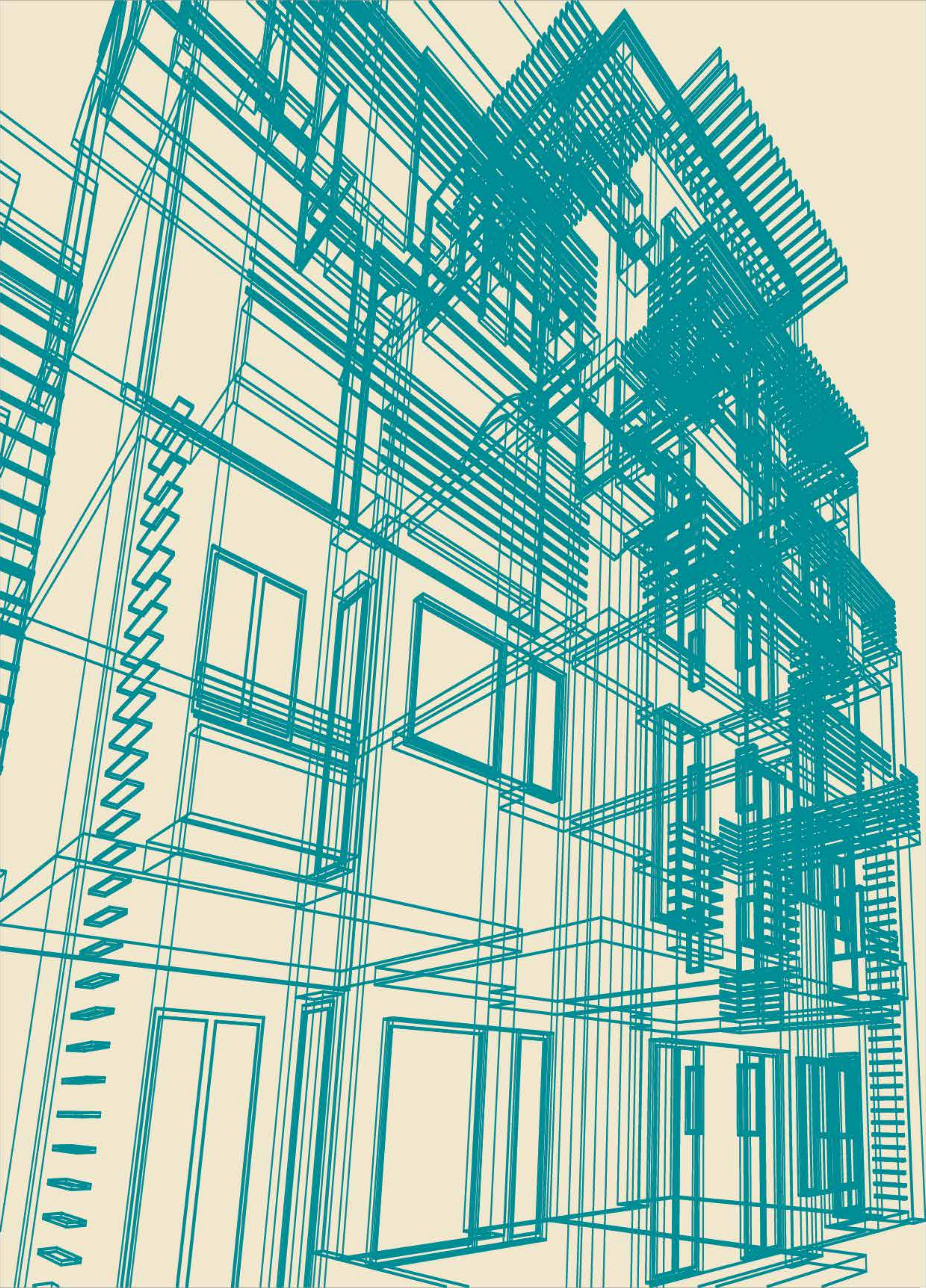
STRUCTURING LIFE

Annual Report 2016

D.G. KHAN CEMENT COMPANY LIMITED

Mining & Extracting the Material
to Process it into a Form to
Rise Structures
Build Dream
Develop Communities &
Cement Relations



Contents

Vision Statement

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

Mission Statement

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

The Year's Highlights

Cement Production:
4.4 million tons

Utilisation:
104.78%

Sales Mix:
84% local 16% export

Local Sales YOY Growth:
16%

Total Sales YOY Growth:
14.6%

Equity:
PKR 66 b

Balance Sheet:
PKR 83 b

Gross Sales:
PKR 37 b

PAT:
PKR 8.8 b

Operating Cash Flows:
PKR 11 b

EBITDA:
PKR 14 b

GP Margin:
42.65%

PBT Margin:
42.02%

PAT Margin:
29.59%

EBITDA Margin:
48.76%

EPS:
PKR 20.06

ROE:
13.36%

Breakup Value:
PKR 150.15/share

Debt/Equity:
10.63%

Current Ratio:
3.07

Equity/Total Assets:
78.86%

Company Information

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

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
Factory	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
Share Registrar	THK Associates (Pvt) Ltd Head Office, Karachi 2nd Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi Tel: (021) 111 000 322 Fax: (021) 35655595 Branch Office, Lahore 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, KhokarChowk,Main Boulevard, Johar Town, Lahore Tel: (042) 35290577, Fax (042) 35290667
For Investors' Information, Comments, Inquiries, Complaints:	**Mr. Inayat Ullah Niazi** Chief Financial Officer E-mail: iniazi@dgcement.com Phone: 0092 42 111 11 33 33
	Mr. Khalid Mehmood Chohan Company Secretary E-mail: kchohan@dgcement.com Phone: 0092 42 111 11 33 33

Governance Structure

Governance

Core Principles

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

Integrity	Transparency	Ethics	Professionalism	Compliance

These principles are at foundation of governance model of the Company. All the policies, procedures and agreements are made and implemented with these core principles in mind.

Integrity at the root is the main guiding principle. The Company has 'no compromise policy' for integrity.

With integrity comes transparency. This is the main off-shoot of integrity and dignity. Transparency in every dealing and disclosure is core to the Company.

With integrity at the root, brings ways to deal in the best possible way called the Ethics. Professionalism, is to conduct every part and phase of the business with best possible resources and in best possible ways. This brings subtlety to business decisions and ensures integration of all levels.

Being a Compliant organization to all applicable laws, regulations and standards is central to the Company's values.

Internal Controls

The Company's internal controls are designed and implemented with a view to the Company's Core Principles.

Internal controls are made to ensure that every thing is conducted with integrity as basic principle. Internal control blueprint is to make sure that:

- Duties are assigned to right persons
- Duties are segregated
- Chain of checking & reporting exists
- Availability of alternatives
- Routine maintenance/replacement is properly conducted
- Least possible hazardous impact on environment
- Departments are integrated
- Each step is adequately reported
- Any malfunctioning/undesired activity is timely and adequately reported and acted upon

Departments & Consolidation

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

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

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

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

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

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

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

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

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

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

Human Resource
- Assessing the Company requirements for various talents
- Discussing the requirements of departments
- Maintaining resume banks and links with outsourced talent hunters
- Advertising the jobs
- Designing and updating job descriptions
- Conducting annual appraisals and earmarking the benefits increments and promotions
- Addressing the human capital grievances and resolving the issues
- Act as arbitrator for human resources issues
- Work and arrange on continuous development of human resource
- Arrange for trainings and workshops

Corporate & Secretariat
- Maintaining the shares and shareholders record
- Addressing the shareholders grievances
- Liaison with corporate authorities of the country
- Preparing, keeping and submitting the mandatory records with corporate governing authorities and bourses
- Issuing notices of corporate nature/action.
- Conducting board and shareholders meetings and maintaining record thereof
- Responsible for any correspondence with authorities and bourses
- Responsible for statutory filing/subminsions with SECP and Stock Exchange under applicable law

Administration
- Maintain the workplace
- Responsible for security and safety of people working in the workplace and equipment and record of the Company
- Provision of all necessary items and environment for staff for performing duties
- Maintaining the company vehicles fleet
- Keeping the discipline in the workplace
- Trainings of workplace safety, discipline, health and environmental issues
- Maintaining first aid and all necessary measures to combat any untoward event
- Assisting the general society on issues pertaining to health, environment, sports, handicapped persons etc.
- Work as host of the Company guests

How departments work in collaboration and functions performed by each department, and its linking with each other is sketched hereunder:

BOD								
CEO								
	Finance	Production	Purchasing	Marketing	Secretariat	Human Resource	IT & ERP	Administ-ration
Head of Deaprtment								
Sub Heads								
Assisting Staff								

Risks Mitigation through Best Governance

Production Risk

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

Unforeseen Event

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

Market/Supply & Credit Risk

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

Margins

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

Financial Management & Treasury

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

Departmental collusion Risk

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

Control Risks

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

Certification

The company is ISO 9001 and 14001 certified.

Human Resource

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

Health & Safety

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

Reporting

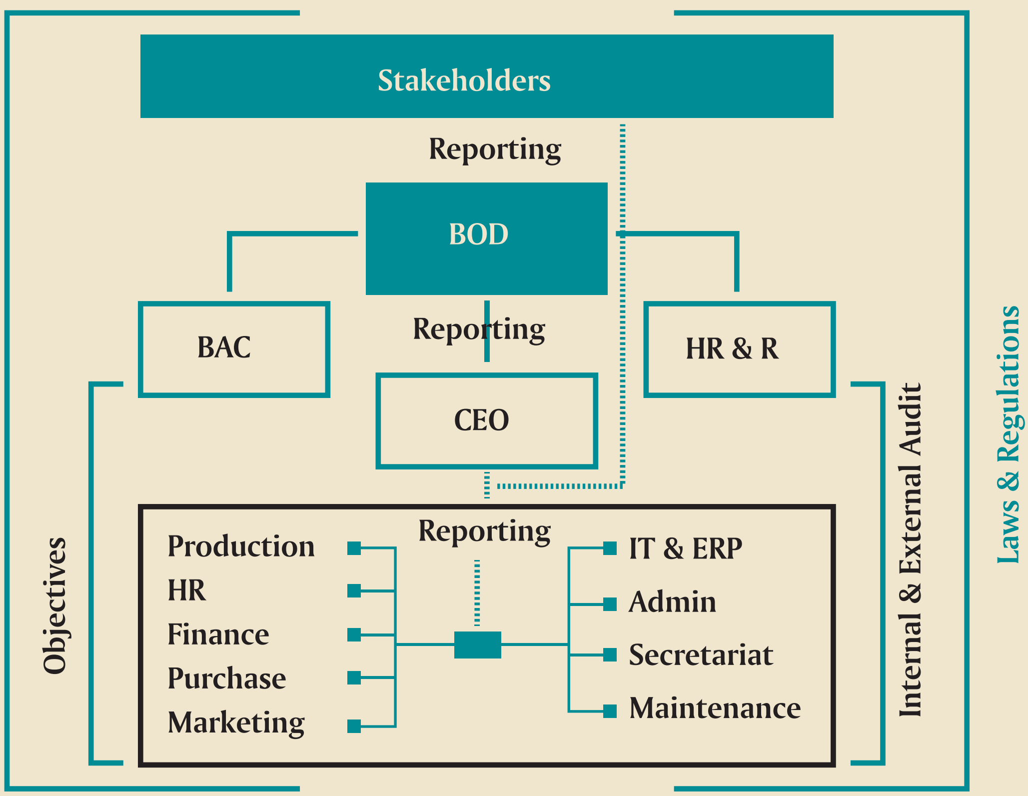
A proper system of reporting and action on it is in place. Top management regularly reviews all trends and reports. BOD quarterly reviews the performance and state of affairs of the company. To ensure transparency and truthfulness of reporting, internal audit system is in place. To further strengthen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

Records

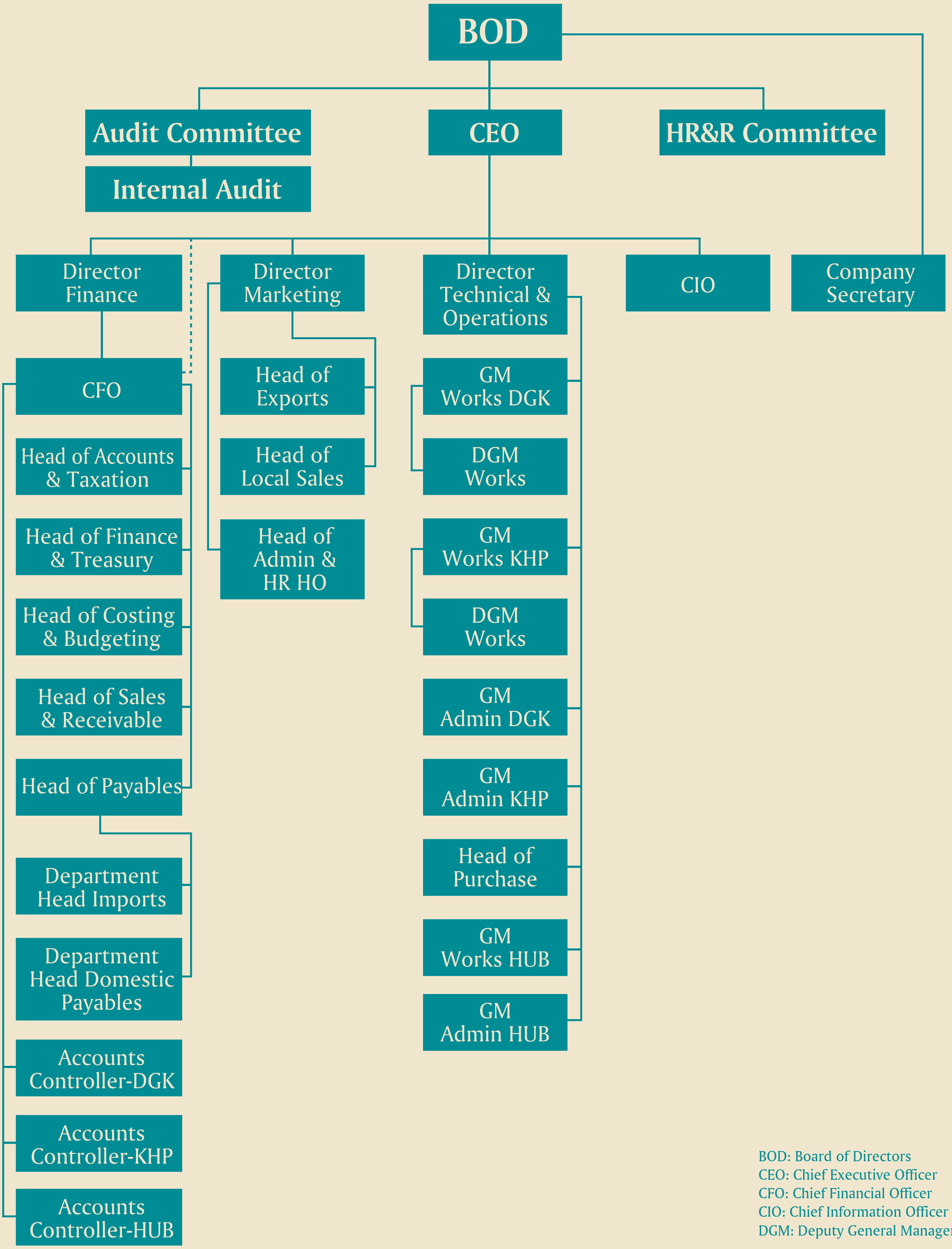
Company has established comprehensive measures to ensure safe keeping of it records and data. An effective disaster management plan is in place for all ERP data. Company complies with legal requirements of maintenance of data.

Internal Audit

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



Company Organogram



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

List of Group Companies

Associated

Nishat Mills Limited
Nishat Power Limited
Lalpir Power Limited
Pakgen Power Limited
Nishat Papers Products Company Limited
Nishat Hotels And Properties Limited
Nishat (Aziz Avenue) Hotels And Properties Limited
Nishat (Raiwind) Hotels And Properties Limited
Nishat (Gulberg) Hotels And Properties Limited
Nishat Hospitality (Pvt) Limited
Nishat Automobiles (Pvt) Limited
Nishat Agriculture Farming (Pvt) Limited
Nishat Developers (Pvt) Limited
Nishat Dairy (Pvt) Limited
Nishat Farm Supplies Limited
Adamje Life Assurance Company Limited
Mnet Services (Pvt) Limited
Euronet Pakistan (Pvt) Limited
MCB Islamic Bank Limited

Other Than Associated

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

Terms of Reference of Audit Committee

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

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

(a) determination of appropriate measures to safeguard the company's assets;

(b) review of quarterly, half-yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transactions.

(c) review of preliminary announcements of results prior to publication;

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

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

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

(g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;

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

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

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

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

(l) determination of compliance with relevant statutory requirements;

(m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

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

Terms of Reference of Human Resource and Remuneration Committee

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

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

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

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

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

Human Resource Management

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

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

Statement on Environment

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

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

MIS and IT Governance

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

Enterprise Resource Planning (ERP) system

The Company has implemented state-of-the-art Enterprise Resource Planning (ERP) system "Oracle e-Business Suite" in 2008. ERP system enabled company to manage its Finance, manufacturing, maintenance, Human Resource, Order management, Sales and dispatch, inventory and purchasing in one application suite. All application are tightly integrated and helping company to eliminate the duplication of work. This application is implemented on world best practices and excellent security mechanism. Each user is restricted through security profile, and all database and application logs are enabled. Following are the few benefits of ERP.

Finance

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

Manufacturing

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

Maintenance

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

Human Resource

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

Order Management/Sales and Dispatch

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

Inventory

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

Purchasing

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

Effective ERP Reporting System

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

ICT & Networking Infrastructure

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

Disaster Recover Site

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

Quality Management

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

Corporate Social Responsibility

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

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

Your dreams are like cement.
If you water it with actions, it becomes a hard concrete mass.
But if you leave it exposed and unwatered,
the air will easily blow it away!

Stakeholders' Engagement

The guiding principles for engagement with stakeholders are:

- Timeliness
- Fairness
- Effectiveness
- Transparency

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

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

نمونہء حصہ داری بمطابق 30 جون 2016

NO. OF SHAREHOLDERS تعداد حصہ داران	HAVING SHARES حصص From از	To تا	SHARES HELD ملکیتی حصص	PERCENTAGE فیصد
1243	1	100	54191	0.0124
1271	101	500	416825	0.0951
752	501	1000	636796	0.1453
1018	1001	5000	2594649	0.5922
269	5001	10000	2136064	0.4876
85	10001	15000	1072791	0.2449
75	15001	20000	1378647	0.3147
45	20001	25000	1083501	0.2473
42	25001	30000	1190645	0.2718
32	30001	35000	1051290	0.2400
27	35001	40000	1046596	0.2389
19	40001	45000	828400	0.1891
16	45001	50000	783200	0.1788
18	50001	55000	933331	0.2130
12	55001	60000	702116	0.1603
16	60001	65000	1012200	0.2310
15	65001	70000	1031292	0.2354
20	70001	75000	1465236	0.3344
5	75001	80000	392900	0.0897
8	80001	85000	656399	0.1498
5	85001	90000	441500	0.1008
6	90001	95000	558949	0.1276
19	95001	100000	1891900	0.4318
3	100001	105000	307700	0.0702
5	105001	110000	540700	0.1234
8	110001	115000	893750	0.2040
3	115001	120000	357700	0.0816
1	120001	125000	120500	0.0275
4	125001	130000	505900	0.1155
4	130001	135000	530600	0.1211
4	135001	140000	552375	0.1261
4	140001	145000	566800	0.1294
12	145001	150000	1793187	0.4093
4	150001	155000	613379	0.1400
2	155001	160000	315800	0.0721
4	170001	175000	689600	0.1574
2	175001	180000	358493	0.0818
3	180001	185000	551200	0.1258
2	190001	195000	388600	0.0887
1	195001	200000	199200	0.0455
3	200001	205000	606630	0.1385
2	215001	220000	435300	0.0994

سلسلہ جاری Continued →

NO. OF SHAREHOLDERS تعداد حصہ داران	HAVING SHARES حصص From از	To تا	SHARES HELD ملکیتی حصص	PERCENTAGE فیصد
2	220001	225000	444001	0.1013
3	225001	230000	684900	0.1563
1	235001	240000	237800	0.0543
2	240001	245000	489600	0.1118
5	245001	250000	1247400	0.2847
3	250001	255000	761000	0.1737
2	255001	260000	515300	0.1176
1	260001	265000	264529	0.0604
2	265001	270000	531800	0.1214
1	270001	275000	270032	0.0616
2	275001	280000	551900	0.1260
1	280001	285000	280500	0.0640
3	295001	300000	893589	0.2040
1	300001	305000	304244	0.0694
2	310001	315000	629100	0.1436
1	320001	325000	320500	0.0732
2	325001	330000	652500	0.1489
1	330001	335000	330100	0.0753
1	335001	340000	337500	0.0770
2	340001	345000	686600	0.1567
1	345001	350000	350000	0.0799
1	350001	355000	350200	0.0799
2	355001	360000	713300	0.1628
2	360001	365000	723290	0.1651
1	370001	375000	375000	0.0856
4	375001	380000	1510700	0.3448
1	380001	385000	385000	0.0879
2	395001	400000	795500	0.1816
1	400001	405000	403486	0.0921
1	405001	410000	410000	0.0936
1	410001	415000	414500	0.0946
1	415001	420000	420000	0.0959
1	425001	430000	426000	0.0972
1	435001	440000	435200	0.0993
1	445001	450000	450000	0.1027
1	460001	465000	461000	0.1052
1	480001	485000	485000	0.1107
4	495001	500000	1990600	0.4544
1	525001	530000	528320	0.1206
1	535001	540000	535500	0.1222
2	545001	550000	1098500	0.2507
1	550001	555000	553500	0.1263
1	560001	565000	564880	0.1289
1	565001	570000	569700	0.1300
1	575001	580000	578200	0.1320
1	595001	600000	600000	0.1369
1	600001	605000	600200	0.1370
1	610001	615000	613100	0.1399

سلسلہ جاری Continued →

NO. OF SHAREHOLDERS تعدادحصہ داران	HAVING SHARES حصص From از	To تا	SHARES HELD ملکیتی حصص	PERCENTAGE فیصد
1	640001	645000	644848	0.1472
2	645001	650000	1299500	0.2966
1	665001	670000	667500	0.1524
1	675001	680000	678232	0.1548
3	685001	690000	2064005	0.4711
1	695001	700000	700000	0.1598
2	710001	715000	1422900	0.3248
1	740001	745000	743100	0.1696
1	750001	755000	752000	0.1716
2	795001	800000	1600000	0.3652
1	800001	805000	802080	0.1831
3	810001	815000	2436914	0.5562
1	845001	850000	846000	0.1931
1	860001	865000	862000	0.1968
1	885001	890000	887900	0.2027
2	935001	940000	1877550	0.4285
1	940001	945000	944500	0.2156
1	970001	975000	975000	0.2225
1	980001	985000	981849	0.2241
1	990001	995000	994500	0.2270
1	995001	1000000	995907	0.2273
1	1035001	1040000	1038100	0.2369
1	1065001	1070000	1067500	0.2437
1	1070001	1075000	1073402	0.2450
1	1075001	1080000	1075200	0.2454
1	1090001	1095000	1093800	0.2497
1	1125001	1130000	1129000	0.2577
1	1165001	1170000	1167600	0.2665
1	1175001	1180000	1178900	0.2691
1	1195001	1200000	1200000	0.2739
1	1205001	1210000	1209600	0.2761
1	1300001	1305000	1300032	0.2967
1	1340001	1345000	1344600	0.3069
1	1345001	1350000	1350000	0.3081
1	1365001	1370000	1369300	0.3125
1	1390001	1395000	1390500	0.3174
1	1470001	1475000	1473181	0.3363
1	1480001	1485000	1484111	0.3387
3	1495001	1500000	4500000	1.0271
1	1540001	1545000	1543546	0.3523
1	1585001	1590000	1589100	0.3627
1	1595001	1600000	1600000	0.3652
1	1605001	1610000	1609100	0.3673
1	1660001	1665000	1661300	0.3792
1	1690001	1695000	1690800	0.3859
1	1750001	1755000	1752000	0.3999
1	1820001	1825000	1825000	0.4166
1	1890001	1895000	1892500	0.4320

سلسلہ جاری Continued →

NO. OF SHAREHOLDERS تعدادحصہ داران	HAVING SHARES حصص From از	To تا	SHARES HELD ملکیتی حصص	PERCENTAGE فیصد
1	1905001	1910000	1908000	0.4355
1	1910001	1915000	1913900	0.4368
1	1955001	1960000	1956760	0.4466
1	1960001	1965000	1961113	0.4476
1	1975001	1980000	1978300	0.4515
1	1995001	2000000	2000000	0.4565
1	2090001	2095000	2092300	0.4776
1	2120001	2125000	2125000	0.4850
1	2270001	2275000	2272693	0.5187
1	2430001	2435000	2434600	0.5557
1	2590001	2595000	2591000	0.5914
1	2605001	2610000	2606700	0.5950
1	2795001	2800000	2800000	0.6391
1	2980001	2985000	2981200	0.6805
1	3065001	3070000	3069500	0.7006
1	3190001	3195000	3190911	0.7283
1	3255001	3260000	3259032	0.7439
1	3260001	3265000	3262240	0.7446
1	3440001	3445000	3444244	0.7861
1	3455001	3460000	3458700	0.7894
1	3535001	3540000	3536700	0.8072
1	3735001	3740000	3737907	0.8532
1	3875001	3880000	3878870	0.8853
1	3940001	3945000	3943000	0.9000
1	4565001	4570000	4567800	1.0426
1	4600001	4605000	4604222	1.0509
1	4635001	4640000	4635974	1.0582
1	4905001	4910000	4909249	1.1205
1	5750001	5755000	5752689	1.3130
1	6005001	6010000	6006253	1.3709
1	6035001	6040000	6035417	1.3776
1	7720001	7725000	7720600	1.7622
1	8060001	8065000	8060906	1.8399
1	8435001	8440000	8435300	1.9253
1	11145001	11150000	11149920	2.5450
1	15725001	15730000	15729997	3.5903
1	21285001	21290000	21289060	4.8592
1	22925001	22930000	22929033	5.2335
1	114645001	114650000	114645168	26.1676
5262	**Company Total** کل حصص		**438119118**	**100.0000**

Categories of Shareholders As on June 30, 2016

		SHARES HELD	%
1.	Directors, Chief Executive Officer, and their spouse and minor children	18,705,416	4.27
2.	Associated Companies, undertakings and related parties.	141,246,945	32.24
3.	NIT and ICP	1,474,681	0.34
4.	Banks Development Financial Institutions Non Banking Financial Institutions.	8,716,258	1.99
5.	Insurance Companies	7,959,181	1.82
6.	Modarabas and Mutual Funds	30,300,764	6.92
7.	Shareholders holding 10% & more	137,574,201	31.40
8.	General Public:		
	a. Local	52,178,287	11.91
	b. Foreign	1,397,480	0.32
9.	Others		
	Joint Stock Companies	12,147,425	2.77
	Investment Companies	14,572	0.00
	Pension Funds, Provident Funds etc.	6,498,862	1.48
	Foreign Companies	103,304,017	23.58

		ملکیتی حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کا/ کی زوج اور نابالغ بچے	18,705,416	4.27
2	شریک کمپنیاں، انڈرٹیکنگز اور متعلقہ پارٹیاں	141,246,945	32.24
3	این آئی ٹی اور آئی سی پی	1,474,681	0.34
4	بینک، ترقیاتی مالیاتی ادارے، غیر بینک مالیاتی ادارے	8,716,258	1.99
5	انشورنس کمپنیاں	7,959,181	1.82
6	مضاربہ اور میوچل فنڈز	30,300,764	6.92
7	حصص یافتگان 10 فیصد ہولڈنگ اور اس سے زیادہ	137,574,201	31.40
8	عام پبلک		
	مقامی	52,178,287	11.91
	غیر ملکی	1,397,480	0.32
9	دیگر		
	مشترکہ اسٹاک کمپنیاں	12,147,425	2.77
	سرمایہ کار کمپنیاں	14,572	0.00
	پنشن فنڈز، پراویڈنٹ فنڈ وغیرہ	6,498,862	1.48
	غیر ملکی کمپنیاں	103,304,017	23.58

Information Under Listing Regulation No. 5.19.11 (x) of PSX Rule Book as on June 30, 2016

			No. of Shares	%
I.	**Associated Companies, undertakings and related parties**			
	Nishat Mills Limited	- Associated Company	137,574,201	31.40
	Adamjee Insurance Company Limited	- Related Party	3,444,244	0.79
	Security General Insurance Company Limited	- Related	228,500	0.05
II.	**Mutual Funds:**			
	CONFIDENCE MUTUAL FUND		573	0.00
	PRUDENTIAL STOCKS FUND LTD (03360)		64,800	0.01
	PAK QATAR INDIVIDUAL FAMILY PARTICIPANT INVESTMENT FUND		10,000	0.00
	PRUDENTIAL STOCK FUND LTD.		413	0.00
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND		40,200	0.01
	CDC - TRUSTEE JS LARGE CAP. FUND		264,529	0.06
	CDC - TRUSTEE ATLAS STOCK MARKET FUND		1,200,000	0.27
	CDC - TRUSTEE MEEZAN BALANCED FUND		295,009	0.07
	CDC - TRUSTEE JS ISLAMIC FUND		150,000	0.03
	CDC - TRUSTEE ALFALAH GHP VALUE FUND		72,000	0.02
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN		100	0.00
	CDC - TRUSTEE AKD INDEX TRACKER FUND		52,387	0.01
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND		689,905	0.16
	CDC - TRUSTEE MEEZAN ISLAMIC FUND		4,604,222	1.05
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND		862,000	0.20
	PAK QATAR INDIVIDUAL FAMILY PARTICIPANT INVEST FUND		100,000	0.02
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND		400,000	0.09
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND		995,907	0.23
	CDC - TRUSTEE NAFA STOCK FUND		1,609,100	0.37
	CDC - TRUSTEE NAFA MULTI ASSET FUND		140,500	0.03
	CDC - TRUSTEE FIRST HABIB INCOME FUND		15,000	0.00
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND		20,000	0.00
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND		887,900	0.20
	CDC - TRUSTEE APF-EQUITY SUB FUND		85,000	0.02
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT		27,300	0.01
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND		184,500	0.04
	CDC - TRUSTEE HBL - STOCK FUND		1,178,900	0.27
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND		497,500	0.11
	CDC - TRUSTEE APIF - EQUITY SUB FUND		87,500	0.02
	CDC - TRUSTEE HBL MULTI - ASSET FUND		152,900	0.03
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND		315,000	0.07
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT		33,000	0.01
	CDC - TRUSTEE ALFALAH GHP STOCK FUND		63,800	0.01
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND		52,100	0.01
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND		3,259,032	0.74
	CDC - TRUSTEE ABL STOCK FUND		944,500	0.22
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND		10,000	0.00

CDC - TRUSTEE FIRST HABIB STOCK FUND	44,700	0.01
CDC - TRUSTEE LAKSON EQUITY FUND	938,050	0.21
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	139,700	0.03
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	47,900	0.01
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	26,000	0.01
CDC - TRUSTEE PICIC INCOME FUND - MT	800	0.00
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	265,200	0.06
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	44,000	0.01
CDC - TRUSTEE HBL PF EQUITY SUB FUND	40,000	0.01
CDC - TRUSTEE ASKARI EQUITY FUND	40,000	0.01
CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	57,000	0.01
CDC - TRUSTEE KSE MEEZAN INDEX FUND	256,100	0.06
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	75,900	0.02
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	90,000	0.02
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	31,500	0.01
CDC - TRUSTEE ATLAS INCOME FUND - MT	711,300	0.16
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	814,100	0.19
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	64,900	0.01
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	61,500	0.01
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	228,400	0.05
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	103,000	0.02
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	24,200	0.01
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	155,000	0.04
CDC - TRUSTEE NIT INCOME FUND - MT	133,600	0.03
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	47,300	0.01
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	75,000	0.02
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	140,300	0.03
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	314,100	0.07
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	435,200	0.10
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	102,700	0.02
CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	376,900	0.09
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	27,700	0.01
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	12,400	0.00
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	244,600	0.06
CDC - TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND	32,000	0.01
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	125,300	0.03
CDC - TRUSTEE PIML VALUE EQUITY FUND	49,700	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1,825,000	0.42
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	20,000	0.00
CDC-TRUSTEE NITPF EQUITY SUB-FUND	27,000	0.01
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	1,000	0.00
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	2,272,693	0.52
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	203,100	0.05
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	46,300	0.01
CDC - TRUSTEE FAYSAL MTS FUND - MT	19,700	0.00
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	25,000	0.01
CDC - TRUSTEE LAKSON TACTICAL FUND	110,700	0.03

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

Mrs. Naz Mansha	Director/Chairperson	113,098	0.03
Mian Raza Mansha	Director/CEO	12,696,880	2.90
Mr. Khalid Niaz Khawaja	Diretcor	2,000	0.00
Mr. Khalid Qadeer Qureshi	Director	720	0.00
Mr. Farid Noor Ali Fazal	Director	1,200	0.00
Mr. Shahzad Ahmad Malik	Director	100	0.00
Ms. Nabiha Shahnawaz Cheema	Director	320	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	12,147,425	2.77

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

Investment Companies	14,572	0.00
Insurance Companies	7,959,181	1.82
Financial Institutions	8,716,258	1.99
Modaraba Companies	8,644	0.00
Mutual Funds	30,292,120	6.91
Pension Funds/Providend Funds Etc.	6,498,862	1.48

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

Mian Umer Mansha	27,295,313	6.23
Mian Hassan Mansha	26,879,917	6.14
Nishat Mills Limited	137,574,201	31.40

Information Under Listing Regulation No. 5.19.11 (xii) of PSX Rule Book as on June 30, 2016

There is no trading in the shares of the Company, carried out by its Directors, Chief Excutive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children during the period July 01, 2015 to June 30, 2016.

سی ڈی سی-ٹرسٹی پاکستان سرمایہ محفوظ فنڈ	32,000	0.01
سی ڈی سی-ٹرسٹی NAFA انکم اپرچونٹی فنڈ-ایم ٹی	125,300	0.03
سی ڈی سی-ٹرسٹی PIML ویلیو ایکوئٹی فنڈ	49,700	0.01
سی ڈی سی-ٹرسٹی این آئی ٹی اسلامک ایکوئٹی فنڈ	1,825,000	0.42
سی ڈی سی-ٹرسٹی NITIPF ایکوئٹی سب فنڈ	20,000	0.00
سی ڈی سی-ٹرسٹی NITPF اکوئٹی سب فنڈ	27,000	0.01
ایم سی بی ایف ایس ایل-ٹرسٹی NAFA انکم فنڈ-ایم ٹی	1,000	0.00
سی ڈی سی-ٹرسٹی الامین اسلامک ڈیڈیکیٹڈ ایکوئٹی فنڈ	2,272,693	0.52
سی ڈی سی-ٹرسٹی NAFA اسلامک ایکٹو ایلوکیشن ایکوئٹی فنڈ	203,100	0.05
سی ڈی سی-ٹرسٹی ایچ بی ایل اسلامک ایسٹ ایلوکیشن فنڈ	46,300	0.01
سی ڈی سی-ٹرسٹی فیصل ایم ٹی ایس فنڈ-ایم ٹی	19,700	0.00
سی ڈی سی-ٹرسٹی میزان ایسٹ ایلوکیشن فنڈ	25,000	0.01
سی ڈی سی-ٹرسٹی لیکسن ٹیکنیکل فنڈ	110,700	0.03
III-ڈائریکٹرز اوران کی شریک حیات اور نابالغ بچے:		
محترمہ ناز منشا ڈائریکٹر/چیئرپرسن	113,098	0.03
میاں رضا منشا ڈائریکٹر/سی ای او	12,696,880	2.90
جناب خالد نیاز خواجہ ڈائریکٹر	2,000	0.00
جناب خالد قدیر قریشی ڈائریکٹر	720	0.00
جناب فرید نور علی فضل ڈائریکٹر	1,200	0.00
جناب شہزاد احمد ملک ڈائریکٹر	100	0.00
محترمہ نبیجہ شاہنواز چیمہ ڈائریکٹر	320	0.00
محترمہ ایمل رضا منشا (زوجہ سی ای او)	5,891,098	1.34
IV-ایگزیکٹوز:		
جناب آئی یو نیازی چیف فنانشل آفیسر	2,775	0.00
V-پبلک سیکٹر کمپنیاں اور کارپوریشنز:	12,147,425	2.77
مشترکہ اسٹاک کمپنیاں		
VI-بینک، ترقیاتی مالیاتی ادارے، غیر بینکاری مالی کمپنیاں، انشورنس کمپنیاں، تکافل، مضاربہ اور پنشن فنڈز:		
سرمایہ کار کمپنیاں	14,572	0.00
انشورنس کمپنیاں	7,959,181	1.82
مالیاتی ادارے	8,716,258	1.99
مضاربہ کمپنیاں	8,644	0.00
میوچل فنڈ	30,292,120	6.91
پنشن فنڈز/پراویڈنٹ فنڈز وغیرہ	6,498,862	1.48
VII-لسٹڈ کمپنی میں پانچ فیصد یا اس سے زیادہ ووٹنگ انٹریسٹ کے مالک حصص یافتگان		
میاں عمر منشا	27,295,313	6.23
میاں حسن منشا	26,879,917	6.14
نشاط ملز لمیٹڈ	137,574,201	31.40

30 جون 2016 کے مطابق PSX رول بک کی لسٹنگ ریگولیشن نمبر (xii) 5.19.11 کے تحت معلومات

یکم جولائی 2015 تا 30 جون 2016 مدت کے دوران کمپنی کے حصص میں اس کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، اندرونی آڈٹ کے سربراہ، کمپنی سیکریٹری، ان کی بیویوں اور نابالغ بچوں کی طرف سے کوئی ٹریڈنگ نہیں ہوئی ہے۔

سی ڈی سی-ٹرسٹی جے ایس اسلامک پنشن سیونگز فنڈ -ایکوئٹی اکاؤنٹ	33,000	0.01
سی ڈی سی-ٹرسٹی الفلاح جی ایچ پی اسٹاک فنڈ	63,800	0.01
سی ڈی سی-ٹرسٹی الفلاح جی ایچ پی الفافنڈ	52,100	0.01
سی ڈی سی-ٹرسٹی این آئی ٹی-ایکوئٹی مارکیٹ اپر چونٹی فنڈ	3,259,032	0.74
سی ڈی سی-ٹرسٹی اے بی ایل اسٹاک فنڈ	944,500	0.22
ایم سی ایف ایس ایل-ٹرسٹی عسکری اسلامک ایسٹ ایلوکیشن فنڈ	10,000	0.00
سی ڈی سی-ٹرسٹی فرسٹ حبیب اسٹاک فنڈ	44,700	0.01
سی ڈی سی-ٹرسٹی لیکسن ایکوئٹی فنڈ	938,050	0.21
سی ڈی سی-ٹرسٹی NAFA ایسٹ ایلوکیشن فنڈ	139,700	0.03
سی ڈی سی-ٹرسٹی NAFA سیونگز پلس فنڈ-ایم ٹی	47,900	0.01
سی ڈی سی-ٹرسٹی اے کے ڈی ایگر یسوانکم فنڈ-ایم ٹی	26,000	0.01
سی ڈی سی-ٹرسٹی PICIC انکم فنڈ-ایم ٹی	800	0.00
سی ڈی سی-ٹرسٹی ایچ بی ایل اسلامک اسٹاک فنڈ	265,200	0.06
سی ڈی سی-ٹرسٹی ایچ بی ایل IPF اکوئٹی سب فنڈ	44,000	0.01
سی ڈی سی-ٹرسٹی ایچ بی ایل PF اکوئٹی سب فنڈ	40,000	0.01
سی ڈی سی-ٹرسٹی عسکری ایکوئٹی فنڈ	40,000	0.01
سی ڈی سی-ٹرسٹی الفلاح جی ایچ پی انکم فنڈ-ایم ٹی	57,000	0.01
سی ڈی سی-ٹرسٹی کے ایس ای میزان انڈیکس فنڈ	256,100	0.06
ایم سی بی ایف ایس ایل-ٹرسٹی پاک عمان ایڈوانٹیج ایسٹ ایلوکیشن فنڈ	75,900	0.02
ایم سی بی ایف ایس ایل-ٹرسٹی پاک عمان اسلامک ایسٹ ایلوکیشن فنڈ	90,000	0.02
سی ڈی سی-ٹرسٹی فرسٹ حبیب اسلامک بیلینسڈ فنڈ	31,500	0.01
سی ڈی سی-ٹرسٹی اٹلس انکم فنڈ-ایم ٹی	711,300	0.16
ایم سی بی ایف ایس ایل-ٹرسٹی اے بی ایل اسلامک اسٹاک فنڈ	814,100	0.19
سی ڈی سی-ٹرسٹی NAFA پنشن فنڈ ایکوئٹی سب-فنڈ اکاؤنٹ	64,900	0.01
سی ڈی سی-ٹرسٹی NAFA اسلامک پنشن فنڈ اکوئٹی اکاؤنٹ	61,500	0.01
سی ڈی سی-ٹرسٹی یو بی ایل ایسٹ ایلوکیشن فنڈ	228,400	0.05
سی ڈی سی-ٹرسٹی PIML اسٹریٹجک ملٹی ایسٹ فنڈ	103,000	0.02
سی ڈی سی-ٹرسٹی فرسٹ کیپٹل میوچل فنڈ	24,200	0.01
سی ڈی سی-ٹرسٹی الامین اسلامک ایسٹ ایلوکیشن فنڈ	155,000	0.04
سی ڈی سی-ٹرسٹی این آئی ٹی انکم فنڈ-ایم ٹی	133,600	0.03
سی ڈی سی-ٹرسٹی NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-I	47,300	0.01
سی ڈی سی-ٹرسٹی PIML اسلامک ایکوئٹی فنڈ	75,000	0.02
سی ڈی سی-ٹرسٹی فیصل سیونگز گروتھ فنڈ-ایم ٹی	140,300	0.03
سی ڈی سی-ٹرسٹی الامین اسلامک ریٹائرمنٹ سیونگز فنڈ-ایکوئٹی سب فنڈ	314,100	0.07
سی ڈی سی-ٹرسٹی یو بی ایل ریٹائرمنٹ سیونگز فنڈ-اکوئٹی سب فنڈ	435,200	0.10
سی ڈی سی-ٹرسٹی NAFA اسلامک پرنسپل پروٹیکٹڈ فنڈ-II	102,700	0.02
سی ڈی سی-ٹرسٹی عسکری ہائی ییلڈ سکیم-ایم ٹی	376,900	0.09
سی ڈی سی-ٹرسٹی اے بی ایل اسلامک پنشن فنڈ-ایکوئٹی سب فنڈ	27,700	0.01
سی ڈی سی-ٹرسٹی اے بی ایل پنشن فنڈ-ایکوئٹی سب فنڈ	12,400	0.00
سی ڈی سی-ٹرسٹی NAFA اسلامک اسٹاک فنڈ	244,600	0.06

30 جون 2016 کے مطابق PSX رول بک کی لسٹنگ ریگولیشن معلومات نمبر (X) 5.19.11 کے تحت

	حصص کی تعداد	فیصد
I۔ شریک کمپنیاں، انڈرٹیکنگز اور متعلقہ پارٹیاں		
نشاط ملز لمیٹڈ - شریک کمپنی	137,574,201	31.40
آدم جی انشورنس کمپنی لمیٹڈ۔ متعلقہ پارٹی	3,444,244	0.79
سیکورٹی جنرل انشورنس کمپنی لمیٹڈ۔ متعلقہ	228,500	0.05
II۔ میوچل فنڈ		
کانفیڈنس میوچل فنڈ	573	0.00
پروڈینشل اسٹاکس فنڈ لمیٹڈ (03360)	64,800	0.01
پاک قطر انڈیویجوئل فیملی پارٹیسپنٹ انوسٹمنٹ فنڈ	10,000	0.00
پروڈینشل اسٹاکس فنڈ لمیٹڈ (03360)	413	0.00
سی ڈی سی۔ ٹرسٹی ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ	40,200	0.01
سی ڈی سی۔ ٹرسٹی جے ایس لارج کیپ فنڈ	264,529	0.06
سی ڈی سی۔ ٹرسٹی اٹلس اسٹاک مارکیٹ فنڈ	1,200,000	0.27
سی ڈی سی۔ ٹرسٹی میزان بیلینسڈ فنڈ	295,009	0.07
سی ڈی سی۔ ٹرسٹی جے ایس اسلامک فنڈ	150,000	0.03
سی ڈی سی۔ ٹرسٹی الفلاح جی ایچ پی ویلیو فنڈ	72,000	0.02
سی ڈی سی۔ ٹرسٹی یونٹ ٹرسٹ پاکستان	100	0.00
سی ڈی سی۔ ٹرسٹی اے کے ڈی انڈیکس ٹریکر فنڈ	52,387	0.01
سی ڈی سی۔ ٹرسٹی المیز ان میوچل فنڈ	689,905	0.16
سی ڈی سی۔ ٹرسٹی میزان اسلامک فنڈ	4,604,222	1.05
سی ڈی سی۔ ٹرسٹی یو بی ایل اسٹاک ایڈوانٹیج فنڈ	862,000	0.20
پاک قطر انڈیویجوئل فیملی پارٹیسپنٹ انوسٹمنٹ فنڈ	100,000	0.02
سی ڈی سی۔ ٹرسٹی اٹلس اسلامک اسٹاک فنڈ	400,000	0.09
سی ڈی سی۔ ٹرسٹی الامین شریعہ اسٹاک فنڈ	995,907	0.23
سی ڈی سی۔ ٹرسٹی NAFA اسٹاک فنڈ	1,609,100	0.37
سی ڈی سی۔ ٹرسٹی NAFA ملٹی ایسٹ فنڈ	140,500	0.03
سی ڈی سی۔ ٹرسٹی فرسٹ حبیب انکم فنڈ	15,000	0.00
سی ڈی سی۔ ٹرسٹی عسکری ایسٹ ایلوکیشن فنڈ	20,000	0.00
سی ڈی سی۔ ٹرسٹی میزان تحفظ پنشن فنڈ۔ ایکوئٹی سب فنڈ	887,900	0.20
سی ڈی سی۔ ٹرسٹی اے پی ایف ایکوئٹی سب فنڈ	85,000	0.02
سی ڈی سی۔ ٹرسٹی جے ایس پنشن سیونگز فنڈ۔ اکوئٹی اکاؤنٹ	27,300	0.01
سی ڈی سی۔ ٹرسٹی الفلاح جی ایچ پی اسلامی اسٹاک فنڈ	184,500	0.04
سی ڈی سی۔ ٹرسٹی ایچ بی ایل۔ اسٹاک فنڈ	1,178,900	0.27
سی ڈی سی۔ ٹرسٹی NAFA اسلامک ایسٹ ایلوکیشن فنڈ	497,500	0.11
سی ڈی سی۔ ٹرسٹی APIF۔ اکوئٹی سب فنڈ	87,500	0.02
سی ڈی سی۔ ٹرسٹی ایچ بی ایل ملٹی۔ ایسٹ فنڈ	152,900	0.03
سی ڈی سی۔ ٹرسٹی ایم سی بی پاکستان ایسٹ ایلوکیشن فنڈ	315,000	0.07

In Meetings During the Year From July 01, 2015 To June 30, 2016

Audit Committee

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

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

HR&R Committee

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

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

Board Of Directors

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

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

Status of Director Training Programme

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

یکم جولائی 2015 تا 30 جون 2016 سال کے دوران اجلاسوں میں ارکان کی موجودگی

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، حاضری کی پوزیشن درج ذیل تھی:

نمبر شمار	نام رکن	عہدہ	اجلاس کی تعداد
1	جناب خالد قدیر قریشی	(ممبر)	3
2	محترمہ نیجہ شاہنواز چیمہ	(ممبر)	3
3	جناب خالد نیاز خواجہ	(ممبر/چیئرمین)	4

زیر جائزہ سال کے دوران، ہیومن ریسورس & ریمنریشن (R&HR) کمیٹی کا ایک اجلاس منعقد ہوا، حاضری کی پوزیشن حسب ذیل تھی:

نمبر شمار	نام رکن	عہدہ	اجلاس کی تعداد
1	جناب خالد قدیر قریشی	(ممبر/چیئرمین)	1
2	میاں رضا منشا	(ممبر)	0
3	محترمہ نیجہ شاہنواز چیمہ	(ممبر)	1

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:

نمبر شمار	نام ڈائریکٹرز	عہدہ	اجلاس کی تعداد
1	جناب رضا منشا	(چیف ایگزیکٹو آفیسر)	2
2	محترمہ ناز منشا	چیئرپرسن	3
3	جناب خالد قدیر قریشی		4
4	جناب فرید نور علی فضل		4
5	محترمہ نیجہ شاہنواز چیمہ		4
6	جناب شہزاد احمد ملک		5
7	جناب خالد نیاز خواجہ		5

Corporate Calander from July 01, 2015 to June 30, 2016

Date	Event
July 13, 2015	Material Information sent to Stock Exchange that the Company has signed a Contract with FLSMIDTH, DENMARK for supply of engineering and equipment of pyro process for green field clinker production project at Mouza Chihai, Tehsil Gaddani, District Lasbella, Balochistan.
July 23, 2015	Notice for meeting of Board of Directors sent to Directors.
July 30, 2015	Meeting of the Board of Directors conducted for appointment of Cost Auditors for the year ended 2014-15, Approval Annual Bonus and Revision in monthly salaray of CFO, Company Secretary, Head of Internal Audit and whole time working directors, Appoval of Revenue and Fixed Capital Budget for the year 2015-16 etc.etc.
September 07, 2015	Material Information sent to Stock Exchange that the Company has signed a Contract with Loesche GmbH, Germany, to supply complete Raw, Cement and Coal Grinding mills compatible with green field cement plant at Mouza Chihai, Tehsil Gaddani, District Lasbella, Balochistan.
September 14, 2015	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
September 14, 2015	Notice for Meeting of Board Directors for consideration of Annual Audited Accounts for the year ended June 30, 2015 sent to Directors and Stock Exchange.
September 21, 2015	Meeting of the Members of Audit Committee conducted for recommendation of Annual Audited Accounts for the year ended June 30, 2015, related party transactions, appointment of External Auditors etc.etc. to the Board of Directors for their approval.
September 21, 2015	Meeting of the Board of Directors conducted for consideration and approval of Annual Audited Accounts for the year ended June 30, 2015, Dividend, Director's Report, Related Party Transactions, Appointment of External Auditors, Agenda and Venue of AGM, monthly Salary of CEO etc.etc.
September 21, 2015	Financial Results for the year ended June 30, 2015 along with Notice of AGM, Notice U/S 218 of the Companies Ordinance, 1984 and other Coprorate Actions Sent to Stock Exchange immediately after conclusion of Board Meeting.
October 01, 2015	Notice of Annual General Meeting published in Newspapers.
October 07, 2015	Material Information sent to Stock Exchange that Letter of Credit for supply of engineering and equipment of Pyro Process from FLSMIDTH, DENMARK was established through National Bank of Pakistan.
October 21, 2015	Notice of Meeting of Audit Committee sent to Members of Audit Committee.

