



## D.G. KHAN CEMENT COMPANY LIMITED

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E-mail: [info@dgcement.com](mailto:info@dgcement.com)

DGKC/PSX/68

October 05, 2026

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

### **SUB: TRANSMISSION OF ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2026**

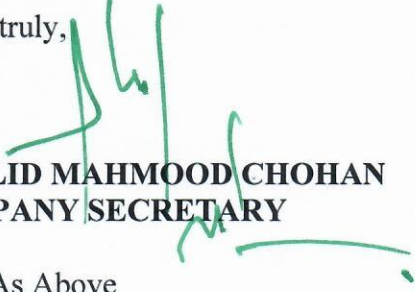
Dear Sir,

We have to inform you that the Annual Report of D.G. Khan Cement Company Limited for the year ended June 30, 2026 have been transmitted through PUCARS and is also available on Company's website.

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

Thanking you,

Yours truly,

  
**KHALID MAHMOOD CHOCHAN**  
**COMPANY SECRETARY**

Encl: As Above

#### **Factory Sites:**

Khofli Sattai, Distt. Dera Ghazi Khan - Pakistan. Tel: (92 - 42) 36360153, Fax: (92 - 64) 2585010  
Khairpur, Tehsil, Kallar Kahar. Distt. Chakwal - Pakistan, Tel: (92 - 42) 36360152 Fax: (92 - 543) 650231  
44 km RCD Highway, Distt. Hub Balochistan. Pakistan Tel: (92 - 42) 36360154





D.G. KHAN CEMENT  
COMPANY LIMITED

# 2026

Annual Report

Dawn of  
*Renaissance*







# ABOUT DGKC REPORT, SCOPE AND ITS BOUNDARIES

## INTEGRATED THINKING AND DELIVERY ON OUR PURPOSE

### ORGANIZATIONAL OVERVIEW & EXTERNAL ENVIRONMENT

What does the organization do and what are the circumstances under which it operates?

### STRATEGY AND RESOURCE ALLOCATION

Where does the organization want to go and how does it intend to get there?

### BUSINESS MODEL

What is the organization's business model?

### RISKS AND OPPORTUNITIES

What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?

### \* Financial capital

### \* Manufactured capital

### \* Intellectual capital

#### Driving value creation through integrated thinking

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

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

#### Reporting boundary and scope

Through our FY2026 Annual Report, we aim to provide concise communication about DGKC approach to value creation. This is provided in the context of our material matters addressed through our purpose, strategy and as informed by our key relationships, principal risks and associated opportunities. We also provide a succinct overview of our governance practices, business model and capitals performance in terms of financial and non-financial indicators for the financial year.

#### Governance

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

#### Strategic Focus and Future Outlook

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

#### Materiality

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

In FY2026, we conducted a review of the material matters that could, in our judgement, significantly impact the value we create for our stakeholders. The content of this report is based on the outcome of this assessment



## OUR INTEGRATED REPORTING PROCESS

### GOVERNANCE

How does the organization's governance structure support its ability to create value in the short, medium and long term?

### PERFORMANCE

To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?

### FUTURE OUTLOOK

What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?

### BASIS OF PRESENTATION

How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?

**\* Human capital**

**\* Social and relationship capital**

**\* Natural capital**

#### What process do we follow to complete the integrated report?

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

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

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

#### Which reporting frameworks do we adhere to?

The Annual Integrated Report 2026 is prepared on the basis and guidelines of International <IR> Framework (2022) and BCR criteria defined by ICAP/ICMAP. Readers can conveniently access the cross-referenced BCR criteria, along with their respective page numbers in the annual report, via the Investor Relations section on the company's official website, [www.dgcement.com](http://www.dgcement.com).

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

#### Assuring the integrity and approval of our report

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

#### Independent External Review / Assurances

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

## OUR INTEGRATED REPORT

#### Reporting period

The report is prepared and published annually and covers the period July 01 to June 30, 2026.

#### Data Compilation Methodologies

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

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

#### Operating Businesses – DGKC, its Subsidiaries and Associates

DGKC, its subsidiaries and associated entities operates in packaging, dairy, hospitality, automobile and food and personal care products.

#### Financial and non-financial reporting

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

#### Targeted readers

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

#### SDG Reporting

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

**Feedback:** For any question or suggestion regarding Report please visit [www.dgcement.com](http://www.dgcement.com).



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# ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

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# VISION

To transform the Company into a modern, dynamic cement manufacturer led by qualified professionals and fully equipped to play a meaningful and sustainable role in Pakistan's economy.

# MISSION

To provide quality products to customers and explore new markets to promote and expand Company sales through good governance, while fostering a dynamic team to achieve optimum product pricing for the sustainable and equitable growth of the Company.



# CODE OF CONDUCT

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

## Salient Features of Code of Conduct

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

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

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

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

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

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

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

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

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

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

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

(Approved code of conduct for directors and employees is shown on website in detail)

# CULTURE

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

People at DGKC believe in shared values and goals. All team members collaborate, share knowledge, communicate and support one another. They believe that any result positive or not is an outcome of their

collaborative efforts. With this belief inculcated as DG culture, every member of the team positively contributes and selflessly commits for the cause of the team and the organisation; has self-belief and respect for himself and for others; imbibes integrity and passion in all his actions and decisions; has tremendous drive and zeal to continuously improve and seeks to achieve excellence in all its actions. This collaborative team spirit at DGKC has resulted in continuous improvement and made us stay at the top. Our culture is built on the strong pillar of 'Together We Perform. Together We Achieve. Together We Grow'.



# ETHICS AND VALUES



## INSPIRING, MOTIVATING & COMPELLING

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

## ACCOUNTABILITY AND KEEP PROMISES

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

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

## BE RESPECTFUL

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

## COMPETENCE

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

## COMMITMENT

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

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

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

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



# COMPANY INFORMATION



## Board of Directors

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

Female Director 01  
Male Directors 06



## Audit Committee

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



## Human Resource & Remuneration Committee

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



## Management

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



## Company Secretary

Mr. Khalid Mahmood Chohan



## Bankers

|                                                |                                 |
|------------------------------------------------|---------------------------------|
| Allied Bank Limited                            | MCB Islamic Bank Limited        |
| Bank Alfalah Limited                           | Meezan Bank Limited             |
| Bank Al-Habib Limited                          | National Bank of Pakistan       |
| Bank Islami Pakistan Limited                   | Samba Bank Limited              |
| Dubai Islamic Bank                             | Soneri Bank Limited             |
| Faysal Bank Limited                            | Standard Chartered Bank Limited |
| Habib Bank Limited Limited                     | The Bank of Punjab              |
| Habib Metropolitan Bank                        | United Bank Limited             |
| MCB Bank Limited                               | The Bank of Khyber              |
| JS Bank Limited                                | BOP Taqwa Islamic Banking       |
| Askari Bank Limited                            |                                 |
| Pakistan Kuwait Investment Co (Pvt) Ltd        |                                 |
| Dubai Islamic Bank Public Joint Stock Company  |                                 |
| Industrial and Commercial Bank of China (ICBC) |                                 |



## External Auditors

A.F. Ferguson & Co., Chartered Accountants



## Legal Advisors

Mr. Shahid Hamid, Bar-at-Law



## Important Identification Numbers of Company

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



## Company Products

- |                                      |                       |
|--------------------------------------|-----------------------|
| I. Clinker                           | iv. Low Alkali Cement |
| II. Ordinary Portland Cement (OPC)   |                       |
| III. Sulphate Resistant Cement (SRC) |                       |



## HS Code

Clinker: 2523.1000  
Cement: 2523.2900



## Applicable Laws & Regulations

Many laws and regulations apply to the Company including:

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



## Company Rating

Long Term: AA -  
Outlook: Stable  
Rating Date: February 26, 2026  
Short Term: A1+  
Rating Agency: PACRA



## Registered Office

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



## Factories

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Fax: +92-641-462392  
Tehsil Kallar Kahar, District Chakwal  
Phone: +92-543-650215-8  
Fax: +92-543-650231  
District HUB  
UAN: +92 42 111 11 33 33



## Share Registrar: THK Associates (Pvt) Ltd

Head Office, Karachi  
Plot No. 32-C, Jami Commercial  
Street No. 2, DHA Phase-VII,  
Karachi 75500.  
UAN: 021 111 000 322  
Tel: 021 353 10 191  
Fax: 021 353 10 190  
Branch Office, Lahore  
Office No. 309, 3rd Floor,  
North Tower, LSE Building,  
19 Shahrah-e-Aiwan-e-Iqbal,  
Lahore  
Phone: +92 42 3630 2044



## For Investors' Information, Comments, Inquiries, Complaints

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(Marketing related queries)  
Phone: +92 42 111 11 33 33

Mr. Inayat Ullah Niazi  
E-mail: iniazi@dgcement.com  
(Director Finance/CFO)  
Phone: +92 42 111 11 33 33

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



# PRINCIPAL BUSINESS ACTIVITIES

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

The Company is primarily engaged in production and sale of Clinker and Cement with 1,813 regular employees. As at June 30, 2026; total market capitalization was about Rs 97.8 billion. Total market share of the company (local and export) is about 11%.

## KEY BRANDS AND PRODUCT FEATURES

### KEY PRODUCTS:

- ORDINARY PORTLAND CEMENT
- SULPHATE RESISTANT CEMENT
- CLINKER

### KEY BRANDS:

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

### QUALITY STANDARDS

#### OPC

PS 232:2008(R) Grade 43

PS 232:2008(R) Grade 53

PS 232:2015 CEMI Class 42.5N

Compliance with:

American Standard: ASTM C-150 Type I

British Standard: BS 12:1996

European Standard: EN 197-1/2000 CEMI 42.5 N/R

Indian Standard: IS No. 269:2015 Grade 53

Sri Lankan Standard: SL 107:2015 Strength Class 42.5N

#### SRC

PS 612-2014 Class 42.5N

Compliance with:

American Standard: ASTM C-150 Type V

European Standard: BS/EN 197-1/2011 CEMI SR5, Class 42.5N

#### ISO Certifications

ISO-9001-2015

ISO-14001-2015

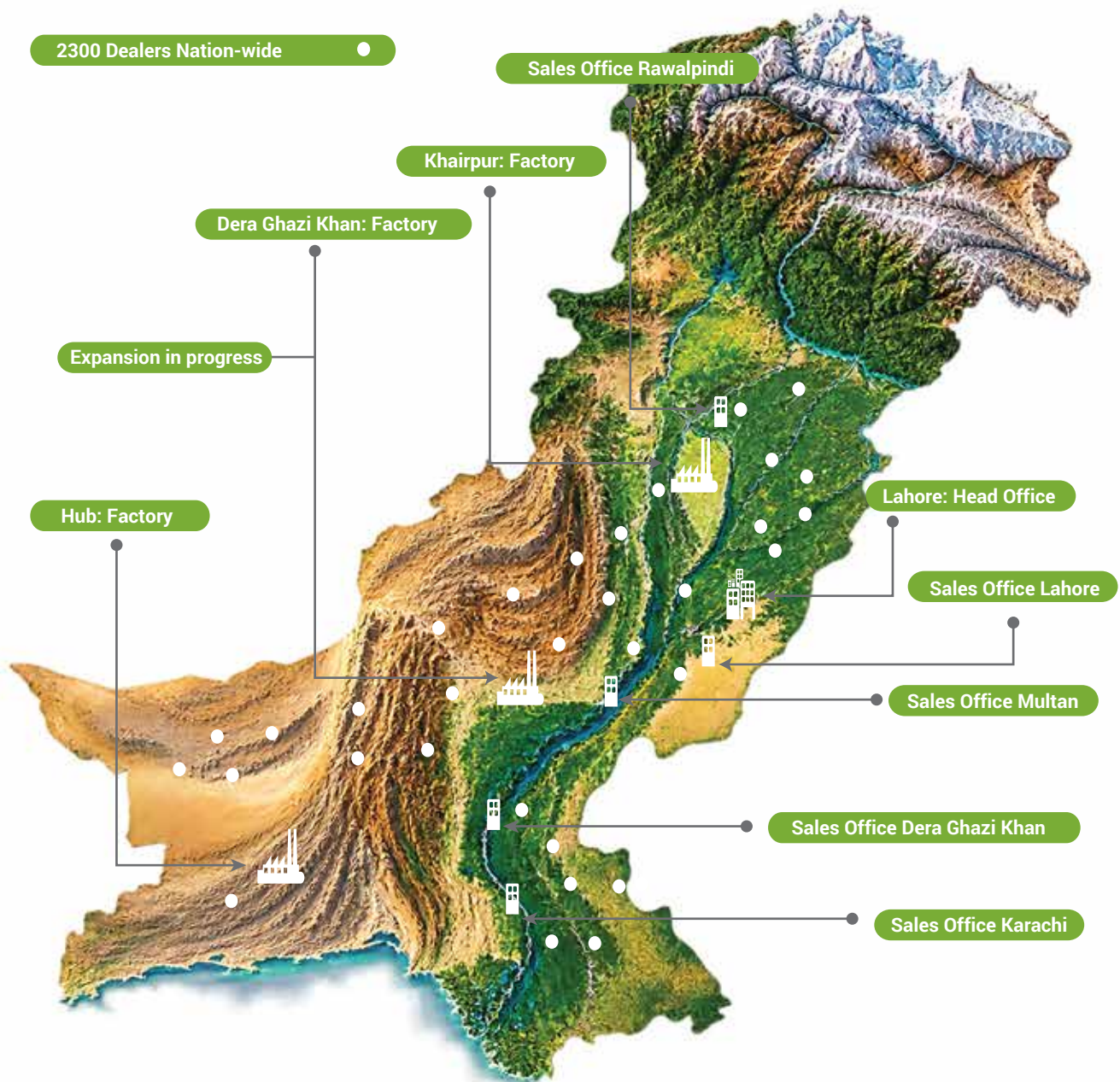




# LOCAL & INTERNATIONAL MARKETS

DGKC has a strong presence across Pakistan. With its plants spread from the North to the Center and South, DGKC serves even remote areas through an extensive dealership network of 2,300 dealers.

The Company also has a notable presence in international markets, including Bangladesh, Afghanistan, the USA, Ivory Coast, Sri Lanka, and parts of Central Africa. It continues to explore new export markets through its HUB plant, which is located near the port.





# PRODUCTION FACILITIES



## PLANT MAKE

| Description            | Site | Manufacturer                                        | Capacity  | Year Installed |
|------------------------|------|-----------------------------------------------------|-----------|----------------|
| Cement Plant (line-1)  | DGK  | UBE Industries, Japan                               | 2,000 tpd | 1986           |
| Cement Plant (line-1)  | DGK  | FLSmidth, Denmark                                   | 200 tpd   | 1994           |
| Cement Plant (line-2)  | DGK  | FLSmidth, Denmark                                   | 4,000 tpd | 1998/2005      |
| Cement Plant (line-1)  | DGK  | FLSmidth, Denmark                                   | 500 tpd   | 2005           |
| Cement Plant           | KHP  | FLSmidth, Denmark                                   | 6,700 tpd | 2007           |
| Kiln                   | HUB  | FLSmidth, Denmark                                   | 9,000 tpd | 2018           |
| Mills                  | HUB  | Loesche GMBH, Germany                               |           | 2018           |
| Pack House             | HUB  | Haver & Boecker, Germany                            |           | 2018           |
| Captive Power Plant**  | HUB  | Niigata, Japan                                      |           |                |
| Captive Power Plant    | DGK  | Wartsila, Finland                                   |           |                |
| Captive Power Plant    | KHP  | Wartsila, Finland                                   |           |                |
| Coal Fired Power Plant | DGK  | Sinoma, China                                       | 30 MW     | 2016           |
| WHR Plant              | DGK  | Nanjing Turbine Electricity Machinery Group Company | 10.4 MW   | 2010           |
| WHR Plant              | KHP  | Sinoma, China                                       | 12 MW     | 2020           |
| RDF Plant              | KHP  | Vecoplan, Germany & Elden, Germany                  |           |                |
| RDF Plant              | DGK  | Vecoplan, Germany & Elden, Germany                  |           |                |
| WHR Plant              | HUB  | Sinoma, China                                       | 10 MW     | 2021           |
| Coal Fired Power Plant | HUB  | Sinoma, China                                       | 30 MW     | 2021           |
| Solar Power Plant      | KHP  | China                                               | 6.9 MW    | 2023           |
| Solar Power Plant      | KHP  | China                                               | 3 MW      | 2024           |



## PLANT CAPACITIES

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



## IMPORTANT MACHINERIES' CAPACITIES

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



## ELECTRICITY GENERATION CAPACITY (MW)

|       | Furnace Oil | Gas   | Dual Fuel<br>(FO+G) | WHR   | Solar | Coal  | Total  |
|-------|-------------|-------|---------------------|-------|-------|-------|--------|
| DGP   | -           | 24.60 | -                   | 10.40 |       | 30.00 | 65.00  |
| KHP   | -           | -     | 33.00               | 12.00 | 9.9   | -     | 54.90  |
| HUB   | 23.84       | -     | -                   | 10.00 | 1.02  | 30.00 | 64.86  |
| Total | 23.84       | 24.60 | 33.00               | 32.40 | 10.92 | 60.00 | 184.76 |



## ELECTRICITY REQUIREMENTS

| Factory | MW  |
|---------|-----|
| DGK     | 42  |
| KHP     | 31  |
| HUB     | 40  |
| Total   | 113 |

\*\*Transferred to HUB from DGK site

# NISHAT PROFILE

## About Founder:

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

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

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

The Group has notable presence in following business sectors:

- Banking & Financial Services
- Cement
- Hospitality
- Aviation
- Packaging products
- Agriculture & Farming, Livestock & Dairy
- Food And Personal Care Products
- Insurance
- Textiles
- Energy
- Automobiles
- Real Estate





# RELATIONSHIP WITH GROUP COMPANIES

| Sr. No. | Name of Company                                      | Associated |
|---------|------------------------------------------------------|------------|
| 1       | NISHAT MILLS LIMITED                                 | Yes        |
| 2       | NISHAT POWER LIMITED                                 | Yes        |
| 3       | LALPIR LIMITED (FORMERLY LALPIR POWER LTD).          | No         |
| 4       | PAKGEN LIMITED (FORMERLY PAKGEN POWER LTD).          | No         |
| 5       | MCB BANK LIMITED                                     | No         |
| 6       | MCB ISLAMIC BANK LIMITED                             | Yes        |
| 7       | ADAMJEE INSURANCE COMPANY LIMITED                    | No         |
| 8       | ADAMJEE LIFE ASSURANCE COMPANY LIMITED               | Yes        |
| 9       | NISHAT PACKAGING LIMITED                             | Yes        |
| 10      | SECURITY GENERAL INSURANCE COMPANY LIMITED           | No         |
| 11      | NISHAT HOTELS AND PROPERTIES LIMITED                 | Yes        |
| 12      | NISHAT (AZIZ AVENUE) HOTELS AND PROPERTIES LIMITED   | Yes        |
| 13      | NISHAT (RAIWIND) HOTELS AND PROPERTIES LIMITED       | Yes        |
| 14      | NISHAT ENERGY LIMITED                                | No         |
| 15      | NISHAT LINEN (PVT) LIMITED                           | Yes        |
| 16      | NISHAT AGRICULTURE FARMING (PVT) LIMITED             | Yes        |
| 17      | NISHAT DEVELOPERS (PVT) LIMITED                      | Yes        |
| 18      | PAKISTAN AVIATORS & AVIATION (PVT) LTD.              | No         |
| 19      | NISHAT REAL ESTATE DEVELOPMENT COMPANY (PVT) LIMITED | No         |
| 20      | NISHAT DAIRY (PVT) LIMITED                           | Yes        |
| 21      | HYUNDAI NISHAT MOTOR (PVT) LIMITED                   | Yes        |
| 22      | NISHAT COMMODITIES (PVT) LIMITED                     | No         |
| 23      | NISHAT USA INC.                                      | No         |
| 24      | NISHAT LINEN TRADING LLC                             | No         |
| 25      | NISHAT INTERNATIONAL FZE                             | No         |
| 26      | CHINA GUANGZHOU NISHAT GLOBAL CO. LTD.               | No         |
| 27      | MCB FINANCIAL SERVICES LIMITED                       | No         |
| 28      | EURONET (PVT) LIMITED                                | Yes        |
| 29      | NISHAT AGROTECH FARMS (PVT) LIMITED                  | Yes        |
| 30      | EMPORIUM PROPERTIES (PVT) LIMITED                    | Yes        |
| 31      | GOLF VIEW LAND (PVT) LIMITED                         | Yes        |
| 32      | NISHAT SUTAS DAIRY LIMITED                           | No         |
| 33      | NEXGEN AUTO (PRIVATE) LIMITED                        | Yes        |
| 34      | DG KHAN CEMENT COMPANY (USA) LLC*                    | Yes        |
| 35      | RAFHAN MAIZE PRODUCTS COMPANY LIMITED                | Yes        |

\*Not operational as at reporting date.

# DGKC-GROUP CROSS INVESTMENTS

## HOLDING IN DGKC

### Share Holder

### No. of Shares

### %

|                                                    |             |       |
|----------------------------------------------------|-------------|-------|
| Nishat Mills Limited                               | 137,574,201 | 31.40 |
| Security General Insurance Company Limited         | 428,500     | 0.10  |
| Nishat (Aziz Avenue) Hotels and Properties Limited | 7,000       | 0.00  |
| Mian Mohammad Mansha                               | 30,000      | 0.01  |
| Mrs. Naz Mansha                                    | 213,098     | 0.05  |
| Mr. Raza Mansha                                    | 12,796,880  | 2.92  |
| Mrs. Ammil Raza Mansha                             | 5,891,098   | 1.34  |
| Mr. Umer Mansha                                    | 27,565,313  | 6.29  |
| Mr. Hassan Mansha                                  | 27,139,917  | 6.19  |
| Total                                              | 211,646,007 | 48.31 |

## DGKC HOLDING IN

### No. of Shares

### %

|                                       |             |        |
|---------------------------------------|-------------|--------|
| MCB Bank Limited                      | 102,277,232 | 8.63   |
| Nishat Mills Limited                  | 30,289,501  | 8.61   |
| Adamjee Insurance Co. Limited         | 27,877,735  | 7.97   |
| Nishat Packaging Limited              | 25,595,398  | 55.00  |
| Nishat Dairy (Pvt) Limited            | 243,675,000 | 55.10  |
| Nishat Hotels and Properties Limited  | 104,166,667 | 8.55   |
| Hyundai Nishat Motor (Pvt) Limited    | 195,623,000 | 10.00  |
| Nishat Chunian Power Limited          | 5,683,067   | 1.55   |
| DG Khan Cement Company (USA) LLC      |             | 100.00 |
| Rafhan Maize Products Company Limited | 2,870,000   | 31.07  |



# SUBSIDIARIES



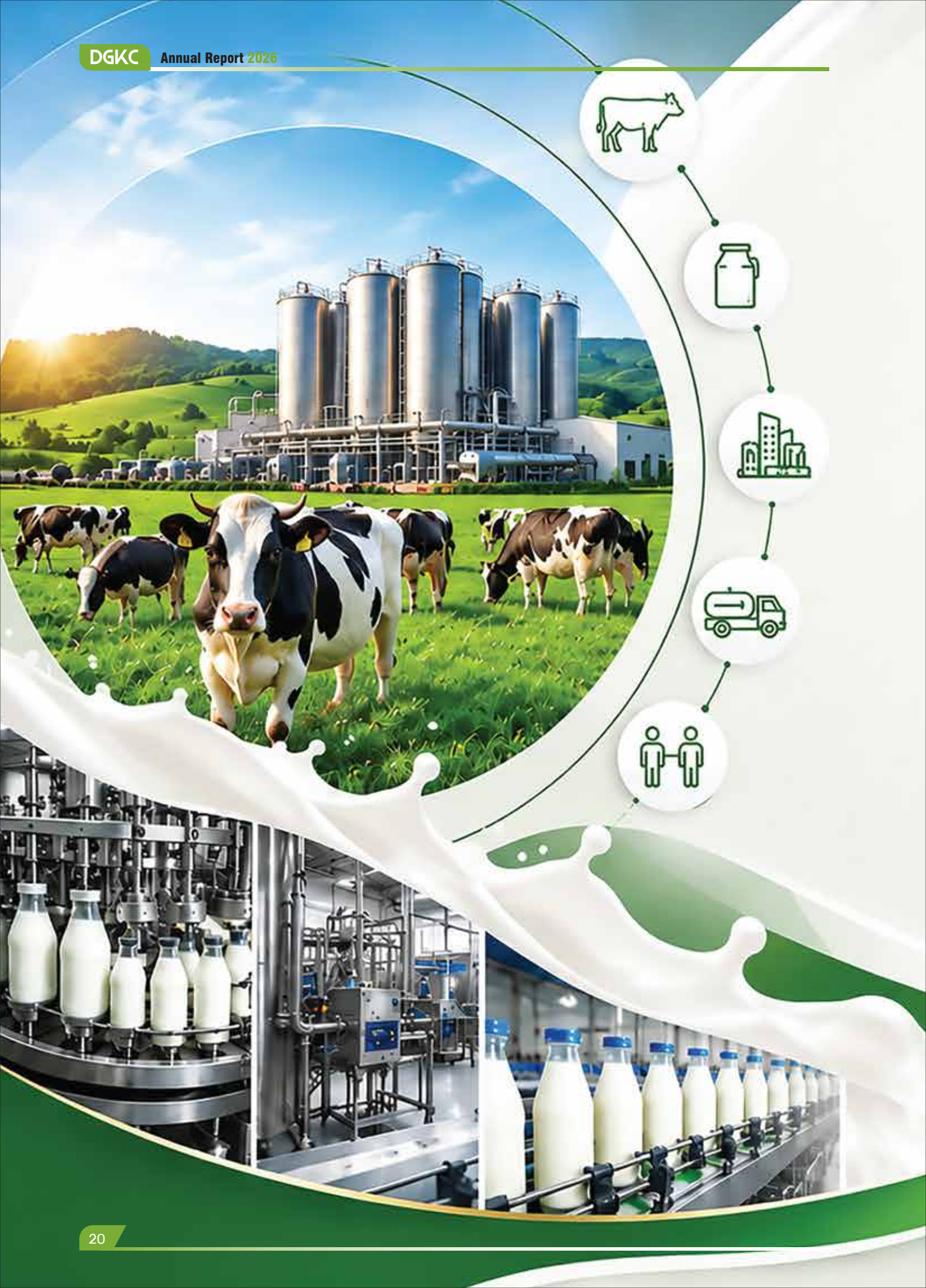




## NISHAT PACKAGING LIMITED

Nishat Packaging Limited (NPL) - formerly Nishat Paper Products Company Limited - is a public company limited by shares, incorporated in Pakistan on July 23, 2004. It is principally engaged in the manufacture and sale of packaging material. Its manufacturing facilities are located in Khairpur and Sheikhupura. The Company has three main production lines with an annual production capacity of 250 million bags to facilitate the cement industry in meeting its packaging requirements. DGKC holds a 55% shareholding in NPL.







# NISHAT DAIRY (PRIVATE) LIMITED

NDPL is a private company limited by shares, incorporated in Pakistan on October 28, 2011. It is principally engaged in the business of production and sale of raw milk. The company was set up with the principal object of carrying out dairy business in Pakistan. It has acquired 147 acres of land near Sukheki to set up the dairy operations. As at June 30, 2026 the Company has 3,914 mature milking animals. DGKC owns 55.1% holding in NDPL.

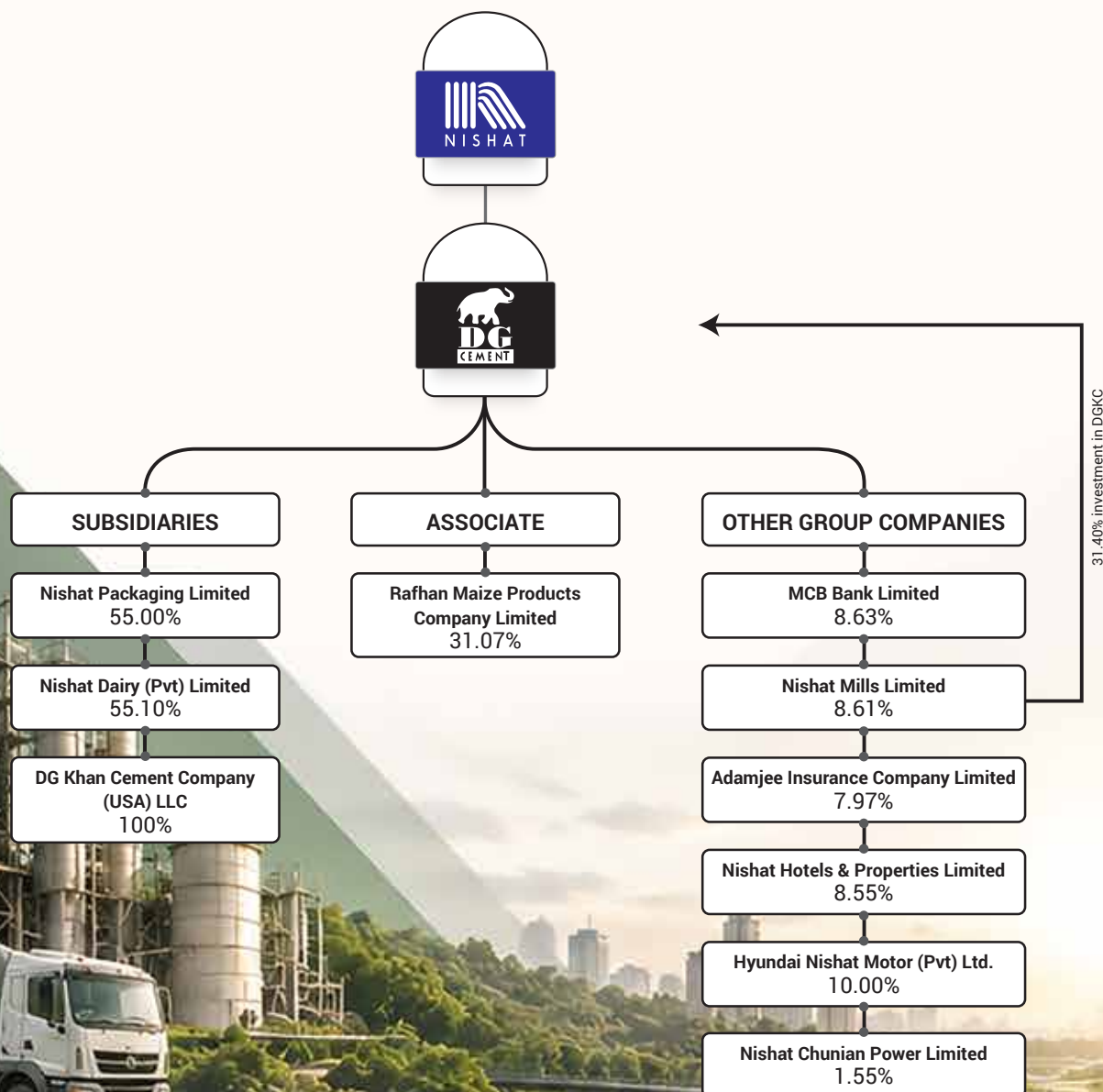




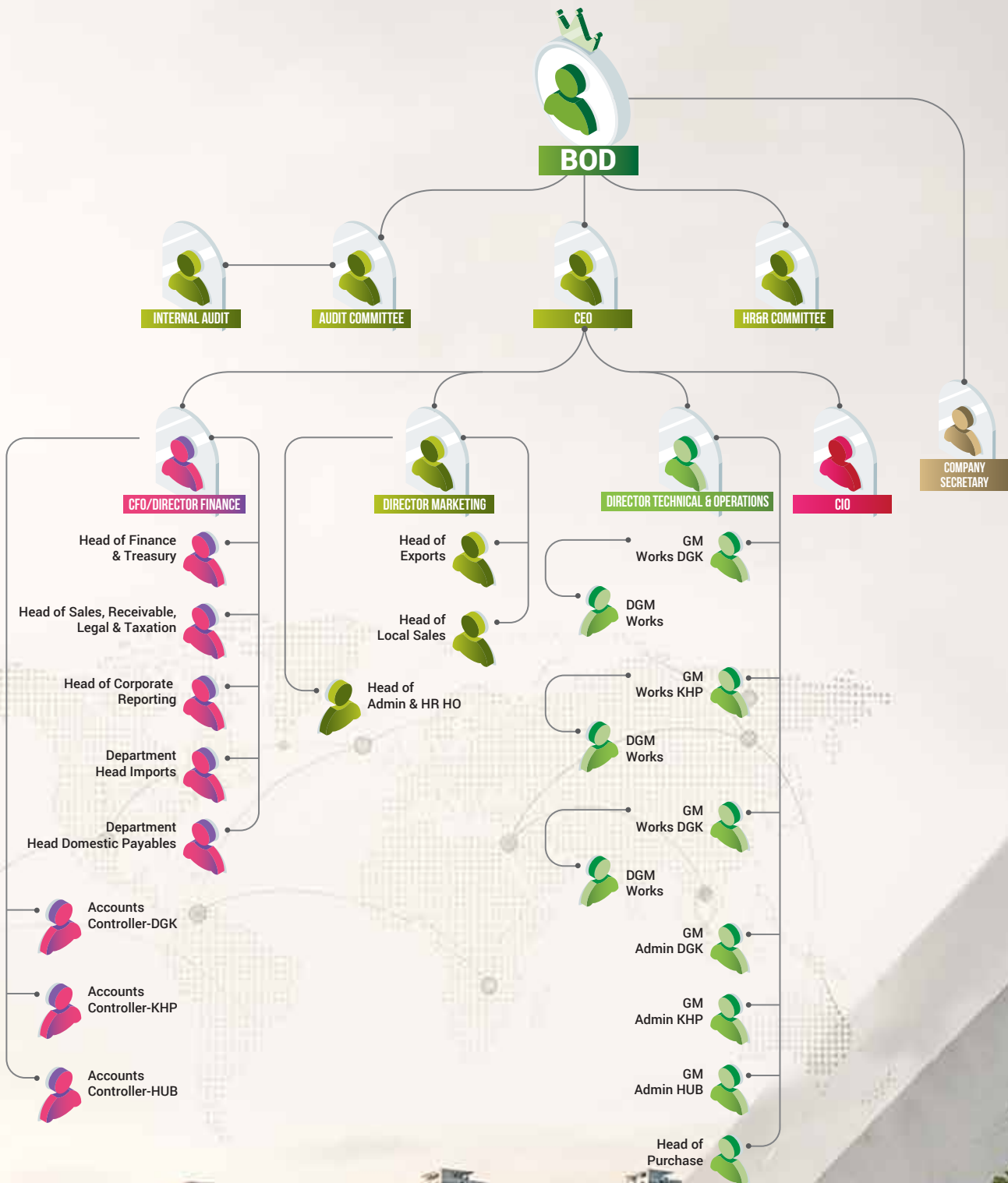
# DISCLOSURE OF BENEFICIAL OWNERSHIP AND FLOW CHART OF INVESTMENTS

The Company hereby discloses its significant beneficial ownership, including indirect interests, in its subsidiaries: Nishat Packaging Limited and Nishat Dairy (Private) Limited, in which it holds approximately 55% shareholding each, and DG Khan Cement Company USA LLC, over which it exercises 100% control. The Company presents consolidated financial statements encompassing these subsidiaries, ensuring transparency in financial reporting. In addition, the Company holds a 31.07% interest in Rafhan Maize Products Company Limited, an associate accounted for under the equity method in the consolidated financial statements.

Furthermore, the Company maintains investments in various private and public companies within the group, which consistently generate dividends or capital appreciation. These include holdings in prominent entities such as MCB Bank Limited, Nishat Mills Limited, Adamjee Insurance Company Limited, Nishat Hotels and Properties Limited, Hyundai Nishat Motors (Private) Limited and Nishat Chunian Power Limited.



# ORGANIZATION STRUCTURE

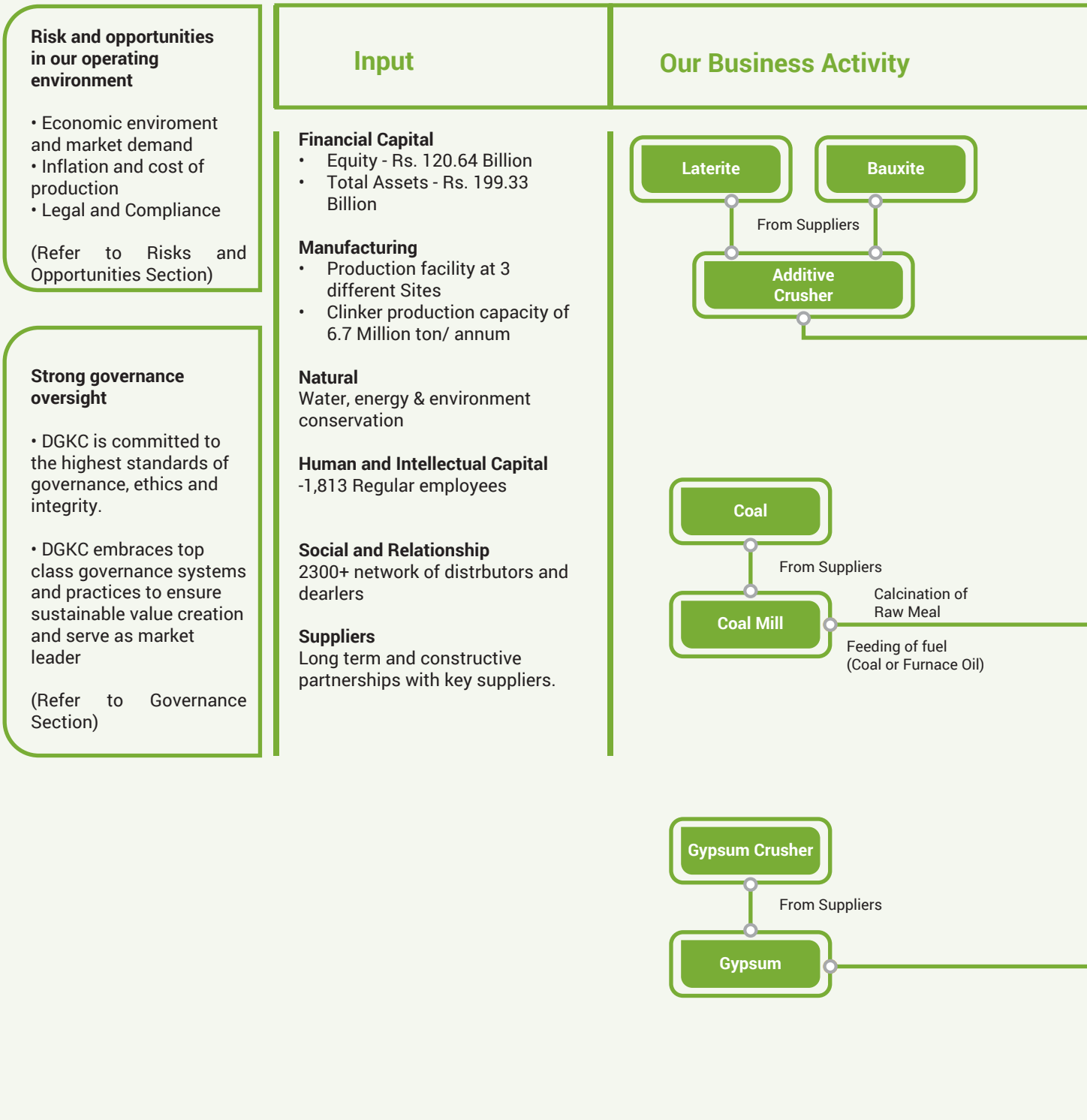




# BUSINESS MODEL

D.G. Khan Cement Company Limited operates on a strong, sustainable business model, evolving into a high-quality building materials company with a primary focus on environmental responsibility and customer satisfaction. Our core strategy centers on the efficient production of cement using modern, energy-efficient manufacturing processes that minimize carbon emissions and reduce environmental impact.

We strategically source raw materials such as limestone and clay from nearby quarries located close to our manufacturing plants, reducing transportation costs and supporting the local communities in which we operate.

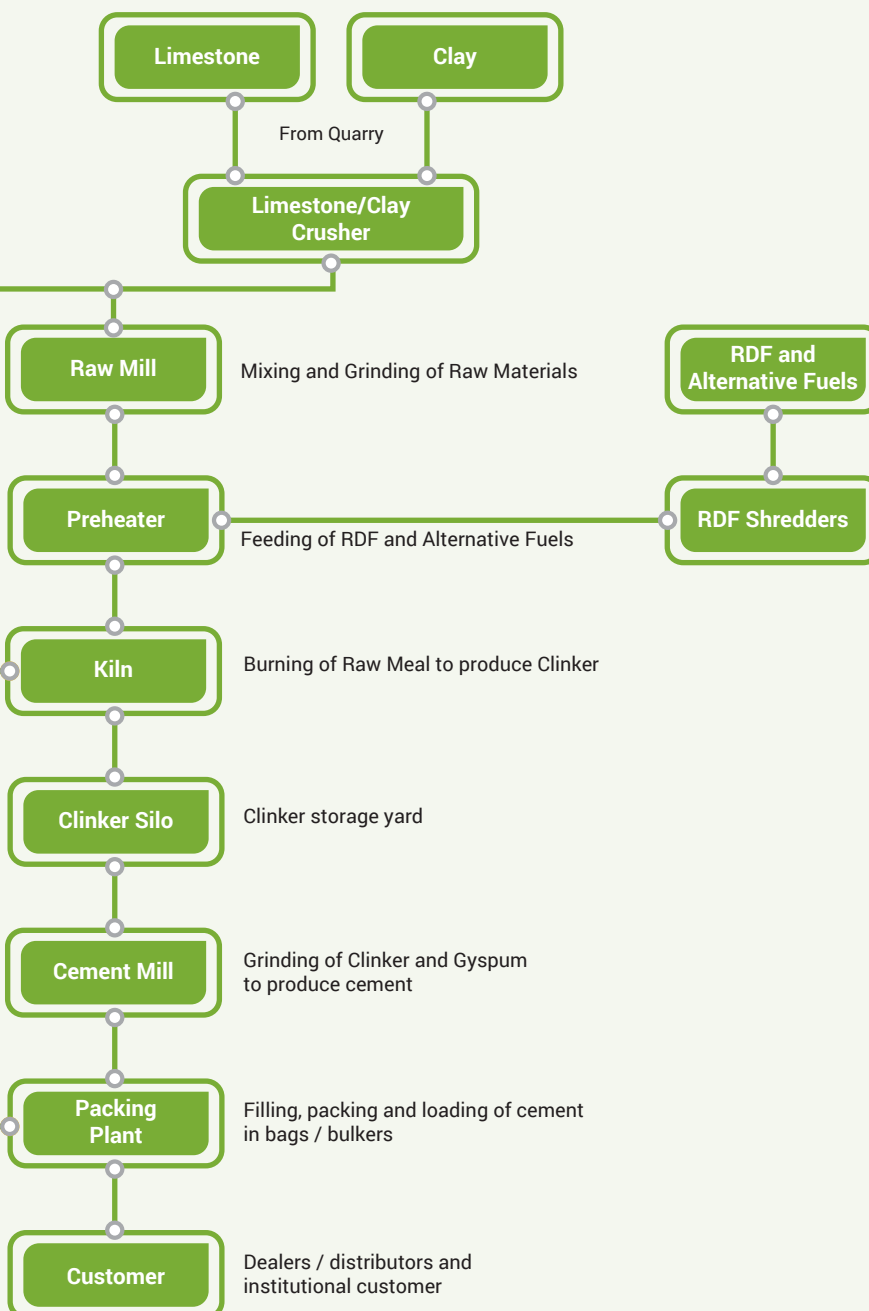


We prioritize both residential and commercial customers to ensure a diverse customer base. Our distribution network is increasingly focused on regions experiencing growth in housing and commercial development, helping expand our market and customer reach - not only in Pakistan but also internationally. DGKC also invests significantly in R&D to develop cost-effective processes without compromising quality standards, producing environmentally friendly cement through the use of advanced technologies. Our revenue streams include cement sales, value-added services, and partnerships with construction companies to drive strong growth and profitability.

DGKC's goal is to become an industry leader by delivering high-quality cement, minimizing environmental impact, promoting sustainable construction practices, and placing customers and communities at the center of our business.

## And Process

## Our Capitals (Value Generated and Added)



### Financial Capital

- Profit Before Levy and Tax - Rs. 17.3 Billion
- Rs. 40 Billion in government treasury

### Human Capital

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

### Social Capital

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

### Manufactured Capital

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

### Natural Capital

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

(Refer to Performance Section)



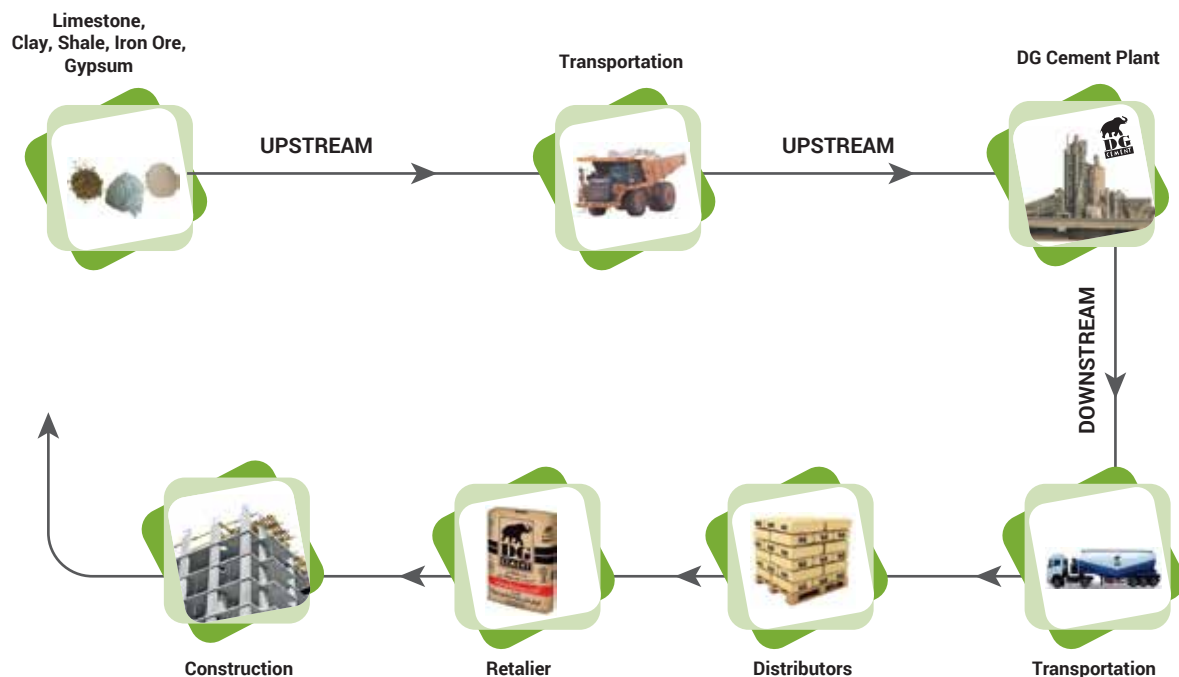
# POSITION OF THE REPORTING ORGANIZATION WITHIN THE VALUE CHAIN

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

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

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

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



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

# SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

| FACTORS                                                                                              | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                           | ORGANIZATION RESPONSES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Political       | <ul style="list-style-type: none"> <li>It determines how government policy and actions intervene in the economy and other factors that can affect a business.</li> <li>Political instability and transition of government impacts the organization negatively.</li> <li>Rapid changes in Government's macroeconomic policies also adversely impact the Company's business.</li> </ul> | <ul style="list-style-type: none"> <li>Management looks at tariffs, trade deals as they are developed not only by the economics or business side but what political relationships influence those decisions.</li> <li>Management proactively plans for the different demand scenarios with help of budgeting, forecasts and projections.</li> <li>Timely adjustments are made in the organizational processes and policies in response to actual or anticipated changes in Government policies.</li> <li>Issues relating to the Cement Industry are dealt with through the forum of APCMA.</li> </ul> |
| <br>Economic        | <ul style="list-style-type: none"> <li>Extensive competition, devaluation of currency, fluctuating interest rates and higher inflation.</li> <li>Lower Government's development spending, lower economic growth and construction activities slow-down.</li> </ul>                                                                                                                     | <ul style="list-style-type: none"> <li>Management continues to identify new markets for its products, internationally to offset local demand contraction and hedge currency fluctuation.</li> <li>Company constantly strives to bring efficiencies in its manufacturing process and energy mix including BMR, which supports in mitigating adverse effect of increase in production cost.</li> </ul>                                                                                                                                                                                                  |
| <br>Social        | <ul style="list-style-type: none"> <li>Focus on Corporate Social Responsibility, Donations, development of communities and Scholarships.</li> </ul>                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>As a socially responsible corporate entity, DGKC strives hard to develop the communities in which it operates by ensuring compliance with all requirements of CSR.</li> <li>It donates generously to various social and charitable causes including health, education and social sectors.</li> <li>It also provides clean water, free education through schools, medical facilities and fire fighting services in areas nearby the sites.</li> </ul>                                                                                                           |
| <br>Technological | <ul style="list-style-type: none"> <li>Risk of technological obsolescence.</li> <li>Technological innovation by competitors</li> </ul>                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>To continue its legacy of being among the unparalleled leaders of the cement industry, DGKC has always given priority to latest technological developments.</li> <li>Installation of 9.9 MW Solar Plant at KHP.</li> <li>Continuous investment in key technological software to achieve operational excellence.</li> </ul>                                                                                                                                                                                                                                     |
| <br>Environmental | <p>Environmental Footprint, Recycling, Climatic Conditions Global warming, Natural disasters etc.</p>                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>The Company takes various steps to protect the environment including compliance with applicable environmental standards.</li> <li>Company has approved standards of ISO for complying with an effective environmental management system.</li> <li>Waste is collected from cities and is used as alternate fuel.</li> <li>Investment in Waste Heat Recovery system so as to minimize Company's impact on the environment due to its operations.</li> </ul>                                                                                                      |
| <br>Legal         | <p>Compliance with the applicable legal and regulatory requirements</p>                                                                                                                                                                                                                                                                                                               | <p>DGKC has a dedicated team of professionals which ensures that all its processes comply with the applicable regulatory requirements. It ensures that all taxes and duties payments, whether income tax or sales tax, are made timely by having an effective cash management system in place.</p>                                                                                                                                                                                                                                                                                                    |



# S.W.O.T. ANALYSIS

## STRENGTHS

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

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## WEAKNESSES

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

## OPPORTUNITIES

- RMPL investment / earnings diversification
- Focus on cost optimizing
- Export opportunities due to fully operational HUB facility
- The brownfield clinker line project at DG Khan site
- Flood related infrastructure requirement
- Alternate energy sources

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## THREATS

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

SUCCESS

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

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

In contrast, the rainy season (July to September) presents challenges. Heavy rains disrupt construction, delaying cement transport and causing logistics issues. Contractors may retire,

adversely affecting cement sales. The impact of winter (October to February) varies from region to region. While bitterly cold temperatures may slow exterior construction, indoor construction is likely to continue, providing some support for cement sales.

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

# POLITICAL ENVIRONMENT WHERE ORGANIZATION OPERATES

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

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

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

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

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

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

market presence.

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

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

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

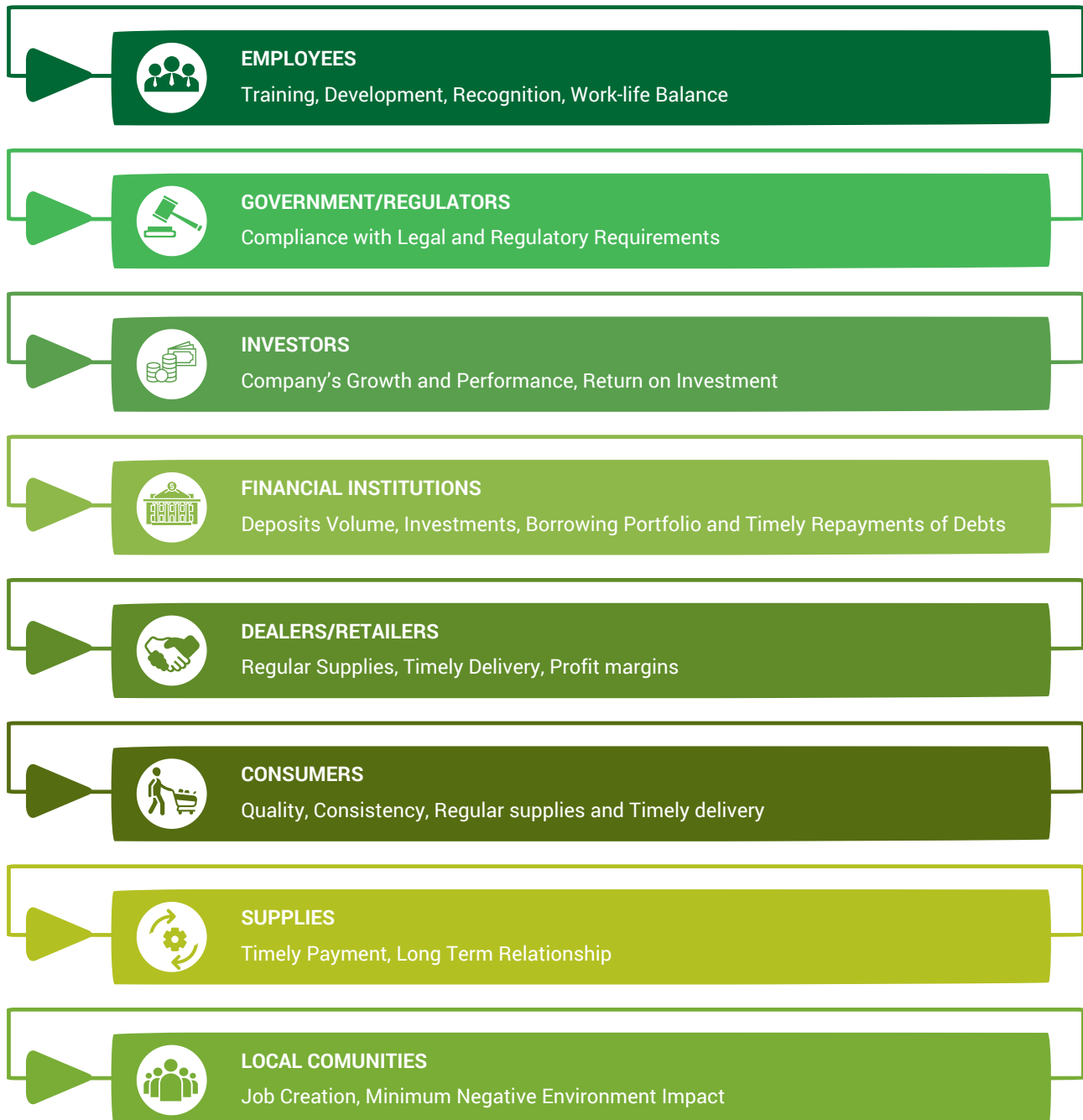
**Anti-Dumping Laws:** In some countries, particularly in South Africa, anti-dumping laws can hinder our exports. These laws are designed to protect domestic industries from foreign competition by imposing tariffs or restrictions on imported goods.

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



# LEGITIMATE NEEDS AND INTERESTS OF KEY STAKEHOLDERS

Overall, the cement industry ensures that stakeholder interests are duly respected. Customers are well attended to, and their grievances are addressed in a timely manner. The industry also maintains strong compliance with tax and corporate laws.



