousand)

Sales	
2021	45,107,690
2020	38,033,124
Percentage	19%

Gross Profits	
2021	8,071,892
2020	1,585,906
Percentage	4.08 times

Profit/(loss) after tax	
2021	3,721,273
2020	(2,158,661)
Percentage	2.7 times

Total Assets	
2021	137,894,697
2020	129,551,534
Percentage	6%

Earning/(loss) per Share	
2021	8.49
2020	(4.93)
Percentage	2.7 times

Dividend per Share	
2021	1
2020	Nill
Percentage	100%

Number of Employees	
Factory	1,733
HO/Regional Offices	144

KEY HIGHLIGHTS 2020-21 CONSOLIDATED

(Rupees in thousand)

Sales

2021	49,074,877
2020	41,592,686
Percentage	18%

Gross Profits

2021	9,007,404
2020	1,965,776
Percentage	3.58 times

Profit/(loss) after tax

2021	4,093,183
2020	(2,229,185)
Percentage	2.84 times

Total Assets

2021	144,101,308
2020	135,310,715
Percentage	6%

Earning/(loss) per Share

2021	8.96
2020	(5.05)
Percentage	2.77 times

CHAIRPERSON'S MESSAGE

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

Financial Year 2021 has been the year of growth depicting sharp V-shaped recovery from tight consolidation period. The industry witnessed booming local demand and improved profitability. With smart lock down policy and continuous monitoring by NCOC, By Grace Of Allah nation has successfully avoided the major health and economic crisis. Government and State bank should be given due credit of timely measures mainly lowering of discount rates, construction amnesty, agriculture incentives, debt repayment deferment, emergency cash disbursement under 'Ehsaas' and TERF scheme that kept fueling the economy. With economy on right track and fully focussed Covid vaccination campaign, we expect exciting year ahead for industry in particular and Pakistan economy in general.

However journey for growth, this year, has several challenges. Rising coal and other commodity prices, TERF related imports and streamlining smuggled items through import channel may put pressure on already exposed PKR/USD parity. Afghanistan situation is still volatile. If civil war breaks out, this may create refugees' crisis. International community may also put pressure on Pakistan in this regard.

On the positive side, Industrialization is underway. Reserves are piling up to maintain import cover. Stable Afghanistan may also create abundant export opportunities for Pakistan especially cement sector. Government is focused on construction and allied projects. Your Company, being stretched from North to Center to South, is fully geared to avail these opportunities ahead.

I wish all shareholders, suppliers, customers and employees best of health in this challenging Covid time. I am hopeful that the industry will improve. The Company will keep its values, maintain its policy of persistent struggle and steer for continuous growth.

Mrs. Naz Mansha
Chairperson

Lahore
September 14, 2021

CHIEF EXECUTIVE'S REVIEW

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

This year witnessed turnaround in Pakistan economy with negative 0.5% to positive 3.9% GDP figures as projected by Government. Industry also showed remarkable improvement with solid numbers for growth. Especially local dispatches registered growth of 20%, main factor of improved profitability in the industry. Bumper production of main crops, construction amnesty and focused efforts on dams and CPEC related projects were engine for local growth. However, bumps during the year arising out of targeted lock-downs and supply chain issues affected the ambitious ride, but overall industry managed to bring out encouraging numbers for FY21. Overall sales utilization of industry remained 83% up from 75% last year.

Your Company capacity remained optimally utilized throughout the year. Improved margins are related to stable sales prices and decline in finance costs. New WHR power plant at Hub site commissioned during the year.

Another Coal Fired Power Plant is expected to be operational by the end of first quarter of FY22. These captive power plants will meet the energy requirement at HUB site and save valuable power costs. In continuation of sales strategy, clinker is exported to earn valuable foreign exchange reserves of USD 60 million and to contribute towards fixed costs. All the equity investments of your Company, including automobiles and dairy investments, registered operational profitability.

South zone witnessed strong growth of 34%. This strong number of dispatches is expected to continue. With fully operational facility at Hub site, your Company is able to milk these opportunities. Government focus on construction and allied industries are bearing fruit. Coal prices, inflation and interest rates are big challanges ahead. Geopolitical situation of region around Pakistan is although volatile, but provides opportunities for exports in coming future. Having geographically diversified production facilities across Pakistan, your Company is fully resourceful to meet these new demands.

Detailed analysis of current year performance is annexed to this review.

Raza Mansha
Chief Executive Officer

Lahore
September 14,2021

GLOBAL ECONOMY

One and half year into the COVID-19 pandemic, the accumulating human toll continues to raise concerns, even as growing vaccine coverage improves sentiment. High uncertainty surrounds the global economy, primarily related to the path of the pandemic and its recovery. The contraction of activity in 2020 was unprecedented in living memory in its speed and synchronized nature. The effect could have been much worse had there been no policy/support decisions from different state/federal banks and governments. Economic losses have been particularly large for countries that rely on tourism and commodity exports and for those with limited policy space to respond. Income inequality is likely to increase significantly because of the pandemic. Close to 95 million people are estimated to have fallen below the threshold of extreme poverty in 2020 compared with pre-pandemic projections. Unequal setbacks to schooling could further amplify income inequality. As per IMF, after an estimated contraction of –3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022.

Future developments will depend on the path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic; the effectiveness of policy actions to limit persistent economic damage; the evolution of financial conditions and commodity prices; and the adjustment capacity of the economy. Strong international cooperation is vital for mitigating the ongoing adverse effect of pandemic. On the health care front, this means ensuring adequate worldwide vaccine production and universal distribution at affordable prices—including through sufficient funding for the COVAX facility—so that all countries can quickly and decisively beat back the pandemic. The international community also needs to work together to ensure that financially constrained economies have adequate access to international liquidity so that they can continue needed health care, other social, and infrastructure spending required for development and convergence to higher levels of income per capita.

Projected economy for 2021 and 2022 for different economies are as follows:

Countries	2020 (Actual)	2021 (Projected)	2022 (Projected)
Pakistan	-0.5	3.9	4.0
India	-7.3	9.5	8.5
China	2.3	8.1	5.7
Russia	-3.0	4.4	3.1
UK	-9.8	7.0	4.8
USA	-3.5	7.0	4.9
Germany	-4.8	3.6	4.1
Japan	-4.7	2.8	3.0
France	-8.0	5.8	4.2

(International Monetary Fund l World Economic Outlook July 2021)

PAKISTAN ECONOMY

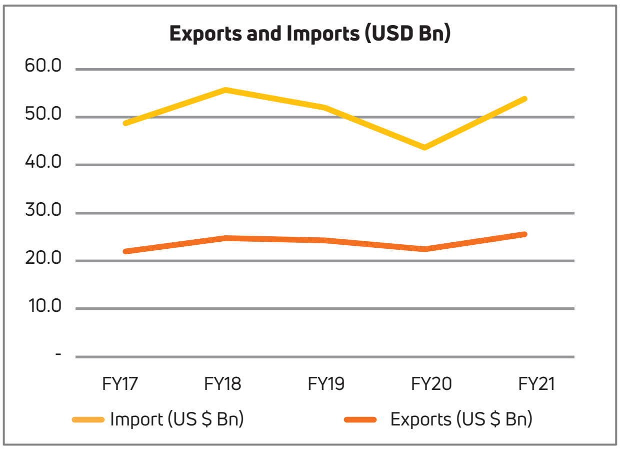
Review of Financial Year 2020-21

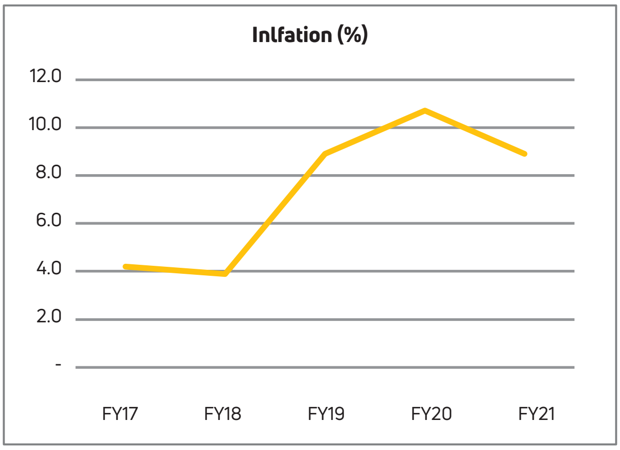
Pakistan's economy already had volatile growth pattern over the years, with regular boom and bust cycles facing challenges in achieving long-term and inclusive growth. Unsustainable economic growth was caused by unaddressed long-standing structural issues. Even before the COVID-19 pandemic hit Pakistan's economy, the government started implementing decisive and far-reaching reforms in every sector of the economy. The FY2021 began in the midst of the most severe global health crisis experienced in modern history. Pakistan's economy, like rest of the world, has struggled to combat the economic consequences of COVID-19 shock through prompt measures for supporting the economy and saving the lives and livelihoods. Besides, virus containment measures, the government has implemented a comprehensive set of measures including the largest ever economic stimulus package of Rs 1,240 billion; a construction package, an expansion of the social safety net to protect the vulnerable segments of the society and supportive monetary policy stance along with targeted financial initiatives. These measures helped the economy in lessening the negative impact of the pandemic. In contrast to other world economies, Pakistan started witnessing recovery during the first half of FY2021 on the back of continued domestic economic activity. Smart lockdowns and drastic measures on pandemic response front allowed the continuity of economic activities and supported the ongoing recovery. The impact of the government's timely and appropriate measures is visible in the form of a V-shaped economic recovery on the back of broad-based growth across all sectors. The provisional GDP growth rate for FY2021 is estimated at 3.94 percent, higher than the targeted growth of 2.1 percent, for the outgoing fiscal year.

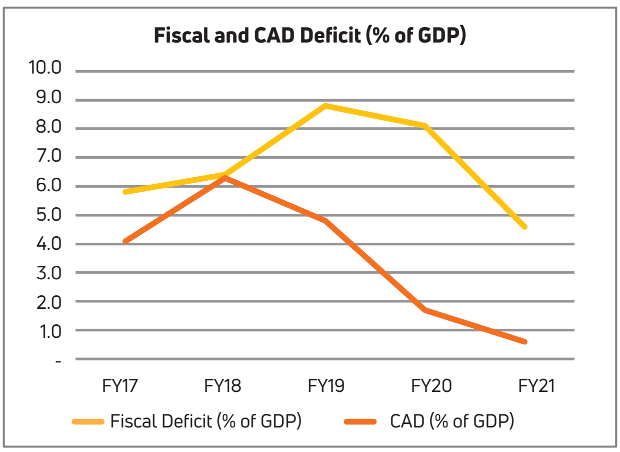
Key performance indicators for 2020-21 is as follows:

Parameters	FY17	FY18	FY19	FY20	FY21
GDP Growth %	5.2	5.5	3.3	-1.5	3.94
CPI%	4.2	3.9	8.9	10.7	8.9
Import (US$ Bn)	48.7	55.7	52.0	43.6	53.8
Exports (US $ Bn)	22.0	24.8	24.3	22.5	25.6
Fiscal Deficit (% of GDP)	5.8	6.4	8.8	8.1	4.6
CAD (% of GDP)	4.1	6.3	4.8	1.7	0.6

Source: Economic Survey of Pakistan 2020-21







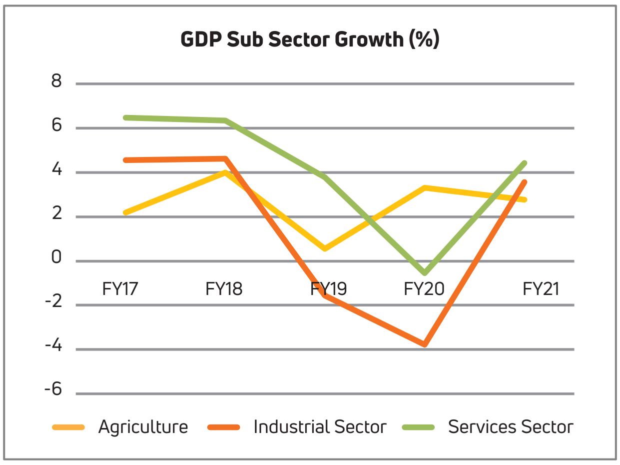
On the external front, the current account balance remained in surplus during the first ten months of FY2021 due to strong growth in remittances and an ongoing pickup in exports. (CAD registered deficit of USD 1.8 billion by the year end). On fiscal side, a substantial increase in tax collection and effective management of expenditures helped in containing the fiscal deficit as a percentage of GDP. During FY2021, SBP maintained the policy rate at 7.0 percent. The existing stance of monetary policy remained appropriate to support the economic recovery with inflation expectations well-anchored and maintaining financial stability.

Sector wise Growth of GDP can be summarized in the tabular form as follows:

Sector	FY17	FY18	FY19	FY20	FY21
Agriculture	2.18	4.00	0.56	3.31	2.77
Industrial	4.55	4.61	-1.56	-3.77	3.57
Service sector	6.47	6.35	3.79	-0.55	4.43

Source: Economic Survey of Pakistan 2020-21

Graphically, it can be represented as follows:



In order to uplift the agriculture sector, the National Agriculture Emergency Program with a cost of Rs 277 billion is already underway. The Minimum Support Price of wheat was further enhanced from Rs 1,400 to Rs 1,800 per 40 kg to encourage wheat cultivation. Laws relating to timely payments to farmers were also enforced. These measures have borne the fruit in terms of significant growth in major and minor crops.

On the industrial front, there was a significant rebound in economic activity, as Large Scale Manufacturing (LSM) gained momentum. The industrial sector has witnessed a remarkable turnaround largely because of accommodative policies by the government in the form of industrial support packages; relief to export-oriented industries, duty exemption under China-Pak Free Trade Agreement-II, electricity and gas subsidy for the export-oriented industries, TERF scheme for industrialization and tax exemptions for electric vehicles manufacturers. The government's incentives for the construction sector provided the impetus for its allied manufacturing segments. A National SME Policy Action Plan 2020 has been approved to provide much-needed support to SMEs. These measures enabled the resumption of business activities. The strong growth in the construction and LSM sector is likely to further broaden the recovery through the spillover effect.

YOY, Construction sector witnessed growth of 8.34% driving significant economic activities including cement dispatches for the FY 2021

Budget 2021-22

Total outlay of the budget is Rs 8,487 billion and growth target is aimed at 4.8%. No significant additional tax was imposed. The budget is largely growth oriented with focus on agriculture and bottom-up approach for income generation.

Salient features of budget 2021-22 are as follows:

	Budgeted 2021-22	Budgeted 2020-21
	Rs in Billion	
Federal Revenue		
FBR taxes	5,829	4,963
Other taxes and Revenue	2,080	1,610
	7,909	6,573
Total Expenditure	8,487	7,137
Federal PSDP	900	650
Provincial Share in Federal Taxes	3,412	2,874
Markup Payment (Local and Foreign)	3,060	2,946
Fiscal Deficit % of GDP	6.30%	7.00%

It is pertinent to mention that inflation all over the world remained volatile mainly due to supply-side disruptions in commodities due to COVID-19 pandemic. Rising international prices are putting pressure on domestic prices. Global food prices are at their highest in a decade (FAO). In addition to the above, Pakistan has entered the international capital market after a gap of over three years by successfully raising $ 2.5 billion through a multi-tranche transaction of 5, 10 and 30 year Eurobonds. The IMF and Pakistan have announced the resumption of a stalled $ 6 billion loan program. IMF has acknowledged that while the COVID-19 pandemic continues to pose challenges, the government policies have been critical in supporting the economy and saving lives and livelihoods.

This year will be a test for present Government; achieving growth while sustaining Current Account, Reserves and Exchange rate and maintaining fiscal discipline. International commodity prices are also on upward side. TERF related imports also put pressure on exchange rate and may lead to inflation. If the Government, do not make timely adjustments (mainly due to elections motives), we may head towards another macro-economic imbalances in the coming years

CEMENT SECTOR IN PAKISTAN

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

Pakistan Cement Industry is vibrant industry. It is one of the highest contributory industries to national exchequer in terms of taxes. As per economic survey of Pakistan for FY 2020-21, construction sector contributes 2.53% in GDP and grew by 8.06% as compared to last year. Pakistan unlike China, India, United States, Iran, Turkey, Brazil, Russia, Saudi Arabia, Indonesia and Vietnam may not be among the top ten cement producing countries in the world, however, it is widely accepted in the world that the quality of Pakistani cement is second to none.

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

Zones	No. of Units	Cement Capacity (MT p.a.)
North	19	52,883,999
South	6	16,353,250
Total	25	69,237,250

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

Year	Operational Capacity	Dispatches			Capacity Utilization	Growth % Total
		Local	Export	Total		
2015-16	45,618,750	33,001,610	5,872,604	38,874,214	85.2%	9.82%
2016-17	46,752,750	35,651,612	4,663,569	40,315,181	86.2%	3.71%
2017-18	48,664,250	41,147,391	4,746,028	45,893,419	94.3%	13.84%
2018-19	55,995,625	40,344,392	6,540,604	46,884,996	83.7%	2.16%
2019-20	63,633,137	39,965,044	7,847,098	47,812,142	75.1%	1.98%
2020-21	69,237,250	48,118,942	9,313,832	57,432,774	83.0%	20.12%

Data from the All Pakistan Cement Manufacturers Association shows that the largest area of growth was in cement local dispatches from southern Pakistan, up by 34% to 7.5 million tons, while northern local dispatches also followed the pattern with growth of 18% to 40.5 million tons. Exports kept its momentum upward with growth of 19% with largest contribution by North Zone with exports of 30%.

	(Metric tons)			
	2020-21	**2018-19**	**Variance**	**% (Inc/ Dec)**
Local				
North	40,581,580	34,327,506	6,254,074	18%
South	7,537,362	5,637,538	1,899,824	34%
	48,118,942	**39,965,044**	**8,153,898**	**20%**
Export				
North	2,566,402	1,970,388	596,014	30%
South	6,747,430	5,876,710	870,720	15%
	9,313,832	**7,847,098**	**1,466,734**	**19%**
Total Dispatches	**57,432,774**	**47,812,142**	**9,620,632**	**20%**

Government focus on construction sector is bearing fruit. Special Incentives to builders, construction amnesty with focus on large dams are driving the engine. Bumper crops and reversal of declining tend in industrial growth increased the purchasing power or common people that encouraged them for construction activity. Various incentives like 'Naya Pakistan Housing Subsidy' and 'Roshan Apna Ghar' are also in pipeline and are expected to keep this momentum going in the coming years.

DGKC PERFORMANCE DURING THE YEAR

ANALYSIS OF FINANCIAL AND NON-FINANCIAL INFORMATION

Production & operational data

FY21 registered a modest decline of clinker production primarily due to less number of kiln operation days. The number of operational days declined due to scheduled shut down in the first quarter of financial year. Plant capacity utilization was 93% (FY20: 102%). Clinker was continued to be exported as semi-finished goods resulting in comparatively less cement production.

Description	FY21	FY20	Inc/(Dec)	
	---Tons---			
Production				%
Clinker	6,255,177	6,841,964	(586,787)	-8.6%
Cement	5,433,349	5,510,426	(77,077)	-1.4%

Kiln Operational Days

Year	DGK 1	DGK 2	KHP	HUB	TOTAL
FY21	183	317	229	326	1,055
FY20	251	312	294	319	1,176
FY19	250	323	281	290	1,144

During the year in second half of FY21, WHR power plant at Hub site became operational providing replacement to K-Electric and saving power costs. Machinery and equipment of WHR power plant is based on air cooling system that would reduce the water consumption drastically, contributing towards Company policy of maintaining clean environment.

Captive Power Generation (in million KWH)

Year	CFPP	WHR	FO	Gas Generators	Dual Fuel	Solar	Total
FY21	162,227	128,478	22,942	5,963	82,513	1,423	403,546
FY20	165,332	85,122	27,719	15,015	108,679	1,203	403,070
FY19	167,149	64,298	3,968	17,012	117,310	-	369,737

%age of total captive power units produced

Year	CFPP	WHR	FO	Gas Generators	Dual Fuel	Solar	Total
FY21	40.2%	31.8%	5.7%	1.5%	20.4%	0.4%	100%
FY20	41.0%	21.1%	6.9%	3.7%	27.0%	0.3%	100%
FY19	45.2%	17.4%	1.1%	4.6%	31.7%	0.0%	100%

FINANCIAL STATEMENTS ANALYSIS

Sales

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

Sales Value and Volume Analysis

Description	FY21	FY20	Change	
				%
Local				%
Cement Gross Local (PKR in '000)	53,072,823	48,589,841	4,482,982	9.2%
Clinker Gross Local (PKR in '000)	-	58,612.00	(58,612)	100.0%
Total Gross Local (PKR in '000)	53,072,823	48,648,453	4,424,370	9.1%
Net Local (PKR in '000)	35,656,969	28,824,525	6,832,444	23.7%
Exports				
Cement Gross Exports (PKR in '000)	799,159	1,049,215	(250,056)	-23.8%
Clinker Gross Exports (PKR in '000)	8,781,420	8,331,367	450,053	5.4%
Total Gross Export (PKR in '000)	9,580,580	9,380,582	199,998	2.1%
Net Exports (PKR in '000)	9,580,580	9,380,582	199,998	2.1%
Volume				
Cement Sales - Local (MT)	5,271,349	5,336,677	(65,328)	-1.2%
Cement Sales - Export (MT)	129,539	158,143	(28,604)	-18.1%
Clinker Sales - Local (MT)	-	8,000	(8,000)	100.0%
Clinker Sales - Export (MT)	1,853,867	1,684,124	169,743	10.1%

Average Per Ton Price Analysis

Description	FY21	FY20	Change	
	Rs/Ton	Rs/Ton	Rs/Ton	%
Cement				
Local - Average Gross Price	10,068	9,105	963	10.6%
Local - (excluding FED and Sales tax)	6,764	5,395	1,369	25.4%
Export - Average Gross Price	6,169	6,635	(465)	-7.0%
Clinker				
Local - Average Gross Price	-	7,327	(7,327)	100.0%
Export - Average Gross Price	4,737	4,947	(210)	-4.2%

Analysis reveals that gross local cement sales registered increase due to improvement in local cement sales price generated out of country wide demand. Construction amnesty announced by the Government, high yields in major crops, government focus on large and small dams, industrialization drive in the country and subsidized loaning for housing sector were the major factors behind this demand pull. Inflation and international commodity prices, particularly coal, were also moving upward. Some of this cost pressure had also been absorbed in sales price.

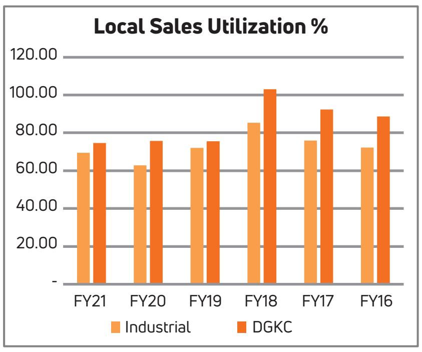
Exports were largely dominated by clinker, a less value-added product. The Company continued with this strategy of exporting clinker to keep the optimum utilization of plant resulting in recovering of fixed costs, availing export refinance saving finance costs and earning valuable exchange reserves of USD 60 million for the country.

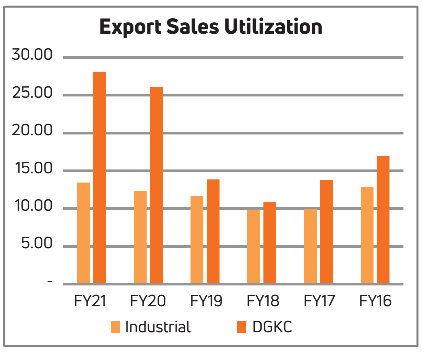
Country wise export quantity analysis is shown below:

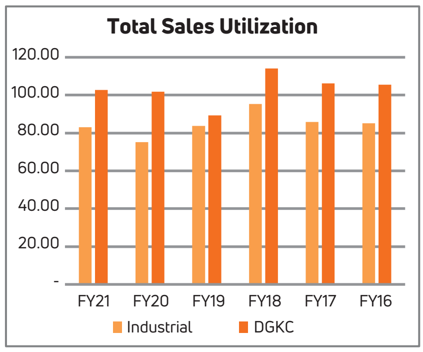
Export Destination	FY21	FY20	Change	
	MT	MT	MT	%
Afghanistan	25,781	35,827	(10,046)	(28.0)
Sri Lanka (Cement and clinker)	300,340	72,760	227,580	312.8
Madagascar	86,570	108,988	(22,418)	(20.6)
Mozambique (Clinker sale)	55,000	-	55,000	100.0
Cameroon (Clinker sale)	57,520	-	57,520	100.0
China (Clinker sale)	256,658	48,055	208,603	434.1
Bangladesh (Clinker sale)	1,200,449	1,574,369	(373,920)	(23.8)
Others	1,088	2,268	(1,180)	(52.0)
Total Export Dispatches	**1,983,406**	**1,842,267**	**141,139**	**7.66**

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

	Local Sales		Exports		Total	
	Industry	DGKC	Industry	DGKC	Industry	DGKC
FY 21	69.50	74.71	13.45	28.11	82.95	102.82
FY 20	62.81	75.75	12.33	26.11	75.14	101.86
FY 19	72.05	75.50	11.67	13.85	83.73	89.36
FY18	85.38	103.11	9.85	10.85	95.23	113.96
FY17	75.95	92.28	9.93	13.81	85.88	106.09
FY16	72.34	88.62	12.87	16.94	85.22	105.56







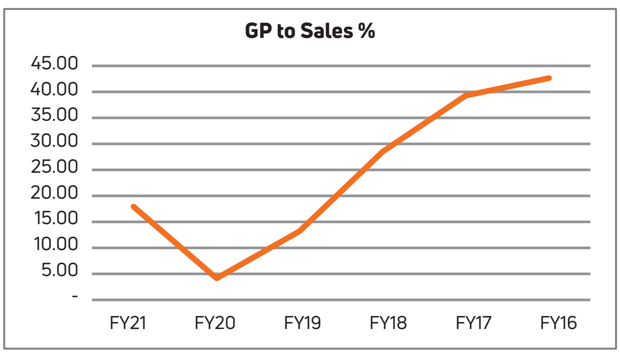
High sales utilization% for DGKC was due to sale of clinker from opening stocks. The Company consistently kept high sales utilization% over the years and maintained its market share.

Cost of Sales and Gross Profit

Cost of sales (%age of net sales) for the year decreased to 82.1% against 95.8% in 2020 reversing the rising trend for the last four years. GP in absolute terms increased by Rs 6,486 million whereas GP% increased from 4.2% to 17.9%, driven from improved and stable local sales prices.

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

Manufacturing Cost	FY21	FY20	Change %
Raw and packing materials consumed	10.2	10.6	(3.3)
Salaries, wages and other benefits	10.0	9.2	8.8
Fuel and power	54.3	56.4	(3.7)
Stores and spares consumed	8.6	8.0	7.3
Depreciation	9.9	9.7	2.1
Others	7.0	6.1	14.2



Overall Cost of sales for cement per ton increased by 1.3% to Rs 5,397/ton (FY20: Rs 5,329/ton). Raw and packing material consumption decrease largely related to drop in paper bag prices. Salaries, wages and depreciation are fixed cost in nature. Because of low clinker and cement production (under-utilization of cement mill), their share in total manufacturing cost registered increase. Fuel and power share (constituting major part of production cost) witnessed decline owing to new WHR power plant installed at HUB site in FY21. WHR power plant commissioned at Khairpur site last year in second half of FY20 had its full year operations in the current year. Coal prices started moving upward since December 20 however average coal consumption cost remained low by 2.8% as compared to last year. The effect of increased coal prices shall be visible in the coming year FY22. Stores and spares consumption share increased as number of shutdown days for maintenance increased. Because of good working condition of the plant last year, shut down was planned in the first quarter of FY21. Major repair and maintenance expenditures were incurred this year. Other production cost increased due to general inflation and being fixed cost in nature.

Selling and administrative expenses

Administrative expenses and selling expenses % to sales decreased due to increase in sales. In absolute terms, administrative expenses decreased by only 1.8%. While selling expenses increase in absolute terms was associated with increase in clinker sales by 10.1%

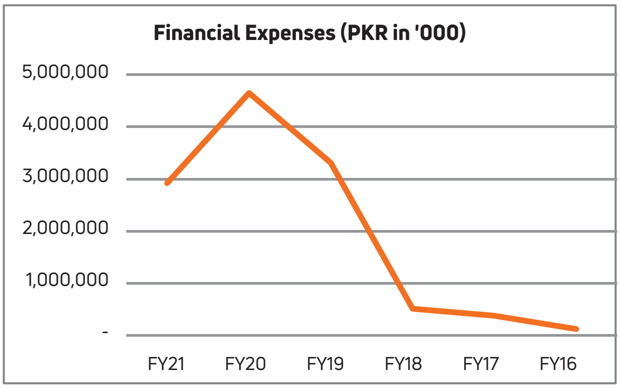
Selling and administrative expenses % of sales are as follows:

% age of sales	FY21	FY20
Administrative expenses	1.43	1.73
Selling expenses	4.32	4.69

Financial expenses

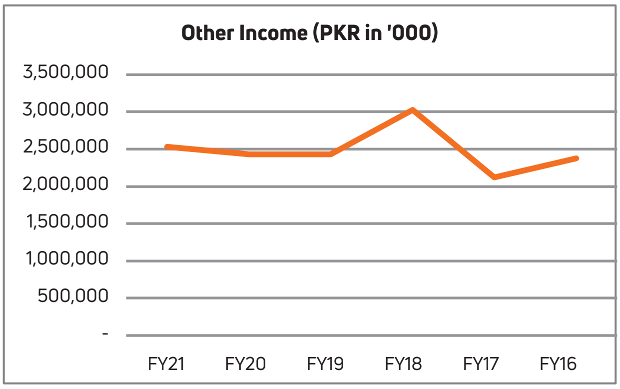
Finance cost is directly linked to the level of borrowing and interest rates prevailing. Borrowing level and average interest rates both dropped during FY21.

Financial expenses declined by Rs 1,732 million, decrease of 37.2%. Average KIBOR remained low at 7.42% as compared to 12.51% last year, declined by 40.6%. Finance cost related to long term borrowing amounted to Rs 1,645 million that constituted about 56.3% of total financial expenses. Markup on short term borrowing amounted to Rs 1,241 million, decrease of 37.0%, mainly from decline in net borrowing due to cash profits during the year.



Other income

Other income remained almost same in FY2021. Dividend income increased by Rs 143 million (7.0%) owing to increase in dividend from MCB. While this increase was partially offset by decline in markup income on loan from related party, NHPL.

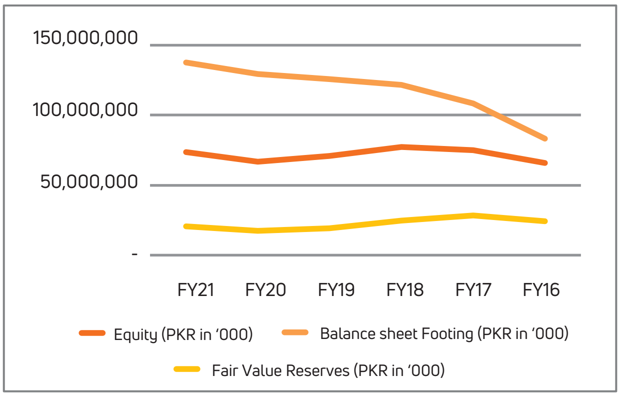


Taxation

Corporate rate of taxation for DGKC is 29% under Income tax Ordinance. However, dividend income is taxed at 15%. As a result, average rate of tax for FY21 came out to be 22.01% of PBT, amounting to Rs 1,050 million. On the contrary, the Company registered loss before tax for FY20, there was taxation income at corporate rate of 29% which is further enhanced to 42.53% owing to prior period adjustment of 6.84% and lower rate of dividend tax.

Total Assets & Equity

The Company's equity recovered to 53.29% (FY20: 51.4%) of total assets. Equity recovery is largely attributable to net profit of Rs 3,721 million and increase in share value of investments in Hyundai Nishat Motors (private) Limited by Rs 2,733 million. This still represents optimum balance sheet structure. Breakup value per share increased to Rs 167.7 (FY20: Rs 152.1)



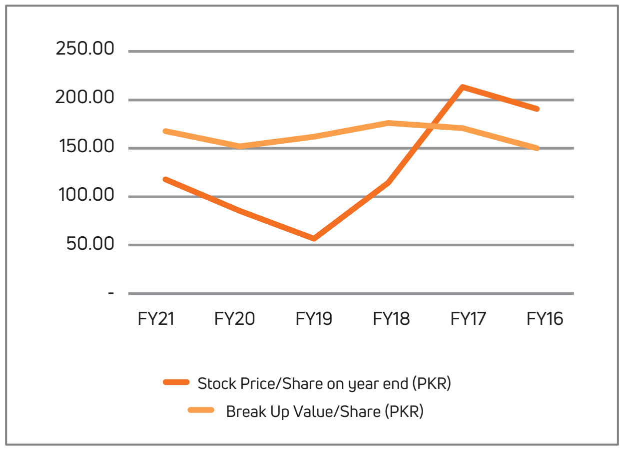
Borrowings

The Company's borrowing, long and short term, declined during the year after reaching all time high last year. The combined borrowing as at close of FY21 was Rs 43,793 million (FY20: Rs 47,478 million). Long term loans, including current portion, amounted to Rs 25,431 million that registered increase of Rs 1,448 million (6.0%). The is mainly related to new WHR and CFPP at Hub site. Short term borrowing decreased by Rs 5,134 million (21.9%) to Rs 18,362 million. The company was able to generate operating cash flows because of Rs 3.7 billion profitability. The surplus cash after meeting working capital requirements brought down short term borrowings.

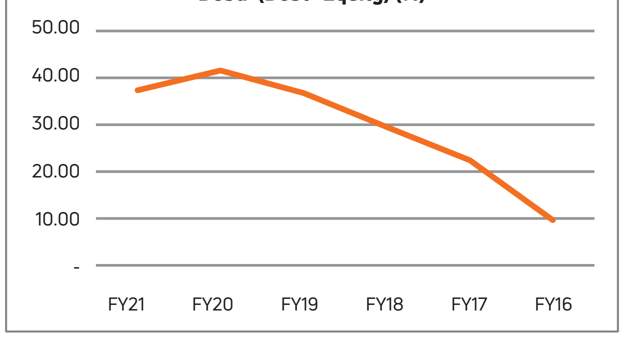
During the year, the Company availed loan under TERF financing under SBP scheme amounting to Rs 4,819 as at year end. The loan was obtained to finance the capex requirement of WHR and CFPP power plant at Hub site.

Fixed assets

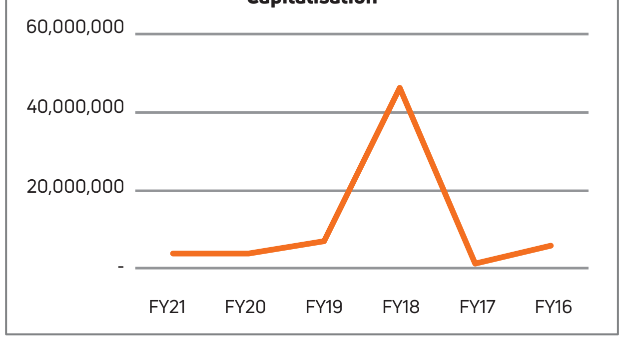
Fixed assets occupy about 61.7% of total assets as at close of FY21, decrease from 64.5% from FY20. On average, 59.6% of total assets of the Company are fixed assets as per average trend of last six. As cement manufacturing process is a capital-intensive venture, the same is reflected in this fact. Besides, this also shows that Company is always looking to keep the manufacturing facilities up to mark, innovative, state of the art, environment friendly and efficient. A continuous trend of capitalization shows that Company keeps on upgrading its fixed assets to reap benefits. In FY21, capitalization of Rs 3,758 million largely pertains to 10 MW WHR power plant at HUB site. The plant is based on air cooling system, replacing expensive mode of electricity from K-electric and Furnace oil.



Debt/ (Debt+Equity) (%)



Capitalisation



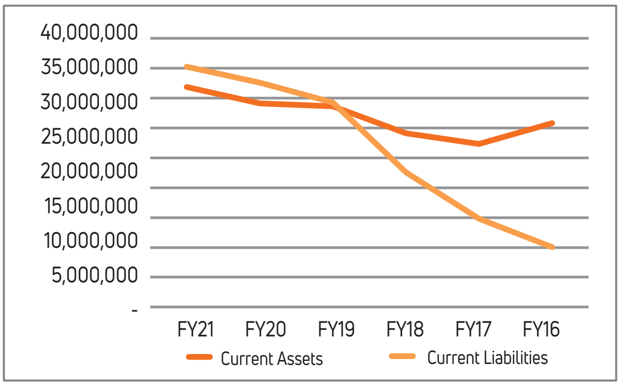
Investments (Non-current and current)

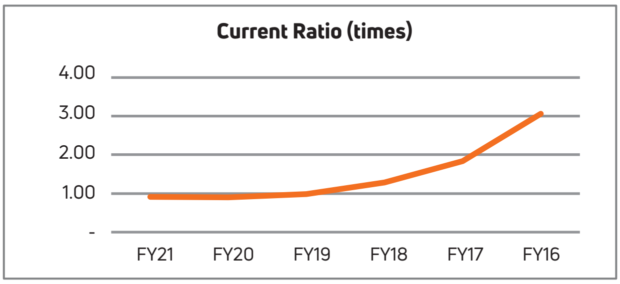
	No of shares	Cost of investment (Rs in '000')	MV of Investment (Rs in '000')	% of Stake in Company	% of total cost of Portfolio	%age of total MV of investment	Dividend (Rs in '000')
Nishat Paper Products Co. Ltd.	25,595,398	250,811	250,811	55.00%	3.2%	0.9%	-
Nishat Dairy (Private) Limited	270,000,000	2,169,111	2,169,111	55.10%	27.8%	7.5%	-
Nishat Hotels and Properties Limited	104,166,667	1,041,667	2,055,208	10.42%	13.3%	7.1%	-
Hyundai Nishat Motor (Private) Ltd	94,873,000	948,730	3,645,021	10.00%	12.2%	12.6%	-
Nishat Mills Ltd	30,289,501	1,326,559	2,826,026	8.61%	17.0%	9.8%	121,158
MCB Bank Ltd	102,277,232	604,068	16,346,954	8.63%	7.7%	56.5%	1,994,406
Adamjee Insurance Company	27,877,735	1,239,698	1,156,090	7.97%	15.9%	4.0%	69,694
Nishat (Chunian) Limited	7,274,602	76,397	365,840	3.03%	1.0%	1.3%	7,275
United Bank limited	214,354	33,646	26,194	0.02%	0.4%	0.1%	2,894
Pakistan Petroleum Ltd	821,626	117,405	71,342	0.03%	1.5%	0.2%	2,054
		7,808,092	**28,912,597**		**100.0%**	**100.0%**	**2,197,481**

Working Capital

Current assets account for 26.7% of total assets while current liabilities accounted for at 29.0% as on FY21. On average for last six years, current assets are 27.6% and current liabilities are 21.6% of total assets.