Date	Event
October 21, 2015	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 1st Quarter ended September 30, 2015 Sent to Directors and Stock Exchange.
October 28, 2015	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 1st Quarter ended September 30, 2015, Related Party Transactions etc. etc. to the Board of Directors for their approval.
October 28, 2015	Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the 1st Quarter ended September 30, 2015, Directors Report, Related Party Transactions etc. etc.
October 28, 2015	Financial Results for the 1st Quarter ended September 30, 2015 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.
November 25, 2015	Minutes of Annual General Meeting held on October 29, Sent to Stock Exchange.
November 27, 2015	Intimation regarding dispatch of 50% Final Dividend for the year 2015 sent to Stock Exchange
December 09, 2015	Material Information sent to Stock Exchange that Letter of Credit for supply of three Grinding Mills (Raw Mill, Coal Mill and Cement Mill) with complete associated equipment from Loesche GmbH, Germany has been established through Allied Bank Limited.
February 09, 2016	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
February 09, 2016	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the Half Year ended December 31, 2015 Sent to Directors and Stock Exchange.
February 16, 2016	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the Half Year ended December 31, 2015, Related Party Transactions etc. etc. to the Board of Directors for their approval.
February 16, 2016	Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the Half Year ended December 31, 2015, Directors Report, Related Party Transactions, Further Equity Investment in Adamjee Insurance Co. Ltd. etc. etc.
February 16, 2016	Financial Results for the Half Year ended December 31, 2015 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.
February 25, 2016	Material Information Sent to Stock Exchange that the Board of Directors has approved to submit Pre-Qualification Document (PQD) as a consortium member, for approval to Punjab Power Development Board, Government of the Pubjab (PPDB) for development of Raw Site Coal based Small Thermal Power Project of 220 MW and authorized Chief Executive Officer to take the future decisions in this respect.

Date	Event
April 05, 2016	Material Information sent to Stock Exchange that the Board of Directors has approved to submit Pre-Qualification Document (PQD) as a main sponsor with other consortium members, for approval to Private Power Infrastructure Board, Government of Pakistan (PPIB) for development of 200-225 MW RLNG based Power Project and authorized Chief Executive Officer to take the future decisions in this respect.
April 14, 2016	Notice of Meeting of Audit Committee sent to Members of Audit Committee.
April 15, 2016	Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2016 Sent to Board of Directors and Stock Exchange along with Closed Period.
April 21, 2016	Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 3rd Quarter ended March 31, 2016, Related Party Transactions etc. etc. to the Board of Directors for their approval.
April 22, 2016	Meeting of the Board of Directors conducted for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2016, Directors Report, Related Party Transactions etc. etc.
April 22, 2016	Financial Results for the 3rd Quarter ended March 31, 2016 along with other Coprorate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.
June 06, 2016	Material Information sent to Stock Exchange that the Pre-Qualification Document (PQD) submitted by the Company as a main sponsor with other consortium members, for approval to Private Power Infrastructure Board, Government of Pakistan (PPIB) for development of 200-225 MW RLNG based Power Project at existing site of GTPS and SPS Faisalabad has been declared Technically Non-Qualified by PPIB vide its letter No. 1(102)PPIB/2053-01/16/PRJ/0-46940 dated June 01, 2016.

Report of the Board Audit Committee

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

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

BAC comprises of three members:

Mr. Khalid Niaz Khawaja	Independent Director	Member/Chairman
Mr. Khalid Qadeer Qureshi	Non-Executive Director	Member
Ms. Nabiha Shahnawaz Cheema	Non-Executive Director	Member

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

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

During FY16 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 and external audit reports
- 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, 2016 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, regulations and applicable standards;
- Listing Regulations and other statutory and regulatory requirements are in compliance.
- Preliminary announcements were reviewed prior to publication.
- Reviewed and discussed Internal Audit observations and decisions are taken.
- 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, 2017, with rotation of engagement partner.

Khalid Niaz Khawaja
Chairman
Board Audit Committee

Lahore
August 31, 2016

Statement of Compliance with the Code of Corporate Governance (CCG) [See clause (5.19.23)]

Name of company: D. G. Khan Cement Company Limited
Year ended: June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing Regulation No. 5.19.23 of listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Khalid Niaz Khawaja
Executive Directors	Mr. Raza Mansha Mr. Farid Noor Ali Fazal
Non-Executive Directors	Mrs. Naz Mansha Mr. Khalid Qadeer Qureshi Mr. Shahzad Ahmad Malik Ms. Nabiha Shahnawaz Cheema

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

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

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

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

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

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

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

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

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

   Orientation Course: -

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

Directors' Training Program: -

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

(ii) Four directors Mr. Khalid Niaz Khawaja, Mr. Farid Noor Ali Fazal, Mr. Shahzad Ahmad Malik and Ms. Nabiha Shahnawaz Cheema have completed the directors training program.

10. No new appointments of CFO, Company Secretary and Head of Internal Audit, has been approved by the Board. The remuneration of CFO and Head of Internal Audit was revised during the year after due approval of the Board.

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

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

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

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

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

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

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

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

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

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

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

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

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

RAZA MANSHA
Chief Executive Officer
Lahore: August 31, 2016

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of D.G. Khan Cement Company Limited (the 'Company') for the year ended June 30, 2016 to comply with the requirements of clause No. 5.19 of the Regulations of the Pakistan Stock Exchange Limited where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

A. F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: August 31, 2016

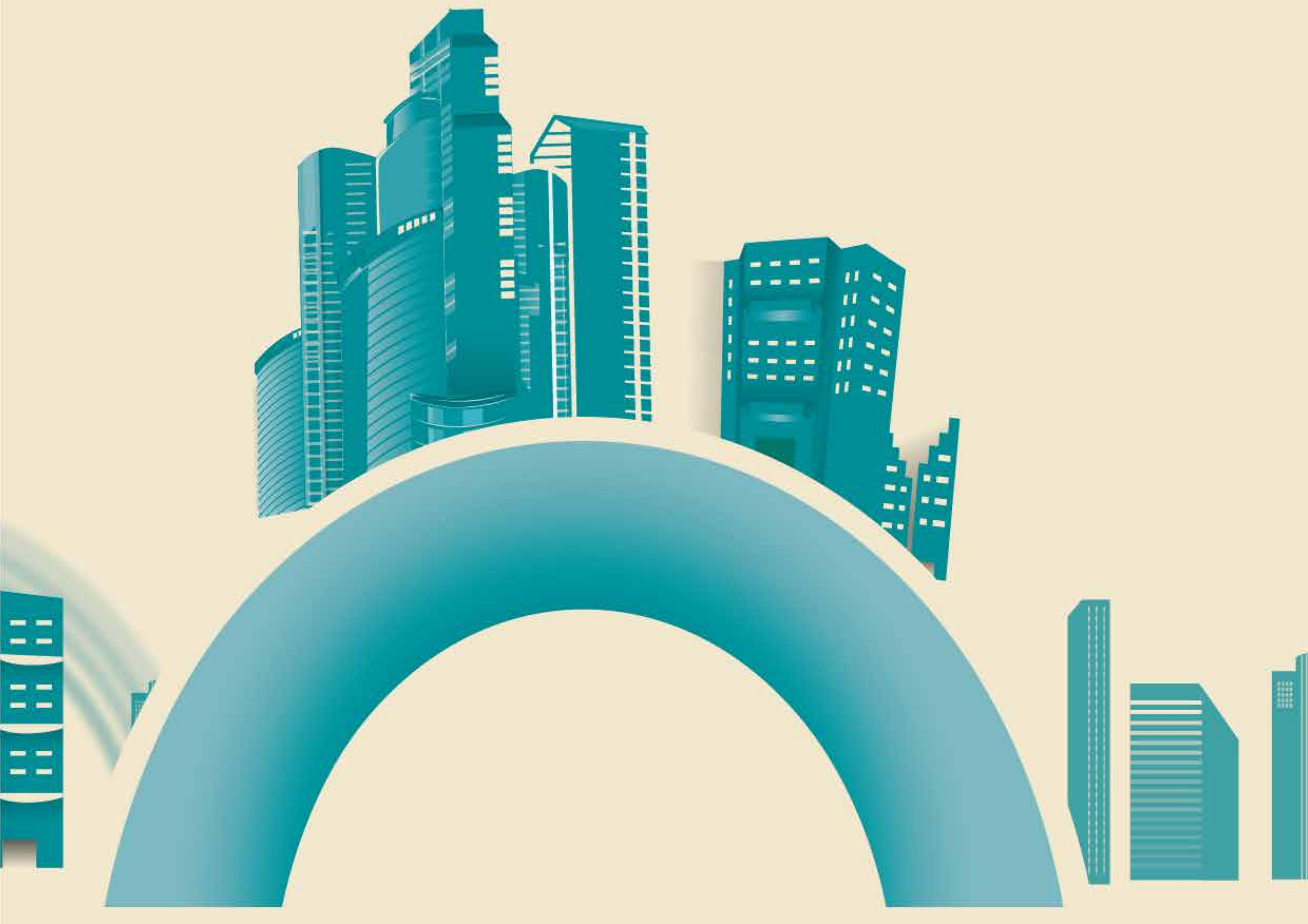
Name of engagement partner: Muhammad Masood

Risks

Strategies

Markets

The loftier the building,
the deeper must the foundation be laid.



SWOT Analysis

Strengths

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

Opportunities

- Taping foreign markets through exports.
- Establishing manufacturing facilities in attractive foreign markets, specially in African continent.
- Market in Southern Pakistan.
- Presently low population density and per capita cement consumption in Pakistan.

Weaknesses

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

Threats

- Inconsistent governmental policies.
- Unhealthy industry competition.

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

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

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

Penetrate Local & Exports Market

To be Leader in Use of Cutting Edge Technology

Branding

Cost Saving through Innovative Means

Committed Employees

Broad Base of Satisfied Suppliers

Better Returns for Shareholders

Environment Friendly Operations

Strong Supply Chain

Products	Ordinary Portland Cement Sulphate Resistant Cement
Raw Materials	Limestone Clay Iron Ore Silica Sand Gypsum
Fuel	Coal Aternative Fuels
Quality Standards	**OPC** PS 232:2008(R) Grade 43 PS 232:2008(R) Grade 53 *Assured compliance with:* ASTM C-150 Type I BS 12:1996 EN 197-1/2000 CEM I 42.5 N/R IS No. 12269:1987 Grade 53 **SRC** PS 612-1989 (R) *Assured compliance with:* BSS 4027 1996 ASTM C-150 Type V
ISO Certifications	ISO-9001-2000 ISO-14001

Exports & International Market

World Cement Production 2015:
4.1 b t p.a.
with China contributing 57% &
India 6%, ranking at
1st & 2nd place.

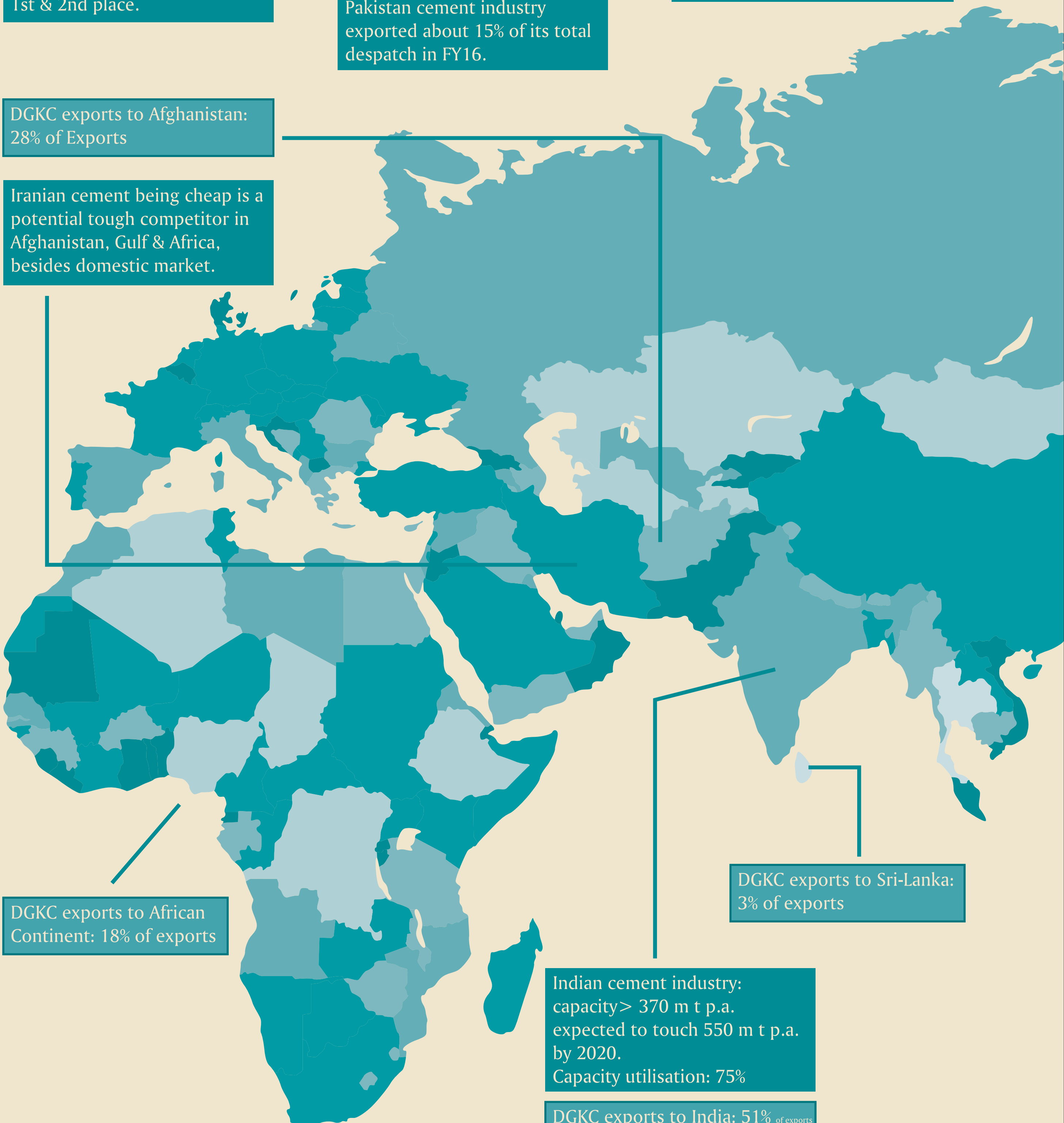
Pakistan is neighbour to world's No. 1^{st}, 2^{nd} & 4^{th} cement producers.

Pakistan cement industry exported about 15% of its total despatch in FY16.

Per Capita Cement Consumption:
Global: 400-500 Kg
India: 200 Kg
Sri Lanka: 300-400 Kg

DGKC exports to Afghanistan: 28% of Exports

Iranian cement being cheap is a potential tough competitor in Afghanistan, Gulf & Africa, besides domestic market.



DGKC exports to African Continent: 18% of exports

DGKC exports to Sri-Lanka: 3% of exports

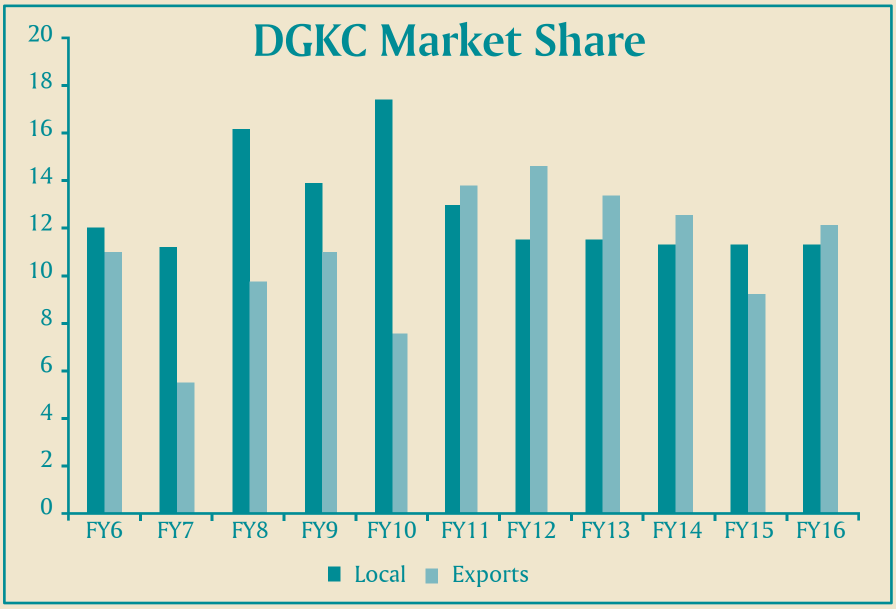
Indian cement industry:
capacity> 370 m t p.a.
expected to touch 550 m t p.a. by 2020.
Capacity utilisation: 75%

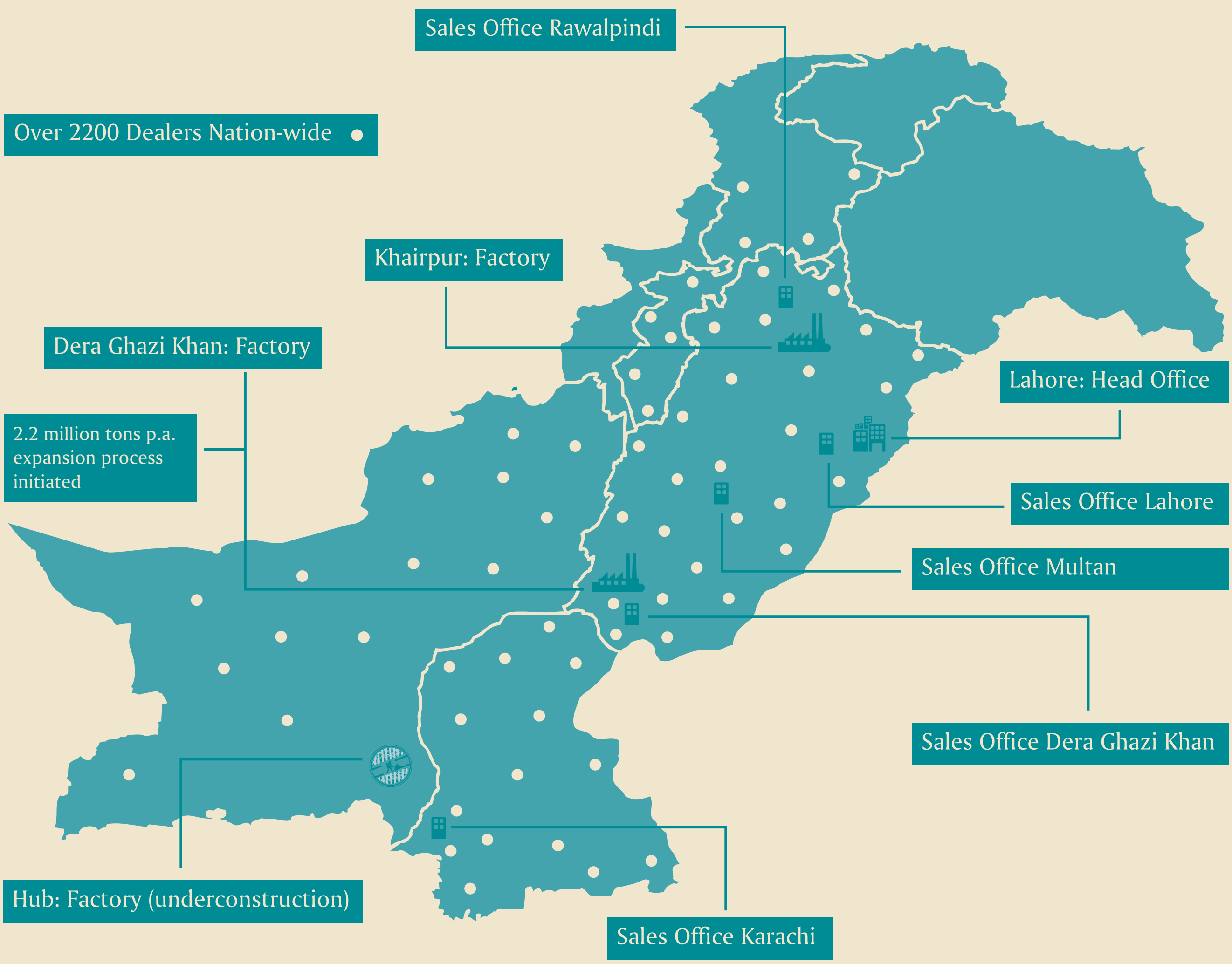
DGKC exports to India: 51% of exports
By Road: 78%, By Sea: 22%

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

DGKC is the third largest cement manufacturer in Pakistan.

With production capacity of 4.2 m t p.a. the Company constitutes about 9.3% of domestic industry





Domestic Cement Industry

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

	Local	Exports	Total
North	62.02	14.96	76.98
South	55.16	29.29	84.45
Overall	60.47	17.71	78.19

Pakistan Per Capita Cement Consumption: 169kg

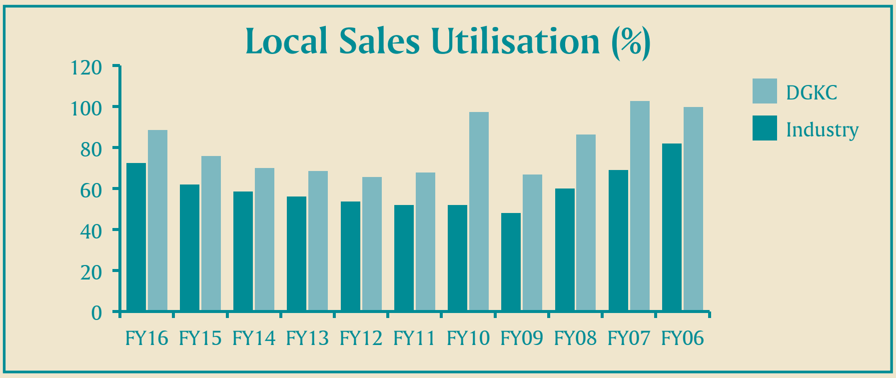
Pakistan population density: 222 / km^2

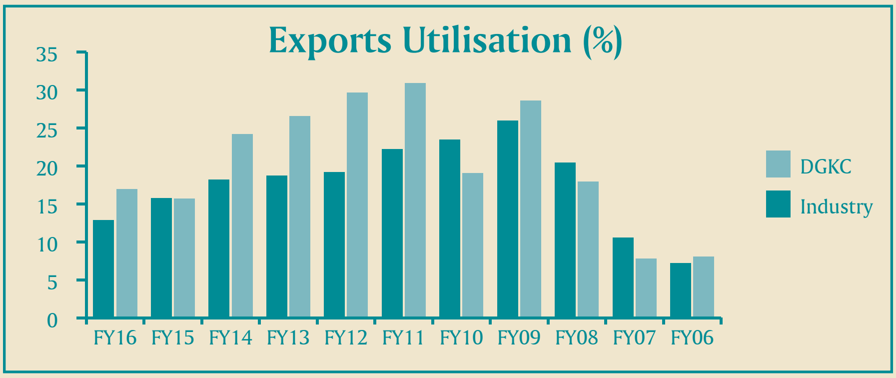
Total installed capacity of Pakistan Cement Industry is 43,446,428 t p.a. of clinker and 45,618,750 t p.a. of cement as of now.

17 players of cement in Pakistan with 24 units.

North Cement Capacity: **37,026,000 t p.a.**

South Cement Capacity: **8,592,750 t p.a.**



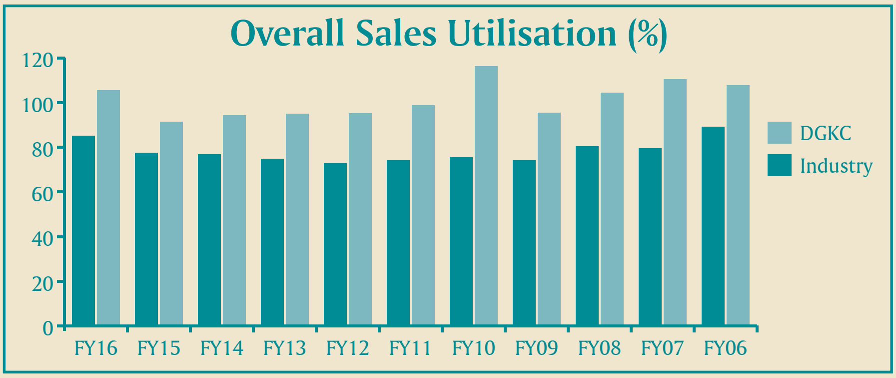


Announced & expected expansion of **20.36 m t p.a.**

Of this DGKC announced **5.14 m t p.a.** expansion

- Projected local growth: approx. 10% p.a.
- Major demand from household sector.
- CPEC is expected to bolster the cement demand.

Major risk is unhealthy price competition.



Source: APCMA website

Industry Expansion Analysis

	Supply	Demand @ 15% CAGR		Demand @ 10% CAGR		Demand @ 8% CAGR		Demand @ 5% CAGR	
2023	65.98	103.41	-57%	75.75	-15%	66.62	-1%	54.70	17%
2022	65.98	89.92	-36%	68.87	-4%	61.69	7%	52.09	21%
2021	65.98	78.19	-19%	62.61	5%	57.12	13%	49.61	25%
2020	59.28	67.99	-15%	56.92	4%	52.89	11%	47.25	20%
2019	54.67	59.12	-8%	51.74	5%	48.97	10%	45.00	18%
2018	46.98	51.41	-9%	47.04	0%	45.34	3%	42.86	9%
2017	45.62	44.71	2%	42.76	6%	41.98	8%	40.82	11%

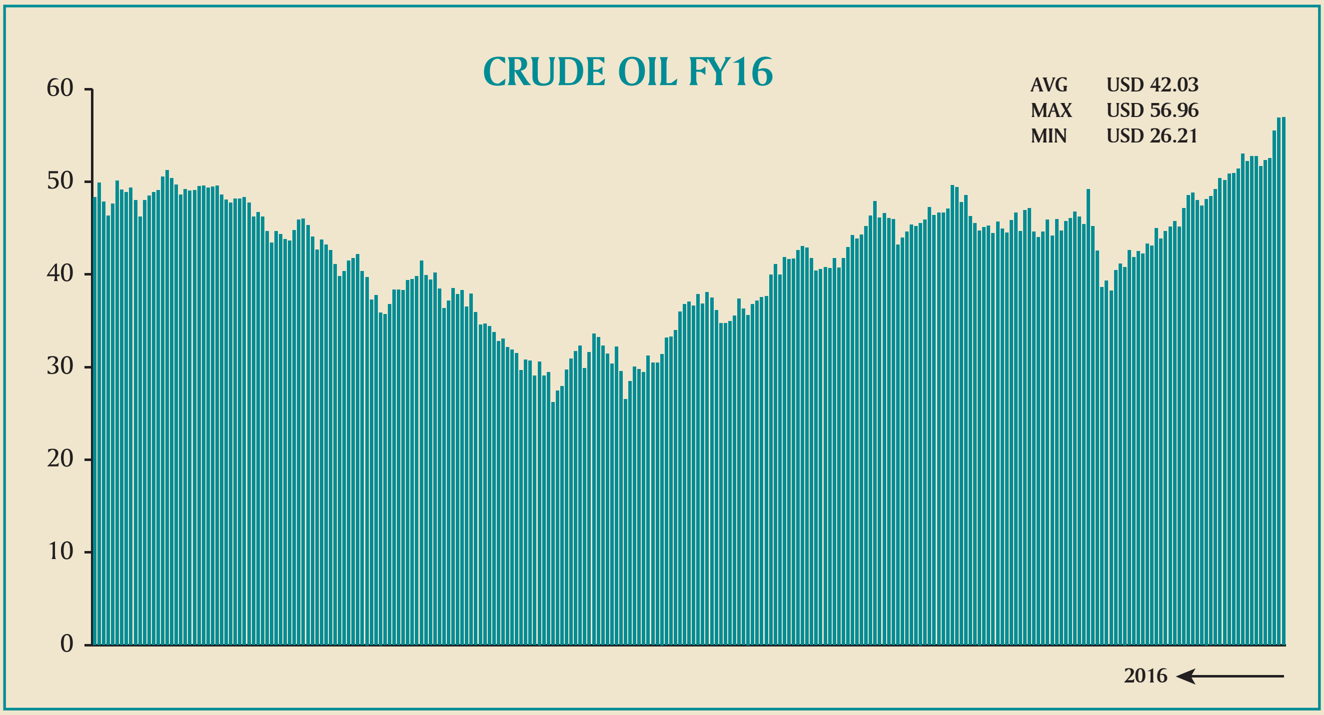
Figures are in million tons.

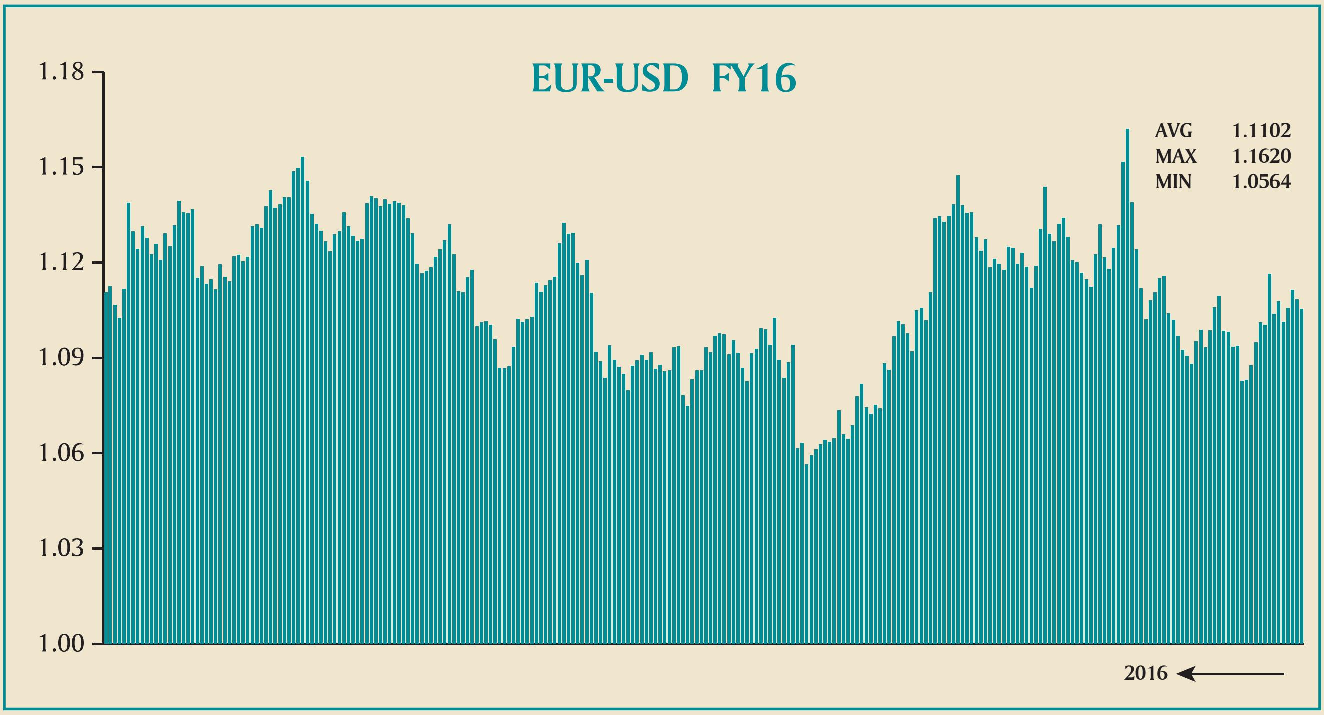
Over/(Under) Supply

- This is a pure forecast and may vary with actual.
- Capacities are added to stream in next to announced year.

Announced & Expected expansion from industry is of 20.36 million tons p.a.

Local Demand to rise while exports to face tough time

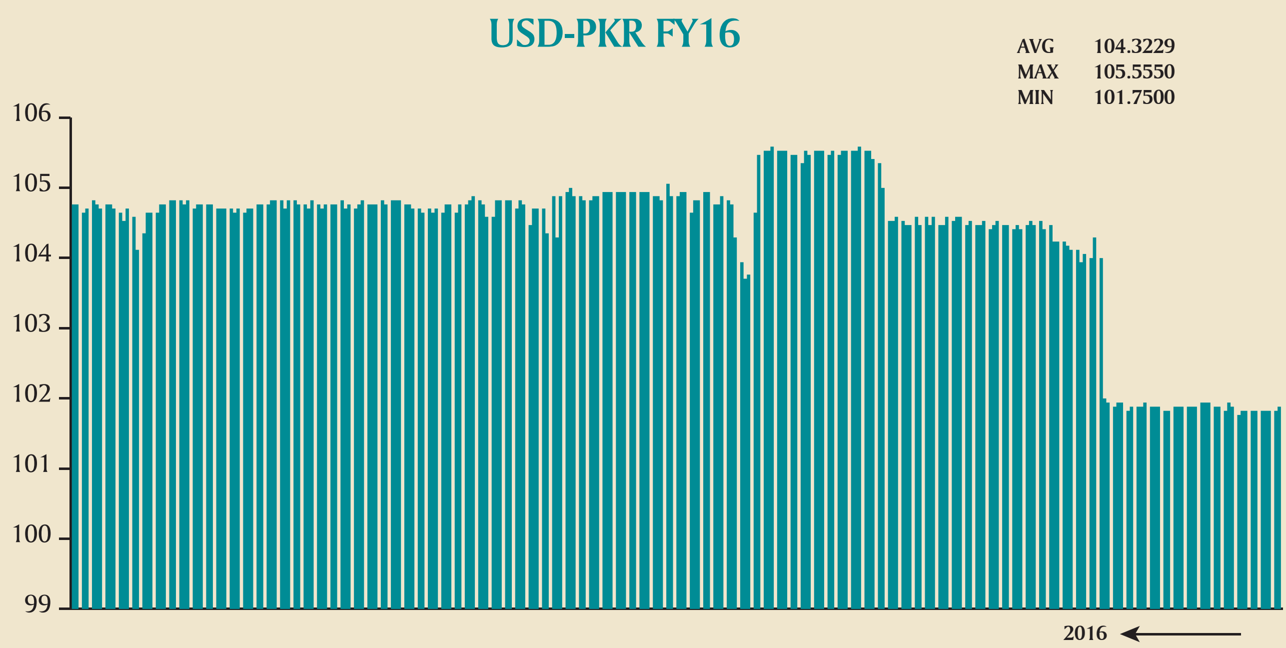


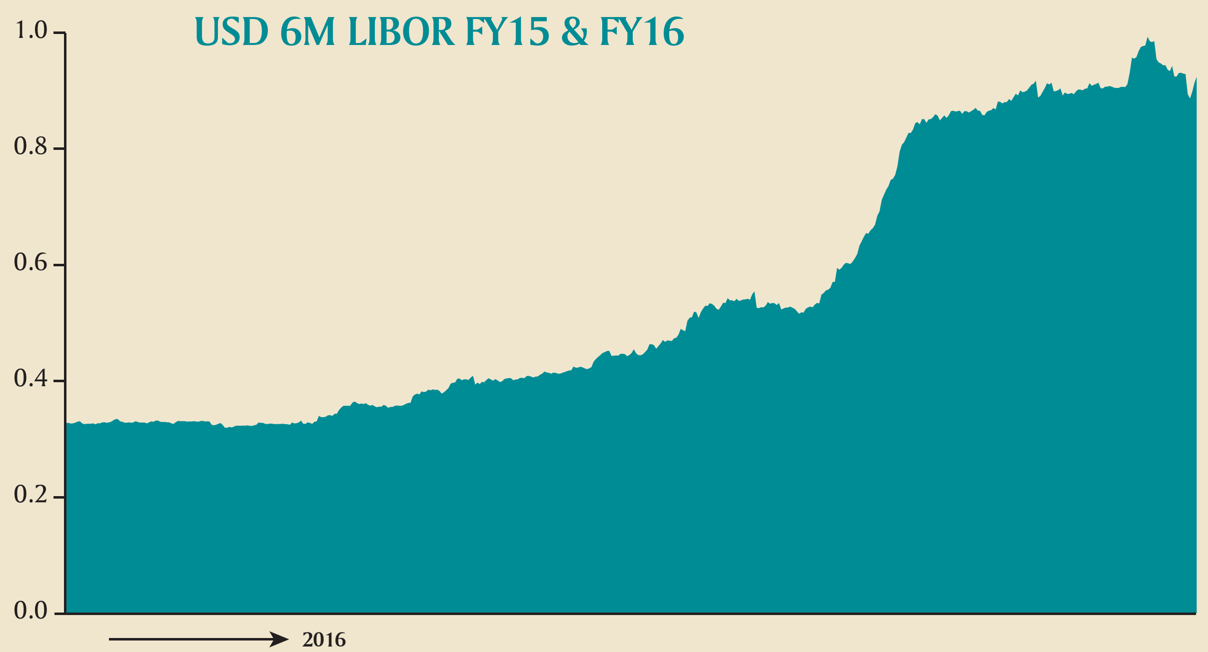


World Growth 2.9~3.1
Pakistan Growth 4~4.71

Pakistan Construction
Sector: 3% of GDP

Local Construction
Sector: 13.10% YOY Growth





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

Local Inflation Reduced

Labour Force Participation Rate: 32%

Unemployment Rate: 6%

Pakistan's Domesic debt: PKR 13,000 b
Pakistan External debt: PKR 5,000 b

T Bills Average Rate: 5.9%

Limestone Crusher

DGK: 1125 TPH

KHP: 1500 TPH

Coal Mill

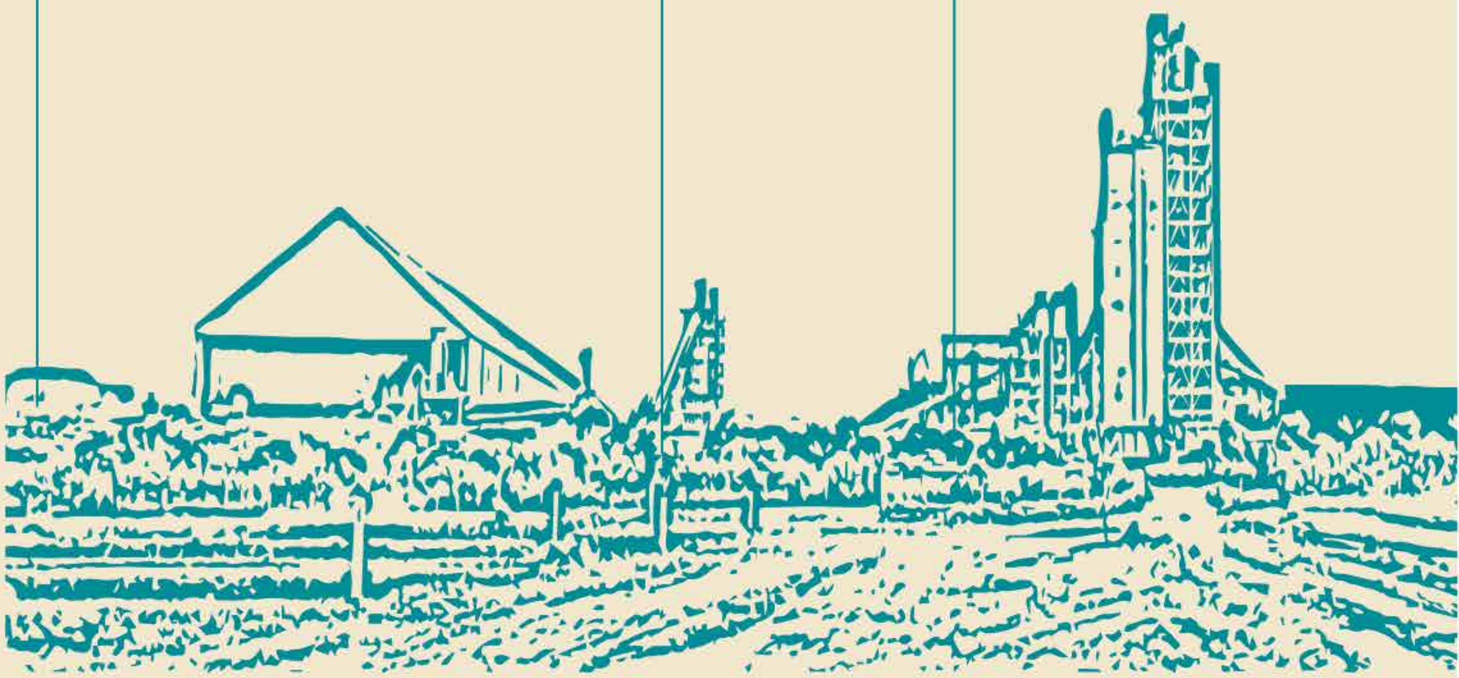
DGK: 50 TPH

KHP: 52 TPH

Raw Mill

DGK: 490 TPH

KHP: 500 TPH



Total Power Requirement

DGK: 42 MW

KHP: 31 MW

WHR

DGK: 10.4 MW

KHP: 8.6 MW

Furnace Oil Electricity Plant

DGK: 23.84 MW

Plant Specification

Kiln
DGK: 6700 TPD

KHP: 6700 TPD

Pack House
DGK: 8x120 TPH

KHP: 6x100 TPH

Cement Mill
DGK: 552 TPH

KHP: 350 TPH

Plants Make

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

DGK Power Unit
Niigata of Japan
Wartsila of Finland

KHP Power Unit
Wartsila of Finland

WHR Plant DGK
Nanjing Turbine
Electricity Machinery
Group Company

WHR Plant KHP
F.L.Smidth of Denmark.

RDF Plants
Vecoplan of Germany
Elden of Germany

Gas Fired Electricity Plant
DGK: 24.6 MW

Dual Fuel Electricity Plant
KHP: 33 MW

Coal Fired Electricity Plant
DGK: 30 MW

Kiln working days (FY16)

DGK 1	DGK 2	KHP
260	324	291

Share Capital Growth

Year	No. of Shares	Year	No. of Shares
FY1993	61,900,000	FY2005	184,393,569
FY1994	61,900,000	FY2006	230,491,961
FY1995	98,829,932	FY2007	253,541,157
FY1996	108,712,925	FY2008	253,541,157
FY1997	132,391,380	FY2009	304,249,388
FY1998	132,391,380	FY2010	365,099,265
FY1999	132,391,380	FY2011	438,119,118
FY2000	152,391,380	FY2012	438,119,118
FY2001	152,391,380	FY2013	438,119,118
FY2002	152,391,380	FY2014	438,119,118
FY2003	167,630,518	FY2015	438,119,118
FY2004	184,393,569	FY2016	438,119,118

Incorporated in Lahore under management control of State Cement Corporation of Pakistan Limited in 1978 with factory at Dera Ghazi Khan and started commercial production in April 1986.

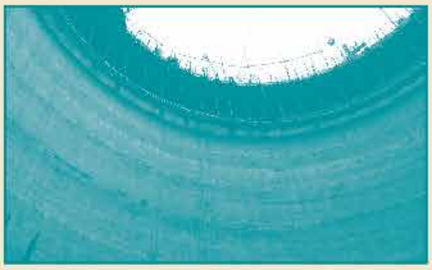
Plant Capacity Growth

Year	Clinker Production TPD
FY 1986	2,000
FY 1994	2200
FY 1998	5,500
FY 2005	6700
FY 2007	13,400

Acquired by NIshat Group in May 1992 and got listed on stock exchanges.

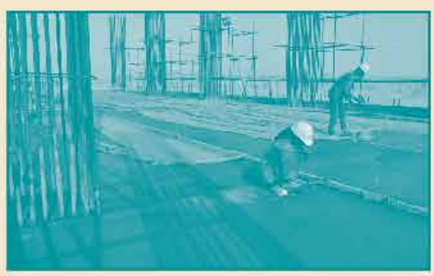
Hub Project Update

- All LCs established. Down payments made.
- Civil work contract awarded.
- Leveling and grading work completed.
- Civil work is in full swing.
- Minor shipments started to arrive in Pakistan.
- Major shipments are expected between October 2016 and April 2017.





NISHAT

DG
CEMENT

ہمیشہ ساتھ نبھائے

Cities are more than the sum of their infrastructure.
They transcend brick, concrete and steel.
They are the vesseles into which human knowledge is poured.

Management & Reviews

Name	**Mrs. Naz Mansha**	**Raza Mansha**	**Khalid Niaz Khawaja**	**Khalid Qadeer Qureshi**	**Farid Noor Ali Fazal**
Designation	Chairperson	Chief Executive Officer	Independent Director	Non-Executive Director	Director Marketing & Director in BOD
Education	Graduate from Kinnaird College Lahore	Graduate from University of Pennsylvania	B.Sc, Fellow of Institute of Bankers, Pakistan	Fellow member of the Institute of Chartered Accountants of Pakistan (FCA)	Bachelor of Commerce, Laws and Management
Experience Years	28 Years	21 Years	43 Years	46 Years	41 Years
Experience Field	Business Strategy & Development etc.	Chief Executive Officer, Business Strategy & Development etc.	Banking	Finance, Accounting, Treasury & Information Systems Development & Implementation	Marketing
Directorship in other companies	Nishat Paper Products Co. Ltd.	**Chief Executive/Director** • Nishat Paper Products Co. Ltd. • Nishat Developers (Pvt) Ltd. • Nishat (Gulberg) Hotels and Properties Ltd. **Director** • MCB Islamic Bank Ltd . • Adamjee Life Assurance Co Ltd. • Sui Northern Gas Pipe Lines Ltd. • Nishat Hotels and Properties Ltd. • Nishat Dairy (Pvt) Ltd. • Nishat Agriculture Farming (Pvt) Ltd. • MNET Services (Pvt) Ltd. • Euronet Pakistan (Pvt) Ltd. • Nishat Farm Supplies (Pvt) Ltd. • Nishat (Raiwind) Hotels and Properties Ltd. • Nishat (Aziz Avenue) Hotels and Properties Ltd.	Nil	• Nishat Mills Limited • Nishat Power Ltd • Lalpir Power Ltd • Nishat Paper Products Co. Ltd • Nishat Commodities (Pvt) Ltd	• Nishat Paper Products Co. Ltd • Nishat Automobiles (Pvt) Ltd
Other		Served in IT Committee & Business Strategy & Development Committee and HR&R Committee in MCB.			

					
Shahzad Ahmad Malik	**Ms. Nabiha Shahnawaz Cheema**	**Aftab Ahmad Khan**	**Dr. Arif Bashir**	**Inayat Ullah Niazi**	**Khalid Mehmood Chohan**
Non-Executive Director	Non-Executive Director	Director Finance	Director Technical & Operations	Cheif Financial Officer	Company Secretary
Civil Engineer & MBA from LUMS.	Chartered Accountant	Fellow member of the Institute of Chartered Accountants of Pakistan (FCA)	PhD in Chemical Engineering	Commerce Graduate & CA Inter	Commerce Graduate
25 Years	13 Years	Over 50 Years	32 Years	33 Years	34 Years
Financial Management	Financial & Business Management	Accounts, Tax, Audit, Finance & Management	Project Planning and Execution, Operation and Maintenance of Plants	Accounts, Tax, Audit, Finance & Management	Income Tax, Corporate Matters & Secretarial Practices.
• Nishat Power Ltd	• Nishat Mills Limited • Nishat Hospitality (Pvt) Ltd	**Chief Executive Officer** • Lalpir Solar Power (Private) Limited **Director/CEO** • Nishat Energy Ltd **Director** • MCB Bank Limited • Nishat (Chunian) Limited • Nishat Chunian Power Limited • Nishat Hotels and Properties Ltd • Nishat (Aziz Avenue) Hotels and Properties Ltd • Nishat (Gulberg) Hotels and Properties Ltd • Nishat (Raiwind) Hotels and Properties Ltd • Nishat Paper Products Comany Limited. • MCB Financial Services Limited	• Pakgen Power Limited • Nishat Paper Products Company Limited	• Security General Insurance Company Limited • Nishat Paper Products Co. Ltd. • Pakistan Aviators and Aviation (Pvt) Ltd. • Nishat Hotels and Properties Ltd. • Nishat (Aziz Avenue) Hotels and Properties Ltd. • Nishat (Gulberg) Hotels and Properties Ltd. • Nishat (Raiwind) Hotels and. Properties Ltd. • Nishat Energy Ltd. • Lalpir Solar Power (Pvt) Ltd. • National Clearing Company of Pakistan Limited • LSE Financial Services Limited	
Served as Deputy Director in the Pakistan Audit and Account Service, GOP.	Served as CEO of Security General Insurance Company Limited.	Served in Public Sector, Ghee, Sugar & Rice Sector, Served in various committees in MCB. Served in as Chairman LSE.		Served as Director in Lahore Stock Exchange.	Serving as Company Secretary in various Nishat Group companies.

Chairperson's Message

It gives me immense delight on completion of yet another successful year of the Company. Despite bleak prevailing environment on international and national economic front the cement sector of Pakistan came up with resilience. Construction sector has an intense relationship with other economic activities. Governments and people undertake development and construction work respectively when they got something besides daily necessities and bread and butter. In this relationship, after a certain level this indicates growth. Economic indicators of the homeland are though yet struggling but I see these in another way and that is **"there is yet to be done more and there is more room for rapid growth"**. The growth in cement sector in such circumstances showed that had other sectors performed well it could be far better. In this regard volumetric growth is very important, without undermining the importance of the value. The reason being the volumetric growth means demand for the product and that's the baseline.

The Company, your Company, has outshined in capacity utilization. It holds third largest market share overall, in local and exports. Brand loyalty is established and increasing. Company's returns, this year, are satisfactory and registered a bright trend.

The Company takes all its decisions with its core values in place. We believe in Ethics, Professionalism, Transparency and Compliance. Integrity is integral to us. We believe in employing best practices. There is zero tolerance on quality issues. Maximization of shareholders worth is one of the main objectives.

I am very hopeful that the Company can flourish more and innovate. I look ahead a buoyant progress and continuous development.