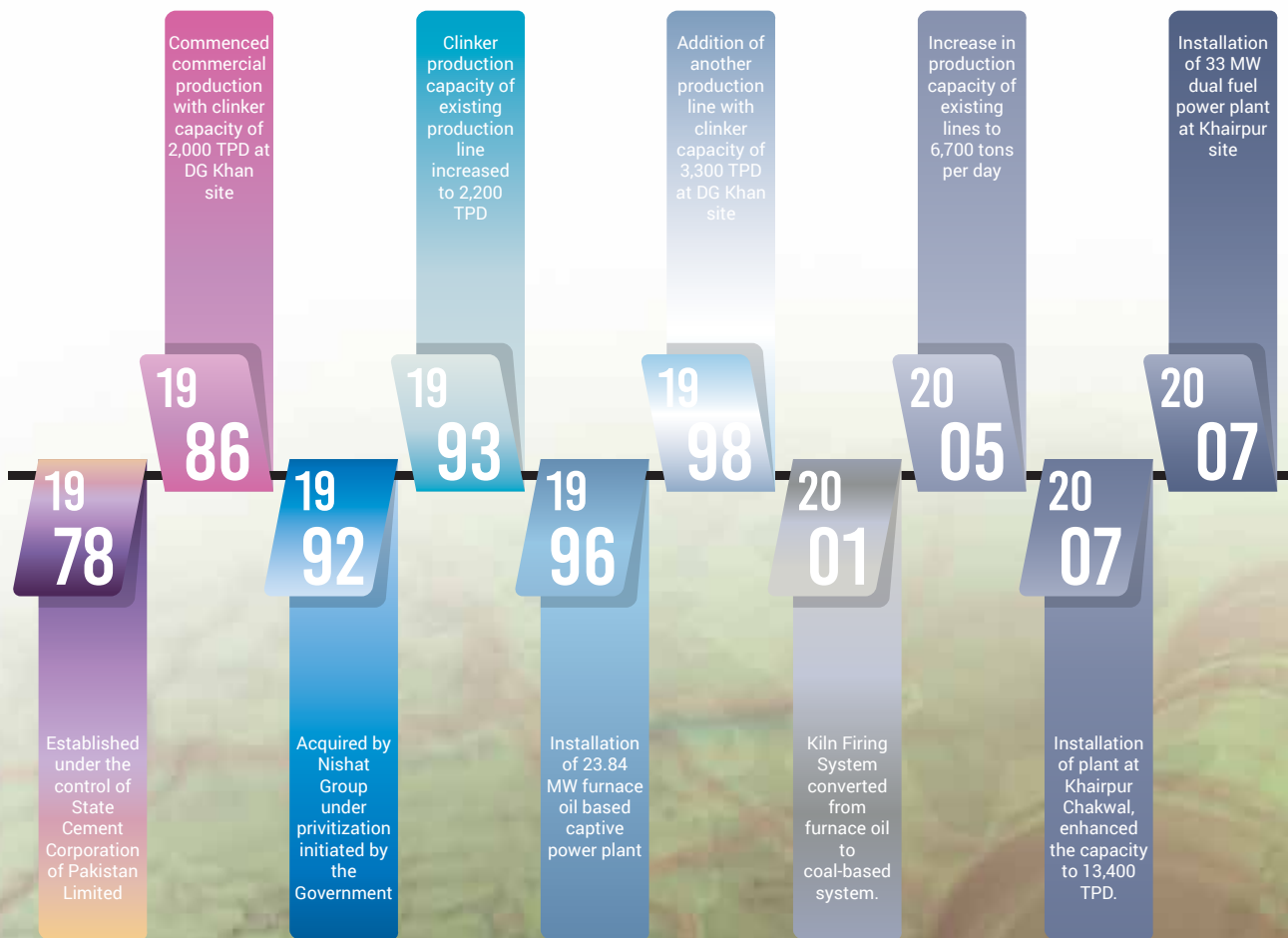
\* Please refer to stakeholders engagement section for detailed analysis

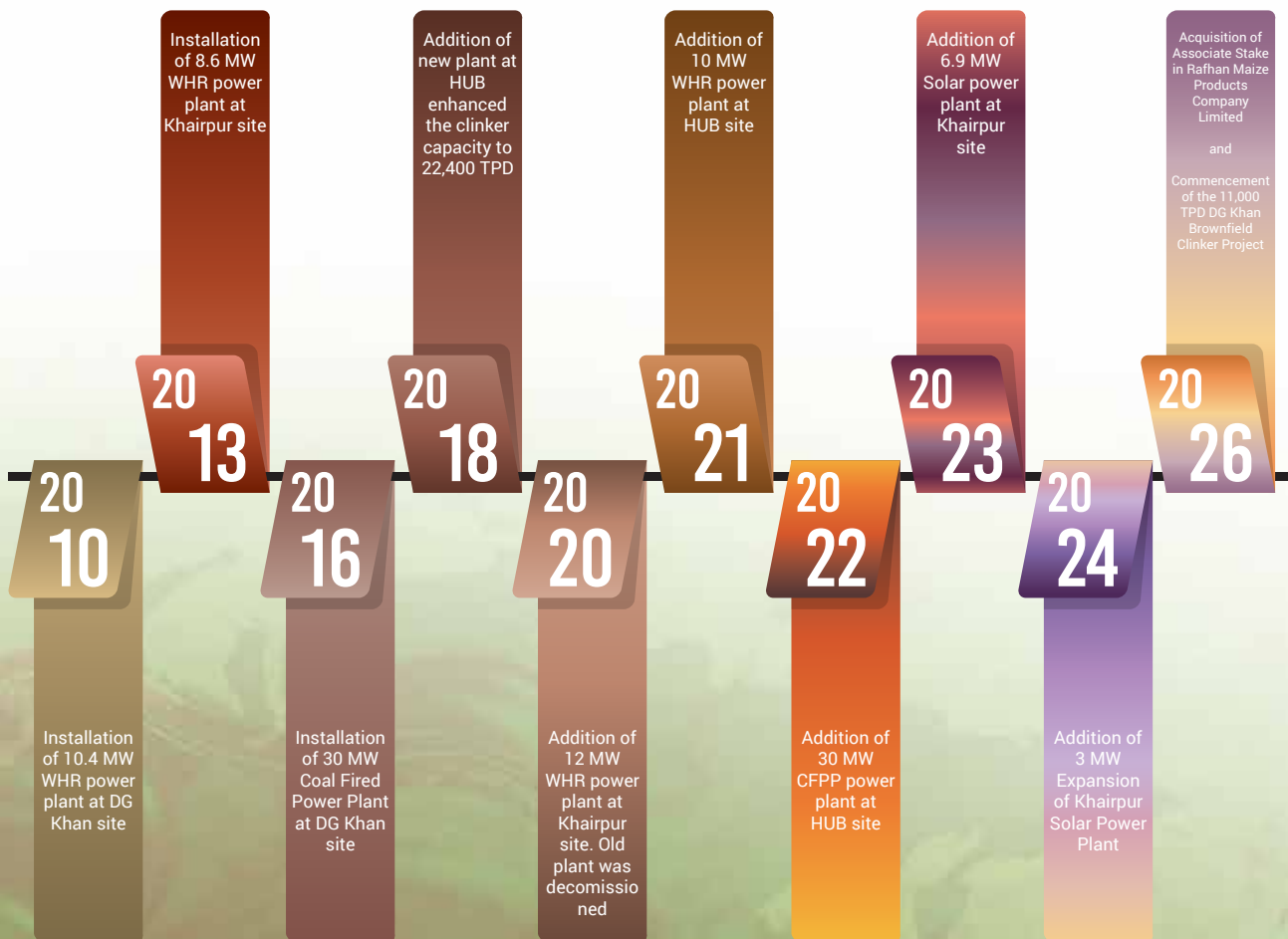
# COMPETITIVE LANDSCAPE AND MARKET POSITIONING

| MARKET POSITIONING FORCES     | THREAT        | NATURE OF THREAT                                                                                                                                                                                                                                                          |
|-------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| THREAT OF SUBSTITUTES         | LOW           | Concretes are considered substitute for cement but the market is dominated by cement and customers in Pakistan are more comfortable in cement product than concrete                                                                                                       |
| THREAT OF COMPETITION         | High          | <ul style="list-style-type: none"> <li>• High rivalry among competitors</li> <li>• Over-Capacity in local market</li> <li>• Demand -Supply gap is unfavorable</li> <li>• Low opportunities in export market due to political and economic reasons</li> </ul>              |
| THREAT OF NEW ENTRANT         | Medium to Low | As high investments are required for cement plant, there is barrier for new entrants. However, already established cement mills regularly go for BMRs for capacity additions                                                                                              |
| BARGAINING POWER OF SUPPLIERS | Medium to Low | <ul style="list-style-type: none"> <li>• Low in local market due to reputational strength of Company</li> <li>• While the impact of the commodity super cycle has eased, global input cost fluctuations still pose a moderate supplier bargaining power threat</li> </ul> |
| BARGAINING POWER OF CUSTOMERS | Medium to Low | <ul style="list-style-type: none"> <li>• Large number of customers and fragmented market</li> <li>• However, export markets are tense and have more negotiating powers</li> </ul>                                                                                         |



# HISTORY OF MAJOR EVENTS (BRICK BY BRICK)









# LEGISLATIVE AND REGULATORY REQUIREMENTS IN WHICH ORGANIZATION OPERATES

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

- Under the Companies Act, 2017, DGKC conducts its operations, including corporate formation, governance, and reporting, ensuring transparency and accountability.
- Being a publicly listed entity, DGKC adheres to stock exchange regulations to safeguard market integrity and investor interests. It commits to high corporate governance standards through the Code of Corporate Governance, promoting transparency and accountability.
- The company follows international accounting and financial reporting standards to maintain financial reporting accuracy and global comparability. Compliance with income tax, sales tax, and excise laws at provincial and federal levels is vital for financial sustainability and legal standing.
- DGKC is in full compliance with the Mining Act, as well as the laws and regulations administered and supervised by the Ministry of Mines and Minerals.
- Property tax payments are made to maintain property legality.
- DGKC upholds labor rights, workplace safety, and environmental compliance. It adheres to labor laws, ensuring employee welfare, and complies with health and safety regulations to minimize workplace hazards.
- Environmental responsibility is acknowledged through compliance with emission standards, waste disposal regulations, and measures aimed at reducing environmental impact.

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



# EVENT CALENDAR

from July 01, 2025 to June 30, 2026

**July 22, 2025**

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

**July 29, 2025**

Meeting of the Members of HR&R Committee conducted.

**August 21, 2025**

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

**August 21, 2025**

Notice for Meeting of Board Directors for consideration of Annual Audited Accounts for the year ended June 30, 2025 sent to Board of Directors.

**August 28, 2025**

Meeting of the Members of Audit Committee conducted for recommendation of Annual Audited Accounts for the year ended June 30, 2025, related party transactions, appointment of External Auditors etc.etc. to the Board of Directors for their approval.

**August 28, 2025**

Meeting of the Board of Directors conducted for consideration and approval of Annual Audited Accounts for the year ended June 30, 2025 Director's Report, Related Party Transactions, Appointment of External Auditors, Agenda and Venue of AGM, Special Business Under Section 199 of the Companies Act, 2017 etc. etc.

**August 28, 2025**

Financial Results for the year ended June 30, 2025 and other Corporate Actions Sent to Stock Exchange immediately after conclusion of Board Meeting.

**October 03, 2025**

Notice of AGM Sent to Pakistan Stock Exchange

**October 04, 2025**

Notice of Annual General Meeting published in Newspapers.

**October 22, 2025**

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

**October 22, 2025**

Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 1st Quarter ended September 30, 2025 Sent to Directors and Stock Exchange.

**October 28, 2025**

Annual General Meeting conducted and Shareholders approved Annual Audited Accounts, Appointment of External Auditors, Election of Directors.

**October 28, 2025**

Certified Copy of Resolutions Passed by the Shareholders in their Annual General Meeting held on October 28, 2025 sent to Stock Exchange.

**October 29, 2025**

Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 1st Quarter ended September 30, 2025, Related Party Transactions etc. etc. to the Board of Directors for their approval.

**October 29, 2025**

Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the 1st Quarter ended September 30, 2025, Directors Report, Related Party Transactions etc. etc.

**October 29, 2025**

Financial Results for the 1st Quarter ended September 30, 2025 along with other Corporate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.

**November 26, 2025**

Corporate Briefing Session on FY 2025 was held through video link

**December 16, 2025**

Notice of Emergent Meeting of Board sent to Director.

**December 18, 2025**

Material information regarding investment in Rafhan Maize Products Company Ltd. Sent to PSX

**April 21, 2026**

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

**December 31, 2025**

Material information regarding establishment of Letter of Credit for setting up Pakistan's largest clinker brownfired production line of 11,000 tons per day sent to PSX

**April 21, 2026**

Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2026 Sent to Board of Directors.

**February 16, 2026**

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

**April 29, 2026**

Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the 3rd Quarter ended March 31, 2026, Related Party Transactions etc. etc. to the Board of Directors for their approval.

**February 16, 2026**

Notice for Meeting of Board Directors for consideration of Un-Audited Accounts for the Half Year ended December 31, 2025 Sent to Directors.

**February 23, 2026**

Meeting of the Members of Audit Committee conducted for recommendation of Un Audited Accounts for the Half Year ended December 31, 2025, Related Party Transactions etc. etc. to the Board of Directors for their approval.

**April 29, 2026**

Meeting of the Board of Directors conducted for consideration of Un-Audited Accounts for the 3rd Quarter ended March 31, 2026, Directors Report, Related Party Transactions etc. etc.

**February 23, 2026**

Meeting of the Board of Directors conducted for consideration and approval of Un-Audited Accounts for the Half Year ended December 31, 2025, Directors Report, Related Party Transactions.

**April 29, 2026**

Financial Results for the 3rd Quarter ended March 31, 2026 along with other Corporate Actions, if any, Sent to Stock Exchange immediately after conclusion of Board Meeting.

**February 23, 2026**

Financial Results for the Half Year ended December 31, 2025 along with other Corporate Actions, Sent to Stock Exchange immediately after conclusion of Board Meeting.

**June 30, 2026**

Material information regarding acquisition of 2,870,000 shares of Rafhan Maize Products Co. Ltd. Sent to PSX





# STRATEGY AND RESOURCE ALLOCATION

|                                                                 |    |
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# STRATEGY AND RESOURCE ALLOCATION

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

## Strategic Objectives and Related Strategies in Place

### 1 Footprint Strengthened

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

**Primary capitals utilized and impacted:** ◆ Financial Capital ◆ Human Capital  
◆ Social and Relationship Capital  
◆ Manufacturing Capital

**Nature** | ◆ Long term

#### Strategies in place

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

#### KPIs Monitored

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

#### Relevance of KPIs

These KPIs will remain relevant in future

### 2 Sustainable and Profitable Cement Manufacturer

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

**Primary capitals utilized and impacted:** ◆ Financial Capital  
◆ Social and Relationship Capital  
◆ Manufacturing Capital

**Nature** | ◆ Medium term ◆ Long term

#### Strategies in place

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

#### KPIs Monitored

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

#### Relevance of KPIs

These KPIs will remain relevant in future

### 3 Market Diversification

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

#### Primary capitals utilized and impacted:

- ◆ Financial Capital
- ◆ Social and Relationship Capital
- ◆ Manufacturing Capital
- ◆ Human Capital
- ◆ Intellectual Capital

#### Nature

- ◆ Short term to medium term

#### Strategies in place

- Continuously explore the profitable export markets
- Get certification regarding high quality of cement & clinker, as well as with regard to the plant to get access in international market.
- Financial planning to ensure effective and profitable sales utilization of plant.

#### KPIs Monitored

- Net retention in export and local market
- Increase in export%

#### Relevance of KPIs

These KPIs will remain relevant in future

### 4 Social and environmentally Responsible

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

#### Primary capitals utilized and impacted:

- ◆ Financial Capital
- ◆ Social and Relationship Capital
- ◆ Manufacturing Capital
- ◆ Intellectual Capital

#### Nature

- ◆ Medium term ◆ Long term

#### Strategies in place

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

#### KPIs Monitored

- Number of non-compliances
- Legal and other notices from competent authorities

#### Relevance of KPIs

These KPIs will remain relevant in future

### 5 HR Excellence

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

#### Primary capitals utilized and impacted:

- ◆ Financial Capital
- ◆ Social and Relationship Capital
- ◆ Intellectual Capital
- ◆ Human Capital

#### Nature

- ◆ Medium term ◆ Long term

#### Strategies in place

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

#### KPIs Monitored

- Employee turnover ratio
- Employees feedback and surveys

#### Relevance of KPIs

These KPIs will remain relevant in future



# RESOURCE ALLOCATION PLANS TO IMPLEMENT THE STRATEGY

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

## 1 Financial Capital

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

## 2 Manufactured Capital

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

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

## 3 Intellectual Capital

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

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

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

## 4 Human capital

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

## 5 Social and relationship capital

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

## 6 Natural Capital

The Company possesses sufficient natural capital, including raw materials and water, to meet its operational requirements. Through initiatives such as rainwater harvesting ponds, it ensures responsible and efficient use of resources and remains committed to advancing sustainable practices across its operations.

# KEY RESOURCES AND CAPABILITIES

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

## Key Resources and Capabilities to Provide Sustainable Competitive Advantage

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

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

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



## Value Creation

Indirect wealth creation through equitable business with suppliers and customers

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

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

Forex reserve generation through export opportunities

High returns for shareholders

Growth in shareholders' wealth

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

Long term relationship with customers and suppliers



# SUSTAINABILITY STRATEGY

## Sustainability Strategy and Measurable Objectives

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

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

## ESG - Sustainability Model

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

### SUSTAINABILITY AT DGKC

#### Governance

- Board Composition & Management
- Disclosure & Transparency
- Ethics & Compliance
- Customer Centricity
- Responsible & Green Procurement
- Risk & Opportunity Management
- SDG aligned Corporate Finance

#### Social

- Health & Safety
- Respect of Human Rights
- Community Development for Employability
- Just Transition, Shared Value & Social Innovation
- Diversity, Equity & Inclusion
- Workforce Experience

#### Environment

- Net-Zero CO<sub>2</sub>
- Circular Economy
- Biodiversity Conservation
- Preserving Water
- Air Quality & Environmental Excellence
- Sustainable Products & Solutions

# SDG - SUSTAINABLE DEVELOPMENT GOALS

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



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

| Sustainability Targets                          | SDG Reference                 | Our Strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Carbon Footprint</b>                         | <b>SDG-13</b>                 | <p>We have focused on reducing our emissions, increasing energy efficiency in our operations, using lower emission alternatives to traditional fossil fuels, decreasing our clinker factor and promoting renewable energy. To reduce carbon foot prints and save valuable power cost:</p> <ul style="list-style-type: none"> <li>-We have Installed WHR plants (Waste Heat Recovery) at all sites that use waste heat from kilns and convert this to power thereby reducing consumption of fossil fuels.</li> <li>- We have planned to invest in On- Grid solar power plants at all sites. Solar Plant of 10 MW has been successfully installed at Khairpur.</li> </ul>                                                                                                                                              |
| <b>Waste to Fuel</b>                            | <b>SDG-7</b>                  | <p>Utilization of waste from other industries as a source of energy –we're contributing to a circular economy. For this DGKC has already installed :</p> <ul style="list-style-type: none"> <li>• Refuse-derived fuel Plants as an alternative energy source to produce energy from various types of waste such as municipal solid waste, industrial waste or commercial waste.</li> <li>• TDF Tyre-derived fuel plant at its KHP and DG sites and planning to install at HUB site as well in which Tyres may be mixed with coal or other fuels to be burned in concrete kilns. Usage of alternative fuel not only helps to get rid of different types of Industrial, agriculture, and municipal wastes but also reduce production costs in the times of global Commodity Super Cycle.</li> </ul>                    |
| <b>Enhancing Environmental Management</b>       | <b>SDG-11</b>                 | <p>We are committed to doing whatever it takes to reduce our environmental footprint. As part of our ongoing efforts, we strive to:</p> <ul style="list-style-type: none"> <li>• Monitor major and minor emissions</li> <li>• Improve our measurement methods</li> <li>• Adapt to new and more stringent air emissions regulations, investing accordingly and executing required trainings</li> <li>• Go beyond local regulations and set ambitious targets for emissions mitigation</li> </ul> <p>DGKC is endeavoring to improve environment and the cleanliness of city. In this regard, thousands of trees are planted every year, heavy machinery was provided for cleaning. Worth millions of rupees were provided to the District Administration which are being utilized for the cleanliness of the city.</p> |
| <b>Water Resource Management</b>                | <b>SDG-6</b><br><b>SDG-14</b> | <p>It is used in several stages during the production process of cement, ready-mix and aggregates as well as for cleaning plants, trucks and equipment. To protect this natural resource and help our business flourish, we work to increase our water efficiency and control our water waste.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Optimum Consumption</b>                      | <b>SDG-12</b>                 | <p>we seek gradually to implement the system “3 R's of Environment”: Reducing, Reusing, and Recycling to manage effectively the resources we use to do our work.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Reduce Inequalities</b>                      | <b>SDG-10</b><br><b>SDG-5</b> | <p>The company ensures no discrimination on grounds including gender, race, ethnic origin and religion.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Education and Health</b>                     | <b>SDG-3</b><br><b>SDG-4</b>  | <p>In addition to existing running schools and hospitals we are planning to add on more schools around the site areas to provide free education and health facilities.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Poverty Reduction and Skills Development</b> | <b>SDG-1</b><br><b>SDG-2</b>  | <p>We are focused to create job opportunities for the local community and provides the platform to train technical staff at all levels particularly to fresh diploma holders and graduate engineers. In this way, we will empower the new generation to stand on their feet and contribute in the development of country.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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



# FACTORS AFFECTING COMPANY'S STRATEGY AND RESOURCE ALLOCATION

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

## Technological Changes

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

## Societal Issues

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

## Environmental Issues

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

## Initiatives In Promoting And Enabling Innovation

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

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

# SIGNIFICANT PLANS & DECISIONS

The Company's significant plans and decisions for the coming years are:

- Completion of the 11,000 TPD brownfield clinker line at the DG Khan site, currently in progress and expected to commission during FY2028.
- Integration of the Company's strategic investment in Rafhan Maize Products Company Limited, broadening the earnings base beyond cement.
- Installation of a 25 MW PV solar power plant with a 10 MWh battery energy storage system at the DG Khan site, contracted subsequent to the approval of the financial statements on August 27, 2026, with power generation expected to commence in March 2027.
- Continued rollout of alternative-fuel capability (RDF/TDF), and of renewable capacity at the remaining sites, subject to prevailing economic conditions.

Beyond these, the Company has no immediate plans for further expansion or for the discontinuation of any operations, other than as disclosed in the Directors' Report and above.



## RATIONALE OF MAJOR CAPITAL EXPENDITURE

The principal capital commitment of the year is the brownfield clinker line at the DG Khan site, undertaken to enhance operating efficiency and strengthen the Company's long-term cost position. Separately, the Company made a strategic investment in Rafhan Maize Products Company Limited, financed through a foreign currency facility, as a deliberate diversification of its earnings base. Renewable and alternative-fuel projects continue to be evaluated against capital cost and expected returns, consistent with the Company's sustainability strategy. Management remains focused on managing the overall financing burden through the cycle as these commitments are absorbed.

# DEFAULT IN PAYMENT OF DEBTS

DGKC maintains strong relationships with its financiers. During the year the Company met all its debt obligations in full and on time, and there was no default in the repayment of principal or markup. The foreign currency facility drawn during the year to finance the Company's strategic investment carries its first repayments in the coming period, and the Company's cash flows and treasury arrangements are positioned to service it as those instalments fall due.

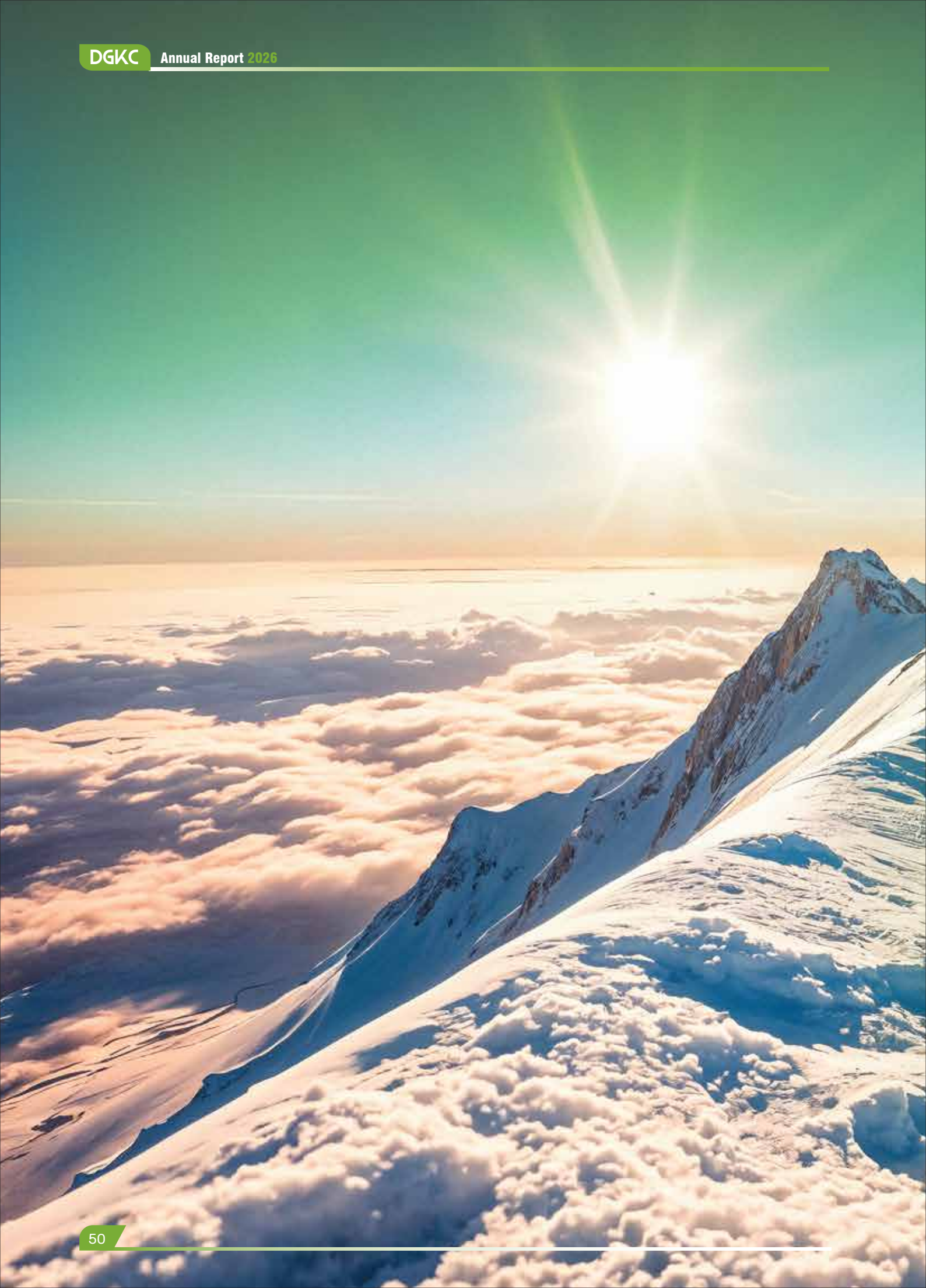
# STRATEGY FOR LIQUIDITY PROBLEMS

The working capital and financing needs of the Company are managed through a robust treasury function that supports effective cash flow management while safeguarding against related risks. Cash flow is managed through forecasting and periodic evaluation of expected inflows from turnover and investment income, with a consistent stream of dividend income providing a dependable source of liquidity. The maturity profiles of assets and liabilities are regularly monitored to optimise the timing of inflows and outflows against operating needs.

All debt repayments falling due during the year were settled on time, with no default in any obligation. The Company's liquidity strategy is to secure the minimum cash required for working capital, after which surplus cash generation is directed toward its capital commitments - principally the brownfield clinker line - and the orderly servicing and reduction of debt.

The introduction of the foreign currency facility has increased the Company's financing commitments, and management's approach is to balance the servicing of this facility against continued repayment of other borrowings, supported by the earnings the related investment is expected to generate over time.







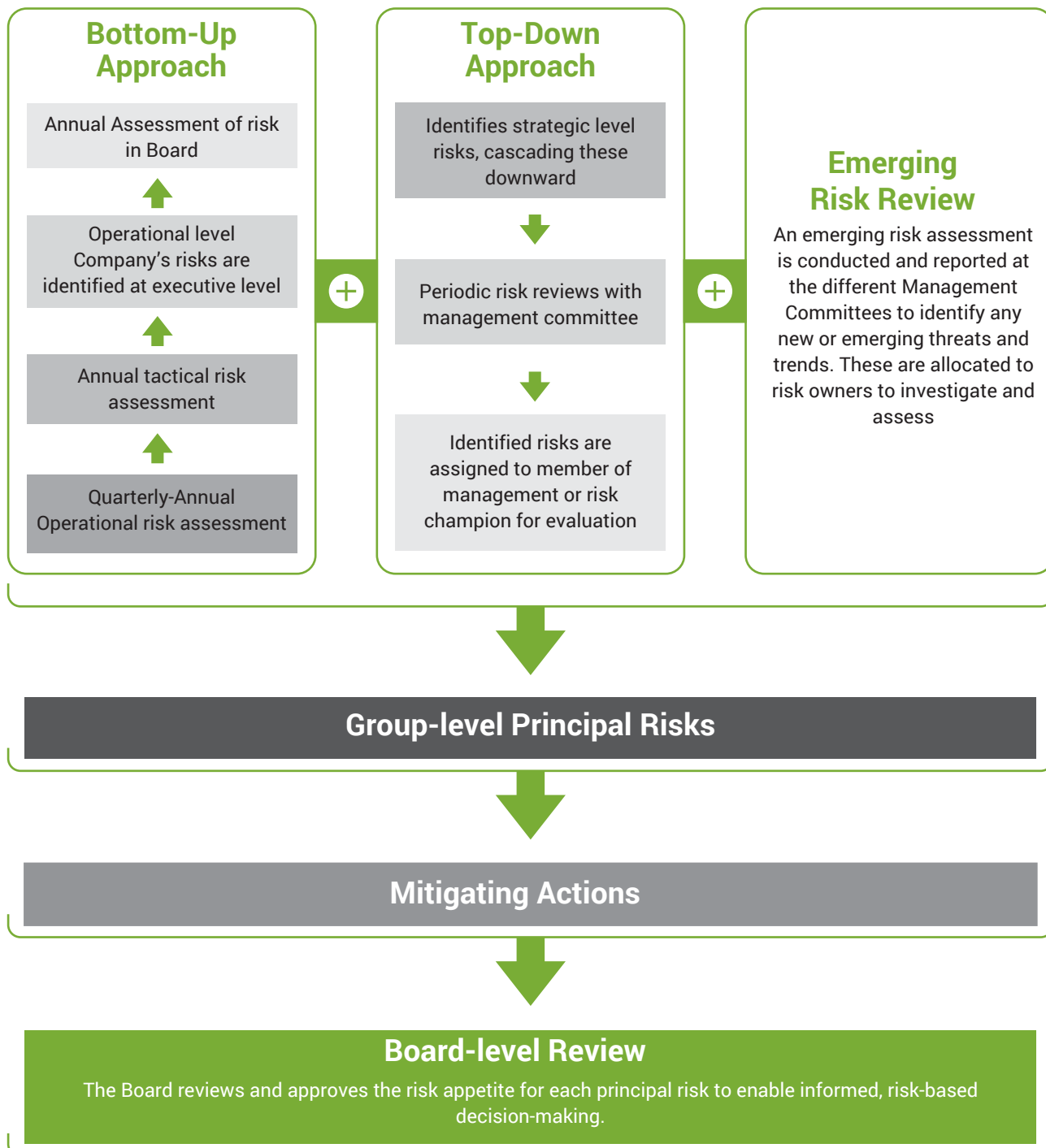
# RISKS AND OPPORTUNITIES

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# RISK MANAGEMENT FRAMEWORK

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



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



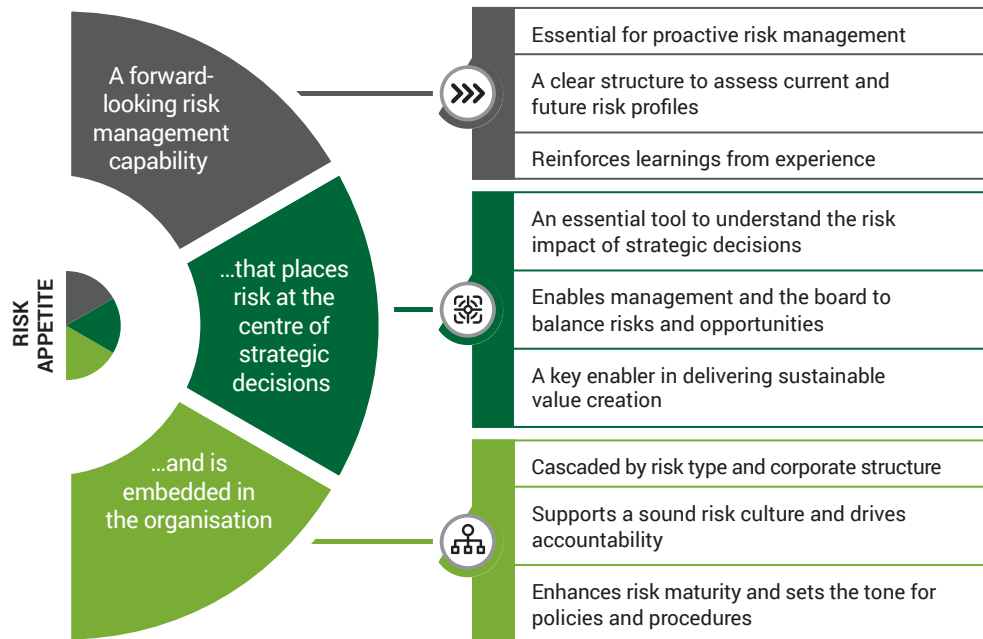
# RISK APPETITE AND TOLERANCE

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

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

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

## Placing Risk Appetite at the Core of Strategic Decision-Making



## Balancing our Risk Capacity, Appetite and Tolerance

|             | RISK CAPACITY                                                                                                                                                                                   | RISK APPETITE                                                                                                                                                                                                                                                                                            | RISK TOLERANCE                                                                                                                                                                                                                                                                                                         |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DEFINITION  | Risk capacity refers to the total amount of risk the company can bear                                                                                                                           | Risk appetite refers to the total risk we are willing to take to meet our strategic priorities                                                                                                                                                                                                           | Risk tolerance describes the specific maximum amount of exposure by risk or risk category that is deemed acceptable                                                                                                                                                                                                    |
| MEASUREMENT | Our risk capacity is assessed in terms of balance sheet strength                                                                                                                                | Our ability to service our debt obligations and preserve asset valuations is used as a yardstick to measure risk appetite                                                                                                                                                                                | Our risk tolerance is measured according to qualitative thresholds aligned to our approved appetite levels                                                                                                                                                                                                             |
| USE         | <ul style="list-style-type: none"> <li>Used by the board in assessing risk and opportunities</li> <li>Management considered the improved risk capacity in the annual insurance cycle</li> </ul> | <ul style="list-style-type: none"> <li>Used in setting strategy and business planning</li> <li>Aligned with Redefine's strategic priorities and uses our risk registers as a key reference point</li> <li>Acts as a reference point for significant risk taking and risk mitigation decisions</li> </ul> | <ul style="list-style-type: none"> <li>Used by the board as a reference point to assess, review and monitor the strategic direction of the business</li> <li>Enables management to make prompt and proactive decisions to ensure risk management objectives are achieved in the ordinary course of business</li> </ul> |

# RISK REPORTING

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

## Internal Reporting

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

## External Reporting

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

# BOARD COMMITMENT TOWARDS RISK MANAGEMENT

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

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

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

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

# KEY RISKS AND OPPORTUNITIES

## 1 Political Instability Risk

**Source:** External

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

**Strategic Objectives:** Market diversification, sustainability

### Context and Value Impact

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

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

### Mitigating Action

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

## 2 Unstable economic and market conditions

**Source:** External

**Capital Impacted:** Financial Capital, Manufactured Capital, Human Capital

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

### Context and Value Impact

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

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

### Mitigating Action

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



3

**High-Interest Rate****Source:** External**Capital Impacted:** Financial Capital,  
Manufactured Capital**Strategic Objectives:** Sustainable and profitable  
cement manufacturer, footprint strengthened,  
market diversification**Context and Value Impact**

High interest rates may hinder Company ability to grow as funds would not be available at affordable rates. Further, it may also affect its ability to maintain high margins as compared to its competitors.

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

**Mitigating Action**

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

4

**Fluctuation in Coal Prices****Source:** External**Capital Impacted:** Financial Capital,  
Natural Capital**Strategic Objectives:** Sustainable and profitable  
cement manufacturer**Context and Value Impact**

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

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

**Mitigating Action**

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

## 5

## Cybersecurity Risk

**Source:** Internal/External

**Capital Impacted:** Financial Capital, Intellectual Capital

**Strategic objectives:** Strong brand image, HR Excellence

## Context and Value Impact

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

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

## Mitigating Action

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

## 6

## High Power Cost

**Source:** Internal/External

**Capital Impacted:** Financial Capital, Natural Capital, Manufactured Capital

**Strategic objectives:** Sustainable and profitable cement manufacturer

## Context and Value Impact

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

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

## Mitigating Action

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

## 7

## Legal and Compliance Risk

|                                                                                                   |
|---------------------------------------------------------------------------------------------------|
| <b>Source:</b> Internal/External                                                                  |
| <b>Capital Impacted:</b> Financial Capital, Social and Relationship Capital, Intellectual capital |
| <b>Strategic objectives:</b> Social and environmentally responsible                               |

## Context and Value Impact

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

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

## Mitigating Action

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

## 8

## Health and Safety Risk

|                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Source:</b> External/Internal                                                                                                                                                       |
| <b>Capital Impacted:</b> Human Capital, Financial Capital, Manufactured Capital                                                                                                        |
| <b>Strategic objectives:</b> Ensuring the health and safety of our workforce, maintaining operational continuity, sustaining profitability, and contributing to public health efforts. |

## Context and Value Impact

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

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

## Mitigating Action

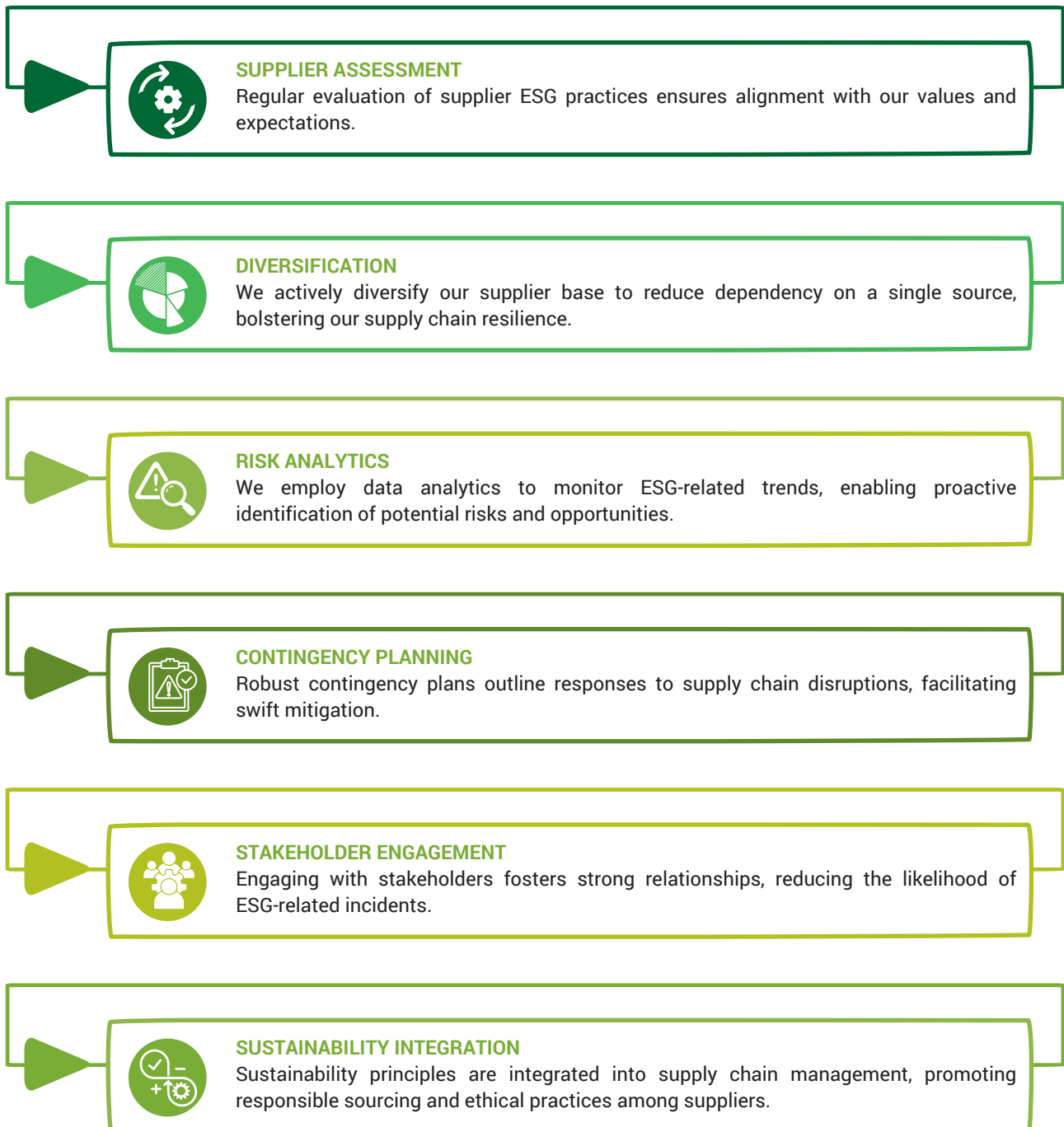
- Complete initial scanning of every individual joining the company along with medical certificate. Free hospitalization, laboratory tests and other medical facilities at sites and head office to every employee of the company. This also includes provision of free medicines up to a certain limit
- Implementation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



# RISK OF SUPPLY CHAIN DISRUPTION

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

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



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



# GOVERNANCE

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# PROFILES OF DIRECTORS & MANAGEMENT



**Mrs. Naz Mansha**

Director/Chairperson

Mrs. Naz Mansha has over 39 years' experience as a Director on the Board of different companies. She has been associated with D. G. Khan Cement Company Limited (DGKCC) since 1994 and she is also a Chief Executive of Nishat Linen (Private) Limited, a subsidiary of Nishat Mills Limited and Director/Chief Executive of Emporium Properties (Pvt) Limited and Director on the Board of Golf View Land (Pvt) Limited, Adamjee Life Assurance Company Limited and Nishat (Aziz Avenue) Hotels & Properties Ltd. She is a graduate from Kinnaird College, Lahore.



**Mr. Khalid Niaz Khawaja**

Director/Non-Executive

Mr. Khalid Niaz Khawaja is a Fellow of Institute of Bankers, Pakistan. He has more than 52 years' experience to work in different capacities in banking industry and CEO in one of the leading Leasing company. He had been on the board as a director on the leading institutions Including Lahore Stock Exchange Limited.



**Mr. Raza Mansha**

Director/Chief Executive Officer

Mr. Raza Mansha has more than 31 years diversified professional experience in various business sectors including Banking, Textile, Power, Cement, Insurance, Hotels, Properties, Natural Gas, Agriculture, Dairy etc. He received his Bachelor degree from the University of Pennsylvania, USA. Currently he is on the Board of:

#### Director/Chief Executive Officer

- D. G. Khan Cement Company Limited
- Nishat Packaging Limited
- Nishat Agrotech Farms (Pvt) Ltd.

#### Chief Executive Officer

- Nishat Developers (Pvt.) Limited

#### Director

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



**Mr. USAMA MAHMUD**

Director/Independent

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

**Mr. Shehryar Ahmad Buksh**

Director/Independent

Mr. Shehryar has completed his MBA Management from Lahore University of Management Sciences. He has over 28 years of experience in the retail industry, mall development, product development and network expansion across Pakistan. He had been on the board as a director on the leading institutions including Lahore Chamber of Commerce and Industry, First Punjab Modaraba, Pakistan Board of Investments, Punjab Board of Investments, Punjab Small Industrial Corporation and Quaid – e – Azam Industrial Estate.

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

- HKB Enterprises
- HKB Retail SMC (Pvt.) Limited.
- Fortress Square Mall
- World Wild Life Fund (WWF)
- Punjab Skill Development Fund

**Mr. Farid Noor Ali Fazal**

Director/Executive

He holds a bachelor degree in Commerce, Law and Management. He has a vast experience of about 59 years in marketing, selling, trading, logistics and administration. He started his career in 1967 with Fancy Group of Companies and later served as Marketing Manager of Steel Corporation of Pakistan before moving to Middle East in 1976. He remained associated with the cement and steel sector in the Middle East for more than a decade where he served in various capacities mostly as General Manager (Sales & Marketing).

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

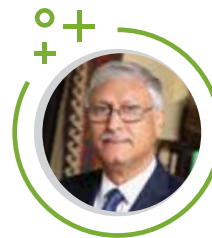
Apart from Executive Director's (Sales & Marketing) day to day operational activities, he is ex Senior Vice Chairman of All Pakistan Cement Manufacturers Association (APCMA) and has also served as its Acting Chairman in 2002. Moreover, he serves on boards of Directors of Nishat Packaging Limited and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

His latest achievement has been to penetrate in to the sophisticated and difficult market of the United States of America and has got DOT approvals in several USA states for DG Khan's low Alkali and Portland cement.

**Mr. Shahzad Ahmad Malik**

Director/Non-Executive

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

**Dr. Arif Bashir**

Director Technical &amp; Operations

Dr. Arif Bashir holds a Ph.D. degree, by profession he is Chemical Engineer. He joined cement sector in 1983. During his career spanning over 43 years, he has proven himself in technical, managerial and research areas.

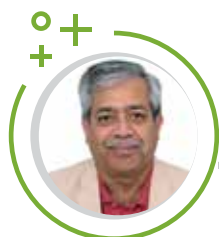
He has vast experience in the fields of chemical engineering, energy conservation, environmental studies, alternate fuels, renewable energy (biomass, solar & wind), project planning, execution and monitoring, operation and maintenance. He possesses good skills to develop and train technical teams having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

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

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

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

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



**Mr. Inayat Ullah Niazi**

Director Finance / CFO

He is a Commerce Graduate and C.A. Inter. His experience spans over 42 years, through out with DGKC. He supervised the financial matters related to expansion of DG Plant. He also oversaw critical financing arrangements for installation of new plants at Khairpur (2007) and Hub (2018). His expertise is in accounts, tax, audit, finance, treasury, budget and planning. He remained a crucial negotiator and dealer in transactions with international financial institutions, development institutions and export credit agencies.

He has served as director of Lahore Stock Exchange, National Clearing Company of Pakistan Limited, Security General Insurance Company Limited and LSE Financial Services Limited. He is also the CFO of Nishat Packaging Limited.

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



**Mr. Khalid Mahmood Chohan**

Company Secretary

He is a Commerce graduate. His experience tenure is about 43 years. His fields of expertise include income tax, corporate matters and secretarial practices.

He is Company Secretary of various companies in Nishat Group.



**Mr. Nauman Yaqoob**

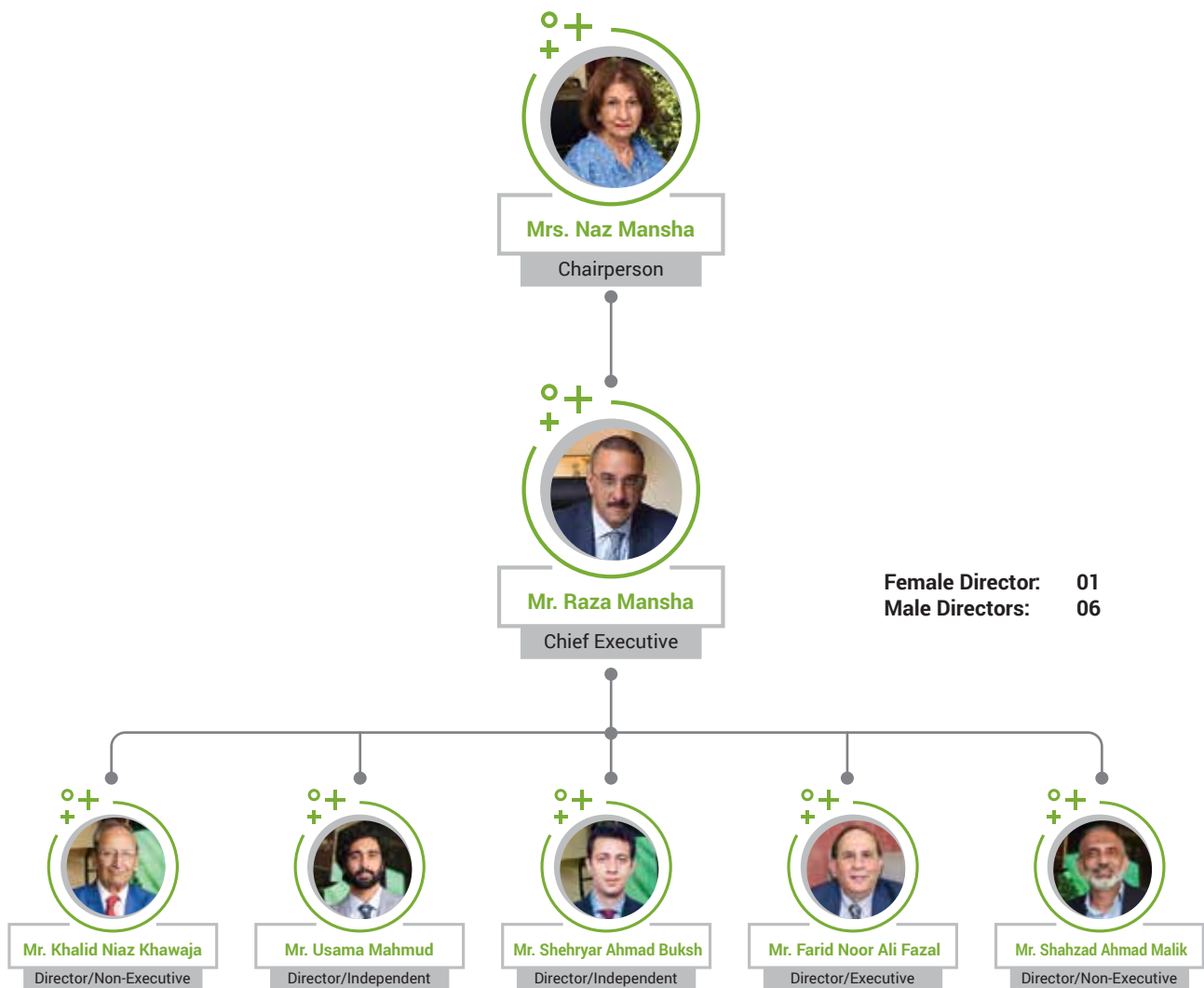
Chief Information Officer

He holds Bachelors and Master's degree in Information Technology (IT) from Preston University. He has experience of over 31 years in different areas of IT including ERP, Software development, Network communication, Data Centers, Security and BMS. He also has many international affiliations and certifications. (CISCO, Microsoft, Oracle, Dell, IBM, Honeywell, Bosch etc.)

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



# BOARD COMPOSITION AND LEADERSHIP STRUCTURE



## CHAIRPERSON'S SIGNIFICANT COMMITMENTS

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

## ANNUAL EVALUATION BY EXTERNAL CONSULTANT

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

## BOARD MEETINGS HELD ABROAD

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

## INDEPENDENT DIRECTORS - BASIS FOR INDEPENDENCE

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

## DIVERSITY IN THE BOARD

Our Board diversity aims to cultivate a broad spectrum of demographic attributes and characteristics in the boardroom. All seven board members depict a true blend of diversity in the form of skills, exposure, expertise, knowledge, age and experience. Chairperson has over 38 years experience in running different businesses. CEO has more than 30 years of rich experience, particularly related to cement. Mr Khalid Niaz Khawaja and Shahzad Malik have rich banking and finance experience. Mr Usama Mahmood has engineering degree and skills in public administration. The blend of skills, experience and competencies provide diversity in the Board.

## ROLE OF CHAIRPERSON AND CEO

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

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

## ROLE AND RESPONSIBILITIES OF THE BOARD

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

These include but are not limited to:

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

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

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

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

# CHAIRPERSON'S REVIEW REPORT ON PERFORMANCE OF THE BOARD

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

The Board has constituted adequate number of Committees like Audit Committee and Human Resource and Remuneration Committee. The Committees performed well according to their Terms of Reference. The Board has developed a mechanism for annual evaluation of Board's own performance, members of the Board and its Committees. The Board carried out annual evaluation of Board's own performance, Members of the Board and its Committees on April 29, 2026. The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory. The overall assessment as satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives.

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

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

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

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

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



**Mrs Naz Mansha**  
Chairperson

Lahore  
August 27, 2026



## BOARD'S ANNUAL EVALUATION OF PERFORMANCE

Listed Companies (Code of Corporate Governance) Regulations, 2019 requires the Board of DGKC to review its and the committees' performance annually. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. The Board has completed its annual self-evaluation on April 29, 2026 regarding which a report by the Chairman on Board's overall Performance is also attached with this Annual Report. For the purpose of Board evaluation, a comprehensive criterion has been developed. Key elements of the criteria are as follows:

### Board Composition mainly:

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

### Processes and Procedures mainly:

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

### Oversight mainly:

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

In addition to that, Board will also review the performance of its committees' performance in accordance with their TORs. The criteria also include

additional factors and questions as prescribed under S.R.O. 301(1)/2020 dated April 9, 2020

## DIRECTORS' FORMAL ORIENTATION COURSES

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

## DIRECTOR'S TRAINING PROGRAM

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

## EXTERNAL OVERSIGHT OF VARIOUS FUNCTIONS AND MEASURES

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

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

# DISCLOSURE OF RELATED PARTY TRANSACTIONS

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

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

The Company has made detailed disclosures about related party transactions (along with basis of

relationship with the related parties) in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

All transactions or arrangements with all related parties were carried out in the ordinary course of business on an arm's length basis.

During the year, there was no conflict of interest observed with any of the director in any of the contract or arrangement with the related party. However, all the related parties transactions have been annexed in the attached notice of AGM to seek approvals from shareholders in the AGM to be held on October 27, 2026.



# CORPORATE GOVERNANCE FRAMEWORK

## BOARD'S POLICY ON GOVERNANCE OF RISK AND INTERNAL CONTROL

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

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

## DIVERSITY IN CULTURE

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

## POLICY FOR DISCLOSURE OF CONFLICT OF INTEREST

No director of the Company shall take part in the

discussion or vote relating to contract or agreement where they are concerned or interested. Where majority of directors are interested, the matter is laid before the General meeting for approval.

## POLICY FOR REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

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

## BOARD FEE ON ACTING AS NON-EXECUTIVE DIRECTOR IN OTHER COMPANIES

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

## SECURITY CLEARANCE OF FOREIGN DIRECTORS

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



## HUMAN RESOURCE MANAGEMENT POLICY

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

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

### Recruitment and Selection

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

### Development and Training

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

### Reward and Motivation

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

## Equality, Diversity and Dignity at Work

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

### Succession Plan

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

## SOCIAL AND ENVIRONMENT RESPONSIBILITY POLICY

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

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

To meet this, we:

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

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

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

We comply through following plan of actions:

- KPIs and standard protocols follow up
- Emissions monitoring and reporting
- Waste and water management
- Regulation updates, trends and new technologies
- Promotion of best practices throughout our operations

## COMMUNICATION WITH STAKEHOLDERS

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

## INVESTORS' GRIEVANCE POLICY

Investors' service is an important imperative for

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

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

## EMPLOYEE HEALTH, SAFETY AND PROTECTION

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

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

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

- Regularly checking of all equipment and tools to ensure that they are well maintained and safe to use
- Proper training is made necessary for all employees, especially if where there is a risk for potential injury associated with a job.
- Even if an incident does not result in a serious injury, we conduct an incident investigation to help determine why an incident happened so we can take steps to ensure that it will not recur in future.
- Keep records of all first aid treatments, inspections, incident investigations, and training activities.
- Onsite gym, sports complex, swimming and other facilities for employee fitness
- Free dispensaries at sites
- Suitable medical policies in place to provide quality

treatment to employees' in case of major or minor illness.

- Mandatory breaks and time-off

## SPEAK UP (WHISTLE-BLOWING POLICY)

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

### Policy and Procedures

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

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

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

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

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

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

Anonymous reports: Individuals may wish to raise concerns anonymously.

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

- Director Marketing

- Chief Financial Officer
- GM HR & Admin

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

## POLICY FOR SAFETY OF RECORDS

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

The policy ensures that:

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

## BOARD ADOPTION OF GOVERNANCE, ESG, AND WORKPLACE POLICIES PURSUANT TO AMENDMENTS IN COCG REGULATIONS 2019

### ANTI-HARASSMENT POLICY

DGKC's Anti-Harassment Policy has been developed in accordance with the Protection Against Harassment of Women at the Workplace Act, 2010 and applicable provincial laws. It includes a Code of Conduct, an Inquiry Committee for complaints, a designated Competent Authority, and display of the Code in accessible languages and reflects the Company's zero-tolerance stance on harassment and its commitment to a safe and respectful workplace.



## SUSTAINABILITY AND ESG POLICY

The Company has adopted a Policy for Sustainability Risks and Opportunities, integrating Environmental, Social, and Governance (ESG) considerations into corporate strategy and risk management. Oversight rests with the Board, while management drives implementation. The policy focuses on climate action, responsible resource use, ethical labor practices, transparency, and stakeholder engagement, supported by KPIs, regular disclosures, and continuous improvement.

## DIVERSITY, EQUITY & INCLUSION (DEI) POLICY

The Company's DEI Policy ensures equal opportunities, fairness, and inclusivity across all levels. It promotes diverse hiring, equitable pay, unbiased career advancement, and inclusive workplace practices. With clear accountability at Board, management, and HR levels, the policy underscores zero tolerance for discrimination and reinforces a culture of belonging and respect.

## COMPANY APPROACH TO MANAGING AND REPORTING POLICIES

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

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

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

## BUSINESS CONTINUITY PLAN / DISASTER RECOVERY PLAN

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

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

# INDEPENDENT AUDITOR'S REVIEW REPORT ON STATEMENT OF COMPLIANCE

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of D. G. Khan Cement Company Limited (the Company) for the year ended June 30, 2026 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2026.



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

Place: Lahore

Date: September 30, 2026

UDIN: CR20261009296S2kQrHK

# STATEMENT OF COMPLIANCE

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

Name of company : D. G. Khan Cement Company Limited

Year ending : June 30, 2026

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

1. The total number of directors are Seven (7) as per the following:
  - a. Male: 6
  - b. Female: 1
2. The composition of board is as follows:
 

|                                             |                                                    |
|---------------------------------------------|----------------------------------------------------|
| a) Independent Director                     | Mr. Shehryar Ahmad Buksh<br>Mr. Usama Mahmud       |
| b) Other Non-executive Director             | Mr. Khalid Niaz Khawaja<br>Mr. Shahzad Ahmad Malik |
| c) Executive Directors                      | Mr. Raza Mansha<br>Mr. Farid Noor Ali Fazal        |
| d) Female Director (Non-executive Director) | Mrs. Naz Mansha                                    |
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The following Directors have either obtained certificate of Directors' Training Program or are exempted from the requirement of Directors' Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019

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



10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The board has formed committees comprising of members given below:
  - a) **Audit Committee**
    1. Mr. Shehryar Ahmad Buksh (Independent Director) – Chairman
    2. Mr. Khalid Niaz Khawaja (Non-Executive Director)
    3. Mr. Shahzad Ahmad Malik (Non-Executive Director)
  - b) **HR and Remuneration Committee**
    1. Mr. Usama Mahmud – (Independent Director) - Chairman
    2. Mr. Raza Mansha (Executive Director)
    3. Mr. Khalid Niaz Khawaja (Non-Executive Director)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee 4 quarterly meetings
  - b) HR and Remuneration Committee 1 annual meeting
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
  - a. In respect of regulation 6(1), the Company believes that it has sufficient impartiality & is able to exercise independence in decision making within the Board and hence, does not require to roundup the fraction to 3 independent directors.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

| Sr. No. | Requirement                                                                                                                                                                                                                                                                                  | Explanation for Non-Compliance                                                                                                                                                  | Reg. No. |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1       | <b>Representation of Minority shareholders:</b><br>The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.                                                                                                                 | No one has intended to contest election as director representing minority shareholders.                                                                                         | 5        |
| 2       | <b>Responsibilities of the Board and its members:</b><br>Adoption of the corporate governance practices.                                                                                                                                                                                     | Non-mandatory provisions of the CCG Regulations are partially complied.                                                                                                         | 10(1)    |
| 3       | <b>Role of the Board and its members to address Sustainability Risks and Opportunities</b><br>The Board is responsible for governance and oversight of sustainability risks and opportunities, which includes the environmental, social and governance considerations.                       | Currently HR & R Committee of the Board is performing sustainability related duties and the Company is in the process of implementation of multiple initiative(s) and controls. | 10(A)    |
| 4       | <b>Directors' Training</b><br>Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training Program from July 2022.                                                                                                              | The Company has planned to arrange Directors' Training Program certification for head of department over the next few years.                                                    | 19(3)    |
| 5       | <b>Directors' Training</b><br>Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from July 2020.                                                                                                                | The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.                                                     | 19(3)    |
| 6       | <b>Nomination Committee:</b><br>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.                                                                               | Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.                  | 29(1)    |
| 7       | <b>Risk Management Committee:</b><br>The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board. | Currently, the board has not constituted a RMC and the Company's Risk Manager performs the requisite functions and apprises the board accordingly.                              | 30(1)    |



(Mr. Raza Mansha)  
Director/CEO



(Mrs. Naz Mansha)  
Director/Chairperson

# TERMS OF REFERENCE OF AUDIT COMMITTEE

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

- (i) determination of appropriate measures to safeguard the Company's assets;
- (ii) review of annual and interim financial statements of the company, prior to their approval by the Board, focusing on,-
  - (a) major judgmental areas;
  - (b) significant adjustments resulting from the audit;
  - (c) going concern assumption;
  - (d) any changes in accounting policies and practices;
  - (e) compliance with applicable accounting standards;
  - (f) compliance with these Regulations and other statutory and regulatory requirements; and
  - (g) all related party transactions;
- (iii) review of preliminary announcements of results prior to external communication and publication;
- (iv) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- (v) review of management letter issued by external auditors and management's response thereto;
- (vi) ensuring coordination between the internal and external auditors of the company;
- (vii) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- (viii) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- (ix) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- (x) review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- (xi) instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- (xii) determination of compliance with relevant statutory requirements;
- (xiii) monitoring compliance with these Regulations and identification of significant violations thereof;
- (xiv) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- (xv) recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
- (xvi) consideration of any other issue or matter as may be assigned by the Board;



# TERMS OF REFERENCE OF HR & REMUNERATION COMMITTEE

TORs include:-

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

# ANNOUNCEMENT OF FINANCIAL RESULTS

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

| Particulars           | Date of authorization | Time from period end date |
|-----------------------|-----------------------|---------------------------|
| First Quarter Results | October 29, 2025      | 1 month                   |
| Half Yearly Results   | February 23, 2026     | 2 months                  |
| Third Quarter Results | April 29, 2026        | 1 month                   |
| Annual Results        | August 27, 2026       | 2 months                  |

# EXTERNAL SEARCH CONSULTANCY FOR APPOINTMENT OF ANY DIRECTOR

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

# AUDIT COMMITTEE REPORT

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

## Composition of Audit Committee

BAC comprises of three members:

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

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

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

## Review of financial statements

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

- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws and financial reporting is consistent with management processes and adequate for shareholder needs.
- These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions of or directives under the Act prevail.
- The CEO and the CFO have endorsed the standalone as well as consolidated financial statements of the Company and the Board of Directors Report. They acknowledged their responsibility for true and fair presentation of the Company's financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the company.

## Risk Management and IT Governance

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

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

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

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

### Internal audit

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

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

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

### Whistle -blowing to audit committee

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

### Engagement with external auditors

The external auditors of the Company, M/s A.F. Ferguson & Co, Chartered Accountants, have completed their audit of the standalone and consolidated financial statements, the "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" for the year ended June 30, 2026.

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

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

### Appointment of external Auditors

The existing external auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, will retire on the conclusion of the forthcoming Annual General Meeting. As part of a voluntary rotation of its external auditors, and notwithstanding their eligibility for reappointment, the Company does not propose to reappoint the retiring auditors as a matter of good governance.