Net Working Capital for the year slightly improved to Rs -3,444 million (FY20: Rs -3,529 million). Stores and spares registered increase primarily due to piling up of coal inventory in anticipation of price hike in future. Coal-in-transit at year end amounted to Rs 3,548 million. This similar increase was also witnessed in trade and other payables. Short term investments dropped due to decrease in MCB share price at year end as compared to last year. Trade debts also registered decline on account of better collection, particularly in southern market. Some relief was provided in terms of deferment of long-term loan for one year under State Bank Of Pakistan Scheme last year. After expiry of the said period in March 21, current portion of long term liabilities jumped to Rs 6,434 million.





DIVIDEND DECLARATION

The company has registered profitability of Rs 3,791 million with EPS of Rs 8.49. Keeping in view debt profile, Board of directors of the Company has recommended dividend of Rs 1.00 per share to be approved in AGM held on October 28, 2021. The recommendation has been made with aim of lowering outstanding debt, financial expenses and maximizing shareholders' wealth.

FREE CASH FLOW

	FY21	FY20
	Rs in thousand	
Net cash provided by operating activities	6,161,190	(343,131)
Less: Capital Expenditure and investments	(5,288,334)	(7,571,928)
Free Cash Flows Total	872,856	(7,915,059)

ECONOMIC VALUE ADDED (EVA)

	FY21	FY20
	Rs in thousand	
NOPAT	3,901,307	(1,492,366)
Less: Cost of Capital	(16,055,198)	(8,433,671)
Economic Value added	(12,153,890)	(9,926,037)

RATIONALE OF MAJOR CAPITAL EXPENDITURE

Company incurred major capital expenditure on account of following projects:

- 10 MW WHR power plant at site – Capitalized during the year
- 30 MW Coal fired power plant at site – Expected to be capitalized next year
- Water storage tanks at Hub site to increase water storage capacity at site.
- Major repair and maintenance of more than 1 year useful life at Wartsila plant at KHP site.
- Residences for officers and other staff at Hub site.

For next FY22, Company planned the following major capital expenditure:

- Remaining cost for CFPP at HUB site
- Water storage tanks and pumps at DGP and KHP sites to increase the storage capacity
- Quarry equipment.
- Fly ash feeding system to transfer fly ash from coal mill to cement mill as performance improver
- Cooling system at DG Khan site.
- RDF equipment at HUB site.

ADDITIONAL DISCLOSURES FOR COMPANY LISTED ON ISLAMIC INDEX

Additional disclosure as required in fourth schedule for company listed on Islamic index are shown in note 44 to the accounts.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE AND CONSOLIDATED RESULTS

Highlights of segments performances are as follows:

	Cement	Packaging/paper	Dairy
Net Sales (PKR in millions) – FY21	45,107	3,980	2,027
Net Sales (PKR in millions) – FY20	38,033	4,273	1,735
EPS – FY21	8.49	11.28	(0.14)
EPS – FY20	(4.93)	2.81	(0.24)
Gross Margin % - FY21	17.9	24.97	1.10
Gross Margin % - FY20	4.2	16.02	(14.59)
PAT Margin % - FY21	8.2	13.19	(6.89)
PAT Margin % – FY20	(5.7)	3.06	(3.52)

The Company's consolidated results are summarized hereunder:

PKR in billions

	FY21	FY20
Net Sales	49.07	41.59
Gross Profit	9.01	1.98
PBT	5.51	(3.79)
PAT	4.09	(2.21)
EPS (PKR/Share)	8.96	-5.02

DGKC shareholding and nature of business of subsidiaries are as follows:

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

Subsidiaries (Segments) Capacities and Actual Performance

NPPL (Packaging and paper)

Bags Production Capacity:	220	million bags per annum
Actual Bags Produced in FY21:	131	million bags (approx.)

Lower capacity utilization is due to the gap between demand and supply of the product

NDL (Dairy)

Milk Production Capacity:	36.5	million liters per annum
Actual milk produced in FY21:	25.5	million liters (approx.)

NDL has 3,033 mature milking animals and 2,889 immature animals raised to produce milk as on June 30, 2021.

Analysis on segments performances

NPPL net sales decreased mainly due to decline in paper bags prices, owing to drop in Kraft paper prices in international market, particularly in initial months. Quantity variance is only 3%. Later on, Kraft paper prices recovered but the Company improved its margins on back of low-cost inventory. Subsequent purchases at recent prices may squeeze margins in next year. Finance cost decline due to low discount rate also contributed to improved profitability

NDPL for the first time registered PBT, mainly due to increase in milk prices in domestic market. However, converted to net loss on account of high taxation loss arising mainly from deferred tax expense related to expiry of business losses.

QUARTERLY ANALYSIS

	FY20	Q1	Q2	Q3	Q4	FY21
						PKR in Thousands
Profit & loss						
Sales- Net	38,033,124	10,514,435	11,348,146	10,885,094	12,360,015	45,107,690
Gross Profit	1,585,906	1,007,684	2,405,813	2,480,651	2,177,744	8,071,892
(Loss)/profit before tax	(3,756,188)	(457,480)	1,376,326	2,655,536	1,197,023	4,771,405
(Loss)/profit after tax	(2,158,661)	(350,892)	1,151,758	2,047,515	872,892	3,721,273
GP%	4.17%	9.58%	21.20%	22.79%	17.62%	17.89%
PAT%	-5.68%	-3.34%	10.15%	18.81%	7.06%	8.25%
Cash flow						
Cash flow from operating activities	(343,131)	3,477,306	(542,245)	2,628,258	597,871	6,161,190
Cash flow from investing activities	(5,082,796)	(1,404,560)	(1,117,891)	40,314	(480,023)	(2,962,160)
Cash flow from Financing activities	2,519,577	2,009,690	484,651	464,276	(583,764)	2,374,853
Balance sheet						
Balance sheet footing	125,941,425	128,564,536	133,640,521	134,184,282	137,894,697	137,894,697
Equity	70,928,415	68,467,867	70,881,217	71,328,368	73,477,873	73,477,873
Non-current liabilities	20,765,958	25,968,287	24,547,033	24,896,597	24,121,304	14,717,490
Current liabilities	34,247,052	34,128,382	38,212,271	37,959,317	40,295,520	40,295,520
Non-Current assets	92,318,165	97,224,152	97,997,089	98,097,994	101,043,433	89,090,161
Current assets	33,623,260	31,340,384	35,643,432	36,086,288	36,851,264	36,851,264
						Figures in Tons
Volumetric data						
Clinker production	6,841,964	1,213,078	1,881,721	1,618,545	1,541,833	6,255,177
Cement production	5,510,426	1,237,888	1,540,585	1,387,290	1,267,586	5,433,349
Total Cement sales	5,494,823	1,241,985	1,514,463	1,338,513	1,305,927	5,400,888
Local Cement sales	5,336,680	1,235,518	1,467,703	1,317,971	1,250,157	5,271,349
Export cement sales	158,143	6,467	46,760	20,542	55,770	129,539
Clinker sales	1,692,124	663,907	344,298	288,330	557,332	1,853,867
EPS (PKR)	(4.93)	(0.80)	2.63	4.67	1.99	8.49

ANALYSIS

Q1 registered loss on account of less number of production days. Less cement and clinker production resulted in higher per unit cost. The company was also not able to generate enough sales in value to cover all of the fixed costs. However, there was positive operating cash flows due to sale of clinker from opening stocks inventory.

Q2 registered recovery due to increase in production. There was capex incurred on new WHR and CFPP power plant at HUB site. DGKC registered EPS of Rs 2.63/share.

Q3 witnessed higher profitability due to improved sales prices. Although coal prices were trending upward since December 20, the company was able to manage cost pressure on back of low cost inventory. Higher profitability also resulted in higher operating cash flows.

Q4 showed moderate profitability on account of low production due to scheduled shutdown. The company was feeling cost pressure on account of high coal prices the effect of this has not been passed on to the customers in this competitive environment.

SIX YEARS AT A GLANCE

	FY 21	FY 20	FY 19	FY 18	FY17	FY16
Profitability Ratios and indicators						
EBITDA (PKR in thousands)	11,273,087	4,588,198	8,795,010	10,193,594	13,602,813	14,483,061
EBITDA-Other Income (PKR in thousands)	8,746,269	2,158,623	6,367,744	7,166,933	11,484,597	12,104,008
Depreciation (PKR in thousands)	3,580,807	3,691,100	3,500,067	2,304,249	2,061,811	1,871,866
GP to Sales (%)	17.89	4.17	13.24	28.50	39.30	42.65
PBT to Sales (%)	10.58	(9.88)	4.91	24.03	37.03	42.02
PAT to Sales (%)	8.25	(5.68)	3.97	28.82	26.46	29.59
EBITDA to Sales (%)	24.99	12.06	21.71	33.24	45.14	48.76
ROE (wrt average equity) (%)	5.31	(3.14)	2.17	11.63	11.34	13.73
ROE (withour fair value reserves) (%)	7.26	(4.26)	3.09	17.82	18.05	23.00
ROE - Dou Pont (%)	5.06	(3.24)	2.27	11.46	10.65	13.36
ROE (PBT/Equity) (%)	6.49	(5.64)	2.81	9.55	14.90	18.97
ROCE(PAT/Capital Employed)	3.17	(1.89)	1.43	8.08	8.27	12.08
Liquidity Ratios/Indicators						
Working Capital (PKR in thousands)	(3,444,256)	(3,517,830)	(623,792)	6,522,433	12,450,881	20,778,887
Current Ratio (times)	0.91	0.91	0.98	1.29	1.84	3.07
Quick / Acid test ratio	0.52	0.56	0.57	0.88	1.29	2.53
Cash to Current Liabilities	0.02	0.01	0.01	0.02	0.03	0.70
Cash flow from operations to Sales	0.14	(0.01)	(0.04)	0.29	0.20	0.37
Activity/turnover ratios						
Fixed Assets Turnover	53.52	46.52	51.79	44.15	59.08	85.43
Total Assets turnover ratio	33.73	29.77	32.70	26.64	31.43	37.65
No. of Days in Inventory	154	126	135	108	122	102
No. of Days in Receivables	14	22	11	2	3	2
No. of Days in Payables	147	113	84	127	109	115
Operating cycle (Days)	20	35	62	(17)	16	(10)
Investment/Market Indicators						
Cash Dividend/Share (PKR)	1.00	-	1.00	4.25	7.50	6.00
Stock Price/Share on year end (PKR)	117.92	85.33	56.54	114.5	213.16	190.49
Year High (PKR)	141.48	87.90	126.74	215.23	245.37	190.69
Year Low (PKR)	90.45	42.31	53.38	109.33	171.66	125.76
EPS (PKR/Share)	8.49	(4.93)	3.67	20.17	18.20	20.06
PE Ratio	13.88	(17.32)	15.39	5.68	11.71	9.49
Divident Payout Ratio (%)	11.77	-	27.22	21.07	41.20	29.91
Dividend Yield Ratio (wrt year end price) (%)	0.85	-	1.77	3.71	3.52	3.15
Price to Book Ratio	0.70	0.56	0.35	0.65	1.25	1.27
Break Up Value/Share (PKR)	167.71	152.11	161.89	176.06	170.89	150.15
Break Up Value/Share (without FV reserves) (PKR)	121.38	112.75	118.66	119.50	106.90	94.78
Capital Structure Ratios						
Debt/ (Debt+Equity) (%)	37.34	41.60	36.79	29.48	22.38	9.60
Debt to Equity (%)	59.60	71.24	58.21	41.81	28.84	10.63
Equity to Total Assets (%)	53.29	51.44	56.32	63.28	69.09	78.86
Financial Leverage ratio	0.32	0.37	0.33	0.26	0.20	0.08
Interest Coverage (wrt EBITDA) (times)	3.86	0.99	2.66	19.63	35.53	111.02
DSCR with other income	2.29	0.47	1.57	10.00	8.94	18.94
DSCR without other income	1.77	0.22	1.13	7.03	7.55	15.83
Debt/ (Debt+Equity) (%) (w.r.t Market value)	45.88	55.95	62.50	39.13	18.78	7.73
Employee Productivity Ratios						
Production per employee (In MT)	3,361	3,751	3,718	3,033	3,508	3,442
Revenue per employee (PKR in thousands)	24,238	20,851	23,611	21,078	24,501	25,785
Non-Financial Ratios						
Plant capacity utilization	93.08	101.81	94.95	109.79	107.33	98.63

SIX YEARS FINANCIAL STATEMENTS

	FY21	FY20	FY19	FY18	FY17	FY16
	(Rupees in thousand)					
CAPITAL AND RESERVES						
Issued, subscribed and paid up share capital	4,381,191	4,381,191	4,381,191	4,381,191	4,381,191	4,381,191
Reserves	30,280,119	27,226,658	28,924,360	34,761,625	38,014,337	34,238,885
Revenue Reserve: Un-appropriated profit	38,816,563	35,036,308	37,624,272	37,991,605	32,473,351	27,163,353
	73,477,873	66,644,157	70,929,823	77,134,421	74,868,879	65,783,429
NON-CURRENT LIABILITIES						
Long term finances - secured	19,300,064	21,972,000	15,985,030	17,730,324	12,520,000	2,400,000
Deferred government grant	664,504	-	-	-	-	-
Long term deposits	246,992	253,937	242,043	109,726	79,441	77,813
Deferred liabilities	530,803	521,834	449,194	278,379	186,837	111,334
Deferred taxation	3,378,941	2,535,349	4,088,283	4,082,974	5,866,359	4,989,055
	24,121,304	25,283,120	20,764,550	22,201,403	18,652,637	7,578,202
CURRENT LIABILITIES						
Trade and other payables	14,956,668	11,332,024	8,063,312	7,623,646	5,454,447	5,366,340
Accrued markup	507,769	712,275	809,569	347,880	217,204	52,931
Short term borrowings - secured	18,362,050	23,495,967	20,258,570	12,209,667	8,571,228	3,451,352
Current portion of non-current liabilities	6,433,943	2,048,901	5,080,511	2,336,910	523,778	1,150,921
Derivative financial instrument	-	-	-	-	48,056	-
Provision for taxation	35,090	35,090	35,090	35,090	35,090	35,090
	40,295,520	37,624,257	34,247,052	22,553,193	14,849,803	10,056,634
	137,894,697	129,551,534	125,941,425	121,889,017	108,371,319	83,418,265
NON-CURRENT ASSETS						
Property, plant and equipment	85,020,109	83,537,295	79,980,234	76,493,984	62,447,737	39,576,830
Investments	15,965,811	11,849,828	12,276,961	16,259,564	18,564,054	12,947,976
Long term loans and deposits	57,513	57,984	60,970	59,843	58,844	57,938
	101,043,433	95,445,107	92,318,165	92,813,391	81,070,635	52,582,744
CURRENT ASSETS						
Stores, spare parts and loose tools	12,879,348	8,237,990	9,240,264	5,114,227	4,939,420	4,006,181
Stock-in-trade	2,728,589	4,352,995	3,714,058	1,377,596	1,162,914	766,633
Trade debts	1,676,245	2,286,084	1,191,881	188,293	220,182	201,574
Investments	12,946,786	13,126,388	14,129,075	16,018,594	17,044,084	17,819,005
Loans, advances, deposits, prepayments	488,566	624,413	1,064,369	2,637,675	1,987,849	584,447
Loan to related party	765,000	765,000	1,000,000	1,000,000	1,000,000	-
Income tax receivable	4,560,357	4,365,643	2,794,695	2,270,137	524,355	433,136
Derviative financial instruments	-	-	-	-	-	14,701
Cash and bank balances	806,373	347,834	488,918	469,104	421,880	7,009,844
	36,851,264	34,106,427	33,623,260	29,075,626	27,300,684	30,835,521
	137,894,697	129,551,534	125,941,425	121,889,017	108,371,319	83,418,265
PROFIT AND LOSS ACCOUNTS						
Sales	45,107,690	38,033,124	40,516,525	30,668,428	30,136,165	29,703,758
Cost of sales	(37,035,798)	(36,447,218)	(35,154,086)	(21,928,207)	(18,291,600)	(17,035,566)
Gross Profit	8,071,892	1,585,906	5,362,439	8,740,221	11,844,565	12,668,192
Administrative expenses	(646,762)	(658,874)	(628,517)	(624,725)	(551,221)	(572,780)
Selling and distribution expenses	(1,950,056)	(1,783,422)	(1,305,695)	(898,156)	(979,045)	(949,628)
Net impairment loss on financial assets	104,703	(146,447)	(22,343)	-	-	-
Other expenses	(414,315)	(529,640)	(538,207)	(2,354,656)	(891,513)	(913,642)
Other income	2,526,818	2,429,575	2,427,266	3,026,661	2,118,216	2,379,053
Finance cost	(2,920,875)	(4,653,286)	(3,304,102)	(519,267)	(382,895)	(130,451)
Profit / (loss) before tax	4,771,405	(3,756,188)	1,990,841	7,370,078	11,158,107	12,480,744
Taxation	(1,050,132)	1,597,527	(381,082)	1,467,530	(3,182,766)	(3,691,072)
Profit / (loss) after tax	3,721,273	(2,158,661)	1,609,759	8,837,608	7,975,341	8,789,672

SUMMARY OF CASH FLOW STATEMENTS FOR SIX YEARS

	FY21	FY20	FY19	FY18	FY17	FY16
			(Rupees in thousand)			
Profit/(loss) before tax	4,771,405	(3,756,188)	1,990,841	7,370,078	11,158,107	12,480,744
Profit before working capital changes	9,056,333	3,271,235	5,311,754	1,694,192	599,491	289,350
Effect on cash flows due to working capital changes	1,416,096	2,791,064	(5,505,071)	2,116,989	(2,533,266)	1,126,473
Cash flows from operating activities	6,161,190	(343,131)	(1,530,631)	8,910,698	5,877,328	11,119,972
Cash flows from investing activities	(2,962,160)	(5,082,796)	(5,444,043)	(16,070,791)	(24,430,219)	(5,907,363)
Cash flows from financing activities	2,374,853	2,519,577	(872,069)	3,705,515	6,861,444	(35,876)
Net increase/(decrease) in cash and cash equivalents	5,573,883	(2,906,350)	(7,846,743)	(3,454,578)	(11,691,447)	5,176,733
Cash and cash equivalents at the beginning of the year	(23,148,133)	(19,769,652)	(11,740,563)	(8,149,348)	3,558,492	(1,568,349)
Cash and cash equivalents at the end of the year	(17,555,677)	(23,148,133)	(19,769,652)	(11,740,563)	(8,149,348)	3,558,492

DUPONT ANALYSIS

A DuPont analysis is used to evaluate the component parts of a company's return on equity (ROE). This allows users to determine what activities are contributing the most to the changes in ROE. Management monitors different components of Dupont Analysis on regular basis to assess the operational efficiency.

		FY21	FY20	FY19	FY18	FY17	FY16
Net Profit margin %	**A**	8.25	(5.68)	3.97	28.82	26.46	29.59
Assets Turnover ratio	**B**	0.33	0.29	0.32	0.25	0.28	0.36
Equity Multiplyer	**C**	1.88	1.94	1.78	1.58	1.45	1.27
ROE (Dupont)	**AXBXC**	5.06	(3.24)	2.27	11.46	10.65	13.36

Profitability improved during the period reversing last year loss mainly due to stable input costs and sales prices. Assets base has improved mainly due to investments in new WHR and CFPP power plant, inventory build up anticipating coal price hike in near future and FV gain from Nishat Hyundai investment. This also implies that company is generating strong sales out of its assets, ensuring effective utilization of resources.

VERTICAL ANALYSIS (%)

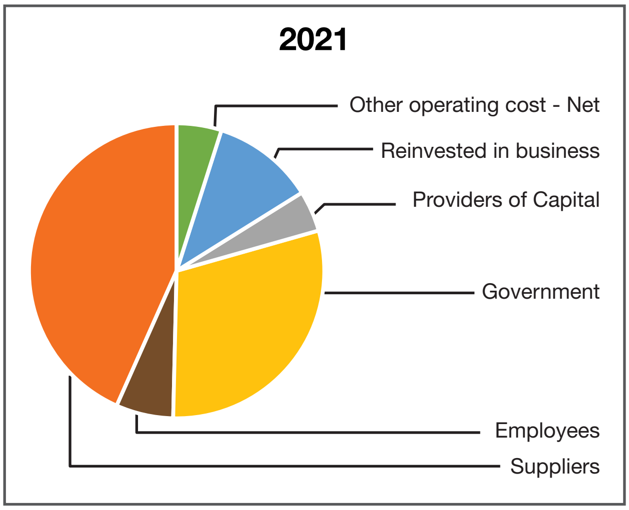
	FY21	FY20	FY19	FY18	FY17	FY16
CAPITAL AND RESERVES						
Issued, subscribed and paid up share capital	3.2	3.4	3.5	3.6	4.0	5.3
Reserves	22.0	21.0	23.0	28.5	35.1	41.0
Revenue Reserve: Un-appropriated profit	28.1	27.0	29.9	31.2	30.0	32.6
	53.3	**51.4**	**56.3**	**63.3**	**69.1**	**78.9**
NON-CURRENT LIABILITIES						
Long term finances - secured	14.0	17.0	12.7	14.5	11.6	2.9
Deferred government grant	0.5					
Long term deposits	0.2	0.2	0.2	0.1	0.1	0.1
Deferred liabilities	0.4	0.4	0.4	0.2	0.2	0.1
Deferred taxation	2.5	2.0	3.2	3.3	5.4	6.0
	17.5	**19.6**	**16.5**	**18.2**	**17.2**	**9.1**
CURRENT LIABILITIES						
Trade and other payables	10.8	8.7	6.4	6.3	5.0	6.4
Accrued markup	0.4	0.5	0.6	0.3	0.2	0.1
Short term borrowings - secured	13.3	18.1	16.1	10.0	7.9	4.1
Current portion of non-current liabilities	4.7	1.6	4.0	1.9	0.5	1.4
Derivative financial instrument	0.0	0.0	0.0	0.0	0.0	0.0
Provision for taxation	0.0	0.0	0.0	0.0	0.0	0.0
	29.2	**29.0**	**27.2**	**18.5**	**13.7**	**12.1**
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
NON-CURRENT ASSETS						
Property, plant and equipment	61.7	64.5	63.5	62.8	57.6	47.4
Investments	11.6	9.1	9.7	13.3	17.1	15.5
Long term loans and deposits	0.0	0.0	0.0	0.0	0.1	0.1
	73.3	**73.7**	**73.3**	**76.1**	**74.8**	**63.0**
CURRENT ASSETS						
Stores, spare parts and loose tools	9.3	6.4	7.3	4.2	4.6	4.8
Stock-in-trade	2.0	3.4	2.9	1.1	1.1	0.9
Trade debts	1.2	1.8	0.9	0.2	0.2	0.2
Investments	9.4	10.1	11.2	13.1	15.7	21.4
Loans, advances, deposits, prepayments	0.4	0.5	0.8	2.2	1.8	0.7
Loan to related party	0.6	0.6	0.8	0.8	0.9	0.0
Income tax receivable	3.3	3.4	2.2	1.9	0.5	0.5
Derviative financial instruments	0.0	0.0	0.0	0.0	0.0	0.0
Cash and bank balances	0.6	0.3	0.4	0.4	0.4	8.4
	26.7	**26.3**	**26.7**	**23.9**	**25.2**	**37.0**
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
PROFIT AND LOSS ACCOUNTS						
Sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(82.1)	(95.8)	(86.8)	(71.5)	(60.7)	(57.4)
Gross Profit	**17.9**	**4.2**	**13.2**	**28.5**	**39.3**	**42.6**
Administrative expenses	(1.4)	(1.7)	(1.6)	(2.0)	(1.8)	(1.9)
Selling and distribution expenses	(4.3)	(4.7)	(3.2)	(2.9)	(3.2)	(3.2)
Net impairment loss on financial assets	0.2	(0.4)	(0.1)	-	-	-
Other expenses	(0.9)	(1.4)	(1.3)	(7.7)	(3.0)	(3.1)
Other income	5.6	6.4	6.0	9.9	7.0	8.0
Finance cost	(6.5)	(12.2)	(8.2)	(1.7)	(1.3)	(0.4)
Profit/(loss) before tax	**10.6**	**(9.9)**	**4.9**	**24.0**	**37.0**	**42.0**
Taxation	(2.3)	4.2	(0.9)	4.8	(10.6)	(12.4)
Profit/(loss) after tax	**8.2**	**(5.7)**	**4.0**	**28.8**	**26.5**	**29.6**

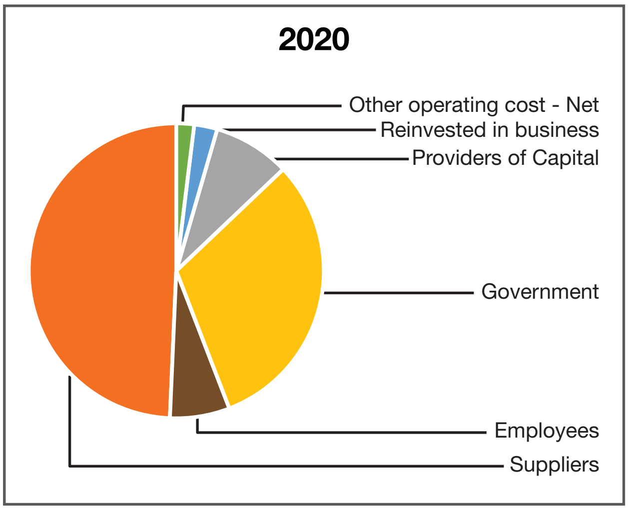
HORIZONTAL ANALYSIS (%)

	FY21	FY20	FY19	FY18	FY17	FY16
CAPITAL AND RESERVES						
Issued, subscribed and paid up share capital	0.0	0.0	0.0	0.0	0.0	0.0
Reserves	11.2	(5.9)	(16.8)	(8.6)	11.0	(8.4)
Revenue Reserve: Un-appropriated profit	10.8	(6.9)	(1.0)	17.0	19.5	32.3
	10.3	**(6.0)**	**(8.0)**	**3.0**	**13.8**	**5.6**
NON-CURRENT LIABILITIES						
Long term finances - secured	(12.2)	37.5	(9.8)	41.6	421.7	236.0
Deferred government grant	100.0	0.0	0.0	0.0	0.0	0.0
Long term deposits	(2.7)	4.9	120.6	38.1	2.1	8.1
Deferred liabilities	1.7	16.2	61.4	49.0	67.8	(19.1)
Deferred taxation	33.3	(38.0)	0.1	(30.4)	17.6	8.7
	(4.6)	**21.8**	**(6.5)**	**19.0**	**146.1**	**37.5**
CURRENT LIABILITIES						
Trade and other payables	32.0	40.5	5.8	39.8	1.6	32.6
Accrued markup	(28.7)	(12.0)	132.7	60.2	310.4	93.9
Short term borrowings - secured	(21.9)	16.0	65.9	42.4	148.3	89.0
Current portion of non-current liabilities	214.0	(59.7)	117.4	346.2	(54.5)	77.9
Derivative financial instrument	0.0	0.0	0.0	(100.0)	100.0	0.0
Provision for taxation	0.0	0.0	0.0	0.0	0.0	0.0
	7.1	**9.9**	**51.9**	**51.9**	**47.7**	**52.8**
	6.4	**2.9**	**3.3**	**12.5**	**29.9**	**12.1**
NON-CURRENT ASSETS						
Property, plant and equipment	1.8	4.5	4.6	22.5	57.8	32.1
Investments	34.7	(3.5)	(24.5)	(12.4)	43.4	0.2
Long term loans and deposits	(0.8)	(4.9)	1.9	1.7	1.6	(16.6)
	5.9	**3.4**	**(0.5)**	**14.5**	**54.2**	**22.4**
CURRENT ASSETS						
Stores, spare parts and loose tools	56.3	(10.8)	80.7	3.5	23.3	10.2
Stock-in-trade	(37.3)	17.2	169.6	18.5	51.7	(35.5)
Trade debts	(26.7)	91.8	533.0	(14.5)	9.2	28.5
Investments	(1.4)	(7.1)	(11.8)	(6.0)	(4.3)	(28.3)
Loans, advances, deposits, prepayments	(20.3)	(42.4)	(59.6)	32.7	240.1	(9.8)
Loan to related party	0.0	(23.5)	0.0	0.0	100.0	0.0
Income tax receivable	4.5	56.2	23.1	332.9	21.1	(35.7)
Derviative financial instruments	0.0	0.0	0.0	0.0	(100.0)	48.9
Cash and bank balances	131.8	(28.9)	4.2	11.2	(94.0)	2,619.9
	8.1	**1.4**	**15.6**	**6.5**	**(11.5)**	**(1.9)**
	6.4	**2.9**	**3.3**	**12.5**	**29.9**	**12.1**
PROFIT AND LOSS ACCOUNTS						
Sales	18.6	(6.1)	32.1	1.8	1.5	13.8
Cost of sales	1.6	3.7	60.3	19.9	7.4	2.3
Gross Profit	**409.0**	**(70.4)**	**(38.6)**	**(26.2)**	**(6.5)**	**34.0**
Administrative expenses	(1.8)	4.8	0.6	13.3	(3.8)	21.3
Selling and distribution expenses	9.3	36.6	45.4	(8.3)	3.1	27.2
Net impairment loss on financial assets	(171.5)	555.4	100.0	-	-	-
Other expenses	(21.8)	(1.6)	(77.1)	164.1	(2.4)	25.5
Other income	4.0	0.1	(19.8)	42.9	(11.0)	2.5
Finance cost	(37.2)	40.8	536.3	35.6	193.5	(53.7)
Profit / (loss) before tax	**(227.0)**	**(288.7)**	**(73.0)**	**(33.9)**	**(10.6)**	**30.7**
Taxation	(165.7)	(519.2)	(126.0)	(146.1)	(13.8)	92.0
Profit / (loss) after tax	**(272.4)**	**(234.1)**	**(81.8)**	**10.8**	**(9.3)**	**15.3**

WEALTH DISTRIBUTION STATEMENT

	FY21 (Rupees in thousand)			FY20 (Rupees in thousand)		
Wealth Created						
Revenues:						
- Local sales	53,072,823			48,648,453		
- Exports	9,584,153	62,656,976	96%	9,385,261	58,033,714	96%
Income from other sources						
- Investment income	2,197,481			2,053,971		
- Other income	329,337	2,526,818	4%	375,604	2,429,575	4%
		65,183,794	100%		60,463,289	100%
Wealth Distributed						
Suppliers:						
- Against raw and packing materials	3,617,169			3,916,533		
- Against services	1,791,456			1,625,694		
- Against stores spares	3,596,782			3,359,915		
- Against fuels and other energy sources	19,249,510	28,254,917	43%	20,913,586	29,815,728	49%
Employees		4,094,159	6%		3,959,747	7%
Government:						
- Direct taxes	1,050,132			(1,597,527)		
- Indirect taxes	16,873,292			19,253,612		
- Other levies and duties	1,487,714	19,411,138	30%	1,228,600	18,884,685	31%
Providers of Capital:						
- Banks	2,920,875			4,653,286		
- Ordinary share holders	-	2,920,875	4%	438,119	5,091,405	8%
Reinvested in business						
- Depreciation	3,580,807			3,691,100		
- Profit/ (loss) for the period	3,721,273	7,302,080	11%	(2,158,661)	1,532,439	3%
Other operating costs - Net		3,200,625	5%		1,179,285	2%
		65,183,794	100%		60,463,289	100%



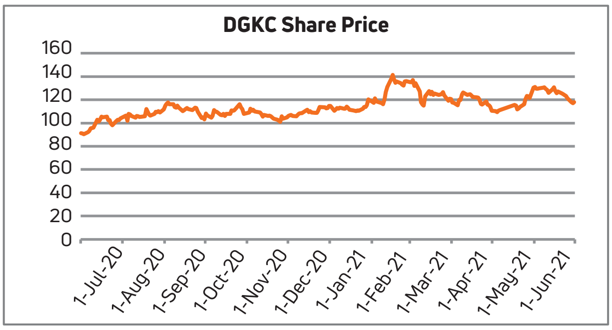


CASH FLOW STATEMENT FROM DIRECT METHOD

	2021	2020
Cash flows from operating activities		
Cash received from customers	62,718,710	57,220,657
Cash paid to suppliers/employees for goods and services	(52,246,281)	(51,158,358)
Finance cost paid	(3,125,381)	(4,750,580)
Retirement and other benefits paid	(74,770)	(95,663)
Income tax paid	(1,104,143)	(1,571,081)
Long term deposits - net	(6,945)	11,894
Net cash inflow/(outflow) from operating activities	6,161,190	(343,131)
Cash flows from investing activities		
Payments for property, plant and equipment	(5,087,104)	(7,374,428)
Proceeds from disposal of property, plant and equipment	63,218	79,865
Long term loans, advances and deposits - net	471	2,986
Investment in equity instruments	(201,230)	(197,500)
Recovery of loan given to related party	-	235,000
Interest received	65,004	117,310
Dividend received	2,197,481	2,053,971
Net cash outflow from investing activities	(2,962,160)	(5,082,796)
Cash flows from financing activities		
Proceeds from long term finances	8,826,457	5,935,055
Repayment of long term finances	(6,451,284)	(2,977,758)
Dividend paid	(320)	(437,720)
Net cash inflow from financing activities	2,374,853	2,519,577
Net increase/(decrease) in cash and cash equivalents	5,573,883	(2,906,350)
Cash and cash equivalents at the beginning of the year	(23,148,133)	(19,769,652)
Effect of exchange rate changes on cash and cash equivalentvs	18,573	(472,131)
Cash and cash equivalents at the end of the year	(17,555,677)	(23,148,133)

SHARE PRICE SENSITIVITY

DGKC share price trend over the year FY21 can be graphically represented as follows:



DGKC shares are traded on Pakistan Stock Exchange. Its free float is 50.0% and total market capitalization at the end of financial year was PKR 52 billion which was around 7.3% of total market capitalization of cement sector in Pakistan. Its beta is 1.48

Share price is exposed to numerous quantitative or qualitative factors some of which are listed below:

- General inflation trend in the country as it could affect profitability.
- Commodity prices particularly coal as the effect could not be passed on to customers and may reduce Company's margins.
- Government regulation and taxation policies relevant to cement sector in particular and businesses as usual
- Volatility in exchange rates as it may lead to inflation and could put pressure on interest rates.
- Profitability and future prospects of equity investments of the Company.
- State bank announcements related to discount rates as company's profitability is highly exposed to financial expenses.
- Any price sensitive information released to PSX during the year
- DGKC and Nishat Group goodwill and market reputation
- General market risk prevailing in the stock market

OUTLOOK

REVIEW OF PREVIOUS YEAR'S FORWARD LOOKING STATEMENT

We foreseen a boost in the demand of construction material due to government incentives for construction industry and its attention towards the construction of dams. CPEC related projected were also expected to give boost to the economy. We also anticipated the stability in sales prices that could lead the improved profitability. Inflation was expected to remain in check and exchange rate to remain stable.

Overall things went almost the same as expected. Local dispatches of industry picked up with strong growth number of 20% that stabilized the sales prices. Input costs largely remained stable. However, upward trend in coal prices were witnessed since December 2020. The effect of this cost pressure was not fully passed on to the consumers, that affected margins in the last quarter. Interest rate remained constant, giving good breathing space to the Company. With strong commitment from management and keeping eye on developments across the industry and the market, the Company has managed to reverse the loss of Rs 2.1 billion to profit of Rs 3.7 billion.

Status of Projects disclosed in the previous year forward looking statement: As disclosed in previous year, Company has successfully added 10MW waste heat recovery power plant during the year and 30MW coal-fired power plant subsequent to the year end at its production site HUB that not only saves valuable power costs but also replaces the fossil fuel consumption and indirectly saving valuable foreign exchange reserves.

FORWARD LOOKING STATEMENT

GDP growth, partially underpinned by soaring demand for housing activity and infrastructure projects, will likely fuel cement demand in the medium-term. High GDP growth target of 4.8%, increased allocation for Public Sector Development Program (PSDP) by 61% YoY in FY22, increased spending on infrastructure projects and CPEC Phase II implementation, we believe there will be another year with strong numbers of local dispatches.

International Coal prices (including freight) have been trending upward due to supply chain issues and opening of businesses worldwide after Covid. In the short to medium term, this cost pressure will affect the company profitability.

Pakistan is still under IMF program. Negotiations are underway regarding increase in electricity prices. Increase in imports due to TERF related machinary and rising commodity prices could affect PKR/USD parity. This may lead to inflation. Interest rates are likely to rise to control inflation.

Local sales prices will likely remain stable however effect of cost pressure arising out of coal prices, exchange rate devaluation and power costs may be passed on to the customer. However, whole of cost pressure may not be fully passed on, generating potential risk for Industry's profitability.

Geopolitical situation of region around Pakistan is very fluid, changing day by day. Stability in Afghanistan provides ample opportunities for Pakistan keeping in view BRI (Belt and Road Initiatives) and CPEC. There may be massive infrastructure requirements in Afghanistan providing cement export opportunities for Pakistan industry. The Company already has business relations with customers in Afghanistan and is eyeing to gain favorably from stability in Afghanistan.

Having strong demand of clinker from Bangladesh and China, the Company will continue to export clinker to these countries earning valuable foreign exchange reserves, optimally utilizing the capacity and contributing towards fixed costs.

WHR power plant has already commissioned in FY21. Coal Fired power plant is expected to commence operations in the first quarter of FY22. Both power plants meet the energy requirements at HUB site and save the valuable power costs. The effect of this will be visible in FY22.

MANAGEMENT PLANS TO ADDRESS THE CHALLENGES

The management is looking for other avenues of exports other than clinker to expand its sale base and hedge the risk of local competition. Increased exports also offset the exchange rate risk associated with import of clinker and kept capacity utilization of plant at optimum level.

The management has already increased its import lines with banks to cater the probable enhancement in import value. The management is also closely monitoring the exchange rate market.

The management is monitoring working capital to keep it in control to lower the short-term borrowing further in addition to cash profitability. This will help in lowering fixed costs on account of financial expenses.

Keeping in view of the high-cost environment, the company is closely monitoring its cost base and keeping it in check. Optimum energy mix is continuously being evaluated. Options to use RDF as replacement of coal will be considered keeping in view the market situation and plant capacity.