Mrs. Naz Mansha
Chairperson

Lahore
August 31, 2016

World Economy

Global growth in 2015 remained about 2.9~3.1 (range quoted by various studies). The completed year was restrained and submissive. From China to Australia, USA to Europe, Middle East to South East Asia all remain in fragile demand and passing through a phase of low interest rates. Syria, Yemen and Iraq crisis and growing tensions in Middle East are yet unresolved. Last year many undesired events occurred in this region. Its conflicts have involved many countries including world powers.

Europe has gone through a tough year in terms of politics, economics and terrorism. Brexit, refugee crisis, terror attacks in Paris and Brussels and ailing economies all are highlights for last completed fiscal year which have definite upshots.

Oil prices have really shocked the world from lower side like they did some years back from the upper side. Crude Oil touched lowest of about USD 26 but during the fiscal year achieved an average of about USD 42. Now it is trending upward. Low oil prices have definitely put the oil export dependent countries in a trembling state whilst cocooning the oil importers.

Though still struggling, but positive signs ricocheted US Fed rate. LIBOR was at 30 years low level. Last two fiscal years trend clearly shows its bottom and rebounding. Brexit is expected to bring in a tough fight between EU and UK for trade agreements with rest of the world and between themselves. The expected stretched exit process may affect sentiments of stakeholders.

Emerging Asia and specifically India are expected to record good growth and same is expected for South Asia.

Sector	Approximate Share in GDP (%)	Approximate Growth (%)
Agriculture	**20**	**-0.19**
Industrial	**21**	**6.80**
Manufacturing	14	5.00
LSM	11	4.61
Construction	3	13.10
Services	**59**	**5.71**

Domestic Economic Developments

Islamabad claimed that economy had grown at 4.71% in FY16 but this figure remained in much debate and doubts. As per Economic Survey of Pakistan (ESP) 2016, agriculture growth was negative 0.2%. This is a unique phenomenon at least in last thirteen years record. Agriculture sector accommodates about 44% of total labour force.Total cropped area also remained stagnant since FY14. Manufacturing and services sectors reported 5 and 5.7 percent growth respectively.

South Asia Growth in FY16

Country	%
India	7.5
Sri Lanka	5.0
Bangladesh	6.6

Per capita income increased from USD 1516 to USD 1560. Tax revenues growth rate was 8.4% as compared to 11% of last year. Exports decreased by 9.1%. Imports reduced by 5.2%. Workers' remittances grew by 5.7%. Inflation reduced from 4.5% to about 2.8%. As per last reported figures debt and liabilities of government reached about 73% of GDP crossing PKR 21,000 billion.

This year government published an annexure to ESP explaining the impacts of war in Afghanistan on Pakistan which states that Pakistan has suffered about PKR 9,869 billion over a period of 14 years from 2001 due to war in Afghanistan and terrorist attacks. Despite issues of running war against terrorism Pakistan economy stood fast.

CPEC is the one thing Pakistan seems to completely relying on for its future for politico-economics matters. About 2400 km long CPEC road is expected to link Gawadar and Kashghar and Karachi Lahore motorway. It is expected to boast infrastructure including of roads, railways, oil and gas pipelines. It includes heavy expenditure on energy sector as well. It is $45bn of investment of which $33bn is in energy projects. Risks to it are mostly of domestic origin. Yet a well-thought strategic configuration and consolidation with its fiscal designs & impacts not made public by the government.

Electricity situation improved. But still energy crisis is there and power plants are underutilized.

During the year voluntary tax scheme met with failure for registering the traders and resolution of withholding tax issues on bank withdrawals. Tax laws are being made more and more complex. All corporates have been burdened with acting as a withholding agent on behalf of government without any compensation.

About more than 65% surge is reported in housing loans on YOY basis. However, the number of borrowers fell by more than 6%. These and other facts show that more financing is routed to high end customers or areas.

Overall advances to private sector increased by about 11% as compared to last year. Whereas decrease in benchmark lending rates is about 14% within FY16 and for two years (FY15 & FY16) the cumulative decline is about 40%. Therefore, low interest rates even, could not attract the desired credit off-take which shows low economic activity.

Pakistan showed its intentions of now going alone without any further assistance from IMF. Privatisation of some entities is on cards. Low inflation rates lead to cutting discount rates.

During FY16 Moody's Investors Service says Pakistan's B3 issuer rating balances strengthening growth and progress on structural reforms against a relatively high government debt burden and political risks. It looks at the country's credit profile in terms of Economic Strength [assessed as "Moderate"]; Institutional Strength ["Very Low "]; Fiscal Strength ["Very Low (-)"]; and Susceptibility to Event Risk ["High"]."

Recently JP Morgan announced inclusion of Sukuk in its emerging market indices in which it will include a Pakistan's sukuk of USD 1 billion.

Economic growth during the last completed fiscal year is not though impressive but better. Most benefits which this government reaped are procured through international oil & commodity prices decline and increased workers' remittances. This international low price phase could have been better reaped however.

Domestic Cement Industry

In the economic survey of Pakistan for 2016 government marked cement sector as one of those contributed to growth in LSM. Construction sector reported growth of 13.10%.

Cement consumption is a reflection of the demand for housing, infrastructure and is related to a country's level of urbanization. Pakistan is sixth most populace country in the world. Its average density is about 222/km^2. Pakistan per capita cement consumption is about 169 kg which is far less than world average of 400 kg.

During the year local sales surge by 17% (FY15: 8%) while exports declined by about 18% (FY15: 12%). This puts the total growth of cement industry at about 10% (FY15: 3%).

Industry total overall utilization recorded at about 85% (FY15:78%). Of this 72% (FY15:62%) is utilized in local market and 13% (FY15:16%) in exports.

There is an expected industry expansions of 20 million tons per annum. Some have announced while few more are expected. These expansions are expected to come on line between FY17 and FY20. This additional capacity will take the industry rated capacity of cement production from 45 million tons p.a. to 65 million tons p.a.

The Company's Performance

This is actually a marvelous year for the Company. Prices though reduced but production and dispatch outnumbered some previous years. We produced 13% more clinker than last year, operated at 104% for cement production and sold 5% more than our capacity. This shows that the Company is far better in utilization than Industry.

The Company earned PKR 20.06 (FY15: 17.40) per share, double than the face value of each share. This 15%

increase is mainly contributed by PKR 68/share from sales netted off by PKR 48/share COGS and tax. All other costs are covered by other income.

The Company GP margin for completed year is 42.65% (FY15: 36.22%) while EBITDA to Sales is 48.76% (FY15: 44.86%). The Company gives a return of about 19% on pre-tax basis with 79% equity financed assets.

Prospects & Perspective

For upcoming year global economy is expected to be slightly better with gradual pace. Oil price rise is expected but it would not go beyond USD70. Rising oil prices will help USD in gaining strength against other currencies. Further, due to Brexit and prolonged exit process and the uncertainty it brings, USD may get lift. These inclusive factors may lead to postponement of Fed rate hike but sentiments show that rate would go upward sooner or later.

Recently government of Pakistan introduced withholding tax on real estate transactions. Law for prohibiting holding properties in others names, is also on tables. These laws are not expected to cast any material impact on construction sector and specifically cement.

If government simplifies the tax laws and tightens its grip, that would be more advantageous for revenue increase and expansion of base.

Given the facts I discussed in the economy and industry sections, I am of the view that Pakistan's economy can perform far better and it has an immense capability provided it is organized with sincerity, consistent policies and precision.

Agriculture sector has a remarkable impact on Pakistan. Provided this year had it performed well it would have given more positivity to construction and cement. Urbanisation is at high pace in Pakistan. Though it should be properly managed and planned. A huge cushion is available in per capita cement consumption. Huge infrastructure is expected to be built in coming years owing to CPEC. All these factors lead to one point that cement demand is going to increase further. Exports prices are expected to remain in tight grip.

Government has announced some measures for uplift of agriculture sector which if successful will give boost to this sector and resultantly also bring in the demand for cement. Housing mortgage loans market is still not fully developed. If lending institutions open and widen the windows for secure housing loans it would be a plus factor for cement demand.

We are in an interweaved world. Impacts of others affect us and vice versa. Euro area, UK, USA are very much linked to Pakistan export sector and agriculture sector employs the most of Pakistan's population. Improvement in these regions and sectors would bring more activity to construction area.

Proposed expansions by cement players may not disturb largely, the industry as if industry utilization is projected to increase by 10%p.a. on YOY basis then it is expected that it will easily absorb market demand.

Coal prices are expected to remain in a range bound position. Benchmark lending rates in the country may not change considerably. Banks liquidity position may spill. These may cause the lending rates subdued. The Company's lending level, of long term loans, could grow in FY17 along with the Hub project progress. The Company has already negotiated fine deals with lenders for this project.

As far as EUR is concerned, it may remain in pressure. While USD may get appreciation of about 5% against PKR for the year. But the markets may move in most unpredictable and unusually way. Exchange rate movements are crucial for upcoming year as most of the project shipments, denominated in Euro, are expected to realize in the forthcoming year.

Inflation level in the country is expected to not act ruthlessly but will increase in modest way in response to oil prices upward trend. Therefore, it could be expected that margins may dwindle due to oil, coal and inflation rise but increase in sales in quantitative terms would mitigate that effect.

The Hub project would be a huge addition to our fleet with copious benefits to all stakeholders.

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

Raza Mansha
Chief Executive Officer

Lahore
August 31, 2016

Note: Global economic growth rates may vary from those with the reader as various global organizations of the world estimated it differently.

The directors of your company are pleased to present you the performance numbers of your company for the year ended on June 30, 2016:

PKR in thousands

	FY16	FY15
Sales	**29,703,758**	**26,104,611**
Cost of sales	(17,035,566)	(16,649,411)
Gross profit	**12,668,192**	**9,455,200**
Administrative expenses	(572,780)	(472,326)
Selling and distribution expenses	(949,628)	(746,723)
Other operating expenses	(913,642)	(727,805)
Other income	2,379,053	2,320,335
Profit from operations	**12,611,195**	**9,828,681**
Finance cost	(130,451)	(281,504)
Profit before taxation	**12,480,744**	**9,547,177**
Taxation	(3,691,072)	(1,922,497)
Profit after taxation	**8,789,672**	**7,624,680**

Earning Per Share of your company for FY16 is PKR 20.06 as compared to PKR 17.40 for FY15.

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

Figures in MT

	FY16	FY15
Production:		
Clinker	3,964,998	3,507,230
Cement	4,426,631	3,849,672
Sales:		
Total	4,422,691	3,858,070
Local	3,710,393	3,196,103
Exports	712,298	661,967

The Company's clinker production increased by 13% (FY15:2%). In volumes total sales increased by 14.6% (FY15:-3%) with local sales increase of about 16% (FY15:8%) and exports increase of about 7.6% (FY15:-35%).

The Company utilization for FY16 remained at about 105% (FY15:91%) against industrial utilization of 85% (FY15:78%). Local sales utilization of the Company for FY16 was recorded at 88% (FY15: 75%) and for exports it was 17% (FY15: 15.68%).

Kiln operational days (for three kilns) were around 875 (FY15: 750). Clinker production achieved level of 98% (FY15: 87%) while cement production touched the level of 105% (FY15: 91%).

Sales

Sales revenue increased by about 14% with a corresponding increase of just about 2% in COGS, thereby giving a surge of about 34% in gross margin.

Local sales surge by 16% in volumes and by 15% in value as compared to last financial year. This indicates reduction in price but the impact of which is downplayed by quantity sold. Reduction in price is due to a passed on effect of cost saving to customers.

Cost of Sales

Cost of sales increased by 2% from last year. The main reason is 105% cement production and comparatively high number of plant operation days which undoubtedly shined the economies of scale impact. Among cost reductions is sunken coal prices and nether inflation which clutched the COGS and contained it. It also includes less dependency on WAPDA due to cheap furnace oil generated own power.

Others

Dividend income increased by 10% from PKR1,703 million to PKR 1,869 million. There is a substantial increase in income from bank deposits due to better cash flows. Finance cost decrease is mainly due to less utilization of banking facilities and reduced lending rates in the market. Exchange losses also showed insignificant change due to controlled FX parity. In the selling expenses, freight increase is due to more quantity sold in exports as compared to last year.

Taxation

Taxation expense rocketed by 92%, bringing down the PBT by about PKR 3.7 billion. Current tax provision is calculated under normal tax regime. It includes super tax and taxes falling under final tax regime. Tax losses of subsidiaries which are taken by the Company have also been accounted for in calculating the tax for the year. The Company does not have any further tax losses to be accounted for.

PBT is reported as 42% of the sales as compared to 37% of FY15. Due to taxation impact this PBT bring down PAT at 29.59% to net sales which is almost same as FY15 of 29.21% to respective sales.

Long Term Loans

The new loans are for captive coal power project. The loans are at competitive price.

Bank Balance

The rise in bank balance is due to better cash flows which are saved by the Company for Hub project. These are placed at attractive rates with various banks.

Investments

During the year fair value gain declined due to stock market change. The Company purchased shares of Adamjee Insurance Co. Ltd. during the year. During this year the Company increased its stake in Nishat Hotels & Properties Ltd. to PKR 1 billion.

Future Prospects

We foresee increase in local demand for cement. Exports market may decline but overall sales expected to remain upward.

Oil prices would move upward. Coal prices will also move towards hike but are expected not to give surprises. KIBOR position will not change immensely. PKR is expected to see depreciation against USD. Company's balance sheet will put on new debts for Hub plant.

Captive Coal Power plant of 30 MW started operations in June 2016.

For FY17 the applicable tax rate for the Company is 31%. For FY17 government made few important changes in taxation which affect the Company as well. First is the change in Federal Excise Duty which is changed from 5% of sales value to PKR1000/ton. The other one is restriction on surrendering of subsidiary losses upto the shareholding extent of the holding enterprise.

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

Hub cement plant, of 9000tpd, will be a state of the art project. All LCs established. Civil work is in full swing at site. Shipments started to arrive. The project is in line with time schedule.

Board of Directors has decided to initiate the process for setting up of a brown field project with a capacity of upto 2,200,000 tons per annum clinker at Dera Ghazi Khan site.

Appropriation

The Board keeping in view the profitability and capacity expansion requirements, decided to recommend dividend of PKR 6 per share for FY16.

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 with rotation of engagement partner for the ensuing year as suggested by the Audit Committee subject to approval of the members in the forthcoming Annual General Meeting.

Information U/s 218 of the Companies Ordinance, 1984

In pursuance of Section 218 of the Companies Ordinance, 1984, the members of D. G. Khan Cement Company Limited ("the Company") are hereby informed that the Board of Directors of the Company in their meeting held on August 31, 2016 has approved to increase the monthly remuneration of Mr. Raza Mansha, Chief Executive Officer of the Company to Rs. 2,500,000 with effect from July 01, 2016 and bonus as per service rules of the Company. There is no change in other terms and conditions of his appointment.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by Pakistan Stock Exchange in its Listing Regulations, relevant for the year ended June 30, 2016 have been adopted by the company and have been fully complied with. A Statement to this effect is annexed to the Report.

Corporate and Financial Reporting Framework

The Directors of your company 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 Companies Ordinance 1984 and International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;

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

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

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

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

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

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

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

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

m) Status of directors' training program is annexed in this annual report;

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

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

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

(q) Cost of investments of the Provident Fund is PKR 958.338 million (2015: 878.139 million) and of Gratuity is PKR 312.5 million (2015: 267 million).

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

For and on behalf of the Board

Raza Mansha
Chief Executive Officer

Lahore
August 31, 2016

c۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d۔ مالی حسابات کو کمپنیز آرڈیننس 1984 کے قوانین کے تحت تیار کیا گیا ہے اور اس کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

e۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f۔ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

g۔ ضابطہء کارپوریٹ گورننس میں سے کسی خاطرخواہ 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 کے دوسرے حصوں میں مدلل درج ہیں۔
ہے اور ڈائریکٹرز رپورٹ کے دوسرے حصوں میں مدلل درج ہیں۔

i۔ گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

j۔ جہاں ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا ہے، اس کے لئے ایک مختصر وضاحت اور وجوہات معہ رقم کا مالی حسابات میں انکشاف کیا گیا ہے؛

k۔ اہم منصوبوں اور فیصلوں جیسا کہ کارپوریٹ کی تنظیم نو، کاروبار کی توسیع اور آپریشن کی بندش،، مستقبل کے امکانات، خطرات اور کمپنی کے گرد غیر یقینی صورتحال کا خاکہ پیش کیا گیا ہے؛

l۔ ہر ڈائریکٹر کی ،سال کے دوران منعقد بورڈ اور کمیٹی کے اجلاسوں میں حاضری کی تعداد اس سالانہ رپورٹ کے ہمراہ منسلک ہے؛

m۔ ڈائریکٹروں کے تربیتی پروگرام کی رپورٹ اس سالانہ رپورٹ کے ہمراہ منسلک ہے؛

n۔ شئیر ہولڈنگ کا پیٹرن اس سالانہ رپورٹ کے ہمراہ منسلک ہے؛

o۔ کمپنی اپنی تمام مالی ذمہ داریوں میں باقاعدہ ہے۔

p۔ کمپنی کے حصص میں اس کے ڈائریکٹرز، ایگزیکٹوز اور ان کے زوج اور نابالغ بچوں کی طرف سے کی گئی تمام تجارت اس سالانہ رپورٹ کے ہمراہ منسلک ہے؛

q۔ پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 958.338 ملین پاکستانی روپے (2015: 878.139 ملین) اور گریجوئٹی میں سرمایہ کاری کی قیمت 312.5 ملین پاکستانی روپے (2015: 267 ملین) ہے۔

ہم اپنے صارفین، سپلائرز، قرض دہندہ سمیت تمام اسٹیک ہولڈرز کی حمایت کے شکرگزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

منجانب بورڈ

رضا منشا

چیف ایگزیکٹو آفیسر

لاہور 31 اگست 2016ء

نظام کے تحت شمار کی گئی ہے۔ اس میں سپر ٹیکس اور حتمی ٹیکس نظام کے تحت آنے والا ٹیکس بھی شامل ہے۔ ذیلی اداروں کے ٹیکس کے نقصانات کو بھی سال کے لئے ٹیکس کا حساب لگانے میں شمار کیا گیا ہے۔ کمپنی کے پاس مزید کوئی ٹیکس لاس نہیں ہیں۔

قبل از ٹیکس منافع مالی سال 15 کے 37 فیصد کے مقابلے میں فروخت کا 42 فیصد ہے۔ ٹیکسیشن کی وجہ سے یہ بعد از ٹیکس منافع فروخت کا 29.59 فیصد رہا جبکہ مالی سال 15 کا بعد از ٹیکس منافع 29.21 فیصد تھا۔

طویل مدتی قرضے

نئے قرضے ذاتی کوئلہ بجلی گھر منصوبے کے لیے ہیں۔ قرضے مسابقتی قیمت پر ہیں۔

بینک بیلنس

بینک بیلنس میں اضافہ بہتر نقدی کے بہاؤ کی وجہ سے ہے جو کمپنی نے حب منصوبہ کے لئے محفوظ کیا ہے۔ مختلف بینکوں کے پاس یہ پُرکشش قیمتوں پر رکھا گیا ہے۔

سرمایہ کاری

سال کے دوران سٹاک مارکیٹ میں تبدیلی کی وجہ سے فیئر ویلیو میں کمی واقع ہوئی۔ کمپنی نے اس سال کے دوران آدم جی انشورنس کمپنی لمیٹڈ کے حصص خریدے۔ اس سال کے دوران کمپنی نے نشاط ہوٹلز اور پراپرٹیز لمیٹڈ میں اپنا حصہ 1 ارب روپے تک بڑھایا۔

مستقبل کے امکانات

ہم سیمنٹ کے لئے مقامی طلب میں اضافہ دیکھتے ہیں۔ برآمدات مارکیٹ میں کمی آسکتی ہے لیکن مجموعی فروخت میں اضافہ ہونے کی توقع ہے۔

تیل کی قیمتیں بڑھیں گی۔ کوئلے کی قیمتوں میں بھی اضافہ ہوگا لیکن حیران کن حد تک نہیں۔ KIBOR میں بہت زیادہ تبدیلی نہیں ہوگی۔ پاکستانی روپے میں امریکی ڈالر کے مقابلہ میں کمی پائے جانے کی امید ہے۔ کمپنی کی بیلنس شیٹ پر حب منصوبہ کے لئے نئے قرض آئیں گے۔

30 میگاواٹ کے ذاتی کوئلہ بجلی گھر نے جون 2016ء میں آپریشن شروع کر دیا ہے۔ FY17 میں کمپنی کے لئے لاگو ٹیکس کی شرح 31 فیصد ہے۔ FY17 کے لئے حکومت نے ٹیکس میں چند اہم تبدیلیاں کی ہیں جو کمپنی پر اثر انداز ہوں گی۔ پہلی فیڈرل ایکسائز ڈیوٹی میں تبدیلی ہے جو پہلے فروخت کی قدر کا 5 فیصد تھی اور اب 1000 پاکستانی روپے فی ٹن ہے۔ دوسری یہ کہ اب ہولڈنگ ادارہ، ذیلی اداروں کے نقصانات کا اتنا حصہ لے سکتا ہے جتنے فیصد اسکے حصص ہوں۔

ہمیں امید ہے کہ آئندہ سال میں منافع کا رجحان تقریباً یہی رہے گا۔

9000 ٹن یومیہ کا حب سیمنٹ پلانٹ، ایک بہت ہی جدید منصوبہ ہوگا۔ تمام LCs کا قیام عمل میں آگیا ہے۔ سائٹ پر سول کام عروج پر ہے۔ ترسیل پہنچنا شروع ہو گئی ہے۔ منصوبہ ٹائم شیڈول کے مطابق ہے۔

بورڈ آف ڈائریکٹرز نے انتظامیہ کو ڈیرہ غازی خان کے مقام پر 2,200,000 ٹن سالانہ تک کی صلاحیت کا ایک براؤن فیلڈ منصوبہ قائم کرنے کے لئے پراسیس شروع کرنے کو کہا ہے۔

تصرف

بورڈ نے منافع اور صلاحیت کی توسیع کی ضروریات کو مدنظر رکھتے ہوئے، FY16 کے لئے 6 پاکستانی روپے فی شیئر کے ڈیویڈینڈ کی سفارش کرنے کا فیصلہ کیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی سفارش پر آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو انگیجمنٹ پارٹنر کی تبدیلی کے ساتھ آئندہ سال کے لئے آڈیٹر مقرر کرنے کی سفارش کی ہے جو کہ کمپنی کے سالانہ اجلاس عام میں حصص داران کی منظوری سے مشروط ہے۔

معلومات زیر دفعہ 218 آف دی کمپنیز آرڈیننس 1984ء

کمپنیز آرڈیننس، 1984 کی دفعہ 218 کی پیروی میں، ڈی جی خان سیمنٹ کمپنی لمیٹڈ ("کمپنی") کے ارکان کو بذریعہ ہذا مطلع کر رہے ہیں کہ کمپنی کے بورڈ آف ڈائریکٹرز نے 31 اگست 2016 کو منعقدہ اپنے اجلاس میں جناب رضا منشا، کمپنی کے چیف ایگزیکٹو آفیسر کے ماہانہ مشاہرہ موثر از یکم جولائی 2016 سے 2,500,000 روپے کر دی ہے اور کمپنی کے سروس قوانین کے مطابق بونس کی منظوری دی ہے۔ تقرری کی دیگر شرائط وضوابط میں کوئی تبدیلی نہیں ہے۔

کارپوریٹ گورننس کے ضابطہء اخلاق کی تعمیل

کمپنی نے 30 جون 2016 کو ختم ہونے والے سال کے متعلقہ، کوڈ آف کارپوریٹ گورننس جو کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضابطے میں مقرر ہے کو اپنایا ہے اور اس پر مکمل طور عمل کیا ہے۔ اس پر باقاعدہ ایک رپورٹ منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ:

a۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2016ء کے لئے آپ کی کمپنی کی کارکردگی کے اعداد وشمار پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پاکستانی روپے ہزاروں میں

	مالی سال 2016	مالی سال 2015
فروخت	29,703,758	26,104,611
قیمت فروخت	(17,035,566)	(16,649,411)
مجموعی منافع	12,668,192	9,455,200
انتظامی اخراجات	(572,780)	(472,326)
فروخت اور تقسیم کے اخراجات	(949,628)	(746,723)
دیگر معاملاتی اخراجات	(913,642)	(727,805)
دیگر آمدنی	2,379,053	2,320,335
آپریشنز سے نفع	12,611,195	9,828,681
مالی لاگت	(130,451)	(281,504)
ٹیکسیشن سے قبل منافع	12,480,744	9,547,177
ٹیکسیشن	(3,691,072)	(1,922,497)
ٹیکسیشن کے بعد منافع	8,789,672	7,624,680

کمپنی کی فی شئیر آمدنی، مالی سال 2015 کیلئے 17.40 پاکستانی روپے کے مقابلے میں مالی سال 2016 میں 20.06 پاکستانی روپے رہی۔
امسال کے لئے آپ کی کمپنی کے آپریشنل اعداد وشمار درج ذیل ہیں:

اعداد وشمار میٹرک ٹن میں

	مالی سال 2016	مالی سال 2015
کلنکر کی پیداوار	3,964,998	3,507,230
سیمنٹ کی پیداوار	4,426,631	3,849,672
کل فروخت	4,422,691	3,858,070
مقامی فروخت	3,710,393	3,196,103
برآمد فروخت	712,298	661,967

کمپنی کی کلنکر پیداوار میں 13 فیصد (FY15: 2 فیصد) کا اضافہ ہوا۔ حجم کے لحاظ سے کل فروخت میں 14.6 فیصد (FY15: -3 فیصد) اضافہ ہوا جو کہ بشمول مقامی فروخت میں تقریباً 16 فیصد (FY15 : 8 فیصد) اضافہ اور برآمدات میں تقریباً 7.6 فیصد (FY15: -35 فیصد) کے ساتھ ہے۔

مالی سال 16 میں کمپنی کی مستعمل پیداواری صلاحیت 105 فیصد (FY 15: 91 فیصد) رہی جبکہ سیمنٹ صنعت کی مستعمل پیداواری صلاحیت 85 فی صد (FY15: 78 فیصد) رہی۔ FY16 کے لئے کمپنی کی مقامی فروخت کا استعمال 88 فیصد (FY15: 75 فیصد) ریکارڈ کیا گیا اور برآمدات کے لئے یہ 17 فیصد (FY15: 15.68 فیصد) تھا۔
کلن کے آپریشنل ایام (تین بھٹیوں کے لئے) تقریباً 875 (FY15: 750) تھے۔ کلنکر پیداوار نے 98 فیصد (FY15: 87 فیصد) کی سطح حاصل کی جبکہ سیمنٹ کی پیداوار نے 105 فیصد (FY15: 91 فیصد) کی سطح کو چھولیا۔

فروخت

فروخت آمدنی تقریباً 14 فی صد تک بڑھ گئی جبکہ قیمت فروخت فقط 2 فیصد بڑھی، اس طرح مجموعی مارجن میں تقریباً 34 فی صد اضافہ ہوگیا۔
گزشتہ مالی سال کے مقابلے میں حجم کے لحاظ سے مقامی فروخت میں 16 فیصد اور قدر کے لحاظ سے 15 فیصد اضافہ ہوا۔ یہ قیمت میں کمی کے رجحان کی طرف اشارہ کرتا ہے لیکن حجمی لحاظ سے ترقی نے قدر کے لحاظ سے کمی کو معمولی بنادیا۔ قیمت میں کمی کی وجہ، قیمت فروخت میں بچت کو صارفین تک منتقل کرنا ہے۔

تیاری اور فروخت کے اخراجات

فروخت کی لاگت گزشتہ سال سے 2 فیصد زیادہ ہوئی۔ جسکی بنیادی وجہ 105 فیصد سیمنٹ کی پیداوار اور نسبتاً پلانٹ آپریشن ایام کا زیادہ ہونا ہے۔ اخراجات میں کمی کی وجوہات میں کوئلہ کی گرتی قیمتیں اور افراط زر میں کمی نمایاں ہیں جنہوں نے بنانے اور فروخت کرنے کی قیمت کو نسبتاً کم بڑھنے دیا۔ اس کی ایک وجہ ستے فرنس آئل سے اپنی بجلی پیدا کرنے کی وجہ سے واپڈا پر کم انحصار بھی ہے۔

دیگر

ڈیویڈینڈ آمدنی 1,703 ملین پاکستانی روپے سے بڑھ کر 1,869 ملین پاکستانی روپے ہوگئی جو کہ 10 فیصد کا اضافہ ہے۔ بہتر نقدی بہاؤ کی بدولت بینک کے ذخائر سے آمدنی میں کافی اضافہ ہوا ہے۔ مالی لاگت میں کمی، بینکاری کی سہولیات کا کم استعمال اور مارکیٹ میں کم شرح سود کی وجہ سے ہے۔ ایکسچینج نقصانات میں بھی معمولی تبدیلی واقع ہوئی جسکی وجہ غیر ملکی کرنسی کی منڈی کا بہتر نظم ونسق ہے۔ گزشتہ سال کے مقابلے میں فروخت پر اخراجات میں نمایاں اضافہ، برآمدات میں زیادہ مقدار فروخت ہونے کی وجہ سے ہے۔

ٹیکسیشن

ٹیکسیشن اخراجات تقریباً 3.7 بلین پاکستانی روپے تک قبل از ٹیکس منافع کم کرتے ہوئے، 92 فیصد تک کے اضافہ کو پہنچ گئے۔ موجودہ ٹیکس پرووژن معمول کے ٹیکس

Analysis

Six Years at a Glance

	FY16	FY15	FY14	FY13	FY12	FY11
						MT
Production						
Clinker	3,964,998	3,507,230	3,585,103	3,924,090	3,773,948	3,738,404
Cement	4,426,631	3,849,672	3,988,512	4,031,801	4,004,458	4,176,733
Cement sales:	4,422,691	3,858,070	3,976,272	4,008,276	4,018,956	4,165,635
Local	3,710,393	3,196,103	2,954,943	2,887,812	2,765,534	2,860,795
Export	712,298	661,967	1,021,329	1,120,464	1,253,422	1,304,840
Clinker Sale:						
Local	-	-	-	-	-	-
Export	-	-	-	6,000	5,945	98,521

PKR in Thousands

	FY16	FY15	FY14	FY13	FY12	FY11
Equity	65,783,429	62,296,071	61,516,535	47,956,798	32,899,525	30,217,283
Balance Sheet Footing	83,418,265	74,391,443	73,282,069	63,526,719	50,685,198	49,703,229
Fair Value Reserves	24,256,385	27,405,272	32,722,894	23,802,704	13,580,112	14,974,881
Fixed Assets	39,576,830	29,958,970	29,832,625	28,740,974	27,185,726	25,985,385
Capitalisation	5,730,155	925,479	3,465,403	3,750,420	2,039,499	764,442
Long Term Loans	3,538,251	1,348,522	2,111,513	4,327,841	6,785,851	6,875,127
Short Term Loans	3,451,352	1,826,072	2,551,676	5,420,290	6,733,467	8,691,982
Current Assets	30,835,521	31,426,342	32,068,626	25,789,989	18,265,583	18,325,209
Current Liabilities	10,056,634	6,583,476	5,940,563	9,307,593	11,205,943	12,687,375
Gross Sales	37,045,715	32,468,621	32,344,996	29,599,883	27,404,611	23,473,534
Net Sales	29,703,758	26,104,611	26,542,509	24,915,924	22,949,853	18,577,198
Cost of Sales	17,035,566	16,649,411	17,284,941	15,589,917	15,443,098	14,192,229
GP	12,668,192	9,455,200	9,257,568	9,326,007	7,506,755	4,384,969
Administrative Expenses	572,780	472,326	480,468	405,579	267,705	211,362
Selling Expenses	949,628	746,723	1,445,225	1,751,174	2,202,901	2,470,599
Other Expenses	913,642	727,805	518,745	544,806	500,835	37,964
Financial Expenses	130,451	281,504	608,859	994,879	1,670,784	2,079,146
Other Income	2,379,053	2,320,335	1,647,126	1,466,289	1,187,936	1,134,130
Taxation	3,691,072	1,922,497	1,885,899	1,593,689	-55,652	430,231
PAT	8,789,672	7,624,680	5,965,498	5,502,169	4,108,118	170,961
Profit from Operations	12,611,195	9,828,681	6,813,130	6,624,448	4,535,314	1,665,044
Dividend Income	1,869,917	1,703,466	1,434,179	1,295,633	1,058,707	951,354
Depreciation	1,871,866	1,880,603	1,790,002	1,577,755	1,447,712	1,430,410

	FY16	FY15	FY14	FY13	FY12	FY11
Profitability Indicators						
EBITDA (PKR in thousands)	14,483,061	11,709,284	10,250,258	9,668,492	7,170,962	4,110,748
EBITDA Less Other Income (PKR in thousands)	12,104,008	9,388,949	8,603,132	8,202,203	5,983,026	2,976,618
GP to Sales (%)	42.65	36.22	34.88	37.43	32.71	23.60
PBT to Sales (%)	42.02	36.57	29.58	28.48	17.66	3.24
PAT to Sales (%)	29.59	29.21	22.48	22.08	17.90	0.92
EBITDA to Sales (%)	48.76	44.86	38.62	38.80	31.25	22.13
ROE (wrt average equity) (%)	13.73	12.32	10.90	13.61	13.02	0.60
ROA (wrt to average total assets) (%)	11.14	10.33	8.72	9.64	8.18	0.35
ROE (without fair value reserves) (%)	23.00	23.95	22.53	25.31	23.77	1.19
ROE (PAT/Equity) (%)	13.36	12.24	9.70	11.47	12.49	0.57
ROE (PBT/Equity) (%)	18.97	15.33	12.76	14.80	12.32	1.99
Liquidity Indicators						
Operating Cashflows (PKR in thousands)	11,119,972	9,954,056	8,724,257	6,685,968	4,011,634	370,314
Working Capital (PKR in thousands)	20,778,887	24,842,866	26,128,063	16,482,396	7,059,640	5,637,834
Current Ratio (times)	3.07	4.77	5.40	2.77	1.63	1.44
Activity Indicators						
Fixed Assets Turnover	85.43	87.32	90.63	89.10	86.32	72.44
Investment/Market Indicators						
Ordinary Shares (No.)	438,119,118	438,119,118	438,119,118	438,119,118	438,119,118	438,119,118
Dividend/Share (PKR)	6.00	5.00	3.50	3.00	1.50	-
Stock Price/Share on year end (PKR)	190.49	142.77	87.96	83.69	39.38	22.99
EPS	20.06	17.40	13.62	12.56	9.38	0.45
PE Ratio	9.49	8.21	6.46	6.66	4.20	51.09
Divident Payout Ratio (%)	29.91	28.74	25.70	23.89	15.99	-
Dividend Yield Ratio (wrt year end price) (%)	3.15	3.50	3.98	3.58	3.81	-
Break Up Value/Share (PKR)	150.15	142.19	140.41	109.46	75.09	68.97
Capital Structure Indicators						
Debt to Equity (%)	10.63	5.10	7.58	20.33	41.09	51.52
Equity to Total Assets (%)	78.86	83.74	83.94	75.49	64.91	60.80
Interest Coverage (wrt EBITDA) (%)	111.02	41.60	16.84	9.72	4.29	1.98
DSCR with other income	18.94	10.92	5.03	3.07	1.96	0.98
DSCR without other income	15.83	8.76	4.22	2.60	1.63	0.71
Operational (Volumetric) Indicators						
Clinker Production (% change wrt last year)	13.05	-2.17	-8.64	3.98	0.95	-20.19
Cement Production (% change wrt last year)	14.99	-3.48	-1.07	0.68	-4.12	-14.91
Total Sales (% change wrt last year)	14.63	-2.97	-0.80	-0.27	-3.52	-15.14
Local Sales (% change wrt last year)	16.09	8.16	2.32	4.42	-3.33	-30.29
Exports Sales (% change wrt last year)	7.60	-35.19	-8.85	-10.61	-3.94	62.07
Cement Production Utilisation (%)	104.87	91.20	94.49	95.52	94.87	98.95
Total Sales Utilisation (%)	104.78	91.40	94.20	94.96	95.21	98.69
Local Sales Utilisation (%)	87.90	75.72	70.01	68.42	65.52	67.78
Exports Sales Utilisation (%)	16.88	15.68	24.20	26.54	29.69	30.91
Sales Mix: Local to Total Sales (%)	83.89	82.84	74.31	72.05	68.81	68.68
Sales Mix: Exports to Total Sales (%)	16.11	17.16	25.69	27.95	31.19	31.32

Vertical Analysis of Balance Sheet (%)

	FY16	FY15	FY14	FY13	FY12	FY11
			(Re-stated)	(Re-stated)		
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES						
Issued, subscribed and paid up capital	5.25	5.89	5.98	6.90	8.64	8.82
Reserves	41.04	50.26	58.28	53.18	46.49	50.24
Accumulated profit	32.56	27.59	19.69	15.41	9.78	1.77
Total Equity	**78.86**	**83.74**	**83.94**	**75.49**	**64.91**	**60.83**
NON-CURRENT LIABILITIES						
Long term finances - secured	2.88	0.96	1.80	4.56	9.13	9.83
Long term deposits	0.09	0.10	0.09	0.10	0.13	0.14
Retirement and other benefits	0.13	0.18	0.27	0.24	0.46	0.28
Deferred taxation	5.98	6.17	5.78	4.95	3.25	3.44
Total Non-Current Liabilities	**9.08**	**7.41**	**7.95**	**9.86**	**12.98**	**13.69**
CURRENT LIABILITIES						
Trade and other payables	6.43	5.44	3.38	3.60	4.16	3.31
Accrued finance cost	0.06	0.04	0.08	0.20	0.32	0.57
Short term borrowings - secured	4.14	2.45	3.48	8.53	13.28	17.50
Current portion of non-current liabilities	1.38	0.87	1.10	2.27	4.27	4.03
Derivative financial instrument	-	-	0.02	-	-	-
Provision for taxation	0.04	0.05	0.05	0.06	0.07	0.07
Total Current Liabilities	**12.06**	**8.85**	**8.11**	**14.65**	**22.11**	**25.48**
Total Equity & Liabilities	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	47.44	40.27	40.71	45.55	53.98	52.31
Intangible assets	-	0.02	0.05	0.09	0.15	-
Investments	15.52	17.37	15.36	13.62	9.60	10.59
Long term loans and deposits	0.07	0.09	0.12	0.15	0.24	0.27
Total Non-Current Assets	**63.04**	**57.76**	**56.24**	**59.40**	**63.96**	**63.17**
CURRENT ASSETS						
Stores, spare parts and loose tools	4.80	4.89	5.03	6.16	7.82	7.13
Stock-in-trade	0.92	1.60	1.84	2.62	1.88	1.74
Trade debts	0.24	0.21	0.23	0.43	0.63	0.92
Investments	21.36	33.41	33.30	28.12	21.95	24.41
Advances, deposits, prepayments & other receivables	0.70	0.87	1.04	0.96	1.23	2.29
Income tax receivable	0.52	0.91	0.52	1.57	1.69	-
Derivative financial instrument	0.02	0.01	-	0.00	-	-
Cash and bank balances	8.40	0.35	1.79	0.74	0.85	0.34
Total Current Assets	**36.96**	**42.24**	**43.76**	**40.60**	**36.04**	**36.83**
Total Assets	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Vertical Analysis of Profit and Loss Account (%)

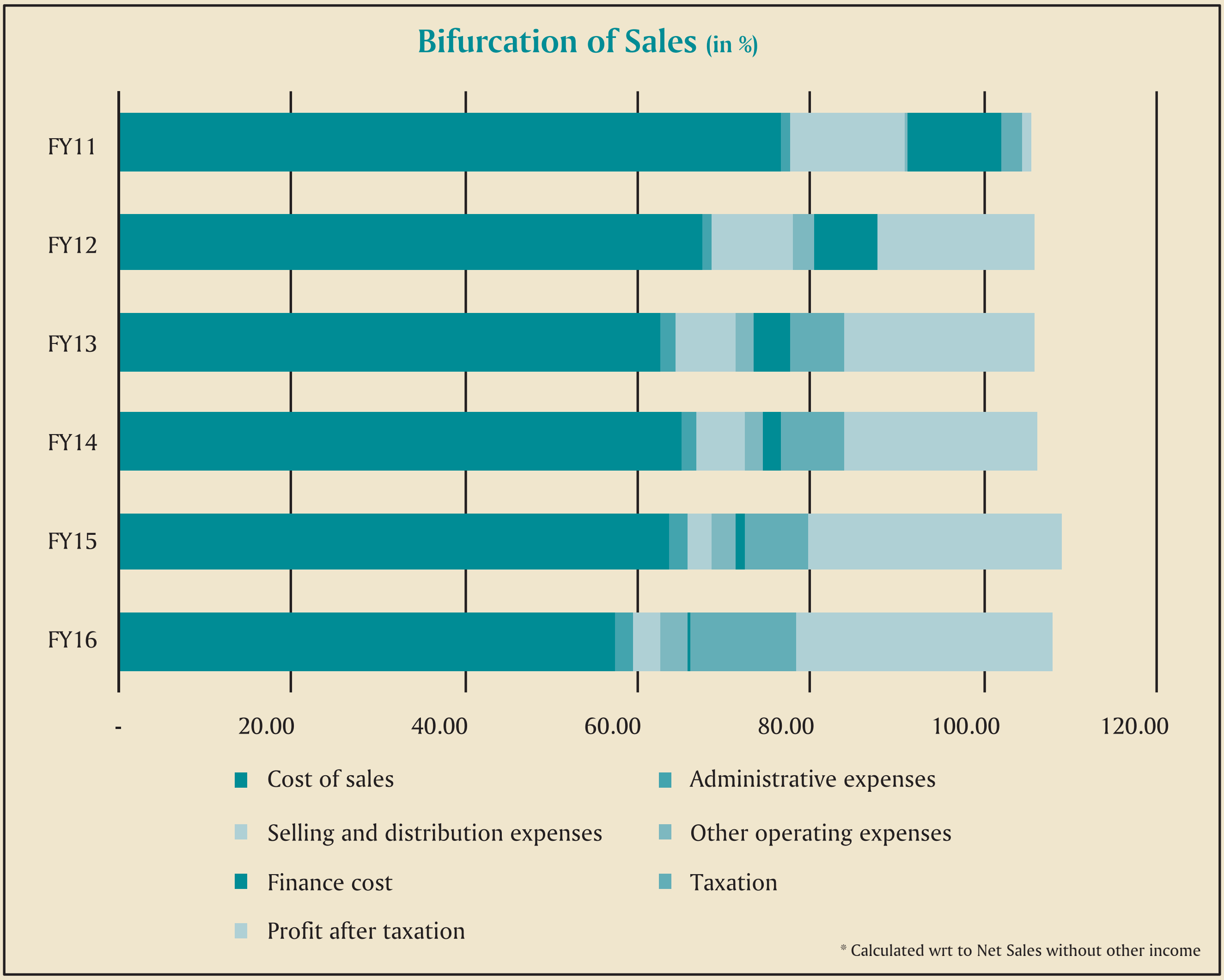
	FY16	FY15	FY14	FY13	FY12	FY11
Sales	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Cost of sales	57.35	63.78	65.12	62.57	67.29	76.40
Gross profit	**42.65**	**36.22**	**34.88**	**37.43**	**32.71**	**23.60**
Administrative expenses	1.93	1.81	1.81	1.63	1.17	1.14
Selling and distribution expenses	3.20	2.86	5.44	7.03	9.60	13.30
Other operating expenses	3.08	2.79	1.95	2.19	2.18	0.20
Other income	8.01	8.89	6.21	5.88	5.18	5.96
Impairment on investments	-	-	-	-	-	0.64
Profit from operations	**42.46**	**37.65**	**31.87**	**32.47**	**24.94**	**14.28**
Finance cost	0.44	1.08	2.29	3.99	7.28	11.04
Profit before taxation	**42.02**	**36.57**	**29.58**	**28.48**	**17.66**	**3.24**
Taxation	12.43	7.36	7.11	6.40	0.24	2.32
Profit after taxation	**29.59**	**29.21**	**22.48**	**22.08**	**17.90**	**0.92**

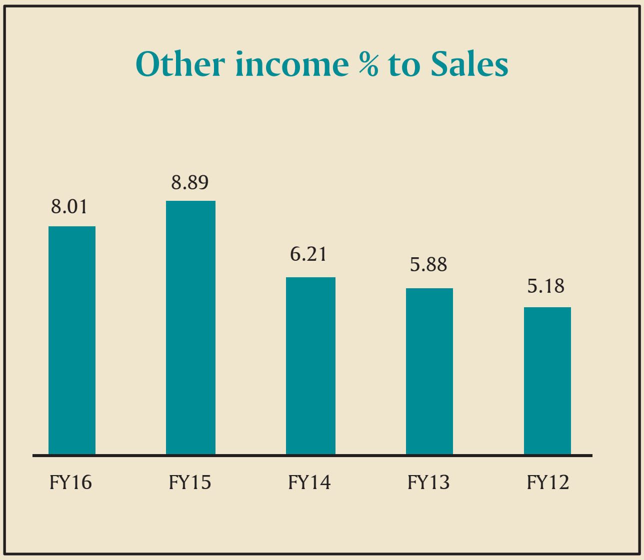
Horizontal Analysis of Balance Sheet (YoY) (%)

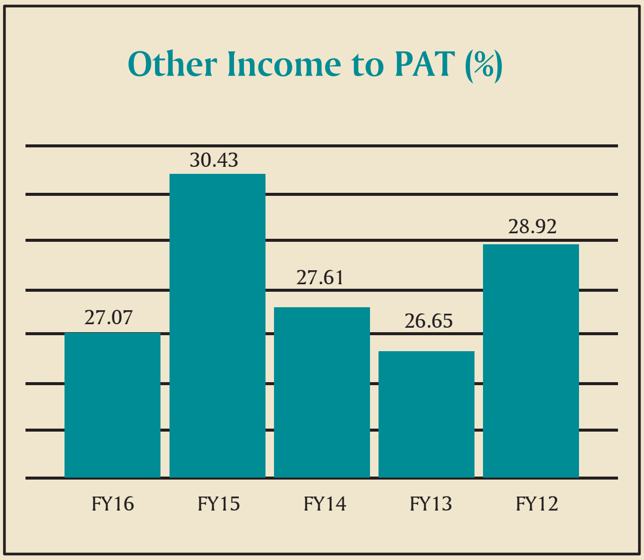
	FY16	FY15	FY14	FY13	FY12	FY11
			(Re-stated)	(Re-stated)		
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES						
Issued, subscribed and paid up capital	-	-	-	-	-	20.00
Reserves	-8.42	-12.45	26.40	43.38	-5.59	12.62
Accumulated profit	32.33	42.25	47.39	97.56	463.98	24.16
Total equity	**5.60**	**1.27**	**28.27**	**45.77**	**8.88**	**13.94**
NON-CURRENT LIABILITIES						
Long term finances - secured	236.01	-45.93	-54.44	-37.37	-5.15	-4.11
Long term deposits	8.07	4.40	5.49	-4.35	-3.58	-12.63
Retirement and other benefits	-19.08	-31.27	30.82	-34.32	67.35	33.82
Deferred taxation	8.74	8.34	34.66	90.67	-3.43	16.50
Total Non-Current Liabilities	**37.49**	**-5.37**	**-6.98**	**-4.82**	**-3.22**	**0.86**
CURRENT LIABILITIES						
Trade and other payables	32.57	63.47	8.31	8.41	28.27	-2.13
Accrued finance cost	93.86	-54.05	-52.78	-22.77	-42.73	-17.87
Short term borrowings - secured	89.00	-28.44	-52.92	-19.50	-22.53	-9.32
Current portion of non-current liabilities	77.90	-19.45	-44.23	-33.50	8.19	-6.44
Derivative financial instrument	-	-	100.00	-	-	-
Provision for taxation	-	-	-	-	-	-
Total Current Liabilities	**52.76**	**10.82**	**-36.18**	**-16.94**	**-11.47**	**-8.19**
Total Equity & Liabilities	**12.13**	**1.51**	**15.36**	**25.34**	**2.04**	**5.58**
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	32.10	0.42	3.10	5.75	5.29	0.82
Intangible assets	-100.00	-50.00	-33.33	-25.00	100.00	-
Investments	0.23	14.74	30.14	77.82	-7.50	11.98
Long term loans and deposits	-16.63	-18.76	-10.46	-20.61	-9.67	-16.04
Total Non-Current Assets	**22.38**	**4.25**	**9.21**	**16.40**	**3.32**	**2.45**
CURRENT ASSETS						
Stores, spare parts and loose tools	10.19	-1.44	-5.73	-1.25	11.84	17.41
Stock-in-trade	-35.49	-11.89	-18.83	74.07	10.73	-16.85
Trade debts	28.47	-7.03	-38.30	-13.97	-30.77	51.11
Investments	-28.31	1.85	36.63	60.55	-8.25	12.90
Advances, deposits, prepayments and other receivables	-9.81	-15.20	24.90	-1.49	-45.36	4.54
Income tax receivable	-35.72	75.47	-61.47	16.55	100.00	-
Derivative financial instrument	100.00	100.00	-100.00	100.00	-	-
Cash and bank balances	2,619.91	-80.31	179.18	9.44	155.57	-27.36
Total Current Assets	**-1.88**	**-2.00**	**24.35**	**41.19**	**-0.16**	**11.44**
Total Assets	**12.13**	**1.51**	**15.36**	**25.34**	**2.04**	**5.58**

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

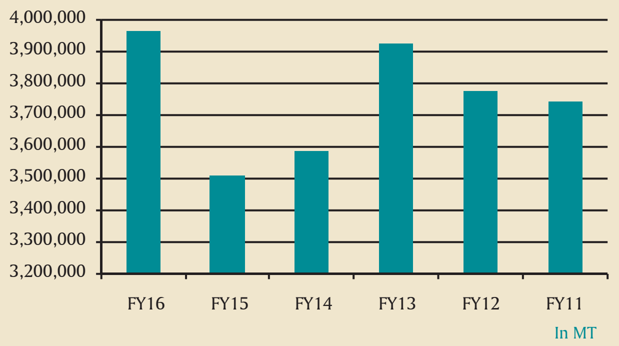
	FY16	FY15	FY14	FY13	FY12	FY11
Sales	**13.79**	**-1.65**	**6.53**	**8.57**	**23.54**	**14.14**
Cost of sales	2.32	-3.68	10.87	0.95	8.81	4.59
Gross profit	**33.98**	**2.13**	**-0.73**	**24.23**	**71.19**	**62.08**
Administrative expenses	21.27	-1.69	18.46	51.50	26.66	22.57
Selling and distribution expenses	27.17	-48.33	-17.47	-20.51	-10.84	148.45
Other operating expenses	25.53	40.30	-4.78	8.78	1,219.24	-79.91
Other income	2.53	40.87	12.33	23.43	4.74	24.40
Profit from operations	**28.31**	**16.17**	**4.57**	**41.37**	**113.53**	**18.54**
Finance cost	-53.66	-53.77	-38.80	-40.45	-19.64	9.27
Profit before taxation	**30.73**	**21.60**	**10.65**	**75.10**	**574.07**	**67.74**
Taxation	91.99	1.94	18.34	2,963.67	-112.94	243.14
Profit after taxation	**15.28**	**27.81**	**8.42**	**33.93**	**2,302.96**	**-26.63**