The Board Audit Committee reviewed the appointment of external auditors for the year ending June 30, 2027. Following this review, and consistent with the Company's decision to rotate its external auditors, the Committee recommended to the Board of Directors the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as external auditors for the year ending June 30, 2027, subject to approval of the shareholders at the Annual General Meeting.

The Board Audit Committee satisfied itself that sufficient safeguards are in place, at both firm and management level, to ensure the independence and objectivity of the incoming auditors. M/s. KPMG Taseer Hadi & Co., Chartered Accountants, holds a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan (ICAP) and is registered with the Audit Oversight Board of Pakistan. The firm is compliant with the International Federation of Accountants (IFAC) Guidelines on the Code of Ethics, as adopted by ICAP, and has indicated its willingness to act as auditors of the Company for the year ending June 30, 2027.

The Board places on record its appreciation of the services rendered by M/s. A. F. Ferguson & Co., Chartered Accountants, during their tenure as external auditors of the Company.

### Annual Report 2026

The Company is issuing a very comprehensive Integrated Annual Report, which gives fair, balanced and understandable



information in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholders of the Company.

The Audit Committee believes that the Integrated Annual Report 2026 includes both financial and non-financial performance, risks and opportunities and outcomes attributable to Company's activities and key stakeholders having significant influence on its value creation ability

### Compliance with applicable legal requirements

BAC ensured that:

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

### Related parties transactions

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

### Self evaluation

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



**Shehryar Ahmad Buksh**

Chairman

August 27, 2026

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

## How ERP system of DGKC integrated the business processes

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

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

## Management support in the effective implementation and continuous updating

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

## User training of ERP software

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

## ERP Risk Management

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

## ERP System security in connection with sensitivity of Data

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



# IT GOVERNANCE AND CYBER SECURITY

## BOARD GOVERNANCE FRAMEWORK OVER IT, DATA PRIVACY, CYBERSECURITY AND AI OVERSIGHT

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

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

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

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

Further, the Board acknowledges its responsibility for overseeing the Company’s internal controls, and AI strategy, ensuring compliance with legal and regulatory requirements on data privacy and cyber security. It works closely with management to maintain robust policies and monitoring mechanisms, and in the event of any breach, the Board requires prompt reporting, reviews remedial measures, and ensures corrective actions are taken; however, no such instance has occurred during the year under review. The Board remains committed to strong governance, transparency, and the ethical use of technology while continuously adapting the Company’s IT and AI practices to evolving regulatory requirements and business needs.

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

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

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

## IT GOVERNANCE AND CYBERSECURITY PROGRAMS, POLICIES AND PROCEDURES

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

- Establishing information technology goals, and the strategies for achieving IT related goals.
- Establishing principles and guidelines for making information technology decisions and managing initiatives.



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

## CYBERSECURITY AND BOARD'S RISK OVERSIGHT

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

## COMMITTEE TO OVERSIGHT IT GOVERNANCE AND CYBERSECURITY MATTERS

Company holds 2-3 meetings annually comprising of Key Management Personnel, CIO and one executive director with an agenda of new developments, network upgradation, security risks, network, and system-level challenges and resolution strategy and approvals for the implementations of new tools and enhance security level over enterprise level. The recommendations from this committee is presented to Board Audit Committee for further recommendations. The recommendations are

then presented to Board for approvals or any or additional line of actions. The management committee is further tasked with apprising the Board about new and potential IT risks, their likelihoods and measures to address them.

## DISCLOSURE RELATED TO COMPANY'S CONTROLS ON EARLY WARNING SYSTEM

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

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

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

## INDEPENDENT COMPREHENSIVE SECURITY ASSESSMENT

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

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

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

## CONTINGENCY AND DISASTER RECOVERY PLAN

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

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

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

## ADVANCEMENT IN DIGITAL TRANSFORMATION TO IMPROVE TRANSPARENCY AND GOVERNANCE

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

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

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

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

## EDUCATION AND TRAINING TO MITIGATE CYBER SECURITY RISKS

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

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



# COMPLIANCE OF FINANCIAL ACCOUNTING AND REPORTING STANDARDS

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

- i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- ii) Islamic Financial Accounting Standards ('IFAS') issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- iii) Provisions of and directives issued under the Companies Act, 2017 ('Act').

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

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

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



**Mrs Naz Mansha**

Chairperson



# ADOPTION OF INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

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

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

## Fundamental Concepts

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

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

An integrated report therefore aims to provide insight about:

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

## Guiding Principles

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

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

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

## Contents of elements

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

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

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



**Raza Mansha**  
Chief Executive

# ATTENDANCE IN BOARD MEETINGS

## ATTENDANCE OF MEMBERS IN HR&R COMMITTEE MEETINGS DURING THE YEAR FROM JULY 01, 2025 TO JUNE 30, 2026

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

| Name of Members                    | Number of Meetings Attended |
|------------------------------------|-----------------------------|
| Mr. Usama Mahmud (Chairman/Member) | 1                           |
| Mr. Raza Mansha (Member)           | 1                           |
| Mr. Khalid Niaz Khawaja (Member)   | 1                           |

## ATTENDANCE OF DIRECTORS IN BOARD MEETINGS DURING THE YEAR FROM JULY 01, 2025 TO JUNE 30, 2026

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

| Name of Directors                         | Number of Meetings Attended |
|-------------------------------------------|-----------------------------|
| Mrs. Naz Mansha (Chairperson)             | 4                           |
| Mr. Raza Mansha (Chief Executive Officer) | 5                           |
| Mr. Khalid Niaz Khawaja                   | 5                           |
| Mr. Shehryar Ahmed Buksh                  | 4                           |
| Mr. Usama Mahmud                          | 4                           |
| Mr. Farid Noor Ali Fazal                  | 5                           |
| Mr. Shahzad Ahmad Malik                   | 5                           |

## ATTENDANCE OF MEMBERS IN AUDIT COMMITTEE MEETINGS DURING THE YEAR FROM JULY 01, 2025 TO JUNE 30, 2026

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

| Name of Members                            | Number of Meetings Attended |
|--------------------------------------------|-----------------------------|
| Mr. Shehryar Ahmed Buksh (Chairman/Member) | 3                           |
| Mr. Khalid Niaz Khawaja (Member)           | 4                           |
| Mr. Shahzad Ahmad Malik (Member)           | 4                           |

# PATTERN OF SHAREHOLDING

AS ON 30/06/2026

| NO. OF SHAREHOLDERS | HAVING SHARES |        | SHARES HELD | PERCENTAGE |
|---------------------|---------------|--------|-------------|------------|
|                     | FROM          | TO     |             |            |
| 10,604              | 1             | 100    | 374,587     | 0.0855     |
| 6,897               | 101           | 500    | 1,998,978   | 0.4563     |
| 3,007               | 501           | 1000   | 2,458,263   | 0.5611     |
| 3,818               | 1001          | 5000   | 9,228,919   | 2.1065     |
| 775                 | 5001          | 10000  | 5,793,286   | 1.3223     |
| 263                 | 10001         | 15000  | 3,336,739   | 0.7616     |
| 154                 | 15001         | 20000  | 2,828,023   | 0.6455     |
| 117                 | 20001         | 25000  | 2,723,046   | 0.6215     |
| 67                  | 25001         | 30000  | 1,899,326   | 0.4335     |
| 47                  | 30001         | 35000  | 1,528,586   | 0.3489     |
| 43                  | 35001         | 40000  | 1,646,451   | 0.3758     |
| 27                  | 40001         | 45000  | 1,169,980   | 0.2670     |
| 54                  | 45001         | 50000  | 2,649,814   | 0.6048     |
| 15                  | 50001         | 55000  | 800,154     | 0.1826     |
| 17                  | 55001         | 60000  | 988,186     | 0.2256     |
| 14                  | 60001         | 65000  | 878,533     | 0.2005     |
| 10                  | 65001         | 70000  | 687,624     | 0.1569     |
| 13                  | 70001         | 75000  | 954,804     | 0.2179     |
| 6                   | 75001         | 80000  | 472,817     | 0.1079     |
| 10                  | 80001         | 85000  | 836,480     | 0.1909     |
| 5                   | 85001         | 90000  | 446,362     | 0.1019     |
| 4                   | 90001         | 95000  | 367,708     | 0.0839     |
| 21                  | 95001         | 100000 | 2,091,949   | 0.4775     |
| 2                   | 100001        | 105000 | 205,500     | 0.0469     |
| 3                   | 105001        | 110000 | 323,758     | 0.0739     |
| 5                   | 110001        | 115000 | 560,258     | 0.1279     |
| 8                   | 115001        | 120000 | 942,682     | 0.2152     |
| 7                   | 125001        | 130000 | 888,477     | 0.2028     |
| 6                   | 130001        | 135000 | 792,543     | 0.1809     |
| 1                   | 135001        | 140000 | 140,000     | 0.0320     |
| 1                   | 140001        | 145000 | 143,500     | 0.0328     |
| 7                   | 145001        | 150000 | 1,037,840   | 0.2369     |
| 2                   | 150001        | 155000 | 304,270     | 0.0694     |
| 2                   | 155001        | 160000 | 314,300     | 0.0717     |
| 5                   | 160001        | 165000 | 816,166     | 0.1863     |
| 1                   | 165001        | 170000 | 166,133     | 0.0379     |
| 3                   | 170001        | 175000 | 525,000     | 0.1198     |
| 2                   | 185001        | 190000 | 375,700     | 0.0858     |
| 4                   | 190001        | 195000 | 772,663     | 0.1764     |
| 8                   | 195001        | 200000 | 1,599,800   | 0.3652     |
| 1                   | 200001        | 205000 | 205,000     | 0.0468     |
| 1                   | 205001        | 210000 | 210,000     | 0.0479     |
| 3                   | 210001        | 215000 | 638,467     | 0.1457     |
| 1                   | 215001        | 220000 | 215,222     | 0.0491     |
| 1                   | 225001        | 230000 | 230,000     | 0.0525     |
| 4                   | 230001        | 235000 | 933,000     | 0.2130     |
| 2                   | 235001        | 240000 | 480,000     | 0.1096     |
| 1                   | 240001        | 245000 | 244,861     | 0.0559     |
| 3                   | 245001        | 250000 | 747,000     | 0.1705     |
| 1                   | 255001        | 260000 | 259,200     | 0.0592     |

Continued →



| NO. OF<br>SHAREHOLDERS | HAVING SHARES |         | SHARES HELD | PERCENTAGE |
|------------------------|---------------|---------|-------------|------------|
|                        | FROM          | TO      |             |            |
| 3                      | 260001        | 265000  | 785,654     | 0.1793     |
| 2                      | 265001        | 270000  | 535,893     | 0.1223     |
| 3                      | 275001        | 280000  | 832,774     | 0.1901     |
| 3                      | 290001        | 295000  | 880,252     | 0.2009     |
| 6                      | 295001        | 300000  | 1,799,200   | 0.4107     |
| 1                      | 305001        | 310000  | 305,903     | 0.0698     |
| 2                      | 310001        | 315000  | 625,000     | 0.1427     |
| 1                      | 315001        | 320000  | 316,560     | 0.0723     |
| 3                      | 320001        | 325000  | 968,711     | 0.2211     |
| 2                      | 330001        | 335000  | 666,443     | 0.1521     |
| 1                      | 335001        | 340000  | 337,707     | 0.0771     |
| 1                      | 345001        | 350000  | 350,000     | 0.0799     |
| 1                      | 350001        | 355000  | 354,590     | 0.0809     |
| 1                      | 355001        | 360000  | 359,500     | 0.0821     |
| 1                      | 385001        | 390000  | 385,500     | 0.0880     |
| 1                      | 395001        | 400000  | 400,000     | 0.0913     |
| 2                      | 400001        | 405000  | 803,500     | 0.1834     |
| 2                      | 410001        | 415000  | 828,500     | 0.1891     |
| 2                      | 425001        | 430000  | 858,500     | 0.1960     |
| 1                      | 430001        | 435000  | 435,000     | 0.0993     |
| 2                      | 440001        | 445000  | 888,000     | 0.2027     |
| 3                      | 450001        | 455000  | 1,357,264   | 0.3098     |
| 1                      | 455001        | 460000  | 456,504     | 0.1042     |
| 1                      | 465001        | 470000  | 469,995     | 0.1073     |
| 1                      | 475001        | 480000  | 477,000     | 0.1089     |
| 1                      | 485001        | 490000  | 490,000     | 0.1118     |
| 1                      | 490001        | 495000  | 494,000     | 0.1128     |
| 4                      | 495001        | 500000  | 1,995,349   | 0.4554     |
| 1                      | 500001        | 505000  | 502,493     | 0.1147     |
| 1                      | 505001        | 510000  | 507,647     | 0.1159     |
| 1                      | 520001        | 525000  | 525,000     | 0.1198     |
| 1                      | 525001        | 530000  | 530,000     | 0.1210     |
| 1                      | 530001        | 535000  | 530,100     | 0.1210     |
| 1                      | 565001        | 570000  | 568,320     | 0.1297     |
| 1                      | 575001        | 580000  | 576,330     | 0.1315     |
| 1                      | 640001        | 645000  | 644,848     | 0.1472     |
| 1                      | 670001        | 675000  | 675,000     | 0.1541     |
| 1                      | 700001        | 705000  | 701,099     | 0.1600     |
| 1                      | 710001        | 715000  | 713,370     | 0.1628     |
| 1                      | 755001        | 760000  | 759,899     | 0.1734     |
| 1                      | 795001        | 800000  | 800,000     | 0.1826     |
| 1                      | 800001        | 805000  | 803,500     | 0.1834     |
| 1                      | 820001        | 825000  | 824,303     | 0.1881     |
| 1                      | 855001        | 860000  | 855,100     | 0.1952     |
| 1                      | 865001        | 870000  | 869,630     | 0.1985     |
| 1                      | 880001        | 885000  | 885,000     | 0.2020     |
| 2                      | 890001        | 895000  | 1,787,213   | 0.4079     |
| 1                      | 895001        | 900000  | 900,000     | 0.2054     |
| 1                      | 910001        | 915000  | 913,982     | 0.2086     |
| 1                      | 935001        | 940000  | 936,579     | 0.2138     |
| 1                      | 940001        | 945000  | 941,874     | 0.2150     |
| 1                      | 960001        | 965000  | 962,000     | 0.2196     |
| 1                      | 990001        | 995000  | 993,428     | 0.2267     |
| 2                      | 995001        | 1000000 | 2,000,000   | 0.4565     |
| 1                      | 1020001       | 1025000 | 1,025,000   | 0.2340     |

Continued →

| NO. OF<br>SHAREHOLDERS | HAVING SHARES        |           | SHARES HELD        | PERCENTAGE    |
|------------------------|----------------------|-----------|--------------------|---------------|
|                        | FROM                 | TO        |                    |               |
| 1                      | 1035001              | 1040000   | 1,037,400          | 0.2368        |
| 1                      | 1050001              | 1055000   | 1,053,118          | 0.2404        |
| 1                      | 1080001              | 1085000   | 1,084,000          | 0.2474        |
| 1                      | 1100001              | 1105000   | 1,101,078          | 0.2513        |
| 1                      | 1235001              | 1240000   | 1,240,000          | 0.2830        |
| 1                      | 1245001              | 1250000   | 1,250,000          | 0.2853        |
| 1                      | 1250001              | 1255000   | 1,250,679          | 0.2855        |
| 1                      | 1365001              | 1370000   | 1,369,485          | 0.3126        |
| 1                      | 1415001              | 1420000   | 1,415,846          | 0.3232        |
| 1                      | 1440001              | 1445000   | 1,442,728          | 0.3293        |
| 1                      | 1495001              | 1500000   | 1,500,000          | 0.3424        |
| 1                      | 1530001              | 1535000   | 1,530,867          | 0.3494        |
| 2                      | 1575001              | 1580000   | 3,153,234          | 0.7197        |
| 1                      | 1755001              | 1760000   | 1,760,000          | 0.4017        |
| 1                      | 1795001              | 1800000   | 1,800,000          | 0.4108        |
| 1                      | 1835001              | 1840000   | 1,837,741          | 0.4195        |
| 1                      | 1950001              | 1955000   | 1,951,055          | 0.4453        |
| 1                      | 1955001              | 1960000   | 1,956,760          | 0.4466        |
| 2                      | 1995001              | 2000000   | 4,000,000          | 0.9130        |
| 1                      | 2225001              | 2230000   | 2,229,990          | 0.5090        |
| 1                      | 2250001              | 2255000   | 2,251,000          | 0.5138        |
| 1                      | 2365001              | 2370000   | 2,369,500          | 0.5408        |
| 1                      | 2385001              | 2390000   | 2,387,013          | 0.5448        |
| 1                      | 2695001              | 2700000   | 2,700,000          | 0.6163        |
| 1                      | 2930001              | 2935000   | 2,930,972          | 0.6690        |
| 1                      | 3050001              | 3055000   | 3,050,742          | 0.6963        |
| 1                      | 3105001              | 3110000   | 3,105,076          | 0.7087        |
| 1                      | 3300001              | 3305000   | 3,302,584          | 0.7538        |
| 1                      | 3390001              | 3395000   | 3,394,376          | 0.7748        |
| 1                      | 3430001              | 3435000   | 3,434,590          | 0.7839        |
| 1                      | 3865001              | 3870000   | 3,865,511          | 0.8823        |
| 1                      | 4995001              | 5000000   | 5,000,000          | 1.1412        |
| 1                      | 5450001              | 5455000   | 5,454,768          | 1.2450        |
| 1                      | 5475001              | 5480000   | 5,479,333          | 1.2506        |
| 1                      | 5890001              | 5895000   | 5,891,098          | 1.3446        |
| 1                      | 6135001              | 6140000   | 6,136,876          | 1.4007        |
| 1                      | 6365001              | 6370000   | 6,365,252          | 1.4529        |
| 1                      | 7270001              | 7275000   | 7,272,207          | 1.6599        |
| 1                      | 12795001             | 12800000  | 12,796,880         | 2.9209        |
| 1                      | 22265001             | 22270000  | 22,266,959         | 5.0824        |
| 1                      | 22925001             | 22930000  | 22,929,033         | 5.2335        |
| 1                      | 27135001             | 27140000  | 27,139,917         | 6.1946        |
| 1                      | 27565001             | 27570000  | 27,565,313         | 6.2917        |
| 1                      | 114645001            | 114650000 | 114,645,168        | 26.1676       |
| <b>26,201</b>          | <b>Company Total</b> |           | <b>438,119,118</b> | <b>100.00</b> |

# CATEGORIES OF SHAREHOLDERS

AS ON JUNE 30, 2026

|                                                                                 | SHARES HELD | %     |
|---------------------------------------------------------------------------------|-------------|-------|
| 1. Directors, Chief Executive Officer, and their spouse and minor children      | 18,935,576  | 4.32  |
| 2. Associated Companies, undertakings and related parties.                      | 138,009,701 | 31.50 |
| 3. NIT and ICP                                                                  | 994,928     | 0.23  |
| 4. Banks Development Financial Institutions Non Banking Financial Institutions. | 18,807,457  | 4.29  |
| 5. Insurance Companies                                                          | 6,424,283   | 1.47  |
| 6. Modarabas and Mutual Funds                                                   | 40,277,976  | 9.19  |
| 7. Shareholders holding 10%                                                     | 137,574,201 | 31.40 |
| 8. General Public:                                                              |             |       |
| a. Local                                                                        | 76,648,726  | 17.49 |
| b. Foreign                                                                      | 8,104,226   | 1.85  |
| 9. Others                                                                       |             |       |
| Joint Stock Companies                                                           | 46,232,668  | 10.55 |
| Investment Companies                                                            | 18,034      | 0.00  |
| Pension Funds, Provident Funds etc.                                             | 15,431,278  | 3.52  |
| Foreign Companies                                                               | 10,532,328  | 2.40  |
| Charitable Trusts, Foundations and Others                                       | 2,996,707   | 0.68  |



# ADDITIONAL INFORMATION

AS ON JUNE 30, 2026

|                                                              | No. of Shares        | %           |       |
|--------------------------------------------------------------|----------------------|-------------|-------|
| I. Associated Companies, undertakings and related parties    |                      |             |       |
| Nishat Mills Limited                                         | - Associated Company | 137,574,201 | 31.40 |
| Nishat (Aziz Avenue) Hotels and Properties Limited           | - Associated Company | 7,000       | 0.00  |
| Security General Insurance Company Limited                   | - Related Party      | 428,500     | 0.10  |
| II. Mutual Funds:                                            |                      |             |       |
| CONFIDENCE MUTUAL FUND                                       | 573                  | 0.00        |       |
| UNICOL LIMITED EMPLOYEES PROVIDENT FUND                      | 5,000                | 0.00        |       |
| PRUDENTIAL STOCK FUND LTD.                                   | 413                  | 0.00        |       |
| CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND                 | 500,000              | 0.11        |       |
| CDC - TRUSTEE HBL INVESTMENT FUND                            | 116,500              | 0.03        |       |
| CDC - TRUSTEE JS LARGE CAP. FUND                             | 277,500              | 0.06        |       |
| CDC - TRUSTEE HBL GROWTH FUND                                | 311,500              | 0.07        |       |
| CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND                     | 210,000              | 0.05        |       |
| CDC - TRUSTEE ATLAS STOCK MARKET FUND                        | 3,302,584            | 0.75        |       |
| CDC - TRUSTEE MEEZAN BALANCED FUND                           | 214,467              | 0.05        |       |
| CDC - TRUSTEE ALFALAH STOCK FUND-II                          | 65,000               | 0.01        |       |
| CDC - TRUSTEE ALFALAH GHP VALUE FUND                         | 60,000               | 0.01        |       |
| CDC - TRUSTEE UNIT TRUST OF PAKISTAN                         | 146,900              | 0.03        |       |
| CDC - TRUSTEE AKD INDEX TRACKER FUND                         | 90,127               | 0.02        |       |
| CDC - TRUSTEE AL MEEZAN MUTUAL FUND                          | 2,251,000            | 0.51        |       |
| CDC - TRUSTEE MEEZAN ISLAMIC FUND                            | 2,229,990            | 0.51        |       |
| CDC - TRUSTEE ALFALAH ASSET ALLOCATION FUND                  | 132,000              | 0.03        |       |
| CDC - TRUSTEE UBL STOCK ADVANTAGE FUND                       | 3,434,590            | 0.78        |       |
| CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND                       | 1,250,679            | 0.29        |       |
| CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND                    | 3,050,742            | 0.70        |       |
| CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND | 1,369,485            | 0.31        |       |
| CDC - TRUSTEE APF-EQUITY SUB FUND                            | 188,200              | 0.04        |       |
| CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT       | 19,100               | 0.00        |       |
| CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND                 | 713,370              | 0.16        |       |
| CDC - TRUSTEE HBL - STOCK FUND                               | 194,500              | 0.04        |       |
| CDC - TRUSTEE APIF - EQUITY SUB FUND                         | 192,200              | 0.04        |       |
| MC FSL - TRUSTEE JS GROWTH FUND                              | 331,643              | 0.08        |       |
| CDC - TRUSTEE HBL MULTI - ASSET FUND                         | 2,800                | 0.00        |       |
| CDC - TRUSTEE ALFALAH GHP STOCK FUND                         | 824,303              | 0.19        |       |
| CDC - TRUSTEE ALFALAH GHP ALPHA FUND                         | 576,330              | 0.13        |       |
| CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND             | 2,930,972            | 0.67        |       |
| CDC - TRUSTEE ABL STOCK FUND                                 | 913,982              | 0.21        |       |
| CDC - TRUSTEE AL HABIB STOCK FUND                            | 1,025,000            | 0.23        |       |
| CDC - TRUSTEE LAKSON EQUITY FUND                             | 530,100              | 0.12        |       |
| CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT                    | 1,089                | 0.00        |       |
| CDC-TRUSTEE HBL ISLAMIC STOCK FUND                           | 60,000               | 0.01        |       |
| CDC - TRUSTEE HBL IPF EQUITY SUB FUND                        | 43,000               | 0.01        |       |
| CDC - TRUSTEE HBL PF EQUITY SUB FUND                         | 70,020               | 0.02        |       |
| CDC - TRUSTEE KSE MEEZAN INDEX FUND                          | 701,099              | 0.16        |       |
| CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND                    | 800,000              | 0.18        |       |
| MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND                      | 401,500              | 0.09        |       |
| CDC - TRUSTEE UBL ASSET ALLOCATION FUND                      | 313,500              | 0.07        |       |
| CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND                      | 10,000               | 0.00        |       |
| CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND         | 187,500              | 0.04        |       |
| CDC - TRUSTEE AWT ISLAMIC STOCK FUND                         | 337,707              | 0.08        |       |
| CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND  | 477,000              | 0.11        |       |
| CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND  | 490,000              | 0.11        |       |
| CDC - TRUSTEE HBL ISLAMIC EQUITY FUND                        | 116,500              | 0.03        |       |
| CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND     | 27,000               | 0.01        |       |
| CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND             | 33,000               | 0.01        |       |
| CDC - TRUSTEE AWT ISLAMIC ASSET ALLOCATION FUND              | 5,800                | 0.00        |       |
| CDC - TRUSTEE NIT ISLAMIC EQUITY FUND                        | 277,500              | 0.06        |       |
| CDC-TRUSTEE NITIPF EQUITY SUB-FUND                           | 28,500               | 0.01        |       |
| CDC-TRUSTEE NITPF EQUITY SUB-FUND                            | 45,000               | 0.01        |       |
| CDC - TRUSTEE NBP SAVINGS FUND - MT                          | 6,315                | 0.00        |       |

|                                                             |           |      |
|-------------------------------------------------------------|-----------|------|
| CDC - TRUSTEE ALFALAH MTS FUND - MT                         | 79,317    | 0.02 |
| CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND                  | 125,499   | 0.03 |
| CDC - TRUSTEE LAKSON TACTICAL FUND                          | 155,900   | 0.04 |
| CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND                  | 58,446    | 0.01 |
| MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND             | 24,600    | 0.01 |
| CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND     | 14,200    | 0.00 |
| CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND                  | 75,000    | 0.02 |
| CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND                | 140,000   | 0.03 |
| CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND            | 81,878    | 0.02 |
| CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND          | 7,030     | 0.00 |
| CDC - TRUSTEE NIT ASSET ALLOCATION FUND                     | 29,896    | 0.01 |
| CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND                     | 277,774   | 0.06 |
| CDC - TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND          | 293,669   | 0.07 |
| CDC - TRUSTEE ALFALAH CONSUMER INDEX EXCHANGE TRADED FUND   | 32,154    | 0.01 |
| CDC - TRUSTEE JS MOMENTUM FACTOR EXCHANGE TRADED FUND       | 1,101,078 | 0.25 |
| CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND             | 89,500    | 0.02 |
| CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND                  | 240,000   | 0.05 |
| CDC - TRUSTEE MAHAANA ISLAMIC INDEX EXCHANGE TRADED FUND    | 161,266   | 0.04 |
| CDC - TRUSTEE-PQIAAF - PAK-QATAR ASSET ALLOCATION PLAN IIIA | 1,760,000 | 0.40 |
| CDC-TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND - II       | 1,837,741 | 0.42 |
| CDC - TRUSTEE LUCKY ISLAMIC STOCK FUND                      | 1,442,728 | 0.33 |
| CDC - TRUSTEE ABL OPTIMAL ASSET ALLOCATION FUND             | 15,000    | 0.00 |
| CDC - TRUSTEE FIAAF-III-FAYSAL SHARIAH FLEX PLAN-I          | 27,800    | 0.01 |
| CDC - TRUSTEE MEEZAN CAPITAL PROTECTED FUND III-MCSP-I      | 20,000    | 0.00 |
| CDC - TRUSTEE ATLAS ISLAMIC BUILDING MATERIALS FUND         | 234,900   | 0.05 |
| CDC - TRUSTEE BMA STOCK FUND                                | 35,375    | 0.01 |

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

|                          |                       |            |      |
|--------------------------|-----------------------|------------|------|
| Mrs. Naz Mansha          | Director/Chairperson  | 213,098    | 0.05 |
| Mr. Raza Mansha          | Director/CEO          | 12,796,880 | 2.92 |
| Mr. Khalid Niaz Khawaja  | Director              | 2,000      | 0.00 |
| Mr. Usama Mahmud         | Director              | 200        | 0.00 |
| Mr. Shehryar Ahmed Buksh | Director              | 1,000      | 0.00 |
| Mr. Farid Noor Ali Fazal | Director              | 1,200      | 0.00 |
| Mr. Shahzad Ahmad Malik  | Director              | 100        | 0.00 |
| Mian Muhammad Mansha     | Spouse of Chairperson | 30,000     | 0.01 |
| Mrs. Ammil Raza Mansha   | Spouse of CEO         | 5,891,098  | 1.34 |

### IV. Executives:

|                |                        |       |      |
|----------------|------------------------|-------|------|
| Mr. I.U. Niazi | Director Finance / CFO | 2,775 | 0.00 |
|----------------|------------------------|-------|------|

### V. Public Sector Companies and Corporations:

|                       |            |       |
|-----------------------|------------|-------|
| Joint Stock Companies | 46,239,668 | 10.55 |
|-----------------------|------------|-------|

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

|                                                                   |            |      |
|-------------------------------------------------------------------|------------|------|
| Investment Companies                                              | 18,034     | 0.00 |
| Insurance Companies                                               | 6,424,283  | 1.47 |
| Financial Institutions                                            | 18,807,457 | 4.29 |
| Modaraba Companies                                                | 23,645     | 0.01 |
| Mutual Funds                                                      | 40,254,331 | 9.19 |
| Pension Funds/Providend Funds/Charitable Trusts, Foundations Etc. | 18,427,985 | 4.21 |

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

|                      |             |       |
|----------------------|-------------|-------|
| Mr. Umer Mansha      | 27,565,313  | 6.29  |
| Mr. Hassan Mansha    | 27,139,917  | 6.19  |
| Nishat Mills Limited | 137,574,201 | 31.40 |

Trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their Spouses and minor children during the period July 01, 2025 to June 30, 2026, are as under:

| S.No. | Name                                         | Designation | No. of Shares |           |
|-------|----------------------------------------------|-------------|---------------|-----------|
|       |                                              |             | Sold          | Purchased |
|       | Mian Muhammad Mansha - Spouse of Chairperson |             |               | 30,000    |

# GENDER PAY GAP STATEMENT

## UNDER CIRCULAR NO. 10 OF 2024 OF SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Name of company : DG Khan Cement Company Limited

Year ending : 30 June 2026

Following is the gender pay gap calculated for the year ended 30 June, 2026:

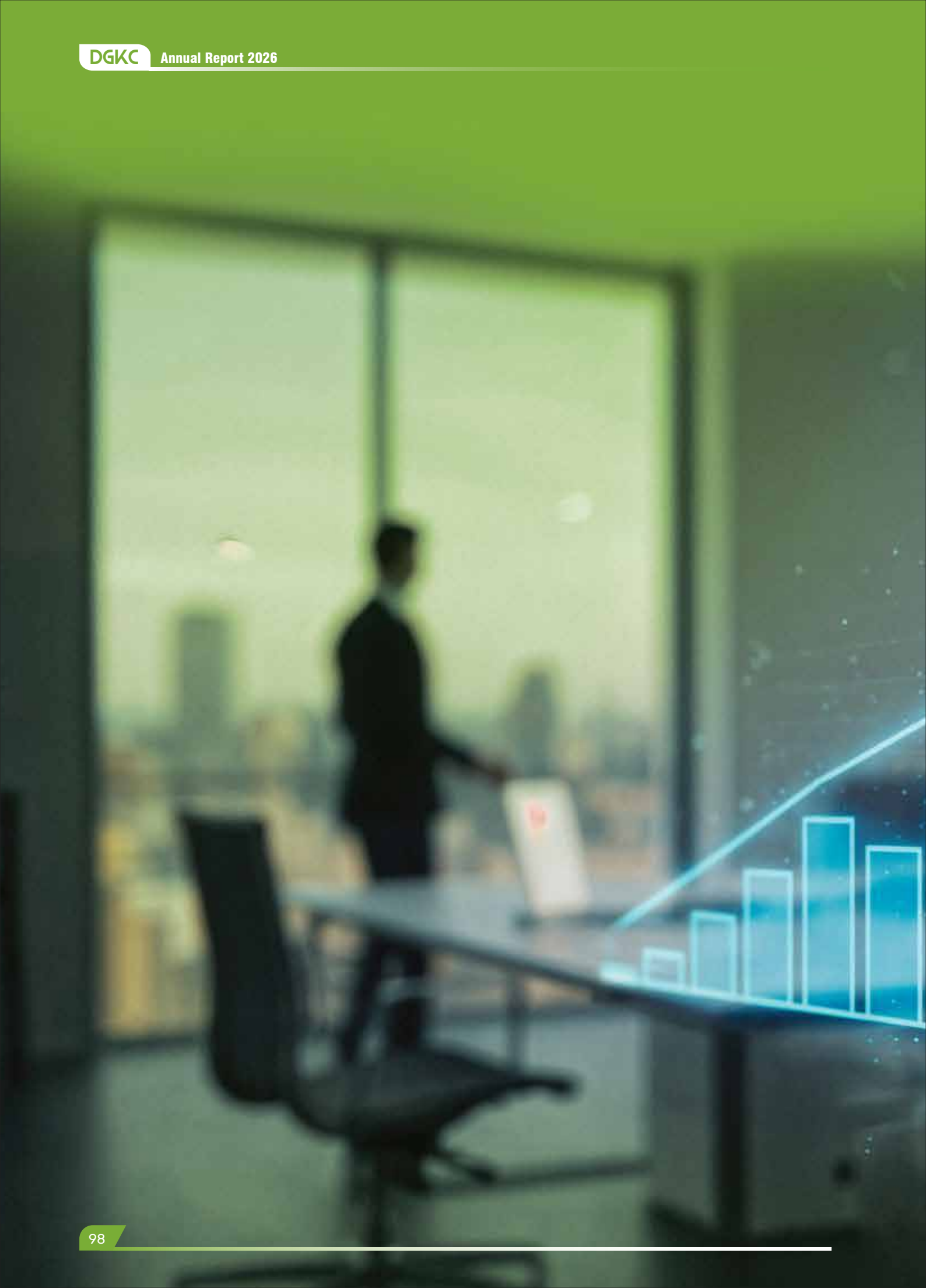
- (i) Mean Gender Pay of females is 10% higher than that of males
- (ii) Median Gender Pay of females is 70% higher than that of males
- (iii) Any other data/details as deemed relevant: The Company offers its employees equitable compensation based on their individual profile and performance without any discrimination with respect to their gender.

For and on behalf of the Board of Directors of the Company



Chief Executive Officer

Lahore: August 27, 2026





# PERFORMANCE

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# KEY PERFORMANCE INDICATORS



## Net Revenue (000)

|            |            |
|------------|------------|
| 2026       | 79,562,656 |
| 2025       | 71,892,837 |
| Percentage | 11%        |



## Gross Margin %

|            |       |
|------------|-------|
| 2026       | 26.1% |
| 2025       | 25.7% |
| Percentage | 1%    |



## Total Assets (000)

|            |             |
|------------|-------------|
| 2026       | 199,329,710 |
| 2025       | 145,924,235 |
| Percentage | 37%         |



## Profit Before Tax & Levy (PBT&L) (000)

|            |            |
|------------|------------|
| 2026       | 17,316,987 |
| 2025       | 13,004,612 |
| Percentage | 33%        |



## Equity (000)

|            |             |
|------------|-------------|
| 2026       | 120,643,265 |
| 2025       | 94,667,478  |
| Percentage | 27%         |



## Profit After Tax (PAT) (000)

|            |            |
|------------|------------|
| 2026       | 11,425,385 |
| 2025       | 8,675,059  |
| Percentage | 32%        |



## Earnings per Share (EPS)

|            |       |
|------------|-------|
| 2026       | 26.08 |
| 2025       | 19.80 |
| Percentage | 32%   |



## Breakup Value/ Share

|            |        |
|------------|--------|
| 2026       | 275.37 |
| 2025       | 216.08 |
| Percentage | 27%    |

**Market Value per share**

|            |       |
|------------|-------|
| 2026       | 223.3 |
| 2025       | 165.6 |
| Percentage | 35%   |

**Dividend per Share**

|            |      |
|------------|------|
| 2026       | 1    |
| 2025       | 2    |
| Percentage | -50% |

**No. of Employees (Average)**

|            |       |
|------------|-------|
| 2026       | 1,813 |
| 2025       | 1,829 |
| Percentage | -1%   |

**Revenue per Employee (000)**

|            |        |
|------------|--------|
| 2026       | 43,885 |
| 2025       | 39,307 |
| Percentage | 12%    |

**Capacity Utilization**

|      |     |
|------|-----|
| 2026 | 78% |
| 2025 | 75% |

**Production (MT)**

|            |           |
|------------|-----------|
| 2026       | 5,227,714 |
| 2025       | 5,057,323 |
| Percentage | 3%        |



# CHAIRPERSON'S MESSAGE

It is a privilege to address you at a moment when the question before us is no longer whether the Company can endure a difficult cycle, but what it chooses to become on the other side of one.

FY26 delivered the fastest growth Pakistan has seen in four years, and yet the foundations beneath that growth remain narrow. A trade deficit that widened by over a fifth, an export base that contracted while imports rose, and an external position held steady by remittances rather than by earnings - this is the stability that rests on borrowed foundations. The Board takes encouragement from the recovery without mistaking it for something settled.

Against that reading, the Company has made a deliberate choice. Our investment in Rafhan Maize Products is the most significant strategic decision this Board has taken in many years, and it is not a diversification of convenience. It places the Company alongside a business of genuine standing in a sector whose demand does not move with the construction cycle. Cement remains our core, and will continue to be, but the Board has taken the view that the Company's earnings should not rest on a single industry indefinitely.

Governance in a year of consequential decisions extends well beyond process. It is the discipline of satisfying ourselves that capital is being committed for sound reasons, over an appropriate horizon, and with a clear-eyed view of the risks. The Board applied that standard to this transaction, as it will to the brownfield expansion at DG Khan as that project comes to completion.

The imperatives that will define the decade ahead are, to my mind, unchanged: energy resilience, sustainable operations, digital capability and the depth of our human capital. What has changed is the urgency. The floods of the past year, and the conflict shaping our trade routes, are reminders that the operating environment will not wait for us to be ready.

On behalf of the Board, I thank our shareholders for the trust they place in us, and our management teams for the judgement and effort they have brought to a demanding year.

**Mrs. Naz Mansha**  
Chairperson

Lahore  
August 27, 2026





# CHIEF EXECUTIVE'S MESSAGE

I am pleased to share my perspective on the year and on the performance of your Company.

FY 2026, in many respects, turned the previous year's picture around. Domestic demand returned - dispatches at home grew for the first time in three years, helped by a materially lower cost of money and a firmer construction cycle - while the export markets that had cushioned us last year came under genuine strain. The closure of the Afghanistan border from November removed the North's principal export outlet almost entirely, and regional conflict curtailed shipments from the South. Northern volumes came home, and competitive intensity in that zone rose accordingly.

Against that backdrop, your Company performed well. Volumes, mix and pricing all moved in our favour, and we converted that into margin. Our plants ran harder than last year, with the Hub site operating above nameplate capacity for much of it, and clinker exports from the South earned appreciably better prices than the year before. Just as importantly, the balance sheet did its work - sustained debt reduction and an easing rate environment brought finance costs down sharply, and dividend income from our investment portfolio again proved its worth. Profit after tax rose to PKR 11.4 billion, with earnings per share of PKR 26.08.

The defining decision of the year, however, was not about cement. Our investment in Rafhan Maize Products, financed through a USD 101 million facility drawn in the closing week of the year, gives the Company a substantial stake in a business of real quality and long standing. I regard it as the beginning of a second earnings stream rather than a financial investment - a deliberate broadening of the base on which future returns will rest. The brownfield clinker line at DG Khan remains on schedule and will lift efficiency further on completion.

Looking ahead, I would not understate the risks. Shipping through the Strait of Hormuz, the Afghanistan border and the direction of coal and energy prices all warrant close watching. But we enter the year with a stronger balance sheet, a broader earnings base and a cost discipline that has served us well. We remain focused, and we remain ambitious.

**Mr Raza Mansha**  
Chief Executive Officer

Lahore  
August 27, 2026

# ANALYSIS OF FINANCIAL PERFORMANCE

Building on last year's recovery, the Company delivered a profit of PKR 11.43 billion during the period, an increase of 32% over the prior year. The result reflects higher volumes across both domestic and export markets, an improved sales mix and stronger pricing, together with a materially lower finance cost following sustained debt repayment and an easing rate environment. This performance underscores management's continued focus on operational efficiency, cost discipline, and strategic initiatives aimed at sustainable growth. Comparison with last year and budgeted results are as follows:

## Comparison with last year results

The Company delivered growth in both overall sales and gross profit during FY 2026. This positive momentum, together with a significant reduction in finance cost, translated into a notable improvement in profit before tax and levy.

|       | 2026          | 2025   |
|-------|---------------|--------|
|       | Rs in million |        |
| Sales | 79,563        | 71,893 |
| GP    | 20,733        | 18,506 |
| PBT&L | 17,317        | 13,005 |

Capacity utilization improved further to 78%, supported by sustained operations at the Hub plant, which ran above nameplate capacity for much of the year. The recovery in domestic demand allowed a greater proportion of volumes to be placed locally, while clinker exports from the South earned appreciably better prices than the prior year, offsetting the effect of the Afghanistan border closure on northern export volumes. Inflationary pressures on input costs continued, though moderating energy tariffs and a lower cost of coal provided some relief. The Company sustained its cost optimization initiatives, including adjustments to the coal mix and the continued use of alternative fuels such as RDF and TDF.

## Comparison with budget

The Company's results exceeded budget across all three measures, with sales ahead by 4%, gross profit by 20% and profit before tax and levy by 47%. The improvement in gross profit reflects stronger domestic volumes and pricing than assumed at budget, together with operational efficiencies supported by the continued use

of alternative fuels to mitigate cost pressures. Profit before tax and levy benefited further from lower finance costs, reflecting sustained debt repayment through the year and a discount rate environment that remained low throughout, alongside steady dividend income.

|       | Actual        | Budget |
|-------|---------------|--------|
|       | Rs in million |        |
| Sales | 79,563        | 76,163 |
| GP    | 20,733        | 17,263 |
| PBT&L | 17,317        | 11,741 |

## Future Prospects Of Profit

Management remains cautiously optimistic about FY27, as sector growth will depend on supportive government policies and broader macroeconomic stability. Despite these challenges, the Company expects to sustain profitability through the following key drivers:

- Continued recovery in local dispatches, building on the growth recorded in FY26 as improving construction activity and a lower interest rate environment support demand.
- Reconstruction activities following recent floods, which are anticipated to provide incremental demand for cement during the year.
- Contribution from the Company's investment in Rafhan Maize Products Company Limited, broadening the earnings base beyond cement.
- Continued progress on the brownfield clinker line at the DG Khan site, which remains on schedule and is expected to lift operating efficiency from FY28.
- Sustained clinker exports from the South, enabling the Company to maintain capacity utilization and ensure efficient absorption of fixed costs.

A detailed analysis of future prospects is available in the 'Future Outlook' section of this report.

# ANALYSIS OF NON-FINANCIAL PERFORMANCE

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

## Manufactured Capital

Our business activities of production, marketing and distribution of quality cement help us to create value for our stakeholders and the economy. To meet the expectations of our customers and in line with our strategy, we are committed to producing only quality cement which corresponds to international environment and safety standards. During the year, our sales and marketing team did not receive any significant complaint about the quality of the cement from its dealers and distributors. The Company holds certifications from a number of US states regarding the quality of its cement and the upkeep of its plants, supporting the diversification of its export base.

As part of its strategy to invest in state-of-the-art and sustainable projects, the 10 MW solar power plant at the Khairpur site is now in its second full year of operation, reducing reliance on high-cost fossil fuels and grid power. Installation of the 11,000 MT per day brownfield clinker line at the DG Khan site continues on schedule and will further improve operating efficiency on completion.

## Intellectual Capital

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

DGKC accords the highest priority to the development of its information systems to ensure accurate data processing, efficient communication, streamlined business processes and the accumulation of market intelligence. The Company continues to adopt and leverage state-of-the-art information technology infrastructure in line with best practices.

Information security remains a global concern, with leading international and local organisations continuing to experience breaches. The Company therefore

maintains an ongoing programme of review and strengthening of its information security function, supported by active oversight from the Board.

## Human Capital

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

- DGKC has employed 1,813 permanent employees in our operations including plants, marketing offices and head office. The Company offers the right mix of benefits, rewarding work and career advancement prospects to attract and retain competent people. Investing in Our Workforce In 2026, DGKC paid PKR 7.8 billion as workforce salaries and benefits compared to PKR 6.4 billion last year. The Company also maintains funded gratuity schemes for its eligible employees who joined prior to July 01, 2022.
- DGKC is committed to fostering an equitable and inclusive workplace, where benefits are structured in accordance with the nature of employment contracts and not influenced by gender. In line with SECP Circular 10 of 2024, the Company has disclosed data in the prescribed format. While this disclosure framework may not fully reflect the inclusive practices embedded within DGKC's culture, management remains fully supportive of such initiatives and views them as an opportunity to further strengthen transparency and promote diversity in the corporate sector. Accordingly, the mean pay of females is 10% higher than that of males, whereas the median pay of females is 70% higher than that of males.
- To improve our competitiveness and value creation ability, skills retention and development are crucial. It is critical that we play an active role in supporting the existing workforce through reskilling and upskilling. DGKC believes that people learn every day, through experiential, social or formal avenues. During the year, various training workshops were conducted at different plant sites, to keep employees updated about latest trends regarding operations, IT and sales.



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

## Social and Relationship Capital

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

- DGKC continues to prioritize local coal procurement, enabling the Company to create

shared value with domestic partners while conserving valuable foreign exchange reserves. The Company also promotes sustainability in its supply chain by working closely with trusted partners to ensure long-term, responsible sourcing.

- We support local communities through payment of taxes, donations, investments in the field of education, health, sports and infrastructure developments as well as indirectly through our presence and procurement from local suppliers.
- Being a Socially Responsible Company protecting nature and environment through continued investments in environment friendly technologies and production processes is the top priority at DGKC. In this connection, the Company made two significant variations from its operations in the recent past; use of RDF and TDF in replacement of local coal, installation of 10 MW Solar Power Plant at KHP site with aim to slowly replace fossil fuels to great extent at all plant sites.





# FINANCIAL RATIOS

|                                                                    |            | FY 26       | FY 25       | FY 24       | FY 23       | FY 22       | FY 21       |
|--------------------------------------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Profitability Ratios</b>                                        |            |             |             |             |             |             |             |
| Gross Profit ratio                                                 | %          | 26.06       | 25.74       | 15.94       | 14.70       | 17.97       | 17.89       |
| Net Profit to Sales                                                | %          | 14.36       | 12.07       | 0.82        | (5.60)      | 5.12        | 8.25        |
| EBITDA Margin to Sales                                             | %          | 28.28       | 28.80       | 22.25       | 21.31       | 23.27       | 24.99       |
| Operating leverage ratio                                           | %          | 21.81       | 19.89       | 21.25       | 18.58       | 18.74       | 22.89       |
| Return on Equity (Average)                                         | %          | 10.61       | 10.18       | 0.77        | (5.42)      | 4.15        | 5.31        |
| Return on Capital employed                                         | %          | 11.23       | 14.48       | 9.84        | 9.28        | 8.24        | 6.56        |
| Shareholders' Funds (Net Equity)                                   | Rs ('000') | 120,643,265 | 94,667,478  | 75,847,538  | 64,192,277  | 69,918,102  | 73,477,873  |
| Return on Shareholders' Funds                                      | %          | 9.47        | 9.16        | 0.72        | (5.66)      | 4.25        | 5.06        |
| <b>Liquidity Ratios</b>                                            |            |             |             |             |             |             |             |
| Current Ratio (times)                                              | Times      | 1.79        | 1.85        | 1.30        | 0.80        | 0.89        | 0.91        |
| Quick / Acid test ratio                                            | Times      | 1.18        | 1.01        | 0.66        | 0.32        | 0.36        | 0.52        |
| Cash to Current Liabilities                                        | Times      | 0.01        | 0.02        | 0.02        | 0.01        | 0.01        | 0.33        |
| Cash flow from operations to Sales                                 | Rs ('000') | 14,209,871  | 10,034,132  | 6,029,545   | 6,504,238   | (3,932,479) | 6,161,981   |
| Cash flow to capital expenditures                                  | Rs ('000') | (2,969,824) | (1,211,491) | (1,676,953) | (3,418,069) | (1,739,551) | (5,087,104) |
| Cash flow coverage ratio                                           | Times      | 15.84       | 4.09        | 1.65        | 1.99        | 0.26        | 3.59        |
| <b>Investment /Market Ratios</b>                                   |            |             |             |             |             |             |             |
| Earnings per Share (EPS) and diluted EPS                           | Rs/Share   | 26.08       | 19.80       | 1.24        | (8.30)      | 6.78        | 8.49        |
| Price Earnings ratio                                               | Times      | 8.56        | 8.36        | 72.92       | (6.18)      | 9.21        | 13.88       |
| Price to Book ratio                                                | Times      | 0.81        | 0.77        | 0.52        | 0.35        | 0.39        | 0.70        |
| Dividend Yield ratio                                               | %          | 0.45        | 1.21        | -           | -           | 1.60        | 0.85        |
| Dividend Payout ratio                                              | %          | 4%          | 10%         | 0%          | 0%          | 15%         | 12%         |
| Cash Dividend per share                                            | Rs/Share   | 1.00        | 2.00        | -           | -           | 1.00        | 1.00        |
| Market value per share                                             |            |             |             |             |             |             |             |
| At 30-June                                                         | Rs/Share   | 223.27      | 165.56      | 90.27       | 51.30       | 62.50       | 117.92      |
| High During the year                                               | Rs/Share   | 271.40      | 168.39      | 95.32       | 62.95       | 120.39      | 141.48      |
| Low during the year                                                | Rs/Share   | 149.18      | 73.30       | 41.54       | 39.00       | 52.25       | 90.45       |
| Breakup value per share                                            |            |             |             |             |             |             |             |
| (1) With FV reserves                                               | Rs/Share   | 275.37      | 216.08      | 173.12      | 146.52      | 159.59      | 167.71      |
| (2) Without FV reserves (all investments including Related party)  | Rs/Share   | 162.90      | 138.91      | 119.05      | 117.74      | 127.05      | 121.38      |
| <b>Capital Structure</b>                                           |            |             |             |             |             |             |             |
| Financial leverage ratio                                           | %          | 22.54       | 15.01       | 24.80       | 31.57       | 34.03       | 31.76       |
| Weighted average cost of debt (excluding taxation)                 | %          | 3.82        | 13.77       | 20.82       | 15.15       | 7.91        | 6.40        |
| Debt to Equity ratio                                               |            |             |             |             |             |             |             |
| Debt/ (Debt+Equity) (%)                                            | %          | 27.12       | 18.79       | 31.15       | 39.85       | 39.93       | 37.34       |
| Debt/ (Debt+Equity) (%) (w.r.t Market value)                       | %          | 31.47       | 23.20       | 46.46       | 65.42       | 62.93       | 45.88       |
| Net assets per share                                               | Rs/Share   | 275.37      | 216.08      | 173.12      | 146.52      | 159.59      | 167.71      |
| Interest Cover /Time Interest earned ratio                         | Times      | 17.64       | 5.35        | 1.84        | 2.05        | 3.78        | 3.86        |
| <b>Activity / Turnover Ratios</b>                                  |            |             |             |             |             |             |             |
| Total Assets turnover ratio (based on average total assets)        | %          | 46.09       | 50.57       | 48.36       | 47.91       | 42.30       | 33.73       |
| Fixed Assets turnover ratio (based on average total assets)        | %          | 103.69      | 91.51       | 81.47       | 78.74       | 69.17       | 53.52       |
| No. of Days in Inventory                                           | Days       | 139         | 140         | 133         | 150         | 175         | 154         |
| No. of Days in Receivables                                         | Days       | 10          | 8           | 5           | 7           | 9           | 14          |
| No. of Days in Payables                                            | Days       | 97          | 83          | 76          | 87          | 92          | 138         |
| Operating cycle                                                    | Days       | 52          | 64          | 61          | 70          | 92          | 30          |
| <b>Others</b>                                                      |            |             |             |             |             |             |             |
| No of employees (average during the year)                          | No.        | 1,813       | 1,829       | 1,870       | 1,902       | 1,900       | 1,861       |
| Production per Employee                                            | Tons       | 2,884       | 2,765       | 2,322       | 2,433       | 3,353       | 3,361       |
| Revenue per Employee                                               | Rs ('000') | 43,885      | 39,307      | 35,315      | 34,166      | 30,549      | 24,238      |
| Staff turnover ratio                                               | %          | 11.20       | 12.47       | 12.19       | 10.04       | 8.16        | 5.96        |
| % of Plant Availability                                            | %          | 77.80       | 75.26       | 64.61       | 68.87       | 94.79       | 93.08       |
| Customer Satisfaction Index (based on average no. of distributors) | %          | 99.00       | 99.00       | 99.80       | 99.30       | 93.80       | 98.00       |
| Spares Inventory as % of Assets Cost                               | %          | 4.80        | 6.02        | 5.94        | 5.40        | 5.18        | 4.50        |
| Maintenance Cost as % of Operating Expenses                        | %          | 8.24        | 7.18        | 8.29        | 7.29        | 6.15        | 9.47        |

# ANALYSIS OF FINANCIAL RATIOS

## Profitability Ratios

The GP ratio improved further in FY26, rising to 26.06% from 25.74% in FY25, supported by higher volumes across both domestic and export markets, an improved sales mix and stronger pricing, together with continued cost optimization through alternative fuels and local coal. The EBITDA margin was broadly stable at 28.28% against 28.80%.

Net profit to sales rose to 14.36% (FY25: 12.07%), supported by higher gross margins and a materially lower finance cost following sustained debt repayment through the year. Return on equity improved to 10.61% (FY25: 10.18%), while ROCE eased to 11.23% (FY25: 14.48%) as capital employed expanded with the drawdown of the foreign currency facility in the closing days of the year, ahead of any return from the related investment. Shareholders' funds expanded to PKR 120.6 billion, reflecting the year's profitability together with a further increase in other comprehensive income arising from the appreciation in value of investments held at FVOCI.

The operating leverage ratio rose to 21.81% from 19.89% in FY25. Overall, FY26 profitability ratios reflect a second consecutive year of improvement, driven by volume recovery, cost discipline and a materially lighter finance cost.

## Liquidity Ratios

The Company maintained a sound liquidity position during FY26, with the current ratio at 1.79 (FY25: 1.85) and the quick ratio improving to 1.18 (FY25: 1.01), reflecting a stronger short-term financial position. Cash to current liabilities stood at 0.01, in line with the Company's practice of deploying surplus funds in short-term investments rather than holding idle cash. Operating cash flows increased to PKR 14.21 billion compared to PKR 10.03 billion last year, supported by higher profitability and disciplined working capital management.

Improved cash generation enabled continued repayment of long-term debt during the year. The cash flow coverage ratio strengthened markedly to 15.84 (FY25: 4.09), reflecting the Company's ability to comfortably meet debt repayments, statutory dues and short-term obligations from internally generated funds. Overall, FY26 liquidity ratios reflect a healthy financial position, underpinned by disciplined cash flow management and sustained operating cash generation.

## Market ratios

Earnings per share rose to PKR 26.08 in FY26 compared with PKR 19.80 last year, reflecting sustained profitability and improved operational performance. Over the past six years the Company's EPS has averaged PKR

9.02 per share, demonstrating its ability to generate shareholder value across a challenging business cycle. The price-to-earnings ratio was broadly stable at 8.56 (FY25: 8.36), reflecting a consistent alignment between earnings and market valuation.

The market price of the share closed at PKR 223.27 on June 30, 2026, against PKR 165.56 a year earlier, with price movements broadly aligned with overall market dynamics. The share reached a high of PKR 271.40 and a low of PKR 149.18 during the year. The breakup value per share improved to PKR 275.37 (without FV reserves: PKR 162.90), reflecting the strength of the Company's underlying net asset base.

## Capital Structure

The Company's capital structure remained sound in FY26, with equity strengthened by retained earnings and further appreciation in the fair value of investments, even as long-term debt rose with the drawdown of the foreign currency facility. The debt-to-equity ratio moved to 27.13% (FY25: 18.79%), reflecting that drawdown late in the year. The weighted average cost of debt fell sharply to 3.82% from 13.77%, as repayment of higher-cost facilities and a low rate environment reduced the cost of financing. Interest coverage improved to 17.64 times (FY25: 5.35), reflecting materially lower finance cost and stronger operating results. Net assets per share increased to PKR 275.37 from PKR 216.08 in FY25, in line with the stronger equity base.

## Turnover Ratio

Fixed assets turnover improved to 103.69% while total assets turnover eased to 46.09%, as the asset base expanded late in the year with the RMPL investment ahead of any contribution from it. Inventory days were held broadly flat at 139, while receivable days remained low at 10, reflecting continued collection efficiency. Payable days extended to 97, providing added support to working capital management. The operating cycle consequently shortened to 52 days (FY25: 64), its shortest since FY21.

## Others

The average number of employees was 1,813, broadly in line with the prior year, while the staff turnover ratio remained 11.20%. Production and revenue per employee improved to 2,884 tons and PKR 43,885 thousand respectively, supported by higher throughput. Plant availability increased to 77.80% (FY25: 75.26%), reflecting improved plant utilization. Spares inventory as a percentage of asset cost eased to 4.80%, while maintenance cost as a share of operating expenses was 8.24%, reflecting continued attention to cost control.