FINANCIAL PROJECTIONS

In view of solid growth numbers of FY21 and Government growth oriented policies mainly focusing on construction and allied industries, your Company foresees strong local dispatches in FY22. Local prices are likely to remain stable with tendency to move upward due to effect of cost pressure from rising coal, oil and energy prices. Strong local dispatches numbers in South Zone coupled with stable prices will lead to a top-line growth for the Company.

SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR PROJECTIONS / FORECASTS

The future projections and forecasts are based on certain assumptions after critically analyzing the current macroeconomic conditions, historical trends, and prospective developments as well as other relevant factors that might have an impact on the Cement Industry.

The external information, such as industry trends, macro, and microeconomic factors and market dynamics are gathered from different publications and forums like APCMA, PBS, IMF etc. The management internally carries out thorough assessment of market situation and potential opportunities to forecast future revenues and trends for the Company The future assessments are based on management's best judgments and estimates.

METHODS AND ASSUMPTIONS USED IN COMPILING INDICATORS

Performance indicators should immediately inform the users of financial statements how the business is performing which in turn should suggest what actions need to be taken. The consistency in methods of calculation and related assumptions are also important to determine performance over time. DGKC has identified and updated performance indicators that are critical to its business. While identifying performance indicators, the Company analysed various indicators, their interpretations and accordingly their extent to which they may correctly and clearly communicate the Company's performance.

DIRECTORS' REPORT

The directors of D.G Khan Cement Company Limited are pleased to present you their report.

The Company's principal activity is manufacture and sale of cement. The performance numbers of your Company for the year ended on June 30, 2021 are:

	FY21	FY20
	Rupees in '000'	
Sales	45,107,690	38,033,124
Cost of sales	(37,035,798)	(36,447,218)
Gross profit	**8,071,892**	**1,585,906**
Administrative expenses	(646,762)	(658,874)
Selling and distribution expenses	(1,950,056)	(1,783,422)
Net impairment gain/(losses) on financial assets	104,703	(146,447)
Other operating expenses	(414,315)	(529,640)
Other income	2,526,818	2,429,575
Finance cost	(2,920,875)	(4,653,286)
Profit/(loss) before taxation	**4,771,405**	**(3,756,188)**
Taxation	(1,050,132)	1,597,527
Profit/(loss) for the year	**3,721,273**	**(2,158,661)**

GP%	17.9%	4.2%
PBT %	10.6%	(9.9%)
PAT%	8.3%	(5.7%)
EPS	8.49	(4.93)

Production and Sales volumetric data is as under:

Figures in MT	FY21	FY20
	In MT	
Production:		
Clinker	6,255,177	6,841,964
Cement	5,433,349	5,510,426
Sales:		
Total	5,400,888	5,494,823
Local (excluding own consumption)	5,271,349	5,336,680
Exports (cement)	129,539	158,143
Clinker Sale	1,853,867	1,692,124

Overview

Covid-19 that broke out in the early months of calendar year 2020, brought with it health and economic crisis that are unprecedented in nature. Industries all over the world were forced to shut down. Global economy bent to its knees. Global debt increased to support health and economy. Major economies of the world registered negative figure growth and went into recession. Economic losses have been particularly large for countries that rely on tourism and commodity exports and for those with limited policy space to respond. Close to 95 million more people are estimated to have fallen below the threshold of extreme poverty in 2020. As per IMF, global economy contracted by 3.3 percent in 2020. However, Pakistan as a nation showed discipline and resolve. There were initial countrywide lockdowns but through effective 'smart lock-down' strategy, continuous monitoring by NCOC and public co-operation, overall infection rate did not rise to alarming level. Government and SBP through various fiscal and monetary measures tried to relieve the industries in tough times. Discount rates were lowered. Debt repayments were deferred. TERF scheme for new plant and machinery and BMR were introduced. Various incentives for construction and housing sectors were also announced and implemented. The fruit of these policy decisions were tasted in current FY21. Economy picked up its pace and had started showing results in the middle of the year. Agriculture sector registered bumper crops. LSM witnessed sharp V shaped recovery. Overall GDP projected growth of 3.9% on the basis of 9 months numbers with room for adjustment in upward direction. Activities in housing and construction sector, that slowed down for last two years picked up speed. As a result, cement sector showed highest ever dispatches in FY21, resulting in improved profitability across the cement sector.

Cement industry dispatches and analysis

In volume terms, total sales quantity of industry witnessed growth of 20%. North zone contributed growth of 19% along with strong growth of 24% in South Zone. Further analysis shows that the growth was mainly driven by local dispatches of 20%. Industry witnessed sales utilization of 83% against 75% for same period last year. It was largely contributed by local sales of 70% and exports sales utilization of 13%.

Business Performance Review:

Kiln operational days of your Company decreased by 10% from 1,175 days to 1,055 days due to schedule shutdown. Consequently, clinker production % remained at 93% (FY20: 102%). Sales utilization of your Company improved to 103% (FY20: 102%) mainly due to export of clinker largely from the piling clinker in opening stock. Clinker was exported to contribute towards fixed costs earning valuable foreign exchange of about USD 60 million in FY21.

Sales, in value terms, registered growth primarily due to stable local cement prices amid soaring cement demand. GP% improved despite low clinker production, largely attributable to stable input costs. However, there was some pressure on costs relating to rising coal prices in 3rd and 4th quarters and general inflation that affected GP. WHR power plant became operational at HUB site in second half of the year that offset some of the cost pressure. Selling expenses increase was associated with increase in clinker export sale resulting in higher freight and handling charges. Higher projected national GDP growth rate and good sales collection resulted in reversal of impairment loss. Other income increase was associated to higher rate of dividend from MCB in the current year. Finance cost registered decline due to lowering of discount rate to 7.0% as compared to last year. Improved Gross Profit and decline of finance cost enabled the company to reverse loss of Rs 2.1 billion to Profit of Rs 3.7 billion for FY21.

Projects – New and Ongoing

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

World-wide restrictions on movement and trade due to Covid-19 delayed the shipments for machinery. CFPP is expected to be completed in first quarter of FY 22.

Future Outlook

Delta variant of Covid-19 appeared to be more intense and viral. Positivity rate almost tripled to around 10% and, in some cities, it even increased beyond 20% in last quarter of FY21. Government has already enforced partial lockdowns mainly related to service sector and strict enforcement of SOPs If the situation persists, Government may have to enforce the closure of main economic activities in major cities. Immunization drive by the Government is also in full swing. Government is determined to meet the target of achieving reasonable herd immunity by December, 21. Growth oriented budget was passed by the Government. Achieving growth while sustaining Current Account, Reserves and Exchange rate and maintaining fiscal discipline is the biggest challenge. International commodity prices are on upward side. TERF related imports also put pressure on exchange rate and may lead to inflation. However, discount rate will likely remain stable in near future as current inflation is largely driven by supply side of commodities. Coal prices have been trending upward since December 2020. The effect of this cost pressure has not been fully passed on to the consumers.

On positive side, construction activities will continue to remain in the upward trajectory owing to growth in housing sector, Government Special Karachi Package, speedy work on small and large dams and CPEC related projects. Government has repeatedly shown commitment in this regard. New initiatives were also launched by SBP like 'Roshan Apna Ghar' for overseas Pakistanis. This will also bring investment in this sector. With capacity expansion in recent years, industry is well geared up to meet these developments.

Consolidated Results

Summarized consolidated results of your Group are as follows:

PKR in in thousands

Description	FY21	FY20	Change %
Net Sales	49,074,877	41,592,686	18.0%
Gross Profit	9,007,404	1,965,776	358.2%
PBT	5,506,918	(3,805,001)	-244.7%
PAT	4,093,183	(2,229,185)	-283.6%
EPS (PKR/Share)	8.96	(5.05)	-277.4%

Increase in PAT is mainly attributable to profitability in cement and paper segment. Dairy segment registered profitability before tax amounting to Rs 103 million which was offset by high deferred tax expense owing to expiry of business losses.

Appropriation

The Board keeping in view the profitability decided to recommend dividend of PKR 1.0 per share for FY21.

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

Detailed risk analysis are annexed to this annual report.

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

Remuneration of directors & other executives are detailed in financial statements

Directors:

Following are the directors of the Company:

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

Female Directors:	01
Male Directors:	06

Audit Committee:

Mr. Khalid Niaz Khawaja	Chairman
Mr. Usama Mahmud	Member
Mr. Mahmood Akhtar	Member

Human Resource & Remuneration Committee:

Mr. Khalid Niaz Khawaja	Chairman
Mr. Raza Mansha	Member
Mr. Shahzad Malik	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.

Company's policies in this regard are annexed to this annual report.

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 Covid-19 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, 2020 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 about 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 are disclosed in the financial statements;

(k) Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, has been outlined in annual report 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 are annexed in this annual report.

(q) Value of investments on the basis of unaudited accounts of Provident Fund is Rs 2,224 million (FY20: Rs 1,677 million) and of Gratuity Fund is Rs 447 million (FY20: Rs 370 million)

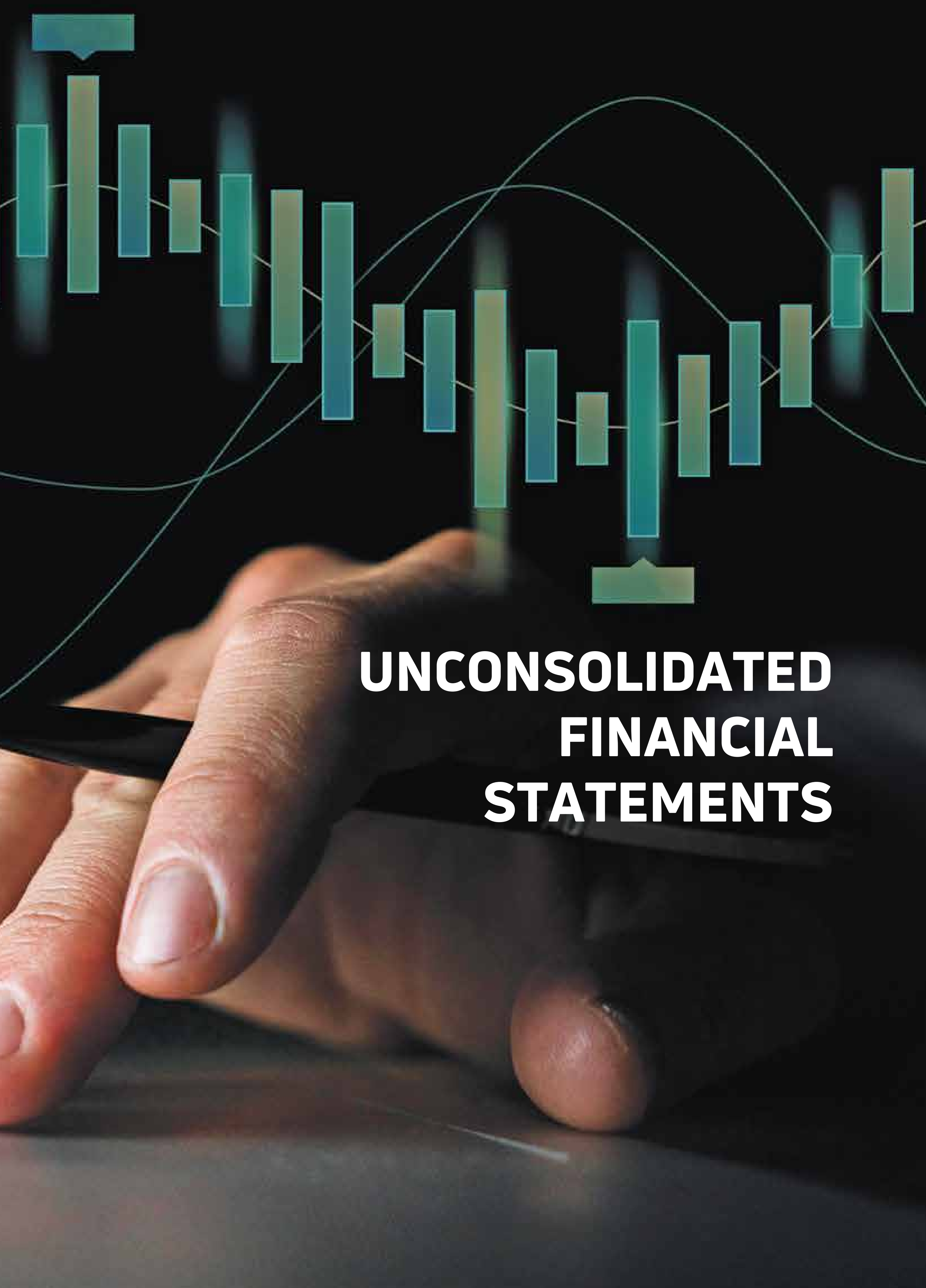
We thank all our stakeholders and admire efforts of our employees.

For and on behalf of the Board

Raza Mansha
Chief Executive Officer

Farid Noor Ali Fazal
Director

Lahore
September 14, 2021



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, 2021, 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, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
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	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

Sr. No.	Key audit matters	How the matters were addressed in our audit
	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.	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 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 18.1.3 and 18.1.4 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

Sr. No.	Key audit matters	How the matters were addressed in our audit
		- Assessed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.
3.	**Revenue recognition** *(Refer notes 4.20 and 27 to the annexed unconsolidated financial statements)* The Company is engaged in the production and sale of cement and clinker in the local and export markets. The Company recognized gross revenue from the sales of cement and clinker in the local market of Rs 53,072,823 thousand and in the export market of Rs 9,580,580 thousand. During the year, the price of cement increased from last year. Due to revenue being one of the key performance indicators of the Company, large number of revenue transactions with a large number of customers in various geographical locations, inherent risk of material misstatement and significant increase in revenue from last year, we consider it to be a key audit matter.	Our audit procedures included the following: - Understood and evaluated management controls over revenue and checked their validation; - Performed testing of sample of revenue transactions with underlying documentation including dispatch documents and sales invoices; - Performed cut-off procedures on sample basis to ensure revenue has been recognised in the correct period; - Checked on a sample basis, approval of sales prices by the appropriate authority; - Performed recalculation of discounts as per Company's policy on test basis; - Performed analytical procedures to analyse variation in the price and quantity sold during the year; - Tested journal entries relating to revenue recognised during the year based on identified risk criteria; and - Assessed the adequacy of disclosures made in the financial statements related to revenue.

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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

AFerguson + Co

A.F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: September 14, 2021

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
- 950,000,000 (2020: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2020: 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 (2020: 438,119,118)			
ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Other reserves	6	30,280,119	27,226,658
Revenue reserve: Un-appropriated profits		38,816,563	35,036,308
		73,477,873	66,644,157
NON-CURRENT LIABILITIES			
Long term finances - secured	7	19,300,064	21,972,000
Deferred government grant	8	664,504	-
Long term deposits	9	246,992	253,937
Deferred liabilities	10	530,803	521,834
Deferred taxation	11	3,378,941	2,535,349
		24,121,304	25,283,120
CURRENT LIABILITIES			
Trade and other payables	12	14,923,151	11,298,187
Accrued markup	13	507,769	712,275
Short term borrowings - secured	14	18,362,050	23,495,967
Current portion of non-current liabilities	15	6,433,943	2,048,901
Unclaimed dividend		33,517	33,837
Provision for taxation		35,090	35,090
		40,295,520	37,624,257
CONTINGENCIES AND COMMITMENTS	16		
		137,894,697	129,551,534

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

Chief Executive

AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	85,020,109	83,537,295
Investments	18	15,965,811	11,849,828
Long term loans to employees		-	76
Long term deposits	19	57,513	57,908
		101,043,433	95,445,107
CURRENT ASSETS			
Stores, spare parts and loose tools	20	12,879,348	8,237,990
Stock-in-trade	21	2,728,589	4,352,995
Trade debts	22	1,676,245	2,286,084
Investments	23	12,946,786	13,126,388
Loans, advances, deposits, prepayments and other receivables	24	488,566	624,493
Loan to related party	25	765,000	765,000
Income tax receivable		4,560,357	4,365,643
Cash and bank balances	26	806,373	347,834
		36,851,264	34,106,427
		137,894,697	129,551,534

Chief Financial Officer

Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the Year Ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Revenue	27	45,107,690	38,033,124
Cost of sales	28	(37,035,798)	(36,447,218)
Gross profit		8,071,892	1,585,906
Administrative expenses	29	(646,762)	(658,874)
Selling and distribution expenses	30	(1,950,056)	(1,783,422)
Net impairment gain/(losses) on financial assets	22.2	104,703	(146,447)
Other expenses	31	(414,315)	(529,640)
Other income	32	2,526,818	2,429,575
Finance cost	33	(2,920,875)	(4,653,286)
Profit/(loss) before taxation		4,771,405	(3,756,188)
Taxation	34	(1,050,132)	1,597,527
Profit/(loss) for the year		3,721,273	(2,158,661)
Earnings/(loss) per share - basic and diluted (in Rupees)	35	8.49	(4.93)

The annexed notes 1 to 47 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, 2021

	2021	2020
	(Rupees in thousand)	
Profit/(loss) for the year	3,721,273	(2,158,661)
Other comprehensive income/(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)	3,735,152	(1,656,258)
Tax effect of change in fair value of investments at fair value through OCI	(681,691)	(40,036)
Remeasurement of retirement benefits	80,046	11,964
Tax effect of remeasurement of retirement benefits	(21,064)	(3,148)
	3,112,443	(1,687,478)
Other comprehensive income/(loss) for the year	3,112,443	(1,687,478)
Total comprehensive income/(loss) for the year	6,833,716	(3,846,139)

The annexed notes 1 to 47 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, 2021

	Capital Reserves				Revenue Reserves		
	Share Capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-Appropriated Profits	Total
	Rupees in thousand						
Balance as on July 01, 2019	4,381,191	4,557,163	18,940,452	353,510	5,071,827	37,624,272	**70,928,415**
Total comprehensive loss for the year							
- Loss for the year	-	-	-	-	-	(2,158,661)	**(2,158,661)**
- Other comprehensive (loss)/income for the year							
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(1,696,294)	-	-	-	**(1,696,294)**
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	8,816	**8,816**
	-	-	(1,696,294)	-	-	(2,149,845)	**(3,846,139)**
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2019 (Rs 1 per share)	-	-	-	-	-	(438,119)	**(438,119)**
Balance as on June 30, 2020	4,381,191	4,557,163	17,244,158	353,510	5,071,827	35,036,308	**66,644,157**
Total comprehensive income for the year							
- Profit for the year	-	-	-	-	-	3,721,273	**3,721,273**
- Other comprehensive income for the year							
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	3,053,461	-	-	-	**3,053,461**
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	58,982	**58,982**
	-	-	3,053,461	-	-	3,780,255	**6,833,716**
Balance as on June 30, 2021	**4,381,191**	**4,557,163**	**20,297,619**	**353,510**	**5,071,827**	**38,816,563**	**73,477,873**

The annexed notes 1 to 47 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, 2021

	Note	2021	2020
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	37	10,472,429	6,062,299
Finance cost paid		(3,125,381)	(4,750,580)
Retirement and other benefits paid		(74,770)	(95,663)
Income tax paid		(1,104,143)	(1,571,081)
Long term deposits - net		(6,945)	11,894
Net cash inflow/(outflow) from operating activities		6,161,190	(343,131)
Cash flows from investing activities			
Payments for property, plant and equipment		(5,087,104)	(7,374,428)
Proceeds from disposal of property, plant and equipment		63,218	79,865
Long term loans, advances and deposits - net		471	2,986
Investment in equity instruments		(201,230)	(197,500)
Recovery of loan given to related party		-	235,000
Interest received		65,004	117,310
Dividend received		2,197,481	2,053,971
Net cash outflow from investing activities		(2,962,160)	(5,082,796)
Cash flows from financing activities			
Proceeds from long term finances	7	8,826,457	5,935,055
Repayment of long term finances	7	(6,451,284)	(2,977,758)
Dividend paid		(320)	(437,720)
Net cash inflow from financing activities		2,374,853	2,519,577
Net increase/(decrease) in cash and cash equivalents		5,573,883	(2,906,350)
Cash and cash equivalents at the beginning of the year		(23,148,133)	(19,769,652)
Effect of exchange rate changes on cash and cash equivalents		18,573	(472,131)
Cash and cash equivalents at the end of the year	38	(17,555,677)	(23,148,133)

Refer notes 7 and 15 for reconciliation of liabilities arising from financing activities.

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

Chief Executive | Chief Financial Officer | Director

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 (Head Office)	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, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated financial statements, except for the following:

(a) Definition of Material – Amendments to International Accounting Standard ('IAS') 1 and IAS 8

The IASB has made amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The Company has assessed that the application of this amendment does not have any material impact on 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, 2021 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) Classification of Liabilities - Amendments to IAS 1: (effective for annual period beginning on July 01, 2023)

The narrow-scope amendments to IAS 1 'Presentation of Financial Statements' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights.

- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification.

- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

- 'Settlement' is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Company does not expect any significant impact of this amendment on its financial statements.

b) Amendments to IFRS 7, IFRS 4 and IFRS 16 for interest rate benchmark (IBOR) reform (effective for annual period beginning on July 1, 2021) - Phase 2

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The IASB tackled the changes in the following two phases:

- Phase 1 amended specific hedge accounting requirements where uncertainty could arise in the run-up to transition; and

- Phase 2 addressed potential financial reporting issues that may arise when IBORs are either reformed or replaced.

These amendments include the following:

- Accounting for changes in the basis for determining contractual cash flows of a financial asset or financial liability as a result of IBOR reform;

- Hedge accounting requirements; and
- Disclosures.

The Company is yet to assess the impact of these amendments on its financial statements.

c) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (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 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 34
b) Employee retirement benefits - 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 4.9 and 18
e) Impairment of financial assets (other than investments in equity instruments) - note 4.12.4

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

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 except for the accounting policy adopted as set out in note 4.25.

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, 2021 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:

	2021	2020
Discount rate per annum	10.00%	8.50%
Expected increase in eligible salary level per annum	9.00%	7.50%
Duration of plan (years)	8	8

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

(b) Defined contribution plan

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

4.3.3 Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 30 days in case of officers. 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, 2021 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:

	2021	2020
Discount rate per annum	10.00%	8.50%
Expected rate of increase in salary level per annum	9.00%	7.50%
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	9

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 4.19.

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 -	3.58% to 5.579%
- 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 4.7 to these financial statements.

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

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

4.6.2 Major spare parts and stand-by equipment

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

4.6.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.8 Leases

The Company is the lessee:

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 fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options. 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.

4.9 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.

4.9.1 Investments in equity instruments of subsidiaries

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

4.10 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.

4.11 Stock-in-trade

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

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

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

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

4.12 Financial assets

4.12.1 Classification

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.

4.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.12.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments except for investments in subsidiaries at fair value 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.

4.12.4 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 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;
- Loans to employees;
- Loan to related party;
- Deposits and other receivables; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

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

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

The following indicators are considered while assessing credit risk:

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

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

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

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

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

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

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

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 360 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

- significant financial difficulty of the issuer or the borrower;

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

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

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

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

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

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

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

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

- Nature of financial instruments;

- Past-due status;

- Nature, size and industry of debtors; and

- external credit ratings where available.

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

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

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.13 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

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

4.14 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.

4.15 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.

4.16 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. Book overdrafts are shown within trade and other payables in current liabilities.

4.17 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).

4.18 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.

4.19 Borrowing costs

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

4.20 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.

4.21 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.

4.22 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.

4.23 Dividend

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

4.24 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.

4.25 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.

4.26 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 capital

2021	2020			2021	2020
(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 (2020: 137,574,201), 228,500 (2020: 228,500) and 3,358,344 (2020: 3,358,344) ordinary shares of the Company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited and Adamjee Insurance Company Limited respectively.

Nishat Mills Limited is an Investor as per International Accounting Standard ('IAS') 28, 'Investments in Associates and Joint Ventures'.

5.2 20,000,000 ordinary shares of Rs 10 each were issued to the shareholders of D.G. Khan Electric Company Limited upon its merger with D.G. Khan Cement Company Limited on 1st July 1999. These shares were issued as consideration of merger against all assets, properties, rights, privileges, powers, bank accounts, trade marks, patents, leaves and licenses of D.G. Khan Electric Company Limited.

6. Other reserves

Movement in and composition of reserves is as follows:

		2021	2020
		(Rupees in thousand)	
Capital reserves			
- Share premium	- note 6.1	4,557,163	4,557,163
- FVOCI reserve	- note 6.2	20,297,619	17,244,158
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		25,208,292	22,154,831
Revenue reserve			
- General reserve		5,071,827	5,071,827
		30,280,119	27,226,658

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 - secured

		2021	2020
		(Rupees in thousand)	
From banking companies:			
Loans under refinance scheme	- note 7.1	4,751,237	570,338
Long term loans	- note 7.2	20,679,530	23,412,283
		25,430,767	23,982,621
Current portion shown under current liabilities	- note 15	(6,130,703)	(2,010,621)
		19,300,064	21,972,000

7.1 Loans under refinance scheme - secured

Lender	2021	2020	Number of instalments outstanding	Mark-up Payable
	(Rupees in thousand)			
State Bank of Pakistan's Islamic Refinance Scheme for Payment of Wages & Salaries				
Loan 1				
Allied Bank Limited	427,751	570,338	6 equal quarterly instalments ending in October 2022	Quarterly
Loan 2				
Faysal Bank Limited	431,237	-	8 equal quarterly instalments ending in December 2022	Quarterly
State Bank of Pakistan's Islamic Temporary Economic Refinance Facility (ITERF)				
Loan 3				
National Bank of Pakistan	4,219,276	-	20 equal quarterly instalments starting in June 2022	Quarterly
Loan 4				
Faysal Bank Limited	600,000	-	16 equal semi-annual instalments starting in November 2022	Half yearly
	5,678,264	570,338		

Such facilities are available at mark-up rates ranging from base rate 0.5% to 0.7% 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 0.5% to 1.7% per annum.

Loan 1
This represents long term financing facility availed under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'), amounting to Rs 570.338 million. The total facility available amounts to Rs 575 million. The loan is secured by ranking charge over fixed assets of the Company for Rs 760 million to be upgraded to first pari passu charge.

Loan 2
This represents long term financing facility availed under SBP Refinance Scheme amounting to Rs 574.982 million. The total facility available amounts to Rs 575 million. The loan is 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 SBP Temporary Economic Refinance Scheme amounting to Rs 4,219.276 million that has been converted from long term loan as referred in note 7.2. The total facility available amounts to Rs 5,245 million. 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 SBP Temporary Economic Refinance Scheme amounting to Rs 600 million. The total facility available amounts to Rs 600 million. 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).

		2021	2020
		(Rupees in thousand)	

7.1.1 The reconciliation of the carrying amount is as follows:

		2021	2020
Balance as at beginning of the year		570,338	-
Disbursements during the year		5,394,256	570,338
Repayments during the year		(286,330)	-
	- note 7.1	5,678,264	570,338
Discounting adjustment for recognition at fair value - deferred government grant	- note 8	(1,065,766)	-
Unwinding of discount on liability		138,739	-
Balance as at end of the year		4,751,237	570,338
Current portion shown under current liabilities	- note 15	(807,686)	(142,585)
		3,943,551	427,753

7.2 Long term loans

Lender	2021 (Rupees in thousand)	2020	Number of instalments outstanding	Mark-up Payable
Loan 1 The Bank of Punjab	350,000	400,000	7 equal semi-annual instalments ending in December 2024	Half yearly
Loan 2 The Bank of Punjab	500,000	-	10 equal semi-annual instalments starting in May 2022	Half yearly
Loan 3 The Bank of Punjab - Islamic	500,000	-	10 equal semi-annual instalments starting in December 2022	Half yearly
Loan 4 Habib Bank Limited	150,000	300,000	2 equal quarterly instalments ending in December 2021	Quarterly
Loan 5 Habib Bank Limited	1,750,000	2,000,000	7 equal semi-annual instalments ending in December 2024	Quarterly
Loan 6 Habib Bank Limited	1,749,863	1,999,844	7 equal semi-annual instalments ending in December 2024	Quarterly
Loan 7 Bank Alfalah Limited	1,750,000	2,000,000	7 equal semi-annual instalments ending in December 2024	Quarterly
C/F	**6,749,863**	**6,699,844**		

Lender	2021	2020	Number of instalments outstanding	Mark-up Payable
	(Rupees in thousand)			
B/F	6,749,863	6,699,844		
Loan 8 Bank Alfalah Limited	1,250,000	1,375,000	10 equal quarterly instalments ending in November 2023	Quarterly
Loan 9 Bank Alfalah Limited	1,500,000	1,500,000	16 equal quarterly instalments starting in March 2022	Quarterly
Loan 10 National Bank of Pakistan	2,093,000	2,242,500	14 equal quarterly instalments ending in October 2024	Quarterly
Loan 11 National Bank of Pakistan	-	2,864,717	N/A. This loan was converted to refinance scheme as referred to in note 7.1	Quarterly
Loan 12 National Bank of Pakistan -Islamic	900,000	1,000,000	9 equal semi annual instalments ending in December 2025	Half yearly
Loan 13 BankIslami Pakistan Limited	50,000	100,000	1 quarterly equal instalment in September 2021	Quarterly
Loan 14 Standard Chartered Bank (Pakistan) Limited	333,333	500,000	2 equal quarterly instalments ending in December 2021	Quarterly
Loan 15 Allied Bank Limited	900,000	900,000	20 equal quarterly instalments starting in August 2021	Quarterly
Loan 16 Allied Bank Limited	4,903,334	5,230,222	15 equal quarterly instalments ending in March 2025	Quarterly
Loan 17 Allied Bank Limited	2,000,000	1,000,000	12 equal quarterly instalments starting in April 2022	Quarterly
	20,679,530	**23,412,283**		

Such facilities are available at mark-up rates ranging from three to six months Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.15% to 0.75% per annum (2020: three to six months KIBOR plus 0.15% to 0.75% 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 fixed assets of all three units of the Company for Rs 2,000 million.

Loan 3
First pari passu charge over fixed assets of all three units 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 2,000 million with 25% margin

Loan 5
First pari passu charge over present and future fixed assets of the Company for Rs 3,333.34 million with 25% margin.

Loan 6
First pari passu charge over present and future fixed assets of the Company for Rs 3,333.34 million with 25% margin.

Loan 7
First pari passu charge over present & future fixed assets of the Company for Rs 3,333.34 million with 25% margin.

Loan 8
First pari passu charge over present and future fixed assets of the Company for Rs 2,667 million.

Loan 9
Ranking charge over fixed assets of the Company for Rs 2,000 million to be upgraded to first pari passu charge.

Loan 10
First pari passu charge over present and future fixed assets of the Company for Rs 4,000 million with 25% margin.

Loan 11
First pari passu charge over present and future fixed assets of the Company for Rs 6,993.33 million with 25% margin.

Loan 12
First pari passu charge over present and future fixed assets of the Company for Rs 1333.34 million.

Loan 13
First pari passu charge over present and future fixed assets of the Company for Rs 1,000 million.

Loan 14
First pari passu charge over present and future fixed assets of the Company for Rs 2,666 million.

Loan 15
First pari passu charge over present and future fixed assets of the Company for Rs 1,200 million with 25% margin.

Loan 16
First pari passu charge over present and future fixed assets of the Company for Rs 7,867 million with 25% margin.

Loan 17
Ranking charge over fixed assets of the Company for Rs 1,333.33 million to be upgraded to first pari passu charge.

	2021	2020
	(Rupees in thousand)	

7.2.2 The reconciliation of the carrying amount is as follows:

Opening balance	23,412,283	21,025,324
Disbursements during the year	3,432,201	5,364,717
Repayments during the year	(6,164,954)	(2,977,758)
	20,679,530	23,412,283
Current portion shown under current liabilities	(5,323,017)	(1,868,036)
	15,356,513	21,544,247

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 has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans. The discount rates used range from 7.34% to 7.76% per annum. The reconciliation of the carrying amount is as follows:

		2021	2020
		(Rupees in thousand)	
Opening balance		-	-
Deferred grant recognized during the year		1,065,766	-
Credited to profit or loss	- note 33.1	(138,739)	-
		927,027	-
Current portion shown under current liabilities	- note 15	(262,523)	-
Closing balance		664,504	-

There are no unfulfilled conditions or other contingencies attached to these grants.

9. Long term deposits

Customers	144,957	152,152
Others	102,035	101,785
	246,992	253,937

These include interest free security deposits from stockists and suppliers and are repayable on cancellation/withdrawal of the dealership or on cessation of business with the Company. As per the agreements signed with these parties, the Company has the right to utilise the amounts for the furtherance of their business, hence, the amounts are not required to be kept in a separate account maintained in a scheduled bank. Therefore, the Company is in compliance with section 217 of Companies Act, 2017. These deposits have not been carried at amortised cost since the effect of discounting is immaterial in the context of these financial statements.

		2021	2020
		(Rupees in thousand)	

10. Deferred liabilities

This represents:			
Staff gratuity	- note 10.1	366,491	362,292
Accumulating compensated absences	- note 10.2	164,312	59,542
		530,803	521,834

	2021	2020
	(Rupees in thousand)	

10.1 Staff gratuity

The amounts recognised in the statement of financial position are as follows:

	2021	2020
Present value of defined benefit obligation	882,582	798,510
Fair value of plan assets	(516,091)	(436,218)
Liability as at June 30	366,491	362,292

10.1.1 Movement in net liability for staff gratuity

	2021	2020
Net liability as at beginning of the year	362,292	298,240
Current service cost	81,925	79,585
Net interest on defined benefit obligation	66,046	96,177
Return on plan assets during the year	(36,842)	(57,093)
	111,129	118,669
Total remeasurements for the year (credited)/charged to other comprehensive income	(80,046)	(11,963)
Contributions made by the Company during the year	(26,884)	(42,654)
Net liability as at end of the year	366,491	362,292

10.1.2 Movement in present value of defined benefit obligation

	2021	2020
Present value of defined benefit obligation as at beginning of the year	798,510	708,876
Current service cost	81,925	79,585
Interest cost	66,046	96,177
Payments against opening payables	(5,159)	-
Benefits paid during the year	(32,440)	(62,620)
Remeasurements:		
- Actuarial losses/(gains) from changes in financial assumptions	2,055	(7,149)
- Experience adjustments	(28,355)	(16,359)
	(26,300)	(23,508)
Present value of defined benefit obligation as at end of the year	882,582	798,510

10.1.3 Movement in fair value of plan assets

	2021	2020
Fair value of plan assets as at beginning of the year	436,218	410,636
Interest income on plan assets	36,842	57,093
Contributions during the year	26,884	42,654
Benefits paid during the year	(37,599)	(62,620)
Remeasurements in fair value of plan assets	53,746	(11,545)
Fair value of plan assets as at end of the year	516,091	436,218

10.1.4 Plan assets

Plan assets are comprised as follows:

	2021		2020	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and bank balances	69,025	13%	66,033	15%
Debt instruments	316,921	62%	312,552	72%
Special Savings Certificates with accrued interest	130,145	25%	57,633	13%
	516,091	100%	436,218	100%

	2021	2020
	(Rupees in thousand)	

10.1.5 Charge for the year

	2021	2020
Current service cost	81,925	79,585
Interest cost	66,046	96,177
Interest income on plan assets	(36,842)	(57,093)
Total expense for the year	111,129	118,669

10.1.6 Total remeasurements charged to other comprehensive income

	2021	2020
Actuarial losses/(gains) from changes in financial assumptions	2,055	(7,149)
Experience adjustments	(28,355)	(16,359)
	(26,300)	(23,508)
Remeasurements in plan assets, excluding interest income	(53,746)	11,545
Total remeasurements credited to other comprehensive income	(80,046)	(11,963)

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	
	2021	2020		2021	2020		2021	2020
Discount rate	1.00%	1.00%	Decrease by	7.24%	3.10%	Increase by	8.31%	7.94%
Salary growth rate	1.00%	1.00%	Increase by	8.40%	8.03%	Decrease by	7.44%	8.32%

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 defined benefit plan for the year ending June 30, 2022 is Rs. 129.062 million.

10.1.10 The weighted average duration of the defined benefit obligation is 8 years (2020 – 8 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, 2021	99,455	74,821	296,765	7,150,973	7,622,014
June 30, 2020	93,428	46,285	248,149	5,253,078	5,640,940

10.2 Accumulating compensated absences

		2021	2020
		(Rupees in thousand)	
Opening liability		159,542	150,954
Charged to profit or loss		55,093	59,661
Payments made during the year		(9,606)	(12,793)
		205,029	197,822
Current portion shown under current liabilities	- note 15	(40,717)	(38,280)
Liability as at year end		164,312	159,542

10.2.1 Movement in liability for accumulating compensated absences

	2021	2020
Present value of accumulating compensated absences as at beginning of the year	159,542	150,954
Current service cost	53,442	53,353
Interest cost	11,423	17,872
Benefits due but not paid	(40,717)	(38,280)
Benefits paid during the year	(9,606)	(12,793)
Remeasurement in respect of experience adjustments	(9,772)	(11,564)
Present value of accumulating compensated absences as at year end	164,312	159,542

10.2.2 Charge for the year

	2021	2020
Current service cost	53,442	53,353
Interest cost	11,423	17,872
Remeasurement during the year	(9,772)	(11,564)
Total expense for the year	55,093	59,661

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

		2021	2020
Discount rate	Per annum	10.00%	8.50%
Expected rate of increase in salary	Per annum	9.00%	7.50%
Duration of the plan	Number of years	8	9
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

10.2.4 The sensitivity of the accumulated compensated balances to changes in the weighted principal assumptions is:

	Change in assumptions			Impact on defined benefit obligation				
				Increase in assumption			Decrease in assumption	
	2021	2020		2021	2020		2021	2020
Discount rate	1.00%	1.00%	Decrease by	7.83%	8.18%	Increase by	9.08%	9.52%
Salary growth rate	1.00%	1.00%	Increase by	8.97%	9.41%	Decrease by	7.88%	8.22%

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

	2021	2020
	(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	10,742,776	10,256,805
Borrowing cost capitalised	-	7,346
Un-realised gain on investments - net	771,482	89,791
	11,514,258	10,353,942
Deferred tax asset		
Available unused tax credits	(2,476,821)	(1,920,771)
Available unused tax losses	(5,495,903)	(5,713,170)
Loss allowance on financial assets	(12,199)	(37,260)
Provision for retirement and other benefits	(150,394)	(147,392)
	(8,135,317)	(7,818,593)
	3,378,941	2,535,349

		2021	2020
		(Rupees in thousand)	

The gross movement in net deferred tax liability during the year is as follows:

		2021	2020
Opening balance		2,535,348	4,089,691
Charged to other comprehensive income		702,755	43,184
Charged/(credited) to statement of profit or loss	- note 34	140,838	(1,597,527)
Closing balance		3,378,941	2,535,348

Deferred tax assets 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 assets.