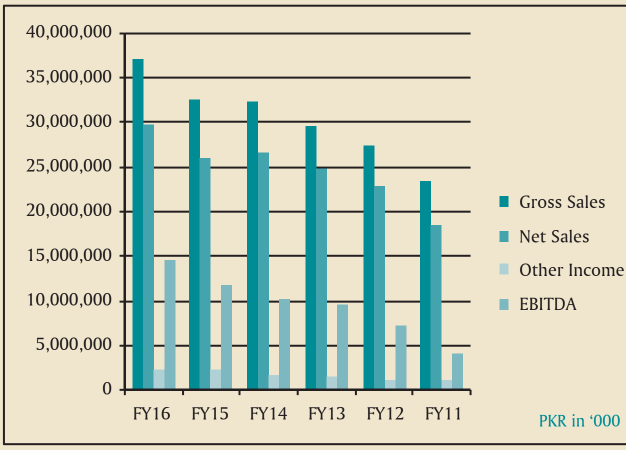

Bifurcation of Sales (in %)
FY11
FY12
FY13
FY14
FY15
FY16
-
20.00
40.00
60.00
80.00
100.00
120.00
Cost of sales
Administrative expenses
Selling and distribution expenses
Other operating expenses
Finance cost
Taxation
Profit after taxation
* Calculated wrt to Net Sales without other income


Other income % to Sales
8.01
8.89
6.21
5.88
5.18
FY16
FY15
FY14
FY13
FY12

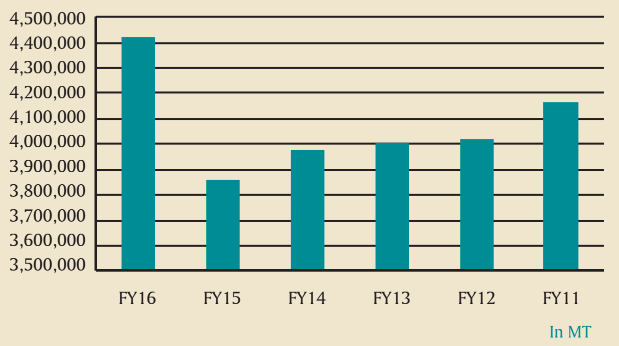

Other Income to PAT (%)
27.07
30.43
27.61
26.65
28.92
FY16
FY15
FY14
FY13
FY12

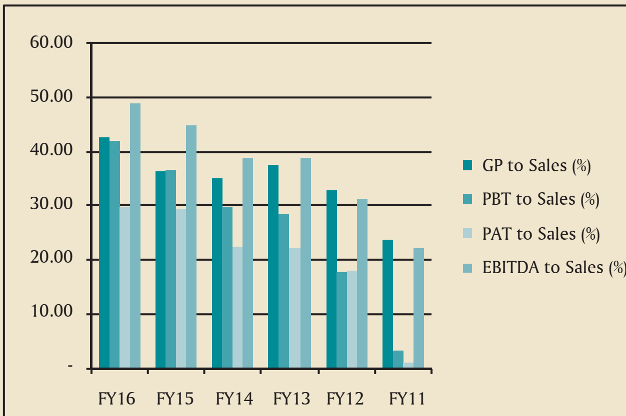
Clinker Production



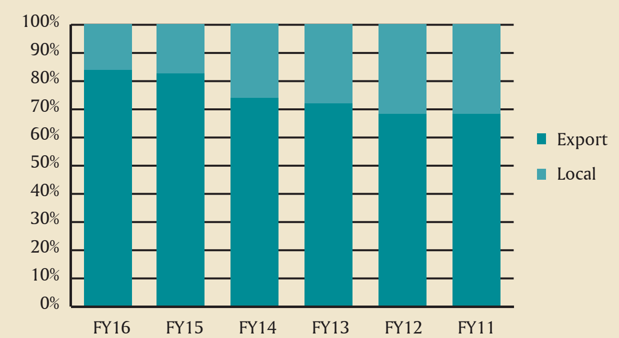


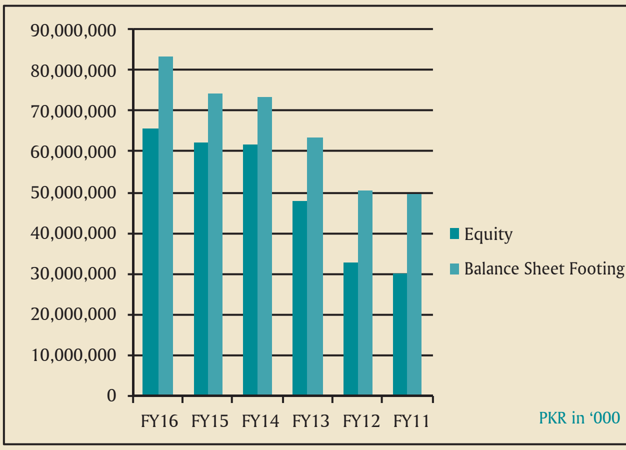
Cement Sales

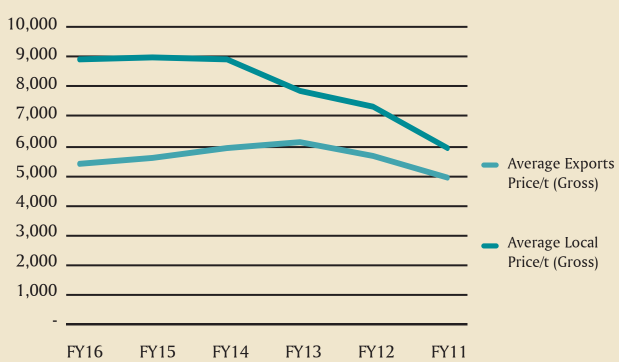




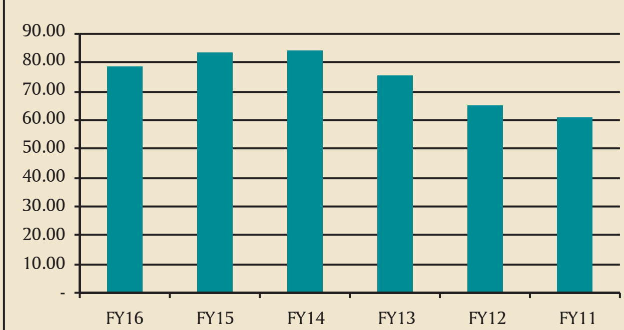
Sales Mix (% wrt volumes)

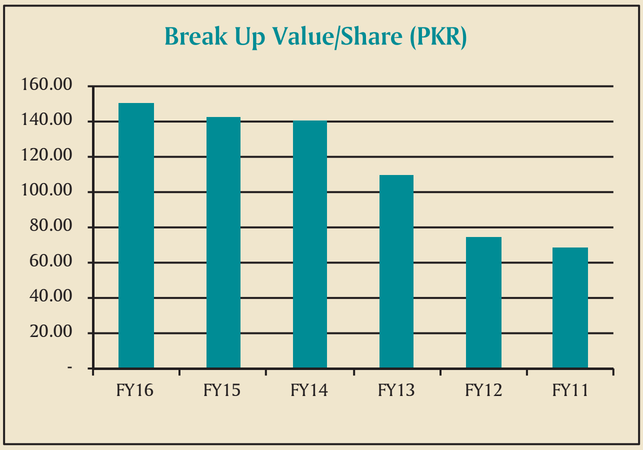


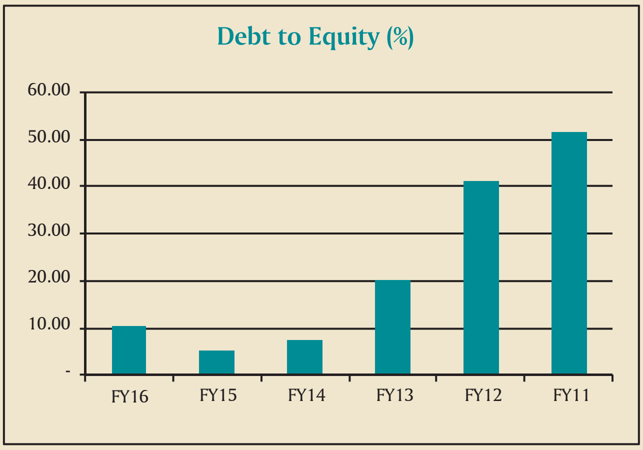


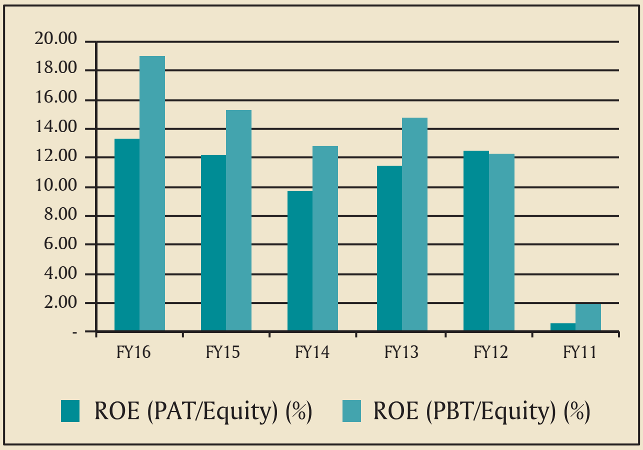


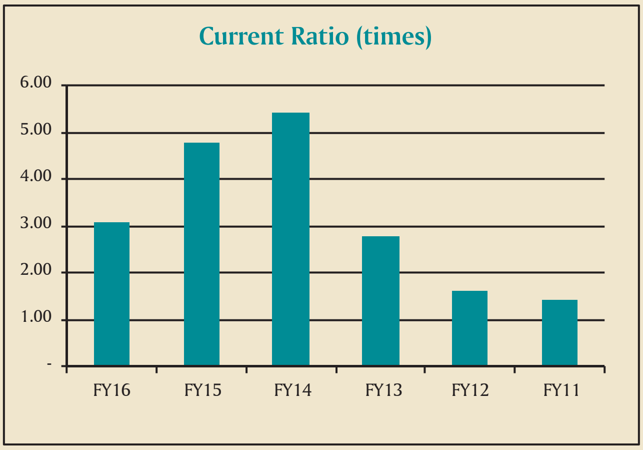
Equity to Total Assets (%)



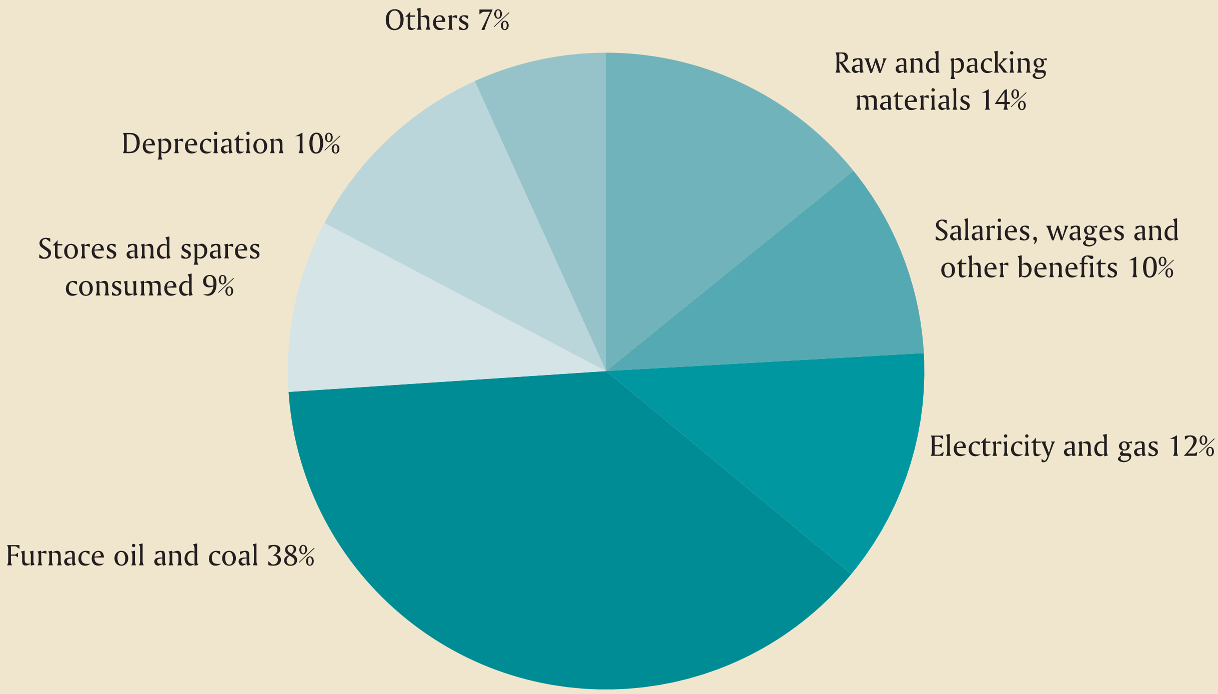

Break Up Value/Share (PKR)
160.00
140.00
120.00
100.00
80.00
60.00
40.00
20.00
-
FY16
FY15
FY14
FY13
FY12
FY11


Debt to Equity (%)
60.00
50.00
40.00
30.00
20.00
10.00
-
FY16
FY15
FY14
FY13
FY12
FY11


20.00
18.00
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
-
FY16
FY15
FY14
FY13
FY12
FY11
ROE (PAT/Equity) (%)
ROE (PBT/Equity) (%)


Current Ratio (times)
6.00
5.00
4.00
3.00
2.00
1.00
-
FY16
FY15
FY14
FY13
FY12
FY11

COGS


Others 7%
Raw and packing materials 14%
Depreciation 10%
Salaries, wages and other benefits 10%
Stores and spares consumed 9%
Electricity and gas 12%
Furnace oil and coal 38%

Commentary on Trends and Ratios

Increase in Production 13% with 105% of cement production. Sales to rated capacity commonly referred to as utilization was also 105%. 84% quantity sold in Pakistan while rest is exported. Sales mix has changed considerably over a period of 6 years with exports dropping to 16% from 30%.

GP margins also changed from 23% to 42% within these 6 years. Strong prices within domestic market and compressed prices in exports market lead to sales mix change and GP improvement. During these years company invested heavily in cost reduction capitalizations including RDF and waste heat recovery plants.

In FY16 inflation diminished and commodity prices depressed which resultantly amplified the GP. PAT was 18% in FY12 which remained at 22% for next couple of years and in FY15 & FY16 it was at about 29%. Among other factors it increased due to reduction in finance cost due to lowered lending and dropped lending rates. For FY15 & FY16 reason for almost same PAT despite increase in GP ratio is the taxation expense which increased by 92% as compared to FY15.

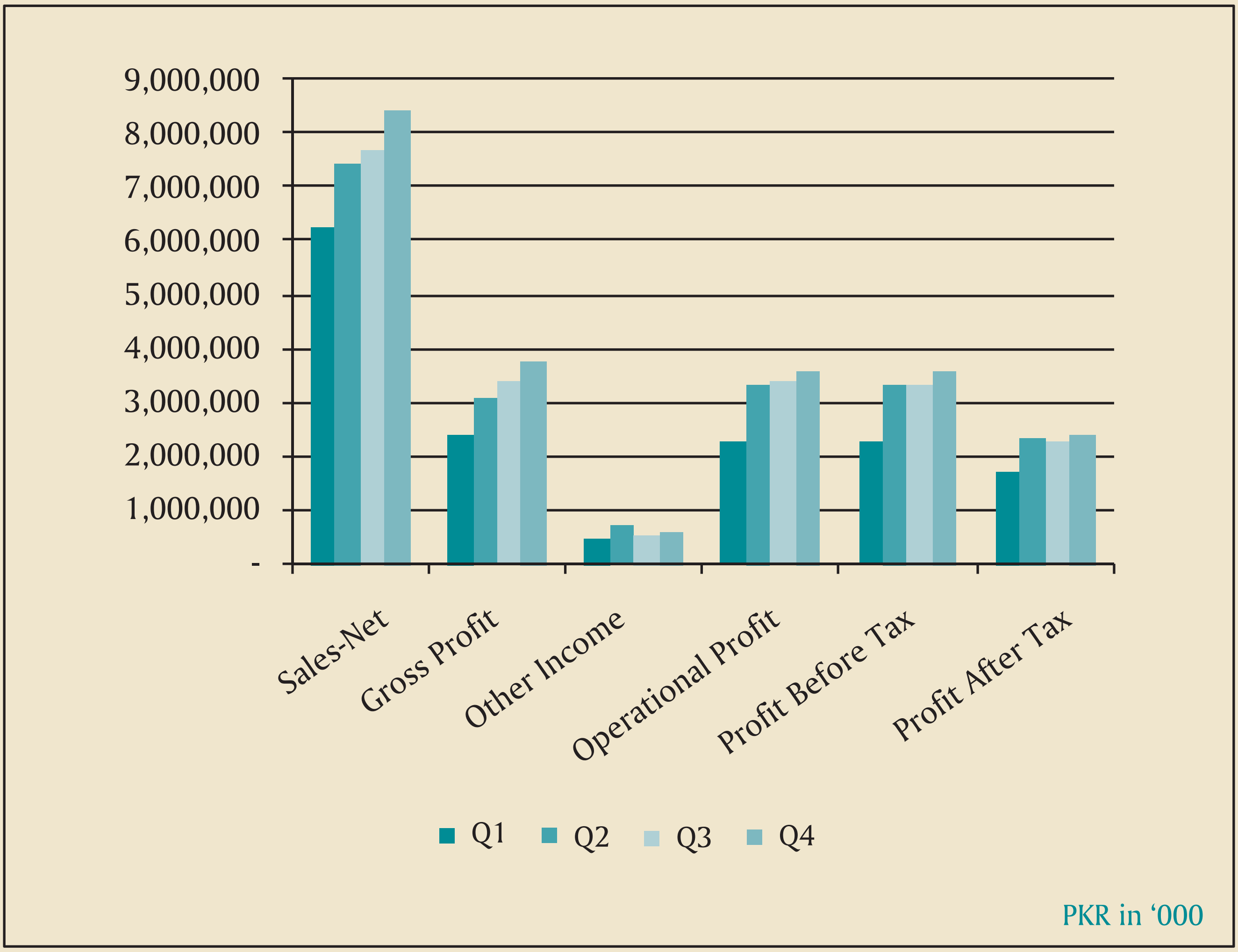
Company's EBITDA is now at 4 times of what it was 6 years back. Return on Equity is 13%. In ROE the Company is almost consistent in last six years.

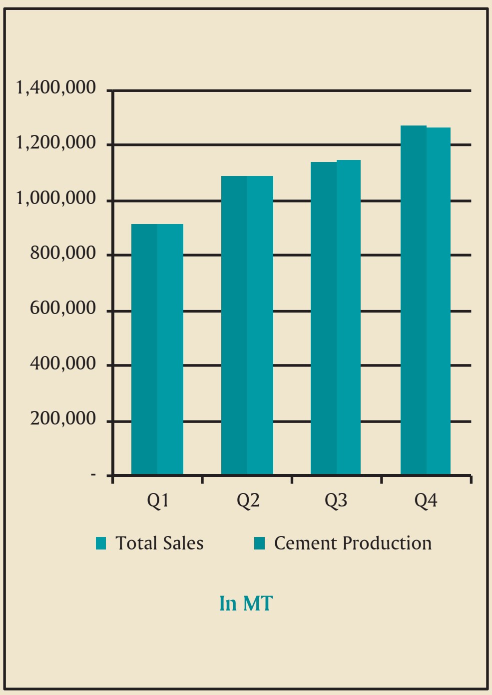
Share price increased from PKR23/share to PKR190/share; about a gain of PKR167/share which is a jump of about 8 times. Per share earnings increased PKR0.45 to PKR20.06. At the close of FY16 market is giving a multiple of about 9.5 to DGKC.

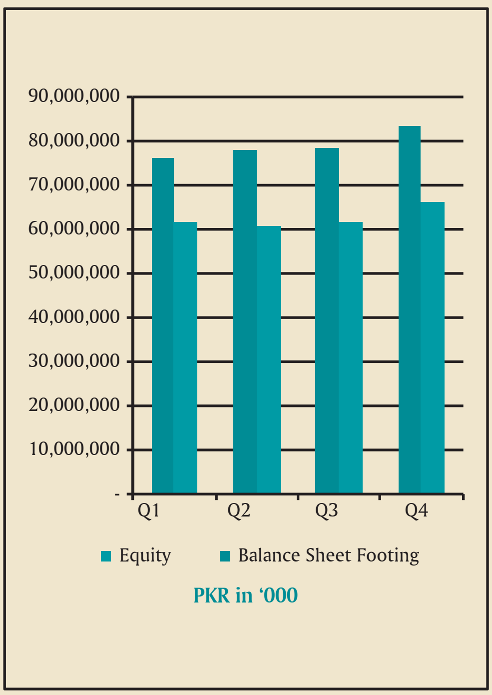
Total debt is just 10% of total equity which is about 51% six years back. The Company's total assets are backed by 79% of equity which includes share capital, capital reserves, fair value reserves, and accumulated profit.

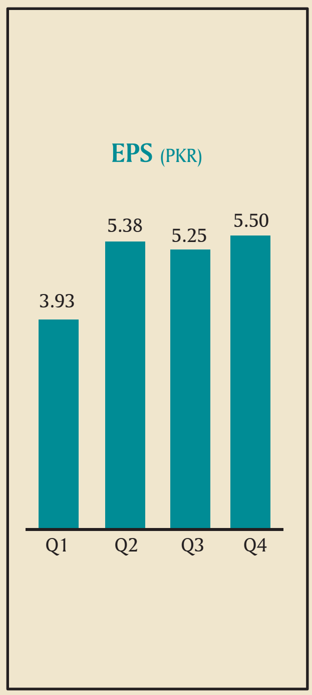
Progress through Quarters

	FY15	Q1	Q2	Q3	Q4	FY16
						PKR in Thousands
Sales-Net	*26,104,611*	6,244,161	7,391,181	7,682,801	8,385,615	*29,703,758*
Cost of Sales	*16,649,411*	3,865,068	4,283,196	4,274,902	4,612,400	*17,035,566*
Gross Profit	*9,455,200*	2,379,093	3,107,985	3,407,899	3,773,215	*12,668,192*
Administrative Expenses	*472,326*	108,861	133,390	117,340	213,189	*572,780*
Selling & Distrubtion Expenses	*746,723*	207,190	178,807	236,613	327,018	*949,628*
Other Operating Expenses	*727,805*	240,249	214,358	235,802	223,233	*913,642*
Other Income	*2,320,335*	480,423	756,791	567,280	574,559	*2,379,053*
Operational Profit	*9,828,681*	2,303,216	3,338,221	3,385,424	3,584,334	*12,611,195*
Finance Cost	*281,504*	29,625	32,116	36,915	31,795	*130,451*
Profit Before Tax	*9,547,177*	2,273,591	3,306,105	3,348,509	3,552,539	*12,480,744*
Taxation	*1,922,497*	551,748	947,950	1,050,000	1,141,374	*3,691,072*
Profit After Tax	*7,624,680*	1,721,843	2,358,155	2,298,509	2,411,165	*8,789,672*
Cash Flows from Operating Activities	*9,954,056*	1,602,254	4,944,390	7,732,229	-2,927,646	*11,351,227*
Cash Flows from Investing Activities	*-7,837,863*	3,290,922	1,337,088	419,358	-11,185,986	*-6,138,618*
Cash Flows from Financing Activities	*-2,385,043*	1,760,000	857,508	304,187	-2,957,571	*-35,876*
Balance Sheet Footing	*74,391,443*	75,993,958	77,668,832	78,024,707	83,418,265	*83,418,265*
Equity	*62,296,071*	61,621,125	60,414,585	61,574,774	65,783,429	*65,783,429*
Non Current Liabilities	*5,511,896*	7,362,372	7,971,879	7,870,381	7,578,202	*7,578,202*
Current Liabilities	*6,583,476*	7,010,461	9,282,368	8,579,552	10,056,634	*10,056,634*
Non Current Assets	*42,965,101*	43,563,032	45,254,507	46,126,337	52,582,744	*52,582,744*
Current Assets	*31,426,342*	32,430,926	32,414,325	31,898,370	30,835,521	*30,835,521*
						MT
Clinker Production	*3,507,230*	848,954	974,253	1,022,460	1,119,331	*3,964,998*
Cement Production	*3,849,672*	917,523	1,094,181	1,140,742	1,274,185	*4,426,631*
Total Sales	*3,858,070*	919,694	1,088,435	1,146,880	1,267,682	*4,422,691*
Local Sales	*3,196,103*	758,927	939,217	966,430	1,045,819	*3,710,393*
Exports Sales	*661,967*	160,767	149,218	180,450	221,863	*712,298*
EPS (PKR)	*17.40*	3.93	5.38	5.25	5.50	*20.06*


9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Sales-Net
Gross Profit
Other Income
Operational Profit
Profit Before Tax
Profit After Tax
Q1
Q2
Q3
Q4
PKR in '000

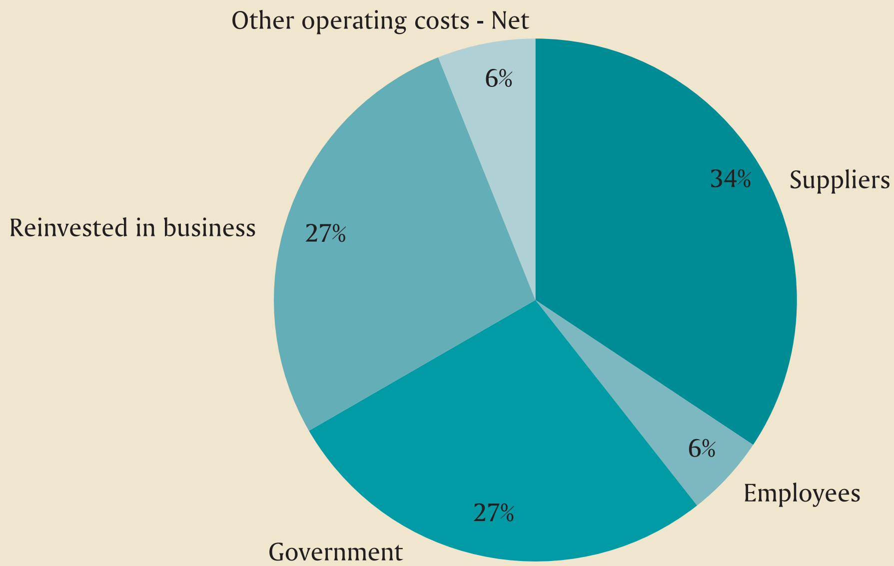

1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Q1
Q2
Q3
Q4
Total Sales
Cement Production
In MT


90,000,000
80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
Q1
Q2
Q3
Q4
Equity
Balance Sheet Footing
PKR in '000


EPS (PKR)
3.93
5.38
5.25
5.50
Q1
Q2
Q3
Q4

Value added Statement - Accrual Basis

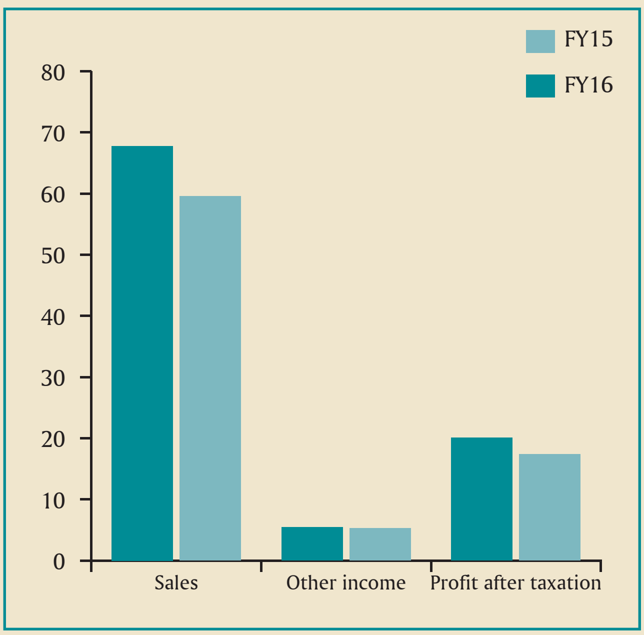
	FY16 (Rupees in thousand)			FY15 (Rupees in thousand)		
Wealth Created						
Revenues:						
- Local sales	33,190,695			28,756,679		
- Exports	3,855,019	37,045,714	94%	3,711,941	32,468,620	93%
Income from other sources						
- Investment income	1,869,918			1,703,466		
- Other income	509,137	2,379,055	6%	616,868	2,320,334	7%
		39,424,769	100%		34,788,954	100%
Wealth Distributed						
Suppliers:						
- Against raw and packing materials	2,414,220			2,231,919		
- Against services	841,859			664,707		
- Against stores spares	1,700,847			1,804,299		
- Against fuels and other energy sources	8,504,677	13,461,603	34%	8,819,867	13,520,792	39%
Employees		2,105,583	5%		1,712,741	5%
Government:						
- Direct taxes	3,524,932			1,830,901		
- Indirect taxes	6,994,383			6,031,146		
- Other levies and duties	166,139	10,685,454	27%	91,596	7,953,643	23%
Providers of Capital:						
- Banks	130,451			281,504		
- Ordinary share holders	-	130,451	0%	-	281,504	1%
Reinvested in business						
- Depreciation	1,890,319			1,899,051		
- Profit/ (loss) for the period	8,789,668	10,679,987	27%	7,624,680	9,523,731	27%
Other operating costs - Net		2,361,691	6%		1,796,543	5%
		39,424,769	100%		34,788,954	100%

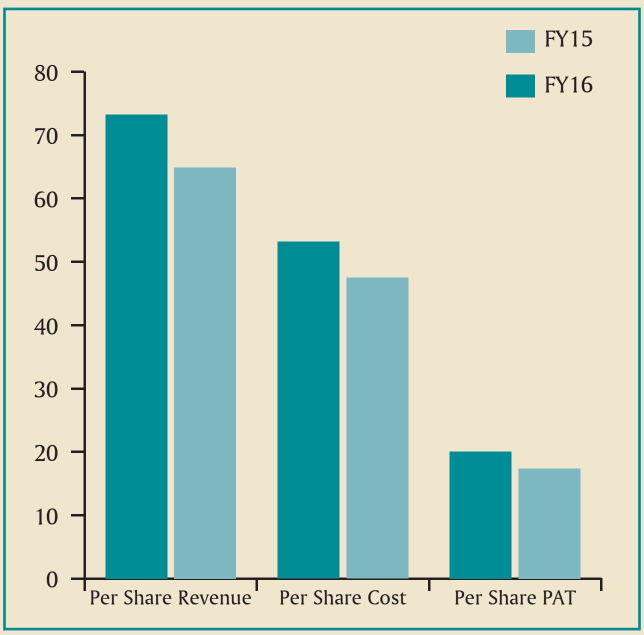


Per Share Income Statement

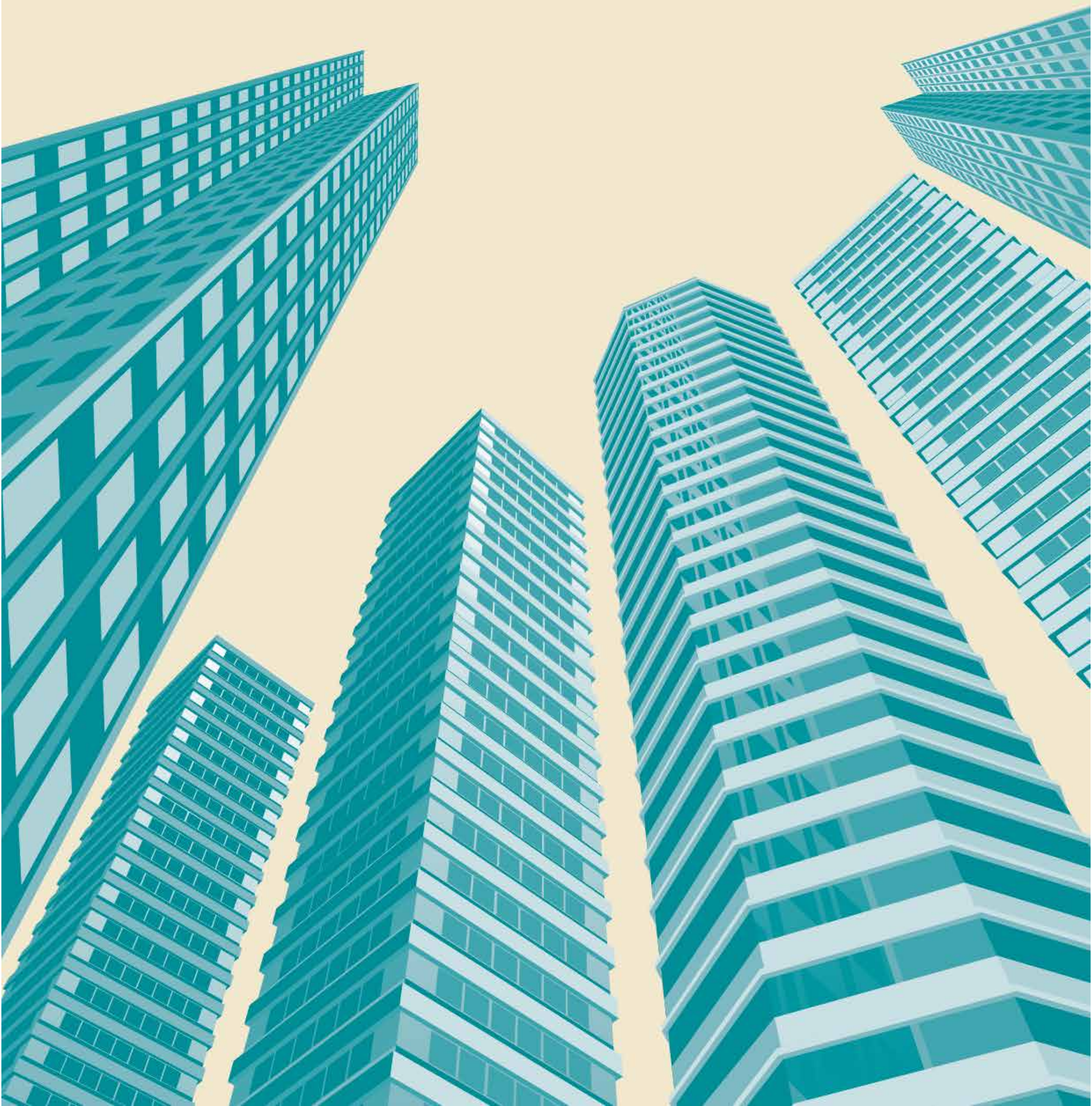
	FY16 PKR/Share	FY15 PKR/Share
Sales	67.80	59.58
Cost of sales	38.88	38.00
Gross profit	28.91	21.58
Administrative expenses	1.31	1.08
Selling and distribution expenses	2.17	1.70
Other operating expenses	2.09	1.66
Other income	5.43	5.30
Profit from operations	28.78	22.43
Finance cost	0.30	0.64
Profit before taxation	28.49	21.79
Taxation	8.42	4.39
Profit after taxation	20.06	17.40

	FY16	FY15
Sales	67.80	59.58
Total Revenue	73.23	64.88
Total Cost	53.17	47.48
Profit after taxation	20.06	17.40





“A man’s own addition to what he learns is cement to bind an otherwise loose heap of stones into a structure of unity, strength and use.”



ROE
13.36%

PROFIT MARGIN
29.59%
PAT: PKR 8,789,672

COGS:
PKR 17,035,566
57.35%

ADMIN Expense:
PKR 572,780
1.93%

SELLING Expense:
PKR 949,628
3.20%

OTHER Expense:
PKR 913,642
3.08%

FINANCE Expense:
PKR 130, 451
0.44%

TAX:
PKR 3,691,072
12.43%

OTHER INCOME:
PKR 2,379,053
8.01%

ASSETS TURNOVER
35.6%

FIXED ASSETS:
PKR 39,576,830
47.44%

LONG TERM INVESTMENTS:
PKR 12,947,976
15.52%

CURRENT ASSETS:
PKR 30,835,521
36.96%

OTHERS:
PKR 57,938
0.08%

This includes investments

EQUITY MULTIPLIER
1.27 times

NON CURRENT LIABILITIES:
PKR 7,578,202
9.08%

CURRENT LIABILITIES:
PKR 10,056,634
12.06%

This includes fair value reserve on investment

ROE is calculated on year end total equity.

- This is calculated wrt Net Sales.
- This is calculated wrt Total Assets.
- All PKR Figures are in '000.

Equity Investments Analysis

	Number of Shares	Cost (PKR in '000)	Fair Value (PKR in '000)	% Stake in Company	% to Total Cost of portfolio	% to Total MV of portfolio	Dividend FY16 (PKR in '000)
MCB Bank Limited	102,277,232	604,068	22,503,041	9.18	9.28	73.14	1,636,436
Nishat Mills Limited	30,289,501	1,326,559	3,268,237	8.61	20.38	10.62	136,303
Adamjee Insurance Co. Ltd.	20,988,735	798,535	1,052,794	6.00	12.27	3.42	54,928
Nishat (Chunian) Limited	7,274,602	76,397	257,666	3.03	1.17	0.84	10,912
First Capital Mutual Fund Ltd.	104,457	212	1,232	0.35	0.00	0.00	83
United Bank Limited	214,354	33,646	37,924	0.02	0.52	0.12	2,786
Pakistan Petroleum Limited	595,382	117,405	92,313	0.03	1.80	0.30	2,874
Nishat Paper Products Co. Ltd.	25,595,398	221,874	221,874	55.00	3.41	0.72	25,595
Nishat Dairy (Pvt) Limited	270,000,000	2,331,900	2,331,900	55.10	35.82	7.58	-
Nishat Hotels and Properties Limited	100,000,000	1,000,000	1,000,000	10.42	15.36	3.25	-
Total	**557,339,661**	**6,510,596**	**30,766,981**		**100.00**	**100.00**	**1,869,917**

Sector Wise Investment

	Cost (PKR in '000)	Fair Value (PKR in '000)	% wrt Cost	% wrt FV
Banks	637,714	22,540,965	9.80	73.26
Insurance	798,535	1,052,794	12.27	3.42
Textiles	1,402,956	3,525,903	21.55	11.46
Oil	117,405	92,313	1.80	0.30
Dairy	2,331,900	2,331,900	35.82	7.58
Paper	221,874	221,874	3.41	0.72
Hospitality	1,000,000	1,000,000	15.36	3.25
Mutual Fund	212	1,232	0.00	0.00

Investments in Related and Non- Related Parties

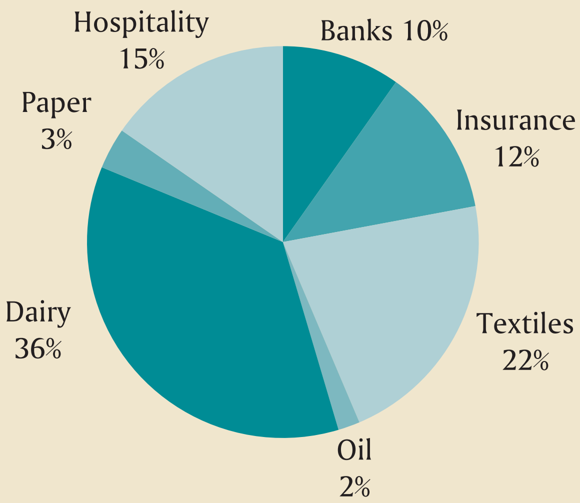
	Cost (PKR in '000)	Fair Value (PKR in '000)	% wrt Cost	% wrt FV
Subsidiary	2,553,774	2,553,774	39.22	8.30
Related other than subsidiary	2,930,627	26,771,278	45.01	87.01
Non-Related	1,026,195	1,441,929	15.76	4.69

Dividend Income

	(PKR in '000)	% to Total Dividend
from related parties:		
Nishat Mills Limited	136,303	7.29
MCB Bank Limited	1,636,436	87.51
Adamjee Insurance Company Limited	54,928	2.94
Nishat Chunian Limited	10,912	0.58
Nishat Paper Products Company Limited	25,595	1.37
	1,864,174	**99.69**
from other parties:		
United Bank	2,786	0.15
First Capital Mutual Fund	83	0.00
Pakistan Petroleum	2,874	0.15
	5,743	**0.31**
	1,869,917	**100.00**

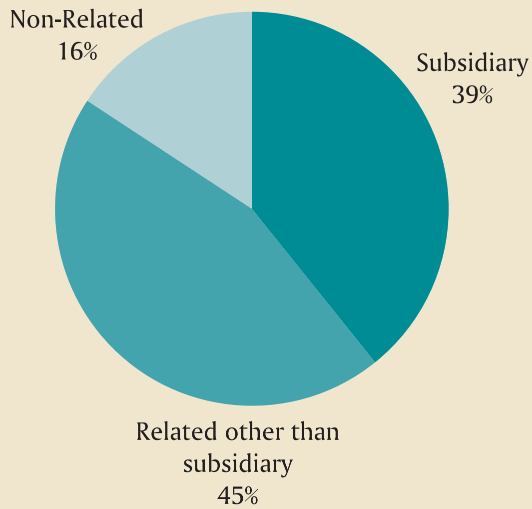
Sector Wise Investments

(% to Total Cost of Investments portfolio)

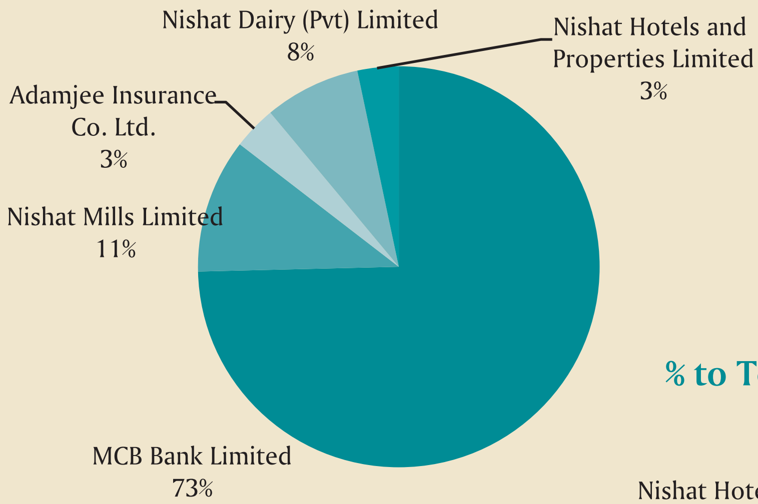


Association Wise Investment

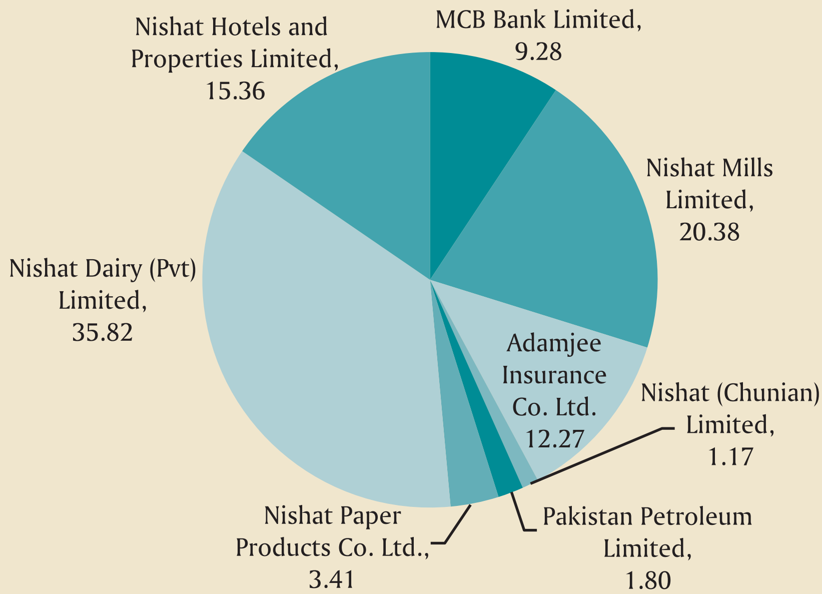
(% to Total Cost of Investments portfolio)



% to Total MV of Investments Portfolio

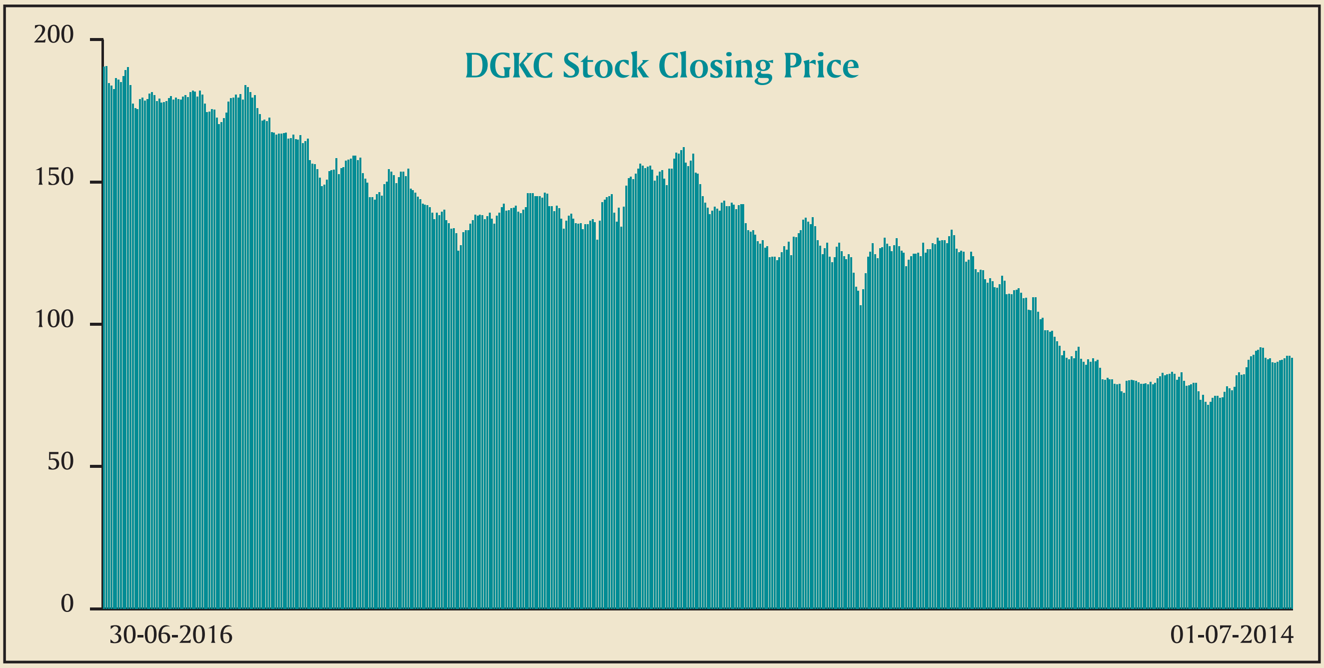


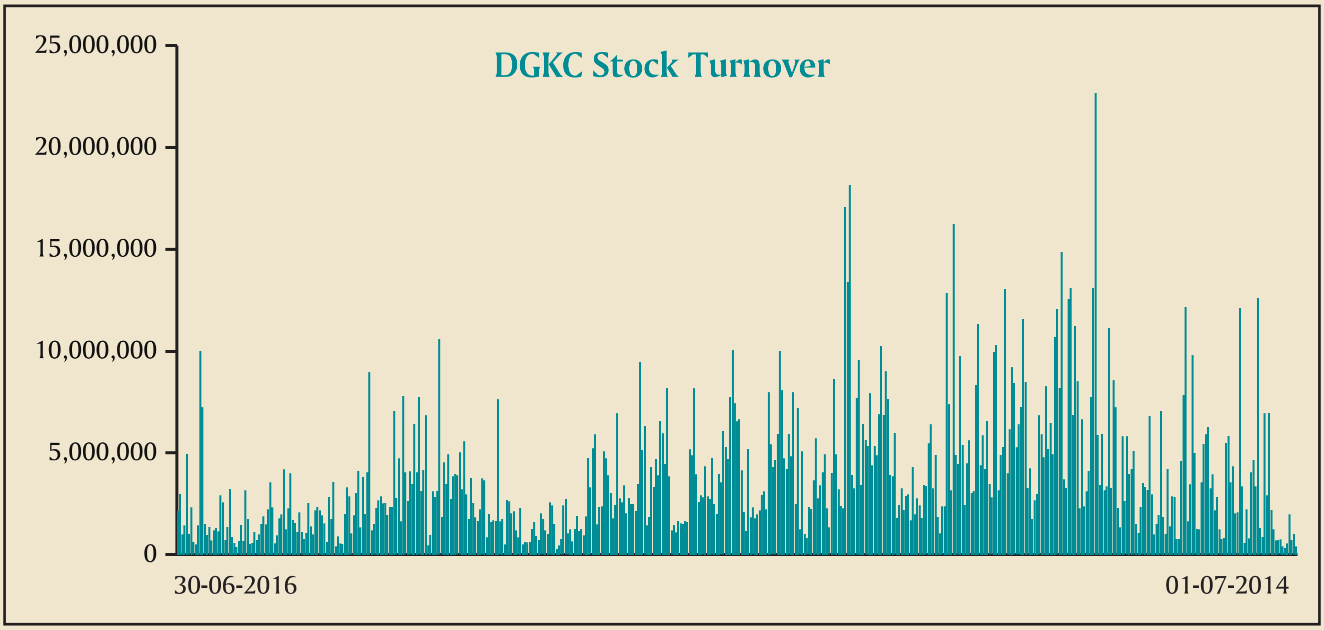
% to Total Cost of Investments Portfolio