# HORIZONTAL AND VERTICAL ANALYSIS

## Horizontal Analysis (%)

### Balance sheet

|                              |
|------------------------------|
| Net Equity                   |
| Non-Current Liabilities      |
| Current Liabilities          |
| Property plant and equipment |
| Non-Current Assets           |
| Current Assets               |
| Total Assets                 |

| FY26              | FY25    | FY24    | FY23   | FY22    | FY21   |
|-------------------|---------|---------|--------|---------|--------|
| % of Total Assets |         |         |        |         |        |
| 27.44             | 24.81   | 18.16   | (8.19) | (4.84)  | 10.25  |
| 59.40             | (16.38) | 38.76   | 6.28   | (14.79) | (4.60) |
| 47.75             | (19.60) | (33.80) | 5.61   | 14.38   | 7.10   |
| (1.35)            | (3.29)  | (2.88)  | (0.67) | (2.61)  | 1.78   |
| 33.28             | 1.45    | 0.97    | (0.07) | (5.24)  | 5.87   |
| 43.39             | 14.69   | 7.03    | (4.38) | 10.75   | 8.05   |
| 36.60             | 5.45    | 2.73    | (1.35) | (0.97)  | 6.44   |

### Profit and loss accounts

|                   |
|-------------------|
| Sales             |
| COS               |
| Gross Profit      |
| Finance Cost      |
| Profit before tax |
| Profit after tax  |

| % of Net Sales |          |          |          |         |          |
|----------------|----------|----------|----------|---------|----------|
| 10.67          | 8.86     | 1.62     | 11.96    | 28.68   | 18.60    |
| 10.20          | (3.82)   | 0.15     | 16.41    | 28.57   | 1.61     |
| 12.03          | 75.77    | 10.18    | (8.37)   | 29.19   | 408.98   |
| (67.04)        | (51.63)  | 18.67    | 88.80    | 22.26   | (37.23)  |
| 33.16          | 358.08   | (10.23)  | (47.46)  | 26.16   | (227.03) |
| 31.70          | 1,499.40 | (114.92) | (222.34) | (20.13) | (272.39) |

## Vertical Analysis (%)

### Balance sheet

|                              |
|------------------------------|
| Net Equity                   |
| Non-Current liabilities      |
| Current Liabilities          |
| Property plant and equipment |
| Non-Current Assets           |
| Current Assets               |

| FY26         | FY25 | FY24 | FY23 | FY22 | FY21 |
|--------------|------|------|------|------|------|
| YOY % Change |      |      |      |      |      |
| 60.5         | 64.9 | 54.8 | 47.7 | 51.2 | 53.3 |
| 20.3         | 17.4 | 21.9 | 16.2 | 15.1 | 17.5 |
| 19.2         | 17.8 | 23.3 | 36.1 | 33.7 | 29.2 |
| 38.2         | 52.9 | 57.7 | 61.1 | 60.6 | 61.7 |
| 65.5         | 67.2 | 69.8 | 71.0 | 70.1 | 73.3 |
| 34.5         | 32.8 | 30.2 | 29.0 | 29.9 | 26.7 |

### Profit and loss accounts

|                   |
|-------------------|
| Sales             |
| COS               |
| Gross Profit      |
| Finance Cost      |
| Profit before tax |
| Profit after tax  |

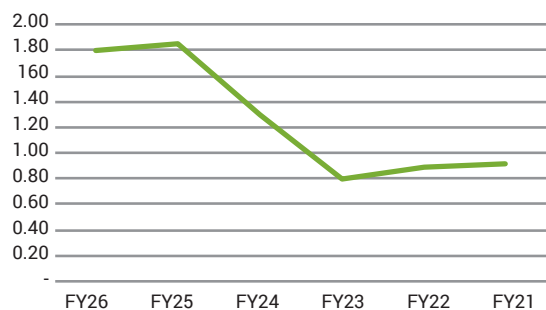
| YOY % Change |         |         |         |         |         |
|--------------|---------|---------|---------|---------|---------|
| 100.00       | 100.00  | 100.00  | 100.00  | 100.00  | 100.00  |
| (73.94)      | (74.26) | (84.06) | (85.30) | (82.03) | (82.11) |
| 26.06        | 25.74   | 15.94   | 14.70   | 17.97   | 17.89   |
| (1.60)       | (5.38)  | (12.12) | (10.38) | (6.15)  | (6.48)  |
| 21.77        | 18.09   | 4.30    | 4.87    | 10.37   | 10.58   |
| 14.36        | 12.07   | 0.82    | (5.60)  | 5.12    | 8.25    |

During FY26, the total balance sheet footing increased by 36.6%, driven by the RMPL investment and the associated financing, together with retained earnings and fair value gains on investments. Vertically, net equity represented 60.5% of total assets (FY25: 64.9%), with the decline reflecting the growth in borrowings rather than any weakening of the equity base. Non-current liabilities rose to 20.3% (FY25: 17.4%) and current liabilities to 19.2% (FY25: 17.8%), driven by the new facility. Property, plant and equipment represented 38.2% of total assets (FY25: 52.9%), with non-current assets at 65.5% (FY25: 67.2%) and current assets at 34.5% (FY25: 32.8%), the shifts reflecting the addition of the long-term investment to the asset base.

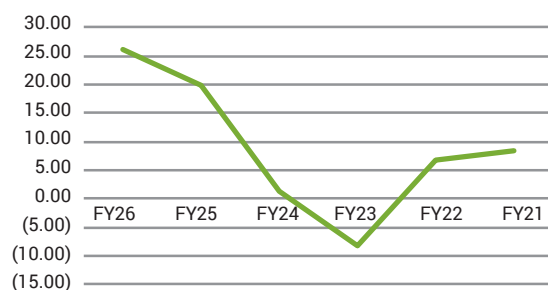
From a vertical perspective of the profit and loss statement, gross profit improved to 26.06% of sales (FY25: 25.74%), reflecting better plant utilization, cost optimization and improved efficiency. Finance cost fell to 1.60% of sales (FY25: 5.38%), lifting pre-tax profitability to 21.77% (FY25: 18.09%). Consequently, net profit after tax and levy rose to 14.36% of sales (FY25: 12.07%).

Horizontal year-over-year analysis shows net equity increased by 27.44% over FY25, while non-current liabilities rose 59.40% and current liabilities 47.75%, reflecting the foreign currency facility drawn to fund the RMPL investment. On the profit and loss side, sales rose 10.67% while cost of sales rose 10.20%, resulting in a 12.03% improvement in gross profit. Finance cost decreased 67.04%, translating into a 33.16% increase in profit before tax and levy and a 31.70% increase in net profit, driven by higher volumes, lower financing cost and disciplined cost management.

Current Ratio



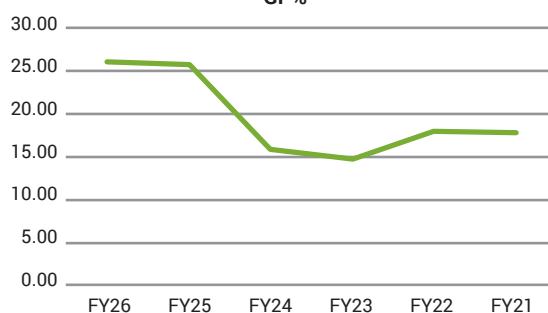
EPS



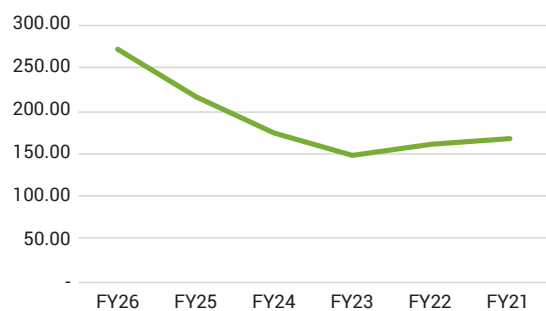
Return on Equity (Average)



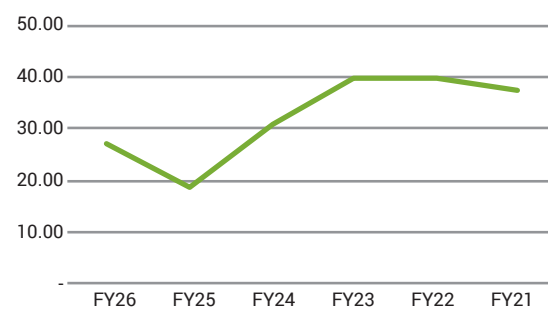
GP%



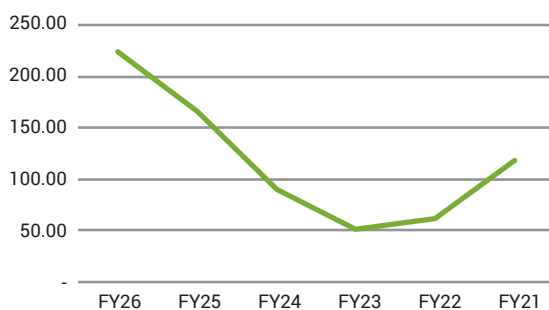
Breakup Value Per Share



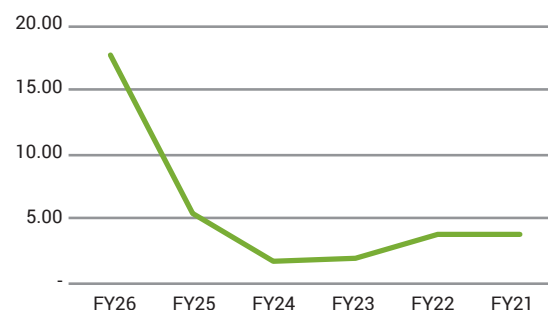
Debt to Equity Ratio



Market Value Per Share



Interest Cover Ratio





# DUPONT ANALYSIS

| Year                       |                                       |              | 2026         | 2025         | 2024        | 2023          | 2022        | 2021        |
|----------------------------|---------------------------------------|--------------|--------------|--------------|-------------|---------------|-------------|-------------|
| <b>Net Profit Margin %</b> | Net Profit / Turnover                 | A            | 14.36        | 12.07        | 0.82        | (5.60)        | 5.12        | 8.25        |
| <b>Asset Turnover</b>      | Turnover / Average Total Assets       | B            | 0.46         | 0.51         | 0.48        | 0.48          | 0.42        | 0.34        |
| <b>Equity Multiplier</b>   | Average Total Assets / Average Equity | C            | 1.60         | 1.67         | 1.95        | 2.02          | 1.91        | 1.91        |
| <b>Return on Equity %</b>  |                                       | <b>AxBxC</b> | <b>10.61</b> | <b>10.18</b> | <b>0.77</b> | <b>(5.42)</b> | <b>4.15</b> | <b>5.31</b> |

**Net Profit Margin** improved from 12.07% to 14.36%, driven by higher gross margins on stronger domestic volumes and pricing, and a materially lower finance cost following sustained debt repayment through the year.

**Asset Turnover**, however, declined from 0.51 to 0.46, as the asset base expanded late in the year with the Rafhan Maize investment and the associated financing, ahead of any revenue or return from it.

**The Equity Multiplier** eased further from 1.67 to 1.60, as the growth in equity from retained earnings and fair value gains outpaced the increase in borrowings, leaving leverage broadly stable despite the new facility.

**Return on Equity** In sum, the improvement in ROE was earned through margin rather than through asset utilization or leverage, a higher-quality source of return, though the full effect of the year's major investment on both turnover and profitability will only become apparent in future periods.



# SUMMARY OF CASH FLOW STATEMENT

(Rs in thousand)

|                                                        | FY26         | FY25         | FY24         | FY23         | FY22         | FY21         |
|--------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Profit/(loss) before tax                               | 16,665,757   | 12,427,487   | 2,318,062    | 2,798,489    | 6,019,761    | 4,771,405    |
| Profit before working capital changes                  | 18,621,833   | 16,871,953   | 11,088,947   | 11,422,923   | 12,139,783   | 9,056,333    |
| Effect on cash flows due to working capital changes    | 1,585,856    | (1,060,525)  | 2,133,701    | 1,974,379    | (11,197,917) | 1,416,096    |
| Cash flows from operating activities                   | 14,209,871   | 10,034,132   | 6,029,545    | 6,504,238    | (3,932,479)  | 6,161,981    |
| Cash flows from investing activities                   | (36,946,527) | 3,000,535    | 2,277,223    | (1,747,153)  | 1,461,646    | (2,962,160)  |
| Cash flows from financing activities                   | 19,091,748   | (608,120)    | 4,051,021    | (4,883,572)  | (1,192,517)  | (4,504,679)  |
| Net increase/(decrease) in cash and cash equivalents   | (3,644,908)  | 12,426,547   | 12,357,789   | (126,487)    | (3,663,350)  | (1,304,858)  |
| Cash and cash equivalents at the beginning of the year | 93,420       | (12,332,550) | (24,819,321) | (24,799,703) | (17,555,677) | (23,148,133) |
| Cash and cash equivalents at the end of the year       | (3,556,633)  | 93,420       | (12,332,550) | (24,819,321) | (24,799,703) | (17,555,677) |

An analysis of the cash flow statement shows that the Company generated PKR 14.21 billion from operating activities, reflecting robust cash inflows from operations. Investing activities utilized PKR 36.95 billion, primarily the PKR 28.40 billion investment in Rafhan Maize Products together with capital expenditure, partly offset by dividends received. Financing activities generated PKR 19.09 billion, as the foreign currency facility drawn to fund the investment was partly offset by repayment of long-term debt. As a result, cash and cash equivalents decreased by PKR 3.64 billion during the year, closing at a negative PKR 3.56 billion, reflecting the funding of a major long-term investment within the year.

## METHODS AND ASSUMPTIONS IN COMPILING INDICATORS

The Company monitors indicators that effectively reflect its performance. It analyses its market positioning, competitors and general market conditions in compiling these indicators, and reviews sales, gross profit, profit after tax and EPS on a regular basis. These are basic indicators of the Company's financial performance and profitability.

Share price is a measure of the market's perception of the Company and reflects how investors view its future prospects. The market price of the Company's shares is linked mainly to projected demand, coal prices and interest rates.

The Company manages its dividend policy with the objective of enhancing shareholders' wealth. Dividend is the amount allocated out of profit for payment to

shareholders, and the decision between cash or stock dividend is based on market conditions, share price and the governing laws and regulations.

Comparing cash flow from operating activities with profit before tax and levy provides insight into how the Company finances its short-term capital. The Company regularly analyses its cash flows and seeks to keep them positive.

Capital expenditure is determined having regard to available cash at reasonable rates, the requirements of the Company and the return on investment.

# CASH FLOW STATEMENT FROM DIRECT METHOD

(Rs in thousand)

## Cash flows from operating activities

|                                                         |              |              |
|---------------------------------------------------------|--------------|--------------|
| Cash received from customers                            | 109,194,379  | 101,999,093  |
| Cash paid to suppliers/employees for goods and services | (88,986,690) | (86,187,665) |
| Finance cost paid                                       | (1,281,941)  | (4,921,199)  |
| Retirement and other benefits paid                      | (203,427)    | (198,725)    |
| Income tax paid                                         | (3,994,471)  | (447,791)    |
| Levy - final taxes paid                                 | (651,230)    | (577,125)    |
| Long term deposits                                      | 133,251      | 367,544      |
| Net cash inflow from operating activities               | 14,209,871   | 10,034,132   |

## Cash flows from investing activities

|                                                        |              |             |
|--------------------------------------------------------|--------------|-------------|
| Payments for property plant and equipment              | (2,887,056)  | (1,211,491) |
| Payments for intangible asset                          | (82,768)     | -           |
| Proceeds from disposal of property plant and equipment | 196,377      | 70,240      |
| Long term deposits                                     | (1,000)      | 555         |
| Investment in subsidiary                               | -            | (8,462)     |
| Investment in associate                                | (28,402,857) | -           |
| Investment in term deposit receipts - net              | (241,420)    | -           |
| Investment in mutual funds - net                       | (9,451,970)  | -           |
| Proceeds from disposal of investment                   | -            | 128,250     |
| Interest / profit received                             | 21,324       | 63,185      |
| Dividend received                                      | 3,902,843    | 3,958,258   |
| Net cash (outflow) / inflow from investing activities  | (36,946,527) | 3,000,535   |

## Cash flows from financing activities

|                                                              |             |              |
|--------------------------------------------------------------|-------------|--------------|
| Proceeds from long term finances                             | 27,718,487  | -            |
| Repayment of long term finances                              | (8,808,281) | (9,357,639)  |
| Short term borrowings - net                                  | 1,054,958   | 8,749,567    |
| Dividend paid                                                | (873,416)   | (48)         |
| Net cash inflow / (outflow) from financing activities        | 19,091,748  | (608,120)    |
| Net (decrease) / increase in cash and cash equivalents       | (3,644,908) | 12,426,547   |
| Cash and cash equivalents at the beginning of the year       | 93,420      | (12,332,550) |
| Effect of exchange rate changes on cash and cash equivalents | (5,145)     | (577)        |
| Cash and cash equivalents at the end of the year             | (3,556,633) | 93,420       |

# SEGMENTAL REVIEW AND ANALYSIS

## Cement Segment

Clinker capacity (per annum) 6,720,000 tons

Actual production during the year 5,227,714 tons

Rs in thousand

| Cement Sector     | FY26        | FY25        |
|-------------------|-------------|-------------|
| Revenue           | 79,562,656  | 71,892,837  |
| GP                | 20,732,569  | 18,505,671  |
| PBT&L             | 17,316,987  | 13,004,612  |
| PAT               | 11,425,385  | 8,675,059   |
| GP%               | 26.1%       | 25.7%       |
| PBT&L%            | 21.8%       | 18.1%       |
| Total Assets      | 199,329,710 | 145,924,235 |
| Total liabilities | 78,686,445  | 51,256,757  |

Cement sector performance in FY26 was shaped by a recovery in local demand, which rose for the first time in three years, while export volumes came under pressure following the closure of the Afghanistan border. Higher domestic dispatches, an improved sales mix and stronger pricing lifted revenue and margins, while a materially lower finance cost, following sustained debt repayment and a low rate environment through the year, further supported profitability.

## Dairy Segment

Milk production capacity (per annum) 47,450,000 litres

Actual production 43,798,751 litres

Rs in thousand

| Dairy             | FY26      | FY25      |
|-------------------|-----------|-----------|
| Revenue           | 6,708,412 | 5,791,699 |
| GP                | 986,234   | 942,786   |
| PBT               | 1,105,403 | 1,137,650 |
| PAT               | 680,548   | 674,708   |
| GP%               | 14.7%     | 16.3%     |
| PBT%              | 16.5%     | 19.6%     |
| Total Assets      | 7,343,345 | 5,573,063 |
| Total liabilities | 2,554,403 | 1,464,669 |

Dairy segment revenue increased to PKR 6.71 billion (FY25: PKR 5.79 billion), supported by higher volumes and firm prices. Profit after tax was broadly stable at PKR 680.5 million (FY25: PKR 674.7 million), with margins easing slightly on higher input costs. Under-achievement of production capacity was due to mortality among milking cows and the poor health of some animals.

As at June 30, dairy segment has 3,914 (2025: 3,634) mature milking animals.

## Packaging Segment

Paper bag production capacity 160,000,000 bags

Actual paper bags produced 34,238,512 bags

Polypropylene bag production capacity 90,000,000 bags

Actual polypropylene bags produced 57,842,326 bags

Rs in thousand

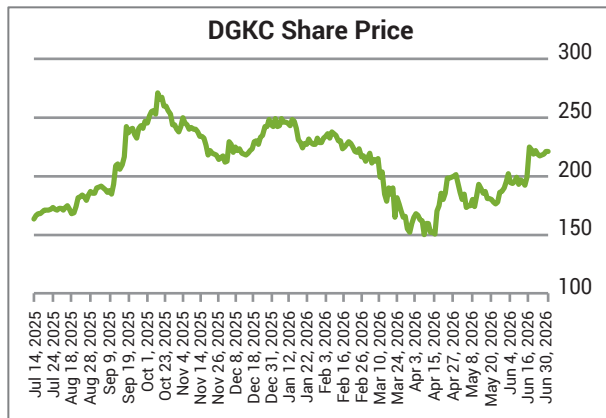
| Paper             | FY26      | FY25       |
|-------------------|-----------|------------|
| Revenue           | 4,539,027 | 3,293,830  |
| GP                | 928,639   | 434,563    |
| PBT&L             | 399,007   | 645,453    |
| PAT               | 138,272   | 510,181    |
| GP%               | 20.5%     | 13.2%      |
| PBT&L%            | 8.8%      | 19.6%      |
| Total Assets      | 9,194,104 | 10,837,425 |
| Total liabilities | 5,706,721 | 7,840,699  |

The packaging segment reported revenue of PKR 4.54 billion (FY25: PKR 3.29 billion), supported by higher volumes and the first full year of polypropylene operations. Gross profit more than doubled to PKR 928.6 million, lifting the gross margin to 20% (FY25: 13%). Profit before tax and levy was PKR 399.0 million against PKR 645.5 million in FY25, the prior year having benefited from a one-off gain on the sale of the paper bag line. Total assets stood at PKR 9.19 billion (FY25: PKR 10.84 billion) and total liabilities at PKR 5.71 billion (FY25: PKR 7.84 billion). The segment remains strategically positioned to meet market demand through its polypropylene operations.



# SHARE PRICE SENSITIVITY

DGKC share price trend over the year FY26 can be graphically represented as follows:



DGKC shares are traded on the Pakistan Stock Exchange. Free float is 50.0% and total market capitalization at year end was PKR 97.8 billion. Beta is 1.42. The share price closed the year at PKR 223.27, having ranged between a high of PKR 271.40 and a low of PKR 149.18. It is exposed to a number of quantitative and qualitative factors, some of which are set out below:

- High inflation and utility costs continue to pose a risk to profitability. The Company remains exposed to K-Electric and WAPDA for its electricity requirements, and any significant fluctuation in tariffs may materially affect margins.
- Commodity prices, particularly coal, remain a key cost driver. The Company sources local and Afghan coal and uses RDF and TDF in partial substitution to

mitigate the impact of imported coal price volatility.

- Government regulations and taxation policies, particularly those affecting the cement sector, may influence operational and financial performance. Changes in royalty rates and other sector-specific levies could affect profitability.
- Exchange rate volatility affects performance both directly, through the Company's foreign currency borrowing, and indirectly, by influencing inflation and consumer purchasing power.
- Performance of equity investments remains relevant to investors. The Company holds major investments in MCB Bank Limited, Hyundai Nishat Motor (Private) Limited, Nishat Mills Limited and, from this year, Rafhan Maize Products Company Limited; developments in these companies may affect dividend income and market perception.
- The interest rate environment remains a critical factor. A low discount rate through FY26 supported reduced finance costs, though the Company's borrowing, which increased with the foreign currency facility drawn to fund the Rafhan Maize investment, leaves profitability sensitive to any significant shift in KIBOR, SOFR or borrowing costs.
- General market and industry risks, including demand fluctuations in the cement and packaging sectors, remain relevant. Subdued external demand may affect exports, while the domestic recovery provides partial mitigation.

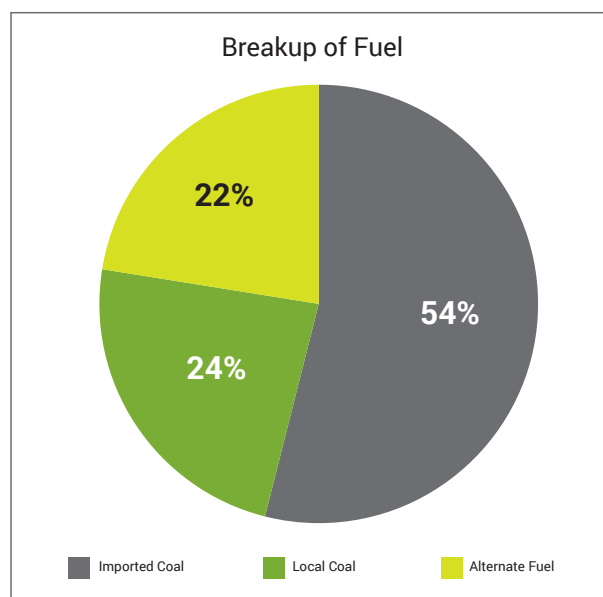
## DECLARATION OF DIVIDEND

Consistent with our commitment to creating shareholder value, the Board of Directors, at its meeting on August 27, 2026, has recommended a final cash dividend of PKR 1 per share, subject to approval at the forthcoming Annual General Meeting scheduled for October 27, 2026.

# LOCAL VS IMPORTED RAW MATERIAL

The greatest strength of a cement manufacturer is the availability of raw materials at low cost. Limestone and shale quarries are typically leased from the government on a long-term basis, while other additives are either self-mined or sourced from local markets. Packing materials are primarily procured from a subsidiary, Nishat Packaging Limited.

Coal, which is the major fuel for both cement production and power generation, accounts for about 44% of manufacturing costs. The prolonged closure of the Afghanistan border has curtailed a source of coal that was previously available to northern producers, increasing reliance on imported and local supply. The Company's continued use of alternative fuels, part of its cost-saving and environmental sustainability initiatives, helps mitigate the impact of high international coal prices and supply disruption without interrupting operations.



## STATEMENT OF ECONOMIC VALUE ADDED (EVA)

|                                                                | FY26               | FY25               |
|----------------------------------------------------------------|--------------------|--------------------|
| <b>Cost of Capital</b>                                         |                    |                    |
| WACC                                                           | 17.37%             | 20.46%             |
| Average Capital Employed (without FV reserve)                  | 99,527,691         | 84,624,067         |
| <b>Cost of Capital</b>                                         | <b>17,291,075</b>  | <b>17,313,889</b>  |
| <b>Net Operating Profit After Tax (NOPAT)</b>                  |                    |                    |
| EBIT                                                           | 18,592,695         | 16,875,017         |
| Effective tax rate                                             | 34.02%             | 33.29%             |
| <b>NOPAT</b>                                                   | <b>12,267,070</b>  | <b>11,257,324</b>  |
| <b>Economic Value Added (EVA)</b>                              |                    |                    |
| <b>EVA = NOPAT-Cost of Capital</b>                             | <b>(5,024,004)</b> | <b>(6,056,565)</b> |
| <b>Enterprise Value</b>                                        |                    |                    |
| Market Value of Equity                                         | 97,818,855         | 72,535,001         |
| Add: Debt                                                      | 44,919,056         | 21,907,100         |
| Less: Cash and Bank                                            | 377,445            | 568,832            |
| <b>Enterprise Value</b>                                        | <b>142,360,466</b> | <b>93,873,269</b>  |
| NOPAT/Average Capital Employed (without FV reserve)            | 12%                | 13%                |
| EVA/Average Capital Employed (without FV reserve)              | (5%)               | (7%)               |
| Enterprise Value/Average Capital Employed (without FV reserve) | 1.43 times         | 1.11 times         |

# QUARTERLY ANALYSIS

## Extracts of Profit and loss (Rs in thousands)

|                            | FY25       | Q1         | Q2         | Q3         | Q4         | FY 26      |
|----------------------------|------------|------------|------------|------------|------------|------------|
| Sales- Net                 | 71,892,837 | 19,808,162 | 20,781,561 | 19,996,880 | 18,976,053 | 79,562,656 |
| Gross Profit               | 18,505,671 | 4,302,521  | 6,616,795  | 5,304,235  | 4,509,018  | 20,732,569 |
| Finance cost               | 3,870,405  | 430,593    | 304,423    | 246,883    | 293,809    | 1,275,708  |
| Profit before tax and levy | 13,004,612 | 3,428,503  | 5,608,344  | 4,225,549  | 4,054,591  | 17,316,987 |
| Taxation                   | 4,329,553  | 1,268,547  | 1,913,958  | 1,724,581  | 984,516    | 5,891,602  |
| Profit after tax           | 8,675,059  | 2,159,956  | 3,694,386  | 2,500,968  | 3,070,075  | 11,425,385 |
| GP%                        | 25.7%      | 21.7%      | 31.8%      | 26.5%      | 23.8%      | 26.1%      |
| PBT%                       | 18.1%      | 17.3%      | 27.0%      | 21.1%      | 21.4%      | 21.8%      |
| EPS (PKR)                  | 19.80      | 4.93       | 8.43       | 5.71       | 7.01       | 26.08      |

## Extracts of Cash flow Statement (Rs in thousands)

|                                     | FY25       | Q1          | Q2          | Q3        | Q4           | FY 26        |
|-------------------------------------|------------|-------------|-------------|-----------|--------------|--------------|
| Cash flow from operating activities | 10,034,132 | 4,639,971   | 5,088,218   | 3,244,927 | 1,236,75     | 14,209,871   |
| Cash flow from investing activities | 3,000,535  | 747,186     | 497,637     | 613,996   | (38,805,346) | (36,946,527) |
| Cash flow from Financing activities | (608,120)  | (4,317,640) | (4,621,405) | (487,354) | 28,518,147   | 19,091,748   |

## Operational Data (figures in tons)

|                     | FY25      | Q1        | Q2        | Q3        | Q4        | FY 26     |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Clinker production  | 5,057,323 | 899,150   | 1,567,740 | 1,243,412 | 1,517,412 | 5,227,714 |
| Cement production   | 3,753,504 | 940,532   | 1,280,368 | 1,099,663 | 960,417   | 4,280,980 |
| Total Cement sales  | 3,710,160 | 1,029,634 | 1,229,741 | 1,077,201 | 926,331   | 4,262,907 |
| Local Cement sales  | 3,467,321 | 874,492   | 1,008,758 | 883,854   | 850,191   | 3,617,295 |
| Export cement sales | 242,839   | 155,142   | 220,983   | 193,347   | 76,140    | 645,612   |
| Clinker sales       | 1,576,625 | 396,223   | 203,328   | 325,277   | 334,730   | 1,259,558 |

The Company delivered a strong performance across FY26, with revenue peaking in Q2 at PKR 20.78 billion and the gross profit margin rising from 22% in Q1 to a high of 32% in Q2 before settling at 24% in Q4, averaging 26% for the year. Profitability was further supported by a steadily declining finance cost, which fell from PKR 431 million in Q1 to PKR 294 million in Q4 as debt was repaid through the year, reducing the burden on pre-tax earnings and enhancing net margins despite macroeconomic pressures.





# FUTURE OUTLOOK

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# FORWARD-LOOKING STATEMENT

Sound stewardship requires management to look beyond the year just reported and weigh the forces likely to shape the business over the periods ahead. The sections below set out how the Company reads the principal drivers of the cement sector, and how it intends to respond to each across the short, medium and long term.

## Demand Outlook

The domestic market is where the Company sees the clearer opportunity in the year ahead. The turn in local dispatches during FY26 appears to rest on foundations - an easier cost of borrowing and a gradual return of construction activity - that are more likely to persist than to reverse, and flood rehabilitation should add to underlying demand over the medium term. The Company's strategy is therefore weighted toward serving that recovery efficiently, while treating export markets as opportunistic rather than dependable given the disruption to regional trade routes. Capacity flexibility, particularly at the Hub site, allows volumes to be directed to whichever market offers the better realization at a given time.

Higher royalty rates and other input cost pressures will continue to test margins. The Company's response is not to rely on price recovery, which market conditions may not permit, but to hold cost discipline and allocate volume to the most rewarding markets.

## Challenges in the Construction Sector

Construction activity remains constrained by the cost of materials and labour, and the Company does not expect a rapid release of pent-up demand. Its planning assumes a measured recovery rather than a construction boom: sufficient to support reasonable utilization and fixed-cost absorption, but not enough to be taken for granted. Where policy measures - housing incentives, a lower financing cost - do lift activity, the Company is positioned to capture the additional volume without committing to capacity ahead of demonstrated demand. Public-sector spending is assumed to stay restrained, so the Company's base case rests on private and reconstruction demand rather than large infrastructure programmes.

## Impact of Interest Rates and Financial Exposure

The interest-rate picture facing the Company has changed in character rather than direction. Rates themselves are assumed to hold near current levels; the material development is on the liability side. The foreign currency facility raised to fund the Rafhan Maize investment will bear a full year of financing cost in the period ahead, lifting finance cost from the unusually low level recorded this year, and introduces sensitivity to

SOFR alongside the Company's existing KIBOR exposure. Management remains focused on optimizing the financing structure and borrowing costs associated with the investment, while maintaining a prudent leverage position and ensuring that the overall financing burden remains manageable through the cycle.

## Dealing with High Energy Costs And Inflation

Energy remains the single largest lever over the Company's cost base, and the one least within its control. Rather than assume relief from international prices, the Company continues to reduce its dependence on any single fuel source - deepening the use of alternative fuels and adjusting the coal mix as availability and price dictate. This is treated as a structural cost strategy rather than a response to any one year's prices, and it is the Company's principal defence against inflation that cannot be recovered through selling prices under current market conditions.

The same logic is now being applied to purchased electricity: in September 2026 the Company contracted a 25 MW solar plant with 10 MWh of battery storage at the DG Khan site, which on commissioning in March 2027 will displace a part of the site's grid and captive power on terms fixed at the outset rather than set by the tariff cycle.

## Competition in the Medium Term

The Company expects competition to intensify as peers invest and capacity expands, and it does not assume that scale alone will protect its position. Its answer rests on cost leadership, disciplined pricing and operational reliability rather than on market share pursued at the expense of margin. The step into Rafhan Maize Products is part of the same thinking at a strategic level: by broadening the earnings base beyond cement, the Company reduces its exposure to a single cyclical sector and builds a second stream of returns less correlated with the construction cycle. Investment in people, processes and selective partnerships across the value chain continues to support this direction.

Having delivered a strong result this year, the Company enters the period ahead focused on converting that momentum into durable, long-term value for shareholders.

The projected results that management believes are achievable, despite the factors above, are as follows:

|                   | Rs in millions |
|-------------------|----------------|
|                   | 2027           |
| Total sales       | 87,352         |
| Gross Profit      | 21,938         |
| Profit before Tax | 17,124         |

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

Measured against the outlook published a year ago, the Company met or exceeded its expectations on profitability, though the path there differed from the one foreseen. A year ago the sector's hopes rested largely on exports; in the event it was domestic demand that recovered, growing for the first time in three years, while export volumes fell as regional trade routes closed. The anticipated pressure from inflation and higher royalty costs did materialise and was contained, as expected, through cost discipline and the Company's fuel strategy. Two things ran better than forecast: finance cost fell further than anticipated as debt was repaid into a low-rate environment, and dividend income again proved a dependable contributor.

The year therefore validates the substance of last year's strategy - cost control, fuel flexibility and financial discipline - while illustrating why the Company plans around a range of demand scenarios rather than a single expected outcome. The mix of domestic and export demand can shift materially within a year, and the FY26 experience is a reminder of the value of retaining the flexibility to respond.

## STATUS OF THE PROJECTS

The principal capital project now in progress is the 11,000 MT per day brownfield clinker line at the DG Khan site, which remains on schedule. On commissioning, the project is expected to improve operating efficiency and strengthen the Company's cost position for years to come. The investment reflects the Company's continued focus on directing capital towards initiatives that enhance efficiency and competitiveness and support sustainable long-term growth.

Subsequent to the approval of the financial statements on August 27, 2026, the Company contracted a 25 MW PV solar power plant with a 10 MWh battery energy storage system at its DG Khan site, with generation expected to commence in March 2027. The plant will displace part of the site's purchased and captive power, with storage extending solar output beyond daylight hours, reducing power cost per ton and the carbon intensity of production.

## SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR PROJECTIONS / FORECASTS

The Company's projections rest on a structured assessment of prevailing economic conditions and the outlook for the cement industry, informed by past performance and observable trends.

The underlying data is drawn from a range of recognised sources, including the All-Pakistan Cement Manufacturers Association (APCMA), the annual federal budget, independent economic research, the Pakistan Bureau of Statistics (PBS) and the International Monetary Fund (IMF), among others.

Internally, management assesses market dynamics and growth opportunities, drawing on direct feedback from the Company's dealer and distributor network together with its own historical data.

The forecasts ultimately reflect the judgement and experience of a management team with deep knowledge of the cement industry and the wider operating environment. No external consultants were engaged in their preparation.







# STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

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# STAKEHOLDERS ENGAGEMENT POLICY

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

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

## Identification of stakeholders

We identify stakeholders as those individuals, groups of individuals or organizations that affect us and/or could be affected by our activities, products or services and the associated performance. In line with the AA1000

Stakeholder Engagement Standard, DGKC analyses its internal and external environment to identify its internal and external stakeholders, which may include those individuals, groups of individuals and/or organizations:

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

### Our key stakeholders include:

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

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



# STAKEHOLDERS ENGAGEMENT PROCESS

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

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





# SIGNIFICANCE AND MANAGEMENT OF RELATIONSHIP WITH STAKEHOLDERS

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



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

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

# ENCOURAGEMENT OF MINORITY SHAREHOLDERS TO ATTEND THE GENERAL MEETINGS

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

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

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

## ISSUES RAISED IN THE LAST AGM

At the last Annual General Meeting, shareholders raised matters concerning the level of dividend, cost pressures, the Company's approach to managing its debt, and prospects for future expansion.

Management explained that the dividend recommendation was consistent with the Company's financial position, its debt profile and the outlook for the demand cycle.

Shareholders were briefed on the Company's cost-saving initiatives and its performance relative to competitors. On expansion, shareholders were informed that any future project would be undertaken in line with the Company's debt profile, prevailing macroeconomic conditions and the availability of financing on favourable terms.

Shareholders' approval was also sought for the appointment of statutory auditors, which was granted after deliberation.

# VALUE ADDED AND ITS DISTRIBUTION

## Wealth Created

### Revenues:

- Local sales
- Exports

### Income from other sources

- Investment income
- Other income

## Wealth Distributed

### Suppliers:

- Against raw and packing materials
- Against services
- Against stores spares
- Against fuels and other energy sources

### Employees

### Government:

- Direct taxes
- Indirect taxes
- Other levies and duties

### Providers of Capital:

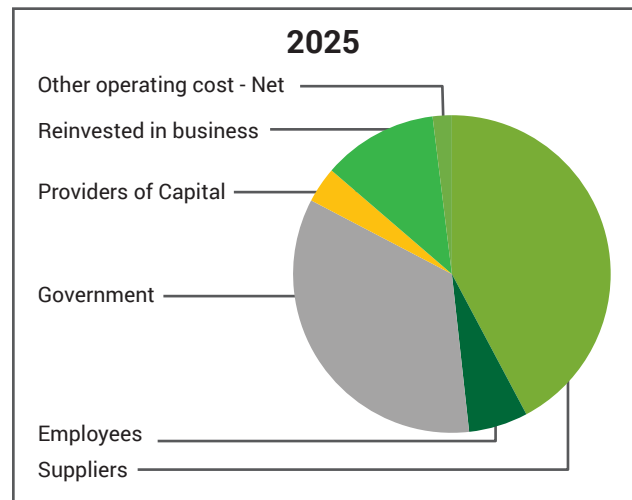
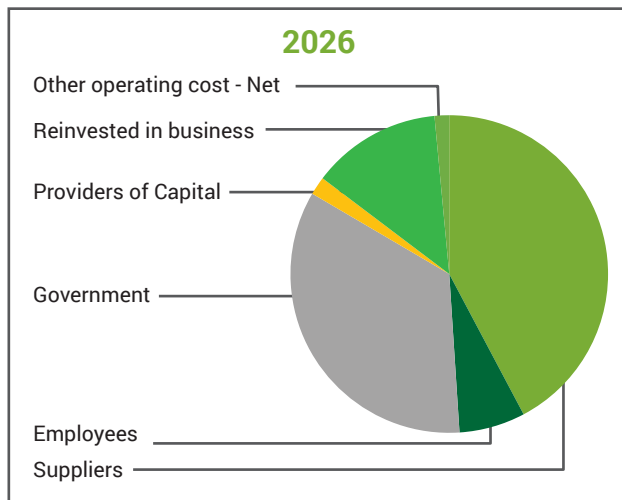
- Banks
- Ordinary share holders

### Reinvested in business

- Depreciation
- Retained profits after dividend

### Other operating costs - Net

|                                          | FY26<br>(Rupees in thousand) |                    |      | FY25<br>(Rupees in thousand) |                    |      |
|------------------------------------------|------------------------------|--------------------|------|------------------------------|--------------------|------|
| Revenues:                                |                              |                    |      |                              |                    |      |
| - Local sales                            | 90,195,007                   |                    |      | 84,943,340                   |                    |      |
| - Exports                                | 20,878,475                   | 111,073,482        | 96%  | 17,046,633                   | 101,989,973        | 96%  |
| Income from other sources                |                              |                    |      |                              |                    |      |
| - Investment income                      | 3,902,843                    |                    |      | 3,958,258                    |                    |      |
| - Other income                           | 760,427                      | 4,663,270          | 4%   | 313,312                      | 4,271,570          | 4%   |
|                                          |                              | <u>115,736,752</u> | 100% |                              | <u>106,261,543</u> | 100% |
| Suppliers:                               |                              |                    |      |                              |                    |      |
| - Against raw and packing materials      | 4,737,678                    |                    |      | 4,277,671                    |                    |      |
| - Against services                       | 4,189,411                    |                    |      | 3,913,754                    |                    |      |
| - Against stores spares                  | 5,435,312                    |                    |      | 4,240,997                    |                    |      |
| - Against fuels and other energy sources | 34,528,388                   | 48,890,789         | 42%  | 32,439,487                   | 44,871,909         | 42%  |
| Employees                                |                              | 7,784,226          | 7%   |                              | 6,413,298          | 6%   |
| Government:                              |                              |                    |      |                              |                    |      |
| - Direct taxes                           | 5,891,602                    |                    |      | 4,329,553                    |                    |      |
| - Indirect taxes                         | 29,690,563                   |                    |      | 28,489,998                   |                    |      |
| - Other levies and duties                | 4,315,619                    | 39,897,784         | 34%  | 3,741,868                    | 36,561,419         | 34%  |
| Providers of Capital:                    |                              |                    |      |                              |                    |      |
| - Banks                                  | 1,275,708                    |                    |      | 3,870,405                    |                    |      |
| - Ordinary share holders                 | 876,238                      | 2,151,946          | 2%   | -                            | 3,870,405          | 4%   |
| Reinvested in business                   |                              |                    |      |                              |                    |      |
| - Depreciation                           | 3,865,375                    |                    |      | 3,802,916                    |                    |      |
| - Retained profits after dividend        | 11,425,385                   | 15,290,760         | 13%  | 8,675,059                    | 12,477,975         | 12%  |
| Other operating costs - Net              |                              | 1,721,247          | 1%   |                              | 1,910,593          | 2%   |
|                                          |                              | <u>115,736,752</u> | 100% |                              | <u>106,261,543</u> | 100% |



# BOARD'S COMMITMENT TOWARDS CORPORATE BRIEFING SESSIONS

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

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

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

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

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

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

# HIGHLIGHTS ABOUT REDRESSAL OF INVESTORS' COMPLAINTS

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

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

# INVESTORS' RELATIONSHIP SECTION ON WEBSITE

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

<https://www.dgcement.com>



# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

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# STATEMENT FOR ADOPTION OF BEST PRACTICES FOR CSR

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

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

governance, and the well-being of our valued employees.

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

# STATEMENT ABOUT THE COMPANY'S STRATEGIC OBJECTIVES ON ESG

As a vigilant Board, we consider ESG and sustainability reporting as integral components of our corporate strategy. Our strategic objectives revolve around transparency and accountability. We commit to robustly report our environmental impact, social initiatives, and governance practices to all stakeholders. By setting realistic targets and adopting sustainable practices, we are determined to mitigate environmental risks, draw

positive social outcomes, and strengthen governance frameworks. Through regular and comprehensive reporting, we aim to build trust, engage stakeholders, and promote sustainable value creation. By adopting the principles of ESG, we see a strong and responsible company that not only excels financially but also plays a vital role in advancing a more sustainable and equitable future for all.

# CHAIRPERSON'S OVERVIEW ON COMPANY'S SUSTAINABLE PRACTICES

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

Sustainable practices improve our market reputation and brand's value, fostering customer loyalty and attracting environmentally conscious consumers. This increased market appeal can result in higher sales and market share, driving revenue growth. This also strengthen our relationships with stakeholders, including investors, regulators, and communities. Improved stakeholder engagement can lead to increased access to capital and reduced risk premiums, thus positively impacting our cost of capital. Specially these

practices can mitigate regulatory risks and potential legal liabilities associated with environmental and social issues, safeguarding our company from financial penalties and reputation damage.

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

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

# SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Sustainability considerations are integral to the long-term success of our business. The cement industry faces challenges such as carbon emissions, energy intensity, water scarcity, and environmental impacts, while at the same time encountering opportunities in low-carbon innovation, circular economy practices, and growing demand for sustainable construction solutions.

Our approach is to manage risks while positioning the company to capture opportunities by improving efficiency, diversifying energy sources, developing innovative products, and strengthening stakeholder engagement. The following section outlines the key sustainability themes most relevant to our business and how we are responding.

 **Climate & Carbon** – Exposure to carbon pricing and emission regulations.

Response: Advancing low-carbon production pathways and exploring carbon capture solutions.

Outlook: Short, Medium, Long – immediate compliance costs, growing regulatory pressure, long-term decarbonization imperative.

 **Energy & Resources** – High energy intensity and reliance on fossil fuels.

Response: Enhancing energy efficiency while increasing the use of renewable sources and alternative fuels, including waste heat recovery (WHR) and solar power.

Outlook: Short, Medium, Long – volatile energy prices now, transition risks mid-term, stranded asset risk long-term.

 **Water & Environment** – Operations in water-stressed regions and environmental impacts.

Response: Advancing water efficiency initiatives and reinforcing environmental stewardship, including the use of rainwater harvesting in water-stressed regions to meet most of our operational needs.

Outlook: Medium, Long – water costs rising over time, long-term operational resilience at risk.

 **Communities & License to Operate** – Air quality and community health expectations.

Response: Enhancing emission controls, monitoring, and transparent engagement with stakeholders.

Outlook: Short, Medium – immediate regulatory and reputational impacts, growing stakeholder expectations over time.

 **Market & Customer Trends** – Growing demand for sustainable construction solutions.

Response: Exploring opportunities to develop eco-labeled, low-carbon products and to collaborate with customers on sustainable building solutions.

Outlook: Medium, Long – demand increasing steadily, major revenue opportunity in long-term market growth.

 **Circular Economy** – Pressure to reduce waste and resource dependency.

Response: Embedding circularity in operations by using industrial by-products, improving recycling, and working towards waste-free processes.

Outlook: Medium, Long – substitution lowers costs mid-term, long-term competitive advantage from resource efficiency.

## FOUR PILLARS OF SUSTAINABILITY

**Governance** The HR&R Committee of the Board currently oversees sustainability matters, with implementation supported by dedicated operational teams. Regular reporting on environmental performance, resource use, and stakeholder engagement ensures that sustainability considerations are integrated into decision-making.

**Strategy** Our strategy acknowledges the material sustainability challenges facing the cement industry, including carbon emissions, energy intensity, water use, and community expectations. We are working to integrate low-carbon pathways, resource efficiency, and circular economy principles into future business planning.

**Risk Management** Sustainability-related risks are incorporated into our broader risk management processes. Key risks include regulatory changes (such as carbon pricing), fuel and energy cost volatility, water availability in certain locations, and social license to operate. These are managed through efficiency initiatives, operational controls, and ongoing stakeholder dialogue.

**Metrics and Targets** Across our operations, approximately 31% of the energy we produce on-site is derived from alternative and renewable sources, with the remainder supplied from captive conventional sources. We actively monitor our key sustainability indicators and continue to explore opportunities for improvement, with the objective of defining formal targets in the future. Other sustainability metrics, covering environmental, governance, and social performance, are presented in the relevant sections of this report.



# HIGHLIGHTS OF THE COMPANY'S INITIATIVES TOWARDS SUSTAINABILITY AND CSR

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

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

These initiatives are based on following pillars:

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

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

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

## EDUCATION

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

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

At our Khairpur site, we offer technical support to students attending the Mining Training Centre in Katas on a regular basis. We actively provide internship





opportunities to both students and university graduates, collaborating with universities to engage in applied research projects in the fields of engineering and specialized sciences. Throughout the year, we have made significant contributions, including donations to the Special Education School in Kallar Kahar and the announcement of merit-based scholarships for the better future of handicapped children. Additionally, we have invested millions of rupees in the construction of Dalailpur Boys School in Khairpur.

## MEDICAL

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

## TRAINING, JOB AND CAPACITY DEVELOPMENT

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

## EMPLOYEES SAFETY

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

- We provide free Personal Protective Equipment (PPEs) to our entire workforce to ensure their safety on the job. Additionally, we supply job-specific PPEs to address hazards associated with specific work activities. Regular training sessions are conducted to keep our employees well-informed about safety protocols and practices.
- We believe in recognizing and rewarding employees who exhibit a positive attitude towards Occupational Health Safety, and Environment (OHSE) with safety awards and badges.



- Our commitment to safety extends beyond internal efforts. We provide third-party training to our employees to foster and develop an OHSE culture. Furthermore, all new hires and visitors receive comprehensive safety inductions.
- Our dedication to safety is reflected in our ISO 45001 certification for Occupational Health and Safety Management System (OHSMS). We undergo independent audits conducted by ISO representatives to ensure compliance with the highest safety standards.

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

## NATURAL CALAMITY AND DISASTERS

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

## CHARITY

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

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

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

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

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

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





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

The Company continues to support the improvement of community infrastructure in the vicinity of its Dera Ghazi Khan operations, including the rehabilitation of local waterways and the upgrading of public amenities, in coordination with the local administration.

## ENVIRONMENTAL STEWARDSHIP & ECOLOGICAL FOOTPRINT

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

In alignment with the "Go Green" initiative, the company has invested in a 10MW solar power plant at the Khairpur site, with plans for additional 30 MW solar power plants at Khairpur, DG Khan and Hub sites in the near future. Additionally, management has decided to install necessary plant and machinery for processing alternative fuels, including the potential incorporation of shredded tires with coal and other fuels at Hub site.

Furthermore, DG Cement Hub Plant has commissioned an automatic "FLY ASH FEEDING SYSTEM" for controlled feed of fly ash from Coal Fired Power Plants into the Cement Mill.

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

DGKC is committed to environmental protection and conducts regular campaigns in the surrounding areas. Throughout the year, we carried out a plantation drive across all our sites, contributing thousands of plants to the local municipal committee. In 2024-25, over 6,000 fruit trees including mango and orange varieties were planted, along with a wide range of ornamental trees. These efforts are helping transform the local landscape.



We also provided heavy machinery for the cleaning of the Manka Canal, which flows through the center of DG Khan city. In addition, we supplied Mini Loaders/Loader Rickshaws worth millions of rupees to the District Administration, supporting city cleanliness efforts.

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

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



## COMPLIANCE WITH CSR GUIDELINES, 2013 ISSUED BY SECP

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

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

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

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



# CERTIFICATIONS & ACCREDITATIONS







# DIRECTORS' REPORT

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

The Directors of D. G. Khan Cement Company Limited (the "Company") are pleased to submit to its shareholders the report for year ended June 30, 2026. A summary of financial performance is given below:

|                                                      | <b>FY26</b>     | <b>FY25</b>  |
|------------------------------------------------------|-----------------|--------------|
|                                                      | Rupees in '000' |              |
| Sales                                                | 79,562,656      | 71,892,837   |
| Cost of sales                                        | (58,830,087)    | (53,387,166) |
| <b>Gross profit</b>                                  | 20,732,569      | 18,505,671   |
| Administrative expenses                              | (1,646,541)     | (1,294,974)  |
| Selling and distribution expenses                    | (4,173,154)     | (3,874,688)  |
| Net impairment reversal / (loss) on financial assets | 85,405          | (6,899)      |
| Other expenses                                       | (1,068,854)     | (725,663)    |
| Other income                                         | 4,663,270       | 4,271,570    |
| Finance cost                                         | (1,275,708)     | (3,870,405)  |
| <b>Profit before tax and levy</b>                    | 17,316,987      | 13,004,612   |
| Levy                                                 | (651,230)       | (577,125)    |
| <b>Profit before income tax</b>                      | 16,665,757      | 12,427,487   |
| Taxation                                             | (5,240,372)     | (3,752,428)  |
| <b>Profit for the period</b>                         | 11,425,385      | 8,675,059    |

Production and Sales volumetric data is as under:

| <b>Figures in MT</b>                     | <b>FY26</b> | <b>FY25</b> |
|------------------------------------------|-------------|-------------|
|                                          | In MT       |             |
| <b>Production:</b>                       |             |             |
| Clinker                                  | 5,227,714   | 5,057,323   |
| Cement                                   | 4,280,980   | 3,753,504   |
| <b>Sales:</b>                            |             |             |
| Total Cement Sale                        | 4,262,907   | 3,710,160   |
| Local Cement (excluding own consumption) | 3,617,295   | 3,467,321   |
| Export Cement                            | 645,612     | 242,839     |
| Clinker Sale                             | 1,259,558   | 1,576,625   |

|                |        |        |
|----------------|--------|--------|
| EPS (Rs/share) | 26.08  | 19.80  |
| GP%            | 26.06% | 25.74% |
| PBT&L%         | 21.77% | 18.09% |
| PAT%           | 14.36% | 12.07% |

## Overview

The fiscal year under review was defined by a widening external imbalance. Pakistan's trade deficit widened to USD 39.6 billion from USD 32.5 billion, an increase of 22.04%, as exports contracted by 6.0% to USD 30.1 billion while imports rose 8% to USD 69.8 billion. The deterioration was concentrated in the second half of the year, as the escalation of conflict in the Middle East lifted the energy import bill sharply and recovering industrial and consumer demand added to the import base.

Exports, by contrast, remained structurally constrained - textile shipments were broadly flat, and the sector continued to contend with uncompetitive energy tariffs, a narrow product base and limited market diversification.

Set against this, record workers' remittances held the wider external position broadly steady and real GDP grew by 3.7%, its fastest pace in four years, though your Directors regard this equilibrium as a finely balanced one. Prolonged conflict in the Middle East, flood-related disruption to agriculture and supply chains, and any



moderation in remittance growth constitute the principal downside risks. Durable correction of the trade gap remains contingent on export diversification, competitive energy pricing and reduced import dependence.

## Cement industry dispatches and analysis

As regards the cement industry, total dispatches increased by 7.2% to 50.52 million tons during FY26, against 47.12 million tons in the corresponding period last year. Growth was driven entirely by the domestic market, where dispatches rose by 9.5% to 41.51 million tons (FY25: 37.91 million tons), reversing the 2.1% contraction recorded in FY25. The recovery was evident across both regions, with the North Zone up 10.9% (an increase of 3.41 million tons) and the South Zone up 3.0% (an increase of 0.2 million tons), reflecting improving construction activity and materially lower financing costs through the year. Exports, by contrast, declined by 2.2% to 9.01 million tons, following the 29.5% recovery recorded last year. The reversal was concentrated in the North Zone, where export volumes fell by 53.9% to 0.78 million tons and ceased almost entirely from November 2025 onwards following the prolonged closure of the Afghanistan border (which has historically been the principal export outlet for northern producers). Southern exports rose by 9.4% to 8.23 million tons, although the headline masks material disruption within the zone, as shipments to the Middle East were curtailed by the ongoing regional conflict. The redirection of northern volumes into the domestic market, meanwhile, intensified competition and weighed on pricing discipline in that zone. Capacity utilization improved to 59.7% from 55.7%, with domestic dispatches accounting for 49.1% and exports 10.7%.

## Business Performance Review

Kiln operational days of your Company increased by 1.5% to 771 days (FY25: 760 days). Clinker production % increased to 78% (FY25: 75%), primarily due to sustained capacity utilization exceeding 100% at the HUB site for the most part of FY26. Sales utilization also showed improvement and increased to 82% (FY25: 79%), which is far better than the industry trend mentioned above.

The Board is pleased to report a strong performance for the year ended June 30, 2026. Net turnover increased by 10.7% to PKR 79.6 billion, driven by higher sales volumes across both domestic and export markets, an improved sales mix and stronger pricing. Domestic dispatches increased by 4%, while average domestic selling prices improved by 2% (the increase was primarily attributable to the improved pricing in the South Zone). Export volumes also increased by 5%, while clinker export prices - principally realized through the South Zone - rose by over 15%, making a significant contribution to the

Company's overall performance. Gross margins also improved to 26.1% (FY25: 25.7%), reflecting improved operational efficiency, disciplined cost management and enhanced energy efficiency.

Finance costs declined significantly, reflecting substantial debt repayments, a lower interest rate environment and improved fund management, with the reduction in the Export Refinance Facility rate during the year contributing further to the easing. Shareholders will note a sizeable increase in long-term debt on the statement of financial position, arising from a foreign-currency loan of USD 101 million drawn to finance the Company's investment in Rafhan Maize Products Company Limited (RMPL). As this facility was drawn only in the final week of the fiscal year, it had no material bearing on finance costs, and therefore on profitability, for the year under review. Consequently, profit after tax rose to PKR 11.4 billion (EPS: PKR 26.08).

## Consolidated Results

Consolidated results for FY26 are as follows:

| Rs in Million   | FY26   | FY25   |
|-----------------|--------|--------|
| Net Sales       | 87,608 | 78,634 |
| Gross Profit    | 22,578 | 19,799 |
| PBT&L           | 18,751 | 14,685 |
| PAT             | 12,174 | 9,757  |
| EPS (PKR/Share) | 26.98  | 21.09  |

Detail analysis of consolidated results are provided in "Segmental Review of Business Performance" Section

## Future Outlook

The Board considers DGKCCL's operating environment to have held broadly steady through the year, underpinned by firmer domestic demand and the durability of the core cement business, even as export markets came under sustained strain. Installation of the 11,000 MT per day brownfield clinker line at the DG Khan site continues on schedule, and on completion is expected to deliver a further step-change in the Company's operating efficiency.

In a significant step towards strategic diversification, the Nishat Group completed the acquisition of a controlling interest in RMPL during the year, in which the Company holds a substantial associate stake financed through the foreign-currency facility referred to above. The Board regards this investment as a meaningful broadening of the Company's earnings base beyond cement. The associate is expected to contribute a recurring dividend stream that should partly offset the incremental financing cost of the acquisition, laying the foundation for a durable second source of returns for shareholders.

Interest rates, energy prices and exchange-rate movements continue to warrant close attention, but it is the ongoing conflict in the Middle East - and the risk of disruption to shipping through the Strait of Hormuz in particular - that poses the sharper uncertainty for regional trade flows. A prolonged disruption would weigh on export dynamics, while any resulting escalation in coal and fuel prices would feed through to input costs and compress margins. The continued closure of the Afghanistan border remains an additional drag on export visibility across the industry. Against this backdrop, the Company continues to prioritize tight cost control, operational efficiency and disciplined financial management, and considers itself well placed to navigate the year ahead while protecting profitability and cash flows.

### Dividend and Appropriation

In line with our commitment to delivering value to shareholders, the Board of Directors, at its meeting held on August 27, 2026, recommended a final cash dividend of PKR 1 per share, subject to approval at the forthcoming Annual General Meeting to be held on October 27, 2026.

### Principal Risks

Principal activity of the Company is manufacture and sale of cement and clinker and following are the principal risks the Company face:

- Tight price market and tough competition
- Capacity utilization
- Interest rate
- Foreign currency fluctuations
- Shrinking cement exports market

### Directors' Remuneration

The Board of Directors has approved Directors' Remuneration Policy. The main features of the policy are as follows:

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

Chief Executive remuneration package includes salary (including allowances), bonus and medical reimbursements.

Executive director remuneration package includes salary (including allowances), bonus, medical reimbursements, housing, utilities reimbursement and retirement benefits (Provident Fund and Gratuity).

Please also refer to note 38 of unconsolidated financial statements for remuneration of Chief Executive and executive director.

### Subsidiary Companies and Consolidated Financial Statements

Nishat Packaging Limited, Nishat Dairy (Private) Limited and DG Khan Cement Company USA LLC form the portfolio of subsidiary companies of the Company. Therefore, the Company has annexed consolidated financial statements in addition to its separate financial statements, in accordance with the requirements of International Financial Reporting Standards. It is pertinent to note that DG Khan Cement Company USA LLC is yet to commence operations as at the reporting date.

### Directors:

Following are the directors of the Company:

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

|                   |    |
|-------------------|----|
| Female Directors: | 01 |
| Male Directors:   | 06 |

### Audit Committee:

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

### Human Resource & Remuneration Committee:

|                         |          |
|-------------------------|----------|
| Mr. Usama Mahmud        | Chairman |
| Mr. Raza Mansha         | Member   |
| Mr. Khalid Niaz Khawaja | Member   |

### Post Balance Sheet Events:

There are no material post balance sheet events affecting the year end position.

### Business Impact on Environment:

Our plants and operations are complying with international and national environmental standards. DGKC is fully cognizant of its responsibility towards society and welfare. The Company is spending on education, health, medical and fire-fighting facilities, water supply to nearby localities, aiding in emergency and disaster situations in nearby areas, awareness campaigns etc.

### Corporate Social Responsibility:

DGKC is fully cognizant of its responsibility towards society and welfare.

#### Education

The company runs two schools namely Bloomfield Hall School and Cement Model trust School at DG Khan.

#### Medical & Fire Fighting

- Free Dispensary facility is available at DG Khan, Khairpur and Hub sites. Dispensary facility is in use by people of localities free of any charge.
- Free van transportation facility at site from and to Dispensary and nearby villages.
- Company runs free ambulance services for local communities.
- Company also runs a free fire -fighting service for nearby areas.

#### Water Supply and food distribution

- Company has also made arrangements for water supply to local areas/villages close to our production facilities.
- Emergency and Disaster Help.
- Company used to supply equipment and services on need basis in case of any mishap/accident in adjoining areas.
- Company used to contribute towards natural disasters victims rehabilitation.
- Food distribution to flood affectees near plant sites.

#### Awareness & HSE

- Company conducts various awareness sessions on diseases and prevention there-from.
- Company conducts sessions on security, health and safety and conduct mock exercises of emergency

situations.

- General
- Company supports deserving sports persons.
- Company also contributes in rehabilitation of disabled persons.
- Company replaces the use of coal, to some extent, with the waste collected from the city. The process, though economically unviable but it contributed towards Company policy of maintaining clean environment.

Othe CSR activities undertaken by the company are detailed in other parts of annual report.

### Significant Changes:

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

### Auditors:

The present auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting. Although eligible for reappointment, the retiring auditors are not being proposed for reappointment as the Company has decided, as a matter of good governance, to rotate its external auditors after their extended association with the Company. On the recommendation of the Board Audit Committee, the Board has recommended the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as external auditors of the Company for the year ending June 30, 2027, at a fee to be mutually agreed, subject to the approval of shareholders at the Annual General Meeting.

### Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019 (the Regulations):

The requirements of the Regulations relevant for the year ended June 30, 2026 have been adopted by the Company and have been complied with. A Statement to this effect is annexed to the Report.

### Principal activity of the Company

The principal activity of the Company is manufacture and sale of cement and clinker. Information related to subsidiaries are disclosed in annual report.

### Related parties' transactions:

Board has developed the related parties policy in accordance with law that has been summarized in the annual report. All the related parties transactions are disclosed in the notes to financial statements.

## Corporate reporting Framework:

The Directors of your company states that:

- (a) The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- (b) Proper books of account of the company have been maintained;
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- (d) The financial statements are prepared in conformity with the Company Laws and International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- (e) The system of internal control including IT controls is sound in design and has been effectively implemented and monitored;
- (f) There are no significant doubts upon the company's ability to continue as a going concern;
- (g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing regulations.
- (h) Significant deviations from last year in operating results of the company are highlighted and reasoned in other parts of Directors report/annual report. Other significant business matters have been discussed in annual report.
- (i) Key operating and financial data of last six years is annexed in this annual report;
- (j) Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed in the financial statements;
- (k) Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, has been outlined along with future prospects, risks and uncertainties surrounding the company;
- (l) The number of board and committees' meetings held during the year and attendance by each director is annexed in this annual report;
- (m) The details of training programs attended by directors is annexed in this annual report;
- (n) The pattern of shareholding is annexed in this annual report.
- (o) The company is current in its all financial obligations.
- (p) All trades in the shares of the company, carried out by its directors, executives and their spouses and minor children is annexed in this annual report.
- (q) Value of investments on the basis of unaudited accounts of Provident Fund is FY 2026 Rs.5,189 million (FY25: Rs.4,504 million) and of Gratuity Fund is FY 2026 Rs.923 million (FY25: Rs.867 million).
- (r) The Board has assessed sustainability-related risks and has taken appropriate measures to manage and mitigate them. The Company has also taken steps to promote diversity, equity and inclusion through policies and initiatives designed to support equal opportunity and an inclusive workplace culture.

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

For and on behalf of the Board



**Raza Mansha**  
Chief Executive Officer

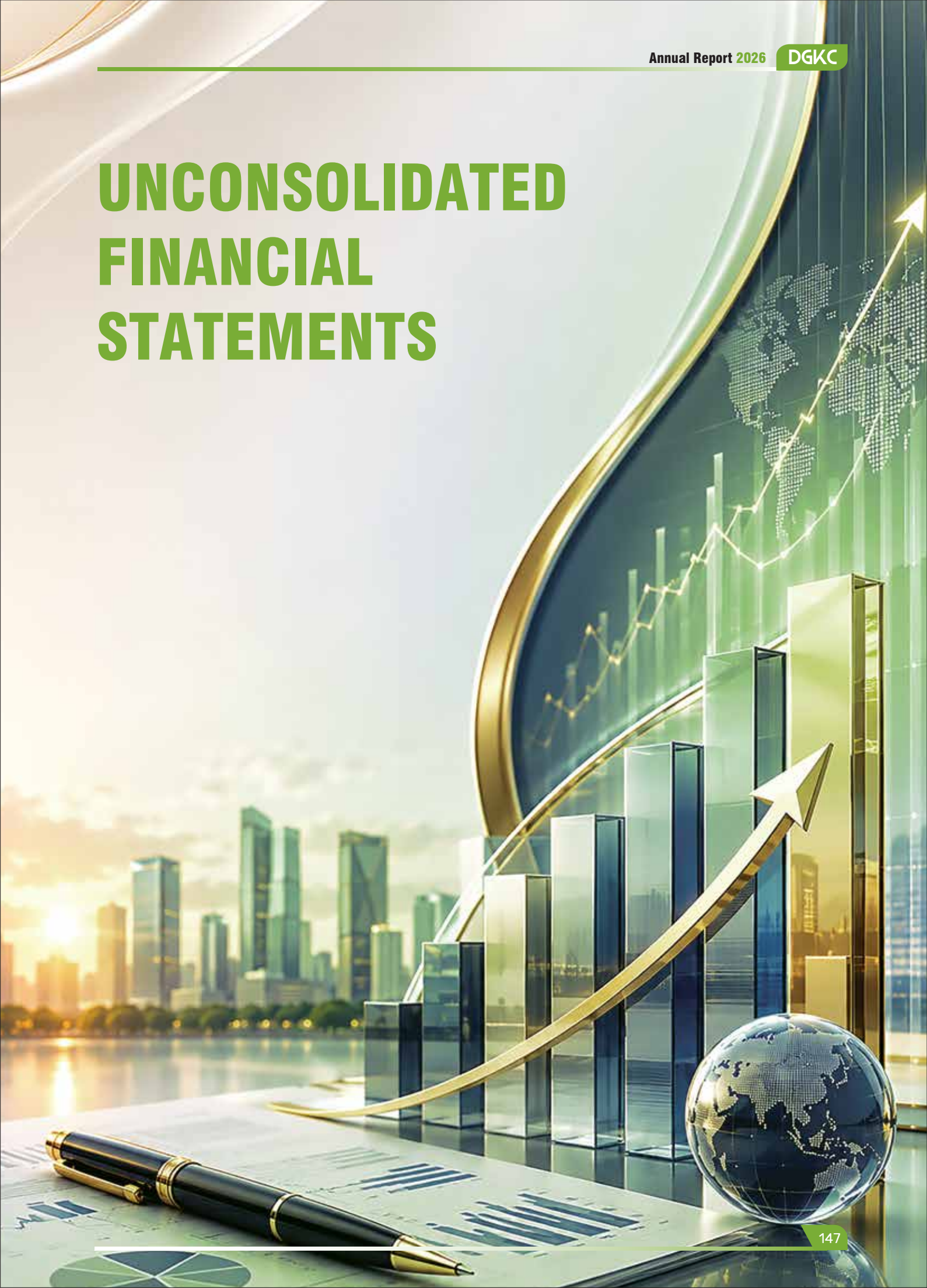


**Farid Noor Ali Fazal**  
Director

Lahore  
August 27, 2026



# UNCONSOLIDATED FINANCIAL STATEMENTS





A.F. FERGUSON &amp; CO.

# Independent Auditor's Report

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

## Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of D. G. Khan Cement Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2026, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the Key audit matters:

| Sr. No. | Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | How the matters were addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)     | <p><b>Deferred taxation</b></p> <p>(Refer notes 4.2 and 11 to the annexed unconsolidated financial statements)</p> <p>The Company has recognised deferred tax in respect of specific unused tax credits and unused tax losses. Deferred tax assets on such items have been recognised as it is probable that sufficient taxable profits will be available in future, before their expiry, for their utilisation on the basis of the approved business plan.</p> <p>Due to the significant level of judgement and estimation required in preparing the business plan</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the Company's process of preparing the deferred tax working and tested internal controls over management's valuation of deferred tax assets;</li> <li>Obtained an understanding regarding the relevant tax laws with respect to availability of tax credits and unused tax losses;</li> <li>Recalculated the amount of tax credits and unused tax losses in accordance with the provisions of the Income</li> </ul> |

| Sr. No. | Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How the matters were addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | <p>for determining recoverability of deferred tax assets and the significance of the amounts involved, we consider it to be a key audit matter.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>Tax Ordinance, 2001;</p> <ul style="list-style-type: none"> <li>Involved internal tax specialist to check the income tax computation for the year and assessed the management's conclusion on carry forward of the tax credits and unused tax losses;</li> <li>Obtained the approved business plan and evaluated the management's assumptions used in the preparation of business plan;</li> <li>Assessed the reasonableness of computation of taxable income derived from the Company's approved business plan;</li> <li>Checked the management's analysis regarding the timing of utilisation of unused tax credits and unused tax losses by considering the year wise utilisation of such amounts and evaluated the selection of the expected tax rate in this regard; and</li> <li>Assessed the appropriateness of accounting policy in respect of recognition of deferred tax assets on unused tax credits and unused tax losses and the adequacy of the disclosures made by the Company in this area with regard to the applicable accounting and reporting standards.</li> </ul>                                                                                                                                                                                                                                                                                        |
| (ii)    | <p><b>Investments measured at fair value</b></p> <p>(Refer notes 4.13, 19.1.4 and 19.1.5 to the annexed unconsolidated financial statements)</p> <p>The Company holds investments in equity instruments of Nishat Hotels and Properties Limited ('NHPL') and Hyundai Nishat Motor (Private) Limited ('HNMPL'). Due to NHPL and HNMPL being non-listed companies, their shares do not have a quoted price in an active market. Therefore, fair values of their shares have been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flows of respective businesses and related discount rates. Management involved an expert to perform these valuations on its behalf.</p> <p>Due to the significant level of judgment and estimation required to determine the fair value of the investments, we consider it to be a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Understood and evaluated the process by which the cash flow forecasts were prepared and approved, including confirming the mathematical accuracy of the underlying calculations;</li> <li>Evaluated the cash flow forecasts by obtaining an understanding of respective businesses of NHPL and HNMPL;</li> <li>Obtained an understanding of the work performed by the management's expert on the models for the purpose of valuations;</li> <li>Examined the professional qualification of management's expert(s) and assessed the independence, competence and experience of the management's expert in the field;</li> <li>Obtained corroborating evidence relating to the values as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecasts by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data;</li> <li>Performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the values of the investments; and</li> <li>Assessed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.</li> </ul> |

| Sr. No. | Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | How the matters were addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (iii)   | <p><b>Stock-in-trade and Stores, spare parts and loose tools</b></p> <p>(Refer notes 3.2, 4.11, 4.12, 21 and 22 to the annexed unconsolidated financial statements)</p> <p>As at June 30, 2026, the Company held certain items of stock-in-trade and stores, spare parts and loose tools ('inventory' items) which included clinker as work-in-process and coal as stores.</p> <p>The above inventory items are stored in purpose-built sheds, stockpiles and silos. As the weighing of these inventory items is not practicable, the management assesses the reasonableness of the quantities on-hand by obtaining measurements of stockpiles and converting these measurements into unit of volume by using angle of repose and bulk density values.</p> <p>As the determination of quantities of on-hand inventory items, by measuring the volume and density of these items as at the reporting date, involved significant estimates, this has been considered to be a key audit matter.</p> | <p>Our audit procedures to assess the existence of inventory included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the measurement process and procedures with respect to the specific items of the stock-in-trade and stores held in the form of stockpiles;</li> <li>• Attended physical inventory counts performed by the Company on a sample basis and assessed the reasonableness of the management's process of measurement of stockpiles and the determination of volume using angle of repose and bulk density values;</li> <li>• Involved an independent auditor's expert having expertise in the measurement and technical assessment for determination of quantities for certain inventory items; and</li> <li>• Obtained and reviewed the inventory count report prepared by the management and the report prepared by the auditor's expert.</li> </ul> |

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

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

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

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

#### Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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



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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.



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

Lahore

Date: September 30, 2026

UDIN: AR202610092uoeU3qt2V

# Unconsolidated Statement of Financial Position

|                                                             | Note | 2026<br>(Rupees in thousand) | 2025        |
|-------------------------------------------------------------|------|------------------------------|-------------|
| <b>EQUITY AND LIABILITIES</b>                               |      |                              |             |
| <b>SHARE CAPITAL AND RESERVES</b>                           |      |                              |             |
| Authorised share capital                                    |      |                              |             |
| - 950,000,000 (2025: 950,000,000)                           |      | 9,500,000                    | 9,500,000   |
| ordinary shares of Rs 10 each                               |      |                              |             |
| - 50,000,000 (2025: 50,000,000)                             |      | 500,000                      | 500,000     |
| preference shares of Rs 10 each                             |      | 10,000,000                   | 10,000,000  |
| Issued, subscribed and paid up share capital                |      |                              |             |
| 438,119,118 (2025: 438,119,118)                             |      |                              |             |
| ordinary shares of Rs 10 each                               | 5    | 4,381,191                    | 4,381,191   |
| Other reserves                                              | 6    | 59,256,391                   | 43,790,127  |
| Revenue reserve: Un-appropriated profits                    |      | 57,005,683                   | 46,496,160  |
| Total equity                                                |      | 120,643,265                  | 94,667,478  |
| <b>NON-CURRENT LIABILITIES</b>                              |      |                              |             |
| Long term finances from financial institutions - secured    | 7    | 24,452,277                   | 10,093,829  |
| Deferred government grant                                   | 8    | 33,922                       | 70,135      |
| Long term deposits                                          | 9    | 1,073,543                    | 940,292     |
| Employee benefits obligations                               | 10   | 1,099,451                    | 954,639     |
| Deferred taxation                                           | 11   | 13,742,861                   | 13,286,942  |
|                                                             |      | 40,402,054                   | 25,345,837  |
| <b>CURRENT LIABILITIES</b>                                  |      |                              |             |
| Trade and other payables                                    | 12   | 17,089,975                   | 13,333,448  |
| Short term borrowings from financial institutions - secured | 13   | 13,898,603                   | 9,878,499   |
| Accrued mark-up / profit                                    | 14   | 221,030                      | 229,652     |
| Current portion of non-current liabilities                  | 15   | 6,665,271                    | 2,069,243   |
| Unclaimed dividend                                          |      | 36,976                       | 34,154      |
| Income tax payable                                          |      | 337,446                      | 330,834     |
| Provision for taxation                                      |      | 35,090                       | 35,090      |
|                                                             |      | 38,284,391                   | 25,910,920  |
| <b>CONTINGENCIES AND COMMITMENTS</b>                        |      |                              |             |
|                                                             | 16   | 199,329,710                  | 145,924,235 |

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



Chief Executive

## As At June 30, 2026

|                                                                 | Note | 2026<br>(Rupees in thousand) | 2025        |
|-----------------------------------------------------------------|------|------------------------------|-------------|
| <b>ASSETS</b>                                                   |      |                              |             |
| <b>NON-CURRENT ASSETS</b>                                       |      |                              |             |
| Property, plant and equipment                                   | 17   | 76,210,922                   | 77,252,559  |
| Intangible assets                                               | 18   | 55,635                       | 13,076      |
| Long term investments                                           | 19   | 54,306,843                   | 20,689,545  |
| Long term deposits                                              | 20   | 62,013                       | 61,013      |
|                                                                 |      | 130,635,413                  | 98,016,193  |
| <b>CURRENT ASSETS</b>                                           |      |                              |             |
| Stores, spare parts and loose tools                             | 21   | 12,836,216                   | 12,306,679  |
| Stock-in-trade                                                  | 22   | 9,529,633                    | 8,188,678   |
| Trade debts                                                     | 23   | 2,085,440                    | 1,493,080   |
| Short term investments                                          | 24   | 42,722,132                   | 24,005,100  |
| Loans, advances, deposits, prepayments<br>and other receivables | 25   | 1,143,431                    | 1,345,673   |
| Cash and bank balances                                          | 26   | 377,445                      | 568,832     |
|                                                                 |      | 68,694,297                   | 47,908,042  |
|                                                                 |      | 199,329,710                  | 145,924,235 |



Chief Financial Officer



Director

# Unconsolidated Statement of Profit or Loss

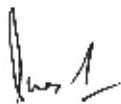
For the Year Ended June 30, 2026

|                                                      | Note | 2026<br>(Rupees in thousand) | 2025              |
|------------------------------------------------------|------|------------------------------|-------------------|
| Revenue from contracts with customers - net          | 27   | 79,562,656                   | 71,892,837        |
| Cost of sales                                        | 28   | (58,830,087)                 | (53,387,166)      |
| <b>Gross profit</b>                                  |      | <b>20,732,569</b>            | <b>18,505,671</b> |
| Administrative expenses                              | 29   | (1,646,541)                  | (1,294,974)       |
| Selling and distribution expenses                    | 30   | (4,173,154)                  | (3,874,688)       |
| Net impairment reversal / (loss) on financial assets | 31   | 85,405                       | (6,899)           |
| Other expenses                                       | 32   | (1,068,854)                  | (725,663)         |
| Other income                                         | 33   | 4,663,270                    | 4,271,570         |
| Finance cost                                         | 34   | (1,275,708)                  | (3,870,405)       |
| <b>Profit before levy and income tax</b>             |      | <b>17,316,987</b>            | <b>13,004,612</b> |
| Levy                                                 | 35   | (651,230)                    | (577,125)         |
| <b>Profit before income tax</b>                      |      | <b>16,665,757</b>            | <b>12,427,487</b> |
| Income tax                                           | 36   | (5,240,372)                  | (3,752,428)       |
| <b>Profit for the year</b>                           |      | <b>11,425,385</b>            | <b>8,675,059</b>  |
|                                                      |      | <b>Rupees</b>                | <b>Rupees</b>     |
| <b>Earnings per share - basic and diluted</b>        | 37   | <b>26.08</b>                 | <b>19.80</b>      |

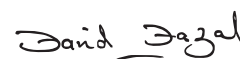
The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director



# Unconsolidated Statement of Comprehensive Income

For the Year Ended June 30, 2026

|                                                                                               | 2026                 | 2025       |
|-----------------------------------------------------------------------------------------------|----------------------|------------|
|                                                                                               | (Rupees in thousand) |            |
| <b>Profit for the year</b>                                                                    | 11,425,385           | 8,675,059  |
| <b>Other comprehensive income for the year - net of tax</b>                                   |                      |            |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                         | -                    | -          |
| <i>Items that will not be subsequently reclassified to profit or loss:</i>                    |                      |            |
| Change in fair value of investments at fair value through<br>Other Comprehensive Income (OCI) | 14,701,929           | 9,125,482  |
| Tax effect of change in fair value of investments at fair value through OCI                   | 764,335              | 993,983    |
| Remeasurement of retirement benefits                                                          | (58,659)             | 41,666     |
| Tax effect of remeasurement of retirement benefits                                            | 19,035               | (16,249)   |
|                                                                                               | 15,426,640           | 10,144,882 |
| <b>Other comprehensive income for the year</b>                                                | 15,426,640           | 10,144,882 |
| <b>Total comprehensive income for the year</b>                                                | 26,852,025           | 18,819,941 |

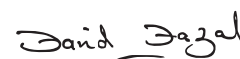
The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

# Unconsolidated Statement of Cash Flows

For the Year Ended June 30, 2026

|                                                                        | Note | 2026<br>(Rupees in thousand) | 2025         |
|------------------------------------------------------------------------|------|------------------------------|--------------|
| <b>Cash flows from operating activities</b>                            |      |                              |              |
| Cash generated from operations                                         | 39   | 20,207,689                   | 15,811,428   |
| Finance cost paid                                                      |      | (1,281,941)                  | (4,921,199)  |
| Retirement and other benefits paid                                     |      | (203,427)                    | (198,725)    |
| Income tax paid                                                        |      | (3,994,471)                  | (447,791)    |
| Levy - final taxes paid                                                |      | (651,230)                    | (577,125)    |
| Long term deposits                                                     |      | 133,251                      | 367,544      |
| Net cash inflow from operating activities                              |      | 14,209,871                   | 10,034,132   |
| <b>Cash flows from investing activities</b>                            |      |                              |              |
| Payments for property, plant and equipment                             |      | (2,887,056)                  | (1,211,491)  |
| Payments for intangible assets                                         |      | (82,768)                     | -            |
| Proceeds from disposal of property, plant and equipment                |      | 196,377                      | 70,240       |
| Long term deposits                                                     |      | (1,000)                      | 555          |
| Investment in subsidiary                                               |      | -                            | (8,462)      |
| Investment in associate                                                |      | (28,402,857)                 | -            |
| Investment in term deposit receipts - net                              |      | (241,420)                    | -            |
| Investment in mutual funds - net                                       |      | (9,451,970)                  | -            |
| Proceeds from disposal of investments                                  |      | -                            | 128,250      |
| Interest / profit received                                             |      | 21,324                       | 63,185       |
| Dividends received                                                     |      | 3,902,843                    | 3,958,258    |
| Net cash (outflow) / inflow from investing activities                  |      | (36,946,527)                 | 3,000,535    |
| <b>Cash flows from financing activities</b>                            |      |                              |              |
| Proceeds from long term finances from financial institutions - secured | 7    | 27,718,487                   | -            |
| Repayments of long term finances from financial institutions - secured | 7    | (8,808,281)                  | (9,357,639)  |
| Short term borrowings - net                                            |      | 1,054,958                    | 8,749,567    |
| Dividend paid                                                          |      | (873,416)                    | (48)         |
| Net cash inflow / (outflow) from financing activities                  |      | 19,091,748                   | (608,120)    |
| <b>Net (decrease) / increase in cash and cash equivalents</b>          |      | (3,644,908)                  | 12,426,547   |
| <b>Cash and cash equivalents at the beginning of the year</b>          |      | 93,420                       | (12,332,550) |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>    |      | (5,145)                      | (577)        |
| <b>Cash and cash equivalents at the end of the year</b>                | 40   | (3,556,633)                  | 93,420       |

Refer note 48 for reconciliation of liabilities arising from financing activities.

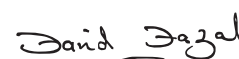
The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director



## Notes to and Forming Part of the Unconsolidated Financial Statements For the Year Ended June 30, 2026

### 1. The Company and its activities

D. G. Khan Cement Company Limited (the 'Company') is a public company limited by shares incorporated in Pakistan in 1978 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 53-A, Nishat House, Lawrence Road, Lahore.

The Company is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. It has four cement plants, two plants located at Khofli Sattai, District Dera Ghazi Khan ('D.G. Khan'), one at Khairpur, Tehsil Kallar Kahar, District Chakwal ('Khairpur') and one at District Hub ('Hub').

These financial statements (hereinafter may be referred to as 'unconsolidated financial statements') are the separate financial statements of the Company in which the investment in subsidiary and associate has been carried at cost less accumulated impairment losses, if any. Consolidated financial statements are prepared separately. Details of the investments held by the Company in its subsidiaries and associate have been presented in note 19.

The Company has regional offices located across Pakistan, the geographical locations of which are listed below:

| Regional office   | Geographical location                                                           |
|-------------------|---------------------------------------------------------------------------------|
| Lahore region     | Nishat House, 53-A, Lawrence Road, Lahore                                       |
| Multan region     | 17-E-1, Officers Colony, Near Eid Gah, Main Khanewal Road, Multan Cantt, Multan |
| Karachi region    | D-247, KDA Scheme No. 1/A, Karachi                                              |
| Rawalpindi region | Office No. 13-16, Third Floor, Rizwan Arcade, Adamjee Road, Saddar, Rawalpindi  |
| D.G. Khan region  | 16-B, Khayaban-e-Sarwar, Manka Road, D.G. Khan                                  |

### 2. Basis of preparation

#### 2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- i) IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- ii) Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- iii) Provisions of, directives and notifications issued under the Companies Act, 2017.

Where the provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards or IFAS, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

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

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

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

Certain standards, amendments and interpretations to IFRS Accounting Standards are effective for accounting period beginning on July 1, 2025 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future



transactions and events) and are, therefore, not detailed in these unconsolidated financial statements.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2026 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements, except for the following:

### **a) Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective for annual period beginning on or after January 1, 2026)**

The amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the Solely Payments of Principal and Interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

An important clarification brought about in these amendments is that a payment instruction (e.g. a cheque) that is prepared for a future payment will generally not meet the requirements for the financial liability to be discharged and hence derecognised. The previous practice of financial liabilities being derecognized upon issuance of cheques would need to be reconsidered.

### **b) Annual improvements to International Financial Reporting Standards – Volume 11 (effective for annual period beginning on July 1, 2026)**

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

### **c) IFRS 18 "Presentation and Disclosure in Financial Statements" (effective for annual periods beginning on or after January 1, 2027)**

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and

- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Company is yet to assess the impact of this Standard and amendments to existing standards on its unconsolidated financial statements.

### 3. Basis of measurement

**3.1** These unconsolidated financial statements have been prepared on a historical cost basis except for the following:

- certain financial instruments, government grant, and plan assets of defined benefit gratuity at fair value, and
- certain employee benefit obligations and provisions at present value.

### 3.2 Critical accounting estimates and judgements

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

- a) Provision for taxation and recognition of deferred tax asset for tax credits and for carried-forward tax losses - notes 4.2, 11, 35 and 36
- b) Employee benefits obligations - notes 4.4 and 10
- c) Useful lives and residual values of property, plant and equipment - notes 4.7 and 17.1
- d) Fair value of unquoted Fair Value through Other Comprehensive Income ('FVOCI') investments - notes 4.13 and 19
- e) Impairment of financial assets (other than investments in equity instruments) - note 4.13.4
- f) Existence of stores, spare parts and loose tools and stock-in-trade items ('inventory' items) - note 4.11 and 4.12

The Company's certain stock-in-trade items [i.e. raw materials (gypsum, iron ore, laterite etc.), work-in-process (raw meal and clinker) and finished goods (cement)] and certain store items (i.e. coal and refused derived fuel) ('inventory' items) are stored in purpose-built sheds, stockpiles and silos. As weighing these items is not practicable, the management assesses the reasonableness of the quantities on-hand inventory items by obtaining measurement of these items and converting these measurements into unit of volume by using angle of repose and bulk density values.

- g) Estimate of Net Realisable Value ('NRV') of stock-in-trade - note 4.12
- h) Contingencies - note 16
- i) Estimate of present value of provisions - notes 4.6 and 12

### 4. Material accounting policy information

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

#### 4.1 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption

amount is recognised in unconsolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the unconsolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in unconsolidated statement of profit or loss as other income or finance costs.

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

Covenants that the Company is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Company is required to comply with after the reporting period do not affect the classification at the reporting date.

## 4.2 Income tax

Income tax comprises of current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that relates to items recognised directly in statement of changes in equity or statement of comprehensive income, in which case it is recognised directly in the unconsolidated statement of changes in equity or statement of comprehensive income.

### Current Tax

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

## 4.3 Levies

Minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 "Income taxes"

but calculated on turnover or other basis and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime or any minimum taxes which are not adjustable against future income tax liability, are classified as levy in the statement of profit or loss as they fall under the scope of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

#### 4.4 Employee benefits

##### 4.4.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the unconsolidated statement of financial position.

##### 4.4.2 Post employment benefits

###### (a) Defined benefit plan - Gratuity

The Company operates an approved funded defined benefit gratuity plan for all eligible regular employees having joining date on or before June 30, 2022 and a service period of more than five years for officers and six months for workers. Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2026 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 recognised in the unconsolidated statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the unconsolidated statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in the unconsolidated statement of profit or loss.

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

|                                                      | 2026   | 2025   |
|------------------------------------------------------|--------|--------|
| Discount rate per annum                              | 11.75% | 11.75% |
| Expected increase in eligible salary level per annum | 10.75% | 10.75% |
| Duration of plan (years)                             | 6      | 7      |

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

###### (b) Defined contribution plan

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

##### 4.4.3 Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render services that



increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 30 days in case of officers. However, leave policy for officers whose leave balance was already accumulated to 90 days or above as of July 01, 2019 may keep leaves accumulated up to 90 days. An officer is entitled to encash the unutilised earned leave accrued during the year. In addition, he can also encash some portion of his accumulated leave balance during the year. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries. In case of workers, unutilised leaves may be accumulated up to 120 days, however, accumulated leave balance above 50 days is encashable upon demand of the worker. Unutilised leaves can be used at any time by all employees, subject to the approval of the Company's management.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the unconsolidated statement of profit or loss. The most recent valuation was carried out as at June 30, 2026 using the "Projected Unit Credit Method."

The amount recognised in the unconsolidated statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the unconsolidated statement of profit or loss immediately in the period when these occur.

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

|                                                     | 2026                                              | 2025                                              |
|-----------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Discount rate per annum                             | 11.75%                                            | 11.75%                                            |
| Expected rate of increase in salary level per annum | 10.75%                                            | 10.75%                                            |
| Expected mortality rate                             | SLIC (2001-2005) mortality table (setback 1 year) | SLIC (2001-2005) mortality table (setback 1 year) |
| Duration of the plan (years)                        | 2                                                 | 2                                                 |

#### 4.5 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 4.6 Provisions

Provisions for legal claims and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### 4.7 Property, plant and equipment

##### 4.7.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain operating fixed assets signifies historical cost and borrowing costs as referred to in note 4.20.

Depreciation on all operating fixed assets is charged to the unconsolidated statement of profit or loss on the reducing balance method, except for plant and machinery and leasehold land which is being depreciated

using the straight line method, so as to write off the depreciable amount of an asset over its estimated useful life at following annual rates.

|                                | Depreciation method | Annual depreciation rate |
|--------------------------------|---------------------|--------------------------|
| - Leasehold land               | Straight line       | 3.3%                     |
| - Plant and machinery          | - do -              | 3.34%-6.59%              |
| - Buildings on freehold land   | Reducing balance    | 5%                       |
| - Roads                        | - do -              | 10%                      |
| - Quarry equipment             | - do -              | 10%                      |
| - Office equipment             | - do -              | 30%                      |
| - Furniture and fittings       | - do -              | 30%                      |
| - Vehicles                     | - do -              | 20%                      |
| - Aircraft parts               | - do -              | 30%                      |
| - Power and water supply lines | - do -              | 10%                      |

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.9 to these unconsolidated financial statements.

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

Proceeds from the sale of items while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of an item of property, plant and equipment. Instead, the Company recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

#### 4.7.2 Major spare parts and stand-by equipment

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

#### 4.7.3 Capital work-in-progress

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

### 4.8 Intangible assets - Computer software

Expenditure incurred to acquire computer software is capitalised as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Computer software and license are amortised using the straight line method on rates ranging from 33.33% - 50% respectively.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.9 to these unconsolidated financial statements).

#### 4.9 Impairment of non-financial assets

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

#### 4.10 Investments

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

##### 4.10.1 Investments in equity instruments of subsidiaries and associate

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

The Company assesses at the end of each reporting period whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. It assesses whether there have been favourable events or changes in circumstances, since impairment loss was recognised. If any such indication exists, the Company estimates the recoverable amount of that investment and reverses the impairment loss. The amount of any reversal recognised is restricted to increasing the carrying value of investment to the carrying value that would have been recognised if the original impairment had not occurred.

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

#### 4.11 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and / or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

#### 4.12 Stock-in-trade

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

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

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

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

#### 4.13 Financial assets

##### 4.13.1 Classification

The Company classifies its financial assets other than investments in subsidiaries and associate in the following measurement categories:

- those to be measured subsequently at fair value [either through Other Comprehensive Income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value through Other Comprehensive Income ('FVOCI').

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

##### 4.13.2 Recognition and derecognition

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

##### 4.13.3 Measurement

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

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

##### Debt instruments

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

- i) **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the unconsolidated statement of profit or loss. Impairment losses are presented as a separate line item in the unconsolidated statement of profit or loss.
- ii) **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the unconsolidated statement of profit or loss. When the financial asset is derecognised,



the cumulative gain or loss previously recognised in OCI is reclassified from equity to the unconsolidated statement of profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the unconsolidated statement of profit or loss.

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

#### Equity instruments

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

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

#### 4.13.4 Impairment of financial assets other than investment in equity instruments

The Company assesses on a forward-looking basis the Expected Credit Losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies IFRS 9 "Financial Instruments" simplified approach to measure the expected credit losses ('loss allowance') which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits, loans, bank balances and other receivables i.e. to measure ECL through loss allowance at an amount equal to twelve-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Long term deposits;
- Deposits and other receivables; and
- Bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an impairment gain or loss in the unconsolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

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

#### 4.14 Financial liabilities

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

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gain and losses are recognised in the unconsolidated statement of profit or loss, when the liabilities are derecognised as well as through effective interest rate amortization process.

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

#### 4.15 Offsetting of financial assets and liabilities

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

#### 4.16 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Company. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

#### 4.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the unconsolidated statement of financial position.

#### 4.18 Contract asset and contract liability

A contract asset is recognised for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

#### 4.19 Foreign currency transactions and translation

##### a) Functional and presentation currency

Items included in the unconsolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

##### b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the unconsolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the unconsolidated statement of profit or loss on a net basis within other gains / (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the unconsolidated statement of profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in the unconsolidated statement of comprehensive income.

#### 4.20 Borrowing costs

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

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 the unconsolidated statement of profit or loss in the period in which they are incurred.

#### 4.21 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies.

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

In case of export sales, the delivery of goods and transportation are two distinct performance obligations and the total transaction price is allocated to each performance obligation. Revenue relating to each performance obligation is recognised on satisfaction of each distinct performance obligation.

#### 4.22 Other income

Other income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments. Interest income is recognised as it accrues in the unconsolidated statement of profit or loss, using effective interest method. Dividend income is recognised in the unconsolidated statement of profit or loss on the date that the Company's right to receive payment is established.

#### 4.23 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to

the issue of new shares are shown in equity as a deduction, net of tax, if any.

All ordinary shares of the Company rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

#### 4.24 Dividend

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

#### 4.25 Contingent liabilities and assets

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

#### 4.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the unconsolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

#### 4.27 Rounding of amounts

All amounts disclosed in the unconsolidated financial statements and notes have been rounded off to the nearest thousand rupees unless otherwise stated.

#### 4.28 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of additional ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.



## 5. Issued, subscribed and paid up share capital

| 2026               | 2025        |                                                                                   | 2026                 | 2025      |
|--------------------|-------------|-----------------------------------------------------------------------------------|----------------------|-----------|
| (Number of shares) |             |                                                                                   | (Rupees in thousand) |           |
| 343,512,029        | 343,512,029 | Ordinary shares of Rs 10 each fully paid in cash                                  | 3,435,120            | 3,435,120 |
| 20,000,000         | 20,000,000  | Ordinary shares of Rs 10 each issued for consideration other than cash - note 5.2 | 200,000              | 200,000   |
| 74,607,089         | 74,607,089  | Ordinary shares of Rs 10 each issued as fully paid bonus shares                   | 746,071              | 746,071   |
| 438,119,118        | 438,119,118 |                                                                                   | 4,381,191            | 4,381,191 |

**5.1** 137,574,201 (2025: 137,574,201), 428,500 (2025: 428,500) and 7,000 (2025: Nil) ordinary shares of the Company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited and Nishat (Aziz Avenue) Hotels and Properties Limited respectively.

Nishat Mills Limited is an investor and the Company is an associate of Nishat Mills Limited as per IAS 28, "Investments in Associates and Joint Ventures".

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

| 2026                 | 2025 |
|----------------------|------|
| (Rupees in thousand) |      |

## 6. Other reserves

Composition of reserves is as follows:

### Capital reserves

|                                   |            |            |            |
|-----------------------------------|------------|------------|------------|
| - Share premium                   | - note 6.1 | 4,557,163  | 4,557,163  |
| - FVOCI reserve                   | - note 6.2 | 49,273,891 | 33,807,627 |
| - Capital redemption reserve fund | - note 6.3 | 353,510    | 353,510    |
|                                   |            | 54,184,564 | 38,718,300 |

### Revenue reserve

|                   |            |            |            |
|-------------------|------------|------------|------------|
| - General reserve | - note 6.4 | 5,071,827  | 5,071,827  |
|                   |            | 59,256,391 | 43,790,127 |

**6.1** This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

**6.2** This represents the unrealised gain on remeasurement of equity investments at FVOCI and is not available for distribution.

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

**6.4** The balance in general reserve has been accumulated by way of transfers from un-appropriated profits as per approval of the Board of Directors of the Company.

2026

2025

(Rupees in thousand)

## 7. Long term finances from financial institutions - secured

## From banking companies:

|                                                 |            |             |             |
|-------------------------------------------------|------------|-------------|-------------|
| Loans under refinance scheme                    | - note 7.1 | 900,563     | 1,741,654   |
| Long term loans                                 | - note 7.2 | 2,404,066   | 10,286,947  |
| Foreign currency term finance facility          | - note 7.3 | 27,715,824  | -           |
|                                                 |            | 31,020,453  | 12,028,601  |
| Current portion shown under current liabilities | - note 15  | (6,568,176) | (1,934,772) |
|                                                 |            | 24,452,277  | 10,093,829  |

## 7.1 Loans under refinance scheme - secured

| Lender                                                                                             | 2026<br>(Rupees in thousand) | 2025             | Number of<br>instalments<br>outstanding                          | Mark-up /<br>Profit<br>Payable |
|----------------------------------------------------------------------------------------------------|------------------------------|------------------|------------------------------------------------------------------|--------------------------------|
| <b>State Bank of Pakistan's<br/>Temporary Economic Refinance<br/>Facility (TERF)</b>               |                              |                  |                                                                  |                                |
| <b>Loan 1</b>                                                                                      |                              |                  |                                                                  |                                |
| National Bank of Pakistan                                                                          | 605,075                      | 1,455,475        | 3 equal quarterly<br>instalments ending<br>in March 2027         | Quarterly                      |
| <b>State Bank of Pakistan's Islamic<br/>Temporary Economic Refinance<br/>Facility (ITERF)</b>      |                              |                  |                                                                  |                                |
| <b>Loan 2</b>                                                                                      |                              |                  |                                                                  |                                |
| Faysal Bank Limited - note 7.1.1<br>- Islamic (Diminishing<br>Musharakah)                          | 360,777                      | 435,777          | Equal semi-annual<br>instalments of each<br>tranche - note 7.1.1 | Half yearly                    |
| <b>Total</b>                                                                                       | <b>965,852</b>               | <b>1,891,252</b> |                                                                  |                                |
| Accrued mark-up / profit on loans<br>under refinance scheme<br>- secured                           | 5,123                        | 9,169            |                                                                  |                                |
| Impact of deferred government<br>grant                                                             | (65,289)                     | (149,598)        |                                                                  |                                |
| Amortized cost of loans under<br>refinance scheme - secured                                        | 905,686                      | 1,750,823        |                                                                  |                                |
| Current portion of loans under<br>refinance scheme - secured<br>(principal portion)                | (648,707)                    | (839,389)        |                                                                  |                                |
| Current portion of loans under<br>refinance scheme - secured<br>(accrued mark-up / profit portion) | (5,123)                      | (9,169)          |                                                                  |                                |
| <b>Non-current portion of loans<br/>under refinance scheme<br/>- secured</b>                       | <b>251,856</b>               | <b>902,265</b>   |                                                                  |                                |

Such facilities are available at mark-up / profit rates ranging from base rate plus 0.7% to 0.75% (2025: 0.7% to 0.75%) per annum. The base rate applicable during the year on such facilities is State Bank of Pakistan ('SBP') rate of 1% resulting in coupon rate ranging from 1.7% to 1.75% (2025: 1.7% to 1.75%) per annum.

#### Loan 1

This represents long term financing facility availed under SBP Temporary Economic Refinance Scheme ('TERF'). The loan is secured by joint pari passu charge over present and future fixed assets of the Company for Rs 6,993.333 million with 25% margin.

#### Loan 2

This represents long term financing facility availed under SBP Islamic Temporary Economic Refinance Scheme ('ITERF'). The loan is secured by joint pari passu charge of Rs 800 million over present and future fixed assets of the Company (including land and machinery).

#### 7.1.1 Lender - Faysal Bank Limited

| Tranche   | 2026<br>(Rupees in thousand) | 2025<br>(Rupees in thousand) | Number of instalments outstanding                        | Mark-up / Profit Payable |
|-----------|------------------------------|------------------------------|----------------------------------------------------------|--------------------------|
| Tranche 1 | 56,887                       | 71,108                       | 8 equal semi-annual instalments ending in May 2030       | Half yearly              |
| Tranche 2 | 77,264                       | 92,717                       | 10 equal semi-annual instalments ending in January 2031  | Half yearly              |
| Tranche 3 | 97,660                       | 117,192                      | 10 equal semi-annual instalments ending in February 2031 | Half yearly              |
| Tranche 4 | 128,966                      | 154,760                      | 10 equal semi-annual instalments ending in June 2031     | Half yearly              |
|           | <b>360,777</b>               | <b>435,777</b>               |                                                          |                          |

#### 7.1.2 The reconciliation of the carrying amount is as follows:

|                                                 | 2026<br>(Rupees in thousand) | 2025<br>(Rupees in thousand) |
|-------------------------------------------------|------------------------------|------------------------------|
| Balance as at beginning of the year             | 1,891,252                    | 3,029,252                    |
| Repayments during the year                      | (925,400)                    | (1,138,000)                  |
| - note 7.1                                      | 965,852                      | 1,891,252                    |
| Impact of deferred government grant:            |                              |                              |
| Balance as at beginning of the year             | (149,598)                    | (278,750)                    |
| Unwinding of discount on liability              | 84,309                       | 129,152                      |
|                                                 | (65,289)                     | (149,598)                    |
| Balance as at end of the year                   | 900,563                      | 1,741,654                    |
| Current portion shown under current liabilities | (648,707)                    | (839,389)                    |
| - note 15                                       | 251,856                      | 902,265                      |

## 7.2 Long term loans - secured

| Lender                                                                                                        | 2026<br>(Rupees in thousand) | 2025              | Number of<br>instalments<br>outstanding                       | Mark-up /<br>Profit<br>Payable |
|---------------------------------------------------------------------------------------------------------------|------------------------------|-------------------|---------------------------------------------------------------|--------------------------------|
| <b>Loan 1</b><br>The Bank of Punjab - Term Finance<br>(SBP Re-Finance Scheme)                                 | 363,066                      | 408,447           | 16 equal semi-annual instalments<br>ending in June 2034       | Quarterly                      |
| <b>Loan 2</b><br>Askari Bank - Combination of<br>conventional and islamic<br>syndicated term finance facility | -                            | 6,000,000         | Nil                                                           | Monthly                        |
| <b>Loan 3</b><br>Allied Bank - Term Finance                                                                   | -                            | 1,837,500         | Nil                                                           | Quarterly                      |
| <b>Loan 4</b><br>MCB Bank Limited - Term Finance<br>(SBP Re-Finance Scheme)<br>Related Party                  | 241,000                      | 241,000           | 20 equal semi-annual instalments<br>starting in November 2026 | Quarterly                      |
| <b>Loan 5</b><br>Dubai Islamic Bank - Islamic<br>(Long term islamic finance facility)                         | 1,800,000                    | 1,800,000         | 20 equal quarterly instalments<br>starting in September 2026  | Monthly                        |
| <b>Total</b>                                                                                                  | <b>2,404,066</b>             | <b>10,286,947</b> |                                                               |                                |
| Accrued mark-up / profit on long<br>term loans - secured                                                      | 8,735                        | 54,763            |                                                               |                                |
| Amortized cost of long term loans<br>- secured                                                                | 2,412,801                    | 10,341,710        |                                                               |                                |
| Current portion of long term loans<br>- secured (principal portion)                                           | (429,483)                    | (1,095,383)       |                                                               |                                |
| Current portion of long term loans<br>- secured (accrued mark-up<br>/ profit portion)                         | (8,735)                      | (54,763)          |                                                               |                                |
| <b>Non-current portion of long<br/>term loans - secured</b>                                                   | <b>1,974,583</b>             | <b>9,191,564</b>  |                                                               |                                |

Such facilities are available at mark-up / profit rates ranging from one to six months Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.15% to 0.35% per annum (2025: one to six months KIBOR plus 0.15% to 0.35% per annum). Markup / profit rate charged during the year on outstanding balance ranged from 3.5% to 12.09% (2025: 11.55% to 23.22%) per annum.

## 7.2.1 Security

**Loan 1**

Joint pari passu charge over present and future fixed assets of the Company for Rs 1,056 million.

**Loan 2**

Joint pari passu charge over all present and future fixed assets of the Company for Rs 8,750 million.

**Loan 3**

Joint pari passu charge over all present and future fixed assets of the Company for Rs 2,625 million.



**Loan 4**

Ranking charge on pledge of shares for Rs 574 million.

**Loan 5**

Joint pari passu charge over present and future fixed assets of the Company for Rs 2,400 million.

**2026****2025****(Rupees in thousand)****7.2.2 The reconciliation of the carrying amount is as follows:**

|                                                           |                  |                  |
|-----------------------------------------------------------|------------------|------------------|
| Opening balance                                           | 10,286,947       | 18,506,586       |
| Disbursements during the year                             | -                | -                |
| Repayments during the year                                | (7,882,881)      | (8,219,639)      |
| Closing balance                                           | 2,404,066        | 10,286,947       |
| Current portion shown under current liabilities - note 15 | (429,483)        | (1,095,383)      |
|                                                           | <u>1,974,583</u> | <u>9,191,564</u> |

**7.3 Foreign currency term finance facility - secured**

| <b>Lender</b>                                                                                      | <b>2026<br/>(Rupees in thousand)</b> | <b>2025</b> | <b>Number of<br/>instalments<br/>outstanding</b>             | <b>Mark-up /<br/>Profit<br/>Payable</b> |
|----------------------------------------------------------------------------------------------------|--------------------------------------|-------------|--------------------------------------------------------------|-----------------------------------------|
| Dubai Islamic Bank Public Joint<br>Stock Company                                                   | 28,120,948                           | -           | 20 equal quarterly instalments<br>starting in September 2026 | Quarterly                               |
| <b>Total</b>                                                                                       | <b>28,120,948</b>                    | <b>-</b>    |                                                              |                                         |
| Accrued profit on Foreign currency<br>term finance facility- secured                               | 42,399                               | -           |                                                              |                                         |
| Un-amortized transaction cost                                                                      | (405,124)                            | -           |                                                              |                                         |
| Amortized cost of Foreign currency<br>term finance facility- secured                               | 27,758,223                           | -           |                                                              |                                         |
| Current portion of Foreign currency<br>term finance facility- secured<br>(principal portion)       | (5,489,986)                          | -           |                                                              |                                         |
| Current portion of Foreign currency<br>term finance facility - secured<br>(accrued profit portion) | (42,399)                             | -           |                                                              |                                         |
| <b>Non-current portion of Foreign<br/>currency term finance facility<br/>- secured</b>             | <b>22,225,838</b>                    | <b>-</b>    |                                                              |                                         |

This facility is available at profit rate of three month Secured Overnight Financing Rate ('SOFR') plus 3.25% per annum (2025: Nil). The profit rate applicable during the year on such facility is 3.73% resulting in coupon rate of 6.98% per annum (2025: Nil).

As per terms of the facility, taxes and duties on all profit payments will be borne by the Company.

**7.3.1 Security**

- First pari passu hypothecation charge over all present and future movable fixed assets of the Company, including a 25% margin; and
- First pari passu (constructive equitable) charge over the Company's land and buildings (excluding the Chakwal land), including a 25% margin.

The total aggregate value of the above securities amounts to US Dollars 140 million.

- Pledge of shares of Rafhan Maize Products Company Limited ('RMPL') held by the Company.
- Exclusive lien and a right of set-off over all the amounts available from time to time in the export routing account maintained with Dubai Islamic Bank Pakistan Limited.

### 7.3.2 Financial covenants for the Investee Company

As per terms of the facility, following covenants are applicable on the company in which the investment will be made i.e. RMPL:

- Gearing ratio not to exceed 3 times; and
- Debt / EBITDA ratio not to exceed 5 times.

| 2026                 | 2025 |
|----------------------|------|
| (Rupees in thousand) |      |

### 7.3.3 The reconciliation of the carrying amount is as follows:

|                                                                    |                          |      |
|--------------------------------------------------------------------|--------------------------|------|
| Balance as at beginning of the year                                | -                        | -    |
| Disbursement during the year                                       | 28,126,000               | -    |
| Impact of IAS 21 "The Effects of Changes in Foreign Exchange Rates | (5,052)                  | -    |
| - note 7.3                                                         | 28,120,948               | -    |
| Un-amortized transaction cost:                                     |                          |      |
| Balance as at beginning of the year                                | -                        | -    |
| Transaction cost incurred during the year                          | (407,513)                | -    |
| Unwinding of transaction cost during the year                      | 2,389                    | -    |
|                                                                    | (405,124)                | -    |
| Balance as at end of the year                                      | 27,715,824               | -    |
| Current portion shown under current liabilities                    | (5,489,986)              | -    |
| - note 15                                                          | 22,225,838               | -    |
|                                                                    | 2026                     | 2025 |
|                                                                    | (US Dollars in thousand) |      |

### 7.3.4 The reconciliation of the carrying amount in US Dollars is as follows:

|                                                 |          |   |
|-------------------------------------------------|----------|---|
| Balance as at beginning of the year             | -        | - |
| Disbursement during the year                    | 101,045  | - |
| - note 7.3                                      | 101,045  | - |
| Un-amortized transaction cost:                  |          |   |
| Balance as at beginning of the year             | -        | - |
| Transaction cost incurred during the year       | (1,463)  | - |
| Unwinding of transaction cost                   | 9        | - |
|                                                 | (1,454)  | - |
| Balance as at end of the year                   | 99,591   | - |
| Current portion shown under current liabilities | (19,727) | - |
|                                                 | 79,864   | - |

## 8. Deferred government grant

This represents deferred grant recognised in respect of the benefit of below-market interest rate on the facilities as referred to in note 7.1 to these unconsolidated financial statements. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans. The discount rates used range from 7.34% to 7.53% per annum. The reconciliation of the carrying amount is as follows:

|                                                 |           | 2026                 | 2025      |
|-------------------------------------------------|-----------|----------------------|-----------|
|                                                 |           | (Rupees in thousand) |           |
| Opening balance                                 |           | 149,600              | 278,752   |
| Amortized during the year                       | - note 34 | (84,309)             | (129,152) |
| Closing balance                                 |           | 65,291               | 149,600   |
| Current portion shown under current liabilities | - note 15 | (31,369)             | (79,465)  |
|                                                 |           | 33,922               | 70,135    |

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

## 9. Long term deposits

|           |           |         |
|-----------|-----------|---------|
| Customers | 938,882   | 801,522 |
| Others    | 134,661   | 138,770 |
|           | 1,073,543 | 940,292 |

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

|  |  | 2026                 | 2025 |
|--|--|----------------------|------|
|  |  | (Rupees in thousand) |      |

## 10. Employee benefits obligations

|                                   |             |           |         |
|-----------------------------------|-------------|-----------|---------|
| Gratuity                          | - note 10.1 | 858,371   | 734,857 |
| Accumulating compensated absences | - note 10.2 | 241,080   | 219,782 |
|                                   |             | 1,099,451 | 954,639 |

### 10.1 Gratuity

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

|                                             |               |           |           |
|---------------------------------------------|---------------|-----------|-----------|
| Present value of defined benefit obligation | - note 10.1.2 | 1,826,684 | 1,608,666 |
| Fair value of plan assets                   | - note 10.1.3 | (968,313) | (873,809) |
| Net liability as at June 30                 |               | 858,371   | 734,857   |

2026

2025

(Rupees in thousand)

**10.1.1 Movement in net liability for staff gratuity**

|                                                                       |           |           |
|-----------------------------------------------------------------------|-----------|-----------|
| Net liability as at beginning of the year                             | 734,857   | 729,263   |
| Charged to unconsolidated statement of profit or loss:                |           |           |
| Current service cost                                                  | 118,019   | 122,044   |
| Net interest on defined benefit obligation                            | 178,795   | 201,295   |
| Return on plan assets during the year                                 | (104,264) | (109,301) |
|                                                                       | 192,550   | 214,038   |
| Net remeasurements for the year charged to other comprehensive income | 58,659    | (41,666)  |
| Contributions made by the Company during the year                     | (127,695) | (166,778) |
| Net liability as at end of the year                                   | 858,371   | 734,857   |

**10.1.2 Movement in present value of defined benefit obligation**

|                                                                         |           |           |
|-------------------------------------------------------------------------|-----------|-----------|
| Present value of defined benefit obligation as at beginning of the year | 1,608,666 | 1,462,680 |
| Current service cost                                                    | 118,019   | 122,044   |
| Interest cost                                                           | 178,795   | 201,295   |
| Payments against opening payables                                       | (11,929)  | (7,248)   |
| Benefits paid during the year                                           | (101,141) | (151,568) |
| Remeasurements:                                                         |           |           |
| - Actuarial gain from changes in financial assumptions                  | -         | (6,133)   |
| - Actuarial loss from changes in demographic assumptions                | 25,508    | -         |
| - Experience adjustments                                                | 8,766     | (12,404)  |
|                                                                         | 34,274    | (18,537)  |
| Present value of defined benefit obligation as at end of the year       | 1,826,684 | 1,608,666 |

**10.1.3 Movement in fair value of plan assets**

|                                                       |           |           |
|-------------------------------------------------------|-----------|-----------|
| Fair value of plan assets as at beginning of the year | 873,809   | 733,418   |
| Interest income on plan assets                        | 104,264   | 109,301   |
| Contributions during the year                         | 127,695   | 166,778   |
| Benefits paid during the year                         | (113,070) | (158,817) |
| Remeasurement (loss)/ gain on plan assets             | (24,385)  | 23,129    |
| Fair value of plan assets as at end of the year       | 968,313   | 873,809   |

**10.1.4 Plan assets**

Plan assets are comprised as follows:

|                        | 2026          |            | 2025          |            |
|------------------------|---------------|------------|---------------|------------|
|                        | (Rs in '000') | Percentage | (Rs in '000') | Percentage |
| Cash and bank balances | 2,567         | 0%         | 6,810         | 1%         |
| Debt instruments       | 965,746       | 100%       | 866,999       | 99%        |
|                        | 968,313       | 100%       | 873,809       | 100%       |



2026

2025

(Rupees in thousand)

**10.1.5 Charge for the year to unconsolidated statement of profit or loss**

|                                |                |                |
|--------------------------------|----------------|----------------|
| Current service cost           | 118,019        | 122,044        |
| Interest cost                  | 178,795        | 201,295        |
| Interest income on plan assets | (104,264)      | (109,301)      |
|                                | <u>192,550</u> | <u>214,038</u> |

**10.1.6 Total remeasurements charged to other comprehensive income**

|                                                                       |               |                 |
|-----------------------------------------------------------------------|---------------|-----------------|
| Actuarial gain from changes in financial assumptions                  | -             | (6,133)         |
| Actuarial loss from changes in demographic assumptions                | 25,508        | -               |
| Experience adjustments                                                | 8,766         | (12,404)        |
|                                                                       | <u>34,274</u> | <u>(18,537)</u> |
| Remeasurement loss/ ( gain) on plan assets, excluding interest income | 24,385        | (23,129)        |
|                                                                       | <u>58,659</u> | <u>(41,666)</u> |

**10.1.7 Assumptions used for valuation of the gratuity are as under:**

|                                                      |                 | 2026                           | 2025                           |
|------------------------------------------------------|-----------------|--------------------------------|--------------------------------|
| Discount rate per annum                              | Per annum       | 11.75%                         | 11.75%                         |
| Expected increase in eligible salary level per annum | Per annum       | 10.75%                         | 10.75%                         |
| Duration of plan                                     | Number of years | 6                              | 7                              |
| Expected withdrawal and early retirement rate        |                 | SLIC 2001-2005 mortality table | SLIC 2001-2005 mortality table |

**10.1.8 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

|                    | Change in assumptions |        |             | Impact on defined benefit obligation |       |                        |       |       |
|--------------------|-----------------------|--------|-------------|--------------------------------------|-------|------------------------|-------|-------|
|                    |                       |        |             | Increase in assumption               |       | Decrease in assumption |       |       |
|                    | 2026                  | 2025   |             | 2026                                 | 2025  | 2026                   | 2025  |       |
| Discount rate      | -1.00%                | -3.00% | Decrease by | 7.06%                                | 7.72% | Increase by            | 4.19% | 5.73% |
| Salary growth rate | -1.00%                | -3.00% | Increase by | 4.30%                                | 5.80% | Decrease by            | 7.26% | 7.89% |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the unconsolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**10.1.9 Risks associated with the defined benefit plan****- Final salary risk (linked to inflation risk)**

The risk that the final salary at the time of cessation of service is greater than what is currently assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

### - Demographic risks

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

### - Investment risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

**10.1.10** Expected contribution to the defined benefit plan for the year ending June 30, 2027 is Rs 323.022 million.

**10.1.11** The weighted average duration of the defined benefit obligation is 6 years (2025 – 7 years). The expected benefit payment for the next 10 years and beyond is as follows:

|               | Less than<br>a year  | Between<br>1 to 2 years | Between<br>2 to 5 years | Over 5 years | Total      |
|---------------|----------------------|-------------------------|-------------------------|--------------|------------|
|               | (Rupees in thousand) |                         |                         |              |            |
| June 30, 2026 | 323,022              | 214,335                 | 661,355                 | 7,642,465    | 8,841,177  |
| June 30, 2025 | 208,455              | 184,304                 | 495,158                 | 10,702,433   | 11,590,350 |
|               |                      |                         |                         | 2026         | 2025       |
|               | (Rupees in thousand) |                         |                         |              |            |

## 10.2 Accumulating compensated absences

|                                                       |          |          |
|-------------------------------------------------------|----------|----------|
| Opening liability                                     | 219,782  | 215,287  |
| Charged to unconsolidated statement of profit or loss | 107,750  | 90,752   |
| Payments made during the year                         | (20,726) | (31,251) |
| Liability as at year end                              | 306,806  | 274,788  |
| Current portion shown under current liabilities       | (65,726) | (55,006) |
|                                                       | 241,080  | 219,782  |

### 10.2.1 Movement in liability for accumulating compensated absences

|                                                                                |          |          |
|--------------------------------------------------------------------------------|----------|----------|
| Present value of accumulating compensated absences as at beginning of the year | 219,782  | 215,287  |
| Current service cost                                                           | 89,777   | 80,220   |
| Interest cost                                                                  | 20,753   | 25,391   |
| Benefits due but not paid                                                      | (65,726) | (55,006) |
| Benefits paid during the year                                                  | (20,726) | (31,251) |
| Actuarial gain from changes in financial assumptions                           | -        | (871)    |
| Actuarial losses from changes in demographic assumptions                       | 3,752    | -        |
| Experience adjustments                                                         | (6,532)  | (13,988) |
| Present value of accumulating compensated absences as at year end              | 241,080  | 219,782  |

### 10.2.2 Charge for the year

|                               |         |          |
|-------------------------------|---------|----------|
| Current service cost          | 89,777  | 80,220   |
| Interest cost                 | 20,753  | 25,391   |
| Remeasurement during the year | (2,780) | (14,859) |
| Total expense for the year    | 107,750 | 90,752   |

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

|                                               |                 | 2026                           | 2025                           |
|-----------------------------------------------|-----------------|--------------------------------|--------------------------------|
| Discount rate                                 | Per annum       | 11.75%                         | 11.75%                         |
| Expected rate of increase in salary           | Per annum       | 10.75%                         | 10.75%                         |
| Duration of the plan                          | Number of years | 2                              | 2                              |
| Expected withdrawal and early retirement rate |                 | SLIC 2001-2005 mortality table | SLIC 2001-2005 mortality table |

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

|                    | Change in   |        |             | Impact on accumulating compensated balances |       |             |            |       |  |
|--------------------|-------------|--------|-------------|---------------------------------------------|-------|-------------|------------|-------|--|
|                    | assumptions |        |             | Increase in                                 |       | Decrease in |            |       |  |
|                    | 2026        | 2025   |             | assumption                                  |       |             | assumption |       |  |
|                    |             |        |             | 2026                                        | 2025  |             | 2026       | 2025  |  |
| Discount rate      | -1.00%      | -3.00% | Decrease by | 5.70%                                       | 6.98% | Increase by | 6.62%      | 7.99% |  |
| Salary growth rate | -1.00%      | -3.00% | Increase by | 6.49%                                       | 7.91% | Decrease by | 5.68%      | 7.03% |  |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the accumulating leave absences to significant actuarial assumptions the same method (present value of the accumulating compensated absences calculated with the projected unit credit method at the end of the reporting period) has been applied for valuation of balance of accumulating compensated absences in the unconsolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

### 10.2.5 Risks associated with the accumulating compensated absences

#### - Final Salary Risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

#### - Demographic risks

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

#### - Investment Risk

The risk of the investment underperforming and being not sufficient to meet the liabilities

2026

2025

(Rupees in thousand)

**11. Deferred taxation**

The net liability for deferred taxation comprises taxable / (deductible) temporary differences, unused tax credits and unused tax losses relating to:

**Deferred tax liability**

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Accelerated tax depreciation          | 17,542,432        | 18,421,492        |
| Un-realised gain on investments - net | 1,419,378         | 2,183,713         |
|                                       | <u>18,961,810</u> | <u>20,605,205</u> |

**Deferred tax asset**

|                                                   |                    |                    |
|---------------------------------------------------|--------------------|--------------------|
| Available unused minimum tax credit               | (933,860)          | (1,430,125)        |
| Available unused Alternative Corporate Tax credit | (1,083,852)        | (774,517)          |
| Available unused tax losses                       | (2,679,712)        | (4,591,254)        |
| Loss allowance on financial assets                | (90,410)           | (128,605)          |
| Employee benefit obligations                      | (431,115)          | (393,762)          |
|                                                   | <u>(5,218,949)</u> | <u>(7,318,263)</u> |
|                                                   | <u>13,742,861</u>  | <u>13,286,942</u>  |

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

|                                                                                     |                   |                   |
|-------------------------------------------------------------------------------------|-------------------|-------------------|
| Opening balance                                                                     | 13,286,942        | 12,675,472        |
| Charged to unconsolidated statement of comprehensive income                         | (783,370)         | (977,734)         |
| Charged to unconsolidated statement of profit or loss - note 36                     | 1,239,289         | 1,240,306         |
| Loss surrendered to Nishat Dairy (Private) Limited under group relief - note 25.3.2 | -                 | 348,898           |
| Closing balance                                                                     | <u>13,742,861</u> | <u>13,286,942</u> |

Deferred tax asset on tax losses and tax credits available for carry forward have been recognised to the extent that the realisation of related tax benefits is probable from reversal of existing taxable temporary differences and future taxable profits. Based on the Company's approved business plan, it is probable that sufficient taxable profits will be available for utilisation of deferred tax asset.