		2021	2020
		(Rupees in thousand)	

12. Trade and other payables

		2021	2020
Trade creditors	- note 12.1	7,375,630	4,325,320
Infrastructure cess		178,329	89,164
Contract liability	- note 12.2	1,469,797	1,546,864
Accrued liabilities	- note 12.3	4,451,035	4,078,887
Workers' profit participation fund	- note 12.4	348,668	91,775
Workers' welfare fund	- note 12.5	97,649	-
Withholding tax payable		11,293	9,185
Retention money payable		84,529	110,942
Export commission payable		69,779	97,640
Federal Excise Duty payable		752,953	874,586
Book overdraft	- note 12.6	18,048	23,814
Others	- note 12.7	65,441	50,010
		14,923,151	11,298,187

12.1 Trade creditors include amounts due to following related parties:

	2021	2020
Nishat Paper Products Company Limited	841,239	558,115
Security General Insurance Company Limited	4,214	1,616
Nishat Dairy (Private) Limited	88,071	88,071
	933,524	647,802

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 1,087.328 million (2020: Rs 121.051 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 ICAP guidelines in this regard.

		2021	2020
		(Rupees in thousand)	

12.4 Workers' profit participation fund

		2021	2020
Opening balance		91,775	195,599
Provision for the year	- note 31	256,854	-
Interest for the year	- note 33	-	8,534
		348,629	204,133
Adjustments/(Payments) made during the year		39	(112,358)
Closing balance		348,668	91,775

12.5 This represents provision in respect of workers' welfare fund for the year.

12.6 This represents book overdraft balances due to cheques issued in excess of actual bank balances in respect of saving bank accounts.

12.7 Includes payable to employees' provident fund amounting to Rs 21.86 million (2020: Nil).

		2021	2020
		(Rupees in thousand)	

13. Accrued mark-up

		2021	2020
Accrued mark-up/interest on:			
- Long term finances - secured		283,063	402,403
- Short term borrowings - secured		224,706	309,872
		507,769	712,275

14. Short term borrowings - secured

		2021	2020
From banking companies:			
Short term running finances - secured	- note 14.1	8,473,130	13,638,030
Import finances - secured	- note 14.2	5,729,420	5,974,437
Export finances - secured	- note 14.3	4,159,500	3,883,500
		18,362,050	23,495,967

14.1 Short term running finances - secured

Short term running finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs 26,057 million (2020: Rs 26,438 million). Such facilities are available at mark-up rates ranging from one to three months KIBOR plus 0.05% to 1.25% per annum (2020: One to three months KIBOR plus 0.05% to 1.25% per annum). The mark-up rate charged during the year on the outstanding balance ranged from 6.63% to 8.93% (2020: 8.41% to 14.86%) per annum and markup is payable monthly to quarterly. These are secured by first and 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.

14.2 Import finances - secured

Import finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs 16,500 million (2020: Rs 13,500 million). Such facilities are available at mark-up rates ranging from one to six months KIBOR plus 0.05% to 0.2% per annum (2020: One to six months KIBOR plus 0.010% to 0.2% per annum) and one to six months London Inter-Bank Offered Rate (LIBOR) plus 0.75% per annum (2020: One to six months LIBOR plus 0.75% per annum. The mark-up rate charged during the year on the outstanding balance ranged from 7.07% to 8.15% (2020: 1.74% to 13.91%) 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.

14.3 Export finances - secured

Export finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs

15,200 million (2020: Rs 10,650 million). Such facilities are available at markup rate agreed as per State Bank of Pakistan plus 0.25% to 1.00% per annum (2020: State Bank of Pakistan agreed rate plus 0.25% to 1.00% per annum). The Export Finance Scheme rate has remained constant at 2% throughout the year. These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Company.

14.4 Letters of credit and guarantees

Of the aggregate facility of Rs 25,438 million (2020: Rs 25,660 million) for opening letters of credit and Rs 4,388 million (2020: Rs 4,170 million) for guarantees, all being either main limits or sub-limits of the running finance facilities, the amount utilised as at June 30, 2021 was Rs 4,760 million (2020: Rs 3,610 million) and Rs 3,114 million (2020: Rs 2,915 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 (2020: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 26.2.

15. Current portion of non-current liabilities

		2021	2020
		(Rupees in thousand)	
Loans under refinance scheme	- note 7.1.1	807,686	142,585
Long term loans	- note 7.2.2	5,323,017	1,868,036
Accumulating compensated absences	- note 10.2	40,717	38,280
Deferred government grant	- note 8	262,523	-
		6,433,943	2,048,901

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 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 January 18, 2021, the Commissioner Inland Revenue (Appeals) ('CIR(A)') has passed orders ratifying the earlier demand of Deputy Commissioner Inland Revenue ('DCIR') whereby input sales tax claimed, mainly on construction material and vehicles, for the tax periods from June 2016 to July 2017 aggregating Rs 332.817 million was disallowed to the Company. Further, the default surcharge imposed thereon by the DCIR, has also been upheld by CIR(A). The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the said decision of the CIR(A).

As referred to in note 16.1.7 to these financial statements, subsequent to year end on August 31, 2021, Company has received an order dated August 20, 2021 of similar nature passed by DCIR under the Sales Tax Act, 1990 for the tax periods July 2017 to June 2018 as stated below.

As per management, there are meritorious grounds 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 litigation is expected to accrue. Consequently, no provision has been made in these financial statements on this account.

16.1.7 Subsequent to the reporting period, the DCIR has passed an order dated August 20, 2021 for tax periods July 2017 to June 2018, whereby, a demand has been raised for recovery of sales tax of Rs 5,795.981 million, along with applicable default surcharge and penalty (amounting to Rs 275.999 million) imposed under sections 34 & 33(5) of the Sales Tax Act, 1990 respectively. The demand has been 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). The Company is in the process of preferring an appeal before the CIR(A) against the said order. The management, on the basis of consultation with its legal counsel, considers that strong grounds exist to defend the stance and that such demand is 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 (2020: Rs 31.115 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 937.9 million (2020: Rs 805.9 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 (2020: 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 (2020: Rs 544.414 million).

- Sindh High Court against levy of sales tax, custom duty and excise amounting to Rs 176.860 million (2020: Rs 176.860 million).

- Export orders amounting to Nil (2020: Rs 5.042 million).

- Pakistan Railways against supply of cement amounting to Rs 4.54 million (2020: Nil).

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 1,277.1 million (2020: Rs 1,208.524 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 227.76 million (2020: Rs 227.76 million) against the Industrial Support Package Adjustment on K-Electric electricity bills.

16.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 552.59 million (2020: Rs 2,614.855 million).
(ii) Letters of credit for capital expenditure Rs 28.43 million (2020: Rs 2,237.133 million).
(iii) Letters of credit other than capital expenditure Rs 947.98 million (2020: Rs 1,373.152 million).
(iv) The amount of future payments under leases and the period in which these payments will become due are as follows:

	2021	2020
	(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	4,299	4,712
	6,423	6,836

17. Property, plant and equipment

		2021	2020
Operating fixed assets	- note 17.1	77,140,261	76,986,536
Capital work-in-progress	- note 17.2	7,726,720	6,358,259
Major spare parts and stand-by equipment	- note 17.3	153,128	192,500
		85,020,109	83,537,295

17.1 Operating fixed assets

	2021						(Rupees in thousand)
	Cost as at July 01, 2020	Additions / (deletions)	Cost as at June 30, 2021	Accumulated depreciation and impairment as at July 01, 2020	Depreciation charge / (deletions) for the year	Accumulated depreciation and impairment as at June 30, 2021	Book value as at June 30, 2021
Freehold land - note 17.1.2	1,790,135	-	1,785,959	-	-	-	1,785,959
		(4,175)					
Leasehold land	263,000	-	263,000	33,472	8,766	42,239	220,761
Buildings on freehold land							
- Factory building	21,638,414	405,065	22,043,479	6,220,613	776,989	6,997,602	15,045,877
- Office building and housing colony	3,261,355	338,324	3,599,679	706,467	138,128	844,595	2,755,085
Roads	2,308,029	14,221	2,322,250	694,231	162,683	856,914	1,465,336
Plant and machinery	69,075,852	2,853,206	71,929,058	20,032,747	1,772,528	21,805,275	50,123,783
Quarry equipment	4,426,566	44,764	4,471,330	1,990,381	201,895	2,192,276	2,279,054
Furniture and fittings	477,269	20,538	497,808	266,044	67,354	333,398	164,410
Office equipment	533,531	17,519	551,050	314,777	69,577	384,354	166,695
Vehicles	882,244	54,535	887,008	404,880	78,904	453,322	433,686
		(49,770)			(30,462)		
Aircraft	328,752	-	328,752	307,766	6,295	314,061	14,691
Power and water supply lines	3,943,308	9,843	3,953,150	970,539	297,688	1,268,227	2,684,923
	108,928,455	3,758,015	112,632,526	31,941,919	3,580,807	35,492,264	77,140,261
		(53,946)			(30,462)		

(Rupees in thousand)

	2020						
	Cost as at July 01, 2019	Additions / (deletions)	Cost as at June 30, 2020	Accumulated depreciation and impairment as at July 01, 2019	Depreciation charge / (deletions) for the year	Accumulated depreciation and impairment as at June 30, 2020	Book value as at June 30, 2020
Freehold land	1,774,565	15,570	1,790,135	-	-	-	1,790,135
Leasehold land	263,000	-	263,000	24,706	8,767	33,473	229,527
Buildings on freehold land							
- Factory building	21,378,820	259,593	21,638,413	5,410,479	810,134	6,220,613	15,417,800
- Office building and housing colony	3,258,824	2,531	3,261,355	571,862	134,604	706,466	2,554,889
Roads	2,292,575	15,454	2,308,029	513,259	180,972	694,231	1,613,798
Plant and machinery	66,351,067	2,825,699	69,075,853	18,250,307	1,784,201	20,032,748	49,043,105
		(100,913)			(1,760)		
Quarry equipment	4,259,602	166,964	4,426,566	1,778,220	212,161	1,990,381	2,436,185
Furniture and fittings	436,863	40,407	477,270	180,589	85,455	266,044	211,226
Office equipment	450,822	82,708	533,530	236,283	78,494	314,777	218,753
Vehicles	865,149	52,414	882,244	326,466	97,947	404,881	477,363
		(35,319)			(19,532)		
Aircraft	328,752	-	328,752	298,774	8,992	307,766	20,986
Power and water supply lines	3,541,061	402,247	3,943,308	681,166	289,373	970,539	2,972,769
	105,201,100	3,863,587	108,928,455	28,272,111	3,691,100	31,941,919	76,986,536
		(136,232)			(21,292)		

17.1.1 Freehold land and building include book values of Rs 12 million (2020: Rs 12 million) and Rs 4.475 million (2020: Rs 4.959 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	2021	2020
		Total Area (in Acres)	
Hub, Mauza Chichai, Balochistan	Plant site and staff colony	1466.5	1466.5
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	45
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:

		2021	2020
		(Rupees in thousand)	
Cost of sales	- note 28	3,515,615	3,604,695
Administrative expenses	- note 29	55,630	78,502
Selling and distribution expenses	- note 30	9,562	7,903
		3,580,807	3,691,100

17.1.4 Sale of operating fixed assets

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

2021 (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 Adrees	4,175	4,175	18,400	14,225	Negotiation
Vehicles	**Employee**					
	Nazar Hussain Bhutta	1,971	749	7,50	-	As per Company policy
	Dr. Hafeez Ullah Shah	1,971	759	760	-	-do-
	Iftikhar Ahmed	1,971	711	711	-	-do-
	Nazir Hussain	1,771	677	677	-	-do-
	Qazi Hizbur Rehman	1,683	867	867	-	-do-
	Outside parties					
	Muhammad Saeed	4,309	2,138	5,131	2,993	Auction
	Asif Rana	4,517	1,320	4,548	3,228	-do-
	Hassan Mobeen Alam	6,294	2,368	7,887	5,519	-do-
	Khurram Ayub	6,448	2,263	6,489	4,226	-do-
	Saad Farrukh Pasha	9,169	5,025	9,300	4,275	-do-
	Muhammad Naeem Akhtar	2,550	667	2,055	1,388	-do-
	Syed Muhammad Naeem	1,971	656	2,278	1,622	-do-

2020 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (loss) on sale	Mode of sale
Plant and machinery						
	Izhar Construction (Private) Limited	7,265	7,152	5,128	(2,024)	Negotiation
	Izhar Construction (Private) Limited	7,179	6,874	5,128	(1,746)	-do-
	Izhar Construction (Private) Limited	8,120	7,994	5,677	(2,317)	-do-
	Izhar Construction (Private) Limited	78,349	77,134	47,067	(30,067)	-do-
Vehicles	**Employee**					
	Muhammad Alam	1,887	1,112	1,112	-	As per Company policy
	Aftab Ahmad Khan (Key Management Personnel)	2,387	1,433	1,433	-	-do-
	Aftab Ahmad Khan (Key Management Personnel)	2,734	1,479	1,479	-	-do-
	Nasir Iqbal	2,396	1,950	-	(1,950)	-do-
	Arif Bashir (Key Management Personnel)	2,521	1,318	2,237	919	-do-
	Rana Rasheed Ahmad	1,786	869	869	-	-do-
	Azam Munir	1,771	912	912	-	-do-
	Muhammad Ghaffar Rao	1,953	797	-	(797)	-do-
	Ahson Atta	2,503	1,067	1,067	-	-do-
	Mazhar ul Haq	1,815	1,477	1,480	3	-do-
	Outside parties					
	Mrs. Neham Khalil	2,546	893	1,575	682	Auction

17.2 Capital work-in-progress

2021 (Rupees in thousand)

	Balance as at July 1, 2020	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	Transfers to stores, spare parts and loose tools	Balance as at June 30, 2021
Civil works	1,608,931	694,346	-	-	(29,028)	(817,178)	-	-	1,457,071
Plant and machinery	4,403,532	3,617,639	-	(4,041)	274,430	(2,368,959)	(58,583)	-	5,864,018
Advances to suppliers and contractors	191,287	76,227	-	-	(183,178)	-	-	-	84,336
Others	154,509	27,757	203,059	-	(62,224)	(1,806)	-	-	321,295
	6,358,259	4,415,969	203,059	(4,041)	-	(3,187,943)	(58,583)	-	7,726,720

2020 (Rupees in thousand)

	Balance as at July 1, 2019	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	Transfers to stores, spare parts and loose tools	Balance as at June 30, 2020
Civil works	1,001,461	989,623	74,564	-	2,616,132	(3,072,849)	-	-	1,608,931
Plant and machinery	1,724,300	5,177,252	27,917	(11,511)	(2,001,234)	(7,054)	(435,020)	(71,118)	4,403,532
Advances to suppliers and contractors	236,442	523,248	-	-	(568,403)	-	-	-	191,287
Others	46,734	154,270	-	-	(46,495)	-	-	-	154,509
	3,008,937	6,844,393	102,481	(11,511)	-	(3,079,903)	(435,020)	(71,118)	6,358,259

	2021	2020
	(Rupees in thousand)	

17.3 Major spare parts and stand-by equipment

The reconciliation of carrying amount is as follows:

	2021	2020
Balance at the beginning of the year	192,500	42,308
Additions during the year	175,553	728,837
	368,053	771,145
Transfers made during the year	(214,925)	(578,645)
Balance at the end of the year	153,128	192,500

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

18. Investments

		2021	2020
		(Rupees in thousand)	
These represent the long term investments in:			
- Related parties	- note 18.1	15,868,275	11,756,373
- Others	- note 18.2	97,536	93,455
		15,965,811	11,849,828

18.1 Related parties

Subsidiaries - unquoted - at cost:

Nishat Paper Products Company Limited

		2021	2020
25,595,398 (2020: 25,595,398) fully paid ordinary shares of Rs 10 each Equity held: 55% (2020: 55%) Cost - Rs 250.811 million (2020: Rs 250.811 million) Cumulative impairment loss - Nil (2020: Nil)	- note 18.1.1	250,811	250,811

Nishat Dairy (Private) Limited

		2021	2020
270,000,000 (2020: 270,000,000) fully paid ordinary shares of Rs 10 each Equity held: 55.10% (2020: 55.10%) Cost - Rs 2,331.900 million (2020: Rs 2,331.900 million) Cumulative impairment loss - Rs 162.789 million (2020: Rs 162.789 million)	- note 18.1.2	2,169,111	2,169,111
	sub-total	2,419,922	2,419,922

		2021	2020
		(Rupees in thousand)	
FVOCI - quoted:			
Nishat (Chunian) Limited			
7,173,982 (2020: 7,173,982) fully paid ordinary shares of Rs 10 each			
Equity held: 2.99% (2020: 2.99%)			
Cost - Rs 75.565 million (2020: Rs 75.565 million)		360,780	232,796
MCB Bank Limited			
21,305,315 (2019: 21,305,315) fully paid ordinary shares of Rs 10 each			
Equity held: 1.80% (2020: 1.80%)			
Cost - Rs 125.834 million (2020: Rs 125.834 million)		3,405,228	3,452,952
Adamjee Insurance Company Limited			
27,877,735 (2020: 27,877,735) fully paid ordinary shares of Rs 10 each			
Equity held: 7.97% (2020: 7.97%)			
Cost - Rs 1,239.698 million (2020: Rs 1,239.698 million)		1,156,090	923,032
Nishat Mills Limited			
30,289,501 (2020: 30,289,501) fully paid ordinary shares of Rs 10 each			
Equity held: 8.61% (2020: 8.61%)			
Cost - Rs 1,326.559 million (2020: Rs 1,326.559 million)		2,826,026	2,362,884
	sub-total	7,748,124	6,971,664
FVOCI - unquoted:			
Nishat Hotels and Properties Limited			
104,166,667 (2020: 104,166,667) fully paid ordinary shares of Rs 10 each			
Equity held: 10.42% (2020: 10.42%)			
Cost - Rs 1,041.667 million (2020: Rs 1,041.667 million)	- note 18.1.3	2,055,208	1,452,837
Hyundai Nishat Motor (Private) Limited			
94,873,000 (2020: 74,750,000) fully paid ordinary shares of Rs 10 each			
Equity held: 10% (2020: 10%)			
Cost - Rs 948.7 million (2020: Rs 747.5 million)	- note 18.1.4	3,645,021	911,950
	sub-total	5,700,229	2,364,787
		15,868,275	11,756,373

18.1.1 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.

18.1.2 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.

18.1.3 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 19.73 per ordinary share as at June 30, 2021 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 602.371 million is included in the fair value gain recognised during the year in other comprehensive income.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a 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 8.66% per annum.

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

- Annual growth in costs is linked to inflation at 6.00% 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, 2021 would be Rs 513.541 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, 2021 would be Rs 342.708 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2020 would be Rs 26.042 million lower.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2021 would be Rs 6.641 million higher.

18.1.4 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. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 38.42 per ordinary share as at June 30, 2021 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 2,531 million is included in the fair value gain recognised during the year in other comprehensive income.

The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a 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 16.56% per annum.

- Long term growth rate of 4% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 5% per annum and revenues are linked to currency devaluation at 5% 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, 2021 would be Rs 277.029 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, 2021 would be Rs 143.258 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2021 would be Rs 497.135 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2021 would be Rs 6.641 million higher.

	2021	2020
	(Rupees in thousand)	
18.2 Others		
FVOCI - quoted:		
Pakistan Petroleum Limited		
821,626 (2020: 821,626) fully paid ordinary shares of Rs 10 each		
Equity held: 0.03% (2020: 0.03%)		
Cost - Rs 117.405 million (2020: Rs 117.405 million)	71,342	71,299
United Bank Limited		
214,354 (2020: 214,354) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2020: 0.02%)		
Cost - Rs 33.646 million (2020: Rs 33.646 million)	26,194	22,156
	97,536	93,455
18.3 Reconciliation of carrying amount		
Balance as at beginning of the year	11,849,828	12,276,961
Investments made during the year	201,230	197,500
	12,051,058	12,474,461
Impairment loss reversed during the year on equity instruments of subsidiary	-	28,937
Fair value gain/(loss) recognized in other comprehensive income	3,914,753	(653,570)
Balance as at end of the year	15,965,811	11,849,828

18.4 3,860,267 (2020: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

19. 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.

		2021	2020
		(Rupees in thousand)	

20. Stores, spare parts and loose tools

Stores [including in transit: Rs 3,607.87 million (2020: Rs 16.973 million)]		6,625,791	2,469,974
Spare parts [including in transit Rs 212.334 million (2020: Rs 277.493 million)]		6,206,165	5,710,691
Loose tools		47,392	57,325
		12,879,348	8,237,990

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

		2021	2020
		(Rupees in thousand)	

21. Stock-in-trade

Raw materials		249,513	225,907
Packing material		386,230	353,699
Work-in-process	- notes 21.1 & 21.2	1,538,676	3,361,646
Finished goods		554,170	411,743
		2,728,589	4,352,995

21.1 The NRV of the clinker was higher than it's cost as at June 30, 2021 (2020: clinker costing Rs 263.423 million was carried at its NRV amounting to Rs 237.15 million). The NRV write down expense of Nil (2020: Rs 26.272 million) has been charged to cost of sales.

21.2 Includes clinker having a carrying value of Rs 1,485.343 million (2020: Rs 3,329.582 million), some of which may be sold in its current state but is not distinguishable.

		2021	2020
		(Rupees in thousand)	

22. Trade debts

Secured		1,766,429	2,476,922
Unsecured - Related parties	- note 22.1	16,222	20,271
		1,782,651	2,497,193
Loss allowance	- note 22.2	(106,406)	(211,109)
		1,676,245	2,286,084

22.1 This is from the following related parties:

Nishat Mills Limited	7,164	14,723
Nishat Linen (Private) Limited	383	167
Nishat Hotels and Properties Limited	2,154	1,154
Nishat Hospitality (Private) Limited	107	107
Nishat (Chunian) Limited	89	269
Nishat Dairy (Private) Limited	1,755	365
Hyundai Nishat Motor (Private) Limited	4,430	3,347
Nishat Agriculture Farming (Private) Limited	140	139
	16,222	20,271

22.1.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs 16.221 million (2020: Rs 32.983 million). The aging analysis of trade debts from related parties that are past due and carry loss allowance is as follows:

	2021	2020
	(Rupees in thousand)	
Up to 90 days	12,918	16,210
91 to 180 days	648	2,958
181 to 365 days	875	916
Above 365 days	1,781	187
	16,222	20,271
Loss allowance	(426)	(1,826)
	15,796	18,445

22.2 Loss allowance

	2021	2020
The reconciliation of loss allowance is as follows:		
Balance at the beginning of the year	211,109	64,662
Loss allowance (reversed)/recognized during the year	(104,703)	146,447
Balance as at end of the year	106,406	211,109

23. This represents the following quoted investments in related parties:

FVOCI:

	2021	2020
Nishat (Chunian) Limited		
100,620 (2020: 100,620) fully paid ordinary shares of Rs 10 each		
Equity held: 0.042% (2020: 0.042%)		
Cost - Rs 0.832 million (2020: Rs 0.832 million)	5,060	3,265
MCB Bank Limited		
80,971,917 (2020: 80,971,917) fully paid ordinary shares of Rs 10 each		
Equity held: 6.83% (2020: 6.83%)		
Cost - Rs 478.234 million (2020: Rs 478.234 million)	12,941,726	13,123,123
	12,946,786	13,126,388

23.1 Reconciliation of carrying amount

	2021	2020
Opening balance	13,126,388	14,129,075
Fair value loss recognized in other comprehensive income	(179,602)	(1,002,687)
Closing balance	12,946,786	13,126,388

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

		2021	2020
Current portion of loans to employees		1,029	1,132
Advances			
- To employees		7,968	12,546
- To suppliers		79,043	81,789
		87,011	94,335
Prepayments		2,795	3,340
Mark-up receivable from related party	- note 24.1	5,363	5,850
Letters of credit - margins, deposits, opening charges etc.		1,493	1,504
Balances with statutory authorities:			
- Sales tax	- notes 24.2 & 24.3	225,253	454,696
- Excise duty		24,620	21,850
- Export rebate		4,650	2,809
		254,523	479,355
Others	- notes 24.4 & 24.5	136,352	38,977
		488,566	624,493

24.1 This represents mark-up receivable from Nishat Hotels and Properties Limited, a related party, on the loan referred to in note 25. The maximum aggregate amount outstanding at the end of any month during the year was Rs 5.869 million (2020: Rs 14.326 million). It is neither past due nor impaired.

24.2 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.

24.3 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.

24.4 Includes provident fund contribution deposited in advance with employees' provident fund amounting to Nil (2020: Rs 14.577 million), a receivable of Rs 5 million (2020: Rs 7.92 million) from Hyundai Nishat Motor (Private) Limited, and a receivable of Rs 25.63 million (2020: Nil) from Security General Insurance Company Limited in respect of insurance claims, all being the related parties of the Company. The maximum aggregate amount deposited in advance with the employees' provident fund at the end of any month during the year was Nil (2020: Rs 52.882 million), whereas, the maximum aggregate amount outstanding at the end of any month during the year of Hyundai Nishat Motor (Private) Limited and Security General Insurance Company Limited was Rs 5 million (2020: Rs 7.92 million) and Rs 25.63 million (2020: Nil), respectively. These amounts are neither past due nor impaired.

24.5 Includes an amount of Rs 106.907 million (2020: Rs 16.155 million) deposited with the Nazir of Sindh High Court pursuant to an interim order issued by the Sindh High Court in respect of a petition filed by the Company against the Fuel Charges Adjustment ('FCA') charged by K-Electric Limited for the period from July 2016 to June 2019. According to the Company's management, there are meritorious grounds that the ultimate decision would be in its favour, hence, the receivable amount is unimpaired.

25. Loan to related party - considered good

This represents loan to Nishat Hotels and Properties Limited ('NHPL'), a related party due to common directorship, for meeting its working capital requirements. The outstanding amount is due for repayment on October 28, 2021 in accordance with the extension granted in Annual General Meeting of the Company held on October 28, 2020. It carried markup at the rate of 1 month KIBOR + 1% per annum.The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Company. The effective markup rate charged during the period was 8.44% per annum which is above the borrowing cost of the Company. In case of default in payment of principal or markup, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default. Reconciliation of the carrying amount is as follows:

	2021	2020
	(Rupees in thousand)	
Opening balance	765,000	1,000,000
Recovery during the year	-	(235,000)
Closing balance	765,000	765,000

26. Cash and bank balances

		2021	2020
At banks:			
Savings accounts			
Local currency	- notes 26.1, 26.2 & 26.3	40,154	76,125
Foreign currency: US$ 842,124 (2020: US$ 638,856)		132,671	107,360
Current accounts		632,772	163,737
		805,597	347,222
In hand		776	612
		806,373	347,834

26.1 The balances in saving accounts bear mark-up ranging from 5.8 % to 8.00% per annum (2020: 6.5% to 11.25% per annum).

26.2 Included in balances at banks on saving accounts are Rs 14.480 million (2020: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.4.

26.3 Included in balances at banks in saving accounts is Rs 0.004 million (2020: Rs 34 million) which relates to unpaid dividend held by the Company.

27. Sales

		2021	2020
		(Rupees in thousand)	
Local sales		53,072,823	48,648,453
Export sales	- note 27.1	9,584,153	9,385,261
		62,656,976	58,033,714
Less:			
Sales tax and federal excise duty		16,873,292	19,253,612
Trade discount		542,562	570,316
Commission to stockists and export agents		133,432	176,662
		17,549,286	20,000,590
		45,107,690	38,033,124

27.1 Export sales include rebate on exports amounting to Rs 3.57 million (2020: Rs 4.68 million).

28. Cost of sales

		2021	2020
		(Rupees in thousand)	
Raw materials consumed		645,175	672,079
Packing materials consumed		2,971,994	3,244,454
Salaries, wages and other benefits	- note 28.1	3,537,996	3,403,005
Fuel and power		19,204,072	20,882,712
Stores and spares consumed		3,029,463	2,956,285
Repairs and maintenance		567,319	403,630
Insurance		113,908	117,183
Depreciation on operating fixed assets	- note 17.1.3	3,515,615	3,604,695
Royalty	- note 28.2	1,133,211	1,228,600
Excise duty		48,848	52,593
Vehicle running		157,893	134,749
Security expenses		146,566	-
Postage, telephone and telegram		11,489	12,051
Printing and stationery		14,236	14,371
Legal and professional charges		7,071	8,704
Travelling and conveyance		7,201	11,618
Plant cleaning and gardening expenses		36,824	34,876
Rent, rates and taxes	- note 28.3	120,335	150,942
Freight charges		31,150	28,346
Water charges		23,711	21,492
Other expenses	- note 28.4	64,164	57,464
		35,388,241	37,039,849
Opening work-in-process	- note 21	3,361,646	2,802,481
Closing work-in-process	- note 21	(1,538,675)	(3,361,646)
		1,822,971	(559,165)
Cost of goods manufactured		37,211,212	36,480,684
Opening stock of finished goods	- note 21	411,743	428,617
Closing stock of finished goods	- note 21	(554,170)	(411,743)
		(142,427)	16,874
Own consumption		(32,987)	(50,340)
		37,035,798	36,447,218

28.1 Salaries, wages and other benefits include Rs 80.893 million (2020: Rs 76.830 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:

	2021	2020
	(Rupees in thousand)	
Gratuity		
Current service cost	64,862	62,244
Interest cost for the year	52,290	75,221
Interest income on plan assets	(29,169)	(44,653)
	87,983	92,812
Accumulating compensated absences		
Current service cost	42,244	41,454
Interest cost for the year	9,029	13,886
Remeasurements	(7,725)	(8,985)
	43,548	46,355

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

		2021	2020
		(Rupees in thousand)	
Salaries, wages and other benefits	- note 29.1	333,021	343,779
Electricity, gas and water		43,216	28,134
Repairs and maintenance		11,132	8,179
Insurance		16,135	11,527
Depreciation on operating fixed assets	- note 17.1.3	55,630	78,502
Vehicle running		17,215	13,197
Postage, telephone and telegram		7,212	6,820
Printing and stationery		10,656	21,844
Legal and professional services	- note 29.2	42,654	22,331
Travelling and conveyance		40,879	42,890
Rent, rates and taxes		486	421
Entertainment		4,274	4,141
School expenses		41,228	38,057
Fee and subscription		13,985	29,724
Other expenses		9,039	9,328
		646,762	658,874

29.1 Salaries, wages and other benefits includes Rs 10.060 million (2020: Rs 10.725 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:

	2021	2020
	(Rupees in thousand)	
Gratuity		
Current service cost	10,239	10,735
Interest cost for the year	8,254	12,973
Interest income on plan assets	(4,604)	(7,701)
	13,889	16,007
Accumulating compensated absences		
Current service cost	6,689	7,516
Interest cost for the year	1,430	2,518
Remeasurements	(1,223)	(1,629)
	6,896	8,405

		2021	2020
		(Rupees in thousand)	

29.2 Legal and professional charges

		2021	2020
Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:			
Statutory audits		3,190	3,038
Half-yearly review		806	806
Tax services		8,300	3,920
Certifications required under various regulations		140	470
Out of pocket expenses		790	790
		13,226	9,024

30. Selling and distribution expenses

		2021	2020
Salaries, wages and other benefits	- note 30.1	223,142	212,963
Electricity, gas and water		2,652	2,740
Repairs and maintenance		1,450	1,437
Insurance		2,934	1,686
Depreciation on operating fixed assets	- note 17.1.3	9,562	7,903
Vehicle running		7,111	6,274
Postage, telephone and telegram		3,817	4,001
Printing and stationery		1,959	1,938
Rent, rates and taxes	- note 30.2	3,562	6,619
Travelling and conveyance		1,953	3,811
Entertainment		1,198	1,522
Advertisement and sales promotion		1,800	13,896
Freight and handling charges		1,658,479	1,495,298
Other expenses		30,437	23,334
		1,950,056	1,783,422

30.1 Salaries, wages and other benefits includes Rs 8.99 million (2020: Rs 8.861 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:

	2021	2020
	(Rupees in thousand)	
Gratuity		
Current service cost	6,824	6,606
Interest cost for the year	5,502	7,983
Interest income on plan assets	(3,069)	(4,739)
	9,257	9,850
Accumulating compensated absences		
Current service cost	4,509	4,383
Interest cost for the year	964	1,468
Remeasurements	(824)	(950)
	4,649	4,901

30.2 This includes lease rentals of Rs 1.050 million (2020: Rs 5.636 million).

		2021	2020
		(Rupees in thousand)	

31. Other expenses

		2021	2020
Workers' profit participation fund	- note 12.3	256,854	-
Workers' welfare fund	- note 12.4	97,649	-
Donations	- note 31.1	1,504	2,410
Exchange loss	- note 31.2	58,308	492,143
Loss on disposal of operating fixed assets	- note 17.1.4	-	35,075
Others		-	12
		414,315	529,640

31.1 Includes donation amounting to Rs 1.5 million (2020: Rs 1.5 million) made to Pakistan Agricultural Coalition. None of the directors or their spouses have any interest in the donee.

31.2 Includes exchange loss incurred on foreign currency short term borrowings amounting to Rs 22.87 million (2020: Rs 481.55 million).

		2021	2020
		(Rupees in thousand)	

32. Other income

		2021	2020
Income on bank deposits		14,121	3,713
Mark-up on loan to related party	- note 32.1	64,517	112,322
Dividend income from:			
- Related parties	- note 32.2	2,192,533	2,050,029
- Others		4,948	3,942
		2,197,481	2,053,971
Rental income		1,561	1,522
Reversal of impairment on investment in subsidiary		-	28,937
Gain on disposal of operating fixed assets		39,735	-
Scrap sales		167,730	229,018
Provisions and unclaimed balances written back		34,848	-
Others		6,825	92
		2,526,818	2,429,575

32.1 This is from Nishat Hotels and Properties Limited, a related party, on the loan as referred to in note 25.

	2021	2020
	(Rupees in thousand)	

32.2 Dividend income from related parties

	2021	2020
Nishat Mills Limited	121,158	121,158
Adamjee Insurance Company Limited	69,694	69,694
MCB Bank Limited	1,994,406	1,840,990
Nishat (Chunian) Limited	7,275	18,187
	2,192,533	2,050,029

		2021	2020
		(Rupees in thousand)	

33. Finance cost

		2021	2020
Interest and mark-up on:			
- Long term finances - secured	- note 33.1	1,645,064	2,656,273
- Short term borrowings - secured		1,241,045	1,969,078
- Workers profit participation fund		-	8,534
Guarantee commission		6,995	-
Bank charges		27,771	19,401
		2,920,875	4,653,286

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.

		2021	2020
		(Rupees in thousand)	

34. Taxation

		2021	2020
Current:			
- For the year		909,294	-
- Prior years'		-	-
		909,294	-
Deferred	- note 11	140,838	(1,597,527)
		1,050,132	(1,597,527)

34.1 Tax charge reconciliation

	2021 %	2020 %
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	0.23	(0.28)
- Change in prior years' tax	(1.98)	6.84
- Amounts allocated to Normal Tax Regime	(1.01)	1.63
- Income chargeable under Final Tax Regime	(4.23)	5.34
	(6.99)	13.53
Average effective tax rate	22.01	42.53

35. Earnings per share

35.1 Earnings per share - Basic

		2021	2020
Profit/(loss) for the year	Rupees	3,721,273,000	(2,158,661,000)
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings/(loss) per share - basic	Rupees	8.49	(4.93)

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, 2021, and June 30, 2020, 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	
	2021	2020	2021	2020	2021	2020
Short term employee benefits						
Managerial remuneration	27,193	25,898	20,348	19,380	488,641	480,549
Housing	270	270	335	335	177,740	166,534
Utilities	18,332	14,991	342	1,220	37,233	34,236
Leave passage	-	-	-	2,261	17,908	14,874
Bonus	-	2,158	-	1,615	137,930	75,765
Medical expenses	620	536	526	501	19,345	14,241
Others	17,695	16,996	637	710	85,019	121,682
Post employment benefits						
Contributions to Provident and Gratuity Fund	-	-	3,731	3,553	78,581	70,112
	64,110	60,849	25,919	29,575	1,042,397	977,993
Number of persons	1	1	1	1	202	192

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 945,000 (2020: Rs 990,000) to its non-executive directors. The number of non-executive directors is 5 (2020: 5).

		2021	2020
		(Rupees in thousand)	

37. Cash generated from operations

		2021	2020
Profit/(loss) before tax		4,771,405	(3,756,188)
Adjustments for:			
- Depreciation on operating fixed assets		3,580,807	3,691,100
- (Gain)/loss on disposal of operating fixed assets		(39,735)	35,075
- Dividend income		(2,197,481)	(2,053,971)
- Mark-up income		(64,517)	(112,322)
- Provision for retirement benefits		166,222	178,330
- Net realizable value written-down expense		-	26,272
- Exchange loss		58,308	492,143
- Reversal of impairment loss on investment in subsidiary	- note 18.1.2	-	(28,937)
- Liabilities written back		(34,848)	-
- Impairment (gain)/loss on financial assets		(104,703)	146,447
- Finance cost		2,920,875	4,653,286
Profit before working capital changes		9,056,333	3,271,235
Effect on cash flows due to working capital changes:			
- (Increase)/decrease in stores, spares and loose tools		(4,641,358)	1,002,274
- Decrease/(increase) in stock-in-trade		1,624,406	(665,209)
- Decrease/(increase) in trade debts		681,363	(1,234,498)
- Decrease in loans, advances, deposits, prepayments and other receivables		135,440	446,215
- Increase in trade and other payables		3,616,245	3,242,282
		1,416,096	2,791,064
		10,472,429	6,062,299

38. Cash and cash equivalents

		2021	2020
Cash and bank balances	- note 26	806,373	347,834
Short term borrowings - secured	- note 13	(18,362,050)	(23,495,967)
		(17,555,677)	(23,148,133)

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

Relationship with the Company	Nature of transactions	2021	2020
		(Rupees in thousand)	
i. Subsidiary companies	Purchase of goods	2,034,598	2,443,782
	Sales of goods and services	50,918	31,573
	Rental income	929	929
ii. Investor	Sale of goods	133,056	38,629
	Dividend income	121,158	-
	Dividend paid	-	137,574
	Purchase of goods and services	-	493
iii. Other related parties	Sale of goods	23,442	44,895
	Insurance premium	172,777	141,867
	Purchase of goods and services	70,269	119,646
	Insurance claims	25,637	35
	Dividend paid	-	9,478
	Purchase of shares	176,107	197,500
iv. Key management personnel	Remuneration - note 39.1	249,334	241,244
	Dividend paid	-	39,941

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 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	0.77%
Hyundai Nishat Motor (Private) Limited	Common directorship	N/A
Lalpir Power Limited	Common directorship	N/A
MCB Bank Limited	Group company	0%
Nishat (Chunian) Limited	Common directorship	N/A
Nishat Dairy (Private) Limited	Subsidiary	N/A
Nishat Hospitality (Private) Limited	Subsidiary of Investor	N/A
Nishat Hotels and Properties Limited	Common directorship	N/A
Nishat Linen (Private) Limited	Subsidiary of Investor	N/A
Nishat Mills Limited	Investor	31%
Nishat Paper Products Company Limited	Subsidiary	N/A
Pakgen Power Limited	Group company	N/A
Pakistan Aviators & Aviation (Private) Limited	Group company	N/A
Security General Insurance Company Limited	Group company	0%
Mr. Hassan Mansha	Close family member of director	6%
Mrs. Naz Mansha	Director/Chairperson	0%
Mr. Mahmood Akhtar	Director	N/A
Mr. Shahzad Ahmad Malik	Director	N/A
Mr. Khalid Niaz Khawaja	Director	N/A
Mr. Usama Mahmud	Director	N/A
Mr. Mian Raza Mansha	Director/Chief Executive	3%
Mr. Farid Noor Ali Fazal	Director	N/A
Mr. Arif Bashir	Key Management Personnel	N/A
Mr. Inayat Ullah Niazi	Key Management Personnel	0%
Company's Employees Gratuity Fund	Post Employment Benefit Plan	N/A
Company's Employees Provident Fund	Post Employment Benefit Plan	N/A

40. Plant capacity and actual production

		Capacity		Actual production	
		2021	2020	2021	2020
Clinker (Metric Tonnes)					
Plant I & II - D.G. Khan	- note 40.1	2,010,000	2,010,000	1,708,135	1,898,897
Plant III - Khairpur	- note 40.1	2,010,000	2,010,000	1,588,700	2,042,177
Plant IV - Hub	- note 40.1	2,700,000	2,700,000	2,958,342	2,900,890

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 at D. G. Khan and Khairpur site is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply of cement.