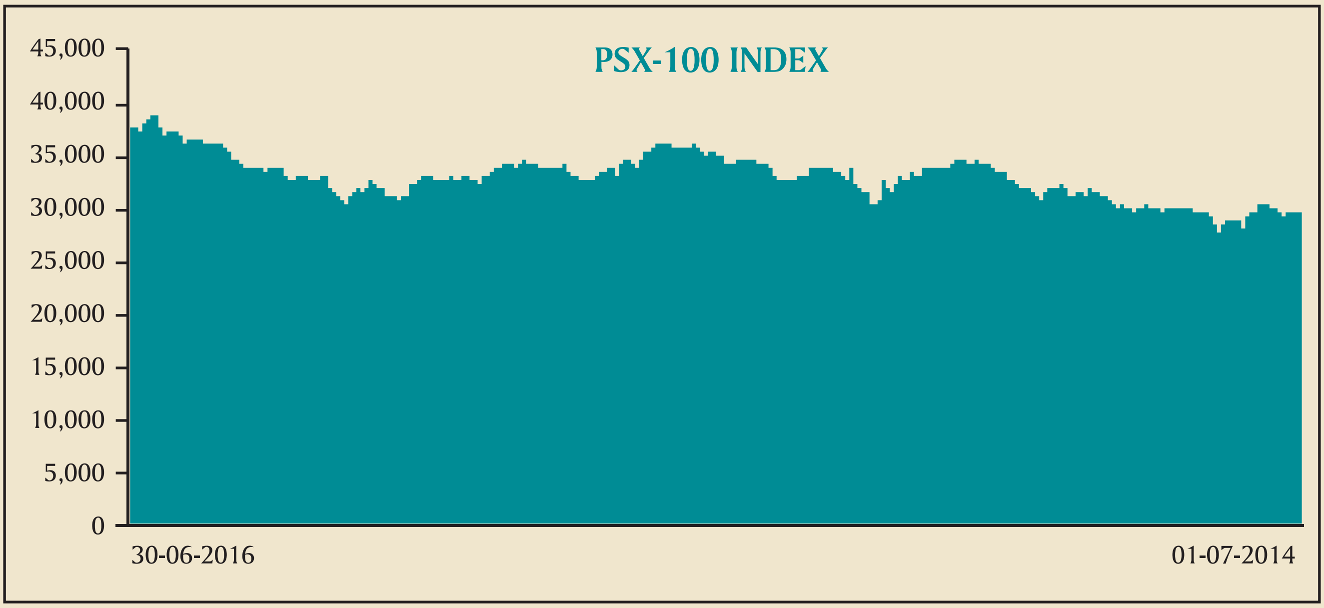
Share Price Sensitivity Analysis

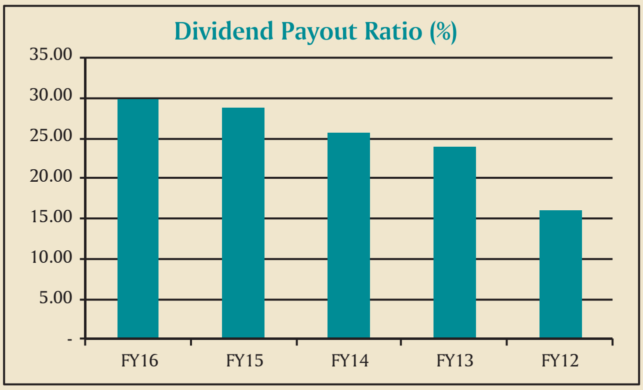
		FY16	FY15
DGKC STOCK PRICE	AVERAGE	156.40	107.64
DGKC STOCK PRICE	MAX	190.69	143.37
DGKC STOCK PRICE	MIN	125.76	71.71
DGKC STOCK PRICE	30 JUNE CLOSE	190.49	142.77
DGKC STOCK TURNOVER	AVERAGE	2,778,800	4,858,227
DGKC STOCK TURNOVER	MAX	10,566,700	22,670,500
DGKC STOCK TURNOVER	MIN	281,300	337,000
DGKC STOCK MC	AVERAGE	68,522,595,257	47,160,244,126
DGKC STOCK MC	MAX	83,544,931,179	62,813,135,367
DGKC STOCK MC	MIN	55,097,858,016	31,417,520,661

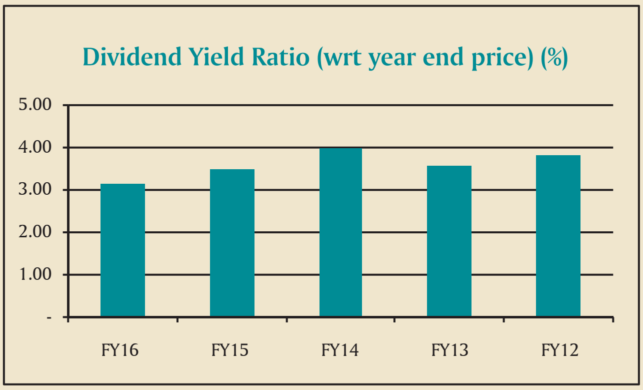


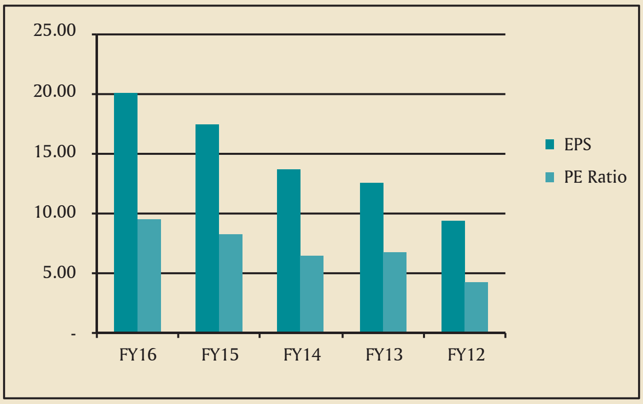


		FY16	FY15
PSX-100 INDEX	AVERAGE	34,021.71	31,798.97
PSX-100 INDEX	MAX	38,776.94	34,826.51
PSX-100 INDEX	MIN	30,564.50	27,774.43
PSX-100 INDEX	30 JUNE CLOSE	37,783.54	34,398.86
PSX-100 TURNOVER	AVERAGE	113,661,914	139,301,650
PSX-100 TURNOVER	MAX	273,930,650	364,949,260
PSX-100 TURNOVER	MIN	19,471,400	27,030,710
PSX-100 MC	AVERAGE	1,865,026,005,892	1,706,577,092,631
PSX-100 MC	MAX	3,438,071,000,000	1,942,680,390,000
PSX-100 MC	MIN	196,095,859,000	1,481,676,590,000









Share Price Sensitivity Factors

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

Financial Statements

Auditors' Report to the Members

We have audited the annexed balance sheet of D.G. Khan Cement Company Limited ('the Company') as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes resulted on initial application of standards, amendments or interpretations to existing standards, as stated in note 2.2.1 to the annexed financial statements with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity and for the year then ended; and

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

Chartered Accountants
Lahore,
Dated: August 31, 2016
Name of engagement partner: Muhammad Masood

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (2015: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2015: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital 438,119,118 (2015: 438,119,118) ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Reserves	6	34,238,885	37,387,772
Accumulated profit		27,163,353	20,527,108
		65,783,429	62,296,071
NON-CURRENT LIABILITIES			
Long term finances - secured	7	2,400,000	714,261
Long term deposits	8	77,813	72,003
Retirement and other benefits	9	111,334	137,585
Deferred taxation	10	4,989,055	4,588,047
		7,578,202	5,511,896
CURRENT LIABILITIES			
Trade and other payables	11	5,366,340	4,048,079
Accrued finance cost	12	52,931	27,304
Short term borrowings - secured	13	3,451,352	1,826,072
Current portion of non-current liabilities	14	1,150,921	646,931
Provision for taxation		35,090	35,090
		10,056,634	6,583,476
CONTINGENCIES AND COMMITMENTS	15	-	-
		83,418,265	74,391,443

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	39,576,830	29,958,970
Intangible assets	17	-	18,452
Investments	18	12,947,976	12,918,182
Long term loans and deposits	19	57,938	69,497
		52,582,744	42,965,101
CURRENT ASSETS			
Stores, spare parts and loose tools	20	4,006,181	3,635,858
Stock-in-trade	21	766,633	1,188,376
Trade debts	22	201,574	156,899
Investments	23	17,819,005	24,855,796
Advances, deposits, prepayments and other receivables	24	584,447	648,010
Income tax receivable		433,136	673,807
Derivative financial instrument	25	14,701	9,873
Cash and bank balances	26	7,009,844	257,723
		30,835,521	31,426,342
		83,418,265	74,391,443

Director

Profit & Loss Account

for the Year Ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Sales	27	29,703,758	26,104,611
Cost of sales	28	(17,035,566)	(16,649,411)
Gross profit		12,668,192	9,455,200
Administrative expenses	29	(572,780)	(472,326)
Selling and distribution expenses	30	(949,628)	(746,723)
Other operating expenses	31	(913,642)	(727,805)
Other income	32	2,379,053	2,320,335
Profit from operations		12,611,195	9,828,681
Finance cost	33	(130,451)	(281,504)
Profit before taxation		12,480,744	9,547,177
Taxation	34	(3,691,072)	(1,922,497)
Profit after taxation		8,789,672	7,624,680
Earnings per share - basic and diluted	35	20.06	17.40

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

Statement of Comprehensive Income

for the Year Ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
Profit after taxation	8,789,672	7,624,680
Other comprehensive income for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments	(3,148,887)	(5,287,376)
Gain during the year transferred to profit and loss account on derecognition of available for sale investment	-	(30,246)
	(3,148,887)	(5,317,622)
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of retirement benefits	53,099	14,247
Tax effect	(15,930)	(8,352)
	37,169	5,895
Other comprehensive loss for the year	(3,111,718)	(5,311,727)
Total comprehensive income for the year	**5,677,954**	**2,312,953**

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement

for the Year Ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	36	13,896,567	11,673,448
Finance cost paid		(104,998)	(313,619)
Retirement and other benefits paid		(49,339)	(130,393)
Taxes paid		(2,628,068)	(1,278,413)
Long term deposits - net		5,810	3,033
Net cash generated from operating activities		11,119,972	9,954,056
Cash flows from investing activities			
Fixed capital expenditure		(11,516,561)	(2,017,180)
Proceeds from disposal of property, plant and equipment		45,751	19,571
Long term loans, advances and deposits - net		11,559	16,047
Investment in equity instruments		(822,264)	(3,025,879)
Investment in financial assets at fair value through profit or loss		(3,002,039)	(19,910,642)
Sale proceeds from disposal of investments		7,711,635	15,926,428
Interest received		639	39,326
Dividend received		1,869,917	1,703,466
Cash surrendered in respect of Tax losses purchased from subsidiaries		(206,000)	(589,000)
Net cash used in investing activities		(5,907,363)	(7,837,863)
Cash flows from financing activities			
Proceeds from long term finances		3,300,000	-
Settlement of derivative financial instrument		(4,907)	(46,643)
Repayment of long term finances		(1,140,373)	(804,984)
Dividend paid		(2,190,596)	(1,533,416)
Net cash used in financing activities		(35,876)	(2,385,043)
Net increase in cash and cash equivalents		5,176,733	(268,850)
Cash and cash equivalents at the beginning of the year		(1,568,349)	(1,242,650)
Exchange losses on cash and cash equivalents		(49,892)	(56,849)
Cash and cash equivalents at the end of the year	37	3,558,492	(1,568,349)

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

Statement of Changes in Equity

for the Year Ended June 30, 2016

	Capital Reserve				Revenue Reserve		
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total
	-----	-----	-----	Rupees in thousand	-----	-----	-----
Balance as on June 30, 2014	4,381,191	4,557,163	32,722,894	353,510	5,071,827	14,429,950	61,516,535
Transactions with owners recognised directly in equity							
Final dividend for the year ended June 30, 2014							
Rs 3.50 per share	-	-	-	-	-	(1,533,417)	(1,533,417)
- Profit for the year	-	-	-	-	-	7,624,680	7,624,680
- Other comprehensive loss for the year							
- Changes in fair value of available for sale investments	-	-	(5,317,622)	-	-	-	(5,317,622)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	5,895	5,895
Total comprehensive (loss) / income for the year	-	-	(5,317,622)	-	-	7,630,575	2,312,953
Balance as on June 30, 2015	4,381,191	4,557,163	27,405,272	353,510	5,071,827	20,527,108	62,296,071
Transactions with owners recognised directly in equity							
Final dividend for the year ended June 30, 2015							
Rs 5.00 per share	-	-	-	-	-	(2,190,596)	(2,190,596)
- Profit for the year	-	-	-	-	-	8,789,672	8,789,672
- Other comprehensive loss for the year							
- Changes in fair value of available for sale investments	-	-	(3,148,887)	-	-	-	(3,148,887)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	37,169	37,169
Total comprehensive (loss) / income for the year	-	-	(3,148,887)	-	-	8,826,841	5,677,954
Balance as on June 30, 2016	**4,381,191**	**4,557,163**	**24,256,385**	**353,510**	**5,071,827**	**27,163,353**	**65,783,429**

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

1. Legal status and nature of business

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

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan differ from the requirements of IFRS or IFAS, the requirements of the Ordinance or the requirements of the said directives prevail.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2015 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 financial statements except for the amendments as explained below:

- IFRS 11, 'Joint Arrangements', is applicable on annual periods beginning on or after January 01, 2013, however, SECP has adopted this IFRS for periods beginning on or after January 1, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The application of this standard does not have a material impact on the Company's financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company shall apply this standard from July 01, 2015 and is yet to assess the impact of these changes on its financial statements. The application of this standard does not have a material impact on the Company's financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The application of this standard does not have a material impact on the Company's 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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2016 or later periods, and the Company has not early adopted them:

- 'Amendment to IAS 16 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation is applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Company is yet to assess the impact of this amendment on its financial statements.

	Effective date (accounting periods beginning on or after)
Other standards or interpretations	
Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative	January 01, 2017
Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IFRS 2, 'Share based payments ', on clarifying how to account for certain types of share-based payment transactions	January 01, 2018
IFRS 9, 'Financial instruments'	January 01, 2018
IFRS 14, 'Regulatory deferral accounts'	January 01, 2017
IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
IFRS 16 'Leases'	January 01, 2019

3. Basis of measurement

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

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

a) Provision for taxation - note 4.2 and 34

b) Retirement and other benefits - note 4.3 and 9

c) Useful lives and residual values of property, plant and equipment- note 4.5 and 16.1

a) Provision for taxation

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

b) Retirement and other benefits

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

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

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

4. Significant accounting policies

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

4.1 Borrowings

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

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

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

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

4.2 Taxation

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. 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 calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items charged or credited to equity in which case it is included in the statement of changes in equity.

4.3 Retirement and other benefits

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

4.3.1 Defined benefit plans

The Company operates an approved funded defined benefit gratuity plan for all employees having a service period of more than five years for management staff and one year for workers. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2016 using the "Projected Unit Credit Method".

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

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

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 profit and loss account.

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

Discount rate	7.25% p.a.
Expected increase in eligible salary level	6.25% p.a.
Duration of the plan (years)	9

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

The Company is expected to contribute Rs 45.234 million to the gratuity fund in the next year.

4.3.2 Defined contribution plan

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

4.3.3 Accumulating compensated absences

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

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as at June 30, 2016 using the "Projected Unit Credit Method".

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

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

Discount rate	7.25% p.a.
Expected rate of increase in salary level per annum; and	6.25% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	7

4.4 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value plus directly attributable cost, if any, and subsequently at amortised cost using effective interest rate method.

4.5 Property, plant and equipment

4.5.1 Operating assets

Property, plant and equipment, 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 property, plant and equipment signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges and borrowing costs as referred to in note 4.17.

Depreciation on all property, plant and equipment is charged to the profit and loss account on the reducing balance method, except for plant and machinery which is being depreciated using the straight line method, so as to write off the historical cost of such asset over its estimated useful life at annual rates mentioned in note 16.1 after taking into account their residual values.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at June 30, 2015 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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 Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

The profit 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.

4.5.2 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 during more than one year. Transfers are made to operating assets category as and when such items are available for use.

4.5.3 Capital work-in-progress

Capital work-in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.6 Intangible assets

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

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

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.7 Leases

The Company is the lessee:

4.7.1 Finance leases

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

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

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

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

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

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

4.7.2 Operating leases

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

4.8 Investments

Investments in equity instruments of subsidiary company

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Consolidated and

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

Investments in equity instruments of associated company

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

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 'Consolidated and Separate Financial Statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

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

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed off or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss. Fair value of quoted investments is their bid price on Pakistan Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

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

All purchases and sales of investments are recognised on the trade date which is the date that the Company commits to purchase or sell the investment.

At each balance sheet date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.9 Stores and spares

Usable stores and spares are valued principally at moving weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.10 Stock-in-trade

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

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

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

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

4.11 Financial instruments

4.11.1 Financial assets

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available for sale financial assets

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

d) Held to maturity

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

4.11.2 Recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortized cost using the effective interest rate method.

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

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

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.12.

4.11.3 Financial liabilities

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

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

4.11.4 Offsetting of financial assets and liabilities

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

4.12 Trade debts and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

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

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

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term borrowings. In the balance sheet, short term borrowings are included in current liabilities.

4.14 Derivative financial instruments

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

4.15 Foreign currency transactions and translation

a) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in income.

b) Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded to the nearest thousand.

4.16 Provisions

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources shall be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow shall 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.17 Borrowing costs

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

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

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

4.18 Revenue recognition

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

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

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

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

4.19 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4.20 Contingent liabilities

Contingent liability is disclosed when:

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

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

5. Issued, subscribed and paid up capital

2016	2015		2016	2015
(Number of shares)			(Rupees in thousand)	
343,512,029	343,512,029	Ordinary shares of Rs 10 each fully paid in cash	3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs 10 each issued for consideration other than cash	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs 10 each issued as fully paid bonus shares	746,071	746,071
438,119,118	438,119,118		4,381,191	4,381,191

137,574,201 (2015: 137,574,201) and 203,500 (2015: 203,500) ordinary shares of the Company are held by Nishat Mills Limited (associated company) and Security General Insurance Company Limited (associated company) respectively as at June 30, 2016. In addition, 6,275,944 (2015: 6,275,944) ordinary shares are held by Adamjee Insurance Company Limited, a related party as at June 30, 2016.

6. Reserves

Movement in and composition of reserves is as follows:

		2016	2015
		(Rupees in thousand)	
Capital reserves			
- Share premium			
At the beginning of the year		4,557,163	4,557,163
Additions during the year		-	-
At the end of the year	- note 6.1	4,557,163	4,557,163
- Fair value reserve			
At the beginning of the year		27,405,272	32,722,894
Fair value (loss) / gain during the year		(3,148,887)	(5,317,622)
At the end of the year	- note 6.2	24,256,385	27,405,272
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		29,167,058	32,315,945
Revenue reserves			
- General reserve			
At the beginning of the year		5,071,827	5,071,827
Transferred (to) / from accumulated profit		-	-
At the end of the year		5,071,827	5,071,827
		34,238,885	37,387,772

6.1 This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

6.2 As referred to in note 4.8, this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to profit and loss account on realisation.

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

7. Long term finances - secured

		2016	2015
		(Rupees in thousand)	
These are composed of:			
- Long-term loans	- note 7.1 - 7.2	3,538,251	1,348,522
- Loan under Musharika arrangement	- note 7.1 - 7.2	-	-
		3,538,251	1,348,522
Less : Current portion shown under current liabilities	- note 14	1,138,251	634,261
		2,400,000	714,261

7.1 Long term loans - secured

Lender	2016 (Rupees in thousand)	2015 (Rupees in thousand)	Rete of mark-up per annum	Number of instalments outstanding	Mark-up Payable
Local currency					
Loan 1 Dubai Islamic Bank	900,000	-	** Base rate + 0.35%	10 equal semi annual instalments ending in September 2020	Half yearly
Loan 2 Bank Islami	800,000	-	* Base rate + 0.2%	16 quarterly equal instalments ending in September 2020.	Quarterly
Loan 3 Habib Bank Limited	1,350,000	-	* Base rate + 0.35%	20 quarterly equal instalments ending in December 2020	Quarterly
Loan 4 Bank Of Punjab	-	400,000	* Base rate + 0.5%	The loan has been fully repaid during the year	Quarterly
Foreign Currency					
Loan 5 Eco Trade and Development Bank US$ 4.663 million (2015: US$ 9.327 million)"	488,251	948,522	*** Base rate + 1.65%	4 equal semi-annual instalments ending in May, 2017	Semi - Annually
	3,538,251	1,348,522			

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

7.2 Security

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

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

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

Loan 4
The loan is secured by an initial ranking charge over present and future land, building and plant and machinery of the Company to the tune of Rs 1,066.667 million. The total facility amount available is Rs 800 million.

Loan 5
The loan is secured by first pari passu charge over all present and future fixed assets of the Company amounting to USD 27.980 million. The total facility amount available is USD 20.985 million.

	2016	2015
	(Rupees in thousand)	

8. Long term deposits

	2016	2015
Customers	41,382	39,102
Others	36,431	32,901
	77,813	72,003

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

	2016	2015
	(Rupees in thousand)	

9. Retirement and other benefits

		2016	2015
Staff gratuity	- note 9.1	1,962	33,345
Accumulating compensated absences	- note 9.2	109,372	104,240
		111,334	137,585

9.1 Staff gratuity

	2016	2015
The amounts recognised in the balance sheet are as follows:		
Present value of defined benefit obligation	404,923	352,380
Fair value of plan assets	(402,961)	(319,035)
Liability as at June 30	1,962	33,345

9.1.1 Movement in net liability for staff gratuity

	2016	2015
Net liability as at July 1	33,345	112,513
Current service cost	43,706	38,935
Net interest on defined benefit obligation	33,211	35,487
Return on plan assets during the year	(31,133)	(27,958)
	45,784	46,464
Total remeasurements for the year charged to other comprehensive income	(53,099)	(14,247)
Contributions made by the Company during the year	(24,068)	(111,385)
Net liability as at June 30	1,962	33,345

9.1.2 Movement in present value of defined benefit obligation

	2016	2015
Present value of defined benefit obligation as at July 1	352,380	273,597
Current service cost	43,706	38,935
Interest cost	33,211	35,487
Benefits paid during the year	(23,512)	(11,549)
Remeasurements:		
- Actuarial (gains) / losses from changes in demographic assumptions	-	-
- Actuarial (gains) / losses from changes in financial assumptions	(6,847)	-
- Experience adjustments	5,985	15,910
	(862)	15,910
Present value of defined benefit obligation as at June 30	404,923	352,380

	2016	2015
	(Rupees in thousand)	

9.1.3 Movement in fair value of plan assets

	2016	2015
Fair value of plan assets as at July 1	319,035	161,084
Interest income on plan assets	31,133	27,958
Contributions during the year	24,068	111,385
Benefits paid during the year	(23,512)	(11,549)
Remeasurements in fair value of plan assets	52,237	30,157
Fair value of plan assets as at June 30	402,961	319,035

9.1.4 Plan assets

Plan assets are comprised as follows:

	2016		2015	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and Bank	1,010	0.25%	902	0.28%
Debt instruments	348,735	86.54%	318,133	99.72%
Deposits	53,216	13.21%	-	0.00%
	402,961	100.00%	319,035	100.00%
Plan liabilities				
Account payables	-	0.00%	-	0.00%
	402,961	100.00%	319,035	100.00%

	2016	2015
	(Rupees in thousand)	

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

	2016	2015
Current service cost	43,706	38,935
Interest cost	33,211	35,487
Interest income on plan assets	(31,133)	(27,958)
Total expense for the year	45,784	46,464
Less: Expense capitalized during the year	(1,767)	(1,314)
Expense charged to profit and loss account	44,017	45,150

9.1.6 Total remeasurements charged to other comprehensive income

	2016	2015
Actuarial (gains) / losses from changes in demographic assumptions	-	-
Actuarial (gains) / losses from changes in financial assumptions	(6,847)	-
Experience adjustments	5,985	15,910
	(862)	15,910
Remeasurements in plan assets, excluding interest income	(52,237)	(30,157)
Total remeasurements charged to other comprehensive income	(53,099)	(14,247)

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

	2016	2015	2014	2013	2012
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	404,923	352,380	273,597	225,816	167,467
Fair value of plan assets	(402,961)	(319,035)	(161,084)	(149,756)	(82)
Deficit	1,962	33,345	112,513	76,060	167,385
Experience adjustment arising on plan obligation	(862)	15,910	16,362	17,256	10,222
Experience adjustment arising on plan assets	52,237	30,157	(1,473)	1,396	33

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

		2016	2015
Discount rate	Per annum	7.25%	9.75%
Expected rate of increase in salary	Per annum	6.25%	8.75%
Rate of interest income on plan assets	Per annum	13.25%	13.25%
Duration of the plan	Number of years	9	8

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

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of defined benefit obligation	322,950	383,172	383,540	322,136

9.1.10 The Company expects to pay Rs 45.234 million in contributions to defined benefit plan during the year ending June 30, 2017.

		2016	2015
		(Rupees in thousand)	
9.2 Accumulating compensated absences			
Opening balance		116,910	100,344
Expenses recognised		30,403	35,574
Benefits paid		(25,271)	(19,008)
		122,042	116,910
Payable within one year	- note 14	(12,670)	(12,670)
Closing balance		109,372	104,240

	2016	2015
	(Rupees in thousand)	

9.2.1 Movement in liability for accumulating compensated absences

	2016	2015
Present value of accumulating compensated absences as at July 1	116,910	100,344
Current service cost	22,416	23,236
Interest cost	10,167	12,036
Benefits paid during the year	(25,271)	(19,008)
Remeasurements:		
- Actuarial (gains)/losses from changes in demographic assumptions	-	-
- Actuarial (gains)/losses from changes in financial assumptions	-	-
- Experience adjustments	(2,180)	302
	(2,180)	302
Present value of accumulating compensated absences as at June 30	122,042	116,910

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

	2016	2015
Current service cost	22,416	23,236
Interest cost	10,167	12,036
Remeasurement during the year	(2,180)	302
Total expense for the year	30,403	35,574
Less: Expense capitalized during the year	(1,735)	(1,217)
Expense charged to the profit and loss account	28,668	34,357

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

	2016	2015	2014	2013	2012
	(Rupees in thousand)				
As at June 30					
Present value of accumulated compensated absences	122,043	116,910	100,344	88,338	74,381
Experience adjustment arising on obligation	(2,180)	302	6,704	17,205	14,739

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

		2016	2015
Discount rate	Per annum	7.25%	9.75%
Expected rate of increase in salary	Per annum	6.25%	8.75%
Duration of the plan	Number of years	7	8
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

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

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of obligation	109,861	127,982	128,115	109,599

	Officers		Workers	
	2016 (days)	2015 (days)	2016 (days)	2015 (days)
Average number of leaves				
- Utilised per annum	11.00	11.00	16.00	18.00
- Encashed per annum	9.00	9.00	11.00	9.00
- Encashed per annum in excess of accrued leave of 30 days	0.00	0.25	4.00	2.00

10. Deferred taxation

The liability for deferred taxation comprises temporary differences relating to:

	2016	2015
	(Rupees in thousand)	
Deferred tax liability		
Accelerated tax depreciation	5,021,419	4,628,724
Deferred tax assets		
Provision for retirement and other benefits	(32,364)	(40,677)
	4,989,055	4,588,047

11. Trade and other payables

		2016	2015
Trade creditors	- note 11.1	1,820,917	770,183
Infrastructure cess		89,164	89,164
Advances from customers		595,869	380,547
Accrued liabilities		1,768,446	1,235,957
Workers' profit participation fund	- note 11.2	668,129	1,305,760
Workers' welfare fund	- note 11.3	157,757	91,596
Federal excise duty payable		56,568	40,967
Withholding tax payable		20,338	14,138
Retention money payable		71,344	21,056
Unclaimed dividends		22,197	18,089
Advances against sale of scrap		5,578	6,949
Advance against sale of fixed assets		1,522	-
Unclaimed dividend on redeemable preference shares		127	125
Export commission payable		50,314	44,750
Others		38,070	28,798
		5,366,340	4,048,079

11.1 Trade creditors include amounts due to related parties amounting to Rs 514.031 million (2015: Rs 115.447 million)

		2016	2015
		(Rupees in thousand)	
Nishat Paper Product Company Limited (Subsidiary company)		257,558	111,560
Security General Insurance Company Limited (Associated company)		1,685	1,362
Adamjee Insurance Company Limited (Related party)		45	2,525
Nishat Dairy (Private) Limited (Subsidiary company)		224,999	-
		484,287	115,447

11.2 Workers' profit participation fund

		2016	2015
Opening balance		1,305,760	880,273
Provision for the year		665,625	507,304
Interest for the year		2,529	360
		1,973,914	1,387,937
Less: Payments made during the year		(1,305,785)	(82,177)
Closing balance		668,129	1,305,760

11.3 Workers' welfare fund

		2016	2015
Opening balance		91,596	-
Provision for the year	- note 31	166,139	91,596
		257,735	91,596
Less: Payments made during the year		(99,978)	-
Closing balance		157,757	91,596

12. Accrued finance cost

Accrued mark-up on:

		2016	2015
- Long term loans - secured		41,582	12,080
- Short term borrowings - secured		11,265	15,140
Preference dividend on redeemable preference shares		84	84
		52,931	27,304

13. Short term borrowings - secured

		2016	2015
Short term running finances	- note 13.1	1,270,103	1,094,647
Import finances - secured	- note 13.2	351,249	731,425
Export finances -secured	- note 13.3	1,830,000	-
		3,451,352	1,826,072

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 6,200 million (2015: Rs 5,425 million). The rates of mark up are based on Karachi Inter Bank Offer Rate ("KIBOR") plus spread and range from 5.49% to 7.01% (2015: 6.81% to 10.43%) or part thereof on the balance outstanding. These are secured by first registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

13.2 Import finances - secured

The company has obtained import finance facilities aggregating to Rs 5,300 million (2015: 5,525 million) from commercial banks. The rates of mark up based on Karachi Inter Bank Offer Rate ("KIBOR") plus spread range from Nil (2015: Nil) and those based on London Inter Bank Offer Rate ("LIBOR") plus spread range from 1.05% to 2.50% (2015: 1.90% to 2.73%). The aggregate import finances are secured by a registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

Of the aggregate facility of Rs 36,744 million (2015: Rs 10,578 million) for opening letters of credit and Rs 1,900 million (2015: Rs 2,020 million) for guarantees, the amount utilised as at June 30, 2016 was Rs 13,358 million (2015: Rs 3,271 million) and Rs 913 million (2015: Rs 942 million) respectively. The aggregate facilities for guarantees are secured by a registered charge on current assets of the Company. Of the facility for guarantees, Rs 14.48 million (2015: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 26.2.

13.3 Export finances - secured

This represents export finance loans obtained from various commercial banks, which carry mark up based on rates notified by State Bank of Pakistan ranging from 3.75% to 4.00% (2015: 5.50% to 7.00%), export finances which carry markup based on Karachi Inter Bank Offer Rate ("KIBOR") ranging from Nil per annum (2015: Nil) and London Inter Bank Offer Rate ("LIBOR") at Nil (2015: Nil). These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Company.

14. Current portion of non-current liabilities

		2016	2015
		(Rupees in thousand)	
Long term finances	- note 7	1,138,251	634,261
Accumulating compensated absences	- note 9.2	12,670	12,670
		1,150,921	646,931

15. Contingencies and commitments

15.1 Contingencies

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

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

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

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

15.1.3 The Competition Commission of Pakistan (the CCP) took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated August 24, 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on August 28, 2009 and imposed a penalty of Rs. 933 million on the Company. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Company for the time being.

The vires of the Competition Commission of Pakistan, 2007 have been challenged by a large number of Petitioners and all have been advised by their legal counsels that prima facie the Competition Commission Ordinance, 2007 is ultra vires of the Constitution. A large number of grounds have been raised by these Petitioners and the matter is currently being adjudicated by the Lahore High Court, the Sindh High Court and the Supreme Court of Pakistan. In all these cases stay orders have been granted by the Courts. Based on the legal opinion, the management is confident that the Company has a good case and there are reasonable chances of success in the pending Petition in the Supreme Court of Pakistan.

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

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

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

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

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

- Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs 33.627 million (2015: Rs 54.377 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 425.9 million (2015: Rs 425.9 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs 3 million (2015: Rs 3 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2015: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use for Khairpur Project and for D.G Khan Project respectively amounting to Rs 427.606 million (2015: Rs 382.235 million).

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, DG Khan) amounting to Rs 0.05 million (2015: Rs 0.05 million).

- Sindh High Court against levy of Sales Tax, custom duty and excise amounting to Rs 15.423 million (2015: 15.423 million).

- The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs 5 million (2015: Rs 15 million).

- Guarantees against export orders amounting to Rs 2.094 million (2015: Rs 46.096 million).

15.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs. 274.83 million (2015: Rs. 427.335 million).
(ii) Letters of credit for capital expenditure Rs. 11,142.576 million (2015: Rs. 2,274.836 million)
(iii) Letters of credit other than capital expenditure Rs. 1,152.906 million (2015: Rs 996.607 million)
(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2016	2015
	(Rupees in thousand)	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	4,976	5,309
	6,632	6,965

16. Property, plant and equipment

		2016	2015
Operating assets	- note 16.1	31,806,997	27,979,032
Capital work-in-progress	- note 16.2	7,674,465	1,874,469
Major spare parts and stand-by equipment	- note 16.3	95,368	105,469
		39,576,830	29,958,970

16.1 Operating assets

2016 (Rupees in thousand)

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

2015 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2014	Additions/ (Deletions)	Cost as at 30 June 2015	Accumulated depreciation as at July 01, 2014	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015
Freehold land	-	601,362	120,007	721,369	-	-	-	721,369
Leasehold land	3.33	63,000	-	63,000	13,650	2,100	15,750	47,250
Buildings on freehold land								
- Factory building	10	6,575,135	125,042	6,700,177	2,998,692	367,738	3,366,430	3,333,747
- Office building and housing colony	5	826,806	11,016	837,822	304,409	26,512	330,921	506,901
Roads	10	572,480	5,862	578,342	287,792	29,055	316,847	261,495
Plant and machinery	4-11.08	32,610,992	414,771	33,011,721	10,182,131	1,210,040	11,388,264	21,623,457
			(14,042)			(3,907)		
Quarry equipment	20	1,762,387	127,722	1,890,109	1,136,885	100,318	1,237,203	652,906
Furniture and fittings	10	119,663	18,665	138,328	48,790	8,057	56,847	81,481
Office equipment	10	229,054	34,020	263,074	93,098	15,096	108,194	154,880
Vehicles	20	378,440	63,309	420,108	136,464	44,181	166,679	253,429
			(21,641)			(13,966)		
Aircraft	30	328,752	-	328,752	150,403	53,504	203,907	124,845
Power and water supply lines	10	493,463	5,065	498,528	257,254	24,002	281,256	217,272
		44,561,534	925,479	45,451,330	15,609,568	1,880,603	17,472,298	27,979,032
			(35,683)			(17,873)		

16.1.1 Freehold land and building include book values of Rs 12 million (2015: Rs 12 million) and Rs 5.784 million (2015: Rs 6.089 million) respectively which are held in the name of Chief Executive of the Company. This property is located in the locality of Defence Housing Authority where the by-laws restrict transfer of title of the residential property in the name of the Company.

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

		2016	2015
		(Rupees in thousand)	
Cost of sales	- note 28	1,793,840	1,789,684
Administrative expenses	- note 29	73,580	86,591
Selling and Distribution expenses	- note 30	4,446	4,328
		1,871,866	1,880,603

16.1.3 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

		2016					(Rupees in thousand)
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Vehicles	**Employees**						
	Muhammad Naveed Akhtar	2,008	1,187	821	1,330	509	Auction
	Ghulam Ahmad Alvi	1,586	757	829	841	12	-do-
	Outside parties						
	Nadeem	822	521	301	617	316	Auction
	Ghulam Nabi	662	534	128	618	490	-do-
	Nadeem	822	521	301	638	337	-do-
	Mr. Asim	837	535	302	671	369	-do-
	Yasir Hussain	822	521	301	713	412	-do-
	Khurram Imtiaz	1,394	772	622	1,213	591	-do-
	Khurram Imtiaz	1,973	1,073	900	1,459	559	-do-
	Khurram Mahmood	2,150	1,107	1,043	1,590	547	-do-
	Khurram Imtiaz	1,587	557	1,030	1,393	363	-do-
	Khurram Imtiaz	398	295	103	363	260	-do-
	Kamran Ghulam Mustufa	500	314	186	375	189	-do-
	Zeeshan Haider Raza	555	423	132	536	404	-do-
	Asim	842	534	308	667	359	-do-
	Fareed Khan	842	534	308	716	408	-do-
	Muhammad Perwaiz	1,325	797	528	1,123	595	-do-
	Muhammad Perwaiz	1,354	814	540	1,223	683	-do-
	Khurram Imtiaz	2,097	1,093	1,004	1,621	617	-do-
	Stolen- SGI Claim	28,939	8,290	20,649	28,044	7,395	Insurance Claim
Other assets with book value less than Rs 50,000		-	-	-	-	-	
		51,515	21,179	30,336	45,751	15,415	

2015 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant & Machinery							
	Asset written off	7,042	1,955	5,087	-	(5,087)	Assets written off
	Asset Retired for Overhauling	7,000	1,953	5,047	-	-	Retired from use
Vehicles							
	Employees						
	Munir Shah	662	452	210	218	8	Company policy
	Akhund Saeed Khaliq	1,325	653	672	706	34	-do-
	Outside parties						
	Nasir Zahoor	275	191	84	549	465	Auction
	Adnan Anwar	662	460	202	627	425	-do-
	Rizwan Khan	1,269	804	465	1,060	595	-do-
	Muhammad Bilal	1,269	804	465	1,140	675	-do-
	Rashid Saleemi	1,337	724	613	1,210	597	-do-
	Khurram Imtiaz	2,449	1,718	731	3,235	2,504	-do-
	Habib Asad Khan	969	732	237	964	727	-do-
	Mirza Abdul Hafeez	1,306	1,118	188	627	439	-do-
	Muhammad Asim	2,679	1,589	1,090	2,398	1,308	-do-
	Nadeem Gull	822	456	366	732	366	-do-
	Irfan Ahmad	1,354	837	517	1,066	549	-do-
	Syed Mazhar Jamil	1,756	1,265	491	1,650	1,159	-do-
	Muhammad Awais	427	309	118	432	314	-do-
	Faisal Mahmood	969	757	212	831	619	-do-
	Asim Mumtaz	555	437	118	653	535	-do-
	Muhammad Naeem	500	277	223	473	250	-do-
	Security General Insurance Company	1,056	382	674	1,000	326	Insurance Claim
Other assets with book value less than Rs 50,000		-	-	-	-	-	
		35,683	17,873	17,810	19,571	6,808	

16.2 Capital work-in-progress

2016 (Rupees in thousand)

	Balance as at June 30, 2015	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2016
Civil works	724,241	1,097,453	-	(6,597)	19,822	(1,526,177)	308,742
Plant and machinery	656,348	5,566,930	141,457	(1,543)	16,711	(2,910,144)	3,469,759
Advances	86,389	1,339,936	-	-	-	(290,779)	1,135,546
Others	42,519	8,386	-	-	(36,533)	(13,003)	1,369
Expansion Project :							
- Civil works	76,848	1,908,278	-	-	-	-	1,985,126
- Plant and Machinery	-	45,184	-	-	-	-	45,184
- Others	288,124	440,615	-	-	-	-	728,739
	1,874,469	10,406,782	141,457	(8,140)	-	(4,740,103)	7,674,465

2015 (Rupees in thousand)

	Balance as at June 30, 2014	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2015
Civil works	288,234	553,375	-	-	-	(117,368)	724,241
Plant and machinery	101,548	767,345	-	(306)	-	(212,239)	656,348
Advances	60,903	140,833	-	-	-	(115,347)	86,389
Others	16,813	32,193	-	-	-	(6,487)	42,519
Expansion Project :							
- Civil works	24,701	52,147	-	-	-	-	76,848
- Others	142,119	146,005	-	-	-	-	288,124
	634,318	1,691,898	-	(306)	-	(451,441)	1,874,469

		2016	2015
		(Rupees in thousand)	

16.3 Major spare parts and stand-by equipment

		2016	2015
Balance at the beginning of the year		105,469	246,341
Additions during the year		126,515	167,272
Transfers made during the year		(136,616)	(308,144)
Balance at the end of the year		95,368	105,469

17. Intangible assets

This represents Oracle ERP system.

		2016	2015
Cost			
As at July 1		92,260	92,260
Additions		-	-
As at June 30		92,260	92,260
Less: Accumulated amortisation			
As at July 1		73,808	55,356
Amortisation for the year	- note 17.1	18,452	18,452
As at June 30		92,260	73,808
		-	18,452

17.1 Oracle ERP system is being amortised over a useful life of five years.

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

		2016	2015
Cost of sales	- note 28	12,916	12,916
Administrative expenses	- note 29	2,768	2,768
Selling and distribution expenses	- note 30	2,768	2,768
		18,452	18,452

18. Investments

		2016	2015
These represent the long term investments in:			
- Related parties	- note 18.1	5,880,267	5,076,176
- Others - available for sale	- note 18.2	151,263	133,089
		6,031,530	5,209,265
Cumulative fair value gain	- note 18.3	6,916,446	7,708,917
		12,947,976	12,918,182

	2016	2015
	(Rupees in thousand)	
18.1 Related Parties		
Nishat Chunian Limited - quoted - available for sale		
7,173,982 (2015: 5,961,549) fully paid ordinary shares of Rs 10 each		
Equity held: 2.99% (2015: 2.98%)		
Market value - Rs 254.102 million (2015: Rs 218.968 million)	75,565	45,254
	75,565	45,254
MCB Bank Limited		
21,305,315 (2015: 21,305,315) fully paid ordinary shares of Rs 10 each		
Equity held: 1.91% (2015: 1.91%)		
Market value Rs 4,687.595 million (2015: Rs 5,307.580 million)	125,834	125,834
	125,834	125,834
Adamjee Insurance Company Limited		
20,988,735 (2015: 16,053,735) fully paid ordinary shares of Rs 10 each		
Equity held: 6% (2015: 4.59%)		
Market value - Rs 1,052.794 million (2015: Rs 764.479 million)	917,238	643,459
Less: Cumulative impairment Loss	(118,703)	(118,703)
	798,535	524,756
Subsidiary - unquoted - at cost		
Nishat Paper Products Company Limited		
25,595,398 (2015: 25,595,398) fully paid ordinary shares of Rs 10 each		
Equity held: 55% (2015: 55%)	221,874	221,873
	221,874	221,873
Nishat Dairy (Private) Limited		
270,000,000 (2015: 270,000,000) fully paid ordinary shares of Rs 10 each		
Equity held: 55.10% (2015: 55.10%)	2,331,900	2,331,900
	2,331,900	2,331,900
Associates - quoted - available for sale		
Nishat Mills Limited		
30,289,501 (2015: 30,289,501) fully paid ordinary shares of Rs 10 each		
Equity held: 8.61% (2015: 8.61%)		
Market value - Rs 3,268.237 million (2015: Rs 3,460 million)	1,577,174	1,577,174
Less: Cumulative impairment Loss	(250,615)	(250,615)
	1,326,559	1,326,559
Associates - unquoted		
Nishat Hotels and Properties Limited		
100,000,000 (2015: 50,000,000) fully paid ordinary shares of Rs 10 each		
Equity held: 10.42% (2015: 6.25%)	1,000,000	500,000
	1,000,000	500,000
	5,880,267	5,076,176

Nishat Mills Limited and Nishat Hotels and Properties Limited are associated companies as per the Companies Ordinance, 1984, however, for the purpose of measurement, these have been classified as available for sale and measured at fair value as the Company does not have significant influence over these companies.

The Company's investment in ordinary shares of Nishat Hotels and Properties Limited has been valued at Rs 10 per share which corresponds to the fair value at the reporting date.

	2016	2015
	(Rupees in thousand)	
18.2 Others - available for sale		
First Capital Mutual Fund		
104,457 (2015: 104,457) certificates of Rs 10 each		
Equity held 0.35% (2015: 0.35%)		
Market value - Rs 1.232 million (2015: Rs 1.250 million)	890	890
Less: Cumulative impairment Loss	(678)	(678)
	212	212
Pakistan Petroleum Limited		
595,382 (2015: 459,782) fully paid ordinary shares of Rs 10 each		
Equity held: 0.03% (2015: 0.02%)		
Market value - Rs 92.313 million (2015:Rs 72.525)	117,405	99,231
	117,405	99,231
United Bank Limited		
214,354 (2015: 214,354) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2015: 0.02%)		
Market value - Rs 37.924 million (2015: 36.637 million)	33,646	33,646
	33,646	33,646
	151,263	133,089
18.3 Cumulative fair value gain		
As at July 01	7,708,917	8,796,806
Fair value (loss)/gain recognized in other comprehensive income	(792,471)	(1,087,889)
	6,916,446	7,708,917
Gain during the year transferred to profit and loss account on derecognition of investment in shares	-	-
As at June 30	6,916,446	7,708,917

18.4 Investments with a face value of Nil (2015: Nil) are pledged as security against bank facilities. 3,860,267 (2015: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

19. Long term loans and deposits

		2016	2015
		(Rupees in thousand)	
Considered Good			
- Loans to related parties	- note 19.1	-	17,205
- Other loans and advances	- note 19.2	57,938	52,292
		57,938	69,497

		2016	2015
		(Rupees in thousand)	

19.1 Loans to related parties

		2016	2015
Loan to related party	- note 19.1.1	17,206	34,411
Less: Receivable within one year		(17,206)	(17,206)
		-	17,205

19.1.1 This represents an unsecured loan of Rs 12.250 million and Rs 4.956 million (2015: Rs 24.500 million and Rs 9.911 million) given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of infrastructure for the supply of natural gas to the plants at D.G. Khan and Khairpur respectively. Mark up is charged at rates ranging from 1.5% to 2% per annum (2015: 1.5% to 2% per annum) respectively and is received annually. The principal amount is receivable in 4 equal annual instalments ending December, 2016 and March, 2017, respectively. The maximum aggregate amount outstanding during the year was Rs 17.206 million (2015: Rs 34.411 million).

		2016	2015
		(Rupees in thousand)	

19.2 Other loans and advances

		2016	2015
Loans to employees			
- Executives	- note 19.2.1	105	137
- Others		1,973	2,848
		2,078	2,985
Less: Receivable within one year			
- Executives		26	32
- Others		671	875
		697	907
		1,381	2,078
Security deposits		56,557	50,214
		57,938	52,292

19.2.1 Executives

	2016	2015
Opening balance	137	40
Transfer from others to executives	-	145
Interest accrued	-	10
	137	195
Less: Repayment during the year	32	58
	105	137

These represent secured loans given to executives and other 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 given to executives and other employees carry interest at the rate of 10% per annum (2015: 10% per annum) except for loans given to workers which are interest free.

The loans of Rs 2.078 million (2015: Rs 2.985 million) are secured against the employees' respective retirement benefits.

The maximum aggregate amount due from executives at any time during the year was Rs 0.137 million (2015: Rs 0.185 million).

	2016	2015
	(Rupees in thousand)	

20. Stores, spare parts and loose tools

	2016	2015
Stores [including in transit: Rs 58.623 million (2015: Rs 284.723 million)]	1,564,087	1,140,537
Spare parts [including in transit Rs 7.94 million (2015: Rs 3.139 million)]	2,437,661	2,492,767
Loose tools	4,433	2,554
	4,006,181	3,635,858

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

	2016	2015
	(Rupees in thousand)	

21. Stock-in-trade

	2016	2015
Raw materials	208,713	167,603
Packing material [including in transit amounting to Rs. 0.142 million (2015: Nil)]	205,638	206,455
Work-in-process	166,940	508,578
Finished goods	185,342	305,740
	766,633	1,188,376

22. Trade debts - considered good

		2016	2015
Secured		148,052	61,038
Unsecured			
- Related parties	- note 22.1	14,021	12,402
- Others		39,501	83,459
		201,574	156,899

22.1 Related parties - unsecured

	2016	2015
Nishat Hospitality (Private) Limited	537	537
Nishat Linen (Private) Limited	221	-
Nishat Hotels and Properties Limited	12,822	10,114
MCB Bank Limited	-	-
Nishat Spinning (Pvt) Ltd	-	711
Nishat Dairy (Private) Limited	434	600
Nishat Chunian Limited	-	440
Nishat Agriculture Farming (Pvt) Ltd	7	-
	14,021	12,402

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

	1 to 3 months	More than 3 months	As at June 30, 2016	As at June 30, 2015
		(Rupees in thousand)		
Nishat Hospitality (Private) Limited	-	537	537	537
Nishat Linen (Private) Limited	-	221	221	-
Nishat Hotels and Properties Limited	4,530	8,292	12,822	10,114
MCB Bank Limited	-	-	-	-
Nishat Spinning (Pvt) Ltd	-	-	-	711
Nishat Dairy (Private) Limited	434	-	434	600
Nishat Chunian Limited	-	-	-	440
Nishat Agriculture Farming (Pvt) Ltd	7	-	7	-
	4,971	9,050	14,021	12,402

		2016	2015
		(Rupees in thousand)	
23. Investments			
Available for sale - quoted			
Related parties	- note 23.1	479,066	479,066
		479,066	479,066
Cumulative fair value gain	- note 23.2	17,339,939	19,696,354
At fair value through profit or loss			
Others	- note 23.3	-	3,173,170
Related parties	- note 23.4	-	1,507,206
		-	4,680,376
		17,819,005	24,855,796

23.1 Related Parties

	2016	2015
Nishat Chunian Limited - quoted		
100,620 (2015: 100,620) fully paid ordinary shares of Rs 10 each		
Equity held: 0.042% (2015: 0.05%)		
Market value - Rs 3.564 million (2015: Rs 3.696 million)	832	832
	832	832
MCB Bank Limited - quoted		
80,971,917 (2015: 80,971,917) fully paid ordinary shares of Rs 10 each		
Equity held: 7.27% (2015: 7.27%)		
Market value Rs 17,815.441 million (2015: Rs 20,171.724 million)	478,234	478,234
	478,234	478,234
	479,066	479,066

	2016	2015
	(Rupees in thousand)	

23.2 Cumulative fair value gain

	2016	2015
As at July 01	19,696,354	23,926,087
Fair value (loss) / gain recognized in other comprehensive income	(2,356,415)	(4,199,487)
	17,339,939	19,726,600
Gain during the year transferred to profit and loss account on derecognition of investment in shares	-	(30,246)
As at June 30	17,339,939	19,696,354

23.3 Others - At fair value through profit or loss

ABL Government Securities fund

	2016	2015
Nil (2015: 316,292,242) units Cost Nil (2015: 3,171.589 million)	-	3,173,170
	-	3,173,170

23.4 Related parties - At fair value through profit or loss

MCB Pakistan Sovereign Fund (MCB-PSF)

	2016	2015
Nil (2015: 15,057,137) units Cost Nil (2015: 1,505.964)	-	1,507,206
	-	1,507,206

24. Advances, deposits, prepayments and other receivables

		2016	2015
Current portion of loans to employees - considered good		697	907
Current portion of long term receivable from related party		17,206	17,206
Advances - considered good			
- To employees	- note 24.1	17,047	2,015
- To suppliers		197,897	241,082
		214,944	243,097
Due from related parties	- note 24.2	5,240	6,625
Prepayments		12,560	3,623
Mark-up receivable from related party	- note 24.3	140	280
Profit receivable on bank deposits		36,325	1,956
Advance against investment in shares		-	30,311
Balances with statutory authorities			
- Sales tax	- note 24.4	263,177	260,678
- Excise duty		17,243	17,243
- Export rebate		15,469	63,696
		295,889	341,617
Other receivables		1,446	2,388
		584,447	648,010

24.1 Included in advances to employees are amounts due from executives of Rs 4.424 million (2015: Rs 1.105 million).

	2016	2015
	(Rupees in thousand)	

24.2 Due from related parties - unsecured

Nishat Mills Limited	4,751	6,136
Nishat Developers (Private) Limited	489	489
	5,240	6,625

24.3 This represents mark-up receivable from Sui Northern Gas Pipelines Limited against the loan as referred to in note 19.1.1.