2026

2025

(Rupees in thousand)

**12. Trade and other payables**

|                                    |             |                   |                   |
|------------------------------------|-------------|-------------------|-------------------|
| Trade creditors                    | - note 12.1 | 3,932,175         | 3,900,142         |
| Contract liabilities               | - note 12.2 | 2,750,268         | 3,186,488         |
| Accrued liabilities                | - note 12.3 | 6,862,971         | 3,377,704         |
| Workers' Profit Participation Fund | - note 12.4 | 720,416           | 689,431           |
| Workers' Welfare Fund              | - note 12.5 | 300,442           | 184,757           |
| Withholding tax payable            |             | 61,914            | 11,813            |
| Retention money payable            |             | 40,592            | 34,364            |
| Export commission payable          |             | 281,862           | 308,695           |
| Infrastructure cess                |             | 1,851,642         | 1,563,097         |
| Others                             |             | 287,693           | 76,957            |
|                                    |             | <u>17,089,975</u> | <u>13,333,448</u> |



2026

2025

(Rupees in thousand)

**12.1** Trade creditors include amounts due to following related parties:

|                                                  |                |                |
|--------------------------------------------------|----------------|----------------|
| Nishat Packaging Limited                         | 146,951        | 146,377        |
| Security General Insurance Company Limited       | 2,378          | 1,058          |
| Nishat Dairy (Private) Limited                   | -              | 45,071         |
| Pakistan Aviators and Aviation (Private) Limited | 8,892          | 393            |
| Nishat Hotels and Properties Limited             | 603            | 2,226          |
| Nishat Mills Limited                             | 34,985         | -              |
| Hyundai Nishat Motor (Private) Limited           | 34             | -              |
|                                                  | <u>193,843</u> | <u>195,125</u> |

**12.2** This represents contract liabilities of the Company towards various parties and includes contract liabilities from Hyundai Nishat Motors (Private) Limited amounting to Nil (2025: Rs 0.169 million ).

Revenue recognised in the current year that was included in the contract liability balance at the beginning of the year amounts to Rs 0.169 million (2025: Rs 1,475.192 million).

**12.3** Includes Gas Infrastructure Development Cess ('GIDC') amounting to Rs 1,345.019 million (2025: Rs 1,345.019 million) that was levied through the GIDC Act, 2015. The Supreme Court of Pakistan ('SCP') through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Company were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government of Pakistan in 24 equal monthly instalments. The Company has partially paid GIDC amounting to Rs 84.5 million. The Company also filed a Suit with the Sindh High Court against collection of GIDC instalments, before a factual determination of GIDC passed on to end consumers or not is carried out. The Sindh High Court granted a stay in March 2021 against recovery of GIDC payable from the Company till the finalisation of matter by the Court. The matter is currently pending in the Sindh High Court. The Company has followed the relevant accounting standards and ICAP guidelines in this regard.

Furthermore, this includes provision in respect of royalty expense on limestone and argillaceous clay for the province of Punjab. The Company along with other petitioners had contested the calculation of royalty as per notification of Mines & Mineral Department, Government of the Punjab dated August 1, 2024 before the honorable Supreme Court ('SC'). The SC through order dated June 25, 2025 has given interim relief to the Company by maintaining status quo till the decision of the petition.

The petition is now pending adjudication before the honorable Federal Constitutional Court.

**12.3.1** Trade and other payables include provision for royalty expense (including the aforementioned provision in respect of royalty expense on limestone and argillaceous clay for the province of Punjab) amounting to Rs 2,657.439 million as at June 30, 2026 (June 30, 2025: Rs 787.318 million). During the year, expense amounting to Rs 3,081.532 million was recognised, while payments amounting to Rs 1,211.411 million were made by the Company.

2026

2025

(Rupees in thousand)

**12.4 Workers' Profit Participation Fund**

The reconciliation of carrying amount is as follows:

|                               |           |                  |                |
|-------------------------------|-----------|------------------|----------------|
| Opening balance               |           | 689,431          | 166,991        |
| Provision for the year        | - note 32 | 720,416          | 486,203        |
| Interest for the year         | - note 34 | -                | 36,237         |
|                               |           | <u>1,409,847</u> | <u>689,431</u> |
| Payments made during the year |           | (689,431)        | -              |
| Closing balance               |           | <u>720,416</u>   | <u>689,431</u> |

2026

2025

(Rupees in thousand)

**12.5 Workers' welfare fund**

The reconciliation of carrying amount is as follows:

|                               |           |           |         |
|-------------------------------|-----------|-----------|---------|
| Opening balance               |           | 184,757   | -       |
| Provision for the year        | - note 32 | 273,758   | 184,757 |
|                               |           | 458,515   | 184,757 |
| Payments made during the year |           | (158,073) | -       |
| Closing balance               |           | 300,442   | 184,757 |

**13. Short term borrowings from financial institutions - secured****From banking companies:****Short term running finances / short term borrowings**

|                    |             |           |           |
|--------------------|-------------|-----------|-----------|
| - Commerical banks |             | 1,881,921 | 1,119,523 |
| - Islamic banks    |             | 3,312,157 | 9,409     |
|                    | - note 13.1 | 5,194,078 | 1,128,932 |

**Import finances**

- note 13.2 - -

**Export finances**

|                    |             |            |           |
|--------------------|-------------|------------|-----------|
| - Commerical banks |             | 6,591,943  | 7,849,567 |
| - Islamic banks    |             | 2,112,582  | 900,000   |
|                    | - note 13.3 | 8,704,525  | 8,749,567 |
|                    |             | 13,898,603 | 9,878,499 |

**13.1 Short term running finances / short term borrowings**

Short term running finance facilities and short term borrowings available from various banks under mark-up / profit arrangements aggregate to Rs 38,700 million (2025: Rs 38,600 million). Such facilities are available at mark-up / profit rates ranging from one to three months KIBOR minus 1.50% to KIBOR plus 1.50% (2025: One to three months KIBOR minus 4.5% to 1%) per annum. The mark-up / profit rate charged during the year on the outstanding balance ranged from 10.63% to 13.53% (2025: 7.74% to 22.49%) per annum and mark-up / profit is payable monthly to quarterly. These are secured by joint registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

**13.1.1** This includes short term running finance amounting to Rs 864.873 million (2025: Rs 719.448 million) from MCB Bank Limited - a related party.

**13.2 Import finances**

Import finance facilities available from various banks under mark-up / profit arrangements aggregate to Rs 22,500 million (2025: Rs 21,100 million). Such facilities are available at mark-up / profit rates ranging from one to six months KIBOR to KIBOR plus 0.50% (2025: one to six months KIBOR minus 0.15% to KIBOR plus 0.5%) per annum. The mark-up / profit rate charged during the year on the outstanding balance nil (2025: 12.08% to 21.45%) per annum and mark-up / profit is payable on settlement. The aggregate import finances are secured by a registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, trade debts, investments and other receivables.

### 13.3 Export finances

Export finance facilities available from various banks under mark-up / profit arrangements aggregate to Rs 25,700 million (2025: Rs 19,950 million). Such facilities are available at mark-up / profit rate agreed as per State Bank of Pakistan plus 0.20% to 1.00% (2025: State Bank of Pakistan agreed rate plus 0.25% to 1.00%) per annum. The Export Finance Scheme rate has ranged from 2.00% to 9.00% (2025: 8.25% to 17.5%) throughout the year. These loans are obtained for a period of 180 days and are secured against joint pari passu hypothecation charge over current assets of the Company.

**13.3.1** This includes export finance amounting to Rs 412.00 million (2025: Rs 500 million) from MCB Bank Limited - a related party.

### 13.4 Letters of credit and guarantees

Of the aggregate facility of Rs 76,300 million (2025: Rs 42,900 million) for opening letters of credit and Rs 15,300 million (2025: Rs 4,850 million) for guarantees, all being either main limits or sub-limits of the running finance facilities, the amount utilised as at June 30, 2026 was Rs 29,181.580 million (2025: Rs 1,990 million) and Rs 6,270.854 million (2025: Rs 3,953 million) respectively. The facilities for opening letters of credit are secured against lien over import documents whereas aggregate facilities for guarantees are secured against registered joint pari passu charge over the present and future current assets of the Company. Of the facility for guarantees, Rs 14.48 million (2025: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 26.2.

2026

2025

(Rupees in thousand)

## 14. Accrued mark-up

Accrued mark-up / profit on:

|                                                               |             |                |                |
|---------------------------------------------------------------|-------------|----------------|----------------|
| - Long term finances from financial institutions - secured    | - note 14.1 | 56,257         | 63,932         |
| - Short term borrowings from financial institutions - secured | - note 14.2 | 164,773        | 165,720        |
|                                                               |             | <u>221,030</u> | <u>229,652</u> |

**14.1** This includes accrued mark-up relating to commercial banks of Rs 9.943 million (2025: Rs 38.42 million) and profit accrued relating to Islamic banks of Rs 46.314 million (2025: Rs 25.51 million).

**14.2** This includes accrued mark-up relating to commercial banks of Rs 95.226 million (2025: Rs 144.396 million) and profit accrued relating to Islamic banks of Rs 69.547 million (2025: Rs 21.324 million).

2026

2025

(Rupees in thousand)

## 15. Current portion of non-current liabilities

|                                        |              |                  |                  |
|----------------------------------------|--------------|------------------|------------------|
| Loans under refinance scheme           | - note 7.1.2 | 648,707          | 839,389          |
| Long term loans                        | - note 7.2.2 | 429,483          | 1,095,383        |
| Foreign currency term finance facility | - note 7.3.3 | 5,489,986        | -                |
| Accumulating compensated absences      | - note 10.2  | 65,726           | 55,006           |
| Deferred government grant              | - note 8     | 31,369           | 79,465           |
|                                        |              | <u>6,665,271</u> | <u>2,069,243</u> |

## 16. Contingencies and commitments

### 16.1 Contingencies

#### Contingent assets:

**16.1.1** Interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 ('1944 Act') has been decided by the honorable Supreme Court of Pakistan through its judgment dated January 27, 2009 (upholding its previous judgment dated February 15, 2007). The longstanding controversy between the Revenue Department and the taxpayers primarily related to the 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 was challenged by the taxpayers in appeals before the honorable High Court(s) of Pakistan which, duly appreciating the contentions of the taxpayers, overturned the departmental view and succeeded the appeals.

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

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

#### Contingent liabilities

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

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

After various appeals at different forums, the honourable Supreme Court of Pakistan remanded the case back to the Customs Authorities to reassess the liability of the Company. The custom authorities re-determined the liability of the Company upon which the Company preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Company, upon which the Company discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench on November 19, 2013. Last hearing of the case was conducted on June 25, 2018. In case of any adverse decision, the management assesses liability to the tune of Rs 233.390 million. No provision for this amount has been made in the financial statements as according to the management of the Company, there are meritorious grounds that the ultimate decision would be in its favour.

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



The vires of the Competition Commission of Pakistan were challenged by a large number of petitioners / companies and all had been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution of Pakistan. Pursuant thereto, the Parliament enacted the Competition Commission Ordinance, 2009 which was also challenged by the Company before the Lahore High Court. All these petitions were eventually disposed off with the direction to the Competition Appellate Tribunal ('CAT') to decide the Appeals on merits. In the meantime, owing to the amendments brought into the law by virtue of the Competition Act, 2010, the Honourable Supreme Court of Pakistan also remanded the matter to the CAT for decision on merits. The Company thereafter challenged sections 42, 43 and 44 of the Competition Act, 2010 in the Sindh High Court. The Honourable Sindh High Court upon petition filed by large number of petitioners gave direction to CAT to continue with the proceedings and not to pass a final order till the time petition is pending in Sindh High Court. However, on February 24, 2025 the Sindh High Court vacated the interim order thereby allowing the CAT to pass a final order. The Appeal was recently heard by the CAT on merits and has been reserved for Judgment. 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 the Company's favour.

**16.1.5** The Company, consequent to the order-in-appeal passed by the learned Customs, Federal Excise and Sales Tax Appellate Tribunal, Lahore, filed a petition before the Lahore High Court on March 27, 2008, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period from June 13, 1997 to August 11, 1998. Last hearing of the case was conducted on December 17, 2015. According to the legal counsel of the Company, chances of favourable outcome of the petition are fair, therefore the payable amount has not been incorporated in these financial statements amounting to Rs 212.239 million.

**16.1.6** The banks have issued the following guarantees on Company's behalf in favor of:

- Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs 30.538 million (2025: Rs 30.538 million).
- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 1,769.900 million (2025: Rs 1,617.900 million).
- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2025: 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 544.414 million (2025: Rs 544.414 million).
- Sindh High Court against levy of Sales Tax, custom duty and excise amounting to Rs 176.860 million (2025: Rs 176.860 million).
- Directorate General of Mines & Minerals, Punjab against enhanced royalty rates on minerals amounting to Rs 2,420.885 million (2025: Rs 291.716 million).
- K-Electric against security deposits for electricity bills amounting to Rs 193.713 million (2025: Rs 193.713 million).
- Controller of Military Accounts (Defence Purchase) Rawalpindi against sale of cement amounting to Rs 3 million (2025: Rs 37.726 million).
- Commander Military Engineering Services (Navy) Ormara CMES against sale of cement amounting to Rs 160 million (2025: Nil).

**16.1.7** The Company has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs 971.043 million (2025: Rs 1,060.186 million).

**16.2 Commitments in respect of:**

- (i) Contracts for capital expenditure Rs 3,538.016 million (2025: Rs 50.206 million).
- (ii) Letters of credit for capital expenditure Rs 26,406.540 million (2025: Nil)
- (iii) Letters of credit other than capital expenditure Rs 2,775.040 million (2025: Rs 253.664 million)
- (iv) The amount of future payments under leases and the period in which these payments will become due are as follows:

|                                                   | 2026                 | 2025  |
|---------------------------------------------------|----------------------|-------|
|                                                   | (Rupees in thousand) |       |
| Not later than one year                           | 412                  | 412   |
| Later than one year and not later than five years | 1,650                | 1,650 |
| Later than five years                             | 2,236                | 2,648 |
|                                                   | 4,298                | 4,710 |

**17. Property, plant and equipment**

|                                          |             |            |            |
|------------------------------------------|-------------|------------|------------|
| Operating fixed assets                   | - note 17.1 | 73,621,673 | 76,142,612 |
| Capital work-in-progress                 | - note 17.2 | 2,385,307  | 798,312    |
| Major spare parts and stand-by equipment | - note 17.3 | 203,942    | 311,635    |
|                                          |             | 76,210,922 | 77,252,559 |

## 17.1 Operating fixed assets

2026

(Rupees in thousand)

|                                      | Depreciation rate<br>(Percentage) | Cost as at<br>July 01, 2025 | Additions /<br>(disposals) | Cost as at<br>June 30, 2026 | Accumulated<br>depreciation<br>and impairment<br>as at July<br>01, 2025 | Depreciation<br>charge /<br>(disposals)<br>for the year | Accumulated<br>depreciation<br>and impairment<br>as at June<br>30, 2026 | Book value<br>as at June<br>30, 2026 |
|--------------------------------------|-----------------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------|
| <b>Owned assets:</b>                 |                                   |                             |                            |                             |                                                                         |                                                         |                                                                         |                                      |
| Freehold land - note 17.1.2          | -                                 | 2,028,288                   | -                          | 2,028,288                   | -                                                                       | -                                                       | -                                                                       | 2,028,288                            |
| Buildings on freehold land           |                                   |                             |                            |                             |                                                                         |                                                         |                                                                         |                                      |
| - Factory building                   | 5%                                | 23,361,982                  | (180,217)                  | 23,181,765                  | 10,000,840                                                              | 668,057<br>(180,217)                                    | 10,488,680                                                              | 12,693,085                           |
| - Office building and housing colony | 5%                                | 4,788,252                   | 31,281                     | 4,819,533                   | 1,427,817                                                               | 169,432                                                 | 1,597,249                                                               | 3,222,284                            |
| Roads                                | 10%                               | 2,454,172                   | -                          | 2,454,172                   | 1,400,166                                                               | 105,400                                                 | 1,505,566                                                               | 948,606                              |
| Plant and machinery                  | 3.34%-6.59%                       | 82,021,282                  | 437,467<br>(1,524,734)     | 80,934,015                  | 30,551,212                                                              | 2,262,641<br>(1,524,734)                                | 31,289,119                                                              | 49,644,896                           |
| Quarry equipment                     | 10%                               | 4,416,981                   | 3,000                      | 4,419,981                   | 2,780,224                                                               | 120,011                                                 | 2,900,235                                                               | 1,519,746                            |
| Furniture and fittings               | 30%                               | 593,964                     | 40,903                     | 634,867                     | 469,460                                                                 | 44,121                                                  | 513,581                                                                 | 121,286                              |
| Office equipment                     | 30%                               | 803,540                     | 60,379                     | 863,919                     | 574,074                                                                 | 78,977                                                  | 653,051                                                                 | 210,868                              |
| Vehicles                             | 20%                               | 1,295,967                   | 350,291<br>(166,084)       | 1,480,174                   | 668,165                                                                 | 128,769<br>(102,766)                                    | 694,168                                                                 | 786,006                              |
| Aircraft parts                       | 30%                               | 334,493                     | 474,986                    | 809,479                     | 326,944                                                                 | 73,511                                                  | 400,455                                                                 | 409,024                              |
| Power and water supply lines         | 10%                               | 4,315,050                   | -                          | 4,315,050                   | 2,258,150                                                               | 205,689                                                 | 2,463,839                                                               | 1,851,211                            |
|                                      |                                   | 126,413,971                 | 1,398,307<br>(1,871,035)   | 125,941,243                 | 50,457,052                                                              | 3,856,608<br>(1,807,717)                                | 52,505,943                                                              | 73,435,300                           |
| <b>Leased assets:</b>                |                                   |                             |                            |                             |                                                                         |                                                         |                                                                         |                                      |
| Leasehold land                       | 3.33%                             | 263,000                     | 9,447                      | 272,447                     | 77,307                                                                  | 8,767                                                   | 86,074                                                                  | 186,373                              |
|                                      |                                   | 263,000                     | 9,447                      | 272,447                     | 77,307                                                                  | 8,767                                                   | 86,074                                                                  | 186,373                              |
|                                      |                                   | 126,676,971                 | (463,281)                  | 126,213,690                 | 50,534,359                                                              | 2,057,658                                               | 52,592,017                                                              | 73,621,673                           |

| 2025                                 |                                |                          |                         |                          |                                                             |                                                | (Rupees in thousand)                                        |                                |
|--------------------------------------|--------------------------------|--------------------------|-------------------------|--------------------------|-------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------|--------------------------------|
|                                      | Depreciation rate (Percentage) | Cost as at July 01, 2024 | Additions / (disposals) | Cost as at June 30, 2025 | Accumulated depreciation and impairment as at July 01, 2024 | Depreciation charge / (disposals) for the year | Accumulated depreciation and impairment as at June 30, 2025 | Book value as at June 30, 2025 |
| <b>Owned assets:</b>                 |                                |                          |                         |                          |                                                             |                                                |                                                             |                                |
| Freehold land                        | -                              | 1,995,088                | 33,200                  | 2,028,288                | -                                                           | -                                              | -                                                           | 2,028,288                      |
| Buildings on freehold land           |                                |                          |                         |                          |                                                             |                                                |                                                             |                                |
| - Factory building                   | 5%                             | 23,354,723               | 7,259                   | 23,361,982               | 9,297,781                                                   | 703,059                                        | 10,000,840                                                  | 13,361,142                     |
| - Office building and housing colony | 5%                             | 4,097,026                | 691,226                 | 4,788,252                | 1,284,467                                                   | 143,350                                        | 1,427,817                                                   | 3,360,435                      |
| Roads                                | 10%                            | 2,454,172                | -                       | 2,454,172                | 1,283,054                                                   | 117,112                                        | 1,400,166                                                   | 1,054,006                      |
| Plant and machinery                  | 3.34%-6.59%                    | 81,338,397               | 682,885                 | 82,021,282               | 28,320,562                                                  | 2,230,650                                      | 30,551,212                                                  | 51,470,070                     |
| Quarry equipment                     | 10%                            | 4,420,051                | 3,500                   | 4,416,981                | 2,648,644                                                   | 133,611                                        | 2,780,224                                                   | 1,636,757                      |
|                                      |                                |                          | (6,570)                 |                          |                                                             | (2,031)                                        |                                                             |                                |
| Furniture and fittings               | 30%                            | 557,204                  | 36,760                  | 593,964                  | 420,922                                                     | 48,538                                         | 469,460                                                     | 124,504                        |
| Office equipment                     | 30%                            | 690,144                  | 113,396                 | 803,540                  | 498,147                                                     | 75,927                                         | 574,074                                                     | 229,466                        |
| Vehicles                             | 20%                            | 1,167,020                | 198,730                 | 1,295,967                | 598,503                                                     | 110,129                                        | 668,165                                                     | 627,802                        |
|                                      |                                |                          | (69,783)                |                          |                                                             | (40,467)                                       |                                                             |                                |
| Aircraft parts                       | 30%                            | 328,752                  | 5,741                   | 334,493                  | 323,710                                                     | 3,234                                          | 326,944                                                     | 7,549                          |
| Power and water supply lines         | 10%                            | 4,314,865                | 185                     | 4,315,050                | 2,029,611                                                   | 228,539                                        | 2,258,150                                                   | 2,056,900                      |
|                                      |                                | 124,717,442              | 1,772,882               | 126,413,971              | 46,705,401                                                  | 3,794,149                                      | 50,457,052                                                  | 75,956,919                     |
|                                      |                                |                          | (76,353)                |                          |                                                             | (42,498)                                       |                                                             |                                |
| <b>Leased assets:</b>                |                                |                          |                         |                          |                                                             |                                                |                                                             |                                |
| Leasehold land                       | 3.33%                          | 263,000                  | -                       | 263,000                  | 68,540                                                      | 8,767                                          | 77,307                                                      | 185,693                        |
|                                      |                                | 263,000                  | -                       | 263,000                  | 68,540                                                      | 8,767                                          | 77,307                                                      | 185,693                        |
|                                      |                                | 124,980,442              | 1,696,529               | 126,676,971              | 46,773,941                                                  | 3,760,418                                      | 50,534,359                                                  | 76,142,612                     |

**17.1.1** Freehold land and building include book values of Rs 12 million (2025: Rs 12 million) and Rs 3.463 million (2025: Rs 3.821 million) respectively which are held in the name of the Chief Executive of the Company. This property is located in the locality of Defence Housing Authority, Lahore, where the bye-laws restrict transfer of title of the residential property in the name of the Company.

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

| Location                                   | 2025      |           |
|--------------------------------------------|-----------|-----------|
|                                            | 2026      | 2025      |
| <b>Usage of immovable property</b>         |           |           |
| Hub, Mauza Chichai, Balochistan            | 1,462.5   | 1,462.5   |
| Khairpur district, Chakwal, Punjab         | 901.5     | 901.5     |
| Kanrach Nai, District Lasbela, Balochistan | 723.1     | 723.1     |
| Dera Ghazi Khan, Punjab                    | 590.0     | 590.0     |
| Lakho Dair, Lahore, Punjab                 | 44.0      | 44.0      |
| Gulberg, Lahore, Punjab                    | 1.5       | 1.5       |
| Others                                     | 0.3       | 0.3       |
| <b>Total Area (in Acres)</b>               |           |           |
|                                            | 3,658,359 | 3,687,395 |
|                                            | 192,360   | 101,013   |
|                                            | 14,656    | 14,508    |
|                                            | 3,865,375 | 3,802,916 |

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

Cost of sales  
Administrative expenses  
Selling and distribution expenses

- note 28  
- note 29  
- note 30



#### 17.1.4 Sale of operating fixed assets

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

| Particulars of assets | Sold to                  | Cost    | Book value | 2026          |                       | Mode of sale          |
|-----------------------|--------------------------|---------|------------|---------------|-----------------------|-----------------------|
|                       |                          |         |            | Sale proceeds | Gain / (Loss) on sale |                       |
| Vehicles              | (Rupees in thousand)     |         |            |               |                       |                       |
|                       | Outside parties          |         |            |               |                       |                       |
|                       | Mr. Imran Saeed          | 2,719   | 628        | 4,128         | 3,500                 | Auction               |
|                       | Mr. Malik Muhammad Javed | 1,664   | 373        | 2,577         | 2,204                 | -do-                  |
|                       | Mr. Muhammad Ibrahim     | 1,579   | 268        | 1,955         | 1,687                 | -do-                  |
|                       | Mr. Suneel Raja          | 1,537   | 315        | 2,165         | 1,850                 | -do-                  |
|                       | Mr. Sohaib Shabir        | 20,355  | 4,292      | 18,050        | 13,758                | -do-                  |
|                       | Mr. Syed Salman Ali      | 20,175  | 4,102      | 11,000        | 6,898                 | -do-                  |
|                       | Mr. Hassan Khalil        | 3,616   | 1,563      | 4,325         | 2,762                 | -do-                  |
|                       | Mr. Musaddiq Ahmed Khan  | 3,547   | 1,533      | 4,275         | 2,742                 | -do-                  |
|                       | Mr. Muhammad Qasim       | 2,385   | 703        | 4,385         | 3,682                 | -do-                  |
|                       | Mr. Khurram Ayub         | 1,699   | 389        | 3,118         | 2,729                 | -do-                  |
|                       | Mr. Asad Masih           | 70      | 13         | 36            | 23                    | -do-                  |
|                       | Mr. Muhammad Fahad       | 1,713   | 469        | 2,994         | 2,525                 | -do-                  |
|                       | Mr. Syed Faizan Ali      | 1,788   | 495        | 2,852         | 2,357                 | -do-                  |
|                       | Mr. Sajid Hussain        | 63      | 8          | 15            | 7                     | -do-                  |
| Mr. Ghulam Hussain    | 69                       | 12      | 37         | 25            | -do-                  |                       |
|                       | Mr. Muhammad Raza Saeed  | 100,403 | 47,310     | 130,000       | 82,690                | Market quotation      |
| Employees             |                          |         |            |               |                       |                       |
|                       | Mr. Faizan Rasool        | 2,702   | 845        | 4,465         | 3,620                 | As per Company Policy |

2025

| Particulars of assets                   | Sold to | Cost   | Book value | Sale proceeds<br>(Rupees in thousand) | Gain / (Loss) on sale | Mode of sale          |
|-----------------------------------------|---------|--------|------------|---------------------------------------|-----------------------|-----------------------|
| <b>Quarry Equipment</b>                 |         |        |            |                                       |                       |                       |
| <b>Vehicles</b>                         |         |        |            |                                       |                       |                       |
| <b>Related party</b>                    |         |        |            |                                       |                       |                       |
| M/s Caterpillar                         |         | 6,570  | 4,540      | 6,570                                 | 2,030                 | Auction               |
| <b>Outside parties</b>                  |         |        |            |                                       |                       |                       |
| Mr. Muneeb Ahmed                        |         | 4,548  | 1,149      | 6,704                                 | 5,555                 | Auction               |
| Mr. Ali Subhani                         |         | 3,476  | 1,061      | 6,451                                 | 5,390                 | -do-                  |
| Mr. Asad Ali                            |         | 1,704  | 416        | 2,875                                 | 2,459                 | -do-                  |
| Mr. Khurram Imtiaz                      |         | 3,132  | 736        | 5,657                                 | 4,921                 | -do-                  |
| M/s Kausar Sons Leisure Private Limited |         | 31,065 | 17,734     | 25,000                                | 7,266                 | -do-                  |
| Mr. Sultan Mohammad                     |         | 54     | 6          | 18                                    | 12                    | -do-                  |
| Mr. Abdul Rahim                         |         | 70     | 26         | 64                                    | 38                    | -do-                  |
| Mr. Furqan Ahmed                        |         | 1,250  | 373        | 1,930                                 | 1,557                 | -do-                  |
| Mr. Muhammad Umer                       |         | 64     | 20         | 56                                    | 36                    | -do-                  |
| Mr. Mohammad Farooq                     |         | 2,163  | 584        | 3,368                                 | 2,784                 | -do-                  |
| Mr. Khalil Ahmad                        |         | 1,127  | 279        | 1,400                                 | 1,121                 | -do-                  |
| Mr. Asim Mumtaz                         |         | 1,931  | 483        | 3,708                                 | 3,225                 | -do-                  |
| <b>Employees</b>                        |         |        |            |                                       |                       |                       |
| Brid. (R) Jawed Akhtar                  |         | 2,299  | 772        | 772                                   | -                     | As per Company Policy |
| Maj.(R) Aslam Pervaiz                   |         | 2,306  | 741        | 741                                   | -                     | -do-                  |
| Mr. Khalid Mehmood Khalid               |         | 1,923  | 525        | 430                                   | (95)                  | -do-                  |
| Mr. Mukhtar Hussain Shafqat             |         | 2,512  | 1,294      | 1,294                                 | -                     | -do-                  |
| Mr. Malik Abdul Majeed                  |         | 2,219  | 685        | 685                                   | -                     | -do-                  |
| Col. (R) Taimur Malik                   |         | 2,244  | 614        | 606                                   | (8)                   | -do-                  |
| Mr. Syed Javed Hussain Zaidi            |         | 1,924  | 491        | 491                                   | -                     | -do-                  |
| Mr. Imran Razzak                        |         | 1,716  | 604        | 604                                   | -                     | -do-                  |
| Mr. Muhammad Ramzan                     |         | 2,054  | 723        | 723                                   | -                     | -do-                  |

## 17.2 Capital work-in-progress

2026 (Rupees in thousand)

|                                                        | Balance as at<br>July 1, 2025 | Capital<br>expenditure<br>incurred during<br>the year | Borrowing cost<br>capitalized<br>during<br>the year | Charged off<br>during<br>the year | Transfers<br>within capital<br>work-in-progress | Transfers to<br>operating<br>fixed assets | Transfers to<br>major spare parts<br>and stand<br>by equipment | Balance as at<br>June 30, 2026 |
|--------------------------------------------------------|-------------------------------|-------------------------------------------------------|-----------------------------------------------------|-----------------------------------|-------------------------------------------------|-------------------------------------------|----------------------------------------------------------------|--------------------------------|
| Civil works                                            | 30,229                        | 885,386                                               | -                                                   | -                                 | -                                               | (31,281)                                  | -                                                              | 884,334                        |
| Plant and machinery                                    | 621,380                       | 26,868                                                | -                                                   | -                                 | -                                               | -                                         | -                                                              | 648,248                        |
| Advances to suppliers<br>and contractors - note 17.2.1 | 114,307                       | 1,079,039                                             | -                                                   | -                                 | (102,872)                                       | (381,858)                                 | -                                                              | 708,616                        |
| Others:                                                |                               |                                                       |                                                     |                                   |                                                 |                                           |                                                                |                                |
| - Intangible assets                                    | 16,684                        | 3,000                                                 | -                                                   | -                                 | -                                               | -                                         | -                                                              | 19,684                         |
| - Unallocated capital expenditure                      | 15,712                        | 108,713                                               | -                                                   | -                                 | -                                               | -                                         | -                                                              | 124,425                        |
|                                                        | 798,312                       | 2,103,006                                             | -                                                   | -                                 | (102,872)                                       | (413,139)                                 | -                                                              | 2,385,307                      |

2025 (Rupees in thousand)

|                                          | Balance as at<br>July 1, 2024 | Capital<br>expenditure<br>incurred during<br>the year | Borrowing cost<br>capitalized<br>during<br>the year | Charged off<br>during<br>the year | Transfers<br>within capital<br>work-in-progress | Transfers to<br>operating<br>fixed assets | Transfers to<br>major spare parts<br>and stand<br>by equipment | Balance as at<br>June 30, 2025 |
|------------------------------------------|-------------------------------|-------------------------------------------------------|-----------------------------------------------------|-----------------------------------|-------------------------------------------------|-------------------------------------------|----------------------------------------------------------------|--------------------------------|
| Civil works                              | 664,340                       | 184,287                                               | -                                                   | -                                 | (116,781)                                       | (701,617)                                 | -                                                              | 30,229                         |
| Plant and machinery                      | 540,356                       | 834,316                                               | -                                                   | -                                 | (253,875)                                       | (496,758)                                 | (2,659)                                                        | 621,380                        |
| Advances to suppliers<br>and contractors | 110,943                       | 253,177                                               | -                                                   | -                                 | (249,813)                                       | -                                         | -                                                              | 114,307                        |
| Others:                                  |                               |                                                       |                                                     |                                   |                                                 |                                           |                                                                |                                |
| - Intangible assets                      | 16,051                        | 633                                                   | -                                                   | -                                 | -                                               | -                                         | -                                                              | 16,684                         |
| - Unallocated capital expenditure        | 9,339                         | 32,135                                                | -                                                   | -                                 | 19,629                                          | (45,391)                                  | -                                                              | 15,712                         |
|                                          | 1,341,029                     | 1,304,548                                             | -                                                   | -                                 | (600,840)                                       | (1,243,766)                               | (2,659)                                                        | 798,312                        |

## 17.2.1

This includes advance of Rs 10.155 million (2025: Nil) paid to Hyundai Nishat Motor (Private) Limited and Rs 25.563 million (2025: Nil) from NexGen Auto (Private) Limited, being the related parties of the Company. The maximum aggregate amount outstanding from these related parties at the end of any month during the year was Rs 43.535 million (2025: Nil). This amount is neither past due nor impaired.

2026

2025

(Rupees in thousand)

**17.3 Major spare parts and stand-by equipment**

The reconciliation of carrying amount is as follows:

|                                      |           |          |
|--------------------------------------|-----------|----------|
| Balance at the beginning of the year | 311,635   | 330,309  |
| Additions during the year            | 291,695   | 21,649   |
|                                      | 603,330   | 351,958  |
| Transfers made during the year       | (399,388) | (40,323) |
| Balance at the end of the year       | 203,942   | 311,635  |

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

**18. Intangible assets**

This represents computer software and related license(s). The reconciliation of carrying amount is as follows:

2026

2025

(Rupees in thousand)

**COST**

|                           |         |        |
|---------------------------|---------|--------|
| Balance as at July 01     | 77,655  | 77,655 |
| Additions during the year | 82,768  | -      |
| Balance as at June 30     | 160,423 | 77,655 |

**AMORTIZATION**

|                       |         |        |
|-----------------------|---------|--------|
| Balance as at July 01 | 64,579  | 34,893 |
| Charge for the year   | 40,209  | 29,686 |
| Balance as at June 30 | 104,788 | 64,579 |

- note 29

|                          |        |        |
|--------------------------|--------|--------|
| Book value as at June 30 | 55,635 | 13,076 |
|--------------------------|--------|--------|

|                            |              |              |
|----------------------------|--------------|--------------|
| Annual amortization rate % | 33.33% - 50% | 33.33% - 50% |
|----------------------------|--------------|--------------|

2026

2025

(Rupees in thousand)

**19. Long term investments**

These represent the long term investments in:

|                   |             |            |            |
|-------------------|-------------|------------|------------|
| - Related parties | - note 19.1 | 53,620,010 | 20,136,405 |
| - Others          | - note 19.2 | 686,833    | 553,140    |
|                   |             | 54,306,843 | 20,689,545 |



## 19.1 Related parties

## Subsidiaries - unquoted - at cost:

## Local subsidiaries:

## Nishat Packaging Limited

25,595,398 (2025: 25,595,398) fully paid

ordinary shares of Rs 10 each

Equity held: 55% (2025: 55%)

Cost - Rs 250.811 million (2025: Rs 250.811 million)

- note 19.1.1

Cumulative impairment loss - Nil (2025: Nil)

2026

2025

(Rupees in thousand)

250,811

250,811

## Nishat Dairy (Private) Limited

243,675,000 (2025: 243,675,000) fully paid

ordinary shares of Rs 10 each

Equity held: 55.10% (2025: 55.10%)

Cost - Rs 2,104.540 million (2025: Rs 2,104.540 million)

- note 19.1.2

Cumulative impairment loss - Nil (2025: Nil)

2,104,540

2,104,540

2,355,351

2,355,351

## Foreign subsidiary:

## D.G. Khan Cement Company (USA) LLC

Equity held: 100% (2025: 100%)

Cost - Rs 8,461.500 million (2025: Rs 8,461.500 million)

Cumulative impairment loss - Nil (2025: Nil)

- note 19.1.3

8,462

8,462

8,462

8,462

2,363,813

2,363,813

## Associate - quoted - at Cost:

## Rafhan Maize Products Company Limited

2,870,000 (2025: Nil) fully paid ordinary shares of Rs 10 each

Equity held: 31.07% (2025: Nil)

Cost - Rs 28,402.857 million (2025: Nil)

Cumulative impairment loss - Nil (2025: Nil)

- note 19.5

28,402,857

-

28,402,857

-

## Related Parties - quoted - FVOCI:

## Nishat Mills Limited

30,289,501 (2025: 30,289,501) fully paid

ordinary shares of Rs 10 each

Equity held: 8.61% (2025: 8.61%)

Cost - Rs 1,326.559 million (2025: Rs 1,326.559 million)

4,781,501

3,812,842

## Nishat (Chunian) Power Limited

5,683,067 (2025: 5,683,067) fully paid

ordinary shares of Rs 10 each

Equity held: 1.55% (2025: 1.55%)

Cost - Rs 102.408 million (2025: Rs 102.408 million)

366,614

138,155

|                                                                           |               | 2026                 | 2025       |
|---------------------------------------------------------------------------|---------------|----------------------|------------|
|                                                                           |               | (Rupees in thousand) |            |
| <b>MCB Bank Limited</b>                                                   |               |                      |            |
| 21,305,315 (2025: 21,305,315) fully paid ordinary shares of Rs 10 each    |               |                      |            |
| Equity held: 1.80% (2025: 1.80%)                                          |               |                      |            |
| Cost - Rs 125.834 million (2025: Rs 125.834 million)                      | - note 19.4   | 8,639,559            | 6,143,175  |
| <b>Adamjee Insurance Company Limited</b>                                  |               |                      |            |
| 27,877,735 (2025: 27,877,735) fully paid ordinary shares of Rs 10 each    |               |                      |            |
| Equity held: 7.97% (2025: 7.97%)                                          |               |                      |            |
| Cost - Rs 1,239.698 million (2025: Rs 1,239.698 million)                  |               | 2,231,613            | 1,394,166  |
|                                                                           |               | 16,019,287           | 11,488,338 |
| <b>Other Related Parties - FVOCI - unquoted:</b>                          |               |                      |            |
| <b>Nishat Hotels and Properties Limited</b>                               |               |                      |            |
| 104,166,667 (2025: 104,166,667) fully paid ordinary shares of Rs 10 each  |               |                      |            |
| Equity held: 8.55% (2025: 8.55%)                                          |               |                      |            |
| Cost - Rs 1,041.667 million (2025: Rs 1,041.667 million)                  | - note 19.1.4 | 2,853,125            | 2,721,875  |
| <b>Hyundai Nishat Motor (Private) Limited</b>                             |               |                      |            |
| 195,623,000 (2025: 195,623,000 ) fully paid ordinary shares of Rs 10 each |               |                      |            |
| Equity held: 10% (2025: 10%)                                              |               |                      |            |
| Cost - Rs 1,956.23 million (2025: Rs 1,956.23 million)                    | - note 19.1.5 | 3,980,928            | 3,562,379  |
|                                                                           |               | 6,834,053            | 6,284,254  |
|                                                                           |               | 53,620,010           | 20,136,405 |

**19.1.1** Nishat Packaging Limited is principally engaged in the manufacture and sale of packaging material. The registered office of the subsidiary is situated at 53-A, Nishat House, Lawrence Road, Lahore and the manufacturing facilities are located at Khairpur, District Chakwal on the Company's land and Quaid-e-Azam Business Park, Industrial Estate, Sheikhupura.

**19.1.2** The principal activity of Nishat Dairy (Private) Limited is to carry on the business of production of raw milk. The registered office of the subsidiary is situated at 53-A, Nishat House, Lawrence Road, Lahore and its production facility and factory is situated at 1- KM Sukheki Road, Pindi Bhattian.

**19.1.3** D.G. Cement USA LLC is a wholly owned subsidiary of D.G. Khan Cement Company Limited situated at 509 Branard Street, Houston Texas, United States of America. The principle business of the subsidiary is sale of cement products. The subsidiary has not yet commenced its commercial operations. Further, as at June 30, 2026, there are no contingencies against the subsidiary.

**19.1.4** This represents investment in the ordinary shares of Nishat Hotels and Properties Limited ('NHPL') which is principally engaged in establishing and managing a multi-purpose facility including a shopping mall, hotel, and banquet halls in Johar Town, Lahore, by the name of 'Nishat Emporium' and a luxury boutique property in Gulberg III, Lahore, by the name of "The Nishat Hotel". The company has also extended operations and acquired hotel property in Margalla, Islamabad. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 27.39 per ordinary share as at June 30, 2026 (2025: Rs 26.13 per share) through a valuation technique based on discounted cash flow analysis of NHPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 45.3 to these financial statements. The fair value gain of Rs 131.250 million recognized

during the year is included in unconsolidated statement of comprehensive income.

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

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL.
- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

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

- Discount rate of 15.96% per annum.
- Long term growth rate of 3% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation with a range of 6.50% to 8.40% per annum.

#### Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 282.292 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 108.333 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 20.833 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 3.125 million lower.

- 19.1.5** This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 20.35 per ordinary share as at June 30, 2026 (2025: Rs 18.21 per share) through a valuation technique based on discounted cash flow analysis of HNMPPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 45.3 to these financial statements. The fair value gain of Rs 418.549 million recognised during the year is included in unconsolidated statement of comprehensive income.

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

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPPL.
- Long term growth rate is estimated based on historical performance of HNMPPL and current market information for similar type of entities.

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

- Discount rate of 17.97% per annum.
- Long term growth rate of 3% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation both of 4% per annum respectively, and revenue are also linked to currency devaluation at 4% per annum.

#### Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 455.001 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 258.489 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 112.305 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 1.156 million lower.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2026                 | 2025       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (Rupees in thousand) |            |
| <b>19.2 Others</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                      |            |
| <b>FVOCI - quoted:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                      |            |
| <b>Pakistan Petroleum Limited</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                      |            |
| 821,626 (2025: 821,626) fully paid ordinary shares of Rs 10 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                      |            |
| Equity held: 0.03% (2025: 0.03%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                      |            |
| Cost - Rs 117.405 million (2025: Rs 117.405 million)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 199,346              | 139,816    |
| <b>United Bank Limited</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                      |            |
| 428,708 (2025: 428,708) fully paid ordinary shares of Rs 5 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                      |            |
| Equity held: 0.02% (2025: 0.02%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                      |            |
| Cost - Rs 33.646 million (2025: Rs 33.646 million)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 191,919              | 118,302    |
| <b>Nishat (Chunian) Limited</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                      |            |
| 7,173,982 (2025: 7,173,982) fully paid ordinary shares of Rs 10 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                      |            |
| Equity held: 2.99% (2025: 2.99%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                      |            |
| Cost - Rs 75.565 million (2025: Rs 75.565 million)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 295,568              | 295,022    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 686,833              | 553,140    |
| <b>19.3 Reconciliation of carrying amount</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                      |            |
| Balance as at beginning of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 20,689,545           | 16,633,064 |
| Investment made during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 28,402,857           | 8,462      |
| Investment disposed off during the year - note 19.3.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                    | (110,765)  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 49,092,402           | 16,530,761 |
| Fair value gain recognised in other comprehensive income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 5,214,441            | 4,158,784  |
| Balance as at end of the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 54,306,843           | 20,689,545 |
| <b>19.3.1</b> This represents the disposal of 12,825,000 ordinary shares held in Nishat Dairy (Private) Limited pursuant to the buyback of shares arrangement offered by Nishat Dairy (Private) Limited in financial year 2025. The Company sold 12.825 million shares at a price of Rs 10 per share for a total consideration of Rs 128.25 million.                                                                                                                                                                                                                                                                                      |                      |            |
| <b>19.4</b> 3,860,267 (2025: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                      |            |
| <b>19.5</b> The Company holds 2,870,000 (2025: Nil) ordinary shares having a par value of Rs 10 each, representing 31.07% (2025: Nil) of RMPL's share capital. The market value of the Company's investment in the ordinary shares of RMPL as at June 30, 2026, is Rs 27,321.510 million. The Company has made investment in RMPL during the year resulting in significant influence and classification of RMPL as an 'associate' as at June 30, 2026. In line with International Accounting Standard (IAS) 27 'Separate Financial Statements' guidance, the investment has been recorded at cost in these separate financial statements. |                      |            |



The Company made the investment in RMPL's ordinary shares through a Share Purchase Agreement (SPA) with Ingredion Incorporated dated September 25, 2025 (as amended on December 29, 2025) at price of Rs 9,800 per share, amounting to Rs 28,402.857 million (including transaction cost of Rs 276.857 million).

RMPL was incorporated in Pakistan as a public limited company and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Rakh Canal East Road, Faisalabad, Pakistan.

The principal business of RMPL is the manufacture and sale of a diverse range of products derived from maize, including industrial starches, liquid glucose, dextrose, dextrin, maltodextrin, modified starches, high fructose corn syrup, and other value-added food and industrial ingredients.

## 20. Long term deposits

These represent security deposits against various goods and services. These deposits have not been carried at amortized cost mainly because the period after which the deposits are to be refunded is indefinite. Further, the effect of discounting is immaterial in the context of these unconsolidated financial statements.

## 21. Stores, spare parts and loose tools

Stores [including in transit: Rs 534.778 million  
(2025: Rs 176.26 million)]  
Spare parts [including in transit Rs 314.308 million  
(2025: Rs 257.24 million)]  
Loose tools

|                                                                                    | 2026                 | 2025              |
|------------------------------------------------------------------------------------|----------------------|-------------------|
|                                                                                    | (Rupees in thousand) |                   |
| Stores [including in transit: Rs 534.778 million<br>(2025: Rs 176.26 million)]     | 3,194,343            | 3,451,370         |
| Spare parts [including in transit Rs 314.308 million<br>(2025: Rs 257.24 million)] | 9,561,170            | 8,782,572         |
| Loose tools                                                                        | 80,703               | 72,737            |
|                                                                                    | <u>12,836,216</u>    | <u>12,306,679</u> |

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

## 22. Stock-in-trade

Raw materials  
Packing material  
Work-in-process - note 22.1  
Finished goods

|                             | 2026                 | 2025             |
|-----------------------------|----------------------|------------------|
|                             | (Rupees in thousand) |                  |
| Raw materials               | 548,481              | 437,076          |
| Packing material            | 571,277              | 595,695          |
| Work-in-process - note 22.1 | 6,319,641            | 5,260,633        |
| Finished goods              | 2,090,234            | 1,895,274        |
|                             | <u>9,529,633</u>     | <u>8,188,678</u> |

**22.1** This includes write-back during the year against net realizable value allowance amounting to Nil (2025: Rs 57.975 million).

## 23. Trade debts

Others  
Related parties - note 23.1  
Loss allowance - note 23.2

|                             | 2026                 | 2025             |
|-----------------------------|----------------------|------------------|
|                             | (Rupees in thousand) |                  |
| Others                      | 2,318,251            | 1,620,874        |
| Related parties - note 23.1 | 11,540               | 201,962          |
|                             | <u>2,329,791</u>     | <u>1,822,836</u> |
| Loss allowance - note 23.2  | (244,351)            | (329,756)        |
|                             | <u>2,085,440</u>     | <u>1,493,080</u> |

2026

2025

(Rupees in thousand)

**23.1** This includes balances due from the following related parties:

|                                              |               |                |
|----------------------------------------------|---------------|----------------|
| Nishat Mills Limited                         | 9,030         | 57,896         |
| Nishat Packaging Limited                     | -             | 143,326        |
| Nishat Dairy (Private) Limited               | 431           | 324            |
| Nishat Agriculture Farming (Private) Limited | 445           | 416            |
| Hyundai Nishat Motor (Private) Limited       | 1,634         | -              |
|                                              | <u>11,540</u> | <u>201,962</u> |

**23.1.1** The maximum aggregate amount outstanding at the end of any month during the year was Rs 230.700 million (2025: Rs 144.347 million). The aging analysis of trade debts from related parties that are past due and carry loss allowance is as follows:

2026

2025

(Rupees in thousand)

|                 |                |                 |
|-----------------|----------------|-----------------|
| Up to 90 days   | 4,467          | 7,341           |
| 91 to 180 days  | 4,186          | 8,103           |
| 181 to 365 days | 2,887          | 115,420         |
| Above 365 days  | -              | 71,098          |
|                 | <u>11,540</u>  | <u>201,962</u>  |
| Loss allowance  | <u>(1,736)</u> | <u>(50,956)</u> |
|                 | <u>9,804</u>   | <u>151,006</u>  |

## 23.2 Loss allowance

The reconciliation of loss allowance is as follows:

|                                                        |           |                |                |
|--------------------------------------------------------|-----------|----------------|----------------|
| Balance at the beginning of the year                   |           | 329,756        | 322,857        |
| Loss allowance (reversed) / recognised during the year | - note 31 | (85,405)       | 6,899          |
| Balance as at end of the year                          |           | <u>244,351</u> | <u>329,756</u> |

## 24. Short term investments

These represent the short term investments in:

### Investments at fair value through OCI:

|                 |             |            |            |
|-----------------|-------------|------------|------------|
| - Related party | - note 24.1 | 32,834,921 | 23,347,443 |
| - Others        | - note 24.2 | 4,147      | 4,137      |

### Investments at fair value through profit or loss:

|                 |             |           |         |
|-----------------|-------------|-----------|---------|
| - Related party | - note 24.3 | 6,442,852 | 653,520 |
| - Others        | - note 24.4 | 3,038,792 | -       |

### Investments at Amortised Cost:

|          |             |                   |                   |
|----------|-------------|-------------------|-------------------|
| - Others | - note 24.5 | 401,420           | -                 |
|          |             | <u>42,722,132</u> | <u>24,005,100</u> |

|                                                                                                                                                                                                                                                                     | 2026                 | 2025       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------|
|                                                                                                                                                                                                                                                                     | (Rupees in thousand) |            |
| <b>24.1 Investments at fair value through OCI - Related party</b>                                                                                                                                                                                                   |                      |            |
| <b>MCB Bank Limited</b>                                                                                                                                                                                                                                             |                      |            |
| 80,971,917 (2025: 80,971,917) fully paid ordinary shares of Rs 10 each                                                                                                                                                                                              |                      |            |
| Equity held: 6.83% (2025: 6.83%)                                                                                                                                                                                                                                    |                      |            |
| Cost - Rs 478.234 million (2025: Rs 478.234 million)                                                                                                                                                                                                                | 32,834,921           | 23,347,443 |
| <b>24.2 Investments at fair value through OCI - Others</b>                                                                                                                                                                                                          |                      |            |
| <b>Nishat (Chunian) Limited</b>                                                                                                                                                                                                                                     |                      |            |
| 100,620 (2025: 100,620) fully paid ordinary shares of Rs 10 each                                                                                                                                                                                                    |                      |            |
| Equity held: 0.042% (2025: 0.042%)                                                                                                                                                                                                                                  |                      |            |
| Cost - Rs 0.832 million (2025: Rs 0.832 million)                                                                                                                                                                                                                    | 4,147                | 4,137      |
| <b>24.3 Investments at fair value through profit or loss</b>                                                                                                                                                                                                        |                      |            |
| <b>- Related party</b>                                                                                                                                                                                                                                              |                      |            |
| <b>Mutual funds</b>                                                                                                                                                                                                                                                 |                      |            |
| MCB Cash Management Optimizer (Number of units: Nil (2025: 6,387,825))                                                                                                                                                                                              | -                    | 653,520    |
| Pakistan Income Fund (Number of units: 116,333,067 (2025: Nil))                                                                                                                                                                                                     | 6,442,852            | -          |
| <b>24.4 Investments at fair value through profit or loss</b>                                                                                                                                                                                                        |                      |            |
| <b>- Others</b>                                                                                                                                                                                                                                                     |                      |            |
| <b>Mutual funds</b>                                                                                                                                                                                                                                                 |                      |            |
| ABL Cash Fund (Number of units: 296,120,784 (2025: Nil))                                                                                                                                                                                                            | 3,038,792            | -          |
| <b>24.5 Investments at amortised cost- debt instruments</b>                                                                                                                                                                                                         |                      |            |
| <b>-Others</b>                                                                                                                                                                                                                                                      |                      |            |
| Term deposit receipts - note 24.5.1                                                                                                                                                                                                                                 | 401,420              | -          |
| <b>24.5.1</b> This represents term deposits having a maturity of one months to one year till June 8, 2027 carrying mark-up / profit at the rates ranging from 8.95% to 11.27% per annum. Of these, Rs 160 million have an original maturity of three month or less. |                      |            |
|                                                                                                                                                                                                                                                                     | 2026                 | 2025       |
|                                                                                                                                                                                                                                                                     | (Rupees in thousand) |            |
| <b>24.6 Reconciliation of carrying amount</b>                                                                                                                                                                                                                       |                      |            |
| Opening balance                                                                                                                                                                                                                                                     | 24,005,100           | 18,384,882 |
| Investment made during the year in mutual funds                                                                                                                                                                                                                     | 55,376,544           | -          |
| Investment redeemed during the year in mutual funds                                                                                                                                                                                                                 | (47,076,965)         | -          |
| Investment in term deposit receipts                                                                                                                                                                                                                                 | 401,420              | -          |
| Fair value gain recognised in unconsolidated statement of comprehensive income                                                                                                                                                                                      | 9,487,488            | 4,966,698  |
| Fair value gain recognised in unconsolidated statement of profit or loss                                                                                                                                                                                            | 528,545              | 653,520    |
| Closing balance                                                                                                                                                                                                                                                     | 42,722,132           | 24,005,100 |

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

|                                                             |             | 2026                 | 2025      |
|-------------------------------------------------------------|-------------|----------------------|-----------|
|                                                             |             | (Rupees in thousand) |           |
| Advances                                                    |             |                      |           |
| - To employees                                              |             | 22,372               | 11,206    |
| - To suppliers                                              | - note 25.1 | 77,848               | 104,114   |
|                                                             |             | 100,220              | 115,320   |
| Prepayments                                                 | - note 25.2 | 16,849               | 9,740     |
| Due from related parties                                    | - note 25.3 | 6,749                | 157,081   |
| Letters of credit - margins, deposits, opening charges etc. |             | -                    | -         |
| Profit receivable on bank deposits                          |             | 25,359               | 20,826    |
| Balances with statutory authorities:                        |             |                      |           |
| - Sales tax - net                                           |             | 923,423              | 890,840   |
| - Excise duty - net                                         |             | 37,684               | 128,144   |
| - Export rebate                                             |             | 27,726               | 16,766    |
|                                                             |             | 988,833              | 1,035,750 |
| Other receivables                                           | - note 25.4 | 5,421                | 6,956     |
|                                                             |             | 1,143,431            | 1,345,673 |

**25.1** This includes advance payment to Pakistan Aviators and Aviation (Private) Limited, a related party, of Rs 0.25 million (2025: Rs 0.25 million). The maximum aggregate amount outstanding at the end of any month during the year was Rs 15.504 million (2025: Rs 0.25 million). The balances are neither past due nor impaired. .

**25.2** This represents prepayments to Adamjee Insurance Company Limited, a related party, of Rs 11.236 million (2025: Rs 9.740 million) on account insurance premium. The maximum aggregate amount outstanding at the end of any month during the year was Rs 68.284 million (2025: Rs 62.932 million). The balances are neither past due nor impaired.

**25.3** This includes balances due from the following related parties:

|                                        |               | 2026                 | 2025    |
|----------------------------------------|---------------|----------------------|---------|
|                                        |               | (Rupees in thousand) |         |
| Hyundai Nishat Motor (Private) Limited |               | 3,961                | 3,655   |
| Nishat Power Limited                   |               | 41                   | 41      |
| Nishat Chunian Power Limited           |               | 2,568                | 3,872   |
| Nishat Hotels & Properties Limited     |               | 179                  | -       |
| Nishat Dairy Private Limited           | - note 25.3.2 | -                    | 148,898 |
| Nishat Mills Limited                   |               | -                    | 615     |
|                                        |               | 6,749                | 157,081 |

**25.3.1** The maximum aggregate amount outstanding at the end of any month during the year was Rs 156.668 million (2025: Rs 359.293 million). This amount is neither past due nor impaired.

**25.3.2** During the year, the Company has received the outstanding amount of Rs 148.898 million against losses surrendered to Nishat Dairy (Private) Limited, the subsidiary company. For the tax year 2024, the Company surrendered losses amounting to Rs 894.610 million to the subsidiary company, resulting in related tax effect receivable amounting to Rs 348.898 million, under group relief arrangement as per section 59B of the Income Tax Ordinance, 2001.



- 25.4** Includes a receivable of Rs 4.803 million (2025: Rs 6.620 million) from Hyundai Nishat Motor (Private) Limited and Rs 0.032 million (2025: Nil) from Security General Insurance Company Limited, being the related parties of the Company. The maximum aggregate amount outstanding at the end of any month during the year was Rs 5.845 million (2025: Rs 6.620 million). This amount is neither past due nor impaired.

|                                                         |                           | 2026                 | 2025    |
|---------------------------------------------------------|---------------------------|----------------------|---------|
|                                                         |                           | (Rupees in thousand) |         |
| 26. Cash and bank balances                              |                           |                      |         |
| At banks:                                               |                           |                      |         |
| Savings accounts:                                       |                           |                      |         |
| Local currency                                          | - notes 26.1, 26.2 & 26.3 | 58,577               | 163,590 |
| Foreign currency: US\$ 5,993 (2025: US\$ 247,674)       |                           | 1,666                | 69,523  |
| Current accounts:                                       |                           |                      |         |
| Local currency                                          |                           | 33,250               | 38,466  |
| Foreign currency: US\$ 1,019,136 (2025: US\$ 1,049,799) |                           | 283,371              | 297,021 |
|                                                         |                           | 376,864              | 568,600 |
| In hand                                                 |                           | 581                  | 232     |
|                                                         |                           | 377,445              | 568,832 |

- 26.1** The balances in saving accounts bear mark-up / profit ranging from 3.69% to 9.5% (2025: 9.5%) per annum.

- 26.2** Included in balances at banks on saving accounts are Rs 14.480 million (2025: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.4.