41. Number of employees

	2021	2020
Total number of employees as at June 30	1,877	1,845
Average number of employees during the year	1,861	1,824

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 except for:

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

- Some of the investment made in bonds, redeemable capital, debt securities or instruments issued by a statutory body or listed debt securities are not assigned a minimum rating of “A” by a credit rating company licensed with the SECP and with at least a stable outlook;

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

- Investment is made in equity securities of listed companies, where such companies do not have breakup value equivalent or more than the par value of the shares of such company;

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

- Investment has been made in a listed debt security where the issuer of the security has defaulted in its financial obligations; and

- The fund has not developed and maintained appropriate investment policies explaining investment limit, investment avenues and risk appetite including but not limited to business allocation among the securities brokers.

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.

	2021	2020
	(USD in thousand)	
Cash and bank balances	842	639
Trade receivables from foreign parties	1,112	5,238
Short term borrowings	-	(9,541)
Net asset/(liability) exposure	1,954	(3,664)

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2021	2020	2021	2020
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
USD 1	157.13	168.19	157.54	168.05

At June 30, 2021, if the Rupee had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been Rs 21.856 million lower/higher (2020: Rs 43.704 million lower/higher) mainly as a result of foreign exchange gains/losses on translation of USD - denominated financial assets and liabilities.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified as 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 pre-tax profit for the year and on equity. The analysis is based on the assumption that the KSE-100 index had increased/decreased by 10% with all other variables held constant and all the Company’s equity investments moved according to the historical correlation with the index:

	Impact on pre-tax profit/loss		Impact on other components of equity	
	2021	2020	2021	2020
	(Rupees in thousand)		(Rupees in thousand)	
Pakistan Stock Exchange Limited	-	-	1,476,264	1,433,597

As at June 30, 2021, the Company had no investments classified as at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

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

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.

	2021	2020
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	172,825	183,485
Financial liabilities		
Export finances	(4,159,500)	(3,883,500)
Net exposure	(3,986,675)	(3,700,015)
Floating rate instruments:		
Financial assets		
Loan to related party	765,000	765,000
Financial liabilities		
Long term finances	(20,679,530)	(23,412,283)
Short term borrowings	(14,202,550)	(19,612,467)
	(34,882,080)	(43,024,750)
Net exposure	(34,117,080)	(42,259,750)

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, 2021, if interest rates on variable rate instruments had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been Rs 242.231 million (2020: Rs 300.044 million) lower/higher, 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:

	2021	2020
	(Rupees in thousand)	
Long term loans and deposits	57,513	57,984
Loan to related party	765,000	765,000
Trade debts	1,676,245	2,286,084
Loans, deposits and other receivables	35,837	15,227
Balances with banks	805,597	347,222
	3,340,192	3,471,517

(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, loan to related party, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and 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, 2021 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, 2021 and June 30, 2020 was determined as follows:

	Local sales			Export sales		
June 30, 2021	**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	0.07%	741,980	533	0%	-	-
31 to 60 days	0.19%	248,175	482	0%	20,480	-
61 to 90 days	0.56%	279,155	1,574	0%	-	-
91 to 120 days	1.54%	125,200	1,925	0%	26,534	-
121 to 150 days	3.71%	27,085	1,006	0%	36,998	-
151 to 180 days	6.33%	6,029	382	0%	27,181	-
181 to 210 days	10.55%	5,920	625	0%	-	-
211 to 240 days	17.48%	2,175	380	0%	-	-
241 to 270 days	23.91%	2,518	602	0%	-	-
271 to 300 days	33.25%	33,420	11,111	0%	-	-
301 to 330 days	51.95%	2,079	1,080	0%	-	-
331 to 360 days	67.91%	436	296	0%	-	-
Above 360 days	100.00%	28,352	22,070	100%	64,340	64,340
		1,502,524	42,066		175,533	64,340
Trade debts against which collateral is held		104,594	-		-	-
Gross Trade debts		**1,607,118**	**42,066**		**175,533**	**64,340**

June 30, 2020	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	1.36%	677,390	9,194	0.00%	797,661	-
31 to 60 days	3.44%	198,992	6,847	0.00%	-	-
61 to 90 days	7.31%	175,909	12,858	0.00%	-	-
91 to 120 days	16.17%	130,985	21,181	0.00%	-	-
121 to 150 days	25.18%	101,068	25,452	0.00%	-	-
151 to 180 days	32.45%	86,813	28,174	0.00%	8	-
181 to 210 days	44.63%	15,613	6,968	0.00%	-	-
211 to 240 days	56.31%	1,966	1,107	0.00%	-	-
241 to 270 days	66.41%	1,152	765	0.00%	-	-
271 to 300 days	74.43%	2,663	1,982	0.00%	-	-
301 to 330 days	85.00%	1,027	873	0.00%	-	-
331 to 360 days	93.17%	2,783	2,593	0.00%	-	-
Above 360 days	100.00%	10,488	10,488	100.00%	82,627	82,627
		1,406,849	128,482		880,296	82,627
Trade debts against which collateral is held		210,048	-		-	-
Gross Trade debts		**1,616,897**	**128,482**		**880,296**	**82,627**

* This represents amounts net of trade debts against which security deposits and inland letters of credit, considered as collateral, are held amounting to Rs 169.048 million (2020: Rs 73.4 million) and Rs 41 million (2020: Nil), respectively.

The amount of loss allowance that best represents maximum exposure to credit risk at the end of the reporting period without taking into account any collateral is Rs 300.33 million (2020: Rs 71.693 million).

Default is triggered when more than 360 days have passed. The names of defaulting parties of outstanding trade debts from export sales and their respective default amount is as follows:

	2021	2020
	(Rupees in thousand)	
Nobel Translink Private Limited	10,375	20,086
Chempex Industries	31	3,937
Hizbullah & Saeed Ullah House Limited	369	393
Vikrant Traders	47,969	51,085
A A Middle East FZE	101	107
Taruna Trading Company	4,011	4,271
Sai Enterprises	-	305
Square Corporation	1,080	1,150
Société Kalfane Fils	-	190
Bulkcor	-	1,046
Others	404	57
	64,340	82,627

(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	2021	2020
				(Rupees in thousand)	
Bank Alfalah Limited	A1+	AA+	PACRA	132,671	221,234
Bank Islami Pakistan Limited	A1	A+	PACRA	228	2,167
The Bank of Punjab	A1+	AA+	PACRA	105	245
The Bank of Khyber	A1	A	PACRA	42	265
Citibank N.A.	F-1	A+	FITCH	12	12
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	0.63	2,685
MCB Bank Limited	A1+	AAA	PACRA	637,203	57,092
MCB Islamic Bank Limited	A1	A	PACRA	21,154	19,746
Habib Bank Limited	A-1+	AAA	JCR-VIS	0.01	0.012
Meezan Bank Limited	A-1+	AAA	JCR-VIS	15	14
National Bank of Pakistan	A1+	AAA	PACRA	11,204	3,229
Silk Bank Limited	A-2	A-	JCR-VIS	5	5
Soneri Bank Limited	A1+	AA-	PACRA	-	6,551
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	187	121
United Bank Limited	A-1+	AAA	JCR-VIS	1,437	33,155
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	27	27
Faysal Bank Limited	A1+	AA	PACRA	6	662
JS Bank Limited	A1+	AA-	PACRA	12	12
Samba Bank Limited	A-1	AA	JCR-VIS	1,071	-
Industrial and Commercial Bank of China	F1 +	A	FITCH	20	-
Habib Bank Limited - Islamic	A-1+	AAA	JCR-VIS	198	-
				805,597	347,222

(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, 2021, the Company had Rs 26,057 million available borrowing limits from financial institutions under mark up arrangements, Rs 16,500 million available borrowing limits from financial institutions under import finance facilities and Rs 806.373 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.

	(Rupees in thousand)					
July 01, 2021	**Less than 1 year**	**Between 1 and 2 years**	**2 to 5 years**	**Over 5 years**	**Total contractual cashflows**	**Carrying value**
Long term finances	5,323,017	7,569,457	11,427,446	2,037,874	26,357,794	25,430,767
Trade and other payables	10,897,772	-	-	-	10,897,772	10,897,772
Long term deposits	51,868	20,402	91,387	83,335	246,992	246,992
Accrued mark-up	507,769	-	-	-	507,769	507,769
Short term borrowings						
- secured	18,362,050	-	-	-	18,362,050	18,362,050
Unclaimed dividend	33,517	-	-	-	33,517	33,517
	35,175,993	7,589,859	11,518,833	2,121,209	56,405,894	55,478,867

	(Rupees in thousand)					
July 01, 2020	**Less than 1 year**	**Between 1 and 2 years**	**2 to 5 years**	**Over 5 years**	**Total contractual cashflows**	**Carrying value**
Long term finances	2,010,621	5,761,324	14,883,761	1,326,915	23,982,621	23,982,621
Trade and other payables	7,346,221	-	-	-	7,346,221	7,346,221
Long term deposits	20,975	93,957	6,932	132,073	253,937	253,937
Accrued mark-up	712,275	-	-	-	712,275	712,275
Short term borrowings						
- secured	23,495,967	-	-	-	23,495,967	23,495,967
Unclaimed dividend	33,837	-	-	-	33,837	33,837
	33,619,896	5,855,281	14,890,693	1,458,988	55,824,858	55,824,858

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, 2021 and 2020 were as follows:

		2021	2020
		(Rupees in thousand)	
Borrowings - notes 7, 12.5 and 14		43,810,865	47,502,402
Less: Cash and bank balances - note 26		806,373	347,834
Net debt		43,004,492	47,154,568
Total equity		73,477,873	66,644,157
Gearing ratio	**Percentage**	59%	71%

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, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees in thousand)		
Recurring fair value measurements				
Assets				
Investments - FVOCI	20,792,446	-	5,700,229	26,492,675
Total assets	20,792,446	-	5,700,229	26,492,675
Total liabilities	-	-	-	-
As at June 30, 2020				
Recurring fair value measurements				
Assets				
Investments - FVOCI	20,191,507	-	2,364,787	22,556,294
	20,191,507	-	2,364,787	22,556,294
Total liabilities	-	-	-	-

Movement in the above mentioned assets has been disclosed in notes 18 and 23 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 19.73 and Rs 38.42 per ordinary share, respectively, as at June 30, 2021, 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, 2021			
Assets as per statement of financial position			
Long term loans and deposits	-	57,513	57,513
Trade debts	-	1,676,245	1,676,245
Loans, deposits and other receivables	-	35,837	35,837
Loan to related party	-	765,000	765,000
Investments	26,492,675	-	26,492,675
Cash and bank balances	-	806,373	806,373
	26,492,675	3,340,968	29,833,643

	At fair value through other comprehensive income	At amortised cost	Total
		(Rupees in thousand)	
As at June 30, 2020			
Assets as per statement of financial position			
Long term loans and deposits	-	57,984	57,984
Trade debts	-	2,286,084	2,286,084
Loans, deposits and other receivables	-	15,227	15,227
Loan to related party	-	765,000	765,000
Investments	22,556,294	-	22,556,294
Cash and bank balances	-	347,834	347,834
	22,556,294	3,472,129	26,028,423

	Financial liabilities at amortized cost	
	2021	2020
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term finances - secured	25,430,767	23,982,621
Long term deposits	246,992	253,937
Accrued mark-up	507,769	712,275
Trade and other payables	10,897,772	7,346,221
Short term borrowings - secured	18,362,050	23,495,967
Unclaimed dividend	33,517	33,837
	55,478,867	55,824,858

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.

44. Disclosures by Company Listed on Islamic Index

	2021	2020
	(Rupees in thousand)	
Loans/advances obtained as per Islamic mode:		
Loans obtained as per Islamic mode	6,428,254	5,937,320
Shariah compliant bank deposits/bank balances:		
Bank balances	21,503	24,858
Profit earned from shariah compliant bank deposits/bank balances		
Profit on deposits with banks	1,847	-
Revenue earned from shariah compliant business	45,107,691	38,033,123
Gain or dividend earned from shariah compliant investments		
Dividend income	123,212	122,527
Exchange gain	58,308	492,142
Mark-up paid on Islamic mode of financing	419,053	894,387
Profits earned or interest paid on any conventional loan or advance		
Profit earned on loan to related party	64,517	112,322
Profit earned on deposits with banks	12,274	3,713
Interest paid on loans	2,706,328	3,856,193

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 September 14, 2021 by the Board of Directors of the Company.

46. Event after the reporting period

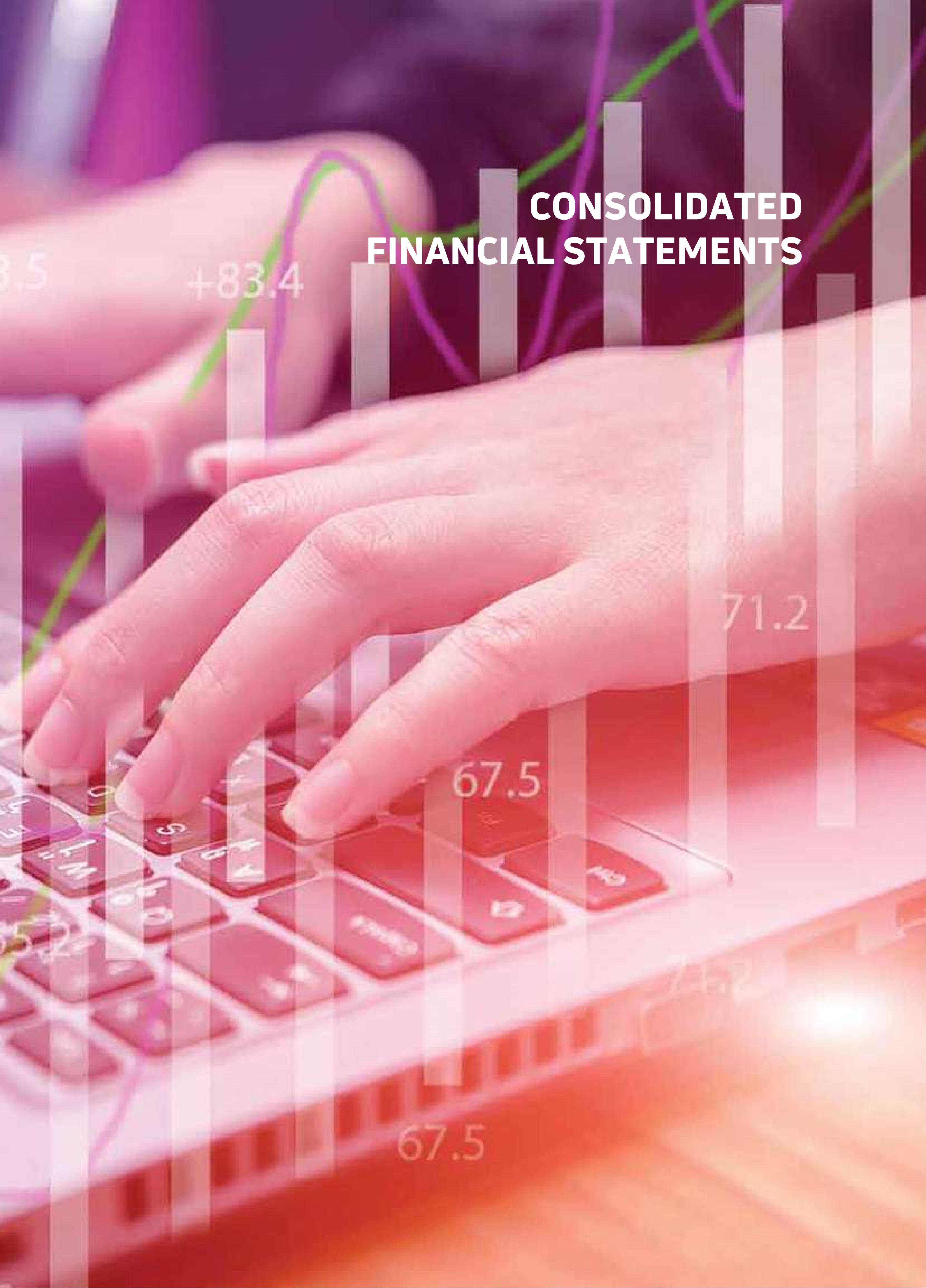
The Board of Directors have proposed a dividend of Rs 1.0 per share, amounting to Rs 438.119 million at their meeting held on September 14, 2021 for approval of the members at the Annual General Meeting to be held on October 28, 2021. These financial statements do not include the effect of the above dividend that will be accounted for in the period in which it is approved.

47. Corresponding figures

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, however, no significant reclassification has been made except that the Expansion Project of Rs 1,728.945 million previously disclosed separately under Capital work-in-progress now reclassified and included within the items of Capital work-in-progress.

Chief Executive	Chief Financial Officer	Director

CONSOLIDATED FINANCIAL STATEMENTS



Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of D. G. Khan Cement Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, 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, 2021, 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 the Cement segment's approved business plan. Due to the significant level of judgement and estimation required in preparing the business plan for determining recoverability of deferred tax assets and the significance of the amounts involved, we consider it to be a key audit matter.	Our audit procedures included the following: - Obtained an understanding of the Group's process of preparing the deferred tax working and tested internal controls over management's valuation of deferred tax assets; - Obtained an understanding regarding the relevant tax laws with respect to availability of tax credits and unused tax losses; - Recalculated the amount of tax credits and unused tax losses in accordance with the provisions of Income Tax Ordinance, 2001; - Involved internal tax specialists to check the income tax

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td></td><td></td><td>computation for the year and assessed the management's conclusion on carry forward of the tax credits and unused tax losses;

- Obtained the Cement segment'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 Cement segment'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 Group in this area with regard to the applicable accounting and reporting standards.</td></tr>
<tr><td>2.</td><td>Investments measured at fair value

(Refer notes 20.1.1 and 20.1.2 to the annexed consolidated financial statements)

The Group holds investments in equity instruments of Nishat Hotels and Properties Limited ('NHPL') and Hyundai Nishat Motor (Private) Limited ('HNMPL').

Due to NHPL and HNMPL being non-listed companies, their shares do not have a quoted price in an active market. Therefore, fair values of their shares have been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flows of respective businesses and related discount rates. Management involved an expert to perform these valuations on its behalf.

Due to the significant level of judgment and estimation required to determine the fair value of the investments, we consider it to be a key audit matter.</td><td>Our audit procedures included the following:

- Understood and evaluated the process by which the cash flow forecasts were prepared and approved, including confirming the mathematical accuracy of the underlying calculations;

- Evaluated the cash flow forecasts by obtaining an understanding of respective businesses of NHPL and HNMPL;

- Obtained an understanding of the work performed by the management's expert on the models for the purpose of valuations;

- Examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;

- Obtained corroborating evidence relating to the values as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecasts by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data;

- Performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the values of the investments; and

- Assessed the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.</td></tr>
</table>

Sr. No.	Key audit matters	How the matters were addressed in our audit
3.	**Revenue recognition** *(Refer notes 4.21 and 31 to the annexed consolidated financial statements)* Revenue from sale of goods is recognised when performance obligation is satisfied by transferring control of promised goods to the customers. The Group is principally engaged in the production and sale of cement and clinker in the local and export markets. We considered revenue recognition relating to the Cement segment as a key audit matter due to revenue being one of the key performance indicators of the Group, large number of revenue transactions with a large number of customers in various geographical locations, inherent risk of material misstatement and significant increase in revenue from the Cement segment from last year.	Our audit procedures included the following: - Understood and evaluated management controls over revenue and checked their validation; - Performed testing of sample of revenue transactions with underlying documentation including dispatch documents and sales invoices; - Performed cut-off procedures on sample basis to ensure revenue has been recognised in the correct period; - Checked on a sample basis, approval of sales prices by the appropriate authority; - Performed recalculation of discounts as per Cement segment's policy on test basis; - Performed analytical procedures to analyse variation in the price and quantity sold during the year; - Tested journal entries relating to revenue recognised during the year based on identified risk criteria; and - Assessed the adequacy of disclosures made in the financial statements related to revenue.

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

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

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

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

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

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A.F. Ferguson & Co.

A.F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: September 28, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021	2020
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
950,000,000 (2020: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
50,000,000 (2020: 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 (2020: 438,119,118)			
ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Other reserves	6	30,223,348	27,171,663
Revenue reserve: Un-appropriated profits		39,089,297	35,104,580
Attributable to owners of the parent company		73,693,836	66,657,434
Non-controlling interests		2,182,351	2,016,356
Total equity		75,876,187	68,673,790
NON-CURRENT LIABILITIES			
Long term finances - secured	7	19,821,227	22,683,041
Deferred government grant	8	664,636	-
Long term deposits	9	246,992	253,937
Deferred liabilities	10	530,803	521,834
Deferred taxation	11	3,784,340	2,723,382
		25,047,998	26,182,194
CURRENT LIABILITIES			
Trade and other payables	12	14,747,002	11,434,927
Accrued markup	13	553,468	803,423
Short term borrowings - secured	14	20,939,726	25,849,525
Loans from related parties - unsecured	15	214,000	214,000
Current portion of non-current liabilities	16	6,654,320	2,083,929
Unclaimed dividend		33,517	33,837
Provision for taxation		35,090	35,090
		43,177,123	40,454,731
CONTINGENCIES AND COMMITMENTS	17		
		144,101,308	135,310,715

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive

AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	88,584,507	87,162,933
Biological assets	19	877,563	881,340
Investments	20	13,718,917	9,573,740
Long term loans to employees	21	4,601	5,096
Long term deposits	22	57,513	57,908
		103,243,101	97,681,017
CURRENT ASSETS			
Stores, spares and loose tools	23	13,102,583	8,461,802
Stock-in-trade	24	3,682,698	5,495,625
Trade debts	25	2,570,837	3,042,990
Contract assets	26	113,862	120,019
Investments	27	12,946,812	13,126,408
Loans, advances, deposits, prepayments and other receivables	28	544,418	904,901
Loan to related party	29	765,000	765,000
Income tax recoverable		5,233,271	5,024,962
Cash and bank balances	30	1,898,726	687,991
		40,858,207	37,629,698
		144,101,308	135,310,715

Chief Financial Officer

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the Year Ended June 30, 2021

	Note	2021	2020
		(Rupees in thousand)	
Revenue	31	49,074,877	41,592,686
Cost of sales	32	(40,067,473)	(39,626,910)
Gross profit		9,007,404	1,965,776
Administrative expenses	33	(746,676)	(741,877)
Selling and distribution expenses	34	(1,953,824)	(1,786,905)
Net impairment gains/(losses) on financial assets		87,963	(158,730)
Changes in fair value of biological assets	19	241,437	305,256
Other expenses	35	(576,399)	(710,899)
Other income	36	2,568,801	2,433,728
Finance cost	37	(3,121,788)	(5,111,350)
Profit/(loss) before taxation		5,506,918	(3,805,001)
Taxation	38	(1,413,735)	1,575,816
Profit/(loss) for the year		4,093,183	(2,229,185)
Profit/(loss) is attributable to:			
Owners of the parent company		3,925,735	(2,210,610)
Non-controlling interests		167,448	(18,575)
		4,093,183	(2,229,185)
Earnings/(loss) per share - basic			
and diluted in Rupees	39	8.96	(5.05)

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, 2021

	2021	2020
	(Rupees in thousand)	
Profit/(loss) for the year	4,093,183	(2,229,185)
Other comprehensive income/(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)	3,731,923	(1,666,531)
Tax effect of change in fair value of investments at fair value through OCI	(681,691)	(40,036)
Remeasurement of retirement benefits	80,046	11,964
Tax effect of remeasurement of retirement benefits	(21,064)	(3,148)
	3,109,214	(1,697,751)
Other comprehensive income/(loss) for the year	3,109,214	(1,697,751)
Total comprehensive income/(loss) for the year	7,202,397	(3,926,936)
Total comprehensive income/(loss) is attributable to:		
Owners of the parent company	7,036,402	(3,903,738)
Non-controlling interests	165,995	(23,198)
	7,202,397	(3,926,936)

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, 2021

		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 1, 2019	4,381,191	4,557,163	18,852,083	353,510	5,110,851	37,744,493	70,999,291	2,039,554	73,038,845
Total comprehensive loss for the year									
- Loss for the year	-	-	-	-	-	(2,210,610)	(2,210,610)	(18,575)	(2,229,185)
- Other comprehensive loss for the year:									
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(1,701,944)	-	-	-	(1,701,944)	(4,623)	(1,706,567)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	8,816	8,816	-	8,816
	-	-	(1,701,944)	-	-	(2,201,794)	(3,903,738)	(23,198)	(3,926,936)
Transactions with owners in their capacity as owners recognised directly in equity									
Final dividend for the year ended June 30, 2019 (Rupee 1 per share)	-	-	-	-	-	(438,119)	(438,119)	-	(438,119)
Balance as on June 30, 2020	4,381,191	4,557,163	17,150,139	353,510	5,110,851	35,104,580	66,657,434	2,016,356	68,673,790
Total comprehensive income for the year									
- Profit for the year	-	-	-	-	-	3,925,735	3,925,735	167,448	4,093,183
- Other comprehensive income for the year:									
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	3,051,685	-	-	-	3,051,685	(1,453)	3,050,232
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	58,982	58,982	-	58,982
	-	-	3,051,685	-	-	3,984,717	7,036,402	165,995	7,202,397
Balance as on June 30, 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

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, 2021

	Note	2021	2020
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	40	11,462,586	6,859,344
Finance cost paid		(3,371,743)	(5,200,549)
Retirement and other benefits paid		(74,770)	(95,663)
Income tax paid		(1,263,841)	(1,627,096)
Long term loans, advances and deposits - net		(6,055)	9,860
Net cash inflow/(outflow) from operating activities		6,746,177	(54,104)
Cash flows from investing activities			
Payments for property, plant and equipment		(5,263,308)	(7,396,987)
Proceeds from disposal of operating fixed assets		64,617	82,044
Proceeds from sale of biological assets		152,074	119,619
Investment in equity instruments		(233,654)	(207,776)
Recovery of loan given to related party		-	235,000
Interest income received		56,895	115,486
Dividends received		2,215,940	2,069,435
Net cash outflow from investing activities		(3,007,436)	(4,983,179)
Cash flows from financing activities			
Proceeds from long term finances acquired		8,864,661	5,978,902
Repayment of long term finances		(6,493,885)	(3,125,536)
Dividends paid to owners of the parent company		(320)	(437,720)
Net cash inflow from financing activities		2,370,456	2,415,646
Net decrease in cash and cash equivalents		6,109,197	(2,621,637)
Cash and cash equivalents at the beginning of the year		(25,161,534)	(22,067,766)
Effect of exchange rate changes on cash and cash equivalents		11,337	(472,131)
Cash and cash equivalents at the end of the year	41	(19,041,000)	(25,161,534)

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

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, 2020 but are considered not to be relevant or to have any significant effect on the Group’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements, except for the following:

(a) Definition of Material – Amendments to International Accounting Standard ('IAS') 1 and IAS 8

The IASB has made amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the consolidated financial statements as a whole, and

- the meaning of ‘primary users of general purpose financial statements’ to whom those consolidated financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose consolidated financial statements for much of the financial information they need.

The Group has assessed that the application of this amendment does not have any material impact on 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, 2020 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) Classification of Liabilities - Amendments to IAS 1: (effective for annual period beginning on July 01, 2023)

The narrow-scope amendments to IAS 1 'Presentation of Financial Statements' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the ‘settlement’ of a liability.

In particular, the amendment clarifies that:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights.

- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management’s expectations do not affect the classification.

- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

- 'Settlement' is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The Group does not expect any significant impact of this amendment on its financial statements.

b) Amendments to IFRS 7, IFRS 4 and IFRS 16 for interest rate benchmark (IBOR) reform (effective for annual period beginning on July 1, 2021) - Phase 2

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The IASB tackled the changes in the following two phases:

- Phase 1 amended specific hedge accounting requirements where uncertainty could arise in the run-up to transition; and
- Phase 2 addressed potential financial reporting issues that may arise when IBORs are either reformed or replaced.

These amendments include the following:

- Accounting for changes in the basis for determining contractual cash flows of a financial asset or financial liability as a result of IBOR reform;

- Hedge accounting requirements; and
- Disclosures.

The Group is yet to assess the impact of these amendments on its financial statements.

c) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (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 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, and
- certain employee benefit obligations and provisions at present value.

3.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. 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 38
b) Employee retirement benefits - 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 4.7 and 19
e) Fair value of unquoted fair value through other comprehensive income ('FVOCI') investments - note 4.20

f) Impairment of financial assets (other than investments in equity instruments) - note 4.13.4

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

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for the accounting policy adopted as set out in note 4.28.

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 business 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, 2020 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:

	2021	2020
Discount rate per annum	10.00%	8.50%
Expected increase in eligible salary level per annum	9.00%	7.50%
Duration of the plan (years)	8	8

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

(b) Defined contribution plan

The Group operates 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.

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, 2018 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, 2020 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:

	2021	2020
Discount rate per annum	10.00%	8.50%
Expected rate of increase in salary level per annum	9.00%	7.50%
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	9

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 4.20.

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, 2021 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 consolidated financial statements.

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

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

4.6.2 Major spare parts and stand-by equipment

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

4.6.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.7 Biological assets - Livestock

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes. Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The fair value of milk is determined based on market prices in the local area.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock is recognized in the consolidated statement of profit or loss.

Livestock are categorized as mature or immature. Mature livestock are those that have attained harvestable specifications. Immature livestock have not yet reached that stage.

Farming cost such as feeding, labour cost, pasture maintenance, veterinary services and sheering are expensed as incurred. The cost of purchase of cattle and transportation charges are capitalised as part of biological assets.

4.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.9 Leases

The Group is the lessee:

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 fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options. 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.

4.10 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.

4.11 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.

4.12 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 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.

4.13 Financial assets

4.13.1 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.

4.13.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.13.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these consolidated financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these consolidated financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.13.4 Impairment of financial assets other than investment in equity instruments

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables while general 3-stage approach for 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;
- Loans to employees;
- Loan to related party;
- Deposits and other receivables; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

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

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

The following indicators are considered while assessing credit risk:

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

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

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

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

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

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

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

Irrespective of the above analysis, in case of trade debts, the Group considers that default has occurred when a debt is more than 360 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

- significant financial difficulty of the issuer or the borrower;

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

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

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

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

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

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

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

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these consolidated financial assets are estimated using a provision matrix approach based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

- Nature of financial instruments;

- Past-due status;

- Nature, size and industry of debtors; and

- external credit ratings where available.

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

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

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.14 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

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

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

4.16 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The 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.

4.17 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. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position. Book overdrafts are shown within trade and other payables in current liabilities.

4.18 Foreign currency transactions and translation

a) 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. All foreign exchange gains and losses including foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss on a net basis within exchange 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.

4.19 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.

4.20 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.

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.

4.21 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. 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.

4.22 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 Group'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 members is recognised as a liability in the period in which the dividends are approved.

4.25 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.

4.26 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.

4.27 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).

4.28 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.

4.29 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

2021	2020			2021	2020
(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 (2020: 137,574,201), 228,500 (2020: 228,500) and 3,358,344 (2020: 3,358,344) ordinary shares of the parent company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited and Adamjee Insurance Company Limited respectively.

Nishat Mills Limited is an Investor as per International Accounting Standard ('IAS') 28, 'Investments in Associates and Joint Ventures'.

5.2 20,000,000 ordinary shares of Rs 10 each were issued to the shareholders of D. G. Khan Electric Company Limited upon its merger with the Parent company on July 01, 1999. These shares were issued as consideration of merger against all assets, properties, rights, privileges, powers, bank accounts, trade marks, patents, leaves and licenses of D. G. Khan Electric Company Limited.

		2021	2020
		(Rupees in thousand)	

6. Other reserves

Movement in and composition of reserves is as follows:

		2021	2020
Capital reserves			
- Share premium	- note 6.1	4,557,163	4,557,163
- FVOCI reserve	- note 6.2	20,201,824	17,150,139
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		25,112,497	22,060,812
Revenue reserve			
- General reserve		5,110,851	5,110,851
		30,223,348	27,171,663

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.

		2021	2020
		(Rupees in thousand)	

7. Long term finances - secured

		2021	2020
From banking companies:			
Loans under refinance scheme	- note 7.1	4,816,463	614,185
Long term loans	- note 7.2	21,353,973	24,114,505
		26,170,436	24,728,690
Current portion shown under current liabilities		(6,349,209)	(2,045,649)
		19,821,227	22,683,041

7.1 Loans under refinance scheme - secured

Lender	2021	2020	Number of instalments outstanding	Mark-up Payable
	(Rupees in thousand)			
State Bank of Pakistan's Islamic Refinance Scheme for Payment of Wages & Salaries				
Loan 1 Allied Bank Limited	427,751	570,338	6 equal quarterly instalments ending in October 2022	Quarterly
Loan 2 Faysal Bank Limited	431,237	-	8 equal quarterly instalments ending in December 2022	Quarterly
Loan 3 Bank Alfalah Limited	43,736	28,505	8 equal quarterly instalments ending in October 2022	Quarterly
Loan 4 Allied Bank Limited	22,763	15,342	8 equal quarterly instalments ending in November 2022	Quarterly
State Bank of Pakistan's Islamic Temporary Economic Refinance Facility (ITERF)				
Loan 5 National Bank of Pakistan	4,219,276	-	20 equal quarterly instalments starting in June 2022	Quarterly
Loan 6 Faysal Bank Limited	600,000	-	16 equal semi-annual instalments starting in November 2022	Half yearly
	5,744,763	614,185		

Such facilities are available at mark-up rates ranging from base rate plus 0.5% to 0.7% 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% per annum.

Loan 1

This represents long term financing facility availed under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'), amounting to Rs 570.338 million. The total facility available amounts to Rs 575 million. The loan is secured by ranking charge over fixed assets of the Cement segment for Rs 760 million to be upgraded to first pari passu charge.

Loan 2

This represents long term financing facility availed under SBP Refinance Scheme amounting to Rs 574.982 million. The total facility available amounts to Rs 575 million. The loan is 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 total facility available amounts to Rs 62.52 million. The facility is secured against current assets of the Dairy segment.

Loan 4
This represents long term financing facility availed under SBP Refinance Scheme amounting to Rs 22.7 million. The Group has not recognized the loan at present value of future cashflows discounted using market rate, as the impact is immaterial. The loan is secured by first pari passu charge over current assets of the Paper segment with 25% margin.

Loan5
This represents long term financing facility availed under SBP Temporary Economic Refinance Scheme amounting to Rs 4,219.276 million that has been converted from long term loan as referred in note 7.2. The total facility available amounts to Rs 5,245 million. 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 SBP Temporary Economic Refinance Scheme amounting to Rs 600 million. The total facility available amounts to Rs 600 million. The loan is secured by first pari passu charge of Rs 800 million over present and future fixed assets of the Cement segment (including land & machinery).

7.1.1 The reconciliation of the carrying amount is as follows:

		2021	2020
		(Rupees in thousand)	
Balance as at beginning of the year		614,185	-
Disbursements during the year		5,432,461	614,185
Repayments during the year		(301,883)	-
	- note 7.1	5,744,763	614,185
Discounting adjustment for recognition at fair value - deferred government grant	- note 8	(1,071,316)	-
Unwinding of discount on liability		143,016	-
Balance as at end of the year		4,816,463	614,185
Current portion shown under current liabilities	- note 16	(850,636)	(149,835)
		3,965,827	464,350

7.2 Long term loans

Lender	2021 (Rupees in thousand)	2020	Number of instalments outstanding	Mark-up Payable
Loan 1 The Bank of Punjab	350,000	400,000	7 equal semi-annual instalments ending in December 2024	Half yearly
Loan 2 The Bank of Punjab	500,000	-	10 equal semi-annual instalments starting in May 2022	Half yearly
Loan 3 The Bank of Punjab - Islamic	500,000	-	10 equal semi-annual instalments starting in December 2022	Half yearly
Loan 4 Habib Bank Limited	150,000	300,000	2 equal quarterly instalments ending in December 2021	Quarterly

Lender	2021	2020	Number of instalments outstanding	Mark-up Payable
	(Rupees in thousand)			
Loan 5 Habib Bank Limited	1,750,000	2,000,000	7 equal semi-annual instalments ending in December 2024	Quarterly
Loan 6 Habib Bank Limited	1,749,863	1,999,844	7 equal semi-annual instalments ending in December 2024	Quarterly
Loan 7 Bank Alfalah Limited	1,750,000	2,000,000	7 equal semi-annual instalments ending in December 2024	Quarterly
Loan 8 Bank Alfalah Limited	1,250,000	1,375,000	10 equal quarterly instalments ending in November 2023	Quarterly
Loan 9 Bank Alfalah Limited	1,500,000	1,500,000	16 equal quarterly instalments starting in March 2022	Quarterly
Loan 10 National Bank of Pakistan	2,093,000	2,242,500	14 equal quarterly instalments ending in October 2024	Quarterly
Loan 11 National Bank of Pakistan	-	2,864,717	N/A. This loan was converted to refinance scheme as referred to in note 7.1	Quarterly
Loan 12 National Bank of Pakistan -Islamic	900,000	1,000,000	9 equal semi annual instalments ending in December 2025	Half yearly
Loan 13 BankIslami Pakistan Limited	50,000	100,000	1 quarterly equal instalment in September 2021	Quarterly
Loan 14 Standard Chartered Bank (Pakistan) Limited	333,333	500,000	2 equal quarterly instalments ending in December 2021	Quarterly
Loan 15 Allied Bank Limited	900,000	900,000	20 equal quarterly instalments starting in August 2021	Quarterly
Loan 16 Allied Bank Limited	4,903,334	5,230,222	15 equal quarterly instalments ending in March 2025	Quarterly
Loan 17 Allied Bank Limited	2,000,000	1,000,000	12 equal quarterly instalments starting in April 2022	Quarterly
Loan 18 Habib Bank Limited	480,000	480,000	10 equal semi annual instalments ending in February 2025	Half yearly
Loan 19 The Bank of Punjab	194,443	222,222	9 equal semi annual instalments ending in October 2024	Half yearly
	21,353,973	24,114,505		

Such facilities are available at mark-up rates ranging from three to six months Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.15% to 0.75% per annum (2020: three to six months KIBOR plus 0.15% to 0.75% 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 fixed assets of all three units of the Cement segment for Rs 2,000 million.