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

25. Derivative financial instrument

		2016	2015
		(Rupees in thousand)	
Classified under current liabilities			
Cross currency interest rate swap	- note 25.1	-	-
Classified under current assets			
Cross currency interest rate swap	- note 25.1	14,701	9,873

25.1 This represents derivative cross currency interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Company pays Karachi Inter-Bank Offered Rate ('KIBOR') minus bank spread to the arranging bank on the notional Pak Rupee (PKR) amount for the purposes of the cross currency swap, and receives London Inter-Bank Offered Rate ('LIBOR') on the notional US Dollar (USD) amount from the arranging bank. There have been no transfers of liabilities under the arrangements, only the nature of the interest payment has changed. The derivative cross currency swap outstanding as at June 30, 2016 has been marked to market and the resulting loss has been included in the profit and loss account.

26. Cash and bank balances

		2016	2015
		(Rupees in thousand)	
At banks:			
Savings accounts			
Local currency	- note 26.1 - 26.2	198,164	124,920
Foreign Currency: US$ 1,423,638 (2015: US$ 765,885)		149,055	77,737
Term deposit receipts		6,275,120	-
Current accounts		386,086	53,636
		7,008,425	256,293
In hand		1,419	1,430
		7,009,844	257,723

26.1 The balances in saving accounts bear mark-up at 4% per annum (2015: 4.5% to 7.1% per annum).

26.2 Included in balances at banks on saving accounts are Rs 14.480 million (2015: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.2.

		2016	2015
		(Rupees in thousand)	

27. Sales

		2016	2015
Local sales		33,190,696	28,756,679
Export sales	- note 27.1	3,855,019	3,711,942
		37,045,715	32,468,621
Less:			
Sales tax		5,368,344	4,658,118
Excise duty and special excise duty		1,626,039	1,373,029
Commission to stockists and export agents		347,574	332,863
		7,341,957	6,364,010
		29,703,758	26,104,611

27.1 Export sales include rebate on exports amounting to Rs 21.609 million (2015: Rs 20.527 million).

28. Cost of sales

		2016	2015
		(Rupees in thousand)	
Raw and packing materials consumed		2,414,220	2,231,919
Salaries, wages and other benefits	- note 28.1	1,691,573	1,378,058
Electricity and gas		2,026,778	2,729,317
Furnace oil and coal		6,466,481	6,078,717
Stores and spares consumed		1,489,298	1,597,051
Repairs and maintenance		211,549	207,249
Insurance		65,932	68,049
Depreciation on property, plant and equipment	- note 16.1.2	1,793,840	1,789,684
Amortisation of intangible assets	- note 17.2	12,916	12,916
Royalty		310,038	274,437
Excise duty		29,504	26,248
Vehicle running		27,563	31,215
Postage, telephone and telegram		3,752	5,203
Printing and stationery		4,126	5,209
Legal and professional charges		1,277	2,094
Travelling and conveyance		12,469	11,309
Estate development		26,740	23,672
Rent, rates and taxes		52,327	42,492
Freight charges		25,448	38,576
Other expenses		24,870	25,793
		16,690,701	16,579,208
Opening work-in-process	- note 22	508,578	560,634
Closing work-in-process	- note 22	(166,940)	(508,578)
		341,638	52,056
Cost of goods manufactured		17,032,339	16,631,264
Opening stock of finished goods	- note 22	305,740	348,437
Closing stock of finished goods	- note 22	(185,342)	(305,740)
		120,398	42,697
Less: Own consumption		(117,171)	(24,550)
		17,035,566	16,649,411

28.1 Salaries, wages and other benefits include Rs 39.441 million (2015: Rs 35.445 million), Rs 32.926 million (2015: Rs 32.539 million) and Rs 20.881 million (2015: Rs 24.726 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

		2016	2015
		(Rupees in thousand)	
28.1.1 Salaries, wages and other benefits			
Salaries, wages and other benefits include the following in respect of retirement benefits:			
Gratuity			
Current service cost		31,432	27,267
Interest cost for the year		23,884	24,851
Interest income on plan assets		(22,389)	(19,579)
		32,927	32,539
Accumulating compensated absences			
Current service cost		15,396	16,151
Interest cost for the year		6,983	8,366
Remeasurements		(1,498)	209
		20,881	24,726
29. Administrative expenses			
Salaries, wages and other benefits	- note 29.1	277,286	223,642
Electricity, gas and water		9,534	9,876
Repairs and maintenance		12,911	10,990
Insurance		2,949	2,648
Depreciation on property, plant and equipment	- note 16.1.2	73,580	86,591
Amortisation of intangible assets	- note 17.2	2,768	2,768
Vehicle running		7,915	10,255
Postage, telephone and telegram		11,056	7,729
Printing and stationery		12,122	11,385
Legal and professional services	- note 29.2	19,192	21,803
Travelling and conveyance		31,649	27,792
Rent, rates and taxes		258	743
Entertainment		3,583	2,864
School expenses		25,020	23,576
Fee and subscription		24,610	15,719
Advances written off		50,684	-
Other expenses		7,663	13,945
		572,780	472,326

29.1 Salaries, wages and other benefits include Rs 7.906 million (2015: Rs 7.679 million), Rs 7.394 million (2015: Rs 8.526 million) and Rs 5.186 million (2015: Rs 6.482 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

		2016	2015
		(Rupees in thousand)	

29.1.1 Salaries, wages and other benefits

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

	2016	2015
Gratuity		
Current service cost	7,058	7,144
Interest cost for the year	5,363	6,511
Interest income on plan assets	(5,028)	(5,129)
	7,393	8,526
Accumulating compensated absences		
Current service cost	3,824	4,234
Interest cost for the year	1,734	2,193
Remeasurements	(372)	55
	5,186	6,482

29.2 Legal and professional charges

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

	2016	2015
Statutory audit	2,310	2,000
Half-yearly review	666	605
Tax services	9,355	4,375
Other certification charges	110	100
Out of pocket expenses	120	117
	12,561	7,197

30. Selling and distribution expenses

		2016	2015
Salaries, wages and other benefits	- note 30.1	136,717	111,042
Electricity, gas and water		1,885	1,956
Repairs and maintenance		1,212	1,405
Insurance		647	650
Depreciation on property, plant and equipment	- note 16.1.2	4,446	4,328
Amortisation of intangible assets	- note 17.2	2,768	2,768
Vehicle running		3,776	4,187
Postage, telephone and telegram		1,677	1,004
Printing and stationery		1,959	3,873
Legal and professional services		972	3,999
Rent, rates and taxes		1,566	1,971
Travelling and conveyance		2,391	2,782
Entertainment		864	886
Advertisement and sales promotion		15,666	10,348
Freight and handling charges		772,330	593,360
Debtors written off		-	-
Other expenses		752	2,164
		949,628	746,723

30.1 Salaries, wages and other benefits include Rs 4.187 million (2015: Rs 4.787 million), Rs 3.698 million (2015: 4.085 million) and Rs 2.602 million (2015: Rs 3.149 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

	2016	2015
	(Rupees in thousand)	
30.1.1 Salaries, wages and other benefits		
Salaries, wages and other benefits include the following in respect of retirement benefits:		
Gratuity		
Current service cost	3,530	3,423
Interest cost for the year	2,682	3,120
Interest income on plan assets	(2,515)	(2,458)
	3,697	4,085
Accumulating compensated absences		
Current service cost	1,918	2,057
Interest cost for the year	870	1,066
Remeasurements	(187)	26
	2,601	3,149

31. Other operating expenses

		2016	2015
Workers' profit participation fund		665,625	507,304
Donations	- note 31.1	650	4,245
Realized loss on derivative financial instrument		4,907	46,642
Un-realized loss on derivative financial instrument		-	-
Exchange loss		76,071	78,018
Workers' Welfare Fund		166,139	91,596
Others		250	-
		913,642	727,805

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

32. Other income

		2016	2015
		(Rupees in thousand)	
Income from financial assets			
Income on bank deposits		418,266	8,369
Interest on loans to employees		-	-
Mark-up on loan / advances to related parties		499	9,823
Unrealized gain on derivative financial instruments		4,828	24,775
Gain on disposal of available for sale investments		29,222	30,246
Gain on investments at fair value through profit or loss		-	387,738
Dividend Income from:			
- Related parties	- note 32.1	1,864,174	1,695,827
- Others	- note 32.2	5,743	7,639
		1,869,917	1,703,466
C/F		2,322,732	2,164,417

		2016	2015
		(Rupees in thousand)	
B/F		2,322,732	2,164,417
Income from non-financial assets			
Rental income		834	813
Gain on disposal of property, plant and equipment	- note 16.1.4	15,415	6,808
Scrap sales		23,860	140,391
Provisions and unclaimed balances written back		16,207	7,901
Others		5	5
		56,321	155,918
		2,379,053	2,320,335

32.1 Dividend income from related parties

	2016	2015
Nishat Mills Limited	136,303	121,158
MCB Bank Limited	1,636,436	1,534,159
Adamjee Insurance Company Limited	54,928	34,448
Nishat Chunian Limited	10,912	6,062
Nishat Paper Products Company Limited	25,595	-
	1,864,174	1,695,827

32.2 Dividend income from other parties

	2016	2015
United Bank	2,786	2,347
First Capital Mutual Fund	83	74
Pakistan Petroleum	2,874	5,217
	5,743	7,638

33. Finance cost

	2016	2015
Interest and mark-up on:		
- Long term loans - secured	36,812	84,510
- Short term borrowings - secured	64,644	170,805
- Workers' profit participation fund	2,529	360
Guarantee commission	2,130	2,550
Bank charges	24,336	23,279
	130,451	281,504

34. Taxation

	2016	2015
Current		
- For the year	2,734,000	951,000
- Prior	134,740	37,608
	2,868,740	988,608
Deferred	822,332	933,889
	3,691,072	1,922,497

34.1 The provision for current taxation represents tax under normal tax regime of the Income Tax Ordinance, 2001 ('the Ordinance') at the rate of 32% and super tax at the rate of 3% under section 4B of the Ordinance as reduced by tax credit under section 65B. In addition to this, it includes tax on exports and dividend income which is full and final discharge of Company's tax liability in respect of income arising from such source and tax on capital gains under section 37A of the Ordinance.

For purposes of current taxation, the tax losses available for carry forward as at June 30, 2016 are estimated approximately at Nil (2015: Nil).

34.2 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 ('the Ordinance'), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Company has adjusted its tax liability for the tax year 2016 by acquiring the losses of its subsidiary company, Nishat Dairy (Private) Limited and consequently an aggregate sum of Rs 437.255 million equivalent to the tax value of the losses acquired has been recognized as payable to the subsidiary company.

34.3 Tax charge reconciliation

	2016	2015
	%	%
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	32.00	33.00
Tax effect of amounts that are:		
- Not deductible for tax purposes	(0.19)	0.05
Effect of change in prior years' tax	1.10	(1.69)
Effect of change in tax rate	-	(8.04)
Effect of tax credits	(2.46)	(0.43)
Effect of apportionment of expenses	1.34	3.06
Effect of presumptive tax regime	(2.23)	(5.79)
Rounding and others	0.01	(0.02)
	(2.43)	(12.86)
Average effective tax rate charged to profit and loss account	29.57	20.14

35. Earnings per share

35.1 Earnings per share - Basic

		2016	2015
Profit for the year	Rupees	8,789,672,000	7,624,676,570
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	20.06	17.40

35.2 Earnings per share - Diluted

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

	2016	2015
	(Rupees in thousand)	

36. Cash generated from operations

	2016	2015
Profit before tax	12,480,744	9,547,177
Adjustments for:		
- Depreciation on property, plant and equipment	1,871,866	1,880,603
- Amortisation on intangible assets	18,452	18,452
- Gain on disposal of investments	(29,222)	(30,246)
- Gain on investments at fair value through profit or loss	-	(387,738)
- Gain on disposal of property, plant and equipment	(15,415)	(6,808)
- Realized loss on derivative financial instruments	4,907	46,642
- Unrealized gain on derivative financial instruments	(4,828)	(24,775)
- Dividend income	(1,869,917)	(1,703,466)
- Mark-up income	(499)	(9,823)
- Provision for retirement benefits	72,685	79,507
- Exchange loss	76,071	78,018
- Liabilities written back	(16,231)	-
- Advances written off	51,030	-
- Finance cost	130,451	281,504
Profit before working capital changes	289,350	221,870
Effect on cash flows due to working capital changes		
- (Increase) / decrease in stores, spares and loose tools	(370,323)	52,937
- Decrease in stock-in-trade	421,743	160,366
- (Increase) / decrease in trade debts	(29,884)	24,756
- Decrease in advances, deposits, prepayments and other receivables	12,393	86,627
- Increase in trade and other payables	1,092,544	1,579,715
	1,126,473	1,904,401
	13,896,567	11,673,448

37. Cash and cash equivalents

		2016	2015
Cash and bank balances	- note 26	7,009,844	257,723
Short term borrowings - secured	- note 13	(3,451,352)	(1,826,072)
		3,558,492	(1,568,349)

38. Remuneration of Chief Executive, Directors and Executives

38.1 The aggregate amount charged in the financial statement for the year for remuneration, including certain benefits, to the Chief Executive, full time working directors and executives of the Company are as follows:

	(Rupees in thousand)					
	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
Managerial remuneration	17,336	15,760	12,732	11,575	431,982	371,947
Contributions to Provident and Gratuity Fund	-	-	2,334	2,122	69,121	36,462
Housing	270	270	335	335	160,226	134,926
Utilities	-	-	-	-	31,988	28,794
Leave passage	-	-	1,273	1,157	13,580	10,852
Bonus	1,313	1,183	965	869	103,580	85,778
Medical expenses	304	389	299	268	22,110	17,119
Others	11,287	10,237	637	549	73,068	61,711
	30,510	27,839	18,575	16,875	905,655	747,589
Number of persons	1	1	1	1	365	332

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

38.3 During the year the Company paid meeting fee amounting to Rs 180 thousand (2015: Rs 220 thousand) to its non-executive directors.

39. Transactions with related parties

The related parties comprise subsidiary company, associated companies, other related companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, dividend income is disclosed in note 32.1, expense charged in respect of staff retirement benefit plans is disclosed in note 9, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 38. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2016	2015
		(Rupees in thousand)	
i. Subsidiary company	Purchase of goods	1,297,934	1,124,699
	Sale of goods services	16,998	20,493
	Rental income	834	813
	Interest income	-	9,005
	Dividend income	25,595	-
ii. Other related parties	Sale of goods	121,299	321,747
	Sale of equipment	-	-
	Purchase of asset	-	-
	Insurance premium	91,133	104,235
	Purchase of services	1,397,836	1,268,675
	Insurance claims received	31,649	6,284
	Mark-up income on balances with related parties	19,434	4,625
	Dividend income	1,838,579	1,695,827
	Dividend paid	720,418	499,582
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans (including capitalized)	76,187	82,038
	Expense charged in respect of contributory provided fund	52,533	47,910
	Funds paid to contributory provident fund	159,282	157,735

40. Plant capacity and actual production

		Capacity		Actual production	
		2016	2015	2016	2015
Clinker (Metric Tonnes)					
Unit I		810,000	810,000	696,461	463,886
Unit II	-note 40.1	1,200,000	1,200,000	1,227,600	1,243,109
Unit III		2,010,000	2,010,000	2,040,937	1,800,235

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

	2016	2015

41. Number of employees

	2016	2015
Total number of employees as at June 30	1,156	1,132
Average number of employees during the year	1,152	1,123

			2016	2015
			(Rupees in thousand)	

42. Provident Fund Related Disclosures

The company operates a provident fund for its employees.

			2016	2015
(i)	Size of the fund - total assets		1,547,895	1,401,591
(ii)	Cost of investments made		958,338	878,139
(iv)	Fair value of investments	- note 42.1	1,380,898	1,249,972
(iii)	Percentage of investments made		89.21%	89.18%

42.1 The breakup of fair value of investments is:

	2016		2015	
	Fair value of investment	Percentage of size of fund	Fair value of investment	Percentage of size of fund
	(Rs in '000')	--%--	(Rs in '000')	--%--
Category wise break-up of investments				
Special accounts in a scheduled bank	142,774	9.22%	88,476	7.08%
Government securities	401,625	25.95%	423,260	33.86%
Listed securities				
- Mutual funds	119,468	7.72%	116,085	9.29%
- Other listed securities	670,446	43.31%	547,724	43.82%
Un-listed securities	46,585	3.01%	74,427	5.95%
	1,380,898	89.21%	1,249,972	89.18%

The figures for 2016 are based on un-audited financial statements of the Provident Fund. The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose except for:

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

The management is taking steps to dispose off such investments.

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, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

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

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

(a) Market risk

(i) Currency risk

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

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

	2016	2015
	(Rupees in thousand)	
Cash and bank balances - USD	1,424	766
Receivable against sales to foreign parties - USD	1,417	601
Long term loan - USD	(4,663)	(9,327)
Net liability exposure - USD	(1,822)	(7,960)

At June 30, 2016, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 13.442 million (2015: Rs 80.947 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) Price risk

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

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

The table below summarises the impact of increases / decreases of the KSE-100 index on the Company's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE had increased / decreased by 10% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

	Impact on post-tax profit		Impact on other components of equity	
	2016	2015	2016	2015
	(Rupees in thousand)		(Rupees in thousand)	
Karachi Stock Exchange	-	468,025	2,721,321	3,003,983

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available for sale. As at June 30, 2016, the Company had no investments classified as fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

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

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

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

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

At June 30, 2016, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 35.905 million (2015: Rs 27.503 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

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

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

(i) Exposure to credit risk

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

	2016	2015
	(Rupees in thousand)	
Long term loans and deposits	57,938	69,497
Trade debts - unsecured	53,522	95,861
Advances, deposits, prepayments and other receivables	61,054	29,362
Balances with banks	7,008,425	256,293
	7,180,939	451,013

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

Up to 90 days	43,888	78,870
91 to 180 days	5,352	9,776
181 to 365 days	2,141	3,653
Above 365 days	2,141	3,562
	53,522	95,861

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

(ii) Credit quality of financial assets

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

	Rating Short term	Rating Long term	Rating Agency	2016	2015
				(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	-	-
Askari Bank Limited	A-1+	AA	JCR-VIS	6	442
Bank Alfalah Limited	A1+	AA	PACRA	268,170	77,737
Bank Islami Pakistan Limited	A1	A+	PACRA	58	14
Bank of Punjab	A1+	AA-	PACRA	109	300
Citibank N.A.	P-1	A1	Moody's	2	74
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	348	872
Faysal Bank Limited	A1+	AA	PACRA	4	4
Habib Bank Limited	A-1+	AAA	JCR-VIS	500,000	6,943
HSBC Bank Middle East Limited	P-1	A2	Moody's	-	-
MCB Bank Limited	A1+	AAA	PACRA	777,538	133,019
Meezan Bank Limited	A-1+	AA	JCR-VIS	12	23
National Bank of Pakistan	A1+	AAA	JCR-VIS	1,922	4,082
NIB Bank Limited	A1+	AA-	PACRA	1,017,347	15,933
Silk Bank Limited	A-2	A-	JCR-VIS	5	5
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	554	2,300
United Bank Limited	A-1+	AA+	JCR-VIS	154,517	13,775
Soneri Bank Limited	A1+	AA-	PACRA	715	769
Deutsche Bank AG	P-2	Baa2	Moody's	1	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,258,502	1
JS Bank	A1+	A+		2,025,119	-
Bank Al-Habib	A1+	AA+		3,496	-
Samba Bank Limited	A-1	AA	JCR-VIS	-	-
				7,008,425	256,293

(c) Liquidity risk

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

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

Management monitors the forecasts of the Company's cash and cash equivalents (note 37) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

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

At June 30, 2015	**Carrying value**	**Less than 1 years**	**Between 1 and 2 years**	**3 to 5 years**
Long term finances	1,348,522	634,261	634,261	80,000
Trade and other payables	3,660,583	3,660,583	-	-
Accrued finance cost	27,304	27,304	-	-
Short term borrowings - secured	1,826,072	1,826,072	-	-
	6,862,481	6,148,220	634,261	80,000

43.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as total debt divided by total capital employed. Total debt represents long term and short-term finances obtained by the Company. Total capital employed includes equity as shown in the balance sheet plus total debt. The Company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at June 30, 2016 and June 30, 2015 is as follows:

	2016	2015
	(Rupees in thousand)	
Total interest bearing borrowings	6,989,603	3,174,594
Total equity	65,783,429	62,296,071
Total capital employed	72,773,032	65,470,665
Gearing ratio	10%	5%

43.3 Fair value estimation

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

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

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

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

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

As at June 30, 2016	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investments - Available for sale	27,213,207	1,000,000	-	28,213,207
Investments at fair value through profit and loss	-	-	-	-
Derivative financial instruments	-	14,701	-	14,701
Total assets	27,213,207	1,014,701	-	28,227,908
Liabilities	-	-	-	-
Total liabilities	-	-	-	-
As at June 30, 2015				
Assets				
Investments - Available for sale	30,039,829	500,000	-	30,539,829
Investments at fair value through profit and loss	4,680,376	-	-	4,680,376
Derivative financial instruments	-	9,873	-	9,873
	34,720,205	509,873	-	35,230,078
Liabilities				
Derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

43.4 Financial instruments by categories

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

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
	(Rupees in thousand)			
As at June 30, 2015				
Assets as per balance sheet				
Derivative financial instrument	9,873	-	-	9,873
Long term loans and advances	-	-	69,497	69,497
Loans, advances and other receivables	-	-	29,362	29,362
Trade debts	-	-	156,899	156,899
Investments	4,680,376	30,539,829	-	35,220,205
Cash and bank balances	-	-	257,723	257,723
	4,690,249	30,539,829	513,481	35,743,559

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	2016	2015	2016	2015
	(Rupees in thousand)		(Rupees in thousand)	
Liabilities as per balance sheet				
Long term finance - secured	-	-	3,538,251	1,348,522
Accrued mark up	-	-	52,931	27,304
Trade and other payables	-	-	4,763,371	3,660,583
Short term borrowings - secured	-	-	3,451,352	1,826,072
	-	-	11,805,905	6,862,481

43.5 Offsetting financial assets and financial liabilities

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

44. Shariah compliant arrangements

Description	Nature of shariah Compliant arrangement if any	As at June 30, 2016 Carried under		As at June 30, 2015 Carried under	
		Shariah compliant arrangements	Others	Shariah compliant arrangements	Others
Assets					
Bank balances (note 26)					
- Current accounts	Various	745	186,078	897	124,908
- Savings accounts	Various	12,086	6,809,516	12	130,477
		12,831	6,995,594	909	255,385
Liabilities					
Long term finances - secured (note 7)	Diminishing musharika	1,700,000	1,838,251	-	1,348,522
Short term borrowings - secured (note 13)	Istisna	1,266,077	2,185,276	448,785	1,377,288
		2,966,077	4,023,527	448,785	2,725,810

Description	For the year ended June 30, 2016 Carried under		For the year ended June 30, 2015	
	Shariah compliant arrangements	Others	Shariah compliant arrangements	Others
Income				
Income on bank deposits	358	417,908	-	8,369
	358	417,908	-	8,369
Expenses				
Finance cost				
- On long term borrowings	90,552	87,717	9,346	75,165
- On short term borrowings	3,444	61,200	16,769	154,036
	93,996	148,917	26,115	229,201

Breakup of dividend income has been disclosed in note 32.1 and 32.2

	Relationship	
	Non-Islamic window operations	With Islamic windows operations

44.1 Relationship with banks

Allied Bank Limited	Yes	NA
Bank Alfalah Limited	Yes	NA
Bank Al-Habib Limited	Yes	NA
Bank Islami Pakistan Limited	NA	Yes
Citi Bank N.A.	Yes	NA
Dubai Islamic Bank	NA	Yes
Faysal Bank Limited	Yes	NA
Habib Bank Limited	Yes	Yes
Habib Metropolitan Bank	Yes	NA
MCB Bank Limited	Yes	Yes
Meezan Bank Limited	NA	Yes
National Bank of Pakistan	Yes	NA
NIB Bank Limited	Yes	NA
Samba Bank Limited	Yes	NA
Soneri Bank Limited	Yes	NA
Standard Chartered Bank (Pakistan) Limited	Yes	Yes
The Bank of Punjab	Yes	NA
United Bank Limited	Yes	NA

45. Date of authorisation for issue

These financial statements were authorised for issue on August 31, 2016 by the Board of Directors of the Company.

46. Events after the balance sheet date

46.1 The Board of Directors have proposed a final dividend for the year ended June 30, 2016 of Rs 6 per share (2015: Rs 5 per share), amounting to Rs 2,628.715 million (2015: Rs 2,190.596 million) at their meeting held on August 31, 2016 for approval of the members at the Annual General Meeting to be held on October 31, 2016. These financial statements do not reflect this appropriation.

46.2 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

Chief Executive

Director

Consolidated Financial Statements

Directors' Report on Consolidated FS

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

The directors of your company are pleased to present you the consolidated performance numbers of for the year ended on June 30, 2016:

	FY16	FY15
Sales	31,946,614	28,221,467
Cost of sales	19,514,551	18,545,841
Gross profit	12,432,063	9,675,626
Administrative expenses	632,779	516,780
Selling and distribution expenses	965,870	764,832
Other operating expenses	1,233,687	855,148
Other income	2,362,110	2,365,321
Profit from operations	11,961,837	9,904,187
Finance cost	171,845	356,858
Profit before taxation	11,789,992	9,547,329
Taxation	3,408,616	1,692,172
Profit after taxation	8,381,376	7,855,157

Consolidated EPS increased by about 10% from FY15. GP increased by 28% with 13% increase in net sales. Separate report is issued on affairs of the holding company. Among the subsidiary companies NPPL's PAT increased by 25% and GP by 30% with its profitability's main impact coming from cost management. NDL is still facing gross loss.

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

For and on behalf of the Board

Raza Mansha
Chief Executive Officer

Lahore
August 31, 2016

مجموعی اکاؤنٹس ڈی جی خان سیمنٹ کمپنی لمیٹڈ (DGKC) ہولڈنگ کمپنی، نشاط پیپر پروڈکٹس کمپنی لمیٹڈ (NPPCL) اور نشاط ڈیری (پرائیویٹ) لمیٹڈ (NDL) کے اکاؤنٹس کو ظاہر کرتے ہیں۔

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2016 مختتمہ سال کی مجموعی کارکردگی کے اعداد و شمار آپ کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

	مالی سال 16	مالی سال 15
فروخت	31,946,614	28,221,467
قیمت فروخت	19,514,551	18,545,841
مجموعی منافع	12,432,063	9,675,626
انتظامی لاگت	632,779	516,780
فروخت اور تقسیم کرنے کی لاگت	965,870	764,832
دیگر آپریشنل لاگت	1,233,687	855,148
دیگر آمدنی	2,362,110	2,365,321
آپریشنز سے منافع	11,961,837	9,904,187
مالی لاگت	171,845	356,858
ٹیکس سے قبل منافع	11,789,992	9,547,329
ٹیکسیشن	3,408,616	1,692,172
بعد از ٹیکس منافع	8,381,376	7,855,157

مجموعی فی حصص آمدنی میں FY15 کی نسبت تقریباً 10 فی صد اضافہ ہوا ہے۔ GP میں 28 فیصد اضافہ جبکہ خالص فروخت میں 13 فی صد اضافہ ہوا۔

ہولڈنگ کمپنی کے امور پر الگ رپورٹ جاری کی گئی ہے۔ ذیلی کمپنیوں میں NPPL کا بعد از ٹیکس منافع، 25 فیصد تک بڑھا ہے جبکہ اسکا مجموعی منافع 30 فیصد تک بڑھا۔ اسکے منافع کی اہم وجہ اخراجات کی طرف کمی کا رجحان اور بہتر نظم و نسق ہے۔ NDL ابھی بھی مجموعی نقصانات کا شکار ہے۔

ہم اپنے تمام صارفین، ڈیلرز، سپلائرز، قرض دہندہ اور دیگر اسٹیک ہولڈرز کے بے حد شکر گزار اور کمپنی کی بہتری کے لئے اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

منجانب بورڈ

رضا منشا

چیف ایگزیکٹو آفیسر

لاہور: 31 اگست 2016ء

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of D.G. Khan Cement Company Limited (the holding company) and its subsidiary companies (hereinafter referred to as 'the Group') as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of D.G. Khan Cement Company Limited and its subsidiary companies, except for Nishat Paper Products Company Limited and Nishat Farm Supplies (Private) Limited which were audited by other firms of auditors, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As stated in note 2.2.1 to the annexed consolidated financial statements, the Group has changed its accounting policies on initial application of standards, amendments or an interpretation to existing standards.

In our opinion, the consolidated financial statements present fairly the financial position of D.G. Khan Cement Company Limited and its subsidiary companies (the Group) as at June 30, 2016 and the results of their operations for the year then ended.

A. F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: August 31, 2016

Name of engagement partner: Muhammad Masood

Consolidated Balance Sheet

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
950,000,000 (2015: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
50,000,000 (2015: 50,000,000)			
preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital			
438,119,118 (2015: 438,119,118)			
ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Reserves	6	34,205,232	37,352,272
Accumulated profit		27,108,337	20,708,896
		65,694,760	62,442,359
Non-controlling interest		2,041,337	2,232,260
		67,736,097	64,674,619
NON-CURRENT LIABILITIES			
Long term finances - secured	7	2,513,750	945,511
Long term deposits	8	77,813	72,003
Retirement and other benefits	9	111,335	137,585
Deferred taxation	10	5,379,939	4,866,434
		8,082,837	6,021,533
CURRENT LIABILITIES			
Trade and other payables	11	5,296,293	4,353,727
Accrued finance cost	12	60,421	41,130
Short term borrowings - secured	13	3,750,006	2,348,534
Current portion of non-current liabilities	14	1,284,046	780,056
Provision for taxation		35,090	35,090
		10,425,856	7,558,537
CONTINGENCIES AND COMMITMENTS	15	-	-
		86,244,790	78,254,689

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

Chief Executive

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	43,067,616	33,693,078
Biological assets	17	660,491	1,149,799
Intangible assets	18	-	18,452
Investments	19	10,441,240	10,364,409
Long term loans, advances and deposits	20	58,842	70,402
		54,228,189	45,296,140
CURRENT ASSETS			
Stores, spares and loose tools	21	4,124,476	3,765,849
Stock-in-trade	22	1,338,211	1,913,314
Trade debts	23	524,974	431,072
Investments	24	17,819,047	24,855,842
Advances, deposits, prepayments and other receivables	25	604,398	980,024
Income tax recoverable		568,700	736,598
Derivative financial instrument	26	14,701	9,873
Cash and bank balances	27	7,022,094	265,977
		32,016,601	32,958,549
		86,244,790	78,254,689

Director

Consolidated Profit & Loss Account

for the Year Ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Sales	28	31,946,614	28,221,467
Cost of sales	29	(19,514,551)	(18,545,841)
Gross profit		12,432,063	9,675,626
Administrative expenses	30	(632,779)	(516,780)
Selling and distribution expenses	31	(965,870)	(764,832)
Other operating expenses	32	(1,226,798)	(788,921)
Other income	33	2,362,110	2,365,321
Changes in fair value of biological assets	17	(6,889)	(66,227)
Profit from operations		11,961,837	9,904,187
Finance cost	34	(171,845)	(356,858)
Profit before taxation		11,789,992	9,547,329
Taxation	35	(3,408,616)	(1,692,172)
Profit after taxation		8,381,376	7,855,157
Attributable to:			
Equity holders of the parent		8,552,868	7,765,530
Non-controlling interest		(171,492)	89,627
		8,381,376	7,855,157
Earnings per share - basic and diluted	36	19.52	17.72

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

Chief Executive

Director

Consolidated Statement of Comprehensive Income

for the Year Ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
Profit after taxation	8,381,376	7,855,157
Other comprehensive income for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available for sale investments	(3,145,529)	(5,287,376)
Gain during the year transferred to consolidated profit and loss account on derecognition of investment in shares	-	(30,246)
Loss on re-measuring to fair value the existing interest in Nishat Dairy (Private) Limited on acquisition of control (note 46)	-	(74,524)
	(3,145,529)	(5,392,146)
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of retirement benefits	53,099	14,247
Tax effect	(15,930)	(8,352)
	37,169	5,895
Total comprehensive income for the year	5,273,016	2,468,906
Attributable to:		
Equity holders of the parent	5,442,997	2,379,279
Non-controlling interest	(169,981)	89,627
	5,273,016	2,468,906

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

Chief Executive

Director

Consolidated Cash Flow Statement

for the Year Ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	37	13,746,484	11,825,953
Finance cost paid		(294,185)	(388,483)
Retirement and other benefits paid		(49,337)	(130,393)
Taxes paid		(2,743,143)	(1,308,737)
Long term deposits - net		11,560	(17,467)
Net cash generated from operating activities		10,671,379	9,980,873
Cash flows from investing activities			
Payment for acquisition of subsidiary - net of cash aquired	47.2	-	(1,777,840)
Fixed capital expenditure		(11,430,940)	(2,252,673)
Proceeds from sale of property, plant and equipment		47,157	27,797
Purchase of/cost incurred on biological assets		(61,129)	(403,836)
Proceeds from sale of biological assets		289,043	123,004
Long term loans, advances and deposits - net		5,810	16,046
Investment in 'available for sale' investments		(865,990)	(1,175,735)
Investment in 'finacial assets at fair value through profit or loss'		(3,001,994)	(19,910,642)
Proceeds from disposal of investments - 'at fair value through profit or loss'		7,711,637	15,926,447
Interest income received		384,572	957
Dividends received		1,845,684	1,703,469
Net cash used in investing activities		(5,076,150)	(7,723,006)
Cash flows from financing activities			
Proceeds from long term finances		3,300,000	-
Repayment of long term finances		(1,257,873)	(879,359)
Settlement of derivative financial instrument		(4,907)	(46,642)
Transaction with non-controlling interests	46.3	-	(18,244)
Dividends paid to:			
- Non-controlling interests		(20,942)	-
- Owners of the Parent company		(2,186,488)	(1,533,417)
Net cash used in financing activities		(170,210)	(2,477,662)
Net increase / (decrease) in cash and cash equivalents		5,425,019	(219,795)
Cash and cash equivalents at the beginning of the year		(2,082,557)	(1,805,913)
Exchange loss on cash and cash equivalents		(70,374)	(56,849)
Cash and cash equivalents at the end of the year	38	3,272,088	(2,082,557)

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

Chief Executive

Director

Consolidated Statement of Changes in Equity

for the Year Ended June 30, 2016

	Capital Reserve				Revenue Reserve				
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total equity attributable to shareholders of parent company	Non-Controlling Interest	Total equity
	Rupees in thousand								
Balance as on June 30, 2014	4,381,191	4,557,163	32,722,894	353,510	5,110,851	14,454,708	61,580,317	304,960	61,885,277
Transactions with owners in their capacity as owners:									
Final dividend for the year ended June 30, 2014 Rs 3.50 per share	-	-	-	-	-	(1,533,417)	(1,533,417)	-	(1,533,417)
Non-controlling interests on acquisition of subsidiary (note 47.1.2)	-	-	-	-	-	-	-	1,872,097	1,872,097
Transactions with non-controlling interests (note 46.3)	-	-	-	-	-	16,180	16,180	(34,424)	(18,244)
	-	-	-	-	-	(1,517,237)	(1,517,237)	1,837,673	320,436
Total comprehensive income for the year									
- Profit for the year	-	-	-	-	-	7,765,530	7,765,530	89,627	7,855,157
- Other comprehensive income for the year									
- Changes in fair value of available for sale investments	-	-	(5,317,622)	-	-	-	(5,317,622)	-	(5,317,622)
- Loss on re-measuring to fair value the existing interest in Nishat Dairy (Private) Limited on acquisition of control (note 47.1.1)	-	-	(74,524)	-	-	-	(74,524)	-	(74,524)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	5,895	5,895	-	5,895
	-	-	(5,392,146)	-	-	7,771,425	2,379,279	89,627	2,468,906
Balance as on June 30, 2015	4,381,191	4,557,163	27,330,748	353,510	5,110,851	20,708,896	62,442,359	2,232,260	64,674,619
Transactions with owners in their capacity as owners:									
Final dividend for the year ended June 30, 2015 Rs 5.00 per share	-	-	-	-	-	(2,190,596)	(2,190,596)	(20,942)	(2,211,538)
Transactions with non-controlling interests (note 46.3)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(2,190,596)	(2,190,596)	(20,942)	(2,211,538)
Total comprehensive income for the year									
- Profit / (loss) for the year	-	-	-	-	-	8,552,868	8,552,868	(171,492)	8,381,376
- Other comprehensive income for the year									
- Changes in fair value of available for sale investments	-	-	(3,147,040)	-	-	-	(3,147,040)	1,511	(3,145,529)
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	37,169	37,169	-	37,169
	-	-	(3,147,040)	-	-	8,590,037	5,442,997	(169,981)	5,273,016
Balance as on June 30, 2016	**4,381,191**	**4,557,163**	**24,183,708**	**353,510**	**5,110,851**	**27,108,337**	**65,694,760**	**2,041,337**	**67,736,097**

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

Chief Executive

Director

for the Year Ended June 30, 2016

1. Legal status and nature of business

The group comprises of:

- D. G. Khan Cement Company Limited ("the Parent Company");
- Nishat Paper Products Company Limited ("NPPCL")
- Nishat Dairy (Private) Limited ("NDL")
- Nishat Farm Supplies (Private) Limited ("NFS")

D. G. Khan Cement Company Limited is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement.

Nishat Paper Products Company Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on July 23, 2004. It is principally engaged in the manufacture and sale of paper products and packaging material. During the previous year, the Parent Company aquired a further shareholding of 5% in NPPCL thereby increasing its cumulative shareholding in NPPCL to 55% as referred to in note 46.3.

Nishat Dairy (Private) Limited is a private limited company incorporated in Pakistan. It is principally engaged in the business of production and sale of raw milk. During the year ended June 30, 2015, the Parent company, on November 26, 2014, aquired a further shareholding of approximately 44.68% in NDL, thereby increasing its cumulative shareholding in NDL to approximately 55.10% as referred to in note 47.

Nishat Farm Supplies (Private) Limited is a private limited company incorporated in Pakistan on March 4, 2015 under the Companies Ordinance, 1984. It is a wholly owned subsidiary of Nishat Dairy (Private) Limited. The principal activity of the company is to carry on the business of sale, marketing and distribution of imported chemicals, medicines, vaccines, cows, other chemicals of all kinds and types. During the year ended June 30, 2015, NDL subscribed to 100% of the share capital of NFS on the date of its incorporation. The acquistion was inadvertently not recorded in the consolidated financial statements for the year ended June 30, 2015, and as the impact of this error is immaterial, the subsidary has been consolidated in these financial statements.

The registered offices of the Parent Company, NPPCL, NDL and NFS are situated at 53-A, Lawrence Road, Lahore.

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

2. Basis of preparation

2.1 These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Ordinance or the requirements of the said directives prevail.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2015 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 financial statements except for the amendments as explained below:

- IFRS 11, 'Joint Arrangements', is applicable on annual periods beginning on or after January 01, 2013, however, SECP has adopted this IFRS for periods beginning on or after January 1, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The application of this standard does not have a material impact on the Group's consolidated financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has applied this standard from July 1, 2015 and has disclosed interests in other entites in note 46.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The application of this standard does not have a material impact on the Group's 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

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after July 01, 2016 or later periods, and the Group has not early adopted them:

Amendment to IAS 16 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation is applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Group is yet to assess the impact of this amendment on its consolidated financial statements.

	Effective date (accounting periods beginning on or after)
Other standards or interpretations	
Amendments to IAS 7, ‘Statement of cash flows’ on disclosure initiative	January 01, 2017
Amendments to IAS 12, ‘Income taxes’ on Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IFRS 2, ‘Share based payments ’, on clarifying how to account for certain types of share-based payment transactions	January 01, 2018
IFRS 9, 'Financial instruments'	January 01, 2018
IFRS 14, 'Regulatory deferral accounts'	January 01, 2017
IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, ‘Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
IFRS 16 ‘Leases'	January 01, 2019

3. Basis of measurement

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

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

a) Provision for taxation - note 4.3 and 35

b) Provision for employees' retirement benefits - note 4.4 and 9

c) Residual values and useful lives of depreciable assets - note 4.6 and 16.1

d) Fair valuation of biological assets - note 4.7 and 17

a) Provision for taxation

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

b) **Employee retirement benefits and other obligations**

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

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

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

d) **Fair valuation of biological assets**

The Group values it biological assets at fair value less estimated point of sale costs. Any change in estimate might affect the carrying amount of the biological asset with a corresponding charge to the profit and loss account.

4. Significant accounting policies

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

4.1 Principles of consolidation

a) Subsidiaries

The consolidated financial statements include the financial statements of D. G. Khan Cement Company Limited and its subsidiaries Nishat Paper Products Company Limited with 55% (2015: 55%) holding, Nishat Dairy (Private) Limited with an approximate 55.10% (2015: 55.10%) holding and Nishat Farm Supplies (Private) Limited with an approximate 55.10% (2015: Nil) holding (hereinafter referred to as "the Group Companies").

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and carrying value of investments held by the Parent Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. Material intra-group balances and transactions have been eliminated.

Non-controlling interests are that part of the net reserves of the operation and of net assets of subsidiaries attributable to interests which are not owned by the Group. Non-controlling interest is presented as a separate line item in the consolidated financial statements.

The group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the 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 acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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 financer under comparable terms and conditions.

Contingent consideration is classified either as equity or as 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 through profit or loss or through other comprehensive income as appropriate.

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

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

4.2 Borrowings

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

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

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

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

4.3 Taxation

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. 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 calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the consolidated profit and loss account, except in the case of items charged or credited to equity in which case it is included in the consolidated statement of changes in equity.

4.4 Employees' retirement benefits and other obligations

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

Parent Company

Defined benefit plans

The Parent Company operates an approved funded defined benefit gratuity plan for all employees having a service period of more than five years for management staff and one year for workers. Provisions are made in the 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, 2016 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 Parent Company as reduced by benefits paid during the year.

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in consolidated other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the consolidated profit and loss account.

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

Discount rate	7.25% p.a.
Expected increase in eligible pay	6.25% p.a.
Expected rate of return on plan assets	9

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

The Parent Company is expected to contribute Rs 45.234 million to the gratuity fund in the next year.

Defined contribution plan

The Parent Company operates a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Parent 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. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated profit and loss account as and when incurred.

Accumulating compensated absences

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

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to consolidated profit and loss account. The most recent valuation was carried out as at June 30, 2016 using the "Projected Unit Credit Method".

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

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

Discount rate	7.25% p.a.
Expected rate of increase in salary level per annum; and	6.25% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	7

NDL and NPPCL ('Subsidiary Companies')

Defined contribution plan

NDL and NPPCL ('Subsidiairy Companies') operate a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Subsidiary Companies 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. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated profit and loss account as and when incurred.

4.5 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value plus directly attributable cost, if any, and subsequently at amortised cost using effective interest rate method.

4.6 Property, plant and equipment

4.6.1 Operating assets

Property, plant and equipment except freehold land, capital work-in-progress and major spare parts and stand-by equipment 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 property, plant and equipment signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges and borrowing costs as referred to in note 4.19.

Depreciation on all property, plant and equipment of the Parent Company and NPPCL is charged to the consolidated profit and loss account on the reducing balance method, except for plant and machinery which is being depreciated using the straight line method, as for NDL, all property, plant and equipment is depreciated using the reducing balance method so as to write off the historical cost of such asset over its estimated useful life at annual rates mentioned in note 16.1 after taking into account their residual values.

The assets' residual values and useful lives are continually reviewed by the Group and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its property, plant and equipment as at June 30, 2016 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying amounts exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

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

4.6.2 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to operating 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 and represents expenditure incurred on property, plant and equipment during the construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.7 Biological assets

4.7.1 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 measured at its fair value less estimated point-of-sale costs at the time of milking.

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

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

4.7.2 Crops

Crops are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognised in the profit and loss account.

Costs incurred in plantation and management of crops are capitalized as part of the asset. All other costs are charged to the consolidated profit and loss account.

The fair value is determined using the present value of expected net cash-flows from the asset based on significant assumptions. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

Crops are categorized as mature or immature. Mature crops are those that have attained harvestable specifications. Immature agricultural assets have not yet reached that stage. Crops that are expected to mature after more than a period of 12 months are classified in long term assets and those expected to mature before 12 months are included in current assets.

4.8 Intangible assets

Expenditure incurred by the Parent Company to acquire Oracle enterprise resource planning (ERP) system has been capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of five years.

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

The Parent Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.9 Leases

4.9.1 Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

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

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

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method except plant and machinery which is depreciated on straight line method at the rates mentioned in note 16.1. Depreciation of leased assets is charged to the consolidated profit and loss account.

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

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

4.9.2 Operating leases

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

4.10 Investments

Investments in equity instruments of associated company

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' post acquisition profits or losses is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values cannot be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed off or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to consolidated profit and loss account. Fair value of quoted investments is their bid price on Pakistan Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

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

All purchases and sales of investments are recognised on the trade date which is the date that the Group commits to purchase or sell the investment.

At each balance sheet date, the Group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the consolidated profit and loss account. Impairment losses recognised in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account.

Investments at fair value through profit or loss

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as 'at fair value through profit or loss' and are included in current assets. They are initially measured at cost and at subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Realised and unrealised gains and losses arising from changes in fair value are included in consolidated profit or loss for the period in which they arise.

All purchases and sales of investments are recognised on the trade date which is the date that the Group commits to purchase or sell the investment.

4.11 Stores and spares

Usable stores and spares are valued principally at moving weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.12 Stock-in-trade

Stock of raw materials (except for those in transit), work in process and finished goods are valued principally at the lower of weighted average cost and net realisable value. Stock of packing material is valued principally at moving average cost. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

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

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

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

4.13 Financial instruments

4.13.1 Financial assets

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

a) Financial assets at fair value through profit and loss

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

b) Loans and receivables

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

c) Available-for-sale financial assets

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

d) Held to maturity

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

4.13.2 Recognition and measurement

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortized cost using the effective interest rate method.

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

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

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities) , the Group measures the investments at cost less impairment in value, if any.

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

4.13.3 Financial liabilities

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

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

4.13.4 Offsetting of financial assets and liabilities

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

4.14 Trade debts

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

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

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

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purpose of consolidated cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term borrowings. In the consolidated balance sheet, short term borrowings are included in current liabilities.

4.16 Derivative financial instruments

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

4.17 Foreign currency transactions and translation

a) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in consolidated profit and loss account.

b) Functional and presentation currency

The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded to the nearest thousand.

4.18 Provisions

Provisions are recognised when; the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources shall be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow shall 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.19 Borrowing costs

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

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

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

4.20 Revenue recognition

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

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

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

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

4.21 Dividend

Dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved.

4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group executive committee.

4.23 Contingent liabilities

Contingent liability is disclosed when:

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

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

5. Issued, subscribed and paid up capital

2016	2015		2016	2015
(Number of shares)			(Rupees in thousand)	
343,512,029	343,512,029	Ordinary shares of Rs 10 each fully paid in cash	3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs 10 each issued for consideration other than cash	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs 10 each issued as fully paid bonus shares	746,071	746,071
438,119,118	438,119,118		4,381,191	4,381,191

137,574,201 (2015: 137,574,201) and 203,500 (2015: 203,500) ordinary shares of the Company are held by Nishat Mills Limited (associated company) and Security General Insurance Company Limited (associated company) respectively as at June 30, 2016. In addition, 6,275,944 (2015: 6,275,944) ordinary shares are held by Adamjee Insurance Company Limited, a related party as at June 30, 2016.

		2016	2015
		(Rupees in thousand)	

6. Reserves

Movement in and composition of reserves is as follows:

		2016	2015
Capital reserves			
- Share premium			
At the beginning of the year		4,557,163	4,557,163
Additions during the year		-	-
At the end of the year	- note 6.1	4,557,163	4,557,163
- Fair value reserve			
At the beginning of the year		27,330,748	32,722,894
Fair value (loss) / gain during the year - net		(3,147,040)	(5,392,146)
At the end of the year	- note 6.2	24,183,708	27,330,748
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		29,094,381	32,241,421
Revenue reserves			
- General reserve			
At the beginning of the year		5,110,851	5,110,851
Transferred (to) / from consolidated profit and loss account		-	-
At the end of the year		5,110,851	5,110,851
		34,205,232	37,352,272

6.1 This reserve can be utilised by the Group only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

6.2 As referred to in note 4.10 this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to consolidated profit and loss account on realisation.

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

		2016	2015
		(Rupees in thousand)	

7. Long term finances - secured

		2016	2015
These are composed of:			
- Long-term loans	- note 7.1 - 7.2	3,785,126	1,712,897
		3,785,126	1,712,897
Less : Current portion shown under current liabilities	- note 14	1,271,376	767,386
		2,513,750	945,511

7.1 Long term loans - secured

Loan	Lender	2016	2015	Rate of mark-up per annum	Number of instalments outstanding	Mark-up Payable
		(Rupees in thousand)				
Local Currency						
1	The Bank of Punjab	-	400,000	* Base rate + 0.5%	The loan has been fully repaid during the year	Quarterly
2	The Bank of Punjab	109,375	171,875	* Base rate +0.75%	11 equal quarterly installments ending in December, 2017	Quarterly
3	United Bank Limited	137,500	192,500	** Base rate + 0.75%	7 equal semi-annual installments ending in March 2018	Semi-annually
4	Dubai Islamic Bank	900,000	-	** Base rate + 0.35%	10 equal semi annual instalments ending in September 2020	Half yearly
5	Bank Islami	800,000	-	* Base rate + 0.2%	16 quarterly equal instalments ending in September 2020	Quarterly
6	Habib Bank Limited	1,350,000	-	* Base rate + 0.35%	20 quarterly equal instalments ending in December 2020	Quarterly
Foreign Currency						
7	Eco Trade and Development Bank US$ 4.663 million (2015: US$ 9.327 million)	488,251	948,522	*** Base rate + 1.65%	4 equal semi-annual instalments ending in May, 2017	Semi-annually
		3,785,126	1,712,897			

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

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

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

7.2 Security

Loan 1

The loan is secured by an initial ranking charge over present and future land, building and plant and machinery of the Company to the tune of Rs 1,066.667 million. The total facility amount available is Rs 800 million.