- 26.3** Included in balances at banks in saving accounts is Rs 0.008 million (2025: Rs 0.007 million) which relates to unpaid dividend held by the Company.

|                                                 |             | 2026                 | 2025        |
|-------------------------------------------------|-------------|----------------------|-------------|
|                                                 |             | (Rupees in thousand) |             |
| 27. Revenue from contracts with customers - net |             |                      |             |
| Local sales                                     |             | 90,195,007           | 84,943,340  |
| Export sales                                    | - note 27.1 | 20,878,475           | 17,046,633  |
|                                                 |             | 111,073,482          | 101,989,973 |
| Less:                                           |             |                      |             |
| Sales tax                                       |             | 15,186,729           | 14,622,515  |
| Federal Excise Duty                             |             | 14,503,834           | 13,867,483  |
| Trade discount                                  |             | 935,928              | 810,303     |
| Commission to stockists and export agents       |             | 553,843              | 491,572     |
| Ocean freight                                   | - note 27.2 | 330,492              | 305,263     |
|                                                 |             | 31,510,826           | 30,097,136  |
|                                                 |             | 79,562,656           | 71,892,837  |

2026

2025

(Rupees in thousand)

**27.1 Disaggregation of revenue (gross sales exclusive of rebate and incentive on exports)**

## Primary geographical markets

|              |                   |                   |
|--------------|-------------------|-------------------|
| Bangladesh   | 2,085,779         | 3,719,540         |
| West Africa  | 3,703,929         | 3,306,739         |
| Sri Lanka    | 4,262,286         | 3,299,506         |
| Kenya        | 1,064,966         | 2,055,279         |
| USA          | 2,025,417         | 1,240,207         |
| Madagascar   | 1,144,103         | 1,080,213         |
| Tanzania     | -                 | 580,136           |
| Qatar        | -                 | 433,305           |
| South Africa | -                 | 427,626           |
| Afghanistan  | 384,367           | 279,845           |
| Gabon        | -                 | 255,303           |
| Comoros      | -                 | 253,592           |
| Seychelles   | -                 | 104,866           |
| Somalia      | 803,038           | -                 |
| Yemen        | 532,747           | -                 |
| Kuwait       | 4,444,715         | -                 |
| Maldives     | 394,458           | -                 |
|              | <b>20,845,805</b> | <b>17,036,157</b> |

**27.1.1** It includes rebate and incentive on exports amounting to Rs 13.741 million (2025: Rs 7.613 million) and Rs 18.929 million (2025: Rs 2.862 million) respectively. Incentive is received due to early shipment made under the contract.

**27.2** Represents freight cost incurred upon shipping goods to export customers under cost and freight terms in the capacity of agent.

2026

2025

(Rupees in thousand)

**28. Cost of sales**

|                                        |               |             |             |
|----------------------------------------|---------------|-------------|-------------|
| Raw materials consumed                 |               | 1,170,272   | 1,102,062   |
| Packing materials consumed             |               | 3,567,406   | 3,175,609   |
| Salaries, wages and other benefits     | - note 28.1   | 6,577,350   | 5,495,215   |
| Fuel and power                         | - note 28.2   | 34,433,379  | 32,319,091  |
| Stores and spares consumed             |               | 4,963,713   | 3,886,988   |
| Repairs and maintenance                |               | 471,599     | 354,009     |
| Insurance                              |               | 206,947     | 203,818     |
| Depreciation on operating fixed assets | - note 17.1.3 | 3,658,359   | 3,687,395   |
| Royalty                                |               | 3,081,532   | 2,848,805   |
| Excise duty                            |               | 239,913     | 222,103     |
| Vehicle running                        |               | 719,620     | 461,859     |
| Security expenses                      |               | 458,880     | 403,572     |
| Input sales tax written off            |               | 7,242       | 2,433       |
| Postage, telephone and telegram        |               | 17,493      | 13,285      |
| Printing and stationery                |               | 43,942      | 21,153      |
| Legal and professional charges         |               | 8,071       | 7,040       |
| Travelling and conveyance              |               | 5,412       | 3,971       |
| Plant cleaning and gardening expenses  |               | 82,180      | 77,359      |
| Rent, rates and taxes                  | - note 28.3   | 225,797     | (564,557)   |
| Freight charges                        |               | 74,723      | 36,609      |
| Water charges                          |               | 10,855      | 41,648      |
| Other expenses                         |               | 155,125     | 86,588      |
|                                        |               | 60,179,810  | 53,886,055  |
| <b>Work-in-process:</b>                |               |             |             |
| Opening work-in-process                | - note 22     | 5,260,633   | 5,050,433   |
| Closing work-in-process                | - note 22     | (6,319,641) | (5,260,633) |
|                                        |               | (1,059,008) | (210,200)   |
| <b>Cost of goods manufactured</b>      |               |             |             |
|                                        |               | 59,120,802  | 53,675,855  |
| <b>Finished goods:</b>                 |               |             |             |
| Opening stock of finished goods        | - note 22     | 1,895,274   | 1,607,900   |
| Closing stock of finished goods        | - note 22     | (2,090,234) | (1,895,274) |
|                                        |               | (194,960)   | (287,374)   |
| Own consumption                        |               | (95,755)    | (1,315)     |
|                                        |               | 58,830,087  | 53,387,166  |

**28.1** Salaries, wages and other benefits include Rs 130.204 million (2025: Rs 122.149 million), in respect of provident fund contribution by the Company. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

|                                          | 2026                 | 2025     |
|------------------------------------------|----------------------|----------|
|                                          | (Rupees in thousand) |          |
| <b>Gratuity</b>                          |                      |          |
| Current service cost                     | 90,608               | 95,095   |
| Interest cost for the year               | 137,268              | 156,847  |
| Interest income on plan assets           | (80,048)             | (85,166) |
|                                          | 147,828              | 166,776  |
| <b>Accumulating compensated absences</b> |                      |          |
| Current service cost                     | 69,455               | 62,557   |
| Interest cost for the year               | 16,055               | 19,800   |
| Remeasurements                           | (2,151)              | (11,587) |
|                                          | 83,359               | 70,770   |

**28.2** The company has shared expenses aggregating to Rs 12 million (2025: Rs 12 million) on account of combined offices with Nishat Packaging Limited. These expenses have been recorded in respective account.

**28.3** This includes rentals of heavy machinery used at quarry site where raw materials i.e. clay and limestone, are extracted.

**28.3.1** This includes the reversal of the electricity duty expense amounting to Nil (2025: Rs 817.153 million), pursuant to the decision of the honorable Supreme Court of Pakistan dated October 8, 2024, in Civil Appeals Nos. 256 to 472 of 2011 (2024 SCP 348), which held that no electricity duty can be recovered from the entities using generators exceeding 500 KW capacity for self-consumption.

|                                        |               | 2026                 | 2025      |
|----------------------------------------|---------------|----------------------|-----------|
|                                        |               | (Rupees in thousand) |           |
| <b>29. Administrative expenses</b>     |               |                      |           |
| Salaries, wages and other benefits     | - note 29.1   | 773,702              | 581,966   |
| Electricity, gas and water             |               | 89,908               | 114,539   |
| Repairs and maintenance                |               | 5,831                | 13,233    |
| Insurance                              |               | 46,672               | 36,755    |
| Amortization of intangible assets      | - note 18     | 40,209               | 29,686    |
| Depreciation on operating fixed assets | - note 17.1.3 | 192,360              | 101,013   |
| Vehicle running                        |               | 45,559               | 53,207    |
| Postage, telephone and telegram        |               | 11,833               | 15,000    |
| Printing and stationery                |               | 29,980               | 44,596    |
| Legal and professional services        | - note 29.2   | 84,548               | 73,076    |
| Travelling and conveyance              |               | 153,094              | 110,061   |
| Rent, rates and taxes                  |               | 741                  | 1,345     |
| Entertainment                          |               | 10,142               | 9,977     |
| School expenses                        |               | 85,697               | 84,679    |
| Fee and subscription                   |               | 39,195               | 13,348    |
| Other expenses                         |               | 37,070               | 12,493    |
|                                        |               | 1,646,541            | 1,294,974 |



- 29.1** Salaries, wages and other benefits includes Rs 18.279 million (2025: Rs 14.879 million) in respect of provident fund contribution by the Company. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

|                                                                                                                      |               | 2026                 | 2025      |
|----------------------------------------------------------------------------------------------------------------------|---------------|----------------------|-----------|
|                                                                                                                      |               | (Rupees in thousand) |           |
| <b>Gratuity</b>                                                                                                      |               |                      |           |
| Current service cost                                                                                                 |               | 17,537               | 16,992    |
| Interest cost for the year                                                                                           |               | 26,568               | 28,027    |
| Interest income on plan assets                                                                                       |               | (15,493)             | (15,218)  |
|                                                                                                                      |               | 28,612               | 29,801    |
| <b>Accumulating compensated absences</b>                                                                             |               |                      |           |
| Current service cost                                                                                                 |               | 13,061               | 11,255    |
| Interest cost for the year                                                                                           |               | 3,019                | 3,562     |
| Remeasurements                                                                                                       |               | (404)                | (2,085)   |
|                                                                                                                      |               | 15,676               | 12,732    |
| <b>29.2 Legal and professional charges</b>                                                                           |               |                      |           |
| Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for: |               |                      |           |
| Statutory audits                                                                                                     |               | 4,577                | 4,359     |
| Interim review                                                                                                       |               | 1,155                | 1,100     |
| Tax services                                                                                                         |               | 44,538               | 33,859    |
| Certifications required under various regulations                                                                    |               | 498                  | 474       |
| Out of pocket expenses                                                                                               |               | 1,145                | 1,090     |
|                                                                                                                      |               | 51,913               | 40,882    |
| <b>30. Selling and distribution expenses</b>                                                                         |               |                      |           |
| Salaries, wages and other benefits                                                                                   | - note 30.1   | 433,174              | 336,117   |
| Electricity, gas and water                                                                                           |               | 5,101                | 5,857     |
| Repairs and maintenance                                                                                              |               | 1,684                | 1,727     |
| Insurance                                                                                                            |               | 1,408                | 1,316     |
| Depreciation on operating fixed assets                                                                               | - note 17.1.3 | 14,656               | 14,508    |
| Vehicle running                                                                                                      |               | 21,219               | 19,213    |
| Postage, telephone and telegram                                                                                      |               | 5,187                | 5,163     |
| Printing and stationery                                                                                              |               | 2,591                | 2,503     |
| Rent, rates and taxes                                                                                                |               | 1,039                | 3,495     |
| Travelling and conveyance                                                                                            |               | 13,283               | 12,817    |
| Entertainment                                                                                                        |               | 2,734                | 3,779     |
| Advertisement and sales promotion                                                                                    |               | 36,357               | 55,700    |
| Freight and handling charges                                                                                         |               | 3,603,892            | 3,366,602 |
| Other expenses                                                                                                       |               | 30,829               | 45,891    |
|                                                                                                                      |               | 4,173,154            | 3,874,688 |

- 30.1** Salaries, wages and other benefits includes Rs 14.540 million (2025: Rs 13.191 million) in respect of provident fund contribution by the Company. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

|                                          | 2026                 | 2025    |
|------------------------------------------|----------------------|---------|
|                                          | (Rupees in thousand) |         |
| <b>Gratuity</b>                          |                      |         |
| Current service cost                     | 9,874                | 9,956   |
| Interest cost for the year               | 14,959               | 16,421  |
| Interest income on plan assets           | (8,723)              | (8,917) |
|                                          | 16,110               | 17,460  |
| <b>Accumulating compensated absences</b> |                      |         |
| Current service cost                     | 7,261                | 6,409   |
| Interest cost for the year               | 1,679                | 2,028   |
| Remeasurements                           | (225)                | (1,187) |
|                                          | 8,715                | 7,250   |

### 31. Net impairment reversal / (loss) on financial assets

|                                                        |             |          |       |
|--------------------------------------------------------|-------------|----------|-------|
| Loss allowance (reversed) / recognised during the year | - note 23.2 | (85,405) | 6,899 |
|--------------------------------------------------------|-------------|----------|-------|

### 32. Other expenses

|                                    |             |           |         |
|------------------------------------|-------------|-----------|---------|
| Workers' Profit Participation Fund | - note 12.4 | 720,416   | 486,203 |
| Workers' Welfare Fund              | - note 12.5 | 273,758   | 184,757 |
| Exchange loss                      |             | 73,180    | 48,377  |
| Donations                          | - note 32.1 | 1,500     | 6,326   |
|                                    |             | 1,068,854 | 725,663 |

- 32.1** This includes donation made to Pakistan Agricultural Coalition. None of the Directors or their spouses have any interest in the donee.

|                                                |               | 2026                 | 2025      |
|------------------------------------------------|---------------|----------------------|-----------|
|                                                |               | (Rupees in thousand) |           |
| Other income                                   |               |                      |           |
| Income on bank deposits                        | - note 33.1   | 25,857               | 30,610    |
| Dividend income from:                          |               |                      |           |
| - Related parties                              |               | 3,862,595            | 3,935,390 |
| - Others                                       |               | 40,248               | 22,868    |
|                                                |               | 3,902,843            | 3,958,258 |
| Rental income                                  |               | 2,451                | 4,075     |
| Gain on mutual funds:                          |               |                      |           |
| - Realised                                     |               | 498,871              | 53,401    |
| - Unrealised                                   |               | 29,674               | 41,819    |
| Gain on disposal of operating fixed assets     |               | 133,059              | 36,385    |
| Scrap sales                                    |               | 68,565               | 119,563   |
| Gain on disposal of investments                | - note 19.3.1 | -                    | 17,485    |
| Provisions and unclaimed balances written back |               | -                    | 9,974     |
| Others                                         |               | 1,950                | -         |
|                                                |               | 4,663,270            | 4,271,570 |

- 33.1** Included in this is profit earned from shariah compliant deposits amounting to Rs 19.650 million (2025: Rs 7.344 million).

### 34. Finance cost

Interest / mark-up / profit on:

- Long term finances from financial institutions - secured - note 34.1
- Short term borrowings from financial institutions - secured
- Workers' Profit Participation Fund

Bank charges

|  | 2026                 | 2025             |
|--|----------------------|------------------|
|  | (Rupees in thousand) |                  |
|  |                      |                  |
|  | 542,083              | 2,338,476        |
|  | 652,532              | 1,442,023        |
|  | -                    | 36,237           |
|  | 81,093               | 53,669           |
|  | <u>1,275,708</u>     | <u>3,870,405</u> |

- 34.1** Included in this is the finance cost incurred on TERF and ITERF, which has been set off against the amount of unwinding of grant as referred in note 8.

### 35. Levy

Levy represents final taxes paid under section 5 of the Income Tax Ordinance, 2001 (the 'ITO, 2001'), in terms of requirements of IFRIC 21 / IAS 37.

- 35.1** Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

#### Unconsolidated statement of profit or loss

- Current tax liability for the year as per applicable tax laws
- Portion of current tax liability as per tax laws, representing income tax under IAS 12
- Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37
- Difference

|  | 2026                 | 2025      |
|--|----------------------|-----------|
|  | (Rupees in thousand) |           |
|  |                      |           |
|  | 5,891,602            | 4,329,553 |
|  | 5,240,372            | 3,752,428 |
|  | 651,230              | 577,125   |
|  | -                    | -         |

- 35.2** The aggregate of minimum / final tax and income tax, amounting to Rs 5,891.602 million (2025: Rs 4,329.553 million) represents tax liability of the Company calculated under the relevant provisions of the ITO, 2001.

### 36. Income tax

Current:

- For the year
- Prior years'

Deferred

- note 11

|  | 2026                 | 2025             |
|--|----------------------|------------------|
|  | (Rupees in thousand) |                  |
|  |                      |                  |
|  | 3,960,897            | 2,882,407        |
|  | 40,186               | (370,285)        |
|  | <u>4,001,083</u>     | <u>2,512,122</u> |
|  | 1,239,289            | 1,240,306        |
|  | <u>5,240,372</u>     | <u>3,752,428</u> |

|                                                                                             |  | 2026<br>Percentage | 2025<br>Percentage |
|---------------------------------------------------------------------------------------------|--|--------------------|--------------------|
| <b>36.1 Tax charge reconciliation</b>                                                       |  |                    |                    |
| Numerical reconciliation between the average effective tax rate and the applicable tax rate |  |                    |                    |
| Applicable tax rate as per Income Tax Ordinance, 2001                                       |  | 29.00              | 29.00              |
| Tax effect of:                                                                              |  |                    |                    |
| - Amounts that are not deductible for tax purposes - net                                    |  | 0.54               | 1.60               |
| - Change in prior years' tax                                                                |  | 0.23               | (1.61)             |
| - Change in prior years' tax rate                                                           |  | (5.31)             | -                  |
| - Super tax                                                                                 |  | 10.25              | 10.56              |
| - Income not subject to tax                                                                 |  | 0.01               | 0.02               |
| - Previously recognised deferred tax asset charged off                                      |  | 2.86               | -                  |
| - Amounts allowable as tax credit                                                           |  | -                  | (1.31)             |
| - Tax benefit on loss surrender under group relief                                          |  | -                  | (0.69)             |
| - Income chargeable under final tax regime                                                  |  | (3.56)             | (4.28)             |
|                                                                                             |  | 5.02               | 4.29               |
| Average effective tax rate (including income tax and levy)                                  |  | 34.02              | 33.29              |

### 37. Earnings per share - basic and diluted

#### 37.1 Earnings per share - Basic

|                                            |        |                |               |
|--------------------------------------------|--------|----------------|---------------|
| Profit for the year                        | Rupees | 11,425,385,000 | 8,675,059,000 |
| Weighted average number of ordinary shares | Number | 438,119,118    | 438,119,118   |
| Earnings per share - basic                 | Rupees | 26.08          | 19.80         |

#### 37.2 Earnings per share - Diluted

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2026, and June 30, 2025, which would have any effect on the earnings per share if the option to convert is exercised.



### 38. Remuneration of Chief Executive, Directors and Executives

**38.1** The aggregate amount charged in the unconsolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

|                                              | (Rupees in thousand) |         |                    |        |            |           |
|----------------------------------------------|----------------------|---------|--------------------|--------|------------|-----------|
|                                              | Chief Executive      |         | Executive Director |        | Executives |           |
|                                              | 2026                 | 2025    | 2026               | 2025   | 2026       | 2025      |
| <b>Short term employee benefits</b>          |                      |         |                    |        |            |           |
| Managerial remuneration                      | 69,516               | 62,068  | 35,081             | 31,322 | 1,106,007  | 944,564   |
| Housing                                      | 270                  | 270     | -                  | -      | 400,090    | 346,591   |
| Utilities                                    | -                    | -       | -                  | -      | 84,869     | 72,874    |
| Leave passage                                | -                    | -       | 3,508              | 700    | 32,715     | 30,464    |
| Bonus                                        | -                    | -       | -                  | -      | 335,187    | 122,070   |
| Medical expenses                             | 9,280                | 8,043   | 4,776              | 1,061  | 145,039    | 121,663   |
| Others                                       | 41,355               | 37,056  | 635                | 383    | 204,652    | 235,898   |
| <b>Post employment benefits</b>              |                      |         |                    |        |            |           |
| Contributions to Provident and Gratuity Fund | -                    | -       | 6,432              | 5,742  | 170,049    | 158,225   |
|                                              | 120,421              | 107,437 | 50,432             | 39,208 | 2,478,608  | 2,032,349 |
| <b>Number of persons</b>                     | 1                    | 1       | 1                  | 1      | 445        | 413       |

**38.2** The Company also provides the Chief Executive, certain Directors and Executives with Company maintained car, travelling and utilities. Certain Executives are provided with housing facilities.

**38.3** During the year, the Company paid meeting fee amounting to Rs 1.040 million (2025: Rs 0.92 million) to its Non-Executive Directors. The number of Non-Executive Directors is 5 (2025: 5).

2026

2025

(Rupees in thousand)

**39. Cash generated from operations**

|                                                                                         |                         |             |             |
|-----------------------------------------------------------------------------------------|-------------------------|-------------|-------------|
| Profit before income tax                                                                |                         | 16,665,757  | 12,427,487  |
| Adjustments for:                                                                        |                         |             |             |
| - Depreciation on operating fixed assets                                                | - note 17.1.3           | 3,865,375   | 3,802,916   |
| - Amortization of intangible assets                                                     | - note 18               | 40,209      | 29,686      |
| - Gain on disposal of operating fixed assets                                            | - note 33               | (133,059)   | (36,385)    |
| - Dividend income                                                                       | - note 33               | (3,902,843) | (3,958,258) |
| - Gain on disposal of investments                                                       | - note 33               | -           | (17,485)    |
| - Income on bank deposits                                                               |                         | (25,857)    | (84,011)    |
| - Provision for retirement benefits                                                     | - notes 10.1.5 & 10.2.2 | 300,300     | 304,790     |
| - Exchange loss                                                                         |                         | 92          | 577         |
| - Provisions and unclaimed balances written back                                        | - note 33               | -           | (9,974)     |
| - Unrealised gain on mutual funds                                                       | - note 33               | (29,674)    | (41,819)    |
| - Net impairment (reversal) / loss on financial assets                                  | - note 23.2             | (85,405)    | 6,899       |
| - Levy                                                                                  | - note 35               | 651,230     | 577,125     |
| - Finance cost                                                                          | - note 34               | 1,275,708   | 3,870,405   |
| Profit before working capital changes                                                   |                         | 18,621,833  | 16,871,953  |
| Effect on cash flows due to working capital changes:                                    |                         |             |             |
| - (Increase) / decrease in stores, spares and loose tools                               |                         | (529,537)   | 253,095     |
| - Increase in stock-in-trade                                                            |                         | (1,340,955) | (495,611)   |
| - Increase in trade debts                                                               |                         | (506,955)   | (644,237)   |
| - Decrease / (increase) in loans, advances, deposits, prepayments and other receivables |                         | 206,776     | (1,122,739) |
| - Increase in trade and other payables                                                  |                         | 3,756,527   | 948,967     |
|                                                                                         |                         | 1,585,856   | (1,060,525) |
|                                                                                         |                         | 20,207,689  | 15,811,428  |

**40. Cash and cash equivalents**

|                                                        |           |             |             |
|--------------------------------------------------------|-----------|-------------|-------------|
| Cash and bank balances                                 | - note 26 | 377,445     | 568,832     |
| Short term borrowings - secured                        | - note 13 | (4,094,078) | (1,128,932) |
| Mutual funds held at fair value through profit or loss | - note 24 | -           | 653,520     |
| Term deposit receipts                                  | - note 24 | 160,000     | -           |
|                                                        |           | (3,556,633) | 93,420      |

**40.1** Short term borrowings other than running finance and running musharaka have been reclassified as financing activities in the statement of cash flows which were previously included as cash and cash equivalents.

**41. Transactions with related parties**

The related parties include the subsidiaries, the Investor, related parties on the basis of common directorship, group companies, key management personnel and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Related party transactions carried out during the year are as follows:

|                                  |                                                          | 2026                 | 2025      |
|----------------------------------|----------------------------------------------------------|----------------------|-----------|
|                                  |                                                          | (Rupees in thousand) |           |
| Relationship with the Company    | Nature of transactions                                   |                      |           |
| i. Subsidiary companies          | Purchase of goods                                        | 3,820,049            | 2,554,074 |
|                                  | Sales of goods and services                              | 44,544               | 158,818   |
|                                  | Rental income                                            | 1,128                | 1,080     |
|                                  | Investment in subsidiary                                 | -                    | 8,462     |
|                                  | Proceeds from disposal of investments                    | -                    | 128,250   |
| ii. Investor                     | Sale of goods                                            | 30,468               | 27,467    |
|                                  | Dividend paid                                            | 275,148              | -         |
|                                  | Purchase of goods and services                           | 35,321               | 948       |
|                                  | Dividend income                                          | 60,579               | 90,869    |
| iii. Other related parties       | Sale of goods                                            | 52,416               | 972       |
|                                  | Insurance premium                                        | 363,484              | 307,332   |
|                                  | Rental income                                            | 1,323                | 955       |
|                                  | Purchase of goods and services                           | 274,086              | 227,221   |
|                                  | Reimbursement of expenses                                | 25,968               | 22,515    |
|                                  | Insurance claims received                                | 16,940               | 50,440    |
|                                  | Dividend paid                                            | 68,272               | -         |
|                                  | Dividend income                                          | 3,802,016            | 3,844,521 |
|                                  | Mark-up income                                           | 1,673                | -         |
|                                  | Markup paid                                              | 72,983               | 198,011   |
|                                  | Realized gain on redemption of mutual funds              | 239,553              | -         |
| iv. Key management personnel     | Remuneration - note 41.1                                 | 477,963              | 413,383   |
|                                  | Dividend paid                                            | 79,886               | -         |
| v. Post employment benefit plans | Expense charge in respect of retirement benefit plan     | 300,300              | 304,790   |
|                                  | Expense charge in respect of contributory provident fund | 162,023              | 150,220   |

**41.1** This represents remuneration of the chief executive, executive director and certain executives that are included in the remuneration disclosed in note 38 to these unconsolidated financial statements.

- 41.2** Transactions with related parties have been carried out on mutually agreed terms and conditions. The related parties with whom the Company had entered into transactions or had arrangements / agreements in place during the year have been disclosed below along with their basis of relationship:

| Name                                                        | Relationship                        | %age of shareholding in the Company |
|-------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Adamjee Insurance Company Limited                           | Group company                       | -                                   |
| Hyundai Nishat Motor (Private) Limited                      | Common directorship                 | -                                   |
| Lalpir Limited (Formerly Lalpir Power Limited)              | Common directorship                 | -                                   |
| MCB Bank Limited                                            | Group company                       | -                                   |
| Nishat Sutas Dairy Limited                                  | Group company                       | -                                   |
| Nishat Dairy (Private) Limited                              | Subsidiary                          | -                                   |
| Nishat Hotels and Properties Limited                        | Common directorship                 | -                                   |
| Nishat Agriculture Farming (Private) Limited                | Common directorship                 | -                                   |
| Nishat Linen (Private) Limited                              | Subsidiary of Investor              | -                                   |
| Nishat Mills Limited                                        | Investor                            | 31.40%                              |
| Rafhan Maize Products Company Limited                       | Associated Company                  | -                                   |
| Nishat Packaging Limited                                    | Subsidiary                          | -                                   |
| Pakgen Limited (Formerly Pakgen Power Limited)              | Group company                       | -                                   |
| Pakistan Aviators & Aviation (Private) Limited              | Group company                       | -                                   |
| Security General Insurance Company Limited                  | Group company                       | 0.10%                               |
| Nishat USA, Inc                                             | Wholly Owned Subsidiary of Investor | -                                   |
| Nishat Linen Trading LLC                                    | Wholly Owned Subsidiary of Investor | -                                   |
| Nishat International FZE                                    | Wholly Owned Subsidiary of Investor | -                                   |
| China Guangzhou Nishat Global Co. Limited                   | Wholly Owned Subsidiary of Investor | -                                   |
| Nishat UK (Private) Limited                                 | Wholly Owned Subsidiary of Investor | -                                   |
| Wernerfelt A/S                                              | Wholly Owned Subsidiary of Investor | -                                   |
| Wernerfelt Sverige AB                                       | Wholly Owned Subsidiary of Investor | -                                   |
| MCB Investment Management Limited                           | Subsidiary of Group Company         | -                                   |
| MCB Non-Bank Credit Organization Closed Joint Stock Company | Subsidiary of Group Company         | -                                   |
| MCB Exchange Company (Private) Limited                      | Subsidiary of Group Company         | -                                   |
| Adamjee Life Assurance Company Limited                      | Common Directorship                 | -                                   |
| Delivery Management Consultant (Pvt) Limited                | Common Directorship                 | -                                   |
| Emporium Properties (Pvt) Limited                           | Common Directorship                 | -                                   |
| Euronet Pakistan (Pvt) Limited                              | Common Directorship                 | -                                   |
| Fortress Square Mall                                        | Common Directorship                 | -                                   |
| Golf View Land (Pvt) Limited                                | Common Directorship                 | -                                   |
| NexGen Auto (Private) Limited                               | Common Directorship                 | -                                   |
| DG Khan Cement USA LLC                                      | Subsidiary                          | -                                   |
| Paismo (Private) Limited                                    | Common Directorship                 | -                                   |
| World Wild Life Fund (WWF)                                  | Common Directorship                 | -                                   |
| Punjab Skill Development Fund                               | Common Directorship                 | -                                   |
| Nishat Chunian Power Limited                                | Common Directorship                 | -                                   |
| HKB Enterprises                                             | Common Directorship                 | -                                   |
| MCB Islamic Bank Limited                                    | Common Directorship                 | -                                   |
| Nishat (Aziz Avenue) Hotels and Properties Limited          | Common Directorship                 | 0.00%                               |
| HKB Retail SMC (Pvt) Limited                                | Common Directorship                 | -                                   |
| Nishat Agrotech Farms (Pvt) Ltd.                            | Common Directorship                 | -                                   |
| Nishat Commodities (Pvt) Limited                            | Group company                       | -                                   |
| Nishat Developers (Private) Limited                         | Common Directorship                 | -                                   |
| Nishat Energy Limited                                       | Group company                       | -                                   |
| Nishat Power Limited                                        | Common Directorship                 | -                                   |



| Name                                          | Relationship                    | %age of shareholding<br>in the Company |
|-----------------------------------------------|---------------------------------|----------------------------------------|
| Nishat Real Estate Development Co. (Pvt) Ltd. | Group company                   | -                                      |
| Mrs. Naz Mansha                               | Director / Chairperson          | 0.05%                                  |
| Mr. Raza Mansha                               | Director / Chief Executive      | 2.92%                                  |
| Mrs. Ammil Raza Mansha                        | Spouse of Chief Executive       | 1.34%                                  |
| Mr. Hassan Mansha                             | Close family member of director | 6.19%                                  |
| Mr. Umer Mansha                               | Close family member of director | 6.29%                                  |
| Mian Mohammad Mansha                          | Close family member of director | 0.01%                                  |
| Mr. Shehryar Ahmed Baksh                      | Director                        | -                                      |
| Mr. Shahzad Ahmad Malik                       | Director                        | -                                      |
| Mr. Khalid Niaz Khawaja                       | Director                        | -                                      |
| Mr. Usama Mahmud                              | Director                        | -                                      |
| Mr. Farid Noor Ali Fazal                      | Director                        | -                                      |
| Mr. Arif Bashir                               | Key Management Personnel        | -                                      |
| Mr. Inayat Ullah Niazi                        | Key Management Personnel        | -                                      |
| Mr. Shahid Ghazanfar                          | Key Management Personnel        | -                                      |
| Mr. Naeem Akhtar                              | Key Management Personnel        | -                                      |
| Mr. Nauman Yaqoob                             | Key Management Personnel        | -                                      |
| Mr. Hashmat Ali Khan                          | Key Management Personnel        | -                                      |
| Mr. Muhammad Shafique                         | Key Management Personnel        | -                                      |
| Mr. Sohaib Ahsan                              | Key Management Personnel        | -                                      |
| Mr. Khalid Mahmood Chohan                     | Key Management Personnel        | -                                      |
| Brigadier Bilal Javaid (Retd)                 | Key Management Personnel        | -                                      |
| Company's Employees Gratuity Fund             | Post Employment Benefit Plan    | -                                      |
| Company's Employees Provident Fund            | Post Employment Benefit Plan    | -                                      |

#### 42. Plant capacity and actual production

|                          | Capacity  |           | Actual production |           |
|--------------------------|-----------|-----------|-------------------|-----------|
|                          | 2026      | 2025      | 2026              | 2025      |
| Clinker (Metric Tonnes)  |           |           |                   |           |
| Plant I & II - D.G. Khan | 2,010,000 | 2,010,000 | 1,093,088         | 1,200,269 |
| Plant III - Khairpur     | 2,010,000 | 2,010,000 | 1,172,537         | 1,126,663 |
| Plant IV - Hub           | 2,700,000 | 2,700,000 | 2,962,089         | 2,730,421 |

**42.1** Plant capacity is based on 300 working days, that can be exceeded if the plant is operational for more than 300 days during the year. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply of cement.

**42.2** The Company is undertaking an expansion at D.G. Khan site through setting up of brownfield clinker production line with a capacity of 11,000 metric tons per day (based on 300 working days).

#### 43. Number of employees

|                                             | 2026  | 2025  |
|---------------------------------------------|-------|-------|
| Total number of employees as at June 30     | 1,827 | 1,798 |
| Average number of employees during the year | 1,813 | 1,829 |

#### 44. Provident fund trust

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

#### 45. Financial risk management

##### 45.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors ('the Board'). The Company's finance department evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

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

##### (a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

##### (i) Currency risk

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

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

|                                                  | 2026              | 2025     |
|--------------------------------------------------|-------------------|----------|
|                                                  | (USD in thousand) |          |
| <b>Financial assets</b>                          |                   |          |
| Cash and bank balances                           | 1,025             | 1,297    |
| Trade receivables from foreign parties           | 4,967             | 2,240    |
| <b>Financial liabilities</b>                     |                   |          |
| Foreign currency short term borrowings - secured | (3,283)           | (10,870) |
| Foreign currency term finance facility - secured | (101,045)         | -        |
| Net asset exposure                               | (98,336)          | (7,333)  |

The following significant exchange rates have been applied:

|     | Average rate |          | Year-end spot rate |          |
|-----|--------------|----------|--------------------|----------|
|     | 2026         | 2025     | 2026               | 2025     |
|     | (Rupees)     | (Rupees) | (Rupees)           | (Rupees) |
| USD | 279.78       | 279.46   | 278.05             | 283.76   |

#### Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Company's profit before tax and equity. The Company's exposure to foreign currency changes for all currencies other than USD is not material.

|      | Change in<br>Exchange Rate | Effect on profit<br>before tax | Effect on Equity |
|------|----------------------------|--------------------------------|------------------|
|      |                            | (Rupees in thousands)          |                  |
| 2026 | 10%                        | (2,734,232)                    | (1,667,882)      |
|      | -10%                       | 2,734,232                      | 1,667,882        |
| 2025 | 10%                        | (208,081)                      | (126,929)        |
|      | -10%                       | 208,081                        | 126,929          |

#### (ii) Price risk

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

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

The Company's certain investments in equity instruments are publicly traded on the Pakistan Stock Exchange Limited.

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

|                                 | Impact on other components<br>of equity |           |
|---------------------------------|-----------------------------------------|-----------|
|                                 | 2026                                    | 2025      |
|                                 | (Rupees in thousand)                    |           |
| Pakistan Stock Exchange Limited | 3,022,254                               | 2,158,975 |

As at June 30, 2026, the Company had no investments classified as at fair value through profit or loss, hence there is no impact on the profit for the year.

**(iii) Cash flow and fair value interest rate risk**

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

The Company's interest rate risk arises from loan to related party, bank balances, short term and long term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

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

|                                                  | 2026                 | 2025                |
|--------------------------------------------------|----------------------|---------------------|
|                                                  | (Rupees in thousand) |                     |
| <b>Fixed rate instruments:</b>                   |                      |                     |
| <b>Financial assets</b>                          |                      |                     |
| Bank balances - savings accounts                 | 60,243               | 233,113             |
| Term deposit receipts                            | 401,420              | -                   |
| <b>Financial liabilities</b>                     |                      |                     |
| Loans under refinance scheme                     | (965,852)            | (1,891,252)         |
| Export finances                                  | (8,704,525)          | (8,749,567)         |
| <b>Net exposure</b>                              | <u>(9,208,714)</u>   | <u>(10,407,706)</u> |
| <b>Floating rate instruments:</b>                |                      |                     |
| <b>Financial liabilities</b>                     |                      |                     |
| Long term finances - secured                     | (2,404,066)          | (10,286,947)        |
| Foreign currency term finance facility - secured | (28,120,948)         | -                   |
| Short term borrowings - secured                  | (5,194,078)          | (1,128,932)         |
| <b>Net exposure</b>                              | <u>(35,719,092)</u>  | <u>(11,415,879)</u> |

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for floating rate instruments**

The following table demonstrates the sensitivity to a possible change in the interest rate, with all other variables held constant, of the Company's profit before tax and equity against the floating rate instruments.

|      | Change in<br>Exchange Rate | Effect on profit<br>before tax | Effect on Equity |
|------|----------------------------|--------------------------------|------------------|
|      |                            | (Rupees in thousands)          |                  |
| 2026 | 1%                         | (357,191)                      | (217,887)        |
|      | -1%                        | 357,191                        | 217,887          |
| 2025 | 1%                         | (114,159)                      | (69,637)         |
|      | -1%                        | 114,159                        | 69,637           |



**(b) Credit risk**

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

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

**(i) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

|                                       | 2026                 | 2025             |
|---------------------------------------|----------------------|------------------|
|                                       | (Rupees in thousand) |                  |
| Long term deposits                    | 62,013               | 61,013           |
| Trade debts                           | 2,085,440            | 1,493,080        |
| Loans, deposits and other receivables | 37,529               | 184,863          |
| Balances with banks                   | 376,864              | 568,600          |
|                                       | <u>2,561,846</u>     | <u>2,307,556</u> |

**(ii) Impairment of financial assets**

The Company's financial assets, other than investments in equity instruments, are subject to the expected credit losses model. While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

**Trade debts**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2026 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade debts. The Company has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Security deposits pledged by the customers to Company have been regarded as collateral against trade receivables. These security deposits are in liquid form.

The amount of loss allowance that best represents maximum exposure to credit risk at the end of the reporting period without taking into account any collateral is Rs 335.711 million (2025: Rs 454.253 million).

Generally, default is triggered when more than 360 days have passed. However, in case of certain parties, extended credit period is allowed by the Credit Committee of the Company. The names of defaulting parties of outstanding trade debts from export sales and their respective default amount is as follows:

|                                       | 2026                 | 2025          |
|---------------------------------------|----------------------|---------------|
|                                       | (Rupees in thousand) |               |
| Nobel Translink Private Limited       | 1,326                | 1,353         |
| Hizbullah & Saeed Ullah House Limited | 650                  | 663           |
| Vikrant Traders                       | 84,523               | 86,210        |
| Holcim Trading Limited                | 1,578                | -             |
|                                       | <u>88,077</u>        | <u>88,226</u> |

On that basis, the loss allowance as at June 30, 2026 and June 30, 2025 was determined as follows:

| June 30, 2026                                | Local sales |                      |                | Export sales |                      |               |
|----------------------------------------------|-------------|----------------------|----------------|--------------|----------------------|---------------|
|                                              | Expected    | Trade debts          | Loss           | Expected     | Trade debts          | Loss          |
|                                              | loss rate   |                      | allowance      | loss rate    |                      | allowance     |
|                                              | %           | (Rupees in thousand) |                | %            | (Rupees in thousand) |               |
| Net trade debts*                             |             |                      |                |              |                      |               |
| Up to 30 days                                | 0.41%       | 139,732              | 573            | 0.00%        | 132,800              | -             |
| 31 to 60 days                                | 1.50%       | 56,519               | 847            | 0.00%        | 4,077                | -             |
| 61 to 90 days                                | 4.32%       | 19,035               | 823            | 0.00%        | 32,144               | -             |
| 91 to 120 days                               | 10.77%      | 3,427                | 369            | 0.00%        | -                    | -             |
| 121 to 150 days                              | 17.46%      | 36,606               | 6,392          | 0.00%        | 659,577              | -             |
| 151 to 180 days                              | 23.58%      | 3,507                | 827            | 0.00%        | -                    | -             |
| 181 to 210 days                              | 29.08%      | 3,490                | 1,015          | 0.00%        | 464,420              | -             |
| 211 to 240 days                              | 39.70%      | 403                  | 160            | 0.00%        | -                    | -             |
| 241 to 270 days                              | 44.33%      | 6,070                | 2,691          | 0.00%        | -                    | -             |
| 271 to 300 days                              | 56.10%      | 2,501                | 1,403          | 0.00%        | -                    | -             |
| 301 to 330 days                              | 75.80%      | 2,475                | 1,876          | 0.00%        | -                    | -             |
| 331 to 360 days                              | 96.87%      | 830                  | 804            | 0.00%        | -                    | -             |
| Above 360 days                               | 100.00%     | 138,482              | 138,481        | 100.00%      | 88,090               | 88,090        |
|                                              |             | 413,077              | 156,261        |              | 1,381,108            | 88,090        |
| Trade debts against which collateral is held |             | 636,531              | -              |              | -                    | -             |
| <b>Gross Trade debts</b>                     |             | <b>1,049,608</b>     | <b>156,261</b> |              | <b>1,381,108</b>     | <b>88,090</b> |

| June 30, 2025                                | Local sales |                      |                | Export sales |                      |               |
|----------------------------------------------|-------------|----------------------|----------------|--------------|----------------------|---------------|
|                                              | Expected    | Trade debts          | Loss           | Expected     | Trade debts          | Loss          |
|                                              | loss rate   |                      | allowance      | loss rate    |                      | allowance     |
|                                              | %           | (Rupees in thousand) |                | %            | (Rupees in thousand) |               |
| Net trade debts*                             |             |                      |                |              |                      |               |
| Up to 30 days                                | 1.73%       | 308,322              | 5,346          | 0.00%        | 50,002               | -             |
| 31 to 60 days                                | 3.87%       | 243,490              | 9,433          | 0.00%        | 126,627              | -             |
| 61 to 90 days                                | 7.87%       | 37,827               | 2,978          | 0.00%        | 338,775              | -             |
| 91 to 120 days                               | 14.85%      | 84,642               | 12,570         | 0.00%        | 1,609                | -             |
| 121 to 150 days                              | 22.52%      | 21,023               | 4,734          | 0.00%        | -                    | -             |
| 151 to 180 days                              | 32.12%      | 6,144                | 1,973          | 0.00%        | -                    | -             |
| 181 to 210 days                              | 38.43%      | 6,051                | 2,325          | 0.00%        | -                    | -             |
| 211 to 240 days                              | 47.34%      | 9,511                | 4,502          | 0.00%        | 29,968               | -             |
| 241 to 270 days                              | 52.66%      | 21,918               | 11,542         | 0.00%        | -                    | -             |
| 271 to 300 days                              | 60.50%      | 23,660               | 14,315         | 0.00%        | -                    | -             |
| 301 to 330 days                              | 70.69%      | 20,688               | 14,623         | 0.00%        | -                    | -             |
| 331 to 360 days                              | 79.57%      | 24,764               | 19,705         | 0.00%        | -                    | -             |
| Above 360 days                               | 42.39%      | 324,299              | 137,483        | 100.00%      | 88,226               | 88,226        |
|                                              |             | 1,132,339            | 241,529        |              | 635,207              | 88,226        |
| Trade debts against which collateral is held |             | 154,145              | -              |              | -                    | -             |
| <b>Gross Trade debts</b>                     |             | <b>1,286,484</b>     | <b>241,529</b> |              | <b>635,207</b>       | <b>88,226</b> |

\* This represents amounts net of trade debts against which security deposits and inland letters of credit, considered as collateral, are held amounting to Rs 636.530 million (2025: Rs 154.145 million).

**(iii) Credit quality of financial assets**

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

|                                               | Rating     |           | Rating Agency | 2026                 | 2025    |
|-----------------------------------------------|------------|-----------|---------------|----------------------|---------|
|                                               | Short term | Long term |               | (Rupees in thousand) |         |
| Bank Alfalah Limited                          | A1+        | AAA       | PACRA         | 2,453                | 70,774  |
| BankIslami Pakistan Limited                   | A1         | AA-       | PACRA         | 2,885                | 133,543 |
| The Bank of Punjab                            | A1+        | AAA       | PACRA         | 1,009                | 179     |
| The Bank of Khyber                            | A1         | A+        | PACRA         | 57                   | 346     |
| Dubai Islamic Bank Pakistan Limited           | A1+        | AA        | JCR-VIS       | 603                  | 227     |
| MCB Bank Limited - related party              | A1+        | AAA       | PACRA         | 59,445               | 31,139  |
| MCB Islamic Bank Limited - related party      | A1         | A+        | PACRA         | 110,035              | 78,496  |
| Meezan Bank Limited                           | A1+        | AAA       | JCR-VIS       | 15                   | 15      |
| National Bank of Pakistan                     | A1+        | AAA       | PACRA         | 4,955                | 2,964   |
| Silk Bank Limited                             | A2         | A-        | JCR-VIS       | -                    | 5       |
| Standard Chartered Bank (Pakistan) Limited    | A1+        | AAA       | PACRA         | 84,405               | 103,705 |
| United Bank Limited                           | A1+        | AAA       | JCR-VIS       | 15,106               | 26,520  |
| Habib Metropolitan Bank Limited               | A1+        | AA+       | PACRA         | 62                   | 70      |
| Faysal Bank Limited                           | A1+        | AA        | JCR-VIS       | 3,911                | 7       |
| JS Bank Limited                               | A1+        | AA        | PACRA         | 260                  | 12      |
| Industrial and Commercial Bank of China       | F1 +       | A         | PACRA         | 56                   | 56      |
| Soneri Bank Limited                           | A1+        | AA-       | PACRA         | -                    | 350     |
| Samba Bank Limited                            | A1         | AA        | PACRA         | 82                   | 397     |
| Allied Bank Limited                           | A1+        | AAA       | PACRA         | 55                   | 55      |
| Habib Bank Limited - Islamic                  | A1+        | AAA       | JCR-VIS       | -                    | -       |
| Askari Bank Limited                           | A1+        | AA+       | PACRA         | 94                   | -       |
| Habib Bank Limited                            | A1+        | AAA       | PACRA         | 91,525               | 119,921 |
| Al Barakah Bank Limited                       | A1         | AA-       | JCR-VIS       | 32                   | -       |
|                                               |            |           |               | 377,045              | 568,781 |
| Short term investment - Term deposit receipts |            |           |               |                      |         |
| BankIslami Pakistan Limited                   | A1         | AA-       | PACRA         | 252,000              | -       |
| JS Bank Limited                               | A1+        | AA        | PACRA         | 149,420              | -       |
|                                               |            |           |               | 401,420              | -       |

**(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 business, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines. As at June 30, 2026, the Company has Rs 38,700 million available borrowing limits from financial institutions under short term mark-up / profit arrangements, Rs 22,500 million available borrowing limits from financial institutions under import finance facilities and Rs 25,700 million available borrowing limits from financial institutions under export finance facilities.

Management monitors the forecasts of the Company's cash and cash equivalents (note 40 to these financial statements) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

|                          | (Rupees in thousand) |                          |                   |                 |                                   |                   |
|--------------------------|----------------------|--------------------------|-------------------|-----------------|-----------------------------------|-------------------|
|                          | Less than<br>1 year  | Between 1<br>and 2 years | 2 to<br>5 years   | Over<br>5 years | Total<br>contractual<br>cashflows | Carrying<br>value |
| <b>At June 30, 2026</b>  |                      |                          |                   |                 |                                   |                   |
| Long term finances       | 6,733,749            | 6,128,673                | 18,371,796        | 256,649         | 31,490,867                        | 31,020,453        |
| Trade and other payables | 11,911,916           | -                        | -                 | -               | 11,911,916                        | 11,911,916        |
| Long term deposits*      | 1,073,543            | -                        | -                 | -               | 1,073,543                         | 1,073,543         |
| Accrued mark-up          | 221,030              | -                        | -                 | -               | 221,030                           | 221,030           |
| Short term borrowings    |                      |                          |                   |                 |                                   |                   |
| - secured                | 13,898,603           | -                        | -                 | -               | 13,898,603                        | 13,898,603        |
| Unclaimed dividend       | 36,976               | -                        | -                 | -               | 36,976                            | 36,976            |
|                          | <u>33,875,817</u>    | <u>6,128,673</u>         | <u>18,371,796</u> | <u>256,649</u>  | <u>58,632,935</u>                 | <u>58,162,521</u> |

\*The maturity period of long term deposit is not ascertainable.

|                          | (Rupees in thousand) |                          |                  |                  |                                   |                   |
|--------------------------|----------------------|--------------------------|------------------|------------------|-----------------------------------|-------------------|
|                          | Less than<br>1 year  | Between 1<br>and 2 years | 2 to<br>5 years  | Over<br>5 years  | Total<br>contractual<br>cashflows | Carrying<br>value |
| <b>At June 30, 2025</b>  |                      |                          |                  |                  |                                   |                   |
| Long term finances       | 1,934,772            | 2,098,781                | 4,481,114        | 3,273,633        | 11,788,300                        | 12,028,601        |
| Trade and other payables | 7,915,940            | -                        | -                | -                | 7,915,940                         | 7,915,940         |
| Long term deposits*      | 940,292              | -                        | -                | -                | 940,292                           | 940,292           |
| Accrued mark-up          | 229,652              | -                        | -                | -                | 229,652                           | 229,652           |
| Short term borrowings    |                      |                          |                  |                  |                                   |                   |
| - secured                | 9,878,499            | -                        | -                | -                | 9,878,499                         | 9,878,499         |
| Unclaimed dividend       | 34,154               | -                        | -                | -                | 34,154                            | 34,154            |
|                          | <u>20,933,309</u>    | <u>2,098,781</u>         | <u>4,481,114</u> | <u>3,273,633</u> | <u>30,786,837</u>                 | <u>31,027,138</u> |

\*The maturity period of long term deposit is not ascertainable.

## 45.2 Capital management

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

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

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) including bank overdraft (if any) less cash and bank balances and liquid investments.

The gearing ratios as at June 30, 2026 and June 30, 2025 were as follows:

|                                                               | 2026                 | 2025              |
|---------------------------------------------------------------|----------------------|-------------------|
|                                                               | (Rupees in thousand) |                   |
| Borrowings - notes 7, 13 and 15                               | 44,919,056           | 21,907,100        |
| Less: Liquid investments and Cash and bank balances - note 40 | (537,445)            | (1,222,352)       |
| Net debt                                                      | <u>44,381,611</u>    | <u>20,684,748</u> |
| Total equity                                                  | 120,643,265          | 94,667,478        |
| Gearing ratio                                                 | Percentage 37%       | 22%               |

In accordance with the terms of agreements with the lenders of long term finances (as referred to in note 7 to these financial statements), the Company is required to comply with certain financial covenants. The Company has complied with these covenants throughout the reporting period.

At the minimum, the Company is required to comply with the following ratios:

- The gearing ratio must not be more than 2 times;
- The current ratio should be greater than or equal to 0.70 times; and
- The interest coverage ratio should not fall below 1 times

The Company is complied with these covenants as of the reporting period.

There are no indications that the Company would have difficulties complying with the covenants when they will be next tested as at June 30, 2027.

#### 45.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

| As at June 30, 2026                      | Level 1              | Level 2        | Level 3          | Total             |
|------------------------------------------|----------------------|----------------|------------------|-------------------|
|                                          | (Rupees in thousand) |                |                  |                   |
| <b>Recurring fair value measurements</b> |                      |                |                  |                   |
| <b>Assets</b>                            |                      |                |                  |                   |
| Investments - FVOCI                      | 49,545,188           | -              | 6,834,053        | 56,379,241        |
| Investments - FVPL                       | 9,481,644            | -              | -                | 9,481,644         |
| <b>Total assets</b>                      | <u>59,026,832</u>    | <u>-</u>       | <u>6,834,053</u> | <u>65,860,885</u> |
| <b>Total liabilities</b>                 | <u>-</u>             | <u>-</u>       | <u>-</u>         | <u>-</u>          |
| <b>As at June 30, 2025</b>               | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b>   | <b>Total</b>      |
|                                          | (Rupees in thousand) |                |                  |                   |
| <b>Recurring fair value measurements</b> |                      |                |                  |                   |
| <b>Assets</b>                            |                      |                |                  |                   |
| Investments - FVOCI                      | 35,393,058           | -              | 6,284,254        | 41,677,312        |
| Investments - FVPL                       | 653,520              | -              | -                | 653,520           |
| <b>Total assets</b>                      | <u>36,046,578</u>    | <u>-</u>       | <u>6,284,254</u> | <u>42,330,832</u> |
| <b>Total liabilities</b>                 | <u>-</u>             | <u>-</u>       | <u>-</u>         | <u>-</u>          |



Movement in the above mentioned assets has been disclosed in notes 19 and 24 to these unconsolidated financial statements and movement in fair value reserve has been disclosed in the statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the year. Since the ordinary shares of Nishat Hotels and Properties Limited, and Hyundai Nishat Motor (Private) Limited are not listed, an investment advisor engaged by the Company has estimated fair values of Rs 27.39 and Rs 20.35 per ordinary share, respectively, as at June 30, 2026, through a valuation technique based on discounted cash flow analysis. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair values for the remaining financial instruments. An appropriate discount for lack of control and lack of marketability is also applied, where relevant.

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

#### 45.4 Financial instruments by categories

|                                                                 | At fair value<br>through other<br>comprehensive<br>income / profit<br>or loss | At amortised<br><br>cost | Total      |
|-----------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------|------------|
|                                                                 | (Rupees in thousand)                                                          |                          |            |
| As at June 30, 2026                                             |                                                                               |                          |            |
| Assets as per unconsolidated<br>statement of financial position |                                                                               |                          |            |
| Long term deposits                                              | -                                                                             | 62,013                   | 62,013     |
| Trade debts                                                     | -                                                                             | 2,085,440                | 2,085,440  |
| Loans, deposits and other receivables                           | -                                                                             | 37,529                   | 37,529     |
| Investments                                                     | 65,860,885                                                                    | 401,420                  | 66,262,305 |
| Cash and bank balances                                          | -                                                                             | 377,445                  | 377,445    |
|                                                                 | 65,860,885                                                                    | 2,963,847                | 68,824,732 |

|                                                      | At fair value<br>through other<br>comprehensive<br>income / profit<br>or loss | At amortised<br>cost<br>(Rupees in thousand) | Total             |
|------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------|-------------------|
| <b>As at June 30, 2025</b>                           |                                                                               |                                              |                   |
| <b>Assets as per statement of financial position</b> |                                                                               |                                              |                   |
| Long term deposits                                   | -                                                                             | 61,013                                       | 61,013            |
| Trade debts                                          | -                                                                             | 1,493,080                                    | 1,493,080         |
| Loans, deposits and other receivables                | -                                                                             | 184,863                                      | 184,863           |
| Investments                                          | 42,330,832                                                                    | -                                            | 42,330,832        |
| Cash and bank balances                               | -                                                                             | 568,832                                      | 568,832           |
|                                                      | <u>42,330,832</u>                                                             | <u>2,307,788</u>                             | <u>44,638,620</u> |

|                                                                   | Financial liabilities at<br>amortized cost |            |
|-------------------------------------------------------------------|--------------------------------------------|------------|
|                                                                   | 2026                                       | 2025       |
|                                                                   | (Rupees in thousand)                       |            |
| Liabilities as per unconsolidated statement of financial position |                                            |            |
| Long term finances - secured                                      | 31,020,453                                 | 12,028,601 |
| Long term deposits                                                | 1,073,543                                  | 940,292    |
| Accrued mark-up                                                   | 221,030                                    | 229,652    |
| Trade and other payables                                          | 11,911,916                                 | 7,915,940  |
| Short term borrowings - secured                                   | 13,898,603                                 | 9,878,499  |
| Unclaimed dividend                                                | 36,976                                     | 34,154     |
|                                                                   | 58,162,521                                 | 31,027,138 |

#### 45.5 Offsetting financial assets and financial liabilities

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

|                                                                     | 2026                 | 2025       |
|---------------------------------------------------------------------|----------------------|------------|
|                                                                     | (Rupees in thousand) |            |
| 46. Disclosures by Company Listed on Islamic Index                  |                      |            |
| Loans/advances obtained as per Islamic mode:                        |                      |            |
| Loans obtained as per Islamic mode                                  | 35,253,981           | 6,573,756  |
| Shariah compliant bank deposits/bank balances:                      |                      |            |
| Bank balances                                                       | 118,547              | 212,468    |
| Profit earned from shariah compliant bank deposits/bank balances    |                      |            |
| Profit on deposits with banks                                       | 19,650               | 7,344      |
| Revenue earned from shariah compliant business                      | 79,562,656           | 71,892,837 |
| Gain or dividend earned from shariah compliant investments          |                      |            |
| Dividend income                                                     | 90,637               | 136,155    |
| Gain on disposal of investments                                     | -                    | 17,485     |
| Exchange gain                                                       | -                    | -          |
| Profit paid on Islamic mode of financing                            | 360,509              | 1,592,401  |
| Profits earned or interest paid on any conventional loan or advance |                      |            |
| Profit earned on deposits with banks                                | 6,207                | 23,266     |
| Interest paid on loans                                              | 921,432              | 3,328,798  |

### Relationship with shariah compliant banks

The Company has obtained short term borrowings and long term finances, and has maintained bank balances with shariah compliant banks. Disclosures other than the above are not applicable to the Company.

#### 47. Shariah Disclosures under Clause VII of Part I of Schedule IV of the Companies Act, 2017

|                                                                                                                       |                 | 2026                 | 2025       |
|-----------------------------------------------------------------------------------------------------------------------|-----------------|----------------------|------------|
|                                                                                                                       |                 | (Rupees in thousand) |            |
| Disclosures required in relation to the Statement of Financial Position - Liability Side:                             |                 |                      |            |
| Financing (long-term, short-term, or lease financing) obtained as per Islamic mode                                    | - notes 7 & 13  | 35,253,981           | 6,573,756  |
| Interest or mark-up accrued on any conventional loan or advance                                                       | - note 14       | 105,169              | 182,817    |
| Disclosures required in relation to the Statement of Financial Position - Asset Side:                                 |                 |                      |            |
| Long-term and short-term Shariah compliant investments                                                                | - notes 19 & 24 | 43,499,897           | 12,600,725 |
| Shariah-compliant bank deposits, bank balances, and TDRs                                                              | - note 26       | 118,547              | 212,468    |
| Disclosures required in relation to the Statement of Profit or Loss:                                                  |                 |                      |            |
| Revenue earned from Shariah-compliant business segment                                                                | - note 27       | 79,562,656           | 71,892,837 |
| Break-up of late payment or liquidated damages                                                                        |                 | -                    | -          |
| Gain or loss or dividend earned on Shariah-compliant investments or share of profit from Shariah-compliant associates | - note 33       | 90,637               | 153,640    |
| Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs                                            | - note 33       | 19,650               | 7,344      |
| Exchange gain earned from actual currency                                                                             |                 | -                    | -          |
| Exchange gains earned using conventional derivative financial instruments                                             |                 | -                    | -          |
| Profit paid on Islamic mode of financing                                                                              |                 | 360,509              | 1,592,401  |
| Total interest earned on any conventional loan or advance                                                             |                 | -                    | -          |
| Source and Detailed Breakup of other income into Shariah-compliant and non-compliant                                  |                 |                      |            |
| Shariah compliant income                                                                                              |                 | - note 33            |            |
| Gain on disposal of operating fixed assets                                                                            |                 | 133,059              | 36,385     |
| Scrap sales                                                                                                           |                 | 68,565               | 119,563    |
| Rental income                                                                                                         |                 | 1,128                | 3,120      |
| Miscellaneous                                                                                                         |                 | 1,950                | 9,974      |
| Non-Shariah compliant income                                                                                          |                 | - note 33            |            |
| Income on bank deposits                                                                                               |                 | 6,207                | 23,266     |
| Gain on mutual funds                                                                                                  |                 | 528,545              | 95,220     |
| Dividend income                                                                                                       |                 | 3,812,206            | 3,822,103  |
| Rental income                                                                                                         |                 | 1,323                | 955        |

#### Other Disclosures

Relationship with shariah compliant financial institutions, including banks, takaful operators and their windows, etc.

#### Name

Faysal Bank Limited  
The Bank of Punjab - Islamic  
MCB Islamic Bank Limited  
Meezan Bank Limited  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Dubai Islamic Bank Public Joint Stock Company  
Habib Bank Limited - Islamic  
Bank of Khyber - Islamic

#### Relationship

Funded / Non-funded facility(s) and Bank Balance(s)  
Funded / Non-funded facility(s) and Bank Balance(s)  
Non-funded facility(s) and Bank Balance(s)  
Funded / Non-funded facility(s) and Bank Balance(s)  
Non-funded facility(s) and Bank Balance(s)  
Funded / Non-funded facility(s) and Bank Balance(s)  
Funded facility  
Bank Balance(s)  
Funded / Non-funded facility(s) and Bank Balance(s)

**48. Reconciliation of movements in liabilities to cash flows arising from financing activities**

|                                                                        | Unclaimed<br>dividend | Long term<br>financing from<br>financial<br>institutions<br>- secured | Total       |
|------------------------------------------------------------------------|-----------------------|-----------------------------------------------------------------------|-------------|
|                                                                        | (Rupees in thousands) |                                                                       |             |
| <b>As at July 01, 2025</b>                                             | 34,154                | 12,028,601                                                            | 12,062,755  |
| Change in liability:                                                   |                       |                                                                       |             |
| Finance cost                                                           | -                     | 86,698                                                                | 86,698      |
| Exchange gain on Foreign currency term finance facility                | -                     | (5,052)                                                               | (5,052)     |
| Dividend announced during the year                                     | 876,238               | -                                                                     | 876,238     |
| <b>Total liability related change</b>                                  | 876,238               | 81,646                                                                | 957,884     |
| <b>Changes from financing cash flows</b>                               |                       |                                                                       |             |
| Dividend paid during the year<br>including unclaimed / unpaid balances | (873,416)             | -                                                                     | (873,416)   |
| Long term financing received                                           | -                     | 27,718,487                                                            | 27,718,487  |
| Long term financing paid                                               | -                     | (8,808,281)                                                           | (8,808,281) |
| <b>Total changes from financing cash flows</b>                         | (873,416)             | 18,910,206                                                            | 18,036,790  |
| <b>As at June 30, 2026</b>                                             | 36,976                | 31,020,453                                                            | 31,057,429  |
| <b>As at July 01, 2024</b>                                             | 34,202                | 21,257,088                                                            | 21,291,290  |
| Change in liability:                                                   |                       |                                                                       |             |
| Finance cost                                                           | -                     | 129,152                                                               | 129,152     |
| Dividend announced during the year                                     | -                     | -                                                                     | -           |
| <b>Total liability related change</b>                                  | -                     | 129,152                                                               | 129,152     |
| <b>Changes from financing cash flows</b>                               |                       |                                                                       |             |
| Dividend paid during the year<br>including unclaimed / unpaid balances | (48)                  | -                                                                     | (48)        |
| Long term financing received                                           | -                     | -                                                                     | -           |
| Long term financing paid                                               | -                     | (9,357,639)                                                           | (9,357,639) |
| <b>Total changes from financing cash flows</b>                         | (48)                  | (9,357,639)                                                           | (9,357,687) |
| <b>As at June 30, 2025</b>                                             | 34,154                | 12,028,601                                                            | 12,062,755  |

**49. Date of authorization for issue**

These financial statements were authorised for issue on August 27, 2026 by the Board of Directors of the Company.