Loan 3
First pari passu charge over fixed assets of all three units 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 2,000 million with 25% margin.

Loan 5
First pari passu charge over present and future fixed assets of the Cement segment for Rs 3,333.34 million with 25% margin.

Loan 6
First pari passu charge over present and future fixed assets of the Cement segment for Rs 3,333.34 million with 25% margin.

Loan 7
First pari passu charge over present & future fixed assets of the Cement segment for Rs 3,333.34 million with 25% margin.

Loan 8
First pari passu charge over present and future fixed assets of the Cement segment for Rs 2,667 million.

Loan 9
Ranking charge over fixed assets of the Cement segment for Rs 2,000 million to be upgraded to first pari passu charge.

Loan 10
First pari passu charge over present and future fixed assets of the Cement segment for Rs 4,000 million with 25% margin.

Loan 11
First pari passu charge over present and future fixed assets of the Cement segment for Rs 6,993.33 million with 25% margin.

Loan 12
First pari passu charge over present and future fixed assets of the Cement segment for Rs 1,333.34 million.

Loan 13
First pari passu charge over present and future fixed assets of the Cement segment for Rs 1,000 million.

Loan 14
First pari passu charge over present and future fixed assets of the Cement segment for Rs 2,666 million.

Loan 15
First pari passu charge over present and future fixed assets of the Cement segment for Rs 1,200 million with 25% margin.

Loan 16
First pari passu charge over present and future fixed assets of the Cement segment for Rs 7,867 million with 25% margin.

Loan 17
Ranking charge over fixed assets of the Cement segment for Rs 1,333.33 million to be upgraded to first pari passu charge.

Loan 18
First pari passu hypothecation charge on present and future fixed assets (plant and machinery) of the Paper segment with 25% margin.

Loan 19
First pari passu charge over present and future operating fixed assets (plant and machinery) of the Paper segment.

		2021	2020
		(Rupees in thousand)	

7.2.2 The reconciliation of the carrying amount is as follows:

Opening balance		24,114,505	21,875,324
Disbursements during the year		3,432,200	5,364,717
Repayments during the year		(6,192,732)	(3,125,536)
		21,353,973	24,114,505
Current portion shown under current liabilities	- note 16	(5,498,573)	(1,895,814)
		15,855,400	22,218,691

8. Deferred government grant

This represents deferred government grant recognized in respect of the benefit of below-market interest rate on the facilities as referred to in note 7.1 to these consolidated financial statements. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Group has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans. The discount rates used range from 7.34% to 9.81% per annum. The reconciliation of the carrying amount is as follows:

		2021	2020
		(Rupees in thousand)	
Opening balance		-	-
Deferred grant recognized during the year		1,071,316	-
Credited to profit or loss		(142,286)	-
		929,030	-
Current portion shown under current liabilities	- note 16	(264,394)	-
Closing balance		664,636	-

There are no unfulfilled conditions or other contingencies attached to these grants.

9. Long term deposits

Customers	144,957	152,152
Others	102,035	101,785
	246,992	253,937

These include interest free security deposits from stockists and suppliers and are repayable on cancellation/withdrawal of the dealership or on cessation of business with the Group. As per the agreements signed with these parties, the Group has the right to utilise the amounts for the furtherance of their business, hence, the amounts are not required to be kept in a separate account maintained in a scheduled bank. Therefore, the Group is in compliance with section 217 of Companies Act, 2017. These deposits have not been carried at amortised cost since the effect of discounting is immaterial in the context of these consolidated financial statements.

		2021	2020
		(Rupees in thousand)	

10. Deferred liabilities

Staff gratuity	- note 10.1	366,491	362,292
Accumulating compensated absences	- note 10.2	164,312	159,542
		530,803	521,834

10.1 Staff gratuity

The amounts recognised in the consolidated statement of financial position are as follows:

	2021	2020
	(Rupees in thousand)	
Present value of defined benefit obligation	882,582	798,510
Fair value of plan assets	(516,091)	(436,218)
Liability as at June 30	366,491	362,292

10.1.1 Movement in net liability for staff gratuity

	2021	2020
Net liability as at beginning of the year	362,292	298,240
Current service cost	81,925	79,585
Net interest on defined benefit obligation	66,046	96,177
Return on plan assets during the year	(36,842)	(57,093)
	111,129	118,669
Total remeasurements for the year (credited)/charged to consolidated statement of comprehensive income	(80,046)	(11,963)
Contributions made by the Group during the year	(26,884)	(42,654)
Liability as at June 30	366,491	362,292

10.1.2 Movement in present value of defined benefit obligation

	2021	2020
Present value of defined benefit obligation as at beginning of the year	798,510	708,876
Current service cost	81,925	79,585
Interest cost	66,046	96,177
Payments against opening payables	(5,159)	-
Benefits paid during the year	(32,440)	(62,620)
Remeasurements:		
- Actuarial losses/(gains) from changes in financial assumptions	2,055	(7,149)
- Experience adjustments	(28,355)	(16,359)
	(26,300)	(23,508)
Present value of defined benefit obligation as at end of the year	882,582	798,510

10.1.3 Movement in fair value of plan assets

	2021	2020
Fair value of plan assets as at beginning of the year	436,218	410,636
Interest income on plan assets	36,842	57,093
Contributions during the year	26,884	42,654
Benefits paid during the year	(37,599)	(62,620)
Remeasurements in fair value of plan assets	53,746	(11,545)
Fair value of plan assets as at end of the year	516,091	436,218

10.1.4 Plan assets

Plan assets are comprised as follows:

	2021		2020	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and bank balances	69,025	13.37%	66,033	15.14%
Debt instruments	316,921	61.41%	312,552	71.65%
Special Savings Certificates with accrued interest	130,145	25.22%	57,633	13.21%
	516,091	100.00%	436,218	100.00%

	2021	2020
	(Rupees in thousand)	
10.1.5 Charge for the year		
Current service cost	81,925	79,585
Interest cost	66,046	96,177
Interest income on plan assets	(36,842)	(57,093)
Total expense for the year	111,129	118,669
10.1.6 Total remeasurements charged to other comprehensive income		
Actuarial losses/(gains) from changes in financial assumptions	2,055	(7,149)
Experience adjustments	(28,355)	(16,359)
	(26,300)	(23,508)
Remeasurements in plan assets, excluding interest income	(53,746)	11,545
Total remeasurements (credited)/charged to consolidated statement of comprehensive income	(80,046)	(11,963)

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	
	2021	2020		2021	2020		2021	2020
Discount rate	1.00%	1.00%	Decrease by	7.24%	3.10%	Increase by	8.31%	7.94%
Salary growth rate	1.00%	1.00%	Increase by	8.40%	8.03%	Decrease by	7.44%	8.32%

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 defined benefit plan for the year ending June 30, 2022 is Rs. 129.062 million.

10.1.10 The weighted average duration of the defined benefit obligation is 8 years (2020 – 8 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, 2021	99,455	74,821	296,765	7,150,973	7,622,014
June 30, 2020	93,428	46,285	248,149	5,253,078	5,640,940

10.2 Accumulating compensated absences

		2021	2020
		(Rupees in thousand)	
Opening liability		159,542	150,954
Charged to profit or loss		55,093	59,661
Payments made during the year		(9,606)	(12,793)
		205,029	197,822
Current portion shown under current liabilities	- note 15	(40,717)	(38,280)
Liability as at year end		164,312	159,542

10.2.1 Movement in liability for accumulating compensated absences

	2021	2020
Present value of accumulating compensated absences as at beginning of the year	159,542	150,954
Current service cost	53,442	53,353
Interest cost	11,423	17,872
Benefits due but not paid	(40,717)	(38,280)
Benefits paid during the year	(9,606)	(12,793)
Remeasurement in respect of experience adjustments	(9,772)	(11,564)
Present value of accumulating compensated absences as at June 30	164,312	159,542

10.2.2 Charge for the year

	2021	2020
Current service cost	53,442	53,353
Interest cost	11,423	17,872
Remeasurement during the year	(9,772)	(11,564)
Total expense for the year	55,093	59,661

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

		2021	2020
Discount rate	Per annum	10.00%	8.50%
Expected rate of increase in salary	Per annum	9.00%	7.50%
Duration of the plan	Number of years	8	9
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

10.2.4 The sensitivity of the accumulated compensated balances to changes in the weighted principal assumptions is:

	Change in assumptions			Impact on defined benefit obligation				
				Increase in assumption			Decrease in assumption	
	2021	2020		2021	2020		2021	2020
Discount rate	1.00%	1.00%	Decrease by	7.83%	8.18%	Increase by	9.08%	9.52%
Salary growth rate	1.00%	1.00%	Increase by	8.97%	9.41%	Decrease by	7.88%	8.22%

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 taxable/(deductible) temporary differences, unused tax credits and unused tax losses relating to:

	2021	2020
	(Rupees in thousand)	
Deferred tax liability		
Accelerated tax depreciation	11,174,967	10,692,298
Borrowing cost capitalised	-	7,346
Un-realised gain on long term investment	771,482	89,791
Gain arising from changes in fair value of biological assets	242,985	185,888
	12,189,434	10,975,323
Deferred tax asset		
Available unused tax credits	(2,476,821)	(1,993,723)
Available unused tax losses	(5,756,742)	(6,069,483)
Loss allowance on financial assets	(12,672)	(37,260)
Provision for retirement and other benefits	(150,394)	(147,392)
Others	(8,465)	(4,083)
	(8,405,094)	(8,251,941)
	3,784,340	2,723,382

		2021	2020
		(Rupees in thousand)	

The gross movement in net deferred tax liability during the year is as follows:

Opening balance		2,723,382	4,339,696
Charged to other comprehensive income		702,755	43,184
Charged/(credited) to statement of profit or loss	- note 38	358,203	(1,666,956)
Other adjustments		-	7,458
Closing balance		3,784,340	2,723,382

Deferred tax assets 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 segment's approved business plan, it is probable that sufficient taxable profits will be available for utilization of deferred tax assets. With respect to the Dairy segment, minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 at June 30, 2021 is estimated at Rs 73.781 million (2020: Rs 43.132 million). The Group has not recognised deferred tax asset in respect of the above minimum tax available for carry forward as sufficient taxable profits would not be available to utilise these in the foreseeable future and 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
2021	30,649	2026
2020	6,280	2025
2019	13,151	2024
2018	3,701	2023
	73,781	

		2021	2020
		(Rupees in thousand)	

12. Trade and other payables

Trade creditors	- note 12.1	6,821,921	4,007,304
Bills payable		82,677	154,946
Infrastructure cess		315,362	210,404
Contract liability	- note 12.2	1,478,995	1,636,864
Accrued liabilities	- note 12.3	4,498,918	4,125,247
Workers' profit participation fund	- note 12.4	397,345	105,036
Workers' welfare fund	- note 12.5	116,617	3,899
Sales tax payable		205	280
Federal excise duty payable		752,953	874,586
Withholding tax payable		11,293	9,185
Retention money payable		86,172	112,585
Export commission payable		69,779	97,640
Book overdraft	- note 12.6	18,048	23,814
Others	- note 12.7	96,717	73,137
		14,747,002	11,434,927

12.1 Trade creditors include amounts due to following related parties:

Nishat Agriculture Farming (Private) Limited	26,299	48,547
Security General Insurance Company Limited	4,214	1,616
	30,513	50,163

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 1,117.328 million (2020: Rs 121.051 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 ICAP guidelines in this regard.

		2021	2020
		(Rupees in thousand)	

12.4 Workers' profit participation fund

The reconciliation of carrying amount is as follows:			
Opening balance		105,036	205,773
Provision for the year	- note 35	301,370	9,747
Interest for the year	- note 37	-	8,534
		406,406	224,054
Adjustments/Payments made during the year		(9,061)	(119,018)
Closing balance		397,345	105,036

12.5 Workers' welfare fund

The reconciliation of carrying amount is as follows:			
Opening balance		3,899	-
Provision for the year	- note 35	114,565	3,899
		118,464	3,899
Payments made during the year		(1,847)	-
Closing balance		116,617	3,899

12.6 This represents book overdraft balances due to cheques issued in excess of the bank balances in respect of saving accounts.

12.7 Includes payable to employees' provident fund amounting to Rs 21.993 million (2020: Rs 0.296 million).

		2021	2020
		(Rupees in thousand)	

13. Accrued mark-up

Accrued mark-up/interest on:			
- Long term finances - secured		305,141	442,431
- Short term borrowings - secured		248,327	360,992
		553,468	803,423

14. Short term borrowings - secured

From banking companies:			
Short term running finances - secured	- note 14.1	10,419,332	15,482,467
Import finances - secured	- note 14.2	6,360,894	6,483,558
Export finances - secured	- note 14.3	4,159,500	3,883,500
		20,939,726	25,849,525

14.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark-up arrangements aggregate to Rs 33,032 million (2020: Rs 29,763 million). Such facilities are available at mark-up rates ranging from one to three months Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.05% to 1.5% per annum (2020: 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 6.63% to 11.94% (2020: 8.33% to 15.35%) per annum and mark-up is payable monthly to quarterly. These are secured by first registered charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments, receivables.

14.2 Import finances - secured

Import finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs 20,670 million (2020: Rs 17,170 million). Such facilities are available at mark-up rates ranging from one to six months KIBOR plus 0.05% to 0.2% per annum (2020: one to three months KIBOR plus 0.010% to 0.2% per annum) and one to six months London Inter-Bank Offered Rate ('LIBOR') plus 0.75% per annum (2020: one to six months LIBOR plus 0.5% per annum). The mark-up rate charged during the year on the outstanding balance ranged from 6.94% to 8.19% (2020: 1.74% to 14.67%) per annum and mark-up 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 and Paper segment, wherever situated, including stores and spares, stock in trade, trade debts, investments and other receivables.

14.3 Export finances - secured

Export finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs 15,200 million (2020: Rs 10,650 million). Such facilities are available at mark-up rate as per the State Bank of Pakistan's (SBP) Export Finance Scheme plus 0.25% to 1.00% per annum (2020: mark-up rate as per SBP's Export Finance Scheme plus 0.25% to 1.00% per annum). The Export Finance Scheme rate has remained constant at 2% throughout the year. These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Cement Segment.

14.4 Letters of credit and guarantees

Of the aggregate facility of Rs 29,508 million (2020: Rs 29,280 million) for opening letters of credit and Rs 4,388 million (2020: Rs 4,170 million) for guarantees, all being either main limits or sub-limits of the facilities, the amount utilised as at June 30, 2020 was Rs 8,660 million (2020: Rs 3,966.761 million) and Rs 3,114 million (2020: Rs 2,915 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 (2020: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 30.2.

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 initially repayable within one year from the execution date, i.e. September 20, 2017, which was then extended for another year in 2018 and 2019 when the amount became due. The un-availed facility of loan as at June 30, 2021 is Nil (2020: Nil).

16. Current portion of non-current liabilities

		2021	2020
		(Rupees in thousand)	
Loans under refinance scheme	- note 7.1.1	850,636	149,835
Long term finances	- note 7.2.2	5,498,573	1,895,814
Accumulating compensated absences	- note 10.2	40,717	38,280
Deferred government grant	- note 8	264,394	-
		6,654,320	2,083,929

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 January 27, 2009 (upholding its previous judgment dated February 15, 2007). The longstanding controversy between the Revenue Department and the tax payers related primarily to finer interpretation of the provisions of section 4(2) of the 1944 Act wherein the department had a view that excise duty shall be included as a component for determination of the value (retail price) for levying excise duty. The departmental view, being against the spirit of law, was challenged by the taxpayers in appeals before the 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 consolidated financial statements as according to the management of the Group, there are meritorious grounds that the ultimate decision would be in its favour.

17.1.4 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 consolidated financial statements as according to the management of the Group, there are meritorious grounds that the ultimate decision would be in its favour.

17.1.5 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 January 18, 2021, the Commissioner Inland Revenue (Appeals) ('CIR(A)') has passed orders ratifying the earlier demand of Deputy Commissioner Inland Revenue ('DCIR') through which input sales tax, mainly on construction material and vehicles, for the tax periods from June 2016 to July 2017 aggregating Rs 332.817 million was disallowed to the Group. Further, the default surcharge imposed thereon by the DCIR, has also been upheld by CIR(A). The Group has filed an appeal before the Appellate Tribunal Inland Revenue against the said decision of the CIR(A).

As referred to in note 17.1.7 to these consolidated financial statements, subsequent to year end on August 31, 2021, Group has received an order dated August 20, 2021 of similar nature passed by DCIR under the Sales Tax Act, 1990 for the tax periods July 2017 to June 2018 as stated below.

As per Group's management, there are meritorious grounds 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 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 litigation is expected to accrue. Consequently, no provision has been made in these consolidated financial statements on this account.

17.1.7 Subsequent to the reporting period, the DCIR has passed an order dated August 20, 2021 for tax periods July 2017 to June 2018, whereby, a demand has been 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 & 33(5) of the Sales Tax Act, 1990 respectively. The demand has been 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). The Group is in the process of preferring an appeal before the CIR(A) against the said order. The Group management, on the basis of consultation with its legal counsel, considers that strong grounds exist to defend the stance and that such demand is 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) (Appeals), against the amended assessment order dated June 29, 2014 passed by the Additional Commissioner Inland Revenue under section 122(9)/122(5A) of the Income Tax Ordinance, 2001 for the tax year 2008. Through this order, an income tax demand of Rs 184.61 million was created against the Group. Objection was raised on various issues like difference in raw material purchases in income tax and sales tax records, unexplained/unsubstantiated tax deductions claimed, difference in federal excise duty and sales tax liability as per income tax and sales tax returns, brought forward losses not allowed, etc. The assessment order was decided in favour of the Group by the CIR (Appeals) against which the department has filed appeal before the Appellate Tribunal Inland Revenue which is pending adjudication. The management, based on the advice of its legal counsel, is confident that the matter will be decided in its favour and no financial obligation is expected to accrue. Consequently, no provision has been made in these consolidated financial statements.

17.1.9 The banks have issued the following guarantees on Group's behalf in favour of:

- Collector of Customs, Excise and Sales Tax against levy of sales tax, custom duty and excise amounting to Rs 30.538 million (2020: Rs 31.115 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 937.9 million (2020: Rs 805.9 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 (2020: 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 (2020: Rs 544.414 million).

- Sindh High Court against levy of sales tax, custom duty and excise amounting to Rs 176.860 million

(2020: Rs 176.860 million).

- Export orders amounting to Nil (2020: Rs 5.042 million).

- Pakistan Railways against supply of cement amounting to Rs 4.54 million (2020: Nil).

- K-Electric Limited against supply of electricity to Hub plant of the Cement segment amounting to Nil (2020: Rs 142.4 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 18 million (2020: Rs 16 million).

- Metro Habib Cash and Carry against purchase of goods and supplies on credit amounting to Rs 2 million (2020: Rs 2 million).

- Directorate General of Customs Valuation, Customs House Karachi on account of valuation ruling amounting to Rs 22.65 million (2020: Rs 22.65 million); and

- Director Excise and Taxation, Karachi on account of infrastructure development cess amounting to Rs 97.64 million (2020: Rs 92.647 million).

17.1.10 The Group has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs 1,277.1 million (2020: Rs 1,208.525 million).

17.1.11 The Group has issued a post dated cheque in favour of Nazir of the High Court of Sindh amounting to Rs 227.76 million (2020: Rs 227.76 million) against the Industrial Support Package Adjustment on K-Electric electricity bills.

17.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 552.595 million (2020: Rs 2,614.855 million).
(ii) Letters of credit for capital expenditure Rs 138.606 million (2020: Rs 2,237.133 million).
(iii) Letters of credit other than capital expenditure Rs 996.70 million (2020: Rs 1,397.913 million).
(iv) The amount of future payments under leases and the period in which these payments will become due are as follows:

	2021	2020
	(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	4,299	4,712
	6,423	6,836

18. Property, plant and equipment

		2021	2020
Operating fixed assets	- note 18.1	80,610,944	80,612,174
Capital work-in-progress	- note 18.2	7,820,435	6,358,259
Major spare parts and stand-by equipment	- note 18.3	153,128	192,500
		88,584,507	87,162,933

18.1 Operating fixed assets

2021 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2020	Additions / (deletions)	Cost as at June 30, 2021	Accumulated depreciation and impairment as at July 01, 2020	Depreciation charge / (deletions) for the year	Accumulated depreciation and impairment as at June 30, 2021	Book value as at June 30, 2021
Freehold land - note 18.1.2	-	2,195,638	-	2,191,463	-	-	-	2,191,463
			(4,175)					
Leasehold land	3.33	263,000	-	263,000	33,473	8,767	42,240	220,760
Buildings on freehold land and								
leasehold land								
- Factory building	5 to 10	23,448,547	420,396	23,868,943	6,965,309	864,218	7,829,527	16,039,416
- Office building and housing colony	5	3,279,621	338,325	3,617,946	836,799	138,147	974,946	2,643,000
Roads	10	2,324,251	14,222	2,338,473	703,596	163,369	866,965	1,471,508
Plant and machinery	3 to 9	71,790,910	2,886,706	74,677,616	20,817,839	1,894,676	22,712,515	51,965,101
Factory equipment	10	73,299	47,070	120,369	56,975	205,708	262,683	(142,314)
Quarry equipment	10	4,551,901	20,538	4,572,439	1,990,381	67,354	2,057,735	2,514,704
Furniture, fixture and office equipment	10 to 30	1,056,462	18,516	1,074,605	607,087	72,247	679,110	395,495
			(373)			(224)		
Vehicles	20	996,489	84,538	1,029,729	462,474	90,280	521,083	508,646
			(51,298)			(31,671)		
Aircraft	30	328,752	-	328,752	307,715	6,295	314,010	14,742
Power and water supply lines	10	4,097,573	10,193	4,107,766	1,012,621	306,722	1,319,343	2,788,423
		114,406,443	3,840,504	118,191,101	33,794,269	3,817,783	37,580,157	80,610,944
			(55,846)			(31,895)		

2020

(Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2020	Additions / (deletions)	Cost as at June 30, 2021	Accumulated depreciation and impairment as at July 01, 2020	Depreciation charge / (deletions) for the year	Accumulated depreciation and impairment as at June 30, 2021	Book value as at June 30, 2021
Freehold land	-	2,178,948	16,690	2,195,638	-	-	-	2,195,638
Leasehold land	3.33	263,000	-	263,000	24,706	8,767	33,473	229,527
Buildings on freehold land and								
leasehold land								
- Factory building	5 to 10	23,345,324	103,223	23,448,547	6,041,943	923,366	6,965,309	16,483,238
			-			-		
- Office building and housing colony	5	3,277,090	2,531	3,279,621	702,195	134,604	836,799	2,442,822
Roads	10	2,308,797	15,454	2,324,251	521,862	181,734	703,596	1,620,655
			-			-		
Plant and machinery	3 to 9	68,867,483	3,024,340	71,790,910	18,925,653	1,893,946	20,817,839	50,973,071
			(100,913)			(1,760)		
Factory equipment	10	71,718	1,581	73,299	43,193	13,782	56,975	16,324
Quarry equipment	10	4,421,134	130,767	4,551,901	1,778,220	212,161	1,990,381	2,561,520
Furniture, fixture and office equipmen	10 to 30	932,999	123,972	1,056,462	440,152	167,159	607,087	449,375
			(509)			(224)		
Vehicles	20	966,946	67,301	996,489	374,341	109,083	462,474	534,015
			(37,758)			(20,950)		
Aircraft	30	328,752	-	328,752	298,723	8,992	307,715	21,037
Power and water supply lines	10	3,695,326	402,247	4,097,573	722,898	289,373	1,012,621	3,084,952
			-			350		
		110,657,517	3,888,106	114,406,443	29,873,886	3,942,967	33,794,269	80,612,174
			(139,180)			(22,584)		

18.1.1 Freehold land and building include book values of Rs 12 million (2020: Rs 12 million) and Rs 4.475 million (2020: Rs 4.959 million) respectively which are held in the name of Chief Executive. This property is located in the locality of Defence Housing Authority, Lahore, where the bye-laws restrict transfer of title of the residential property in the name of a company.

18.1.2 Following are the particulars of the Group's immovable fixed assets:

	Location	Usage of immovable property	2021	2020
			Total Area (in Acres)	
Cement segment	Hub, Mauza Chichai, Balochistan	Plant site and staff colony	1466.5	1466.5
	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	45
	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

		2021	2020
		(Rupees in thousand)	

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

Cost of sales	- note 32	3,746,632	3,851,776
Administrative expenses	- note 33	61,415	83,288
Selling and distribution expenses	note 34	9,736	7,903
		3,817,783	3,942,967

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	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Plant and machinery	50,123,783	49,043,105	1,427,260	1,488,934	414,058	441,032	51,965,101	50,973,071
All other assets	27,016,478	27,943,431	141,564	132,560	1,487,801	1,563,112	28,645,843	29,639,103
Total	77,140,261	76,986,536	1,568,824	1,621,494	1,901,859	2,004,144	80,610,944	80,612,174

18.1.5 Sale of operating fixed assets

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

2021 (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 Adrees	4,175	4,175	18,400	14,225	Negotiation
Vehicles	**Employee**					
	Nazar Hussain Bhutta	1,971	749	749	-	As per Group policy
	Dr. Hafeez Ullah Shah	1,971	759	759	-	-do-
	Iftikhar Ahmed	1,971	711	711	-	-do-
	Qazi Hizbur Rehman	1,683	867	867	-	-do-
	Nazir Hussain	1,771	677	677	-	-do-
	Outside parties					
	Muhammad Saeed	4,309	2,138	5,131	2,993	Auction
	Asif Rana	4,517	1,320	4,548	3,228	-do-
	Hassan Mobeen Alam	6,294	2,368	7,887	5,519	-do-
	Khurram Ayub	6,448	2,263	6,489	4,226	-do-
	Saad Farrukh Pasha	9,169	5,025	9,300	4,275	-do-
	Muhammad Naeem Akhtar	2,550	667	2,055	1,388	-do-
	Syed Muhammad Naeem	1,971	656	2,278	1,622	-do-

2020 (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**					
	Izhar Construction (Private) Limited	7,265	7,152	5,128	(2,024)	Negotiation
	Izhar Construction (Private) Limited	7,179	6,874	5,128	(1,746)	-do-
	Izhar Construction (Private) Limited	8,120	7,994	5,677	(2,317)	-do-
	Izhar Construction (Private) Limited	78,349	77,134	47,067	(30,067)	-do-
	Virk International	11,932	7,361	3,700	(3,661)	-do-
	Nishat Mills Limited - related party	18,290	9,831	21,349	11,518	-do-
Vehicles	**Employee**					
	Muhammad Alam	1,887	1,112	1,112	-	As per Group policy
	Aftab Ahmad Khan (Key Management Personnel)	2,387	1,433	1,433	-	-do-
	Aftab Ahmad Khan (Key Management Personnel)	2,734	1,479	1,479	-	-do-
	Nasir Iqbal	2,396	1,950	-	(1,950)	-do-
	Arif Bashir (Key Management Personnel)	2,521	1,318	2,237	919	-do-
	Rana Rasheed Ahmad	1,786	869	869	-	-do-
	Azam Munir	1,771	912	912	-	-do-
	Muhammad Ghaffar Rao	1,953	797	-	(797)	-do-
	Ahson Atta	2,503	1,067	1,067	-	-do-
	Mazhar ul Haq	1,815	1,477	1,480	3	-do-
	Outside party					
	Mrs. Neham Khalil	2,546	893	1,575	682	Auction

18.2 Capital work-in-progress

2021 (Rupees in thousand)

	Balance as at July 1, 2020	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	Transfers to stores, spare parts and loose tools	Balance as at June 30, 2021
Civil works	1,608,931	800,465	-	-	(29,028)	(831,795)	-	-	1,548,573
Plant and machinery	4,403,532	3,653,711	-	(4,400)	274,430	(2,402,459)	(58,583)	-	5,866,231
Advances to suppliers and contractors	191,287	76,227	-	-	(183,178)	-	-	-	84,336
Others	154,509	27,757	203,059	-	(62,224)	(1,806)	-	-	321,295
	6,358,259	4,558,160	203,059	(4,400)	-	(3,236,060)	(58,583)	-	7,820,435

2020 (Rupees in thousand)

	Balance as at July 1, 2019	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	Transfers to stores, spare parts and loose tools	Balance as at June 30, 2020
Civil works	1,001,461	989,623	74,564	-	2,616,132	(3,072,849)	-	-	1,608,931
Plant and machinery	1,724,300	5,177,252	27,917	(11,511)	(2,001,234)	(7,054)	(435,020)	(71,118)	4,403,532
Advances to suppliers and contractors	236,442	523,248	-	-	(568,403)	-	-	-	191,287
Others	46,734	154,270	-	-	(46,495)	-	-	-	154,509
	3,008,937	6,844,393	102,481	(11,511)	-	(3,079,903)	(435,020)	(71,118)	6,358,259

18.1.3 The Company identified certain items of operating assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Nil (2013: Rs 68.14 million) and net book value of Nil(2013: Rs 23.278 million) have been retired from active use and have been written off in these financial statements.

	2021	2020
	(Rupees in thousand)	

18.3 Major spare parts and stand-by equipment

The reconciliation of carrying amount is as follows:

	2021	2020
Balance at the beginning of the year	192,500	42,308
Additions during the year	175,553	728,837
	368,053	771,145
Transfers made during the year	(214,925)	(578,645)
Balance at the end of the year	153,128	192,500

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

		2021	2020
		(Rupees in thousand)	

19. This represents dairy livestock. It consists of the following:

		2021	2020
- Mature		661,662	664,297
- Immature		214,677	213,388
- Bulls		1,224	3,655
	- note 19.1	877,563	881,340

19.1 Reconciliation of carrying amounts of dairy livestock

		2021	2020
Opening balance		881,340	827,488
Fair value gain due to new births		95,252	90,347
Changes in fair value (due to price change, exchange fluctuations and biological transformation)	- notes 19.3 & 19.4	146,185	214,909
		241,437	305,256
Decrease due to deaths/ livestock losses		(31,590)	(45,217)
Decrease due to sale of livestock		(213,624)	(206,187)
		(245,214)	(251,404)
Carrying amount at the end of the year which approximates the fair value		877,563	881,340

19.2 As at June 30, 2021 the Group held 3,033 (2020: 2,957) mature assets able to produce milk and 2,889 (2020: 2,670) immature assets that are being raised to produce milk in the future. During the year, 1,038 (2020: 1,043) cows were sold. During the year, the Group produced approximately 25.597 million (2020: 25.159 million) gross litres of milk from these biological assets. As at June 30, 2021, the Group also held 29 (2020: 48) immature male calves.

19.3 The valuation of dairy livestock as at June 30, 2021 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, 2021. Further, in the absence of an active market of the Group's dairy livestock in Pakistan, market and replacement values of similar live stock from active markets in Netherlands and Australia, have been used as basis of valuation model by the independent valuer. The cost of transportation to Pakistan is also considered. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing.

19.4 This includes exchange loss on translation amounting to Rs 58.986 million (2020: Rs 44.512 million).

		2021	2020
		(Rupees in thousand)	

20. Investments

		2021	2020
These represent the long term investments in:			
- Related parties	- note 20.1	13,621,381	9,480,285
- Others	- note 20.2	97,536	93,455
		13,718,917	9,573,740

20.1 Related parties

		2021	2020
FVOCI - quoted:			
Nishat (Chunian) Limited			
7,173,982 (2020: 7,173,982) fully paid ordinary shares of Rs 10 each			
Equity held: 2.99% (2020: 2.99%)			
Cost - Rs 75.565 million (2020: Rs 75.565 million)		360,780	232,796
MCB Bank Limited			
22,387,889 (2020: 22,129,793) fully paid ordinary shares of Rs 10 each			
Equity held: 1.89% (2020: 1.87%)			
Cost - Rs 337.537 million (2020: Rs 305.113 million)		3,578,256	3,596,786
Adamjee Insurance Company Limited			
27,877,735 (2020: 27,877,735) fully paid ordinary shares of Rs 10 each			
Equity held: 7.97% (2020: 7.97%)			
Cost - Rs 1,239.698 million (2020: Rs 1,239.698 million)		1,156,090	923,032
Nishat Mills Limited			
30,289,501 (2020: 30,289,501) fully paid ordinary shares of Rs 10 each			
Equity held: 8.61% (2020: 8.61%)			
Cost - Rs 1,326.559 million (2020: Rs 1,326.559 million)		2,826,026	2,362,884
	sub-total	7,921,152	7,115,498
FVOCI - unquoted:			
Nishat Hotels and Properties Limited			
104,166,667 (2020: 104,166,667) fully paid ordinary shares of Rs 10 each			
Equity held: 10.42% (2020: 10.42%)			
Cost - Rs 1,041.667 million (2020: Rs 1,041.667 million)	- note 20.1.1	2,055,208	1,452,837
Hyundai Nishat Motor (Private) Limited			
94,873,000 (2020: 74,750,000) fully paid ordinary shares of Rs 10 each			
Equity held: 10% (2020: 10%)			
Cost - Rs 948.7 million (2020: Rs 747.5 million)	- note 20.1.2	3,645,021	911,950
		5,700,229	2,364,787
		13,621,381	9,480,285

20.1.1 This represents investment in the ordinary shares of Nishat Hotels and Properties Limited ('NHPL') which is principally engaged in establishing and managing a multi-purpose facility including a shopping mall, hotel and banquet halls in Johar Town, Lahore, by the name of 'Nishat Emporium'. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the Group has estimated a fair value of Rs 19.73 per ordinary share as at June 30, 2021 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 47.3 to these consolidated financial statements. The fair value gain of Rs 602.371 million is included in the fair value gain recognised during the year in other comprehensive income.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL.

- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

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

- Discount rate of 8.66% per annum.

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

- Annual growth in costs is linked to inflation at 6.00% 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, 2021 would be Rs 513.541 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, 2021 would be Rs 342.708 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2021 would be Rs 26.042 million lower.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2021 would be Rs 6.641 million higher.

20.1.2 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Group has estimated a fair value of Rs 38.42 per ordinary share as at June 30, 2021 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 47.3 to these consolidated financial statements. The fair value gain of Rs 2,531 million is included in the fair value gain recognised during the year in other comprehensive income.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to 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 16.56% per annum.

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

- Annual growth in costs are linked to inflation and currency devaluation at 5% per annum and revenues are linked to currency devaluation at 5% 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, 2021 would be Rs 277.029 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, 2021 would be Rs 143.258 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2021 would be Rs 497.135 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2021 would be Rs 6.641 million higher.

	2021	2020
	(Rupees in thousand)	
20.2 Others		
FVOCI - quoted:		
Pakistan Petroleum Limited		
8821,626 (2020: 821,626) fully paid ordinary shares of Rs 10 each Equity held: 0.03% (2020: 0.03%) Cost - Rs 117.405 million (2020: Rs 117.405 million)	71,342	71,299
United Bank Limited		
214,354 (2020: 214,354) fully paid ordinary shares of Rs 10 each Equity held: 0.02% (2020: 0.02%) Cost - Rs 33.646 million (2020: Rs 33.646 million)	26,194	22,156
	97,536	93,455
20.3 Reconciliation of carrying amount		
Balance as at beginning of the year	9,573,740	10,029,807
Investments made during the year	233,654	207,776
	9,807,394	10,237,583
Fair value gain/(loss) recognized in other comprehensive income	3,911,523	(663,843)
Balance as at end of the year	13,718,917	9,573,740

20.4 3,860,267 (2020: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

21. Long term deposits

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

22. 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.

	2021	2020
	(Rupees in thousand)	

23. Stores, spare parts and loose tools

		2021	2020
Stores [including in transit: Rs 3,607.87 million (2020: Rs 16.973 million)]		6,666,952	2,512,277
Spare parts [including in transit Rs 212.334 million (2020: Rs 277.493 million)]		6,386,811	5,890,759
Loose tools		48,820	58,766
		13,102,583	8,461,802

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

	2021	2020
	(Rupees in thousand)	

24. Stock-in-trade

		2021	2020
Raw materials [including in transit Rs 234.150 million (2020: Rs 225.540 million)]		911,126	933,730
Packing material		289,672	355,339
Animal forage		367,176	374,574
Work-in-process	- notes 24.1 & 24.2	1,538,676	3,361,646
Finished goods		576,048	470,336
		3,682,698	5,495,625

24.1 The NRV of the clinker was higher than it's cost as at June 30, 2021 (2020: clinker costing Rs 263.423 million was carried at its NRV amounting to Rs 237.15 million). The NRV write down expense of Nil (2020: Rs 26.272 million) has been charged to cost of sales.

24.2 Includes clinker having a carrying value of Rs 1,485.343 million (2020: Rs 3,329.582 million), some of which may be sold in its current state but is not distinguishable.