Loan 2

The loan is secured by first pari passu charge over the present and future fixed assets of the Subsidiary Company - NPPCL amounting to Rs 334 Million.

Loan 3

The loan is secured by first pari passu charge on equipment and machinery of the Subsidiary Company - NPPCL amounting Rs. 293.33 million.

Loan 4

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

Loan 5

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

Loan 6

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

Loan 7

The loan is secured by first pari passu charge over all present and future fixed assets of the Parent ompany amounting to USD 27.980 million. The total facility amount available is USD 20.985 million.

	2016	2015
	(Rupees in thousand)	

8. Long term deposits

	2016	2015
Customers	41,382	39,102
Others	36,431	32,901
	77,813	72,003

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

	2016	2015
	(Rupees in thousand)	

9. Retirement benefits

		2016	2015
Staff Gratuity	- note 9.1	1,962	33,345
Accumulating compensated absences	- note 9.2	109,373	104,240
		111,335	137,585

9.1 Staff gratuity

The amounts recognised in the consolidated balance sheet are as follows:

	2016	2015
Present value of defined benefit obligation	404,923	352,380
Fair value of plan assets	(402,961)	(319,035)
Liability as at June 30	1,962	33,345

9.1.1 Movement in net liability for staff gratuity

	2016	2015
Net liability as at July 1	33,345	112,513
Current service cost	43,706	38,935
Net interest on defined benefit obligation	33,211	35,487
Return on plan assets during the year	(31,133)	(27,958)
	45,784	46,464
Total remeasurements for the year charged to other comprehensive income	(53,099)	(14,247)
Contributions made by the Parent Company during the year	(24,068)	(111,385)
Liability as at June 30	1,962	33,345

9.1.2 Movement in present value of defined benefit obligation

	2016	2015
Present value of defined benefit obligation as at July 1	352,380	273,597
Current service cost	43,706	38,935
Interest cost	33,211	35,487
Benefits paid during the year	(23,512)	(11,549)
Remeasurements:		
- Actuarial (gains) / losses from changes in demographic assumptions	-	-
- Actuarial (gains) / losses from changes in financial assumptions	(6,847)	-
- Experience adjustments	5,985	15,910
	(862)	15,910
Present value of defined benefit obligation as at June 30	404,923	352,380

	2016	2015
	(Rupees in thousand)	

9.1.3 Movement in fair value of plan assets

	2016	2015
Fair value of plan assets as at July 1	319,035	161,084
Interest income on plan assets	31,133	27,958
Contributions during the year	24,068	111,385
Benefits paid during the year	(23,512)	(11,549)
Remeasurements in fair value of plan assets	52,237	30,157
Fair value of plan assets as at June 30	402,961	319,035

9.1.4 Plan assets

Plan assets are comprised as follows:

	2016		2015	
	(Rs in '000')	Percentage	(Rs in '000')	Percentage
Plan assets				
Cash and other deposits	1,010	0.25%	902	0.28%
Debt instruments	348,735	86.54%	318,133	99.72%
Deposits	53,216	13.21%	-	0.00%
	402,961	100.00%	319,035	100.00%

	2016	2015
	(Rupees in thousand)	

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

	2016	2015
Current service cost	43,706	38,935
Interest cost	33,211	35,487
Interest income on plan assets	(31,133)	(27,958)
Total expense for the year	45,784	46,464
Less: Expense capitalized during the year	(1,767)	(1,314)
Expense charged to the profit and loss account	44,017	45,150

9.1.6 Total remeasurements charged to other comprehensive income

	2016	2015
Actuarial (gains) / losses from changes in demographic assumptions	-	-
Actuarial (gains) / losses from changes in financial assumptions	(6,847)	-
Experience adjustments	5,985	15,910
	(862)	15,910
Remeasurements in plan assets, excluding interest income	(52,237)	(30,157)
Total remeasurements charged to other comprehensive income	(53,099)	(14,247)

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

	2016	2015	2014	2013	2012
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	404,923	352,380	273,597	225,816	167,467
Fair value of plan assets	(402,961)	(319,035)	(161,084)	(149,756)	(82)
Deficit	1,962	33,345	112,513	76,060	167,385
Experience adjustment arising on plan obligation	(862)	15,910	16,362	17,256	10,222
Experience adjustment on plan assets	52,237	30,157	(1,473)	1,396	33

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

		2016	2015
Discount rate	Per annum	7.25%	9.75%
Expected rate of increase in salary	Per annum	6.25%	8.75%
Rate of interest income on plan assets	Per annum	13.25%	13.25%
Duration of the plan	Number of years	9	8

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

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of defined benefit obligation	322,950	383,172	383,540	322,136

9.1.10 The Company expects to pay Rs 45.234 million in contributions to defined benefit plan during the year ending June 30, 2017.

		2016	2015
		(Rupees in thousand)	
9.2 Accumulating compensated absences			
Opening balance		116,910	100,344
Expenses recognised		30,403	35,574
Benefits paid		(25,270)	(19,008)
		122,043	116,910
Payable within one year	- note 14	(12,670)	(12,670)
Closing balance		109,373	104,240

	2016	2015
	(Rupees in thousand)	

9.2.1 Movement in liability for accumulating compensated absences

	2016	2015
Present value of accumulating compensated absences as at July 1	116,910	100,344
Current service cost	22,416	23,236
Interest cost	10,167	12,036
Benefits paid during the year	(25,270)	(19,008)
Remeasurements:		
- Actuarial (gains)/losses from changes in demographic assumptions	-	-
- Actuarial (gains)/losses from changes in financial assumptions	-	-
- Experience adjustments	(2,180)	302
	(2,180)	302
Present value of accumulating compensated absences as at June 30	122,043	116,910

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

	2016	2015
Current service cost	22,416	23,236
Interest cost	10,167	12,036
Remeasurement during the year	(2,180)	302
Total expense for the year	30,403	35,574
Less: Expense capitalized during the year	(1,735)	(1,217)
Expense charged to the profit and loss account	28,668	34,357

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

	2016	2015	2014	2013	2012
	(Rupees in thousand)				
As at June 30					
Present value of accumulating compensated absences	122,043	116,910	100,344	88,338	74,381
Experience adjustment arising on obligation	(2,180)	302	6,704	17,205	14,739

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

		2016	2015
Discount rate	Per annum	7.25%	9.75%
Expected rate of increase in salary	Per annum	6.25%	8.75%
Duration of the plan	Number of years	7	8
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	SLIC 2001-2005 mortality table

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

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
		(Rupees in thousand)		
Present value of obligation	109,861	127,982	128,115	109,599

	Officers		Workers	
	2016 (days)	2015 (days)	2016 (days)	2015 (days)
Average number of leaves				
- Utilised per annum	11.00	11.00	16.00	18.00
- Encashed per annum	9.00	9.00	11.00	9.00
- Encashed per annum in excess of accrued leave of 30 days	0.00	0.25	4.00	2.00

10. Deferred income tax liabilities

	2016	2015
	(Rupees in thousand)	
The liability for deferred taxation comprises temporary differences relating to:		
Deferred tax liability		
Accelerated tax depreciation	5,412,303	5,030,036
Deferred tax assets		
Provision for retirement and other benefits	(32,364)	(40,677)
Unabsorbed tax losses and tax credits	-	(122,925)
	5,379,939	4,866,434

Deferred tax asset on tax losses available for carry forward, minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 and Alternate Corporate Tax ('ACT') paid available for carry forward u/s 113C of the Income Tax Ordinance, 2001 are recognized to the extent that the realisation of related tax benefits through future taxable profits is probable.

The Group has not recognised deferred tax assets of Rs 183.268 million (2015: Rs 183.206 million) in respect of tax losses, as sufficient taxable profits would not be available to set these off in the foreseeable future as referred to in note 35.3 and 35.4.

During the year, NDL has surrendered its available tax losses amounting to Rs 1,073.375 million with a collective tax value of Rs 430.998 million in favour of the Parent company through Group relief under section 59B of the Income Tax Ordinance, 2001."

		2016	2015
		(Rupees in thousand)	

11. Trade and other payables

		2016	2015
Trade creditors	- note 11.1	1,604,173	933,036
Infrastructure cess		148,383	140,641
Advances from customers		595,869	380,547
Accrued liabilities		1,799,629	1,252,021
Workers' profit participation fund	- note 11.2	694,111	1,342,564
Workers' welfare fund	- note 11.3	167,692	91,596
Federal excise duty payable		56,568	40,967
Custom duty payable		-	2,278
Withholding tax payable		20,338	14,138
Retention money payable		75,619	25,331
Unclaimed dividends		22,197	18,089
Advances against sale of scrap		5,578	6,949
Advance against sale of fixed asset		1,522	-
Unclaimed dividend on redeemable preference shares		127	125
Export commission payable		50,314	44,750
Others	- note 11.4	54,173	60,695
		5,296,293	4,353,727

11.1 Trade creditors include amount due to related parties amounting to Rs 5.180 million (2015: Rs 6.798 million).

	2016	2015
	(Rupees in thousand)	
Nishat Agriculture Farming (Private) Limited	1,543	2,725
Nishat Developers (Private) Limited	1,906	-
Adamjee Insurance Company Limited	45	2,590
Security General Insurance Company Limited	1,686	1,483
	5,180	6,798

11.2 Workers' profit participation fund

		2016	2015
Opening balance		1,342,564	900,718
Provision for the year	- note 32	691,792	524,619
Interest for the year	- note 34	2,529	2,380
		2,036,885	1,427,717
Less: payments made during the year		1,342,774	85,153
Closing balance		694,111	1,342,564

11.3 Workers' welfare fund

		2016	2015
Opening balance		91,596	-
Provision for the year	- note 32	176,074	91,596
		267,670	91,596
Less: Payments made during the year		(99,978)	-
Closing balance		167,692	91,596

11.4 Includes an amount of Rs 0.62 million (2015: Rs 0.266 million) and Nil (2015: Rs 0.199 million) payable to Employees Provident Fund of the NDL and NPPCL respectively.

		2016	2015
		(Rupees in thousand)	

12. Accrued finance cost

Accrued mark-up on:			
- Long term loans - secured		46,859	21,622
- Short term borrowings - secured		13,478	19,424
Preference dividend on redeemable preference shares		84	84
		60,421	41,130

13. Short term borrowings - secured

Short term running finances - secured	- note 13.1	1,426,095	1,106,861
Import finances - secured	- note 13.2	493,911	1,241,673
Export finances - secured	- note 13.3	1,830,000	-
		3,750,006	2,348,534

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 7,100 million (2015: Rs 6,125 million). The rates of mark up are based on Karachi Inter-Bank Offer Rate ("KIBOR") plus spread and range from 5.49% to 8.47% (2015: 6.81% to 11.74%) per annum or part thereof on the balance outstanding. These are secured by first registered charge on all present and future current assets of the Parent Company and NPPCL wherever situated including stores and spares, stock in trade, book debts, investments, receivables.

13.2 Import finances - secured

The Group has obtained import finance facilities aggregating to Rs 7,200 million (2015: Rs 7,975 million) from commercial banks. The rates of mark up based on Karachi Inter-Bank Offer Rate ("KIBOR") plus spread range from 6.74% to 6.75% (2015: 10.44% to 10.56%) per annum and those based on London Inter-Bank Offer Rate ("LIBOR") plus spread range from 1.1% to 3.5% (2015: 1.90% to 4.8%) per annum. The aggregate import finances are secured by a registered charge on all present and future current assets of the Parent Company and NPPCL, wherever situated, including stores and spares, stock in trade, book debts, investments and receivables.

Of the aggregate facility of Rs 36,744 million (2015: Rs 10,578 million) for opening letters of credit and Rs 1,900 million (2015: Rs 2,020 million) for guarantees, the amount utilised as at June 30, 2016 was Rs 13,358 million (2015: Rs 3,271 million) and Rs 913 million (2015: Rs 942 million) respectively. The aggregate facilities for guarantees are secured by a registered charge on current assets of the Parent company. Of the facility for guarantees, Rs 14.48 million (2015: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 27.2.

With respect to subsidiary company NDL, the facilities for opening letters of credits and guarantees as at June 30, 2016 amount to Rs 1,370 million (2015: Rs 700 million) of which the un-utilized amount as of this date was Rs 1,000 million (2015: Rs 474 million). The above aggregate non-funded facilities include Rs 700 million (amount utilized as at June 30, 2015: Rs. 50 million) under permissible shariah arrangements with Islamic banks.

13.3 Export finances - secured

This represents export finance loans obtained from various commercial banks, which carry mark up based on rates notified by State Bank of Pakistan ranging from 3.75% to 4.00% (2015: 5.50% to 7.00%), export finances which carry markup based on Karachi Inter Bank Offer Rate ("KIBOR") ranging from Nil per annum (2015: Nil) and London Inter Bank Offer Rate ("LIBOR") at Nil (2015: Nil). These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Parent company.

		2016	2015
		(Rupees in thousand)	

14. Current portion of non-current liabilities

		2016	2015
Long term finances	- note 7	1,271,376	767,386
Retirement and other benefits	- note 9.2	12,670	12,670
		1,284,046	780,056

15. Contingencies and commitments

15.1 Contingencies

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

15.1.2 During the period 1994 to 1996, the Parent 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 Parent company by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Parent company appealed before the Lahore High Court, Multan Bench, which allowed the Parent company to release the machinery on furnishing indemnity bonds with the Custom Authorities.

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

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

15.1.3 The Competition Commission of Pakistan (the CCP) took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on 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 Parent company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated August 24, 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on August 28, 2009 and imposed a penalty of Rs. 933 million on the Parent company. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Company for the time being.

The vires of the Competition Commission of Pakistan, 2007 have been challenged by a large number of Petitioners and all have been advised by their legal counsels that prima facie the Competition

Commission Ordinance, 2007 is ultra vires of the Constitution. A large number of grounds have been raised by these Petitioners and the matter is currently being adjudicated by the Lahore High Court, the Sindh High Court and the Supreme Court of Pakistan. In all these cases stay orders have been granted by the Courts. Based on the legal opinion, the management is confident that the Parent company has a good case and there are reasonable chances of success in the pending Petition in the Supreme Court of Pakistan.

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

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

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

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

15.1.7 NPPCL filed an appeal before the Commissioner Inland Revenue (CIR) (Appeals), against the amended assessment order dated June 29, 2014 passed by the Additional Commissioner Inland Revenue u/s 122(9)/122(5A) of the Income Tax Ordinance, 2001 for the tax year 2008. Through this order an income tax demand of Rs. 184.61 million was created against NPPCL. Objection was raised on various issues like difference in raw material purchases in income tax and sales tax records, unexplained/unsubstantiated tax deductions claimed, difference in federal excise duty and sales tax liability as per income tax and sales tax returns, brought forward losses not allowed, etc. The assessment order was decided in favor of NPPCL by the CIR (appeals) against which the department has filed appeal before the Appellate Tribunal Inland Revenue which is pending adjudication. The management, based on the advice of its legal counsel, is confident that the matter will be decided in its favor and no financial obligation is expected to accrue. Consequently, no provision has been made in these financial statements.

15.1.8 In the year 2014, NPPCL filed a petition before the honorable Islamabad High Court, against the valuation ruling no 601/2013 which was subsequently superseded by ruling no 721/2015 issued by the Directorate General of Customs Valuation, Custom House, Karachi ('Custom authorities'). As per the valuation ruling, sack Kraft paper shall be assessed to duty/taxes on fixed rate per kilogram, rather than the transaction value based assessment. The honorable Islamabad High Court on January 23, 2015, while allowing the goods to be released on furnishing of bank guarantee for the different amount, dismissed the aforementioned writ petition due to non-jurisdiction of the Court. NPPCL then filed writ petitions no 806/2015 and 846/2015 before the honorable Sindh High Court for declaration and permanent injunction to the effect that value of the goods imported by NPPCL to be assessed u/s 25(2) of the Customs Act, 1969 (existing transaction value based assessment), that ruling 721/2015 is arbitrary and for restraining the custom authorities from encashment of bank guarantees. During the current year, the honorable Sindh High Court, while disposing off both the writ petitions, directed the concerned custom authorities to pass a proper speaking assessment order in terms of Section 80 of the customs Act, 1969 after affording an opportunity of proper hearing to the plaintiff. The Court also restrained encashment of bank guarantees in case of any adverse order unless the plaintiff appeal has been heard at an appellate forum.

Meanwhile NPPCL also filed review petition to Director General of Customs Valuation for revision of ruling 721 and requested to delete Sack Kraft Paper from the valuation ruling. Consequently, upon order of honorable Sindh High Court and presentations made by NPPCL, NPPCL again appealed custom authorities to revise valuation ruling as it is not representing international rates of Kraft paper and make final assessment of goods imported on declared (transaction based) value, the Custom authorities on April 19, 2016 issued fresh valuation ruling no 833/2016 superseding earlier ruling no 721/2015 and further deleting Sack Kraft Paper from the ruling. However, the custom authorities decision on account of final assessment of provisionally released Kraft paper earlier imported against bank guarantees is pending. Pursuant to revision of ruling and Court order, NPPCL is hopeful of a favorable decision. However, being prudent NPPCL has made a provision of Rs. 20.63 million (2015: Rs. 12.61 million) of custom duties that might be payable representing duty determined as per ruling and actual declared value in these financial statements.

15.1.9 NPPCL filed an appeal before the Commissioner Inland Revenue (CIR) (Appeals), against the amended assessment order dated December 31, 2014 passed by the Deputy Commissioner Inland Revenue (DCIR) u/s 122(9)/122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The DCIR through the order made additions u/s 21 mainly on account of non-deduction of tax on interest and freight payments thereby reducing the declared loss of tax year 2011 by Rs. 56.19 million. Further the amount of refund was reduced by Rs. 2.05 million through levy of Workers Welfare Fund. The case was heard by CIR appeals and order is awaited. The management, based on the advice of its legal counsel, is confident that the matter will be decided in its favor and no financial obligation is expected to accrue. Consequently, no provision been made in these financial statements.

15.1.10 In the year 2012, NPPCL had written back the provisions created on account of Workers' Welfare Fund (WWF) relating to years 2010 and 2011 based on the judgment issued by the Honorable Lahore High Court through order dated August 19, 2011. The Honorable Lahore High Court, through such order, has held the amendments introduced to the Workers Welfare Fund Ordinance, 1971 through Finance Act, 2006 and Finance Act, 2008 as ultra vires the constitution and, since NPPCL did not have any taxable income for said years, NPPCL had reversed the provision made for WWF in respect of above mentioned years amounting to Rs. 2.10 million. Furthermore, pursuant to the order of the Honorable Lahore High Court, no provision for WWF has been made by NPPCL for the year 2012 to 2015 based on the rationale that NPPCL does not have taxable income in those years. In the absence of the Lahore High Court order, the provision for WWF based on accounting profit for the year 2012 to 2015 amounts to Rs. 8.48 million. However, NPPCL remains contingently liable for the WWF amounts as aforementioned till such time that finality is achieved at the highest appellate forum.

15.1.11 The Parent Company has issued the following guarantees in favour of:

- Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs 33.627 million (2015: Rs 54.377 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 425.9 million (2015: Rs 425.9 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs 3 million (2015: Rs 3 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2015: Rs 0.5 million).

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use for Khairpur Project and for D.G Khan Project respectively amounting to Rs 427.606 million (2015: Rs 382.235 million).

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, DG Khan) amounting to Rs 0.05 million (2015: Rs 0.05 million).

- Sindh High Court against levy of Sales Tax, custom duty and excise amounting to Rs 15.423 million (2015: 15.423 million).

- The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs 5 million (2015: Rs 15 million).

- Guarantees against export orders amounting to Rs 2.094 million (2015: Rs 46.096 million).

15.1.12 With respect to the NPPCL, Habib Bank Limited has issued a bank guarantee for Rs 50.39 million (2015: Rs 29.09 million) in favour of Directorate General of Customs Valuation, Custom House, Karachi as a security against the pending case. The guarantee will expire after the final decision on this case is announced.

United Bank Limited and Bank Al-Habib has issued a bank guarantee for Rs. 46.92 million (2015: 45.92 million) in favour of The Director Excise and Taxation, Karachi as a security against the pending case. The guarantee will expire after the final decision on this case is announced.

15.1.13 With respect to the NDL, letter of guarantee of Rs 14 million (2015: Rs 14 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

15.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 274.830 million (2015: Rs 427.335 million)
(ii) Letters of credits for capital expenditure Rs 11,195.826 million (2015: Rs 2,274.836 million)
(iii) Letter of credit other than capital expenditure Rs 1,425.616 million (2015: Rs 1,183.407 million).
(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2016	2015
	(Rupees in thousand)	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	4,976	5,309
	6,632	6,965

16. Property, plant and equipment

		2016	2015
Operating assets	- note 16.1	35,288,238	31,693,136
Capital work-in-progress	- note 16.2	7,684,010	1,894,473
Major spare parts and stand-by equipment	- note 16.3	95,368	105,469
		43,067,616	33,693,078

16.1 Operating assets

2016 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2015	Additions/ (Deletions)	Cost as at 30 June 2016	Accumulated depreciation as at July 01, 2015	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2016	Book value as at June 30, 2016
Freehold land	-	1,054,329	829,502	1,883,831	-	-	-	1,883,831
Leasehold land	3.33	63,000	-	63,000	15,750	2,100	17,850	45,150
Buildings on freehold land								
- Factory building	5 - 10	8,556,091	1,148,910	9,705,001	3,558,776	498,476	4,057,252	5,647,749
- Office building and housing colony	5	838,426	426,872	1,265,298	331,042	27,148	358,190	907,108
Roads	10	588,599	-	588,599	322,793	26,580	349,373	239,226
Plant and machinery	3.33 - 10	34,764,279	2,927,404	37,687,903	11,676,597	1,336,134	13,012,731	24,675,172
			(3,780)					
Factory and quarry equipment	10 - 20	1,937,566	172,100	2,109,666	1,240,033	112,310	1,351,515	758,151
						(828)		
Furniture, fixture and office equipment	10 - 30	430,659	89,289	519,948	172,298	31,294	203,592	316,356
Vehicles	20	477,527	154,170	580,182	171,178	61,389	211,388	368,794
			(51,515)			(21,179)		
Aircraft	30	328,752	-	328,752	203,856	37,453	241,309	87,443
Power and water supply lines								
and installations	10	643,581	48,215	691,796	297,350	35,188	332,538	359,258
2016		49,682,809	5,796,462	55,423,976	17,989,673	2,168,072	20,135,738	35,288,238
			(55,295)			(22,007)		

2015 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2014	Acquisition of subsidiary (note 46.1.2)	Additions/ (Deletions)	Cost as at 30 June 2015	Accumulated depreciation as at July 01, 2014	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015
Freehold land	0	601,362	332,960	120,007	1,054,329	-	-	-	1,054,329
Leasehold land	3.33	63,000	-	-	63,000	13,650	2,100	15,750	47,250
Buildings on freehold land									
- Factory building	5 - 10	6,862,482	1,488,101	205,508	8,556,091	3,089,726	469,050	3,558,776	4,997,315
- Office building and housing colony	5	827,410	-	11,016	838,426	304,505	26,537	331,042	507,384
Roads	10	582,737	-	5,862	588,599	293,259	29,534	322,793	265,806
Plant and machinery	3.33 - 10	33,600,494	591,049	604,587 (31,851)	34,764,279	10,398,517	1,284,848 (6,768)	11,676,597	23,087,682
Factory and quarry equipment	10 - 20	1,762,387	46,319	128,860	1,937,566	1,136,885	103,148	1,240,033	697,533
Furniture, fixture and office equipment	10 - 30	356,034	16,374	58,251	430,659	146,892	25,406	172,298	258,361
Vehicles	20	382,014	37,362	86,179 (28,028)	477,527	138,659	49,140 (16,621)	171,178	306,349
Aircraft	30	328,752	-	-	328,752	150,352	53,504 -	203,856	124,896
Power and water supply lines and installations	10	507,111	113,223	23,247	643,581	264,978	32,372	297,350	346,231
2015		45,873,783	2,625,388	1,243,517 (59,879)	49,682,809	15,937,423	2,075,639 (23,389)	17,989,673	31,693,136

16.1.1 Freehold land and building include book values of Rs 12 million (2015: Rs 12 million) and Rs 5.784 million (2015: Rs 6.089 million) respectively which are held in the name of Chief Executive of the Parent Company. This property is located in the locality of Defence Housing Authority where the by-laws restrict transfer of title of the residential property in the name of the Parent Company.

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

		2016	2015
		(Rupees in thousand)	
Cost of sales	- note 29	2,084,981	1,982,504
Administrative expenses	- note 30	78,645	88,807
Selling and Distribution expenses	- note 31	4,446	4,328
		2,168,072	2,075,639

16.1.3 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

2016 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant & Machinery	**Outsiders**						
	M/s Shareef Dairy Farm	2,282	503	1,779	816	(963)	Negotiation
	Mr. Muhammad Nadeem	1,427	310	1,117	560	(557)	Negotiation
	Mr. Ali Imran	71	16	55	30	(25)	Negotiation
Vehicles	**Employees**						
	Muhammad Naveed Akhtar	2,008	1,187	821	1,330	509	Auction
	Ghulam Ahmad Alvi	1,586	757	829	841	12	-do-
	Outside parties						
	Nadeem	822	521	301	617	316	Auction
	Ghulam Nabi	662	534	128	618	490	-do-
	Nadeem	822	521	301	638	337	-do-
	Mr. Asim	837	535	302	671	369	-do-
	Yasir Hussain	822	521	301	713	412	-do-
	Khurram Imtiaz	1,394	772	622	1,213	591	-do-
	Khurram Imtiaz	1,973	1,073	900	1,459	559	-do-
	Khurram Mahmood	2,150	1,107	1,043	1,590	547	-do-
	Khurram Imtiaz	1,587	557	1,030	1,393	363	-do-
	Khurram Imtiaz	398	295	103	363	260	-do-
	Kamran Ghulam Mustufa	500	314	186	375	189	-do-
	Zeeshan Haider Raza	555	423	132	536	404	-do-
	Asim	842	534	308	667	359	-do-
	Fareed Khan	842	534	308	716	408	-do-
	Muhammad Perwaiz	1,325	797	528	1,123	595	-do-
	Muhammad Perwaiz	1,354	814	540	1,223	683	-do-
	Khurram Imtiaz	2,097	1,093	1,004	1,621	617	-do-
	Security General Insurance Company Limited	28,939	8,289	20,650	28,044	7,394	Insurance Claim
Other assets with book value less than Rs 50,000		-	-	-	-	-	
		55,295	**22,007**	**33,288**	**47,157**	**13,869**	

2015 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant & Machinery							
	Asset written off	7,042	1,955	5,087	-	(5,087)	Assets written off
	Asset retired for overhauling	7,000	1,953	5,047	-	-	Retired from use
	Outsider						
	M/s Shareef Dairy Farm	1,427	285	1,142	510	(632)	Negotiation
	M/s Umer Farms (Private) Limited	5,706	1,098	4,608	2,372	(2,236)	Negotiation
	Mr. Rafaqat Ali	1,141	229	912	405	(507)	Negotiation
	M/s Cemcon (Private) Limited	6,103	605	5,498	1,538	(3,960)	Negotiation
	Mr. Ijaz Hussain	285	48	237	284	47	Negotiation
	M/s Zulfiqar Dairy Farm	285	57	228	86	(142)	Negotiation
	M/s Monaco Dairy Farm	143	28	115	49	(66)	Negotiation
	M/s Akeel Enterprises	71	14	57	26	(31)	Negotiation
	M/s Shareef Dairy Farm	1,427	289	1,138	510	(628)	Negotiation
	M/s Eastern Dairy (Private) Limited	650	86	564	838	274	Negotiation
	Mr. Syed Hassan Ali	571	121	450	202	(248)	Negotiation
Vehicles	**Employees**						
	Munir Shah	662	452	210	218	8	Company policy
	Akhund Saeed Khaliq	1,325	653	672	706	34	Company policy
	Irfan Ahmad	1,301	804	497	1,088	591	Company policy
	Outside parties						
	Nasir Zahoor	275	191	84	549	465	Auction
	Adnan Anwar	662	460	202	627	425	-do-
	Rizwan Khan	1,269	804	465	1,060	595	-do-
	Muhammad Bilal	1,269	804	465	1,140	675	-do-
	Rashid Saleemi	1,337	724	613	1,210	597	-do-
	Khurram Imtiaz	2,449	1,718	731	3,235	2,504	-do-
	Habib Asad Khan	969	732	237	964	727	-do-
	Mirza Abdul Hafeez	1,306	1,118	188	627	439	-do-
	Muhammad Asim	2,679	1,589	1,090	2,398	1,308	-do-
	Nadeem Gull	822	456	366	732	366	-do-
	Irfan Ahmad	1,354	837	517	1,066	549	-do-
	Syed Mazhar Jamil	1,756	1,265	491	1,650	1,159	-do-
	Muhammad Awais	427	309	118	432	314	-do-
	Faisal Mahmood	969	757	212	831	619	-do-
	Asim Mumtaz	555	437	118	653	535	-do-
	Muhammad Naeem	500	277	223	473	250	-do-
	Security General Insurance Company Limited	1,056	382	674	1,000	326	Insurance Claim
	M/s Burden Bros.	5,086	1,852	3,234	318	(2,916)	Negotiation
Other assets with book value less than Rs 50,000		-	-	-	-	-	
		59,879	**23,389**	**36,490**	**27,797**	**(3,646)**	

16.2 Capital work-in-progress

2016 (Rupees in thousand)

	Balance as at June 30, 2015	Acquisition of subsidiary (note 46.1.2)	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2016
Civil works	728,778	-	1,112,271	-	(6,597)	19,822	(1,538,974)	315,300
Plant and machinery	656,348	-	5,566,930	141,457	(1,543)	16,711	(2,910,144)	3,469,759
Advances	101,856	-	1,341,749	-	(54)	-	(306,604)	1,136,947
Others	42,519	-	10,667	-	-	(36,533)	(13,698)	2,955
Expansion Projects:								
- Civil works	76,848	-	1,908,278	-	-	-	-	1,985,126
- Plant and Machinery	-	-	45,184	-	-	-	-	45,184
- Others	288,124	-	440,615	-	-	-	-	728,739
	1,894,473	-	10,425,694	141,457	(8,194)	-	(4,769,420)	7,684,010

2015 (Rupees in thousand)

	Balance as at June 30, 2014	Acquisition of subsidiary (note 46.1.2)	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2015
Civil works	288,234	58,785	563,529	-	(275)	-	(181,495)	728,778
Plant and machinery	101,548	43,764	890,234	-	(306)	-	(378,892)	656,348
Advances	60,903	-	156,300	-	-	-	(115,347)	101,856
Others	16,813	-	35,253	-	-	-	(9,547)	42,519
Expansion Projects:								
- Civil works	24,701	-	52,147	-	-	-	-	76,848
- Others	142,119	-	146,005	-	-	-	-	288,124
	634,318	102,549	1,843,468	-	(581)	-	(685,281)	1,894,473

	2016	2015
	(Rupees in thousand)	

16.3 Major spare parts and stand-by equipment

	2016	2015
Balance at the beginning of the year	105,469	246,341
Additions during the year	126,515	167,272
Transfers made during the year	(136,616)	(308,144)
Balance at the end of the year	95,368	105,469

17. Biological assets

Dairy livestock

		2016	2015
- Mature		540,051	1,032,166
- Immature		120,440	117,633
	- note 17.1	660,491	1,149,799

17.1 Reconciliation of carrying amounts of livestock

	2016	2015
Opening balance	1,149,799	-
Acquisition of subsidiary	-	60,457
Increase due to purchases during the year	1,128	403,836
	1,210,927	1,364,293
Fair value gain due to new births	36,243	36,494
Changes in fair value (due to price change and biological transformation)	(43,132)	(102,721)
	(6,889)	(66,227)
Decrease due to deaths/ livestock losses	(32,383)	(40,058)
Decrease due to sale of livestock	(511,164)	(108,209)
	(543,547)	(148,267)
Carrying amount at the end of the year which approximates the fair value	660,491	1,149,799

17.2 As at June 30, 2016 the Group held 3,135 (2015: 4,390) mature assets able to produce milk and 2,084 (2015: 2,115) immature assets that are being raised to produce milk in the future. During the post-acquistion period, 2,449 (2015 : 527) cows were sold and the Group produced approximately 20,905,116 (2015: 25,937,656) gross liters of milk from these biological assets. As at June 30, 2016, the Group also held 127 (2015: Nil) immature male calves.

17.3 The valuation of dairy livestock as at June 30, 2016 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, 2016. 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.

18. Intangible assets

		2016	2015
		(Rupees in thousand)	
This represents Oracle ERP system.			
Cost			
As at July 1		92,260	92,260
Additions		-	-
As at June 30		92,260	92,260
Less: Accumulated amortisation			
As at July 1		73,808	55,356
Amortisation for the year	- note 18.1	18,452	18,452
As at June 30		92,260	73,808
		-	18,452

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

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

		2016	2015
		(Rupees in thousand)	
Cost of sales	- note 29	12,916	12,916
Administrative expenses	- note 30	2,768	2,768
Selling and distribution expenses	- note 31	2,768	2,768
		18,452	18,452

19. Investments

		2016	2015
These represent the long term investments in:			
- Related parties	- note 19.1	3,370,122	2,522,403
- Others - available for sale	- note 19.2	151,263	133,089
		3,521,385	2,655,492
Cumulative fair value gain	- note 19.3	6,919,855	7,708,917
		10,441,240	10,364,409

	2016	2015
	(Rupees in thousand)	
19.1 Related Parties		
Nishat Chunian Limited - quoted - available for sale		
7,173,982 (2015: 5,961,549) fully paid ordinary shares of Rs 10 each		
Equity held: 2.99% (2015: 2.98%)		
Market value - Rs 254.102 million (2015: Rs 218.968 million)	75,565	45,254
	75,565	45,254
MCB Bank Limited		
21,519,115 (2015: 21,305,315) fully paid ordinary shares of Rs 10 each		
Equity held: 1.94% (2015: 1.91%)		
Market value Rs 4,734.635 million (2015: Rs 5,307.580 million)	169,463	125,834
	169,463	125,834
Adamjee Insurance Company Limited		
20,988,735 (2015: 16,053,735) fully paid ordinary shares of Rs 10 each		
Equity held: 6% (2015: 4.59%)		
Market value - Rs 1,052.794 million (2015: Rs 764.479 million)	917,238	643,459
Less: Cumulative impairment Loss	(118,703)	(118,703)
	798,535	524,756
Associates - quoted - available for sale		
Nishat Mills Limited		
30,289,501 (2015: 30,289,501) fully paid ordinary shares of Rs 10 each		
Equity held: 8.61% (2015: 8.61%)		
Market value - Rs 3,268,237 million (2015: Rs 3,460 million)	1,577,174	1,577,174
Less: Cumulative impairment Loss	(250,615)	(250,615)
	1,326,559	1,326,559
Associates - unquoted		
Nishat Hotels and Properties Limited		
100,000,000 (2015: 50,000,000) fully paid ordinary shares of Rs 10 each		
Equity held: 10.42% (2015: 6.25%) - note 19.1.2	1,000,000	500,000
	1,000,000	500,000
	3,370,122	2,522,403

19.1.1 Nishat Mills Limited and Nishat Hotels and Properties Limited are associated companies as per the Companies Ordinance, 1984, however, for the purpose of measurement, these have been classified as available for sale and measured at fair value as the Group does not have significant influence over these companies.

19.1.2 The Company's investment in ordinary shares of Nishat Hotels and Properties Limited has been valued at Rs 10 per share which corresponds to the fair value at the reporting date.

	2016	2015
	(Rupees in thousand)	

19.2 Others - available for sale

	2016	2015
First Capital Mutual Fund		
104,457 (2015: 104,457) certificates of Rs 10 each		
Equity held 0.35% (2015: 0.35%)		
Market value - Rs 1.232 million (2015: Rs 1.250 million)	890	890
Less: Cumulative impairment Loss	(678)	(678)
	212	212
Pakistan Petroleum Limited		
595,382 (2015: 459,782) fully paid ordinary shares of Rs 10 each		
Equity held: 0.03% (2015: 0.02%)		
Market value - Rs 92.313 million (2015:Rs 72.525)	117,405	99,231
	117,405	99,231
United Bank Limited		
214,354 (2015: 214,354) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2015: 0.02%)		
Market value - Rs 37.924 million (2015: 36.637 million)	33,646	33,646
	33,646	33,646
	151,263	133,089

19.3 Cumulative fair value gain

	2016	2015
As at July 01	7,708,917	8,796,807
Fair value (loss) / gain recognized in other comprehensive income	(789,062)	(1,087,890)
	6,919,855	7,708,917
Gain during the year transferred to profit and loss account on derecognition of investment in shares	-	-
As at June 30	6,919,855	7,708,917

19.4 Investments with a face value of Nil (2015: Nil) are pledged as security against bank facilities. 3,860,267 (2015: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

		2016	2015
		(Rupees in thousand)	

20. Long term loans, advances and deposits

		2016	2015
Considered Good			
- Loans to related parties	- note 20.1	-	17,205
- Other loans and advances	- note 20.2	58,842	53,197
		58,842	70,402

20.1 Loans and advances to related parties

		2016	2015
Loan to related party	- note 20.1.1	17,206	34,411
Less: receivable within one year		17,206	17,206
		-	17,205

20.1.1 This represents an unsecured loan of Rs 12.250 million and Rs 4.956 million (2015: Rs 24.500 million and Rs 9.911 million) given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of infrastructure for the supply of natural gas to the plants at D.G. Khan and Khairpur respectively. Mark up is charged at rates ranging from 1.5% to 2% per annum (2015: 1.5% to 2% per annum) respectively and is received annually. The principal amount is receivable in 4 equal annual instalments ending December, 2016 and March, 2017, respectively. The maximum aggregate amount outstanding during the year was Rs 17.206 million (2015: Rs 34.411 million).

20.2 Other loans and advances

		2016	2015
		(Rupees in thousand)	
Loans to employees			
- Executives	- note 20.2.1	105	137
- Others		1,973	2,848
		2,078	2,985
Less: receivable within one year			
- Executives		26	32
- Others		671	875
		697	907
		1,381	2,078
Security deposits		57,461	51,119
		58,842	53,197

20.2.1 Executives

	2016	2015
Opening balance	137	40
Transfer from others to executives	-	145
Interest accrued	-	10
	137	195
Less: repayment during the year	32	58
	105	137

These represent secured loans given to executives and other 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 given to executives and other employees carry interest at the rate of 10% per annum (2015: 10% per annum) except for loans given to workers which are interest free.

The loans of Rs 2.078 million (2015: Rs 2.985 million) are secured against the employees' respective retirement benefits.

The maximum aggregate amount due from executives at any time during the year was Rs 0.137 million (2015: Rs 0.185 million).

21. Stores and spares

	2016	2015
	(Rupees in thousand)	
Stores [including in transit: Rs 58.623 million (2015: Rs 284.723 million)]	1,613,215	1,213,055
Spare parts [including in transit Rs 9.570 million (2015: Rs 12.262 million)]	2,505,475	2,548,784
Loose tools	5,786	4,010
	4,124,476	3,765,849

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

		2016	2015
		(Rupees in thousand)	

22. Stock-in-trade

	2016	2015
Raw materials [including in transit Rs 199.4 million (2015: Rs 222.1 million)]	464,509	656,271
Packing material [including in transit Rs 17.004 million (2015: Rs 8.794 million)]	200,312	190,884
Animal Forage	214,356	179,039
Work-in-process	166,940	508,578
Finished goods	292,094	378,542
	1,338,211	1,913,314

23. Trade debts - considered good

		2016	2015
Secured		148,052	61,038
Unsecured			
- Related parties	- note 23.1	13,587	11,802
- Others		363,335	358,232
		524,974	431,072

23.1 Related parties - unsecured

	2016	2015
Nishat Hospitality (Private) Limited	537	537
Nishat Linen (Private) Limited	221	-
Nishat Hotels and Properties Limited	12,822	10,114
Nishat Spinning (Pvt) Ltd	-	711
Nishat Agriculture Farming (Pvt) Ltd	7	-
Nishat Chunian Limited	-	440
	13,587	11,802

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

	1 to 3 months	More than 3 months	As at June 30, 2016	As at June 30, 2015
	(Rupees in thousand)			
Nishat Hospitality (Private) Limited	-	537	537	537
Nishat Linen (Private) Limited	-	221	221	-
Nishat Hotels and Properties Limited	4,530	8,292	12,822	10,114
MCB Bank Limited	-	-	-	-
Nishat Spinning (Pvt) Ltd	-	-	-	711
Nishat Chunian Limited	-	-	-	440
Nishat Agriculture Farming (Pvt) Ltd	7	-	7	-
	4,537	9,050	13,587	11,802

		2016	2015
		(Rupees in thousand)	

24. Investments

		2016	2015
Available for sale - quoted			
Related parties	- note 24.1	479,118	479,066
		479,118	479,066
Cumulative fair value gain	- note 24.2	17,339,888	19,696,355
		17,819,006	20,175,421
At fair value through profit or loss			
Others	- note 24.3	41	3,173,215
Related Parties	- note 24.4	-	1,507,206
		41	4,680,421
		17,819,047	24,855,842

24.1 Related Parties - quoted

	2016	2015
MCB Bank Limited		
80,971,917 (2015: 80,971,917) fully paid ordinary shares of Rs 10 each Equity held: 7.27% (2015: 7.27%) Market value Rs 17,815.441 million (2015: Rs 20,171.724 million)	478,286	478,234
	478,286	478,234
Nishat Chunian Limited		
100,620 (2015: 100,620) fully paid ordinary shares of Rs 10 each Equity held: 0.042% (2015: 0.05%) Market value - Rs 3.564 million (2015: Rs 3.696 million)	832	832
	832	832
	479,118	479,066

24.2 Cumulative fair value gain

	2016	2015
	(Rupees in thousand)	
As at July 01	19,696,355	23,926,087
Fair value (loss) / gain recognized in other comprehensive income	(2,356,467)	(4,199,486)
	17,339,888	19,726,601
Gain during the year transferred to consolidated profit and loss account on derecognition of investment in shares	-	(30,246)
As at June 30	17,339,888	19,696,355

		2016	2015
		(Rupees in thousand)	
24.3 Others - At fair value through profit or loss			
Habib Bank Limited - Quoted			
210 (2015: 210) fully paid ordinary shares of Rs 10 each			
Equity held: 0.00% (2015: 0.00%)			
Cost - Rs 0.024 million (2015: Rs 0.024 million)		41	45
		41	45
ABL Government Securities fund			
Nil (2015: 316,292,242) units			
Cost Nil (2015: 3,171.589 million)		-	3,173,170
		-	3,173,170
		41	3,173,215
24.4 Related parties - At fair value through profit or loss			
MCB Pakistan Sovereign Fund (MCB-PSF)			
Nil (2015: 15,057,137) units			
Cost Nil (2015: Rs 1,505.964 million)		-	1,507,206
		-	1,507,206

25. Advances, deposits, prepayments and other receivables

		2016	2015
Current portion of loans to employees - considered good		697	907
Current portion of long term receivable from related party		17,206	17,206
Advances - considered good			
- To employees	- note 25.1	18,996	2,421
- To suppliers		206,690	260,621
		225,686	263,042
Due from related parties	- note 25.2	5,776	6,625
Prepayments		14,023	5,025
Mark-up receivable from related party	- note 25.3	140	280
Profit receivable on bank deposits		36,325	1,956
Advance against investment in shares		-	30,311
Letters of credit - margins, deposits, opening charges, etc		-	9,537
Claims recoverable from government			
- Sales tax	- note 25.4	263,177	507,274
- Excise duty		17,243	17,825
- Export rebate		15,469	63,696
		295,889	588,795
Other receivables		8,656	56,340
		604,398	980,024

25.1 Included in advances to employees are amounts due from executives of Rs 6.019 million (2015: Rs 1.411 million).

	2016	2015
	(Rupees in thousand)	

25.2 Due from related parties - unsecured

	2016	2015
Nishat Mills Limited	5,287	6,136
Nishat Developers (Private) Limited	489	489
	5,776	6,625

25.3 This represents mark-up receivable from Sui Northern Gas Pipelines Limited against the loan as referred to in note 20.1.

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

26. Derivative financial instrument

		2016	2015
		(Rupees in thousand)	
Classified under current liabilities			
Cross currency interest rate swap	- note 26.1	-	-
Classified under current assets			
Cross currency interest rate swap	- note 26.1	14,701	9,873

26.1 This represents derivative cross currency interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Parent Company pays Karachi Inter-Bank Offered Rate ('KIBOR') minus bank spread to the arranging bank on the notional Pak Rupee (PKR) amount for the purposes of the cross currency swap, and receives London Inter-Bank Offered Rate ('LIBOR') on the notional US Dollar (USD) amount from the arranging bank. There have been no transfers of liabilities under the arrangements, only the nature of the interest payment has changed. The derivative cross currency swap outstanding as at June 30, 2016 has been marked to market and the resulting loss has been included in the consolidated profit and loss account.

27. Cash and bank balances

		2016	2015
		(Rupees in thousand)	
At banks:			
Saving accounts			
Local currency	- note 27.1 & 27.2	199,005	126,175
Foreign Currency: US$ 1,423,638 (2015: US$ 765,885)		149,055	77,737
Term deposit receipts		6,275,120	-
Current accounts		393,766	60,499
		7,016,946	264,411
Cash in hand		5,148	1,566
		7,022,094	265,977

27.1 The balances in saving accounts bear mark-up at 6% to 8% per annum (2015: 4.5% to 8% per annum).

27.2 Included in balances at banks on saving accounts are Rs 14.480 million (2015: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.2.

		2016	2015
		(Rupees in thousand)	

28. Sales

		2016	2015
Local sales		35,835,780	31,268,137
Export sales	- note 28.1	3,855,019	3,711,942
		39,690,799	34,980,079
Less:			
Sales tax		5,770,572	5,052,720
Excise duty and special excise duty		1,626,039	1,373,029
Commission to stockists and export agents		347,574	332,863
		7,744,185	6,758,612
		31,946,614	28,221,467

28.1 Export sales include rebate on exports amounting to Rs 21.609 million (2015: Rs 20.527 million).

29. Cost of sales

		2016	2015
		(Rupees in thousand)	
Raw and packing materials consumed		2,781,955	2,818,388
Forage		1,010,226	663,728
Medicines and related items		142,799	128,112
Salaries, wages and other benefits	- note 29.1	1,810,571	1,451,996
Electricity and gas		2,137,819	2,769,468
Furnace oil and coal		6,482,072	6,098,129
Stores and spares consumed		1,519,405	1,617,130
Repairs and maintenance		269,756	232,206
Insurance		113,968	127,167
Depreciation on property, plant and equipment	- note 16.1.2	2,084,981	1,982,504
Amortisation of intangible assets	- note 18.1.1	12,916	12,916
Royalty		310,038	274,437
Excise duty		29,504	26,248
Vehicle running		28,273	31,825
Postage, telephone and telegram		5,039	5,709
Printing and stationery		4,126	5,213
Legal and professional charges		1,377	2,226
Travelling and conveyance		23,611	18,093
Estate development		26,740	23,672
Rent, rates and taxes		65,642	52,543
Technical consultancy charges		12,890	5,472
Freight charges		42,250	55,242
Sales tax written off		230,666	-
Other expenses		58,425	56,541
		19,205,049	18,458,965
Opening work-in-process	- note 22	508,578	560,634
Closing work-in-process	- note 22	(166,940)	(508,578)
		341,638	52,056
Cost of goods manufactured		19,546,687	18,511,021
Opening stock of finished goods	- note 22	378,542	437,912
Closing stock of finished goods	- note 22	(292,094)	(378,542)
		86,448	59,370
Less: Own consumption		118,584	24,550
		19,514,551	18,545,841

29.1 Salaries, wages and other benefits include Rs 42.052 million (2015: Rs 37.566 million), Rs 32.926 million (2015: Rs 32.539 million) and Rs 20.881 million (2015: Rs 24.726 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences.

		2016	2015
		(Rupees in thousand)	
29.1.1 Salaries, wages and other benefits			
Salaries, wages and other benefits include the following in respect of retirement benefits:			
Gratuity			
Current service cost		31,432	27,267
Interest cost for the year		23,884	24,851
Interest income on plan assets		(22,389)	(19,579)
		32,927	32,539
Accumulating compensated absences			
Current service cost		15,396	16,151
Interest cost for the year		6,983	8,366
Remeasurements		(1,498)	209
		20,881	24,726

30. Administrative expenses

		2016	2015
Salaries, wages and other benefits	- note 30.1	309,121	239,733
Electricity, gas and water		9,534	9,876
Repairs and maintenance		13,801	11,370
Insurance		2,949	2,667
Depreciation on property, plant and equipment	- note 16.1.2	78,645	88,807
Amortisation of intangible assets	- note 18.1.1	2,768	2,768
Vehicle running		7,921	10,267
Postage, telephone and telegram		13,005	9,283
Printing and stationery		12,498	11,599
Legal and professional services	- note 30.2	23,305	42,072
Travelling and conveyance		32,317	28,431
Rent, rates and taxes		258	743
Entertainment		3,583	2,911
School expenses		25,020	23,576
Fee and subscription		25,506	16,968
Advances / debts written off		63,949	898
Incorporation expenses		130	-
Other expenses		8,469	14,811
		632,779	516,780

30.1 Salaries, wages and other benefits include Rs 9.222 million (2015: Rs 8.660 million), Rs 7.394 million (2015: Rs 8.526 million) and Rs 5.186 million (2015: Rs 6.482 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences.