	2021	2020
	(Rupees in thousand)	

25. Trade debts

		2021	2020
Secured		1,777,532	2,507,730
Unsecured:			
- Related parties	- note 25.1	14,467	19,906
- Others		914,435	744,011
		2,706,434	3,271,647
Loss allowance	- note 25.2	(135,597)	(228,657)
		2,570,837	3,042,990

25.1 This is from the following related parties:

	2021	2020
Nishat Hospitality (Private) Limited	107	107
Nishat Linen (Private) Limited	383	167
Nishat Hotels and Properties Limited	2,154	1,154
Nishat Mills Limited	7,164	14,723
Hyundai Nishat Motor (Private) Limited	4,430	3,347
Nishat (Chunian) Limited	89	269
Nishat Agriculture Farming (Private) Limited	140	139
	14,467	19,906

25.1.1 The maximum aggregate amount outstanding at the end of any month during the year was Rs 24.499 million (2020: Rs 32.983 million). The aging analysis of trade debts from related parties that are past due and carry loss allowance is as follows:

	2021	2020
	(Rupees in thousand)	
Up to 90 days	11,811	15,845
91 to 180 days	-	2,958
181 to 365 days	875	916
Above 365 days	1,781	187
	14,467	19,906
Loss allowance	(426)	(1,826)
	14,041	18,080

25.2 The reconciliation of loss allowance is as follows:

	2021	2020
Balance at the beginning of the year	228,657	70,451
Loss allowance (reversed)/recognized during the year	(89,594)	158,206
Trade debts written off during the year	(3,466)	-
Balance as at end of the year	135,597	228,657

26. This represents the Group's right to consideration for work completed but not billed at the reporting date on made to order paper products.

27. Investments

		2021	2020
		(Rupees in thousand)	
FVOCI - quoted:			
Related parties	- note 27.1	12,946,786	13,126,388
At FVPL			
Others		26	20
		12,946,812	13,126,408

27.1 This represents the following quoted investments in related parties:

	2021	2020
Nishat (Chunian) Limited		
100,620 (2020: 100,620) fully paid ordinary shares of Rs 10 each		
Equity held: 0.042% (2020: 0.042%)		
Cost - Rs 0.832 million (2020: Rs 0.832 million)	5,060	3,265
MCB Bank Limited		
80,971,917 (2020: 80,971,917) fully paid ordinary shares of Rs 10 each		
Equity held: 6.83% (2020: 6.83%)		
Cost - Rs 478.234 million (2020: Rs 478.234 million)	12,941,726	13,123,123
	12,946,786	13,126,388

27.2 Reconciliation of carrying amount

	2021	2020
Opening balance	13,126,408	14,129,099
Fair value loss recognized in other comprehensive income	(179,602)	(1,002,688)
Fair value gain/(loss) recognized in profit or loss	6	(3)
Closing balance	12,946,812	13,126,408

		2021	2020
		(Rupees in thousand)	

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

		2021	2020
Current portion of loans to employees		5,906	3,813
Advances			
- To employees		8,281	14,395
- To suppliers		86,552	88,412
		94,833	102,807
Prepayments		8,108	7,266
Due from related parties	- note 28.1	15,395	7,773
Letters of credit - margins, deposits, opening charges, etc.		13,179	1,504
Balances with statutory authorities:			
- Sales tax	- notes 28.2 & 28.3	242,141	565,477
- Excise duty		24,620	173,957
- Export rebate		4,650	2,809
		271,411	742,243
Other receivables	- notes 28.4 & 28.5	137,217	40,018
		546,049	905,424
Loss allowance		(1,631)	(523)
		544,418	904,901

28.1 Includes amounts due from the following related parties:

		2021	2020
Nishat Hotels and Properties Limited	- note 28.1.1	5,363	5,850
Nishat Linen (Private) Limited		292	1,624
Nishat Sutas Dairy Limited		-	232
Nishat Agriculture Farming (Private) Limited		9,740	67
	- note 28.1.2	15,395	7,773

28.1.1 This represents mark-up receivable from Nishat Hotels and Properties Limited, a related party, on the loan referred to in note 29. The maximum aggregate amount outstanding at the end of any month during the year was Rs 5.869 million (2020: Rs 14.326 million). It is neither past due nor impaired.

28.1.2 The maximum aggregate amount outstanding at the end of any month during the year was Rs 15.395 million (2020: Rs 14.326 million). The aging analysis of due from related parties that are past due is as follows:

	2021	2020
	(Rupees in thousand)	
Up to 90 days	15,395	6,149
91 to 180 days	-	1,624
	15,395	7,773

28.2 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.

28.3 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.

28.4 Includes provident fund contribution deposited in advance with employees' provident fund amounting to Nil (2020: Rs 14.577 million), a receivable of Rs 5 million (2020: Rs 7.92 million) from Hyundai Nishat Motor (Private) Limited, and a receivable of Rs 25.63 million (2020: Nil) from Security General Insurance Group Limited in respect of insurance claims, all being the related parties of the Group. The maximum aggregate amount deposited in advance with the employees' provident fund at the end of any month during the year was Nil (2020: Rs 52.882 million), whereas, the maximum aggregate amount outstanding at the end of any month during the year of Hyundai Nishat Motor (Private) Limited and Security General Insurance Group Limited was Rs 5 million (2020: Rs 7.92 million) and Rs 25.63 million (2020: Nil), respectively. These amounts are neither past due nor impaired.

28.5 Includes an amount of Rs 106.907 million (2020: Rs 16.155 million) deposited with the Nazir of Sindh High Court pursuant to an interim order issued by the Sindh High Court in respect of a petition filed by the Group against the Fuel Charges Adjustment ('FCA') charged by K-Electric Limited for the period from July 2016 to June 2019. According to the Group's management, there are meritorious grounds that the ultimate decision would be in its favour, hence, the receivable amount is unimpaired.

29. Loan to related party - considered good

This represents loan to Nishat Hotels and Properties Limited ('NHPL'), a related party due to common directorship, for meeting its working capital requirements. The outstanding amount is due for repayment on October 28, 2021 in accordance with the extension granted in Annual General Meeting of the Group held on October 28, 2020. It carried markup at the rate of 1 month KIBOR + 1% per annum. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Group. The effective markup rate charged during the period was 8.44% per annum which is above the borrowing cost of the Group. In case of default in payment of principal or markup, the borrower shall be liable to pay additional sum equivalent to 7.5% per annum of respective amount of default. Reconciliation of the carrying amount is as follows:

	2021	2020
	(Rupees in thousand)	
Opening balance	765,000	1,000,000
Recovery during the year	-	(235,000)
Closing balance	765,000	765,000

30. Cash and bank balances

		2021	2020
At banks:			
Savings accounts			
- Local currency	- notes 30.1, 30.2 & 30.3	56,094	79,125
- Foreign currency: US$ 842,124 (2020: US$ 638,856)		132,671	107,399
Current accounts		1,651,102	498,760
		1,839,867	685,284
In hand		1,859	2,707
Term deposit receipts	- note 30.4	57,000	-
		1,898,726	687,991

30.1 The balances in saving accounts bear mark-up ranging from 4.7% to 8% per annum (2020: 5.5% to 11.25% per annum).

30.2 Included in balances at banks on saving accounts are Rs 14.480 million (2020: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 14.4.

30.3 Included in balances at banks in saving accounts is Rs 34 million (2020: Rs 34 million) which relates to unpaid dividend held by the Group.

30.4 This represents term deposit receipts having maturity of one month from the date of purchase. These bear mark up which ranges from 6.2% to 6.3% (2020: Nil) per annum.

		2021	2020
		(Rupees in thousand)	

31. Revenue

Local sales	- note 31.1	57,716,528	52,934,427
Export sales	- note 31.2	9,584,153	9,385,261
		67,300,681	62,319,688
Less:			
Sales tax and federal excise duty		17,549,810	19,980,024
Trade discount		542,562	570,316
Commission to stockists and export agents		133,432	176,662
		18,225,804	20,727,002
		49,074,877	41,592,686

31.1 This includes unbilled revenue amounting to Rs 94.5 million (2020: Rs 102.58 million)

31.2 Export sales include rebate on exports amounting to Rs 3.57 million (2020: Rs 4.68 million).

		2021	2020
		(Rupees in thousand)	

32. Cost of sales

Raw and packing materials consumed		4,361,208	4,868,929
Forage		1,335,816	1,299,932
Medicines and related items		131,316	133,194
Salaries, wages and other benefits	- note 32.1	3,714,911	3,581,363
Fuel and power		19,385,077	21,051,715
Stores and spares consumed		3,059,058	2,980,272
Repairs and maintenance		622,854	448,702
Insurance		120,791	125,516
Depreciation on operating fixed assets	- note 18.1.3	3,746,632	3,851,776
Royalty	- note 32.2	1,133,211	1,228,600
Excise duty		48,848	52,593
Vehicle running		158,861	136,039
Postage, telephone and telegram		13,094	13,867
Printing and stationery		14,236	14,371
Legal and professional charges		7,071	8,704
Travelling and conveyance		12,992	19,383
Plant cleaning and gardening		36,824	34,876
Rent, rates and taxes	- note 32.3	132,038	171,265
Freight charges		65,031	59,743
Water charges		23,711	21,492
Security expenses		146,566	-
Other expenses	- note 32.4	113,056	110,727
		38,383,202	40,213,059
Opening work-in-process	- note 24	3,361,646	2,802,481
Closing work-in-process	- note 24	(1,538,676)	(3,361,646)
		1,822,970	(559,165)
Cost of goods manufactured		40,206,172	39,653,894
Opening stock of finished goods	- note 24	470,336	493,693
Closing stock of finished goods	- note 24	(576,048)	(470,336)
		(105,712)	23,357
Own consumption		(32,987)	(50,341)
		40,067,473	39,626,910

32.1 Salaries, wages and other benefits include Rs 88.727 million (2020: Rs 83.939 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:

	2021	2020
	(Rupees in thousand)	
Gratuity		
Current service cost	64,862	62,244
Interest cost for the year	52,290	75,221
Interest income on plan assets	(29,169)	(44,653)
	87,983	92,812
Accumulating compensated absences		
Current service cost	42,244	41,454
Interest cost for the year	9,029	13,886
Remeasurements	(7,725)	(8,985)
	43,548	46,355

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

32.3 This includes rentals of heavy machinery used at quarry site where raw materials i.e. clay and limestone, are extracted.

33. Administrative expenses

		2021	2020
		(Rupees in thousand)	
Salaries, wages and other benefits	- note 33.1	415,127	413,488
Electricity, gas and water		43,216	28,134
Repairs and maintenance		12,338	9,451
Insurance		16,193	12,045
Depreciation on operating fixed assets	- note 18.1.3	61,415	83,288
Vehicle running		17,215	13,197
Postage, telephone and telegram		8,014	7,517
Printing and stationery		11,113	22,327
Legal and professional services	- note 33.2	49,292	25,307
Travelling and conveyance		41,476	43,267
Rent, rates and taxes		486	421
Entertainment		5,063	4,341
School expenses		41,228	38,057
Fee and subscription		15,105	31,090
Other expenses		9,395	9,947
		746,676	741,877

33.1 Salaries, wages and other benefits include Rs 13.51 million (2020: Rs 13.796 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:

	2021	2020
	(Rupees in thousand)	
Gratuity		
Current service cost	10,239	10,735
Interest cost for the year	8,254	12,973
Interest income on plan assets	(4,604)	(7,701)
	13,889	16,007
Accumulating compensated absences		
Current service cost	6,689	7,516
Interest cost for the year	1,430	2,518
Remeasurements	(1,223)	(1,629)
	6,896	8,405

		2021	2020
		(Rupees in thousand)	

33.2 Legal and professional charges

		2021	2020
Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:			
Statutory audits		5,014	4,736
Half-yearly review		806	850
Tax services		9,061	4,558
Certifications required under various regulations		140	470
Out of pocket expenses		947	935
		15,968	11,549

34. Selling and distribution expenses

		2021	2020
Salaries, wages and other benefits	- note 34.1	224,781	214,195
Electricity, gas and water		2,652	2,740
Repairs and maintenance		1,450	1,437
Insurance		4,801	3,484
Depreciation on operating fixed assets	- note 18.1.3	9,736	7,903
Vehicle running		7,134	6,280
Postage, telephone and telegram		3,825	4,015
Printing and stationery		1,959	1,938
Rent, rates and taxes	- note 34.2	3,562	6,619
Travelling and conveyance		1,953	3,811
Entertainment		1,198	1,522
Advertisement and sales promotion		1,826	13,909
Freight and handling charges		1,658,479	1,495,298
Other expenses		30,468	23,754
		1,953,824	1,786,905

34.1 Salaries, wages and other benefits include Rs 9.05 million (2020: Rs 8.92 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:

	2021	2020
	(Rupees in thousand)	
Gratuity		
Current service cost	6,824	6,606
Interest cost for the year	5,502	7,983
Interest income on plan assets	(3,069)	(4,739)
	9,257	9,850
Accumulating compensated absences		
Current service cost	4,509	4,383
Interest cost for the year	964	1,468
Remeasurements	(824)	(950)
	4,649	4,901

34.2 This includes lease rentals of Rs 1.050 million (2020: Rs 5.636 million).

		2021	2020
		(Rupees in thousand)	

35. Other expenses

		2021	2020
Workers' profit participation fund	- note 12.4	301,370	9,747
Workers' welfare fund	- note 12.5	114,565	3,899
Donations	- note 35.1	1,504	2,410
Exchange loss	- note 35.2	65,749	526,828
Loss on disposal of operating fixed assets		-	34,552
Loss on disposal of biological assets		93,140	131,785
Loss on sale of store items		-	1,020
Advances written off		71	643
Fair value loss on investments at FVPL		-	3
Others		-	12
		576,399	710,899

35.1 Includes donation amounting to Rs 1.5 million (2020: Rs 1.5 million) made to Pakistan Agricultural Coalition. None of the directors or their spouses have any interest in the donee.

35.2 Includes exchange loss incurred on foreign currency short term borrowings amounting to Rs 66.881 million (2020: Rs 502.145 million).

36. Other income

		2021	2020
		(Rupees in thousand)	
Income on bank deposits		16,556	3,881
Gain on investments at fair value through profit or loss		5	-
Provisions and unclaimed balances written back		34,848	1,758
Mark-up on loan to related party	- note 36.1	64,517	112,322
Gain on disposal of operating fixed assets		40,666	-
Gain on disposal of store items		310	-
Dividend income from:			
- Related parties	- note 36.2	2,210,992	2,065,493
- Others		4,948	3,942
		2,215,940	2,069,435
Scrap sales		177,782	234,894
Rental income		1,645	1,217
Sale of bull calves		7,174	9,338
Others		9,358	883
		2,568,801	2,433,728

36.1 This is from Nishat Hotels and Properties Limited, a related party, on the loan as referred to in note 29.

36.2 Dividend income from related parties

	2021	2020
	(Rupees in thousand)	
Nishat Mills Limited	121,158	121,158
MCB Bank Limited	2,012,865	1,856,454
Adamjee Insurance Company Limited	69,694	69,694
Nishat (Chunian) Limited	7,275	18,187
	2,210,992	2,065,493

		2021	2020
		(Rupees in thousand)	

37. Finance cost

		2021	2020
Interest and mark-up on:			
- Long term finances - secured		1,701,024	2,756,652
- Short term borrowings - secured		1,383,528	2,324,669
- Workers profit participation fund		-	8,534
Guarantee commission		7,269	104
Bank charges		29,967	21,391
		3,121,788	5,111,350

38. Taxation

		2021	2020
Current			
- For the year		1,055,532	92,751
- Prior years		-	(1,611)
		1,055,532	91,140
Deferred	- note 11	358,203	(1,666,956)
		1,413,735	(1,575,816)

38.1 Tax charge reconciliation

	2021 %	2020 %
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	0.63	(0.93)
- Change in prior years' tax	(1.72)	6.74
- Change in tax rate	-	-
- Amounts that are allowable as tax credit	-	-
- Income chargeable under final tax regime	(4.88)	6.98
- Losses for which no deferred tax asset recognised	-	(0.69)
- Deferred tax asset previously not recognised now recognised	-	0.19
- Deferred tax recognised on depreciation losses	(0.08)	0.12
- Permanent differences	0.28	-
- Deferred tax asset derecognised on business losses	1.80	-
- Deferred tax asset not recognised on minimum tax available for carry forward	0.56	-
- Others	0.08	-
	(3.33)	12.41
Average effective tax rate	25.67	41.41

39. Earnings per share

39.1 Earnings per share - Basic

		2021	2020
Profit/(loss) for the year - attributable to owners of the parent company	Rupees	3,925,735,000	(2,210,610,000)
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earning/(loss) per share - basic	Rupees	8.96	(5.05)

39.2 Earnings per share - Diluted

There is no dilution effect on the basic earnings/(loss) per share as the Group has no such commitments.

		2021	2020
		(Rupees in thousand)	

40. Cash generated from operations

		2021	2020
Profit/(loss) before tax		5,506,918	(3,805,001)
Adjustments for:			
- Depreciation on operating fixed assets		3,817,783	3,942,967
- Change in fair value of investments - FVPL		(6)	3
- (Gain)/loss on disposal of operating fixed assets		(40,666)	34,552
- Loss on disposal of biological assets		93,140	131,785
- Changes in fair value of biological assets		(241,437)	(305,256)
- Dividend income		(2,215,940)	(2,069,435)
- Mark-up income		(64,517)	(112,322)
- Provision for retirement benefits		166,222	178,330
- Net realizable value written-down expense		-	26,272
- Liabilities written back		(34,848)	-
- Net impairment (gain)/losses on financial assets		(87,963)	158,730
- Exchange loss		65,749	526,828
- Finance costs		3,121,788	5,111,350
Profit before working capital changes		10,086,223	3,818,803
Effect on cash flow due to working capital changes			
- (Increase)/decrease in stores, spares and loose tools		(4,640,781)	977,872
- Decrease/(increase) in stock-in-trade		1,812,927	(35,835)
- Decrease/(increase) in trade debts		533,094	(1,473,187)
- Decrease in advances, deposits, prepayments and other receivables		368,105	686,597
- Increase in trade and other payables		3,303,018	2,885,094
		1,376,363	3,040,541
		11,462,586	6,859,344

41. Cash and cash equivalents

		2021	2020
Cash and bank balances	- note 29	1,898,726	687,991
Short term borrowings - secured	- note 13	(20,939,726)	(25,849,525)
		(19,041,000)	(25,161,534)

42. Transactions with related parties

The related parties include the subsidiaries, the Investor, related parties on the basis of common directorship, group companies, key management personnel and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these unconsolidated financial statements other than the following:

Relationship with the Company	Nature of transactions	2021	2020
		(Rupees in thousand)	
i. Subsidiary companies	Sale of goods	133,056	38,629
	Dividend paid	121,158	137,574
	Purchase of goods	-	493
ii. Other related parties	Sale of goods and services	25,566	45,518
	Insurance premium	189,524	154,676
	Purchase of goods and services	143,653	289,974
	Insurance claims received	25,637	35
	Dividend paid	18,459	9,478
	Sale of fixed assets and store items	3,748	299
	Purchase of fixed assets	5,712	-
	Reimbursement of expenses	19,993	-
iii. Key management personnel	Remuneration - note 42.1	262,626	252,090
	Dividend paid	-	39,941

42.1 This represents remuneration of the Chief Executive, executive director and certain executives that are included in the remuneration disclosed in note 43 to these consolidated financial statements.

42.2 The related parties with whom the Group had entered into transactions or had arrangements/agreements in place during the year have been disclosed below along with their basis of relationship:

Name	Basis of relationship	%age of shareholding in the parent company
Nishat Mills Limited	Investor	31.40%
Adamjee Insurance Company Limited	Group company	0.77%
MCB Bank Limited	Group company	0%
Pakgen Power Limited	Group company	N/A
Pakistan Aviators & Aviation (Private) Limited	Group company	N/A
Security General Insurance Company Limited	Group company	N/A
Hyundai Nishat Motor (Private) Limited	Common directorship	N/A
Lalpir Power Limited	Common directorship	N/A
Nishat (Chunian) Limited	Common directorship	N/A
Nishat Agriculture Farming (Private) Limited	Common directorship	N/A
Nishat Sutas Dairy Limited	Common directorship	N/A
Nishat Developers (Private) Limited	Common directorship	N/A
Nishat Hotels And Properties Limited	Common directorship	N/A
Nishat Hospitality (Private) Limited	Subsidiary of Investor	N/A
Nishat Linen (Private) Limited	Subsidiary of Investor	N/A
Mrs. Naz Mansha	Director/Chairperson	0.03%
Mr. Mahmood Akhtar	Director	N/A
Mr. Shahzad Ahmad Malik	Director	N/A
Mr. Khalid Niaz Khawaja	Director	N/A
Mr. Usama Mahmud	Director	N/A
Mr. Mian Raza Mansha	Director/Chief Executive	2.92%
Mr. Hassan Mansha	Close family member of director	6.00%
Mr. Farid Noor Ali Fazal	Director	N/A
Mr. Mian Umer Mansha	Close family member of Chief executive and a Director	6.29%
Mr. Arif Bashir	Key Management Personnel	N/A
Mr. Inayat Ullah Niazi	Key Management Personnel	0.00%
Company's Employees Gratuity Fund	Post Employment Benefit Plan	N/A
Company's Employees Provident Fund	Post Employment Benefit Plan	N/A

43. Remuneration of Chief Executive, Directors and Executives

43.1 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	
	2021	2020	2021	2020	2021	2020
Short term employee benefits						
Managerial remuneration	27,193	25,898	20,348	19,380	524,232	510,372
Housing	270	270	335	335	187,514	175,280
Utilities	18,332	14,991	342	1,220	39,883	36,566
Leave passage	-	-	-	2,261	17,908	14,874
Bonus	-	2,158	-	1,615	138,638	76,439
Medical expenses	620	536	526	501	21,995	16,571
Others	17,695	16,996	637	710	89,253	124,688
Post employment benefits						
Contributions to Provident and Gratuity Fund	-	-	3,731	3,553	81,520	72,680
	64,110	60,849	25,919	29,575	1,100,943	1,027,470
Number of persons	1	1	1	1	215	205

43.2 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.

43.3 During the year, the Group paid meeting fee amounting to Rs 945,000 (2020: Rs 990,000) to its non-executive directors. The number of non-executive directors is 5 (2020: 5).

44. Plant capacity and actual production

		Capacity		Actual production	
		2021	2020	2021	2020
Cement segment:					
Clinker (Metric Tonnes)					
Plant I & II - D.G. Khan	- note 44.1	2,010,000	2,010,000	1,708,135	1,898,897
Plant III - Khairpur	- note 44.1	2,010,000	2,010,000	1,588,700	2,042,177
Plant IV - Hub	- note 44.1	2,700,000	2,700,000	2,958,342	2,900,890
Paper segment:					
Cement bags (number of bags in thousand)	- note 44.2	220,00	220,000	130,988	128,014
Dairy segment:					
Production capacity of milk-litres-[100,000 litres per day]				36,500,000	36,500,000
Actual production of milk-litres	- note 44.3			25,597,139	25,197,060

44.1 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 at D. G. Khan and Khairpur site is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply of cement.

44.2 Lower capacity utilization is due to gap between demand and supply of the products.

44.3 Actual milk production is lower due to the mortality of milking cows and poor health of certain animals.

45. Number of employees

	2021	2020
Total number of employees as at June 30	2,258	2,212
Average number of employees during the year	2,233	2,193

46. Provident fund related disclosures

46.1 Cement segment

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder except for:

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

- Some of the investment made in bonds, redeemable capital, debt securities or instruments issued by a statutory body or listed debt securities are not assigned a minimum rating of “A” by a credit rating company licensed with the SECP and with at least a stable outlook;

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

- Investment is made in equity securities of listed companies, where such companies do not have breakup value equivalent or more than the par value of the shares of such company;

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

- Investment has been made in a listed debt security where the issuer of the security has defaulted in its financial obligations; and

- The fund has not developed and maintained appropriate investment policies explaining investment limit, investment avenues and risk appetite including but not limited to business allocation among the securities brokers.

46.2 Paper segment

The investments by the provident fund in special saving certificates have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

46.3 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.

47. Financial risk management

47.1 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.

	2021	2020
	(USD in thousand)	
Financial assets		
Cash and bank balances	842	639
Receivable against sales to foreign parties	1,112	5,238
	1,954	5,877
Financial liabilities		
Short term borrowings - secured	-	(10,176)
Mark-up payable	-	(7)
Trade and other payables	(165)	-
	(165)	(10,183)
Net asset/(liability) exposure	1,789	(4,306)

	2021	2020
	(Euros in thousand)	
Financial assets	-	-
Financial liabilities		
Finances under mark-up arrangements	-	(1,487)
Mark-up payable	-	(15)
Trade and other payables	(300)	(826)
	(300)	(2,328)
Net liability exposure	(300)	(2,328)

	Average rate		Year-end spot rate	
	2021	2020	2021	2020
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
USD 1	157.13	168.19	157.54	168.05
EURO 1	188.83	187.97	188.71	188.95

At June 30, 2021, if the Rupee had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been Rs 23.702 million (2020: post-tax loss would have been Rs 51.362 million higher/lower) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD-denominated financial assets and liabilities.

At June 30, 2021, if the Rupee had weakened/strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs 4.019 million (2020: post-tax loss would have been Rs 31.231 million higher/lower) lower/higher, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated financial assets and liabilities.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

The Group's certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited.

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

	Impact on pre-tax profit/loss		Impact on other components of equity	
	2021	2020	2021	2020
	(Rupees in thousand)		(Rupees in thousand)	
Pakistan Stock Exchange Limited	3	2	1,488,550	1,443,810

(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.

	2021	2020
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	188,765	186,524
Financial liabilities		
Export finances	(4,159,500)	(3,883,500)
Net exposure	(3,970,735)	(3,696,976)
Floating rate instruments:		
Financial assets		
Loan to related party	765,000	765,000
Financial liabilities		
Long term finances - secured	(26,170,436)	(24,728,690)
Short term borrowings - secured	(16,780,226)	(21,966,025)
	(42,950,662)	(46,694,715)
Net exposure	(42,185,662)	(45,929,715)

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, 2021, if interest rates on floating rate instruments had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been Rs 299.518 million (2020: post-tax loss would have been Rs 325.101 million higher/lower) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

Credit risk of the 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:

	2021	2020
	(Rupees in thousand)	
Long term loans to employees	4,601	5,096
Long term deposits	57,513	57,908
Loan to related party	765,000	765,000
Trade debts	2,570,837	3,042,990
Contract assets	113,862	120,019
Deposits and other receivables	21,301	11,586
Balances with banks	1,839,867	685,284
	5,372,981	4,687,883

(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, loan to related party, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therfore 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, 2021 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, 2021 and June 30, 2020 was determined as follows:

	Local sales			Export sales		
June 30, 2021	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%	313,383	-	0%	-	-
Up to 30 days	0.06%	848,307	533	0%	-	-
31 to 60 days	0.18%	272,274	482	0%	20,480	-
61 to 90 days	0.72%	315,195	2,263	0%	-	-
91 to 120 days	1.71%	142,810	2,441	0%	26,534	-
121 to 150 days	3.73%	62,583	2,334	0%	36,998	-
151 to 180 days	3.66%	22,559	825	0%	27,181	-
181 to 210 days	7.31%	367,407	26,840	0%	-	-
211 to 240 days	15.50%	2,452	380	0%	-	-
241 to 270 days	21.26%	2,831	602	0%	-	-
271 to 300 days	33.24%	33,429	11,111	0%	-	-
301 to 330 days	49.29%	2,191	1,080	0%	-	-
331 to 360 days	46.39%	638	296	0%	-	-
Above 360 days	54.84%	40,248	22,070	100%	64,340	64,340
		2,426,307	71,257		175,533	64,340
Trade debts against which collateral is held		104,594	-		-	-
Gross Trade debts		**2,530,901**	**71,257**		**175,533**	**64,340**

June 30, 2020	Local sales Expected loss rate	Local sales Trade debts	Local sales Loss allowance	Export sales Expected loss rate	Export sales Trade debts	Export sales Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Up to 30 days	1.00%	913,800	9,194	-	797,661	-
31 to 60 days	2.00%	312,171	6,884	-	-	-
61 to 90 days	6.33%	429,002	27,139	0.00%	-	-
91 to 120 days	11.50%	184,254	21,181	0.00%	-	-
121 to 150 days	13.06%	219,571	28,682	0.00%	-	-
151 to 180 days	32.45%	86,813	28,174	0.00%	8	-
181 to 210 days	44.63%	15,613	6,968	0.00%	-	-
211 to 240 days	56.31%	1,966	1,107	0.00%	-	-
241 to 270 days	66.41%	1,152	765	0.00%	-	-
271 to 300 days	74.43%	2,663	1,982	0.00%	-	-
301 to 330 days	84.92%	1,028	873	0.00%	-	-
331 to 360 days	93.21%	2,782	2,593	0.00%	-	-
Above 360 days	100.00%	10,488	10,488	100.00%	82,627	82,627
		2,181,303	146,030		880,296	82,627
Trade debts against which collateral is held		210,048	-		-	-
Gross Trade debts		**2,391,351**	**146,030**		**880,296**	**82,627**

* This represents amounts net of trade debts against which security deposits and inland letters of credit, considered as collateral, are held amounting to Rs 105.594 million (2020: Rs 169.048 million) and Rs 41 million (2020: Rs 41 million), respectively.

The amount of loss allowance that best represents maximum exposure to credit risk at the end of the reporting period without taking into account any collateral is Rs 125.594 million (2020: Rs 300.33 million).

Default is triggered when more than 360 days have passed. The names of defaulting parties of outstanding trade debts from export sales and their respective default amount is as follows:

	2021	2020
	(Rupees in thousand)	
Nobel Translink Private Limited	10,375	20,086
Chempex Industries	31	3,937
Hizbullah & Saeed Ullah House Limited	369	393
Vikrant Traders	47,969	51,085
A A Middle East FZE	101	107
Taruna Trading Company	4,011	4,271
Sai Enterprises	-	305
Square Corporation	1,080	1,150
Société Kalfane Fils	-	190
Bulkcor	-	1,046
Others	404	57
	64,340	82,627

(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	2021	2020
				(Rupees in thousand)	
Bank Alfalah Limited	A1+	AA+	PACRA	133,819	221,273
Askari Bank Limited	A1+	AA+	PACRA	238	-
Bank Islami Pakistan Limited	A1	A+	PACRA	228	2,167
The Bank of Punjab	A1+	AA	PACRA	451	1,634
The Bank of Khyber	A1	A	PACRA	42	265
Citibank N.A.	P-1	AA3	Moody's	12	12
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	1	2,685
MCB Bank Limited	A1+	AAA	PACRA	668,535	299,581
Habib Bank Limited	A-1+	AAA	JCR-VIS	-	59,227
Meezan Bank Limited	A-1+	AA+	JCR-VIS	15	14
National Bank of Pakistan	A1+	AAA	PACRA	11,805	3,732
Silk Bank Limited	A-2	A-	JCR-VIS	5	5
Soneri Bank Limited	A1+	AA-	PACRA	-	6,551
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	187	121
United Bank Limited	A-1+	AAA	JCR-VIS	1,529	33,155
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	69	27
Faysal Bank Limited	A1+	AA	PACRA	1,000,045	735
JS Bank Limited	A1+	AA-	PACRA	12	12
MCB Islamic Bank Limited	A1	A	PACRA	21,558	768
Samba Bank Limited	AA	A-1	JCR-VIS	1,075	4
Industrial and Commercial Bank of China	F1 +	A	FITCH	20	-
Habib Bank Limited - Islamic	A-1+	AAA	JCR-VIS	198	-
Bank Al-Habib Limited	A1+	AA+	PACRA	23	53,316
				1,839,867	685,284

(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 14 and 30 to these consolidated financial statements.

Management monitors the forecasts of the Group’s cash and cash equivalents (note 41 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.

July 01, 2021	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	6,349,209	7,905,388	11,442,134	2,037,874	27,734,605	26,170,436
Trade and other payables	11,989,594	-	-	-	11,989,594	11,989,594
Long term deposits	51,868	20,402	91,387	83,335	246,992	246,992
Accrued mark-up	553,468	-	-	-	553,468	553,468
Short term borrowings						
- secured	20,939,726	-	-	-	20,939,726	20,939,726
Unclaimed dividend	33,517	-	-	-	33,517	33,517
Loans from related parties						
- unsecured	214,000	-	-	-	214,000	214,000
	40,131,382	7,925,790	11,533,521	2,121,209	61,711,902	60,147,733

July 01, 2020	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	2,049,484	5,923,449	15,573,672	1,182,085	24,728,690	24,728,690
Trade and other payables	8,805,077	-	-	-	8,805,077	8,805,077
Long term deposits	20,975	93,957	6,932	132,073	253,937	253,937
Accrued mark-up	803,423	-	-	-	803,423	803,423
Short term borrowings						
- secured	25,849,525	-	-	-	25,849,525	25,849,525
Unclaimed dividend	33,837	-	-	-	33,837	33,837
Loans from related parties						
- unsecured	214,000	-	-	-	214,000	214,000
	37,776,321	6,017,406	15,580,604	1,314,158	60,688,489	60,688,489

47.2 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, 2021 and 2020 were as follows:

		2021	2020
		(Rupees in thousand)	
Borrowings - notes 7, 14 & 15		47,324,162	50,792,215
Book overdraft		18,048	23,814
Cash and bank balances - note 30		(1,898,726)	(687,991)
Net debt		45,443,484	50,128,038
Total equity		75,876,187	68,673,790
Gearing ratio	Percentage	60%	73%

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.

47.3 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, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees in thousand)		
Recurring fair value measurements				
Assets				
Investment - FVPL	26	-	-	26
Investments - FVOCI	20,965,474	-	5,700,229	26,665,703
Biological assets	-	-	877,563	877,563
Total assets	20,965,500	-	6,577,792	27,543,292
Total liabilities	-	-	-	-
As at June 30, 2020				
Recurring fair value measurements				
Assets				
Investment - FVPL	20	-	-	20
Investments - FVOCI	20,335,341	-	2,364,787	22,700,128
Biological assets	-	-	881,340	881,340
Total assets	20,335,361	-	3,246,127	23,581,488
Total liabilities	-	-	-	-

Movement in the above mentioned assets has been disclosed in notes 18 and 23 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 19.73 and Rs 38.42 per ordinary share, respectively, as at June 30, 2021, 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 19.73 and Rs 38.42 per ordinary share, respectively, as at June 30, 2021, through a valuation technique based on discounted cash flow analysis.

The method for calculation of fair value and valuation inputs including sensitivity analysis has been explained in note 20.1.1 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, 2021. Level 3 fair value of Biological assets has been determined using a standard average values from the heifer with 14 months of age (time where can be pregnant) as a starting point to define the values of the different categories of growing cattle and according to the age of cows. From this point, the value of the cattle ageing between 14 months to 24 months (where 24 months is the theoretical age of calving) by adding the feed costs, salaries, medical cost, operational cost and insemination cost required, to raise the heifer from this age to the specific age of calving calculated in 24 months. From this stage of 24 months, it also obtains the disposal values for an average mature cow according to age.

The fair value is also dependent on the age of the cattle. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing. To calculate the fair value of growing and small cattle's ageing less than 14 months, the feed costs, salaries, operational and land rental costs are subtracted from the model used above. At the same time, a value was fixed on the calf heifer recently born according to the estimation and in relation with referential values of the similar cattle breeding in Pakistan.

When the cow arrives at 6 years i.e. 72 months of age or more (5th Lactation) and is considered an old cow as is usual in Pakistan, and if the cow remains in the farm because she is profitable, normally this is the stage of culling. The value of cow at this stage shall be kept constant.

To the international market value prices considered, need to add the cost of freight and internal transportation in Pakistan. The cattle prices in the international market has remained constant over the past year. The demand of the cattle in the Asian market has also remained approximately the same as last year.

a) Valuation inputs and relationship to fair value

The valuation inputs used in the calculation includes the farm cost to raise the heifer (as starting point) and according to actual cost in the farm and the analysis of the average international market prices adding the cost of shipping and transportation and other expenses to Pakistan. The market value of the heifers if sold in the local market was also taken into consideration and compared with the fair values assigned to them.

The actual value of the similar heifers imported by the Group placed in Pakistan is determined according to the quotation obtained from the cattle dealer's importers. However, the quotations available for these animals are usually for pregnant heifers and with the insurance factor covered in the price. Both of these factors are excluded when ascertaining the fair value of milking animals.

The milking performance for the Australian imported heifers, Dutch heifers and farm born heifers has been almost same throughout the year and hence same values have been ascertained for all the milking animals regardless of their categories but according to their lactation levels.

b) Fair value sensitivity analysis for biological assets

If the fair value of biological assets, at the year end date fluctuates by 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs 8.775 million (2020: Rs 8.813 million) higher/lower mainly as a result of higher/lower fair value gain/(loss) on biological assets.

The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

47.4 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, 2021				
Assets as per statement of financial position				
Long term loans to employees	-	-	4,601	4,601
Long term deposits	-	-	57,513	57,513
Trade debts	-	-	2,570,837	2,570,837
Deposits and other receivables	-	-	21,301	21,301
Loan to related party	-	-	765,000	765,000
Investments	26	26,665,703	-	26,665,729
Cash and bank balances	-	-	1,898,726	1,898,726
	26	26,665,703	5,317,978	31,983,707
As at June 30, 2020				
Assets as per statement of financial position				
Long term loans to employees	-	-	5,096	5,096
Long term deposits	-	-	57,908	57,908
Trade debts	-	-	3,042,990	3,042,990
Deposits and other receivables	-	-	22,214	22,214
Loan to related party	-	-	765,000	765,000
Investments	20	22,700,128	-	22,700,148
Cash and bank balances	-	-	687,991	687,991
	20	22,700,128	4,581,199	27,281,347

	Financial liabilities at amortized cost	
	2021	2019
	(Rupees in thousand)	
Liabilities as per statement of financial position		
Long term finances - secured	26,170,436	24,728,690
Long term deposits	246,992	253,937
Accrued markup	553,468	803,423
Trade and other payables	11,989,633	8,805,077
Short term borrowings	20,939,726	25,849,525
Loans from related parties - unsecured	214,000	214,000
Unclaimed dividend	33,517	33,837
	60,147,772	60,688,489

47.5 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.

48. 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.

48.1 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue from										
- External customers	45,107,690	38,033,123	1,944,920	1,829,232	2,022,267	1,730,331	-	-	49,074,877	41,592,686
- Inter segment	-	-	2,034,598	2,443,782	4,271	4,403	(2,038,869)	(2,448,185)	-	-
	45,107,690	38,033,123	3,979,518	4,273,014	2,026,538	1,734,734	(2,038,869)	(2,448,185)	49,074,877	41,592,686
Segment gross profit/(loss)	8,071,893	1,585,909	993,815	684,829	22,424	(253,179)	(80,728)	(51,783)	9,007,404	1,965,776
Segment expenses	(2,906,432)	(3,118,384)	(106,864)	(74,647)	(175,640)	(205,905)	-	525	(3,188,936)	(3,398,411)
Other income	2,526,818	2,429,574	23,958	19,554	18,950	14,989	(925)	(30,389)	2,568,801	2,433,728
Changes in fair value of biological assets	-	-	-	-	241,437	305,256	-	-	241,437	305,256
Finance cost	(2,920,874)	(4,653,286)	(197,057)	(448,887)	(3,857)	(9,177)	-	-	(3,121,788)	(5,111,350)
Taxation	(1,050,131)	1,597,527	(188,864)	(50,175)	(174,740)	28,464	-	-	(1,413,735)	1,575,816
Profit/(loss) after taxation	3,721,274	(2,158,660)	524,988	130,674	(71,426)	(119,552)	(81,653)	(81,647)	4,093,183	(2,229,185)
Segment assets	137,894,697	129,551,536	5,942,936	5,183,378	3,322,952	3,280,366	(3,059,277)	(2,704,565)	144,101,308	135,310,715
Segment liabilities	61,060,072	58,388,809	3,897,073	3,659,274	837,397	723,386	2,430,579	3,865,456	68,225,121	66,636,925
Depreciation, amortization and impairment	3,580,807	3,691,100	60,001	60,149	151,076	164,412	25,899	27,306	3,817,783	3,942,967
Net cash generated from/(used in) operating activities	6,161,190	(343,131)	915,732	388,043	(49,388)	(43,106)	(281,357)	(402,701)	6,746,177	(54,104)
Capital expenditure	(5,087,104)	(7,374,428)	(17,403)	(578)	(158,797)	(21,985)	(4)	4	(5,263,308)	(7,396,987)
Net cash generated from/(used in) investing activities	(2,962,160)	(5,082,796)	(30,618)	4,775	804	107,837	(15,462)	(12,995)	(3,007,436)	(4,983,179)

47.2 Geographical segments

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

49. Interests in other entities

49.1 Material subsidiaries

The subsidiaries as at June 30, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Parent, and the proportion of ownership interests held equals the voting rights held by the Parent. 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	2021	2020	2021	2020	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

49.2 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	
	2021	2020	2021	2020
	(Rupees in thousand)		(Rupees in thousand)	
Summarised statement of financial position				
Current assets	4,371,178	3,598,217	658,492	612,409
Less: current liabilities	3,122,728	2,778,731	677,388	702,131
Net current assets/(liabilities)	1,248,450	819,486	(18,896)	(89,722)
Non-current assets	1,571,757	1,585,161	2,671,015	2,667,958
Less: non-current liabilities	774,345	880,543	14,821	21,255
Net non-current assets	797,412	704,618	2,656,194	2,646,703
Net assets	2,045,862	1,524,104	2,637,298	2,556,981
Accumulated non-controlling interests	970,625	765,458	1,211,724	1,250,898
Summarised statement of comprehensive income				
Revenue	3,979,518	4,273,014	2,026,538	1,734,733
Profit/(loss) for the year	524,989	130,675	(71,425)	(119,550)
Other comprehensive loss	(3,229)	(10,273)	-	-
Total comprehensive income/(loss)	521,760	120,402	(71,425)	(119,550)
Profit/(loss) allocated to NCI	206,621	42,995	(39,173)	(61,570)
Other comprehensive loss allocated to NCI	(1,453)	(4,623)	-	-
Dividends paid to NCI	-	-	-	-
Summarised cash flows				
Cash flows from operating activities	915,732	388,043	(49,388)	(43,106)
Cash flows from investing activities	(30,618)	4,775	804	107,837
Cash flows from financing activities	(95,471)	(275,829)	15,961	28,505
Net increase/(decrease) in cash and cash equivalents	789,643	116,989	(32,623)	93,236

	2021	2020
	(Rupees in thousand)	
50. Disclosures by Company Listed on Islamic Index		
Loans/advances obtained as per Islamic mode:		
Loans obtained as per Islamic mode	6,428,254	5,937,320
Shariah compliant bank deposits/bank balances:		
Bank balances	21,503	24,858
Profit earned from shariah compliant bank deposits/bank balances		
Profit on deposits with banks	1,847	-
Revenue earned from shariah compliant business	45,107,691	38,033,123
Gain or dividend earned from shariah compliant investments		
Dividend income	123,212	122,527
Exchange gain	58,308	492,142
Mark-up paid on Islamic mode of financing	419,053	894,387
Profits earned or interest paid on any conventional loan or advance		
Profit earned on loan to related party	64,517	112,322
Profit earned on deposits with banks	12,274	3,713
Interest paid on loans	2,706,328	3,856,193

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.

51. Date of authorisation for issue

These consolidated financial statements were authorised for issue on 14 September, 2021 by the Board of Directors.

52. Event after the reporting period

The Board of Directors have proposed a dividend of Rs 1.00 per share, amounting to Rs 438.119 million at their meeting held on September 14, 2021 for approval of the members at the Annual General Meeting to be held on October 28, 2021. These consolidated financial statements do not include the effect of the above dividend that will be accounted for in the period in which it is approved.

53. Corresponding figures

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison, however, no significant reclassification has been made except that the Expansion Project of Rs 1,728.945 million previously disclosed separately under Capital work-in-progress now reclassified and included within the items of Capital work-in-progress. Further, certain items amounting to Rs 11.327 million have been reclassified from "Capital work-in-progress" to "Loans, advances, deposits, prepayments and other receivables".

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

f۔ کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

g۔ ضابطہء کارپوریٹ گورننس میں سے کسی خاطر خواہ شق سے انحراف نہیں ہورہا 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۔

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
14 ستمبر 2021ء

فرید نور علی فضل
ڈائریکٹر

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 کوویڈ 19 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 سیکیورٹی، صحت اور حفاظت پر سیشن کا اہتمام کرتی ہے اور ہنگامی صورت حال کی فرضی مشقوں کو انجام دیتی ہے۔
- جنرل
- کمپنی کھیلوں کے لئے مستحق افراد کی مدد کرتی ہے۔
- کمپنی معذور افراد کی بحالی میں بھی مدد کرتی ہے۔
- 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 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 ہوگئے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ بورڈ نے آئندہ سالانہ عام اجلاس میں ارکان کی منظوری سے مشروط آڈٹ کمیٹی کی طرف سے تجویز کے طور پر آئندہ سال کے لئے بطور آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (ریگولیشنز) کی تعمیل

کمپنی نے 30 جون 2021 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۔

- 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۔

ڈائریکٹرز اور دیگر ایگزیکٹوز کے مشاہرہ کی تفصیلات مالی گوشواروں میں دی گئی ہیں۔

ڈائریکٹر

مندرجہ ذیل کمپنی کے ڈائریکٹر ہیں:

1۔ محترمہ ناز منشا (چیئر پرسن)	نان ایگزیکٹو
2۔ جناب رضا منشا	ایگزیکٹو
3۔ جناب خالد نیاز خواجہ	آزاد
4۔ جناب اسامہ محمود	آزاد
5۔ جناب محمود اختر	نان ایگزیکٹو
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	چیئر مین
2۔ جناب اسامہ محمود	رکن
3۔ جناب محمود اختر	رکن

انسانی وسائل اور معاوضہ کمیٹی

1۔ جناب خالد نیاز خواجہ	چیئر مین
2۔ جناب رضا منشا	رکن
3۔ جناب شہزاد ملک	رکن

بعد از بیلنس شیٹ کے واقعات

بعد از 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 دو سکولوں کو چلاتی ہے۔

میڈیکل اور فائر فائٹنگ

- ڈی جی خان، خیر پور اور حب کے مقامات پر فری ڈسپنسری کی سہولت دستیاب ہے۔ ڈسپنسری کی سہولت علاقے کے لوگوں کے لئے بالکل مفت ہے۔
- سائٹ پر سے اور ڈسپنسری اور قریبی دیہاتوں تک فری وین ٹرانسپورٹیشن کی سہولت
- کمپنی مقامی کمیونٹیز کے لئے فری ایمبولینس سروسز چلاتی ہے۔
- کمپنی قریبی علاقوں کے لئے فری فائر فائٹنگ سروس بھی چلاتی ہے۔

CFPP کی مشینری اور آلات کی فراہمی کے لئے بھی ایک معاہدہ کیا ہے۔ دونوں بجلی گھروں کی مشینری اور سامان ایئر کولنگ سسٹم پر مبنی ہیں جو صاف ماحول کو برقرار رکھنے کی کمپنی کی پالیسی میں اہم کردار ادا کرتے ہوئے کم سے کم پانی استعمال کریں گے۔ CFPP پاکستان میں اپنی نوعیت کا پہلا پاور پلانٹ ہے جس میں دو ٹربائنوں پر مشتمل "ری ہیٹ سسٹم" کے ساتھ توانائی کا تبادلہ ہوتا ہے۔ یہ توقع کی جاتی ہے کہ فی کلوواٹ کوئلہ کی کھپت تقریباً 1 فیصد کم ہے جو ہم اپنے موجودہ کوئلے سے چلنے والے بجلی گھر میں استعمال کرتے ہیں۔ ذاتی بجلی پیدا کرنے سے بجلی کے سالانہ اخراجات میں بچت ہوگی اور بلا تعطل پلانٹ آپریشن یقینی بن جائیں گے۔ کووڈ 19 کی وجہ سے نقل وحرکت اور تجارت پر دنیا بھر میں پابندیوں کے باعث مشینری کی ترسیل میں تاخیر ہوئی۔ CFPP مالی سال 22 کی پہلی سہ ماہی میں مکمل ہونے کی توقع ہے۔

مستقبل کا نقطہ نظر

کووڈ 19 کا ڈیلٹا ویریئنٹ زیادہ شدید اور وائرل دکھائی دیا۔ مثبت شرح تقریباً 10% تک تین گنا بڑھ گئی اور کچھ شہروں میں مالی سال 21 کی آخری سہ ماہی میں یہ 20 فیصد سے بھی بڑھ گئی۔ حکومت پہلے ہی جزوی لاک ڈاؤن نافذ کر چکی ہے جو بنیادی طور پر سروس سیکٹر سے متعلق ہے اور ایس او پیز کا سختی سے نفاذ کیا گیا اگر صورتحال برقرار رہی تو حکومت کو بڑے شہروں میں اہم معاشی سرگرمیوں کی بندش کرنا پڑ سکتا ہے۔ حکومت کی طرف سے ویکسینیشن کی مہم بھی زوروں پر ہے۔ حکومت 21 دسمبر تک مناسب تعداد تک ویکسینیشن لگانے کے ہدف کو پورا کرنے کے لیے پُرعزم ہے۔ حکومت نے نمو پر مبنی بجٹ منظور کیا۔ کرنٹ اکاؤنٹ، ذخائر اور ایکسچینج ریٹ کو برقرار رکھتے ہوئے نمو حاصل کرنا اور مالیاتی نظم وضبط کو برقرار رکھنا سب سے بڑا چیلنج ہے۔ بین الاقوامی اشیاء کی قیمتیں بڑھ رہی ہیں۔ TERF سے متعلقہ درآمدات بھی شرح تبادلہ پر دباؤ ڈالتی ہیں اور افراط زر کا باعث بن سکتی ہیں۔ تاہم، ڈسکاؤنٹ شرح ممکنہ طور پر مستقبل قریب میں مستحکم رہے گی کیونکہ موجودہ افراط زر زیادہ تر اشیاء کی سپلائی کے باعث زیادہ ہے۔ دسمبر 2020 سے کوئلے کی قیمتیں بڑھ رہی ہیں۔ اس لاگت کے دباؤ کا اثر صارفین تک مکمل طور پر منتقل نہیں کیا گیا۔

مثبت پہلو پر، ہاؤسنگ سیکٹر، گورنمنٹ اسپیشل کراچی پیکیج، چھوٹے اور بڑے ڈیموں پر تیزی سے کام اور سی پیک سے متعلقہ منصوبوں کی وجہ سے تعمیراتی سرگرمیوں کی رفتار میں بڑھنے کا رجحان رہے گا۔ حکومت نے اس سلسلے میں بار بار عزم ظاہر کیا ہے۔ بیرون ملک مقیم پاکستانیوں کے لیے SBP کی جانب سے 'روشن اپنا گھر' جیسے نئے اقدامات بھی شروع کیے گئے۔ اس سے بھی اس شعبے میں سرمایہ کاری آئے گی۔ حالیہ برسوں میں صلاحیت میں توسیع کے ساتھ، صنعت ان پیش رفتوں کو پورا کرنے کے لیے اچھی طرح سے تیار ہے۔

مالی کارکردگی- مجموعی

آپ کے گروپ کے مختصر مجموعی نتائج مندرجہ ذیل ہیں:

پاکستانی روپے ہزاروں میں

	مالی سال 2021	مالی سال 2020	تغیرات
خالص فروخت	49,074,877	41,592,686	18.0%
مجموعی منافع	9,007,404	1,965,776	358.2%
PBT	5,506,918	(3,805,001)	-244.7%
PAT	4,093,183	(2,229,185)	-283.6%
EPS (پاکستانی روپے/شیئر)	8.96	(5.05)	-277.4%

PAT میں اضافہ بنیادی طور پر سیمنٹ اور کاغذ کے شعبہ کے منافع کی وجہ سے ہوا۔ ڈیری شعبہ کو 103 ملین روپے ٹیکس سے قبل کا منافع ہوا جس سے کاروباری نقصانات کے اختتام کی وجہ سے زیادہ ملتوی ٹیکس اخراجات پورے کئے گئے۔

تصرف

بورڈ نے منافع اور صلاحیت کی توسیع کی ضروریات کو مدنظر رکھتے ہوئے، FY21 کے لئے 1.0 پاکستانی روپے فی شیئر کے ڈیویڈنڈ کی سفارش کرنے کا فیصلہ کیا 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

کووڈ 19 جو کیلنڈر سال 2020 کے ابتدائی مہینوں میں پھیلا، اپنے ساتھ صحت اور معاشی بحران لایا جو کہ فطرت میں بے مثال ہیں۔ دنیا بھر کی صنعتیں مجبوراً بند ہو گئیں۔ عالمی معیشت گھٹنوں کے بل جھک گئی۔ صحت اور معیشت کو سہارا دینے کے لیے عالمی قرض میں اضافہ ہوا۔ دنیا کی بڑی معیشتوں نے منفی نمو درج کرائی اور کساد بازاری میں چلی گئیں۔ معاشی نقصانات خاص طور پر ان ممالک کے لیے ہوئے ہیں جو سیاحت اور اجناس کی برآمدات پر انحصار کرتے ہیں اور ان کے لیے جو محدود پالیسی سپیس رکھتے ہیں۔ ایک اندازہ کے مطابق 2020 میں تقریباً 95 ملین سے زیادہ لوگ انتہائی غربت کی لکیر سے نیچے چلے گئے ہیں۔ آئی ایم ایف کے مطابق، 2020 میں عالمی معیشت 3.3 فیصد تک گر گئی۔ تاہم، پاکستان نے بحیثیت نظم وضبط اور عزم کا مظاہرہ کیا۔ ابتدائی طور پر ملک گیر لاک ڈاؤن تھے لیکن موثر 'سمارٹ لاک ڈاؤن' حکمت عملی، این سی او سی کی مسلسل نگرانی اور عوامی تعاون کے ذریعے، مجموعی طور پر انفیکشن کی شرح خطرناک حد تک نہیں بڑھی۔ حکومت اور اسٹیٹ بینک نے مختلف مالیاتی اور مانیٹری اقدامات کے ذریعے مشکل وقت میں صنعتوں کو ریلیف دینے کی کوشش کی۔ ڈسکاؤنٹ کی شرح کم کر دی گئی۔ قرض کی واپس ادائیگی موخر کر دی گئی۔ نئے پلانٹ اور مشینری اور بی ایم آر کے لیے ٹی ای آر ایف سکیم متعارف کرائی گئی۔ تعمیراتی اور رہائشی شعبوں کے لیے مختلف مراعات کا اعلان کیا گیا اور ان پر عمل بھی کیا گیا۔ ان پالیسی فیصلوں کے نتائج موجودہ مالی سال 21 میں حاصل ہوئے۔ معیشت کی رفتار تیز ہو گئی اور سال کے وسط میں نتائج ظاہر ہونا شروع ہو گئے۔ زرعی شعبہ نے بھرپور فصلیں درج کرائیں۔ LSM نے تیز ترین بحالی دکھائی۔ مجموعی طور پر جی ڈی پی میں 9 ماہ کے اعداد وشمار کی بنیاد پر 3.93 فیصد نمو کا امکان ہے جس میں اوپر کی سمت میں ایڈجسٹمنٹ کی گنجائش ہے۔ ہاؤسنگ اور تعمیراتی شعبے میں سرگرمیاں، جو کہ گزشتہ دو سالوں سے سست روی کا شکار ہو گئیں تھیں، کی رفتار میں اضافہ ہوا۔ نتیجے کے طور پر، سیمنٹ سیکٹر نے مالی سال 21 میں اب تک کی سب سے زیادہ ترسیل ظاہر کی، جس کے نتیجے میں سیمنٹ سیکٹر کے منافع میں بہتری آئی۔

سیمنٹ انڈسٹری کی ترسیلات اور تجزیہ

حجم کے لحاظ سے، صنعت کی کل فروخت مقدار میں 20 فیصد کی نمو ہوئی۔ شمالی زون نے 19 فیصد کی نمو کے ساتھ ساتھ جنوبی زون میں 24 فیصد کی مضبوط نمو کا حصہ شامل کیا۔ مزید تجزیہ سے ظاہر ہوتا ہے کہ نمو بنیادی طور پر 20 فیصد مقامی ترسیل کی وجہ سے ہوئی۔ انڈسٹری نے گزشتہ سال کی اسی مدت میں 75 فیصد کے مقابلے امسال 83 فیصد مستعمل فروخت دیکھی ہے۔ اس میں بڑا حصہ 70 فیصد کی مقامی فروخت اور برآمدات کی مستعمل فروخت کا 13 فیصد تھا۔

کاروباری کارکردگی کا جائزہ

شیڈول شٹ ڈاؤن کی وجہ سے آپ کی کمپنی کے کلن آپریشنل ایام 10 فیصد کم ہو کر 1,175 دن سے 1,055 دن رہ گئے۔ اس کے نتیجے میں، کلنکر پیداوار 93 فیصد (مالی سال 20: 102 فیصد) رہی۔ آپ کی کمپنی کی مستعمل فروخت 103 فیصد (مالی سال: 102 فیصد) تک بہتر ہوئی جس کی بنیادی وجہ اوپننگ اسٹاک میں پائلنگ کلنکر سے کلنکر کا بڑا حصہ برآمد کیا گیا۔ کلنکر کو مقررہ اخراجات میں حصہ شامل کرنے کے لئے برآمد کیا گیا جس سے مالی سال 21 میں تقریباً 60 ملین امریکی ڈالر کا قیمتی زرمبادلہ حاصل ہوا۔

قیمت کے لحاظ سے، فروخت نے بنیادی طور پر سیمنٹ کی زیادہ طلب کے باعث سیمنٹ کی مقامی مستحکم قیمتوں کی وجہ سے نمو درج کرائی ہے۔ کم کلنکر پیداوار کے باوجود GP% میں بہتری آئی ہے، جس کی بڑی وجہ مستحکم ان پٹ اخراجات ہیں۔ تاہم، تیسری اور چوتھی سہ ماہی میں کوئلے کی بڑھتی قیمتوں اور عام افراط زر سے منسلکہ لاگت پر کچھ دباؤ تھا جس نے GP کو متاثر کیا۔ HUB سائٹ پر WHR پاور پلانٹ سال کی دوسری ششماہی میں آپریشنل ہو گیا جس نے لاگت کے دباؤ کو کچھ کم کیا۔ فروخت کے اخراجات میں اضافہ کلنکر کی برآمدی فروخت میں اضافے سے منسلک تھا جس کے نتیجے میں فریٹ اور ہینڈلنگ چارجز زیادہ ہوئے ہیں۔ قومی GDP کی متوقع زیادہ شرح نمو اور اچھی فروخت کولیکشن کے نتیجے میں خسارہ کم ہوا۔ دیگر آمدنی میں اضافہ موجودہ سال میں MCB سے منافع منقسمہ کی زیادہ شرح سے وابستہ تھا۔ پچھلے سال کے مقابلے میں ڈسکاؤنٹ شرح 7.0 فیصد تک کم ہونے کی وجہ سے مالیاتی لاگت میں کمی واقع ہوئی۔ مجموعی منافع میں بہتری اور مالیاتی لاگت میں کمی نے کمپنی کے 2.1 بلین روپے کے نقصان کو مالی سال 21 میں 3.7 بلین روپے کے منافع میں بدل دیا۔

نئے اور جاری منصوبے

آپ کی کمپنی نے سنوما انرجی کنزرویشن لمیٹڈ، چین کے ساتھ حب سیمنٹ پلانٹ میں 10MW کے ڈبلیو ایچ آر پاور جنریشن اور 30MW کے

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو مالی سال 21 کے نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

30 جون 2021ء مختتمہ سال کے لئے کمپنی کی مجموعی کارکردگی کے اعداد و شمار:

	مالی سال 2021	مالی سال 2020
	پاکستانی روپے ہزاروں میں	
فروخت	45,107,690	38,033,124
قیمت فروخت	(37,035,798)	(36,447,218)
مجموعی منافع	8,071,892	1,585,906
انتظامی اخراجات	(646,762)	(658,874)
فروخت اور تقسیم کے اخراجات	(1,950,056)	(1,783,422)
مالی اثاثوں پر خالص قرضی نقصان	104,703	(146,447)
دیگر معاملاتی اخراجات	(414,315)	(529,640)
دیگر آمدنی	2,526,818	2,429,575
مالی لاگت	(2,920,875)	(4,653,286)
ٹیکسیشن سے قبل (نقصان)/منافع	4,771,405	(3,756,188)
ٹیکسیشن	(1,050,132)	1,597,527
سال کے لئے (نقصان)/منافع	3,721,273	(2,158,661)

GP%	17.9%	4.2%
PBT %	10.6%	(9.9%)
PAT%	8.3%	(5.7%)
EPS	8.49	(4.93)

امسال کے لئے آپ کی کمپنی کی پیداوار اور فروخت حجم کے اعداد و شمار درج ذیل ہیں:

	مالی سال 2021	مالی سال 2020
پیداوار	اعداد و شمار میٹرک ٹن میں	
کلنکر کی پیداوار	6,255,177	6,841,964
سیمنٹ کی پیداوار	5,433,349	5,510,426
فروخت		
کل فروخت	5,400,888	5,494,823
مقامی فروخت	5,271,349	5,336,680
برآمد فروخت	129,539	158,143
کلنکر فروخت	1,853,867	1,692,124

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 28, 2021 (Thursday) at 11:30 A.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2021 together with the Chairman's Review, Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 10% [i.e. Re. 1 (Rupee One Only) per Ordinary Share as recommended by the Board of Directors.

3. To appoint statutory Auditors for the year 2021-22 and fix their remuneration.

4. **Special Business:-**

   To consider and if deemed fit, to pass the following resolutions as Special Resolutions under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s).

   RESOLVED that approval of the members of D. G. Khan Cement Company Limited (the Company/DGKC) be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017, for renewal of investment of upto PKR 1,000,000,000/- (Rupees One Billion Only) in the form of working capital / running finance loan to Nishat Hotels and Properties Limited ("NHPL"), an associated company, for a period of one year starting from the date of approval by the members, at the markup rate of 1 Month KIBOR plus 100 bps (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period or the borrowing cost of the Company whichever is higher) and as per other terms and conditions disclosed to the members.

   FURTHER RESOLVED that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities including signing of agreement and other documents and file all necessary documents as may be necessary or incidental and for the purpose of implementing the aforesaid resolutions.

   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

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

Lahore
September 14, 2021

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 21.10.2021 to 28.10.2021 **(both days inclusive)** for entitlement of **10% Final Cash Dividend [i.e. Re.1/- (Rupee One Only) Per Ordinary Share]** for the year ended June 30, 2021 and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respects up to 1:00 p.m. on 20.10.2021 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. Siddique Trade Centre, Office No. PL-29 PL Floor, 72 Main Boulevard, Gulberg, Lahore shall be considered in time for entitlement of above said 10% Final Cash Dividend.

Proxies

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

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

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Deduction of Withholding Tax on Dividend

Pursuant to the provisions of the Finance Act, 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- Filler 15%
- Non-Filler 30%

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

Deduction of Withholding Tax on Dividend in case of Joint Account Holders

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar THK Associates (Pvt) Limited latest by October 21, 2021, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		D. G. Khan Cement Company Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder______________________________

EXEMPTION OF WITHOLDING TAX:-

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, Share Registrar THK Associates (Pvt) Limited up to October 21, 2021.

SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar THK Associates (Pvt) Limited. The Shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 issued by SECP and would be constrained under SECP's Order dated June 08, 2016 under Section 251(2) of the Companies Ordinance, 1984 to withhold the payment of dividend warrants to such shareholders which will be released on submission of valid copy of CNIC

ZAKAT DECLRATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Any shareholder who want to claim exemption shall submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 on prescribed Form CZ-50, to our Share Registrar, M/s. THK Associates (Pvt) Limited otherwise no exemption will be granted. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio Numbers/CDC Account Numbers.

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.

Folio No. / Investor Account Number / CDC Sub Account No.																								
Title of Account																								
IBAN Number																								
Bank Name																								
Branch																								
Branch Address																								
Mobile Number																								
Name of Network (if ported)																								
Email Address																								

Signature of Shareholder_____________________________

Transmission of Annual Financial Statements through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.dgcement.com and send the form, duly signed by the shareholder, along with copy of his/her CNIC to the Company's Share Registrar M/s THK Associates (Pvt) Limited.

Circulation of Annual Reports through Digital Storage

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the Members of D. G. Khan Cement Company Limited in AGM held on 28th October 2017 had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

Unclaimed Dividend / Shares

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

Video Conference Facility

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting on the Standard Form placed in the annual report which is also available on the website of the Company.

E-voting and Postal Ballot Facility

The shareholders will be allowed to exercise their right to vote through e-voting and postal ballot subject to Section 142 and 143 of the Companies Act, 2017 and Regulation 11 of the Companies (Postal Ballot) Regulations, 2018.

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 23, 2021.

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 28, 2021.

NISHAT HOTELS AND PROPERTIES LIMITED RENEWAL OF WORKING CAPITAL LOAN OF RS. 1 BILLION.

D. G. Khan Cement Company Limited ("the Company") has extended working capital loan of PKR 1 billion to Nishat Hotels and Properties Limited ("NHPL") as approved by the shareholders in their Annual General Meeting (AGM) held on October 28, 2020 at the interest rate of 1 months KIBOR plus 100 bps for a period of one year starting from the date of that AGM. The company has so far earned Rs. 386.417 million till June 30, 2021 as markup on said investment.

Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company in their meeting held on September 14, 2021 has recommended renewal of above said working capital loan of PKR 1 billion extended to NHPL at the interest rate of 1 Months KIBOR plus 100 bps (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) or borrowing cost of the Company whichever is higher) for a further period of one year starting from the date of this AGM i.e. October 28, 2021 on the terms and conditions as disclosed to the members.

Repayment of the principle amount of loan will be made within one year with payment of interest due on monthly basis. The management expects better income for the Company through higher interest rates charged to NHPL which will eventually enhance the return on investment to the shareholders of the Company.

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 12,908,890,270/- (Rupees Twelve Billion Nine Hundred Eight Million Eight Hundred Ninety Thousand Two Hundred Seventy Only) divided into 1,290,889,027 (One Billion Two Hundred Ninety Million Eight Hundred Eight Nine Thousand Twenty Seven) ordinary shares of PKR 10 each. Its main object is to carry on retail and hospitality business in Pakistan. For the intended purpose, NHPL has acquired site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is fully operational from September 2016. Hotel has been opened from 20th May 2017 and 198 rooms are fully operational. The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

- 4 star Hotel with 198 rooms
- Banquet halls
- Carre Four
- Shopping Mall with following features:
  - Retail
  - Food courts
  - Cineplex
  - Fun Factory
  - Health and Leisure Zones
  - Two basements with 2,815 parking bays for cars and motorcycles.

All sectors of the world's economy are affected by the coronavirus outbreak, the hotel, leisure, retail and travel industries have been hit particularly hard therefore, short term finance is needed by NHPL for meeting its working capital requirements.

The directors of the Company have certified / undertake that the investment is made after due diligence and financial health of NHPL is such that it has the ability to repay the loan as per agreement. The duly signed recommendation of the due diligence report and directors undertaking/certificate shall be made available to the members for inspection at the meeting.

NHPL is not a member of the Company. Its sponsors/directors are directors/members of the Company. They have no interest except their directorship and to the extent of their shareholding in DGKC which is as follows:

Name	**% of Shareholding in DGKC**
Mian Raza Mansha	2.90
Mian Umer Mansha	6.23
Mian Hassan Mansha	6.14
Spouse of Mian Raza Mansha	1.34
Mr. I.U. Niazi	0.00

Information Under Regulation 3 of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

<table>
<tr><td colspan="3">(a) Disclosure for all types of investments:</td></tr>
<tr><td colspan="3">(A) Disclosure regarding associated company</td></tr>
<tr><td>(i)</td><td>Name of Associated Company or Associated Undertaking</td><td>Nishat Hotels and Properties Limited (NHPL)</td></tr>
<tr><td>(ii)</td><td>Basis of Relationship</td><td>Common Directorship</td></tr>
<tr><td>(iii)</td><td>Earnings / (Loss) per Share for the last three years</td><td><table><tr><th>Sr.</th><th>Year</th><th>Earnings / (Loss) per share Rs.</th></tr><tr><td>1.</td><td>9 Months ended 31-Mar-2021 (Un-audited)</td><td>0.08</td></tr><tr><td>2.</td><td>2020 (audited)</td><td>(0.79)</td></tr><tr><td>3.</td><td>2019 (audited)</td><td>1.42</td></tr><tr><td>4.</td><td>2018 (audited)</td><td>(0.30)</td></tr></table></td></tr>
<tr><td>(iv)</td><td>Break-up value per Share, based on last audited financial statements</td><td>- PKR 18.13 per share as per latest available un-audited financial statements for the 9 months ended 31 March 2021.
- PKR 20.19 per share as per Available audited financial statements for the year ended 30 June 2020.</td></tr>
<tr><td>(v)</td><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest (unaudited) financial statements as on 31 March, 2021.</td><td>Un-audited financial statements as at 31 March, 2021:<table><tr><th></th><th>Rs. in millions</th></tr><tr><td>Balance Sheet:</td><td></td></tr><tr><td>Assets</td><td></td></tr><tr><td>Non-Current Assets</td><td>33,787</td></tr><tr><td>Current Assets</td><td>5,869</td></tr><tr><td>Total Assets</td><td>39,656</td></tr><tr><td>Liabilities</td><td></td></tr><tr><td>Borrowings</td><td>15,805</td></tr><tr><td>Other Liabilities</td><td>3,581</td></tr><tr><td>Total Liabilities</td><td>19,386</td></tr><tr><td>Equity</td><td>20,270</td></tr><tr><td>Profit & loss:</td><td></td></tr><tr><td>Sales</td><td>3,020</td></tr><tr><td>Gross Profit</td><td>1,297</td></tr><tr><td>Gross Profit Ratio</td><td>42.96%</td></tr><tr><td>Net Profit/(Loss) after tax</td><td>85</td></tr><tr><td>Net Profit after tax Ratio</td><td>2.82%</td></tr><tr><td>EPS</td><td>0.08</td></tr></table></td></tr>
<tr><td>(vi)</td><td>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely</td><td>N/A</td></tr>
</table>

	I	Description of the project and its history since conceptualization	N/A
	II	Starting date and expected date of completion of work	N/A
	III	Time by which such project shall become commercially operational	N/A
	IV	Expected time by which the project shall start paying return on investment	N/A
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	N/A
(B) General Disclosures:			
(i)	Maximum amount if investment to be made		Upto PKR 1,000,000,000 (Pak Rupees One Billion Only)
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		**Purpose:** Renewal of working capital loan. **Benefits:** The Company expects better income through higher interest rates charged to NHPL which will eventually enhance the return on investment of the shareholders of the Company. The investment in NHPL will be for a period of one (1) years and shall payable within one (1) year from the date of approval by the members unless renewed by the members under Section 199 of the Companies Act, 2017.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		Company's own funds.
	(I)	Justification for investment through borrowings	N/A
	(II)	Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	N/A
	(III)	Cost of benefit analysis	N/A
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment		Followings are the salient features of loan agreement already in existence: Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month.

		In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to D. G. Khan Cement Company Limited in addition to the agreed interest amount. All payments under the loan agreement shall be made through crossed cheque. The associated company shall provide corporate guarantee to secure extension of loan.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors, sponsors and majority shareholders of D. G. Khan Cement Company Limited (DGKC) and their relatives holding shares of Nishat Hotels and Properties Limited (NHPL) are interested to the extent of their shareholding in NHPL as under:- **Directors:** — **% of Shareholding** Mian Raza Mansha (Common Director) — 21.86 **Sponsors:** Mian Umer Mansha — 21.97 Mian Hassan Mansha — 21.97 Both brothers of Mian Raza Mansha. **Majority Shareholders** Nishat Mills Limited — 6.08 The directors, sponsors and majority shareholders of Nishat Hotels and Properties Limited (NHPL) and their relatives holding shares of D. G. Khan Cement Company Limited (DGKC) are interested to the extent of their shareholding in DGKC as under:- **Directors:** **Name:** — **% of Shareholding** Mian Raza Mansha — 2.92 Mian Umer Mansha — 6.29 Mian Hassan Mansha — 6.19 Mr. I.U. Niazi — 0.00 **Majority Shareholders** **Name:** — **% of Shareholding** Nishat Mills Limited — 31.40 Security General Insurance Co. Ltd. — 0.05

(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	The Company has invested in 104.167 million shares with Rs.10/- per share face value in NHPL. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the company has estimated a fair value of Rs 19.73 per ordinary share as at June 30, 2021 through a valuation technique based on discounted cash flow analysis of NHPL. The Company has previously provided NHPL a loan of Rs. 765 million as working capital. The Company has already earned Rs. 386.417 million as mark-up income on said loan. The price for this loan would increase, subject to approval by shareholders, in line with prevailing situation of financial market.
(vii)	Any other important details necessary for the members to understand the transaction	None
Additional disclosure regarding investment in the form of Loan/Advance		
(i)	Category-wise amount of investment	Working Capital / Running Finance Loan upto PKR 1,000,000,000 (Pak Rupees One Billion Only).
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period.	The current average borrowing cost of the Company as on September 14, 2021 is 6.55%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	1 Months KIBOR + 100 bps. (which shall not be less than the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period or the borrowing cost of the company whichever is higher) 1 Month KIBOR as on September 14, 2021is 7.53%.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Corporate Guarantee of the associated company.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year of the approval by the shareholders while payment of interest due will be made on monthly basis.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	Hyundai Nishat Motor (Private) Limited (HNMPL)		Nishat Hotels and Properties Limited	Adamjee Insurance Company Limited
Total Investment Approved:	Equity investment upto Rupees 850 million was approved in EOGM held on March 28, 2018 and further enhanced from PKR 850 million to PKR 1,050 million by the shareholders in their AGM held on October 28, 2019 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.	Equity investment upto Rupees 200 million was approved by members in EOGM held on April 17, 2019 for the period of three (3) years.	Equity investment upto Rupees 721.620 million was approved by members in AGM held on October 27, 2018 for the period of 3 years.
Amount of Investment Made to date:	Investment of Rupees 948.730 million has been made against this approval to date.	Guarantee of Rs. 1,269.671 million provided by the Company to the lenders of Hyundai Nishat Motors (Pvt) Limited against this approval.	Investment of Rupees 41.67 million has been made against this approval to date.	Investment of Rupees 22.920 million has been made against this approval to date.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. The Company will make further equity investment as and when further shares offered by HNMPL.	Partial guarantee has been extended after the approval. The Company will arrange issuance of further Guarantee /SBLC as and when requested by HNMPL within the approved time line and amount.	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. The Company will make further equity investment as and when further shares offered by NHPL.	Partial investment has been made in investee company. Further investment will be made depending on market conditions at appropriate time.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs.19.67 and breakup value per share was Rs. 4.85. As per latest available half yearly financial statements for the half year ended June 30, 2020 the basic earning per share is Rs. 0.061 and breakup value per share is Rs. 7.11.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs.19.67 and breakup value per share was Rs. 4.85. As per latest available half yearly financial statements for the half year ended June 30, 2021 the basic loss per share is Rs. 0.061 and breakup value per share is Rs. 7.11.	At the time of approval, as per available latest audited financial statements for the year ended June 30, 2018, the basic loss per share was Rs.0.30 and breakup value per share was Rs. 12.65. As per latest available un-audited financial statements for the 9 months ended March 31, 2021 the basic earnings per share is Rs. 0.08 and breakup value per share is Rs. 18.13.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic earnings per share was Rs.3.49 and breakup value per share was Rs. 47.98. As per latest available audited financial statements for the year ended December 31, 2020, the basic earnings per share is Rs. 5.36 and breakup value per share is Rs. 63.53.

Form of Proxy

I /We ____

of ____

being a member of D.G Khan Cement Company Limited, hereby appoint ____________________

____

of ____

or failing him/her ____

of ____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 28, 2021 (Thursday) at 11:30 A.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

as witness may hand this __________ day of ______ 2021

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.

D.G. KHAN CEMENT
COMPANY LIMITED

AFFIX
CORRECT
POSTAGE

Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan.
UAN:+92-42-111-11-33-33

پراکسی فارم

میں/ہم مسمی/مسماۃ------------------------ساکن-----------------------ضلع--------------------------------

بحیثیت ممبر کمپنی، مسمی/مسماۃ----------------------ساکن-----------------------------کمپنی ممبر یا اُسکی عدم موجودگی کی صورت میں

مسمی/مسماۃ-------------------------ساکن-----------------------کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا/ کرتی ہوں تا کہ وہ میری/ہماری جگہ

اور میری/ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ ۲۸ اکتوبر ۲۰۲۱ء بوقت صبح 11:30 بجے امپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ------------ ---------دن---------- 2021ء

پچاس روپے کی ریونیو سٹمپ چسپاں کریں

گواہ کوائف	گواہ کوائف
دستخط:------------------------	دستخط:------------------------
نام:-------------------------	نام:-------------------------
پتہ:-------------------------	پتہ:-------------------------
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:----------	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:----------

فولیو نمبر:----------------------

سی ڈی سی کھاتہ نمبر:---------------

حصص کی تعداد:----------------

دستخط:---------------------------

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

اہم:

پراکسی فارم، کمپنی کے رجسٹرڈ آفس، نشاط ہاؤس، 53-A، لارنس روڈ، لاہور، میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

D.G. KHAN CEMENT
COMPANY LIMITED

AFFIX
CORRECT
POSTAGE

Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan.
UAN:+92-42-111-11-33-33

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