	2016	2015
	(Rupees in thousand)	

30.1.1 Salaries, wages and other benefits

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

	2016	2015
Gratuity		
Current service cost	7,058	7,144
Interest cost for the year	5,363	6,511
Interest income on plan assets	(5,028)	(5,129)
	7,393	8,526
Accumulating compensated absences		
Current service cost	3,824	4,234
Interest cost for the year	1,734	2,193
Remeasurements	(372)	55
	5,186	6,482

30.2 Legal and professional charges

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

	2016	2015
A. F. Ferguson & Co.		
Statutory audit:		
- Parent Company	2,310	2,000
- NDL	841	600
	3,151	2,600
Half-yearly review - Parent Company	666	605
Tax services:		
- Parent Company	9,355	4,375
- NDL	1,253	3,546
	10,608	7,921
Other certification charges - Parent Company	110	100
Out of pocket expenses	120	117
KPMG Taseer Hadi & Co.		
Statutory audit - NPPCL	587	534
Out of pocket expenses - NPPCL	30	28
	15,272	11,905

		2016	2015
		(Rupees in thousand)	

31. Selling and distribution expenses

		2016	2015
Salaries, wages and other benefits	- note 31.1	137,751	111,835
Electricity, gas and water		1,885	1,956
Repairs and maintenance		1,212	1,405
Insurance		1,719	1,774
Depreciation on property, plant and equipment	- note 16.1.2	4,446	4,328
Amortisation of intangible assets	- note 18.1.1	2,768	2,768
Vehicle running		3,856	4,239
Postage, telephone and telegram		1,709	1,041
Printing and stationery		1,959	3,873
Rent, rates and taxes		1,566	1,971
Legal and professional charges		972	3,999
Travelling and conveyance		2,405	4,337
Entertainment		864	886
Advertisement and sales promotion		16,047	10,348
Freight and handling charges		785,914	607,218
Debtors written off		-	-
Other expenses		797	2,854
		965,870	764,832

31.1 Salaries, wages and other benefits include Rs 4.232 million (2015: Rs 4.828 million), Rs 3.698 million (2015: Rs 4.085 million) and Rs 2.602 million (2015: Rs 3.149 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

	2016	2015
	(Rupees in thousand)	

31.1.1 Salaries, wages and other benefits

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

	2016	2015
Gratuity		
Current service cost	3,530	3,423
Interest cost for the year	2,682	3,120
Interest income on plan assets	(2,515)	(2,458)
	3,697	4,085
Accumulating compensated absences		
Current service cost	1,918	2,057
Interest cost for the year	870	1,066
Remeasurements	(187)	26
	2,601	3,149

		2016	2015
		(Rupees in thousand)	

32. Other operating expenses

		2016	2015
Workers' profit participation fund	- note 11.2	691,792	524,619
Workers' welfare fund	- note 11.3	176,074	91,596
Donations	- note 32.1	650	4,245
Realized loss on derivative financial instrument		4,907	46,642
Exchange loss		94,605	87,673
Loss on disposal of property, plant and equipment	- note 16.1.3	-	3,646
Loss on disposal of biological assets		254,505	25,263
Loss on sale of store items		4,011	1,528
Fair value deficit on investments at fair value through profit and loss		4	-
Contractual penalties		-	3,709
Others		250	-
		1,226,798	788,921

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

		2016	2015
		(Rupees in thousand)	

33. Other income

		2016	2015
Income from financial assets			
Income on bank deposits		418,302	8,404
Gain on investments at fair value through profit or loss		-	387,766
Provisions and unclaimed balances written back		16,483	8,605
Mark-up on loan / advances to related parties		499	818
Unrealized gain on derivative financial instruments		4,828	24,775
Gain on disposal of available for sale investments		29,222	30,246
Dividend income from:			
- Related parties	- note 33.1	1,839,941	1,695,827
- Others		5,743	7,642
		1,845,684	1,703,469
		2,315,018	2,164,083
Income from non-financial assets			
Gain on disposal of property, plant and equipment	- note 16.1.3	13,869	-
Scrap sales		29,231	144,458
Sale of bull calves		3,988	3,669
Gain on bargain purchase arising on acquisition of control of subsidiary (NDL)	- note 46.1.2	-	52,697
Others		4	414
		47,092	201,238
		2,362,110	2,365,321

		2016	2015
		(Rupees in thousand)	

33.1 Dividend income from related parties

	2016	2015
Nishat Mills Limited	136,303	121,158
MCB Bank Limited	1,637,795	1,534,159
Adamjee Insurance Company Limited	54,928	34,448
Habib Bank Limited	3	-
Nishat Chunian Limited	10,912	6,062
	1,839,941	1,695,827

34. Finance costs

		2016	2015
Interest and mark-up on:			
- Long term loans - secured		59,569	126,730
- Short term borrowings - secured		82,031	200,284
- Workers' profit participation fund	- note 11.2	2,529	2,380
Guarantee commission		2,221	2,670
Bank charges		25,495	24,794
		171,845	356,858

35. Taxation

	2016	2015
Current		
- For the year	2,770,231	1,006,927
- Prior	134,739	37,608
	2,904,970	1,044,535
Deferred	503,646	647,637
	3,408,616	1,692,172

35.1 Taxation - Parent company

The provision for current taxation represents tax under normal tax regime of the Income Tax Ordinance, 2001 ('the Ordinance') at the rate of 32% and super tax at the rate of 3% under section 4B of the Ordinance as reduced by tax credit under section 65B. In addition to this, it includes tax on exports and dividend income which is full and final discharge of Company's tax liability in respect of income arising from such source and tax on capital gains under section 37A of the Ordinance.

For purposes of current taxation, the tax losses available for carry forward as at June 30, 2016 are estimated approximately at Nil (2015: Nil).

In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 ('the Ordinance'), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Company has adjusted its tax liability for the tax year 2016 by acquiring the losses of its subsidiary company, Nishat Dairy (Private) Limited and consequently an aggregate sum of Rs 430.998 million equivalent to the tax value of the losses acquired has been recognized as payable to the subsidiary company. The related intra-group transaction has been eliminated

35.2 Taxation - NPPCL

In view of available losses, the provision for current taxation of NPPCL represents tax under normal tax regime of the Income Tax Ordinance, 2001 at the rate of 32% of taxable income for the year (Alternate Corporate Tax (ACT) under section 113C of the Income Tax Ordinance, 2001 at the rate of 17% of accounting income (2015: Alternative Corporate Tax @ 17% of accounting income).

For the purposes of current taxation, the tax losses available for carry forward as at year end are Nil (2015: Nil million).

35.3 Taxation - NDL

For purposes of current taxation, the tax losses available for carry forward as at June 30, 2016 are estimated approximately at Rs 610.679 million (2015: Rs 641.423 million). During the year, the NDL has surrendered its available tax losses amounting to Rs 1,073.375 million (2015: Rs 1,598.618 million) with a tax benefit of Rs 430.998 million (2015: 520 million) in favour of the Parent Company through Group Relief under section 59B of the Income Tax Ordinance, 2001.

Unused tax losses available to the NDL contains unused business losses amounting to Rs 3.977 million, Rs 195.920 million and Rs 410.782 million which expire in 2018, 2019 and 2020 respectively. The management of the subsidiary company is of the view that given the NDL's stage of development and tax credit available for five years, deductible temporary differences will not reverse for some considerable period. Consequently, based on prudence principle, NDL has not recognized deferred tax asset of Rs 183.203 million (2015: Rs 183.206 million) in respect of tax losses available for carry forward u/s 57 of the Income Tax Ordinance, 2001, as sufficient tax profits would not be available to set these off in the foreseeable future.

35.4 Taxation - NFS

For purposes of current taxation, the tax losses available for carry forward as at June 30, 2016 are estimated approximately at Rs 0.215 million (2015: Nil). The management of NFS is of the view that given NFS's stage of development , deductible temporary differences will not reverse for some considerable period. Consequently, based on prudence principle, the subsidary company has not recognized deferred tax asset of Rs 0.065 million (2015: Nil) in respect of tax losses available for carry forward u/s 57 of the Income Tax Ordinance, 2001, as sufficient tax profits would not be available to set these off in the foreseeable future.

35.5 Tax charge reconciliation

	2016 %	2015 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate of:	32.00	33.00
Tax effect of amounts that are:		
- Not deductible for tax purposes	(0.19)	0.05
Effect of change in prior years' tax	1.10	(1.69)
Effect of change in tax rate	0.02	(8.04)
Effect of tax credits	(2.46)	(0.43)
Effect of apportionment of expenses	1.34	3.06
Effect of presumptive tax regime	(2.91)	(5.79)
Rounding and others	0.01	(2.44)
	(3.09)	(15.28)
Average effective tax rate charged to consolidated profit and loss account	28.91	17.72

		2016	2015

36. Earnings per share

36.1 Earnings per share - Basic

		2016	2015
Profit for the year - attributable to equity holders of the Parent Company	Rupees	8,552,868,000	7,765,530,000
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	19.52	17.72

36.2 Earnings per share - Diluted

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

37. Cash generated from operations

	2016	2015
	(Rupees in thousand)	
Profit before tax	11,789,992	9,547,329
Adjustments for:		
- Gain on bargain purchase arising on acquisition of control of subsidiary (NDL)	-	(52,697)
- Depreciation on property, plant and equipment	2,168,072	2,075,639
- Amortisation on intangible assets	18,452	18,452
- Change in fair value of investments at fair value through profit or loss	4	-
- Gain on disposal of investments - available for sale	-	(30,246)
- Gain on disposal of investments - at fair value through profit or loss	(29,222)	(387,766)
- (Gain) / loss on disposal of property, plant and equipment	(13,869)	3,646
- Loss on disposal of biological assets	254,505	25,263
- Changes in fair value of biological assets	6,889	66,227
- Realized loss on derivative financial instruments	4,907	46,642
- Unrealized gain on derivative financial instruments	(4,828)	(24,775)
- Dividend income	(1,845,684)	(1,703,469)
- Mark-up income	(418,801)	(818)
- Provision for retirement benefits	72,685	79,507
- Exchange loss	94,605	87,673
- Provisions and unclaimed liabilities written back	(16,483)	-
- Finance costs	171,845	356,858
Profit before working capital changes	463,077	560,136
Effect on cash flow due to working capital changes		
- (Increase) / decrease in stores, spares and loose tools	(358,627)	36,906
- Decrease in stock-in-trade	575,103	227,637
- (Increase) / decrease in trade debts	(77,021)	30,458
- Decrease / (increase) in advances, deposits, prepayments and other receivables	409,855	(118,555)
- Increase in trade and other payables	944,105	1,542,042
	1,493,415	1,718,488
	13,746,484	11,825,953

38. Cash and cash equivalents

		2016	2015
Cash and bank balances	- note 27	7,022,094	265,977
Short term borrowings - secured	- note 13	(3,750,006)	(2,348,534)
		3,272,088	(2,082,557)

39. Remuneration of Chief Executive, Directors and Executives

39.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working Directors and Executives of the Group are as follows:

(Rupees in thousand)

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
Managerial remuneration	17,336	15,760	13,643	12,403	446,516	381,869
Contributions to Provident and Gratuity Fund	-	-	2,334	2,122	70,449	37,104
Housing	270	270	745	708	165,582	136,238
Utilities	-	-	-	-	32,731	29,144
Bonus	1,313	1,183	965	869	104,650	86,243
Leave passage	-	-	1,470	1,157	15,112	10,852
Medical expenses	304	389	299	268	22,853	17,469
Others	11,287	10,237	637	728	73,087	63,464
	30,510	27,839	20,093	18,255	930,980	762,383
Number of persons	**2**	**2**	**5**	**5**	**382**	**350**

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

39.2 During the year the Group paid meeting fee amounting to Rs 180 thousand (2015: Rs 220 thousand) to its non-executive directors.

40. Transactions with related parties

The related parties comprise associated companies, other related companies, directors, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, dividend income is disclosed in note 33.1, expense charged in respect of staff retirement benefit plans is disclosed in note 9, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 39. Other significant transactions with related parties are as follows:

Relationship with the group	Nature of transactions	2016	2015
		(Rupees in thousand)	
i. Related Parties	Sale of goods and services	121,761	322,575
	Insurance premium	141,538	169,973
	Purchase of goods and services	1,435,965	1,272,819
	Insurance claims received	31,649	6,284
	Mark-up income on balances with related parties	19,434	4,625
	Dividend income	1,839,941	1,695,827
	Dividend paid	720,418	499,582
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	76,187	76,187
	Expense charged in respect of contributory provided fund	56,506	49,123
	Funds paid to contributory provident fund	162,984	159,639

41. Plant capacity and actual production

		Capacity		Actual production	
		2016	2015	2016	2015
Clinker (Metric Tonnes)					
Unit I	-note 41.1	810,000	810,000	696,461	463,886
Unit II	-note 41.1	1,200,000	1,200,000	1,227,600	1,243,109
Unit III	-note 41.1	2,010,000	2,010,000	2,040,937	1,800,235
Cement bags (number of bags in thousand)		120,000	120,000	110,404	100,908

Actual cement bags produced by NPPCL's plant is dependent on the quantity demanded by the customers.

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

	2016	2015
42. Number of employees		
Parent Company		
Total number of employees as at June 30	1,156	1132
Average number of employees during the year	1,152	1123
Subsidiary company - NPPCL		
Total number of employees as at June 30	64	56
Average number of employees during the year	60	52
Subsidiary company - NDL		
Total number of employees as at June 30	191	145
Average number of employees during the year	163	131

43. Provident Fund Related Disclosures

43.1 Parent Company

The Parent Company operates a provident fund for its employees.

			2016	2015
			(Rupees in thousand)	
			(Un-audited)	
(i)	Size of the fund - total assets		1,547,895	1,401,591
(ii)	Cost of investments made		958,338	878,139
(iii)	Fair value of investments	- note 43.1.1	1,380,898	1,249,972
(iv)	Percentage of investments made		89.21%	89.18%

43.1.1 The breakup of fair value of investments is:

	2016		2015	
	Fair value of investment	Percentage of size of fund	Fair value of investment	Percentage of size of fund
	(Rs in '000')	--%--	(Rs in '000')	--%--
Category wise break-up of investments				
Special accounts in a scheduled bank	142,774	9.22%	88,476	5.72%
Government securities	401,625	25.95%	423,260	27.36%
Listed securities				
- Mutual funds	119,468	7.72%	116,085	7.50%
- Other listed securities	670,446	43.31%	547,724	35.23%
Un-listed securities	46,585	3.01%	74,427	4.81%
	1,380,898	89.21%	1,249,972	89.18%

The figures for 2016 are based on un-audited financial statements of the Provident Fund. The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose except for:

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

The management is taking steps to dispose off such investments.

43.2 Subsidiary company - NPPCL

The Subsidiary Company, NPPCL operates a provident fund for its employees.

			2016	2015
			(Rupees in thousand)	
(i)	Size of the fund - total assets		11,474	8,520
(ii)	Cost of investments made		10,182	7,620
(iii)	Fair value of investments	- note 43.2.1	10,182	7,620
(iv)	Percentage of investments made		88.74%	89.44%

43.2.1 The breakup of fair value of investments is:

	2016		2015	
	(Rs in '000')	--%--	(Rs in '000')	--%--
Break up of investments - at fair value				
Special accounts in a scheduled bank	10,182	88.74%	7,620	89.44%

The figures are based on audited financial statements of the fund. Investments out of the Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.

43.3 Subsidiary Company - NDL

The Subsidiary Company, NDL operates a provident fund for its employees.

			2016	2015
			(Rupees in thousand)	
			(Un-audited)	
(i)	Size of the fund - total assets		11,209	5,581
(ii)	Cost of investments made		8,384	4,845
(iii)	Fair value of investments	- note 43.3.1	8,464	4,873
(iv)	Percentage of investments made		75.51%	87.31%

43.3.1 The breakup of fair value of investments is:

	2016		2015	
	Fair value of investment	Percentage of size of fund	Fair value of investment	Percentage of size of fund
	(Rs in '000')	--%--	(Rs in '000')	--%--
Category wise break-up of investments				
Special accounts in a scheduled bank	8,464	75.51%	4,873	87.31%

The figures for 2016 are based on the un-audited financial statements of the Provident fund. For 2016, investments out of the Provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

44. Financial risk management

44.1 Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

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

	2016	2015
	(In thousand)	
Cash and bank balances - USD	1,424	766
Receivable against sales to foreign parties - USD	1,417	601
Long term loan - USD	(4,663)	(9,327)
Advance received against sale - USD	-	-
Finances under mark-up arrangements - USD	-	3,590
Mark-up payable - USD	-	26
Trade and other payables - USD	-	501
Net exposure - USD	(1,822)	(3,843)
Finances under mark-up arrangements - Euro	948	1,275
Mark-up payable - Euro	3	12
Trade and other payables - Euro	822	426
Net exposure - Euro	1,773	1,713

At June 30, 2016, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 13.568 million (2015: Rs 39.076 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

At June 30, 2016, if the Rupee had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs 14.662 million (2015: Rs 19.458 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of Euro-denominated financial assets and liabilities.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified as available for sale and fair value through profit or loss. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments in equity of other entities that are publicly traded are included in all of the following three stock exchanges; Pakistan Stock Exchange.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE had increased / decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	Impact on post-tax profit		Impact on other components of equity	
	2016	2015	2016	2015
	(Rupees in thousand)		(Rupees in thousand)	
Pakistan Stock Exchange	-	468,029	2,726,025	3,003,983

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss, this impact is considered to be immaterial. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available for sale.

(iii) Interest rate risk

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

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

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

At June 30, 2016, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 41.067 million (2015: Rs 33.773 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

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

(i) Exposure to credit risk

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

	2016	2015
	(Rupees in thousand)	
Long term loans, advances and deposits	58,842	70,402
Trade debts - unsecured	376,922	370,034
Advances, deposits, prepayments	68,800	83,314
Balances with banks	7,016,946	264,411
	7,521,510	788,161
The aging analysis of trade receivables - unsecured is as follows:		
Up to 90 days	261,387	328,008
90 to 180 days	75,580	32,926
181 to 365 days	36,060	5,538
Above 365 days	3,895	3,562
	376,922	370,034

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

(ii) Credit quality of financial assets

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

	Rating Short term	Long term	Rating Agency	2016	2015
				(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	-	-
Askari Bank Limited	A-1+	AA	JCR-VIS	22	477
Bank Alfalah Limited	A1+	AA	PACRA	268,320	77,829
Bank Islami Pakistan Limited	A1	A+	PACRA	58	14
Bank of Punjab	A1+	AA-	PACRA	109	587
Citibank N.A.	P-1	A1	Moody's	2	74
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	348	872
Faysal Bank Limited	A1+	AA	PACRA	256	115
Habib Bank Limited	A-1+	AAA	JCR-VIS	500,000	6,943
MCB Bank Limited	A1+	AAA	PACRA	783,449	139,418
MCB Islamic Bank Limited	A1	A	PACRA	1,002	
Meezan Bank Limited	A-1+	AA	JCR-VIS	12	37
National Bank of Pakistan	A1+	AAA	JCR-VIS	2,749	5,010
NIB Bank Limited	A1+	AA-	PACRA	1,017,347	15,933
Silk Bank Limited	A-2	A-	JCR-VIS	5	5
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	554	2,367
United Bank Limited	A-1+	AA+	JCR-VIS	154,713	13,955
Soneri Bank Limited	A1+	AA-	PACRA	715	769
Deutsche Bank AG	P-2	Baa2	Moody's	1	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,258,502	1
JS Bank	A1+	A+	PACRA	2,025,119	-
Bank Al-Habib	A1+	AA+	PACRA	3,659	-
Samba Bank Limited	A-1	AA	JCR-VIS	4	5
				7,016,946	264,411

(c) Liquidity risk

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

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

Management monitors the forecasts of the Group’s cash and cash equivalents (note 38) on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

At June 30, 2016	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
	(Rupees in thousand)			
Long term finances	3,785,126	1,521,376	913,750	1,350,000
Trade and other payables	4,693,324	4,693,324	-	-
Accrued finance cost	60,421	60,421	-	-
Short term borrowings - secured	3,750,006	3,750,006	-	-
	12,288,877	10,025,127	913,750	1,350,000

At June 30, 2015	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
	(Rupees in thousand)			
Long term finances	1,712,897	767,386	751,761	193,750
Trade and other payables	3,966,231	3,966,231	-	-
Accrued finance cost	41,130	41,130	-	-
Short term borrowings - secured	2,348,534	2,348,534	-	-
	8,068,792	7,123,281	751,761	193,750

44.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as total debt divided by total capital employed. Total debt represent long term and short-term finances obtained by the Group. Total capital employed includes equity as shown in the consolidated balance sheet plus total debt. The Group's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at June 30, 2016 and June 30, 2015 is as follows:

	2016	2015
	(Rupees in thousand)	
Total debt	7,535,132	4,061,431
Total equity - attributable to shareholders of the Parent Company	65,694,760	62,442,359
Total capital employed	73,229,892	66,503,790
Gearing ratio	10%	6%

44.3 Fair value estimation

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

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

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

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

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

As at June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees in thousand)		
Assets				
Investment - At fair value through profit or loss	41	-	-	41
Investments - Available for sale	27,260,246	1,000,000	-	28,260,246
Biological assets	-	-	660,491	660,491
Derivative financial instruments	-	14,701	-	14,701
Total assets	27,260,287	1,014,701	660,491	28,935,479
Liabilities	-	-	-	-
Total liabilities	-	-	-	-

As at June 30, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees in thousand)		
Assets				
Investment - At fair value through profit or loss	4,680,421	-	-	4,680,421
Investments - Available for sale	30,039,830	500,000	-	30,539,830
Biological assets	-	-	1,149,799	1,149,799
Derivative financial instruments	-	9,873	-	9,873
	34,720,251	509,873	1,149,799	36,379,923
Liabilities	-	-	-	-
Total liabilities	-	-	-	-

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the period and there were no changes in valuation techniques during the periods.

Valuation techniques used to measure level 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2016. Level 3 fair value of Biological assets has been determined using a replacement cost approach, whereby, current cost of similar dairy cattle in the internatiuonal market has been adjusted for transportation costs to arrive at fair value.

Valuation inputs and relationship to fair value

The international market prices of similar dairy cattle, when these increase the fair value increases. The fair value is also dependent on the age of the cattle. The fair value increases as the cows mature. This value decreases as cows age and go through lactations.

Fair value sensitivity analysis for biological assets

If the fair value of biological assets , at the year end date fluctuates by 1% higher/lower with all other variables held constant, pre tax loss for the year would have been Rs 6.605 million (2015: Rs 11.498 million) lower/higher mainly as a result of lower/higher fair value loss on biological assets.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

44.4 Financial instruments by categories

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
	(Rupees in thousand)			
As at June 30, 2016				
Assets as per balance sheet				
Derivative financial instrument	14,701	-	-	14,701
Long term loans and advances	-	-	58,842	58,842
Trade debts	-	-	524,974	524,974
Advances, deposits, prepayments and other receivables	-	-	68,800	68,800
Investments	41	28,260,246	-	28,260,287
Cash and bank balances	-	-	7,022,094	7,022,094
	14,742	28,260,246	7,674,710	35,949,698
As at June 30, 2015				
Assets as per balance sheet				
Derivative financial instrument	9,873	-	-	9,873
Long term loans and advances	-	-	70,402	70,402
Trade debts	-	-	431,072	431,072
Advances, deposits, prepayments and other receivables	-	-	83,314	83,314
Investments	4,680,421	30,539,830	-	35,220,251
Cash and bank balances	-	-	265,977	265,977
	4,690,294	30,539,830	850,765	36,080,889

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	2016	2015	2016	2015
	(Rupees in thousand)		(Rupees in thousand)	
Liabilities as per balance sheet				
Long term finance - secured	-	-	3,785,126	1,712,897
Accrued mark up	-	-	60,421	41,130
Trade and other payables	-	-	4,693,324	3,966,231
Short term borrowings - secured	-	-	3,750,006	2,348,534
	-	-	12,288,877	8,068,792

44.5 Offsetting financial assets and financial liabilities

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

45. Operating Segments

Segment information is presented in respect of the Group's business. The primary format, business segment, is based on the Group's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Group's operations comprise of the following main business segment types:

Type of segments	Nature of business
Cement	Production and sale of clinker, ordinary portland and sulphate resistant cements
Paper	Manufacture and supply of paper products and packing material
Dairy	Production and sale of raw milk

The identification of operating segments was based on the internal organisational and reporting structure, built on the different products and services within the Group. Allocation of the individual organisational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under Companies Ordinance, 1984.

45.1 Segment analysis and reconciliation

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments.

(Rupees in thousand)

	Cement		Paper		Dairy/Farm Supplies		Elimination - net		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from										
- External customers	29,702,346	26,104,611	1,068,112	1,196,487	1,176,156	920,369	-	-	31,946,614	28,221,467
- Inter group	1,412	-	1,297,934	1,124,700	-	-	(1,299,346)	(1,124,700)	-	-
	29,703,758	26,104,611	2,366,046	2,321,187	1,176,156	920,369	(1,299,346)	(1,124,700)	31,946,614	28,221,467
Segment gross profit	12,668,191	9,455,201	601,911	462,572	(804,178)	(222,634)	(33,861)	(19,513)	12,432,063	9,675,626
Segment expenses	(2,436,050)	(1,946,855)	(78,602)	(43,749)	(312,529)	(64,243)	1,734	(15,686)	(2,825,447)	(2,070,533)
Other income	2,379,053	2,320,334	4,939	4,162	6,286	4,739	(28,168)	36,086	2,362,110	2,365,321
Changes in fair value of biological assets	-	-	-	-	(6,889)	(66,227)	-	-	(6,889)	(66,227)
Financial charges	(130,451)	(281,503)	(41,004)	(93,995)	(391)	(344)	1	18,984	(171,845)	(356,858)
Taxation	(3,691,071)	(1,922,497)	(155,061)	(64,055)	437,516	294,380	-	-	(3,408,616)	(1,692,172)
Profit after taxation	8,789,672	7,624,680	332,183	264,935	(680,185)	-	(60,294)	19,871	8,381,376	7,855,157
Segment assets	83,418,260	74,391,442	1,874,543	1,794,915	3,477,550	4,188,640	(2,525,563)	(2,120,308)	86,244,790	78,254,689
Segment liabilities	17,634,838	12,095,374	958,131	1,167,507	397,846	428,750	(482,122)	(111,561)	18,508,693	13,580,070
Depreciation and amortisation	1,890,318	1,899,055	32,921	32,711	226,411	135,648	36,874	26,677	2,186,524	2,094,091
Net cash generated from / (used in) operating activities	11,119,972	9,954,056	439,200	125,173	(230,481)	409,785	(657,312)	(508,141)	10,671,379	9,980,873
Capital expenditure	(11,516,561)	(2,017,180)	(7,170)	(7,676)	(51,680)	(307,091)	144,471	79,274	(11,430,940)	(2,252,673)
Net cash used in investing activities	(5,907,363)	(7,837,863)	(50,818)	(6,537)	233,941	(506,811)	648,090	628,205	(5,076,150)	(7,723,006)

45.2 Geographical segments

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

46. Interests in other entities

46.1 Material subsidiaries

The Group's principal subsidiaries as at June 30, 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

		Ownership interest held by the Group		Ownership interest held by non-controlling interests		
Name of entity		**2016**	**2015**	**2016**	**2015**	**Principal activities**
Nishat Paper Products Company Limited	Lahore, Pakistan	55%	55%	45%	45%	Paper products and packaging material
Nishat Dairy (Private) Limited	Lahore, Pakistan	55.10% approx	55.10% approx	44.90% approx	44.90% approx	Production and sale of raw milk
Nishat Farm Supplies (Private) Limited	Lahore, Pakistan	55.10% approx	55.10% approx	44.90% approx	44.90% approx	Sale/distribution of imported chemicals, medicines, vaccines etc.

46.2 Non-controlling interests ('NCI')

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations:

	Nishat Paper Products Limited		Nishat Dairy (Private) Limited		Nishat Farm Supplies (Private) Limited
	2016	**2015**	**2016**	**2015**	**2016**
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)
Summarised balance sheet					
Current assets	1,134,105	1,075,765	551,281	592,370	5
Current liabilities	672,785	883,490	178,472	203,130	85
Current net assets/(liabilities)	**461,320**	**192,275**	**372,809**	**389,240**	**(80)**
Non-current assets	740,438	719,149	2,926,400	3,596,270	-
Non-current liabilities	285,346	284,017	219,288	225,620	-
Non-current net assets	**455,092**	**435,132**	**2,707,112**	**3,370,650**	**-**
Net assets	**916,412**	**627,407**	**3,079,921**	**3,759,890**	**(80)**
Accumulated non-controlling interest	**518,506**	**392,008**	**1,522,867**	**1,840,251**	**(36)**

	Nishat Paper Products Limited		Nishat Dairy (Private) Limited		Nishat Farm Supplies (Private) Limited
	2016	2015	2016	2015	2016
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)
Summarised statement of comprehensive income					
Revenue	2,366,046	2,321,187	1,176,156	1,496,624	-
Profit / (loss) for the year	332,183	264,937	(679,969)	(308,865)	(216)
Other comprehensive income	3,358	-	-	-	-
Total comprehensive income	335,541	264,937	(679,969)	(308,865)	(216)
Profit / (loss) allocated to NCI	145,929	121,472	(317,324)	(31,846)	(97)
Other comprehensive income allocated to NCI	1,511	-	-	-	-
Dividends paid to NCI	20,942	-	-	-	-
Summarised cash flows					
Cash flow from operating activities	439,200	125,173	(230,351)	409,785	(131)
Cash flow from investing activities	(50,818)	(6,537)	233,806	(506,811)	-
Cash flow from financing activities	(164,037)	(74,375)	-	100,130	135
Net increase in cash and cash equivalents	224,345	44,261	3,455	3,104	4

46.3 Transactions with non-controlling interests - acquisition of further interest in subsidiary -NPPCL

During the year ended June 30, 2015, on December 8, 2014, the Parent company acquired a further 5% of the issued share capital of NPPCL for a consideration of Rs 18.244 million. As at June 30, 2016, the Group holds 55% of the issued share capital of NPPCL. The carrying amount of the 50% non-controlling interest in NPPCL immediately prior to further acquisition of shareholding was Rs 344.236 million. The Group derecognised non-controlling interest of Rs 34.424 million and recorded an increase in equity attributable to shareholders of the Parent Company amonting to Rs 16.180 million during the year ended June 30, 2015 as follows:

	2016	2015
	(Rupees in thousand)	
Carrying amount of non-controlling interest acquired	-	34,424
Consideration paid to non-controlling interest	-	(18,244)
Excess of the carrying amount of non-controlling interest aquired over consideration paid recognised in equity attribtable to owners of the Parent Company	-	16,180

There were no transactions with non-controlling interest during the year ended June 30, 2016.

47. Business Combination

47.1 Summary of acquisition

Prior to November 26, 2014, the Parent Company held 10.42% of the share capital of Nishat Dairy (Private) Limited ('NDL'). During the year ended June 30, 2015, on November 26, 2014, the Parent Company acquired a further 44.68% (approximate) shareholding and obtained control of NDL, a company principally engaged in the production and sale of raw milk. The acquisition was accounted for as a business combination during the year ended June 30, 2015 as follows:

Details of the purchase consideration, the net assets aquired and goodwill are as follows:

47.1.1 Purchase consideration:

		2016	2015
		(Rupees in thousand)	
Cash	-note 47.2	-	1,819,400
Fair value of equity interest held in Nishat Dairy (Private) Limited held before the business combination		-	425,476
Total purchase consideration		-	2,244,876

Acquisition-related costs of Rs 12.5 million were charged to administrative expenses in the consolidated profit or loss account for the year ended June 30, 2015.

The group recognised a loss of Rs 74.524 million as a result of measuring at fair value its 10.42% equity interest in NDL held immediately before the business combination. The loss was recognised in other comprehensive income in the consolidated statement of comprehensive income for the year ended June 30, 2015.

47.1.2 The assets and liabilities recognised as a result of the acquisition are as follows:

		2016	2015
		Fair value	Fair value
		(Rupees in thousand)	
Property, Plant and Equipment:			
- Land and buildings	- note 16.1	-	1,821,061
- Plant and equipment	- note 16.1	-	804,327
- Capital work in progress	- note 16.1	-	102,549
Biological assets	- note 17.1	-	960,457
Stores, spares and loose tools		-	47,023
Stock-in-trade		-	186,975
Trade debts		-	29,013
Advances, deposits, prepayments and other receivables		-	354,633
Cash and bank balances	- note 47.2	-	41,560
Long term deposits		-	(20,500)
Trade and other payables		-	(157,428)
Net identifiable assets aquired		-	4,169,670
Less: Non-controlling interest		-	(1,872,097)
Less: Gain on gargain purchase		-	(52,697)
Net assets aquired		-	2,244,876

Gain on bargain purchase was recognised in other income in the consolidated profit or loss account for the year ended June 30, 2015.

On the date of acquisition, the carrying value of assets and liabilities aquired, except freehold land and buildings included in property, plant and equipment, approximated their fair values. Fair value of freehold land and buildings as at that date was based on the market value of such land at the aquisition date which was determined by an independent valuer.

47.2 Purchase consideration - cash outflow

		2016	2015
		(Rupees in thousand)	
Outflow of cash to aquire subsidiary, net of cash aquired:			
Cash consideration	-note 47.1	-	1,819,400
Less: Cash and cash equivalents aquired			
- Cash and balances	-note 47.1.2	-	(41,560)
Net outflow of cash - investing activities		-	1,777,840

47.3 Accounting policy choice for non-controlling interest

The group recognises any non-controlling interest in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition by acquisition basis (note 4.1). For the non-controlling interest in NDL, the group elected to recognise the non-controlling interest at its proportionate share of the aquired net identifiable assets.

48. Shariah compliant disclosures

Description	Nature of shariah compliant arrangement, if any	As at June 30, 2016 Carried under		As at June 30, 2015 Carried under	
		Shariah	Other	Shariah	Other
Assets					
Bank balances (note 27)					
- Current accounts	Various	1,867	391,899	897	59,602
- Savings accounts	Various	12,086	335,974	12	203,900
		13,953	727,873	909	263,502
Liabilities					
Long term finances - secured (note 7)	Diminishing musharika	1,700,000	2,085,126	-	1,712,897
Short term borrowings - secured (note 13)	Istisna	1,266,077	2,483,929	448,785	1,899,749
		2,966,077	4,569,055	448,785	3,612,646

Description	For the year ended June 30, 2016 Carried under Shariah compliant arrangements	Others	For the year ended June 30, 2015 Carried under Shariah compliant arrangements	others
Income				
Income on bank deposits	358	417,944	-	8,404
	358	417,944	-	8,404
Expenses				
Finance cost				
- On long term borrowings	90,552	110,474	9,346	117,384
- On short term borrrowings	3,444	78,587	16,769	183,515
	93,996	189,061	26,115	300,899

Breakup of dividend income has been disclosed in note 33.1.

48.1 Relationship with banks

	Non-Islamic window operations	Relationship with Islamic windows
Allied Bank Limited	Yes	NA
Bank Alfalah Limited	Yes	NA
Bank Al-Habib Limited	Yes	NA
Bank Islami Pakistan Limited	NA	Yes
Citi Bank N.A.	Yes	NA
Dubai Islamic Bank	NA	Yes
Faysal Bank Limited	Yes	NA
Habib Bank Limited	Yes	Yes
Habib Metropolitan Bank	Yes	NA
MCB Bank Limited	Yes	Yes
Meezan Bank Limited	NA	Yes
National Bank of Pakistan	Yes	NA
NIB Bank Limited	Yes	NA
Samba Bank Limited	Yes	NA
Soneri Bank Limited	Yes	NA
Standard Chartered Bank (Pakistan) Limited	Yes	Yes
The Bank of Punjab	Yes	NA
United Bank Limited	Yes	NA

49. Date of authorisation for issue

These consolidated financial statements were authorised for issue on August 31, 2016 by the Board of Directors of the Parent Company.

50. Events after the balance sheet date

50.1 The Board of Directors of the Parent Company have proposed a final dividend for the year ended June 30, 2016 of Rs 6 per share (2015: Rs 5 per share), amounting to Rs 2,628.715 million (2015: Rs 2,190.596 million) at their meeting held on August 31, 2016 for approval of the members at the Annual General Meeting to be held on October 31, 2016. These financial statements do not reflect this appropriation.

50.2 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised in the financial statements of the respective taxable entity when the prescribed time period for distribution of dividend expires.

Chief Executive

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	Metric Ton
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

Notice is hereby given that Annual General Meeting of the Shareholders of D. G. Khan Cement Company Limited (the "Company") will be held on October 31, 2016 (Monday) at 11:00 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 60% [i.e. Rs. 6/- (Rupees Six Only) Per Ordinary Share] as recommended by the Board of Directors.

3. To elect seven Directors of the Company for a period of three years in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 in place of the following retiring Directors :-

1.	Mrs. Naz Mansha	2.	Mian Raza Mansha
3.	Mr. Khalid Niaz Khawaja	4.	Mr. Khalid Qadeer Qureshi
5.	Mr. Farid Noor Ali Fazal	6.	Mr. Shahzad Ahmad Malik
7.	Ms. Nabiha Shahnawaz Cheema		

4. To appoint statutory Auditors for the year ending June 30, 2017 and fix their remuneration.

5. **Special Business:-**

   1. **To consider and if deemed fit, to pass the following resolutions as special resolutions under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s), for investment in Nishat Hotels and Properties Limited, as recommended by the Board of Directors.**

      RESOLVED that approval of the members of D. G. Khan Cement Company Limited (the "Company") be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 for investment up to PKR 1,000,000,000/- (PKR One Billion Only) in Nishat Hotels and Properties Limited ("NHPL"), an associated company, in the form of working capital loan for a period of one year starting from the date of approval by the members, provided that the return on any outstanding amount of loan shall be 3 Month KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the agreement to be executed in writing and as disclosed to the members.

      FURTHER RESOLVED, that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things and take any or all necessary steps and actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

   2. **To consider and if deemed fit, to pass the following resolutions as special resolutions for alteration in the Articles of Association of the Company, with or without modification, addition(s) or deletion(s), as recommended by the Board of Directors:**

      "RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting a new Articles 75A and 75B immediately after the existing Article 75 to read as under

      75-A. A member may opt for E-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange

E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

75-B. An instrument of proxy in relation to E-voting shall be in the following form:

I/We, ____________________of ___________________being a member of the ________________, holder of _____________share(s) as per register Folio No./CDC Account No.___________hereby opt for E-voting through Intermediary and hereby consent the appointment of Execution Officer_______________as proxy and will exercise E-voting as per The Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is___________________, please send login details, password and electronic signature through email.

____
Signature of Member
CNIC No._______________

Signed in the presence of;

____
Signature of Witness
CNIC No._______________

____
Signature of Witness
CNIC No._______________

Further Resolved that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

By order of the Board

(Khalid Mahmood Chohan)
Company Secretary

Lahore
August 31, 2016

Notes:

Book Closure Notice:-

The Ordinary Shares Transfer Books of the Company will remain closed from **18-10-2016 to 31-10-2016 (both days inclusive)** for entitlement of **60% Final Cash Dividend [i.e. Rs.6/- (Rupees Six Only) Per Ordinary Share]** and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 17-10-2016 at Share Registrar, THK Associates (Pvt) Ltd, **Karachi Office**, 2nd Floor, State Life Building No. 3, Dr. Zia Ud din Ahmed Road, Karachi, **Lahore Office**, 2nd Floor, DYL Motorcycles Ltd, Plot No. 346, Block No. G-III, Khokhar Chowk, Main Boulevard, Johar Town, Lahore, will be considered in time for entitlement of 60% Final Cash Dividend and attending of meeting.

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.

Shareholders are requested to immediately notify the change in address, if any.

Deduction of Withholding Tax

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.

In case of joint account, please intimate proportion of shareholding as each accountholder is to be treated individually as either filer or non-filer and tax will be deducted on the basis of shareholding, in case of no notification, each joint holder shall be assumed to have an equal number of shares.

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificates is made available to THK Associates (Pvt) Limited, **Karachi Office**, 2nd Floor, State Life Building No. 3, Dr. Zia Ud din Ahmed Road, Karachi, **Lahore Office**, THK Associates (Pvt) Ltd. 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, Khokar Chowk, Main Boulevard, Johar Town, Lahore, by the first day of Book Closure.

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 its Share Registrar, if not already provided. For shareholders other than individuals, the checking will be done by matching the NTN Number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN Certificate to check their names in ATL, before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

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 of 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 dispatch of dividend warrants to such shareholders.

Zakat Declration (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or to our Share Registrar, M/s. THK Associates (Pvt) Limited, **Karachi Office**, 2nd Floor, State Life Building No. 3, Dr. Zia Ud din Ahmed Road, Karachi, **Lahore Office**, THK Associates (Pvt) Ltd. 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, Khokar Chowk, Main Boulevard, Johar Town, Lahore. The Shareholders while sending the Zakat Declarations, as the case may be must quote company name and their respective folio numbers.

Shareholders are therefore requested to promptly send a valid copy their CNICs, NTN and Zakat declarations as per above requirements. Shareholders should also notify our Share Registrar, Ms/ THK Associates (Pvt) Limited regarding any change in their addresses. This will ensure that the Dividend Warrants are dispatched to shareholders at their correct addresses.

Dividend Mandate (Optional):

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, M/s THK Associates (Pvt) Limited.

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's name	
Branch name and address	
Cell number of shareholder	
Landline number of shareholder, if any	

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

____

Name, signature, folio # and CNIC number of shareholder

Notes:

(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.

(2) If dividend mandate information has already been provided by you, ignore this request.

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 said 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. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to the registered address of the shareholders.

STATEMENT UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE, 1984.

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 31, 2016.

1. INVESTMENT IN NISHAT HOTELS AND PROPERTIES LIMITED

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 10,000,000,000/- (Rupees Ten Billion Only) divided into 1,000,000,000 (One Billion) ordinary shares of PKR 10 each. Its main object is to carry on hotels and hospitality business in Pakistan. For the intended purpose, NHPL has acquired Hotel site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is operational effective 30 June 2016.NHPL has already handed over the premises to Hyperstar which is now fully operational. Around 90% of the leases have been finalized and the premises had been handed over to the lessees. The finishing work of the Hotel Building is at advanced stage of completion which has been targeted for commencement from 30 Nov 2016.

The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

- 3-4 star upto 205 rooms hotel
- Banquet halls
- Hyper Star
- Shopping Mall with following features:

- o Retail
- o Food courts
- o Cineplex
- o Fun Factory
- o Health and Leisure Zones
- o Two basements with 2,815 parking bays for cars and motorcycles.

Since NHPL has recently achieved commercial operation of Emporium Mall. Short term finance is needed for working capital requirements. Considering the average borrowing cost of the Company and the return offered by Banks on term deposits, the Directors of the Company have recommended to invest surplus funds of the Company by extending a working capital loan up to Rs. 1 billion to NHPL required by NHPL at the interest rate of 3 Month KIBOR plus 0.50% which shall not be less than the average borrowing cost of the Company. Repayment of the principle amount of loan shall be made within one year form the date of approval by the members while payment of interest due shall be made on monthly basis. The management expects the transaction to be beneficial for the Company as this will enhance the return on surplus funds available with the Company.

The directors have carried out necessary due diligence for the proposed investment. The duly signed recommendation of the due diligence report shall be made available to the members for inspection in the annual general meeting. The latest annual audited financial statements shall be available for inspection in the annual general meeting.

Information under Clause (a) of sub-regulation (1) of regulation 3 of (Investment in Associated Companies or Associated Undertakings) Companies Regulations, 2012.

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th colspan="4">Information</th></tr>
<tr><td rowspan="2">i</td><td>Name of associated company</td><td colspan="4">Nishat Hotels and Properties Limited</td></tr>
<tr><td>Criteria of associated relationship</td><td colspan="4">Common Directorship</td></tr>
<tr><td>ii</td><td>Amount of loans and advances</td><td colspan="4">Rs. 1,000,000,000/- (Rupees One Billion Only)</td></tr>
<tr><td rowspan="2">iii</td><td>Purpose</td><td colspan="4">Working capital needs of the associated company.</td></tr>
<tr><td>Benefits</td><td colspan="4">The Company will earn higher income from the investment.</td></tr>
<tr><td>iv</td><td>Details of existing loans</td><td colspan="4">NIL</td></tr>
<tr><td rowspan="5">v</td><td rowspan="5">Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements</td><td>Equity And Liabilities</td><td>Rupees</td><td>Assets</td><td>Rupees</td></tr>
<tr><td>Equity</td><td>9,474,753,427</td><td>Non-Current Assets</td><td>19,820,359,981</td></tr>
<tr><td>Non-Current Liabilities</td><td>12,209,171,856</td><td>Current Assets</td><td>2,560,327,283</td></tr>
<tr><td>Current Liabilities</td><td>696,761,981</td><td></td><td></td></tr>
<tr><td></td><td>22,380,687,264</td><td></td><td>22,380,687,264</td></tr>
<tr><td>vi</td><td>Average borrowing cost of the investing company</td><td colspan="4">5.20% for the year ended June 30, 2016</td></tr>
<tr><td>vii</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged</td><td colspan="4">3 Months KIBOR + 0.50%. 3 Month KIBOR as on August 23, 2016 is 6.02%. The return shall not be less than average borrowing cost of the Company.</td></tr>
</table>

Ref. No.	Requirement	Information
viii	Sources of funds from where loans or advances will be given	Surplus funds of the company
ix	Where loans or advances are being granted using borrowed funds; justification for granting loan or advance out of borrowed funds; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.	N/A
X	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Corporate guarantee of the associated company.
xi	If the loans or advances carry conversion feature:	No
xii	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of principal will be made within one year of the approval by the members while payment of interest due will be made on monthly basis.
xiii	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Agreement will be signed after approval by the members. Other significant terms and conditions are as under: 1. 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 of the disbursement of loan. 2. In case of delay in re-payment 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. 3. All payments under the loan agreement shall be made through crossed cheques. 4. The associated company shall provide corporate guarantee to secure the extension of loan.
xiv	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:	One director of D. G. Khan Cement Company Limited, Mian Raza Mansha currently holds 21.50% shares in Nishat Hotels and Properties Limited. The brothers of Mian Raza Mansha, namely Mian Umer Mansha and Mian Hassan Mansha also holds 21.72% shares each in Nishat Hotels and Properties Limited. The directors of the associated company are interested in the investing company to the extent of their shareholding as under:-

Ref. No.	Requirement	Information
		Name — % of Shareholding Mian Raza Mansha — 2.90 Mian Umer Mansha — 6.23 Mian Hassan Mansha — 6.14 Mr. I.U. Niazi — 0.00 The associated companies holding shares of Nishat Hotels and Properties Limited are interested in D. G. Khan Cement Company Limited to the extent of their shareholding in Nishat Hotels and Properties Limited as follows:- % Nishat Mills Limited — 7.40 The associated companies holding shares of D. G. Khan Cement Company Limited are interested in Nishat Hotels and Properties Limited to the extent of their shareholding in D. G. Khan Cement Company Limited as follows:- % Nishat Mills Limited — 31.40
xv	Any other important details necessary for the members to understand the transaction:	None
xvi	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not Applicable
	Starting date of work	Not Applicable
	Completion of work	Not Applicable
	Commercial operations date	Not Applicable
	Expected time by which the project shall start paying return on investment	Not Applicable

2. Alteration in the Articles of Association

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 75A and 75B therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means. A member may opt for E-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

Accordingly, it has been proposed to pass the resolution as a Special Resolution as provided in the notice of meeting for alteration in the Articles of Association of the Company.

The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	Nishat Dairy (Private) Limited
Total Investment Approved	Equity investment of Rs. 2,017,880,000 (Rupees Two Billion Seventeen Million Eight Hundred Eighty Thousand Only) for 244,000,000 shares of Rs. 10/- each at purchase price of Rs. 8.27 per share was approved by members in AGM held on October 29, 2014 for the period of (3) years.
Amount of Investment Made to date	Investment of Rs. 1,819,400,000 has been made for 220,000,000 shares against this approval to date.
Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	No further offer was received for investment from the associated company.
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 then available latest financial statement for the year ended 30 June 2014, the basic Loss per Share Re.1.58 and Break-up Value per Share was Rs.8.27. As per Latest available financial statements for the year ended 30 June 2016, the basic loss per share is Re. 1.39 and Break-up Value per Share is Rs.7.10.

D.G. KHAN CEMENT COMPANY LIMITED

FORM OF PROXY

IMPORTANT

Proxies, in order to be effective, must be received at the Company's registered Office not less than forty eight hours before the time for holding the meeting and must be stamped, signed and witnessed. Proxies of the members through CDC shall be accompanied with attested copies of thier CNIC. The shareholders through CDC are requested to bring their original CNIC, Sub Account Number and Participant I.D. Number. to produce at the time of attending the meeting.

Please quote Registered Folio Number/CDC Account Number

Folio No. ______________________ CDC Participant I.D. No. ______________________

CDC Participant's Name ______________ A/C, Sub A/C No. ______________________

Shares Held ______________________

I/We ____

of ____

being a member of D.G. KHAN CEMENT COMPANY LIMITED hereby appoint ______________

or failing him/her ____

of ____

who is also a member of the Company, vide Registered Folio No./CDC A/C Sub A/C No.______________as my/our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 31st October 2016 at 11:00 a.m. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore and at any adjournment thereof.

As witness my/our hand this ______________ day of ______________ 2016

Signed by the said ______________________________ in the presence

of ______________________

____
(Member's Signature)

____
Member's CNIC No.

____
(Witness's Signature)

____
Witness's CNIC No.

Place ______________

Date ______________

Affix Rs. 5/-

Revenue Stamp which must be cancelled either by signature over it or by some other means

D.G. KHAN CEMENT
COMPANY LIMITED

AFFIX
CORRECT
POSTAGE

Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan.
UAN:+92-42-111-11-33-33

نمائندگی کا فارم (پراکسی فارم)

سالانہ اجلاس عام

کمپنی سیکرٹری

ڈی۔جی۔خان سیمنٹ کمپنی لمیٹڈ

نشاط ہاؤس 53۔اے، لارنس روڈ،

لاہور، پاکستان۔

میں/ہم ________ کا/کے ________ بحثیت رکن ڈی۔جی۔خان سیمنٹ کمپنی لمیٹڈ اور حامل عام حصص بمطابق شیئر رجسٹرار فولیو نمبر ________ اور/یا سی ڈی سی پارٹیسپنٹ آئی ڈی نمبر ________ اور ذیلی اکاونٹ نمبر ________ محترم/محترمہ کو اپنے/ہمارے ایماء پر ________ کے ________ کا ڈی۔جی۔خان سیمنٹ کمپنی لمیٹڈ کے 31 اکتوبر 2016ء کو دن 11 بجے نشاط ہوٹل 9۔اے، میاں محمود قصوری روڈ گلبرگ 3، لاہور پر ہونے والے سالانہ اجلاسِ عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں ________ کے ________ میں اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

آج بروز ________ بتاریخ ________ 2016ء کو دستخط کیے گئے۔

گواہ:

دستخط ________

نام ________

پتہ ________

سی این آئی سی نمبر ________

D.G. KHAN CEMENT COMPANY LIMITED
Nishat House, 53-A, Lawrence Road, Lahore-Pakistan.
UAN: +92-42-111-11-33-33