## 50. Events after the reporting date

The Board of Directors in its meeting held on August 27, 2026 has announced a final cash dividend in respect of the year ended June 30, 2026 of Rs 1 per share (2025: Rs 2 per share). These unconsolidated financial statements for the year ended June 30, 2026 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

## 51. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant rearrangements and reclassifications have been made except for the following:

### Rupees in thousand

|                                                                                                                                          |        |
|------------------------------------------------------------------------------------------------------------------------------------------|--------|
| In 'Other income', 'Gain on mutual funds' has now been reclassified and presented separately, for better presentation and comparability. | 95,220 |
|------------------------------------------------------------------------------------------------------------------------------------------|--------|

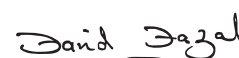
|                                                                                                                                                                                                              |         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| In 'Cost of sales', certain expenses previously included in 'Salaries, wages and other benefits' have now been reclassified and presented in 'Security expenses', for better presentation and comparability. | 155,944 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|



Chief Executive



Chief Financial Officer



Director



# CONSOLIDATED FINANCIAL STATEMENTS





## Independent Auditor's Report

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

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the annexed consolidated financial statements of D. G. Khan Cement Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2026, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the Key audit matters:

| Sr. No. | Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | How the matters were addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)     | <p><b>Deferred taxation</b></p> <p>(Refer notes 4.3 and 11 to the annexed consolidated financial statements)</p> <p>The Group has recognised deferred tax in respect of specific unused tax credits and unused tax losses. Deferred tax assets on such items have been recognised as it is probable that sufficient taxable profits will be available in future, before their expiry, for their utilisation on the basis of the approved business plan.</p> <p>Due to the significant level of judgement and estimation required in preparing the business plan for determining recoverability of deferred tax assets and the significance of the amounts involved, we consider it to be a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the Group's process of preparing the deferred tax working and tested internal controls over management's valuation of deferred tax assets;</li> <li>Obtained an understanding regarding the relevant tax laws with respect to availability of tax credits and unused tax losses;</li> <li>Recalculated the amount of tax credits and unused tax losses in accordance with the provisions of the Income Tax Ordinance, 2001;</li> </ul> |

| Sr. No. | Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How the matters were addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Involved internal tax specialist to check the income tax computation for the year and assessed the management's conclusion on carry forward of the tax credits and unused tax losses;</li> <li>Obtained the approved business plan and evaluated the management's assumptions used in the preparation of business plan;</li> <li>Assessed the reasonableness of computation of taxable income derived from the approved business plan;</li> <li>Checked the management's analysis regarding the timing of utilisation of unused tax credits and unused tax losses by considering the year wise utilisation of such amounts and evaluated the selection of the expected tax rate in this regard; and</li> <li>Assessed the appropriateness of accounting policy in respect of recognition of deferred tax assets on unused tax credits and unused tax losses and the adequacy of the disclosures made by the Group in this area with regard to the applicable accounting and reporting standards.</li> </ul>                                                                                                                                                                                                                                      |
| (ii)    | <p><b>Investments measured at fair value</b></p> <p>(Refer notes 4.15, 20.1.1 and 20.1.2 to the annexed consolidated financial statements)</p> <p>The Group holds investments in equity instruments of Nishat Hotels and Properties Limited ('NHPL') and Hyundai Nishat Motor (Private) Limited ('HNMPL'). Due to NHPL and HNMPL being non-listed companies, their shares do not have a quoted price in an active market. Therefore, fair values of their shares have been determined through valuation methodology based on discounted cash flow method. This involves several estimation techniques and management's judgements to obtain reasonable expected future cash flows of respective businesses and related discount rates. Management involved an expert to perform these valuations on its behalf.</p> <p>Due to the significant level of judgment and estimation required to determine the fair value of the investments, we consider it to be a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Understood and evaluated the process by which the cash flow forecasts were prepared and approved, including confirming the mathematical accuracy of the underlying calculations;</li> <li>Evaluated the cash flow forecasts by obtaining an understanding of respective businesses of NHPL and HNMPL;</li> <li>Obtained an understanding of the work performed by the management's expert on the models for the purpose of valuations;</li> <li>Examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;</li> <li>Obtained corroborating evidence relating to the values as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecasts by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data;</li> <li>Performed sensitivity analysis around key assumptions to ascertain the extent of change individually in the values of the investments; and</li> <li>Assessed the adequacy of the disclosures made by</li> </ul> |

| Sr. No. | Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | How the matters were addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | the Group in this area with regard to applicable accounting and reporting standards.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| (iii)   | <p><b>Stock-in-trade and Stores, spare parts and loose tools</b></p> <p>(Refer notes 3.2, 4.13, 4.14, 22 and 23 to the annexed consolidated financial statements)</p> <p>As at June 30, 2026, the Group held certain items of stock-in-trade and stores, spare parts and loose tools ('inventory' items) which included clinker as work-in-process and coal as stores.</p> <p>The above inventory items are stored in purpose-built sheds, stockpiles and silos. As the weighing of these inventory items is not practicable, the management assesses the reasonableness of the quantities on-hand by obtaining measurements of stockpiles and converting these measurements into unit of volume by using angle of repose and bulk density values.</p> <p>As the determination of quantities of on-hand inventory items, by measuring the volume and density of these items as at the reporting date, involved significant estimates, this has been considered to be a key audit matter.</p> | <p>Our audit procedures to assess the existence of inventory included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the measurement process and procedures with respect to the specific items of the stock-in-trade and stores held in the form of stockpiles;</li> <li>• Attended physical inventory counts performed by the Group on a sample basis and assessed the reasonableness of the management's process of measurement of stockpiles and the determination of volume using angle of repose and bulk density values;</li> <li>• Involved an independent auditor's expert having expertise in the measurement and technical assessment for determination of quantities for certain inventory items; and</li> <li>• Obtained and reviewed the inventory count report prepared by the management and the report prepared by the auditor's expert.</li> </ul> |

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.



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

Lahore

Date: September 30, 2026

UDIN: AR202610092rsCPQk75d



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                                             | Note | 2026<br>(Rupees in thousand) | 2025        |
|-------------------------------------------------------------|------|------------------------------|-------------|
| <b>EQUITY AND LIABILITIES</b>                               |      |                              |             |
| <b>CAPITAL AND RESERVES</b>                                 |      |                              |             |
| Authorised share capital                                    |      |                              |             |
| 950,000,000 (2025: 950,000,000)                             |      |                              |             |
| ordinary shares of Rs 10 each                               |      | 9,500,000                    | 9,500,000   |
| 50,000,000 (2025: 50,000,000)                               |      |                              |             |
| preference shares of Rs 10 each                             |      | 500,000                      | 500,000     |
|                                                             |      | 10,000,000                   | 10,000,000  |
| Issued, subscribed and paid up share capital                |      |                              |             |
| 438,119,118 (2025: 438,119,118)                             |      |                              |             |
| ordinary shares of Rs 10 each                               | 5    | 4,381,191                    | 4,381,191   |
| Other reserves                                              | 6    | 59,793,292                   | 44,133,217  |
| Revenue reserve: Un-appropriated profits                    |      | 58,608,769                   | 47,705,604  |
| Attributable to owners of the parent company                |      | 122,783,252                  | 96,220,012  |
| Non-controlling interests                                   |      | 3,922,426                    | 3,408,827   |
| Total equity                                                |      | 126,705,678                  | 99,628,839  |
| <b>NON-CURRENT LIABILITIES</b>                              |      |                              |             |
| Long term finances from financial institutions - secured    | 7    | 27,554,662                   | 13,434,057  |
| Deferred government grant                                   | 8    | 41,740                       | 81,557      |
| Long term deposits                                          | 9    | 1,073,543                    | 940,292     |
| Employee benefits obligations                               | 10   | 1,099,451                    | 954,639     |
| Deferred taxation                                           | 11   | 15,028,056                   | 14,100,697  |
|                                                             |      | 44,797,452                   | 29,511,242  |
| <b>CURRENT LIABILITIES</b>                                  |      |                              |             |
| Trade and other payables                                    | 12   | 18,798,038                   | 14,438,779  |
| Short term borrowings from financial institutions - secured | 13   | 14,970,867                   | 12,347,094  |
| Accrued mark-up / profit                                    | 14   | 303,217                      | 550,953     |
| Current portion of non-current liabilities                  | 15   | 7,129,327                    | 2,082,405   |
| Unclaimed dividend                                          |      | 36,976                       | 34,153      |
| Income tax payable                                          |      | 337,446                      | 330,834     |
| Provision for taxation                                      |      | 196,366                      | 117,413     |
|                                                             |      | 41,772,237                   | 29,901,631  |
| <b>CONTINGENCIES AND COMMITMENTS</b>                        |      |                              |             |
|                                                             | 16   | 213,275,367                  | 159,041,712 |

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive

## AS AT JUNE 30, 2026

|                                                                 | Note | 2026<br>(Rupees in thousand) | 2025        |
|-----------------------------------------------------------------|------|------------------------------|-------------|
| <b>ASSETS</b>                                                   |      |                              |             |
| <b>NON-CURRENT ASSETS</b>                                       |      |                              |             |
| Property, plant and equipment                                   | 17   | 83,920,821                   | 83,883,406  |
| Intangible assets                                               | 18   | 55,635                       | 13,076      |
| Biological assets                                               | 19   | 1,436,579                    | 1,286,798   |
| Long term investments                                           | 20   | 53,941,575                   | 19,694,305  |
| Long term deposits and prepayment                               | 21   | 142,133                      | 61,013      |
|                                                                 |      | 139,496,743                  | 104,938,598 |
| <b>CURRENT ASSETS</b>                                           |      |                              |             |
| Stores, spares and loose tools                                  | 22   | 13,323,350                   | 12,733,731  |
| Stock-in-trade                                                  | 23   | 11,886,178                   | 11,211,964  |
| Trade debts                                                     | 24   | 2,600,849                    | 1,699,018   |
| Contract assets                                                 | 25   | 219,196                      | 253,466     |
| Short term investments                                          | 26   | 42,894,493                   | 24,360,184  |
| Loans, advances, deposits, prepayments<br>and other receivables | 27   | 1,968,619                    | 2,426,669   |
| Income tax recoverable                                          |      | 372,147                      | 462,885     |
| Cash and bank balances                                          | 28   | 513,792                      | 955,197     |
|                                                                 |      | 73,778,624                   | 54,103,114  |
|                                                                 |      | 213,275,367                  | 159,041,712 |



Chief Financial Officer



Director

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year Ended June 30, 2026

|                                                      | Note | 2026                 | 2025              |
|------------------------------------------------------|------|----------------------|-------------------|
|                                                      |      | (Rupees in thousand) |                   |
| Revenue from contracts with customers - net          | 29   | 87,608,436           | 78,633,908        |
| Cost of sales                                        | 30   | (65,030,018)         | (58,834,577)      |
| <b>Gross profit</b>                                  |      | <b>22,578,418</b>    | <b>19,799,331</b> |
| Administrative expenses                              | 31   | (1,929,842)          | (1,488,442)       |
| Selling and distribution expenses                    | 32   | (4,178,067)          | (3,879,054)       |
| Net impairment reversal / (loss) on financial assets |      | 83,872               | (6,920)           |
| Changes in fair value of biological assets           | 19   | 471,739              | 469,855           |
| Other expenses                                       | 33   | (1,281,241)          | (971,273)         |
| Other income                                         | 34   | 4,958,929            | 5,050,139         |
| Finance cost                                         | 35   | (1,952,564)          | (4,288,179)       |
| <b>Profit before levy and income tax</b>             |      | <b>18,751,244</b>    | <b>14,685,457</b> |
| Levy                                                 | 36   | (702,103)            | (630,520)         |
| <b>Profit before income tax</b>                      |      | <b>18,049,141</b>    | <b>14,054,937</b> |
| Taxation                                             | 37   | (5,875,089)          | (4,297,247)       |
| <b>Profit for the year</b>                           |      | <b>12,174,052</b>    | <b>9,757,690</b>  |
| <b>Profit is attributable to:</b>                    |      |                      |                   |
| Owners of the parent company                         |      | 11,819,026           | 9,239,142         |
| Non-controlling interests                            |      | 355,026              | 518,548           |
|                                                      |      | <b>12,174,052</b>    | <b>9,757,690</b>  |
|                                                      |      | <b>Rupees</b>        | <b>Rupees</b>     |
| Earnings per share - basic and diluted               | 38   | 26.98                | 21.09             |

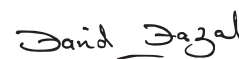
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended June 30, 2026

|                                                                                            | 2026                 | 2025       |
|--------------------------------------------------------------------------------------------|----------------------|------------|
|                                                                                            | (Rupees in thousand) |            |
| <b>Profit for the year</b>                                                                 | 12,174,052           | 9,757,690  |
| <b>Other comprehensive income for the year - net of tax</b>                                |                      |            |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                      | -                    | -          |
| <i>Items that will not be subsequently reclassified to profit or loss:</i>                 |                      |            |
| Change in fair value of investments at fair value through other comprehensive income (OCI) | 15,268,068           | 9,409,174  |
| Tax effect of change in fair value of investments at fair value through OCI                | 550,580              | 993,983    |
| Remeasurement of retirement benefits                                                       | (58,658)             | 41,666     |
| Tax effect of remeasurement of retirement benefits                                         | 19,035               | (16,249)   |
|                                                                                            | 15,779,025           | 10,428,574 |
| <b>Other comprehensive income for the year</b>                                             | 15,779,025           | 10,428,574 |
| <b>Total comprehensive income for the year</b>                                             | 27,953,077           | 20,186,264 |
| <b>Total comprehensive income is attributable to:</b>                                      |                      |            |
| Owners of the parent company                                                               | 27,439,478           | 19,540,054 |
| Non-controlling interests                                                                  | 513,599              | 646,210    |
|                                                                                            | 27,953,077           | 20,186,264 |

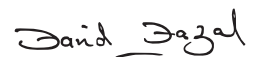
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2026

|                                                                               | Note | 2026<br>(Rupees in thousand) | 2025         |
|-------------------------------------------------------------------------------|------|------------------------------|--------------|
| <b>Cash flows from operating activities</b>                                   |      |                              |              |
| Cash generated from operations                                                | 39   | 22,982,512                   | 17,109,436   |
| Finance cost paid                                                             |      | (2,197,911)                  | (5,154,261)  |
| Retirement and other benefits paid                                            |      | (203,427)                    | (198,725)    |
| Income tax paid                                                               |      | (4,201,812)                  | (854,547)    |
| Levy - final taxes paid                                                       |      | (702,103)                    | (630,520)    |
| Long term deposits and prepayment - net                                       |      | 52,131                       | 368,099      |
| Net cash inflow from operating activities                                     |      | 15,729,390                   | 10,639,482   |
| <b>Cash flows from investing activities</b>                                   |      |                              |              |
| Payments for property, plant and equipment                                    |      | (4,031,589)                  | (4,239,803)  |
| Proceeds from disposal of property, plant and equipment                       |      | 204,420                      | 688,896      |
| Payments for intangible assets                                                |      | (82,768)                     | -            |
| Payments for purchase of biological assets                                    |      | (18,550)                     | (7,650)      |
| Proceeds from sale of biological assets                                       |      | 210,234                      | 186,391      |
| Investment in associate                                                       |      | (28,402,857)                 | -            |
| Investment in term deposit receipts - net                                     |      | (22,674)                     | (330,047)    |
| Investment in equity instruments                                              |      | (63,833)                     | (38,232)     |
| Investment in mutual funds - net                                              |      | (9,487,970)                  | -            |
| Interest / profit received                                                    |      | 97,982                       | 131,742      |
| Dividends received                                                            |      | 4,077,845                    | 4,125,456    |
| Net cash (outflow) / inflow from investing activities                         |      | (37,519,760)                 | 516,753      |
| <b>Cash flows from financing activities</b>                                   |      |                              |              |
| Proceeds from long term finances from financial institutions - secured        |      | 27,941,095                   | 1,879,007    |
| Repayments of long term finances from financial institutions - secured        |      | (8,821,442)                  | (9,518,547)  |
| Dividends paid to owners of the parent company                                |      | (873,415)                    | (47)         |
| Short term borrowings - net                                                   |      | 1,054,956                    | 8,749,569    |
| Buy-back of shares of subsidiary from non-controlling shareholders (note 1.1) |      | -                            | (104,500)    |
| Net cash inflow from financing activities                                     |      | 19,301,194                   | 1,005,482    |
| <b>Net (decrease) / increase in cash and cash equivalents</b>                 |      | (2,489,176)                  | 12,161,717   |
| <b>Cash and cash equivalents at the beginning of the year</b>                 |      | (1,988,808)                  | (14,121,146) |
| Effect of exchange rate changes on cash and cash equivalents                  |      | (14,566)                     | (29,379)     |
| <b>Cash and cash equivalents at the end of the year</b>                       | 40   | (4,492,550)                  | (1,988,808)  |

Refer note 51 for reconciliation of liabilities arising from financing activities.

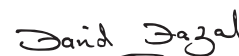
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended June 30, 2026

|                                                                                           | Capital Reserve    |               |               | Revenue Reserve                 |                 | Total equity attributable to owners of parent company | Non-Controlling Interest | Total equity |
|-------------------------------------------------------------------------------------------|--------------------|---------------|---------------|---------------------------------|-----------------|-------------------------------------------------------|--------------------------|--------------|
|                                                                                           | Share Capital      | Share premium | FVOCI reserve | Capital redemption reserve fund | General reserve | Un-appropriated Profits                               |                          |              |
|                                                                                           | Rupees in thousand |               |               |                                 |                 |                                                       |                          |              |
| <b>Balance as on July 1, 2024</b>                                                         | 4,381,191          | 4,557,163     | 23,836,198    | 353,510                         | 5,110,851       | 38,441,045                                            | 2,867,117                | 79,547,075   |
| <b>Total comprehensive income for the year</b>                                            |                    |               |               |                                 |                 |                                                       |                          |              |
| - Profit for the year                                                                     | -                  | -             | -             | -                               | -               | 9,239,142                                             | 518,548                  | 9,757,690    |
| - Other comprehensive income for the year:                                                |                    |               |               |                                 |                 |                                                       |                          |              |
| - Changes in fair value of investments at fair value through OCI - net of tax             | -                  | -             | 10,275,495    | -                               | -               | -                                                     | 127,662                  | 10,403,157   |
| - Remeasurements of retirement benefits - net of tax                                      | -                  | -             | -             | -                               | -               | 25,417                                                | -                        | 25,417       |
| <b>Transactions with owners in their capacity as owners recognised directly in equity</b> |                    |               |               |                                 |                 |                                                       |                          |              |
| Buy-back of shares (note 1.1)                                                             | -                  | -             | 10,275,495    | -                               | -               | 9,264,559                                             | 646,210                  | 20,186,264   |
| <b>Balance as on June 30, 2025</b>                                                        | 4,381,191          | 4,557,163     | 34,111,693    | 353,510                         | 5,110,851       | 47,705,604                                            | (104,500)                | 99,628,839   |
| <b>Total comprehensive income for the year</b>                                            |                    |               |               |                                 |                 |                                                       |                          |              |
| - Profit for the year                                                                     | -                  | -             | -             | -                               | -               | 11,819,026                                            | 355,026                  | 12,174,052   |
| - Other comprehensive income for the year:                                                |                    |               |               |                                 |                 |                                                       |                          |              |
| - Changes in fair value of investments at fair value through OCI - net of tax             | -                  | -             | 15,660,075    | -                               | -               | -                                                     | 158,573                  | 15,818,648   |
| - Remeasurements of retirement benefits - net of tax                                      | -                  | -             | -             | -                               | -               | (39,623)                                              | -                        | (39,623)     |
| <b>Transactions with owners in their capacity as owners recognised directly in equity</b> |                    |               |               |                                 |                 |                                                       |                          |              |
| Final dividend for the year ended June 30, 2025 (Rs 2 per share)                          | -                  | -             | 15,660,075    | -                               | -               | 11,779,403                                            | 513,599                  | 27,953,077   |
| <b>Balance as on June 30, 2026</b>                                                        | 4,381,191          | 4,557,163     | 49,771,768    | 353,510                         | 5,110,851       | 58,608,769                                            | 3,922,426                | 126,705,678  |

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2026

### 1. The Group and its activities

The Group comprises of:

- D. G. Khan Cement Company Limited (the 'parent company');
- Nishat Packaging Limited;
- Nishat Dairy (Private) Limited; and
- D.G. Khan Cement Company (USA) LLC.

D.G. Khan Cement Company Limited is a public company limited by shares, incorporated in Pakistan in 1978 under the repealed Companies Act, 1913 (now, the Companies Act, 2017, hereinafter may be referred to as the 'Act'). Its ordinary shares are listed on the Pakistan Stock Exchange Limited. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement (hereinafter referred to as the 'Cement segment'). It has four cement plants; two plants located at Dera Ghazi Khan ('D. G. Khan'), one at Khairpur District, Chakwal ('Khairpur') and one at District Hub ('Hub').

Nishat Packaging Limited is a public company limited by shares, incorporated in Pakistan on July 23, 2004 under the repealed Companies Ordinance, 1984 (now, the Act). It is principally engaged in the manufacture and sale of packaging material (hereinafter referred to as the 'Packaging segment'). Its manufacturing facilities are located at Khairpur on the parent company's land and Quaid-e-Azam Business Park, Industrial Estate, Sheikhpura.

Nishat Dairy (Private) Limited is a private company limited by shares, incorporated in Pakistan on October 28, 2011 under the repealed Companies Ordinance, 1984 (now, the Act). It is principally engaged in the business of production and sale of raw milk (hereinafter referred to as the 'Dairy segment'). Its production facility and factory is situated at 1- KM Sukheki Road, Pindi Bhattian.

D.G. Khan Cement Company (USA) LLC is a wholly owned subsidiary of D.G. Khan Cement Company Limited situated in 509 Branard Street, Houston Texas, United States of America. The principle business of the subsidiary is sale of cement products. The subsidiary is yet to commence its commercial operations. Further, as at June 30, 2026, there are no contingencies against the subsidiary.

The registered office of all the above companies except for D.G. Khan Cement Company (USA) LLC is situated at Nishat House, 53-A, Lawrence Road, Lahore. The parent company's holding in its subsidiaries is as follows:

|                                      | Effective<br>percentage of holding |
|--------------------------------------|------------------------------------|
| - Nishat Packaging Limited           | 55.00%                             |
| - Nishat Dairy (Private) Limited     | 55.10%                             |
| - D.G. Khan Cement Company (USA) LLC | 100.00%                            |

The Group has regional offices located across Pakistan, the geographical locations of which are listed below:

| Regional office   | Geographical location                                                           |
|-------------------|---------------------------------------------------------------------------------|
| Lahore region     | Nishat House, 53-A, Lawrence Road, Lahore                                       |
| Multan region     | 17-E-1, Officers Colony, Near Eid Gah, Main Khanewal Road, Multan Cantt, Multan |
| Karachi region    | D-247, KDA Scheme No. 1/A, Karachi                                              |
| Rawalpindi region | Office # 13-16, Third Floor, Rizwan Arcade, Adamjee Road, Saddar, Rawalpindi    |
| D.G. Khan region  | 16-B, Khayaban-e-Sarwar, Manka Road, D.G. Khan                                  |

- 1.1** During the prior year, Nishat Dairy (Private) Limited with the approval of its shareholders in the extraordinary general meeting, resolved to buy back, for the purpose of cancellation, an aggregate number of 23,275,000 issued and paid-up ordinary shares of the Dairy segment at the par value i.e. Rs 10 per share during the purchase period. Accordingly, the Dairy segment has completed purchase of 23,275,000 own shares. Accordingly, these own shares were cancelled and the buy-back process stood completed.

## 2. Basis of preparation

### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- i) IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- ii) Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- iii) Provisions of, directives and notifications issued under the Companies Act, 2017.

Where the provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards or IFAS, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2025 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 1, 2026 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

##### a) Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective for annual period beginning on or after January 1, 2026)

The IASB has issued narrow-scope amendments to IFRS Standards. The amendments aim to:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the Solely Payments of Principal and Interest ('SPPI') criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance ('ESG') targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income ('FVOCI').

An important clarification brought about in these amendments is that a payment instruction (e.g. a cheque) that is prepared for a future payment will generally not meet the requirements for the financial

liability to be discharged and hence derecognised. The previous practice of financial liabilities being derecognized upon issuance of cheques would need to be reconsidered.

**b) Annual improvements to International Financial Reporting Standards – Volume 11 (effective for annual period beginning on July 1, 2026)**

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

**c) IFRS 18 "Presentation and Disclosure in Financial Statements" (effective for annual periods beginning or after January 1, 2027)**

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Group is yet to assess the impact of this Standard and above amendments / improvements to existing standards on its consolidated financial statements.

### 3. Basis of measurement

**3.1** These consolidated financial statements have been prepared on a historical cost basis except for the following:

- certain financial instruments, government grant, and plan assets of defined benefit gratuity at fair value,
- certain employee benefit obligations and provisions at present value, and
- biological assets at fair value less costs to sell.

**3.2 Critical accounting estimates and judgements**

The preparation of these consolidated financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has made the following estimates and judgments which are significant to these consolidated financial statements:

- a)** Provision for taxation and recognition of deferred tax asset for tax credits and for carried-forward tax losses - notes 4.3, 11 and 37

- b) Employee benefit obligations - notes 4.4 and 10
- c) Useful lives and residual values of property, plant and equipment - notes 4.6 and 17.1
- d) Fair valuation of biological assets - notes 4.9 and 19
- e) Fair value of unquoted investments measured at fair value through other comprehensive income ('FVOCI') - note 4.15 and 20
- f) Impairment of financial assets (other than investments in equity instruments) - note 4.15.4
- g) Existence of stores, spare parts and loose tools and stock-in-trade items ('inventory' items) - note 4.13 and 4.14

The Cement segment's certain stock-in-trade items [i.e. raw materials (gypsum, iron ore, laterite etc.), work-in-process (raw meal and clinker) and finished goods (cement)] and certain store items (i.e. coal and refused derived fuel) ('inventory' items) are stored in purpose-built sheds, stockpiles and silos. As weighing these items is not practicable, the management assesses the reasonableness of the quantities on-hand inventory items by obtaining measurement of these items and converting these measurements into unit of volume by using angle of repose and bulk density values.

- h) Contingencies - note 16
- i) Estimate of Net Realisable Value ('NRV') of stock-in-trade - note 4.14
- j) Estimate of present value of provisions - notes 4.21 and 12

#### 4. Material accounting policy information

The material 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 and equity accounting

###### a) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and



acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-Controlling Interests ('NCI') in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

#### **b) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in consolidated statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated statement of comprehensive income are reclassified to consolidated statement of profit or loss.

#### **c) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (refer to note 4.1 (d)), after initially being recognised at cost in the consolidated statement of financial position.

#### **d) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses,

unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the entity. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investee are consistent with the policies adopted by the Group.

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

## 4.2 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

## 4.3 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that relates to items recognised directly in consolidated statement of changes in equity or consolidated statement of comprehensive income, in which case it is recognised directly in equity or consolidated statement of comprehensive income.

### Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

### 4.3.1 Levies

Minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime or any minimum taxes which are not adjustable against future income tax liability, are classified as levy in the profit or loss as they fall under the scope of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

## 4.4 Employee benefits

### 4.4.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

### 4.4.2 Post employment benefits

#### (a) Defined benefit plan - Gratuity

The Cement segment operates an approved funded defined benefit gratuity plan for all eligible regular employees having joining date on or before June 30, 2022 and a service period of more than five years for officers and six months for workers. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2026 using the "Projected Unit Credit Method".

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

The amount recognised in consolidated statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in consolidated statement of comprehensive income in the year in which they arise. Past service costs are recognised immediately in the consolidated statement of profit or loss.

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

|                                                      | 2026   | 2025   |
|------------------------------------------------------|--------|--------|
| Discount rate per annum                              | 11.75% | 11.75% |
| Expected increase in eligible salary level per annum | 10.75% | 10.75% |
| Duration of the plan (years)                         | 6      | 7      |

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

#### (b) Defined contribution plan

The Group operates provident funds for all its regular employees. Equal monthly contributions are made to the funds both by the Group and the employees as follows:

Cement segment: at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers.

Packaging segment: at the rate of 10% of the basic salary

Dairy segment: at the rate of 9.5% of the basic salary plus cost of living allowance

The Group has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated statement of profit or loss as and when incurred.

#### 4.4.3 Accumulating compensated absences

The Cement segment provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 30 days in case of officers. However, leave policy for officers whose leave balance was already accumulated to 90 days or above as of July 1, 2019 may keep leaves accumulated up to 90 days. An officer is entitled to encash the unutilised earned leave accrued during the year. In addition, he can also encash some portion of his accumulated leave balance during the year. Any further unutilised leaves lapse. The earned leave encashment is based on basic salaries. In case of workers, unutilised leaves may be accumulated up to 120 days, however, accumulated leave balance above 50 days is encashable upon demand of the worker. Unutilised leaves can be used at any time by all employees, subject to the approval of the Group's management.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the consolidated statement of profit or loss. The most recent valuation was carried out as at June 30, 2026 using the "Projected Unit Credit Method".

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

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

|                                                     | 2026                                              | 2025                                              |
|-----------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Discount rate per annum                             | 11.75%                                            | 11.75%                                            |
| Expected rate of increase in salary level per annum | 10.75%                                            | 10.75%                                            |
| Expected mortality rate                             | SLIC (2001-2005) mortality table (setback 1 year) | SLIC (2001-2005) mortality table (setback 1 year) |
| Duration of the plan (years)                        | 2                                                 | 2                                                 |

#### 4.5 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 4.6 Property, plant and equipment

##### 4.6.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain operating fixed assets signifies historical cost and borrowing costs as referred to in note 4.22.

Depreciation on all operating fixed assets of the Group is charged to the consolidated statement of profit or loss on the reducing balance method, except for plant and machinery and leasehold land of the Cement and Packaging segments, which are being depreciated using the straight line method, so as to write off the depreciable amount of such assets over their estimated useful life at annual rates mentioned in note 17.1 after taking into account their residual values.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Group's estimate of the residual value and useful life of its operating fixed assets as at June 30, 2026 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.10 to these consolidated financial statements.

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

Proceeds from the sale of items while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management are not deducted from the cost of an item of property, plant and equipment. Instead, the Group recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

##### 4.6.2 Major spare parts and stand-by equipment

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

##### 4.6.3 Capital work-in-progress

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

#### 4.7 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets that are carried at fair value, and contractual rights under insurance



contracts, which are specifically exempt from this requirement.

#### 4.8 Intangible assets - Computer software

Expenditure incurred to acquire computer software is capitalised as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. Computer software is amortized using the straight line method over a period of three years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (as explained in note 4.10 to these consolidated financial statements).

#### 4.9 Biological assets - Livestock

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes.

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

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

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

#### 4.10 Impairment of non-financial assets

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

#### 4.11 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of additional ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

#### 4.12 Investments

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

#### 4.13 Stores, spares and loose tools

Stores, spare parts and loose tools are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and / or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for

obsolescence.

#### 4.14 Stock-in-trade

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

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

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

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

#### 4.15 Financial assets

##### 4.15.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through Other Comprehensive Income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

##### 4.15.2 Recognition and derecognition

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

##### 4.15.3 Measurement

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

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

##### Debt instruments

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

the Group classifies its debt instruments:

- i) **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these consolidated financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.
- ii) **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these consolidated financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.
- iii) **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

#### Equity instruments

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

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

#### 4.15.4 Impairment of financial assets other than investment in equity instruments

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts and contract assets, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables while general 3-stage approach for loans, deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Contract assets;
- Long term loans;
- Long term deposits;
- Loans, deposits and other receivables; and
- Bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

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

#### 4.16 Financial liabilities

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

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method. Gain and losses are recognised in the profit or loss, when the liabilities are derecognised as well as through effective interest rate amortization process.

A financial liability is derecognised 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 recognised in the consolidated statement of profit or loss.

#### 4.17 Offsetting of financial assets and liabilities

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

#### 4.18 Trade debts and other receivables

Trade debts are amounts due from customer for goods sold or services performed in ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method less loss allowance.

#### 4.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Short term borrowings are also included in cash and cash equivalent if it is repayable on demand and forms an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

#### 4.20 Foreign currency transactions and translation

##### a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

##### b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains / (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

#### 4.21 Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### 4.22 Borrowing costs

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

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



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

#### 4.23 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue is recognised upon satisfaction of performance obligations.

In case of local sales for all segments, except for made-to-order packaging products produced by the Packaging segment, revenue is recognised at the time of despatch of goods from the factory.

In case of export sales, the delivery of goods and transportation are two distinct performance obligations and the total transaction price is allocated to each performance obligation. Revenue relating to each performance obligation is recognised on satisfaction of each distinct performance obligation.

In case of made-to-order paper products, revenue is recognised over time.

#### 4.24 Other income

Other income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments. Interest income is recognised as it accrues in consolidated statement of profit or loss, using effective interest method. Dividend income is recognised in consolidated statement of profit or loss on the date that the Group's right to receive payment is established.

#### 4.25 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

All ordinary shares of the Group rank equally with regard to the Group's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

#### 4.26 Dividend

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

#### 4.27 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Makers (the CODMs) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the parent company.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenses. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

The Group's strategic steering committee, consisting of the Board of Directors of the parent company, examines the Group's performance both from a product and geographic perspective and has identified three reportable segments of its business:

Cement segment: Production and sale of clinker, ordinary portland and sulphate resistant cements.

Packaging segment: Manufacture and supply of packaging material.

Dairy segment: Production and sale of raw milk.

#### 4.28 Contingent liabilities and assets

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

#### 4.29 Contract asset and contract liability

A contract asset is recognised for the Group's right to consideration in exchange for goods or services that it has transferred to a customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

#### 4.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

#### 4.31 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

## 5. Issued, subscribed and paid up share capital

| 2026               | 2025        |                                                                                   | 2026                 | 2025      |
|--------------------|-------------|-----------------------------------------------------------------------------------|----------------------|-----------|
| (Number of shares) |             |                                                                                   | (Rupees in thousand) |           |
| 343,512,029        | 343,512,029 | Ordinary shares of Rs 10 each fully paid in cash                                  | 3,435,120            | 3,435,120 |
| 20,000,000         | 20,000,000  | Ordinary shares of Rs 10 each issued for consideration other than cash - note 5.2 | 200,000              | 200,000   |
| 74,607,089         | 74,607,089  | Ordinary shares of Rs 10 each issued as fully paid bonus shares                   | 746,071              | 746,071   |
| 438,119,118        | 438,119,118 |                                                                                   | 4,381,191            | 4,381,191 |

**5.1** 137,574,201 (2025: 137,574,201), 428,500 (2025: 428,500) and 7,000 (2025: Nil) ordinary shares of the parent company are held by the following related parties; Nishat Mills Limited, Security General Insurance Company Limited, and Nishat (Aziz Avenue) Hotels and Properties Limited respectively.

Nishat Mills Limited is an Investor and the parent company is an associate of Nishat Mills Limited as per IAS 28, "Investments in Associates and Joint Ventures".

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

## 6. Other reserves

Composition of reserves is as follows:

### Capital reserves

|                                   |            |            |            |
|-----------------------------------|------------|------------|------------|
| - Share premium                   | - note 6.1 | 4,557,163  | 4,557,163  |
| - FVOCI reserve                   | - note 6.2 | 49,771,768 | 34,111,693 |
| - Capital redemption reserve fund | - note 6.3 | 353,510    | 353,510    |
|                                   |            | 54,682,441 | 39,022,366 |

### Revenue reserve

|                   |            |            |            |
|-------------------|------------|------------|------------|
| - General reserve | - note 6.4 | 5,110,851  | 5,110,851  |
|                   |            | 59,793,292 | 44,133,217 |

**6.1** This reserve can be utilised by the Group only for the purposes specified in section 81 of the Companies Act, 2017.

**6.2** This represents the unrealised gain on remeasurement of equity investments at FVOCI and is not available for distribution.

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

**6.4** The balance in general reserve has been accumulated by way of transfers from un-appropriated profits as per approval of the Board of Directors of the Group.

2026

2025

(Rupees in thousand)

**7. Long term finances from financial institutions - secured****From banking companies:**

|                                                 |           |             |             |
|-------------------------------------------------|-----------|-------------|-------------|
| Loans under refinance scheme                    | -note 7.1 | 959,974     | 1,810,067   |
| Long term loans                                 | -note 7.2 | 5,907,492   | 13,567,765  |
| Foreign currency term finance facility          | -note 7.3 | 27,715,824  | -           |
|                                                 |           | 34,583,290  | 15,377,832  |
| Current portion shown under current liabilities |           | (7,028,628) | (1,943,775) |
|                                                 |           | 27,554,662  | 13,434,057  |

**7.1 Loans under refinance scheme - secured**

| Lender                                                                                             | 2026<br>(Rupees in thousand) | 2025      | Number of<br>instalments<br>outstanding                       | Mark-up /<br>Profit<br>Payable |
|----------------------------------------------------------------------------------------------------|------------------------------|-----------|---------------------------------------------------------------|--------------------------------|
| <b>State Bank of Pakistan's<br/>Temporary Economic<br/>Refinance Facility (TERF)</b>               |                              |           |                                                               |                                |
| <b>Loan 1</b>                                                                                      |                              |           |                                                               |                                |
| National Bank of Pakistan                                                                          | 605,075                      | 1,455,475 | 3 equal quarterly instalments<br>ending in March 2027         | Quarterly                      |
| <b>State Bank of Pakistan's Islamic<br/>Temporary Economic Refinance<br/>Facility (ITERF)</b>      |                              |           |                                                               |                                |
| <b>Loan 2</b>                                                                                      |                              |           |                                                               |                                |
| Faysal Bank Limited -note 7.1.1<br>- Islamic (Diminishing<br>Musharakah)                           | 360,777                      | 435,777   | Equal semi-annual instalments<br>of each tranche - note 7.1.1 | Half yearly                    |
| <b>Loan 3</b>                                                                                      |                              |           |                                                               |                                |
| MCB Islamic Bank Limited                                                                           | 70,835                       | 83,996    | 22 equal quarterly instalments<br>ending in November 2031     | Quarterly                      |
|                                                                                                    | 1,036,687                    | 1,975,248 |                                                               |                                |
| Accrued mark-up / profit on loans<br>under refinance scheme - secured                              | 5,280                        | 9,169     |                                                               |                                |
| Impact of deferred government<br>grant                                                             | (76,713)                     | (165,181) |                                                               |                                |
| Amortized cost of loans<br>under refinance scheme - secured                                        | 965,254                      | 1,819,236 |                                                               |                                |
| Current portion of loans<br>under refinance scheme - secured<br>(principal portion)                | (658,265)                    | (848,392) |                                                               |                                |
| Current portion of loans under<br>refinance scheme - secured<br>(accrued mark-up / profit portion) | (5,280)                      | (9,169)   |                                                               |                                |
| Non-current portion of loans under<br>refinance scheme - secured                                   | 301,709                      | 961,675   |                                                               |                                |

Such facilities are available at mark-up / profit rates ranging from base rate plus 0.7% to 1.25% (2025: 0.7% to 1.25%) per annum. The base rate applicable during the year on such facilities is State Bank of Pakistan ('SBP') rate of 1% resulting in coupon rate ranging from 1.70% to 2.25% (2025: 1.70% to 2.25%) per annum.

#### Loan 1

This represents long term financing facility availed under SBP Temporary Economic Refinance Scheme ('TERF'). The loan is secured by first pari passu charge over present and future fixed assets of the Cement segment for Rs 6,993.33 million with 25% margin.

#### Loan 2

This represents long term financing facility availed under SBP Islamic Temporary Economic Refinance Scheme ('ITERF'). The loan is secured by first pari passu charge of Rs 800 million over present and future fixed assets of the Cement segment (including land & machinery).

#### Loan 3

This represents long term financing facility availed under SBP Islamic Temporary Economic Refinance Scheme ('ITERF'). The loan is secured by exclusive hypothecation and pari passu charge over specific plant and machinery of the Dairy segment of Rs 105 million and Rs 35 million respectively with 25% margin.

#### 7.1.1 Lender - Faysl Bank Limited

| Tranche   | 2026<br>(Rupees in thousand) | 2025    | Number of instalments<br>outstanding                        | Profit<br>Payable |
|-----------|------------------------------|---------|-------------------------------------------------------------|-------------------|
| Tranche 1 | 56,887                       | 71,108  | 8 equal semi-annual instalments<br>ending in May 2030       | Half yearly       |
| Tranche 2 | 77,264                       | 92,717  | 10 equal semi-annual instalments<br>ending in January 2031  | Half yearly       |
| Tranche 3 | 97,660                       | 117,192 | 10 equal semi-annual instalments<br>ending in February 2031 | Half yearly       |
| Tranche 4 | 128,966                      | 154,760 | 10 equal semi-annual instalments<br>ending in June 2031     | Half yearly       |
|           | 360,777                      | 435,777 |                                                             |                   |

| 2026                 | 2025 |
|----------------------|------|
| (Rupees in thousand) |      |

#### 7.1.2 The reconciliation of the carrying amount is as follows:

|                                                 |           |           |             |
|-------------------------------------------------|-----------|-----------|-------------|
| Balance as at beginning of the year             |           | 1,975,248 | 3,126,373   |
| Repayments during the year                      |           | (938,561) | (1,151,125) |
|                                                 | -note 7.1 | 1,036,687 | 1,975,248   |
| <b>Discount on liability:</b>                   |           |           |             |
| Balance as at beginning of the year             |           | (165,181) | (298,999)   |
| Unwinding of discount on liability              |           | 88,468    | 133,818     |
|                                                 |           | (76,713)  | (165,181)   |
| Balance as at end of the year                   |           | 959,974   | 1,810,067   |
| Current portion shown under current liabilities | -note 15  | (658,265) | (848,392)   |
|                                                 |           | 301,709   | 961,675     |



## 7.2 Long term loans

| Lender                                                                                                        | 2026<br>(Rupees in thousand) | 2025              | Number of instalments<br>outstanding                           | Mark-up /<br>Profit<br>Payable |
|---------------------------------------------------------------------------------------------------------------|------------------------------|-------------------|----------------------------------------------------------------|--------------------------------|
| <b>Loan 1</b><br>The Bank of Punjab -<br>Term Finance<br>(SBP Re-Finance Scheme)                              | 363,066                      | 408,447           | 16 equal semi-annual instalments<br>ending in June 2034        | Quarterly                      |
| <b>Loan 2</b><br>Askari Bank - Combination of<br>conventional and Islamic<br>syndicated term finance facility | -                            | 6,000,000         | Nil                                                            | Monthly                        |
| <b>Loan 3</b><br>Allied Bank - Term Finance                                                                   | -                            | 1,837,500         | Nil                                                            | Quarterly                      |
| <b>Loan 4</b><br>MCB Bank Limited - Term<br>Finance (SBP Re-Finance<br>Scheme) Related Party                  | 241,000                      | 241,000           | 20 equal semi-annual instalments<br>starting in November 2026  | Quarterly                      |
| <b>Loan 5</b><br>Dubai Islamic Bank - Islamic<br>(Long term Islamic<br>finance facility)                      | 1,800,000                    | 1,800,000         | 20 equal quarterly instalments<br>starting in September 2026   | Monthly                        |
| <b>Loan 6</b><br>Allied Bank Limited - Term<br>Finance                                                        | 973,136                      | 973,136           | 24 equal quarterly instalments,<br>starting in August 2026     | Quarterly                      |
| <b>Loan 7</b><br>Meezan Bank Limited - Term<br>Finance                                                        | 1,307,682                    | 1,307,682         | 12 equal semi annual instalments,<br>starting in November 2026 | Half yearly                    |
| <b>Loan 8</b><br>National Bank of Pakistan<br>- Islamic (Long term islamic<br>finance facility)               | 1,000,000                    | 1,000,000         | 10 equal semi annual instalments<br>starting in April 2027     | Half yearly                    |
| <b>Loan 9</b><br>Bank Alfalah Limited - Term<br>Finance                                                       | 222,608                      | -                 | 28 equal quarterly instalments,<br>starting in December 2026   | Half yearly                    |
|                                                                                                               | <b>5,907,492</b>             | <b>13,567,765</b> |                                                                |                                |
| Accrued mark-up / profit on<br>- long term loans secured                                                      | 68,866                       | 309,830           |                                                                |                                |
| Amortized cost of long term<br>loans - secured                                                                | 5,976,358                    | 13,877,595        |                                                                |                                |
| Current portion of long term loans<br>- secured (principal portion)                                           | (880,377)                    | (1,095,383)       |                                                                |                                |
| Current portion of long term<br>loans - secured<br>(accrued mark-up / profit portion)                         | (68,866)                     | (309,830)         |                                                                |                                |
| <b>Non-current portion of long<br/>term loans - secured</b>                                                   | <b>5,027,115</b>             | <b>12,472,382</b> |                                                                |                                |

Such facilities are available at mark-up / profit rates ranging from one to six months Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.15% to 0.35% per annum (2025: one to six months KIBOR plus 0.15% to 0.35% per annum). Markup / profit rate charged during the year on outstanding balance ranged from 3.5% to 12.84% (2025: 11.55% to 23.22%) per annum.

### 7.2.1 Security

#### Loan 1

Joint pari passu charge over present and future fixed assets of the Cement segment for Rs 1,056 million.

#### Loan 2

Joint pari passu charge over all present and future fixed assets of the Cement segment for Rs 8,750 million.

#### Loan 3

Joint pari passu charge over all present and future fixed assets of the Cement segment for Rs 2,625 million.

#### Loan 4

Ranking charge on pledge of shares held by the Cement segment for Rs 574 million.

#### Loan 5

Joint pari passu charge over present and future fixed assets of the Cement segment for Rs 2,400 million.

#### Loan 6

First pari passu charge over present and future operating fixed assets (land, building, plant and machinery) of the Packaging segment.

#### Loan 7

All present and future plant and machinery of the Packaging segment which shall be upgraded to pari passu charge within 180 days from the date of first drawdown with 20% margin.

#### Loan 8

Specific fixed asset plant and machinery of the Packaging segment which shall be upgraded to pari passu charge within 180 days from the date of first drawdown with 25% margin.

#### Loan 9

First pari passu charge over plant and machinery of the Dairy segment with 25% margin.

2026

2025

(Rupees in thousand)

### 7.2.2 The reconciliation of the carrying amount is as follows:

|                                                 |          |             |             |
|-------------------------------------------------|----------|-------------|-------------|
| Opening balance                                 |          | 13,567,765  | 20,056,180  |
| Disbursements during the year                   |          | 222,608     | 1,879,007   |
| Repayments during the year                      |          | (7,882,881) | (8,367,422) |
|                                                 |          | 5,907,492   | 13,567,765  |
| Current portion shown under current liabilities | -note 15 | (880,377)   | (1,095,383) |
|                                                 |          | 5,027,115   | 12,472,382  |

### 7.3 Foreign currency term finance facility - secured

| Lender                                                                                                | 2026<br>(Rupees in thousand) | 2025     | Number of instalments<br>outstanding                         | Mark-up /<br>Profit<br>Payable |
|-------------------------------------------------------------------------------------------------------|------------------------------|----------|--------------------------------------------------------------|--------------------------------|
| Dubai Islamic Bank Public Joint<br>Stock Company                                                      | 28,120,948                   | -        | 20 equal quarterly instalments<br>starting in September 2026 | Quarterly                      |
| <b>Total</b>                                                                                          | <b>28,120,948</b>            | <b>-</b> |                                                              |                                |
| Accrued profit on Foreign<br>currency term finance<br>facility- secured                               | 42,399                       | -        |                                                              |                                |
| Un-amortized transaction cost                                                                         | (405,124)                    | -        |                                                              |                                |
| Amortized cost of Foreign<br>currency term finance<br>facility- secured                               | 27,758,223                   | -        |                                                              |                                |
| Current portion of Foreign<br>currency term finance<br>facility- secured (principal portion)          | (5,489,986)                  | -        |                                                              |                                |
| Current portion of Foreign<br>currency term finance<br>facility - secured<br>(accrued profit portion) | (42,399)                     | -        |                                                              |                                |
| <b>Non-current portion of Foreign<br/>currency term finance<br/>facility - secured</b>                | <b>22,225,838</b>            | <b>-</b> |                                                              |                                |

This facility is available at profit rate of three month Secured Overnight Financing Rate ('SOFR') plus 3.25% per annum (2025: Nil). The profit rate applicable during the year on such facility is 3.73% resulting in coupon rate of 6.98% per annum (2025: Nil).

As per terms of the facility, taxes and duties on all profit payments will be borne by the Cement segment.

#### 7.3.1 Security

- First pari passu hypothecation charge over all present and future movable fixed assets of the Cement segment, including a 25% margin; and
- First pari passu (constructive equitable) charge over the Cement segment's land and buildings (excluding the Chakwal land), including a 25% margin.

The total aggregate value of the above securities amounts to US Dollars 140 million.

- Pledge of shares of Rafhan Maize Products Company Limited ('RMPL') held by the parent company.
- Exclusive lien and a right of set-off over all the amounts available from time to time in the export routing account maintained with Dubai Islamic Bank Pakistan Limited by the parent company.

#### 7.3.2 Financial covenants for the Investee Company

As per terms of the facility, following covenants are applicable on the company in which the investment will be made i.e. RMPL:

- Gearing ratio not to exceed 3 times; and
- Debt / EBITDA ratio not to exceed 5 times.

|                                                                     |                                                          | 2026                 | 2025 |
|---------------------------------------------------------------------|----------------------------------------------------------|----------------------|------|
|                                                                     |                                                          | (Rupees in thousand) |      |
| <b>7.3.3</b>                                                        | The reconciliation of the carrying amount is as follows: |                      |      |
| Balance as at beginning of the year                                 |                                                          | -                    | -    |
| Disbursement during the year                                        |                                                          | 28,126,000           | -    |
| Impact of IAS 21 "The Effects of Changes in Foreign Exchange Rates" |                                                          | (5,052)              | -    |
|                                                                     | - note 7.3                                               | 28,120,948           | -    |
| Un-amortized transaction cost:                                      |                                                          |                      |      |
| Balance as at beginning of the year                                 |                                                          | -                    | -    |
| Transaction cost incurred during the year                           |                                                          | (407,513)            | -    |
| Unwinding of transaction cost during the year                       |                                                          | 2,389                | -    |
|                                                                     |                                                          | (405,124)            | -    |
| Balance as at end of the year                                       |                                                          | 27,715,824           | -    |
| Current portion shown under current liabilities                     | - note 15                                                | (5,489,986)          | -    |
|                                                                     |                                                          | 22,225,838           | -    |

|                                                 |                                                                        | 2026                     | 2025 |
|-------------------------------------------------|------------------------------------------------------------------------|--------------------------|------|
|                                                 |                                                                        | (US Dollars in thousand) |      |
| <b>7.3.4</b>                                    | The reconciliation of the carrying amount in US Dollars is as follows: |                          |      |
| Balance as at beginning of the year             |                                                                        | -                        | -    |
| Disbursement during the year                    |                                                                        | 101,045                  | -    |
|                                                 | - note 7.3                                                             | 101,045                  | -    |
| Un-amortized transaction cost:                  |                                                                        |                          |      |
| Balance as at beginning of the year             |                                                                        | -                        | -    |
| Transaction cost incurred during the year       |                                                                        | (1,463)                  | -    |
| Unwinding of transaction cost                   |                                                                        | 9                        | -    |
|                                                 |                                                                        | (1,454)                  | -    |
| Balance as at end of the year                   |                                                                        | 99,591                   | -    |
| Current portion shown under current liabilities |                                                                        | (19,727)                 | -    |
|                                                 |                                                                        | 79,864                   | -    |

## 8. Deferred government grant

This represents deferred grant recognised in respect of the benefit of below-market interest rate on the facilities as referred to in note 7.1 to these consolidated financial statements. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Group used the prevailing market rate of mark-up/ profit at the date of disbursement for similar instruments to calculate fair values of respective loans. The discount rates used range from 7.34% to 7.76% per annum. The reconciliation of the carrying amount is as follows:

|                                                 |          | 2026                 | 2025      |
|-------------------------------------------------|----------|----------------------|-----------|
|                                                 |          | (Rupees in thousand) |           |
| Opening balance                                 |          | 165,181              | 298,999   |
| Deferred grant recognised during the year       |          | -                    | -         |
| Credited to profit or loss                      | -note 35 | (88,468)             | (133,818) |
| Closing balance                                 |          | 76,713               | 165,181   |
| Current portion shown under current liabilities | -note 15 | (34,973)             | (83,624)  |
|                                                 |          | 41,740               | 81,557    |

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

2026

2025

(Rupees in thousand)

**9. Long term deposits**

|           |                  |                |
|-----------|------------------|----------------|
| Customers | 938,882          | 801,522        |
| Others    | 134,661          | 138,770        |
|           | <u>1,073,543</u> | <u>940,292</u> |

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

2026

2025

(Rupees in thousand)

**10. Employee benefits obligations**

|                                   |             |                  |                |
|-----------------------------------|-------------|------------------|----------------|
| Staff gratuity                    | - note 10.1 | 858,371          | 734,857        |
| Accumulating compensated absences | - note 10.2 | 241,080          | 219,782        |
|                                   |             | <u>1,099,451</u> | <u>954,639</u> |

**10.1 Gratuity**

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

2026

2025

(Rupees in thousand)

|                                             |                |                |
|---------------------------------------------|----------------|----------------|
| Present value of defined benefit obligation | 1,826,684      | 1,608,666      |
| Fair value of plan assets                   | (968,313)      | (873,809)      |
| Liability as at June 30                     | <u>858,371</u> | <u>734,857</u> |

**10.1.1 Movement in net liability for staff gratuity**

|                                                                                             |                |                |
|---------------------------------------------------------------------------------------------|----------------|----------------|
| Net liability as at beginning of the year                                                   | 734,857        | 729,263        |
| Current service cost                                                                        | 118,019        | 122,044        |
| Net interest on defined benefit obligation                                                  | 178,795        | 201,295        |
| Return on plan assets during the year                                                       | (104,264)      | (109,301)      |
|                                                                                             | <u>192,550</u> | <u>214,038</u> |
| Total remeasurements for the year charged to consolidated statement of comprehensive income | 58,659         | (41,666)       |
| Contributions made by the Cement segment during the year                                    | (127,695)      | (166,778)      |
| Net liability as at end of the year                                                         | <u>858,371</u> | <u>734,857</u> |



|                                                                         | 2026                 | 2025      |
|-------------------------------------------------------------------------|----------------------|-----------|
|                                                                         | (Rupees in thousand) |           |
| <b>10.1.2 Movement in present value of defined benefit obligation</b>   |                      |           |
| Present value of defined benefit obligation as at beginning of the year | 1,608,666            | 1,462,680 |
| Current service cost                                                    | 118,019              | 122,044   |
| Interest cost                                                           | 178,795              | 201,295   |
| Payments against opening payables                                       | (11,929)             | (7,248)   |
| Benefits paid during the year                                           | (101,141)            | (151,568) |
| Remeasurements:                                                         |                      |           |
| - Actuarial gain from changes in financial assumptions                  | -                    | (6,133)   |
| - Actuarial loss from changes in demographic assumptions                | 25,508               | -         |
| - Experience adjustments                                                | 8,766                | (12,404)  |
|                                                                         | 34,274               | (18,537)  |
| Present value of defined benefit obligation as at end of the year       | 1,826,684            | 1,608,666 |
| <b>10.1.3 Movement in fair value of plan assets</b>                     |                      |           |
| Fair value of plan assets as at beginning of the year                   | 873,809              | 733,418   |
| Interest income on plan assets                                          | 104,264              | 109,301   |
| Contributions during the year                                           | 127,695              | 166,778   |
| Benefits paid during the year                                           | (113,070)            | (158,817) |
| Remeasurements in fair value of plan assets                             | (24,385)             | 23,129    |
| Fair value of plan assets as at end of the year                         | 968,313              | 873,809   |

#### 10.1.4 Plan assets

Plan assets are comprised as follows:

|                        | 2026          |            | 2025          |            |
|------------------------|---------------|------------|---------------|------------|
|                        | (Rs in '000') | Percentage | (Rs in '000') | Percentage |
| Cash and bank balances | 2,567         | 0%         | 6,810         | 1%         |
| Debt instruments       | 965,746       | 100%       | 866,999       | 99%        |
|                        | 968,313       | 100.00%    | 873,809       | 100.00%    |

|                                                                                              | 2026                 | 2025      |
|----------------------------------------------------------------------------------------------|----------------------|-----------|
|                                                                                              | (Rupees in thousand) |           |
| <b>10.1.5 Charge for the year</b>                                                            |                      |           |
| Current service cost                                                                         | 118,019              | 122,044   |
| Interest cost                                                                                | 178,795              | 201,295   |
| Interest income on plan assets                                                               | (104,264)            | (109,301) |
| Total expense for the year                                                                   | 192,550              | 214,038   |
| <b>10.1.6 Total remeasurements charged to consolidated statement of comprehensive income</b> |                      |           |
| Actuarial gain from changes in financial assumptions                                         | -                    | (6,133)   |
| Actuarial loss from changes in demographic assumptions                                       | 25,508               | -         |
| Experience adjustments                                                                       | 8,766                | (12,404)  |
|                                                                                              | 34,274               | (18,537)  |
| Remeasurement loss / ( gain) on plan assets, excluding interest income                       | 24,385               | (23,129)  |
|                                                                                              | 58,659               | (41,666)  |

**10.1.7 Assumptions used for valuation of the gratuity are as under:**

|                                                      |                 | 2026                           | 2025                           |
|------------------------------------------------------|-----------------|--------------------------------|--------------------------------|
| Discount rate per annum                              | Per annum       | 11.75%                         | 11.75%                         |
| Expected increase in eligible salary level per annum | Per annum       | 10.75%                         | 10.75%                         |
| Duration of plan                                     | Number of years | 6                              | 7                              |
| Expected withdrawal and early retirement rate        |                 | SLIC 2001-2005 mortality table | SLIC 2001-2005 mortality table |

**10.1.8** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

|                       |        |        | Impact on defined benefit obligation |       |       |                        |       |       |
|-----------------------|--------|--------|--------------------------------------|-------|-------|------------------------|-------|-------|
| Change in assumptions |        |        | Increase in assumption               |       |       | Decrease in assumption |       |       |
|                       | 2026   | 2025   | 2026                                 | 2025  |       | 2026                   | 2025  |       |
| Discount rate         | -1.00% | -3.00% | Decrease by                          | 7.06% | 7.72% | Increase by            | 4.19% | 5.73% |
| Salary growth rate    | -1.00% | -3.00% | Increase by                          | 4.30% | 5.80% | Decrease by            | 7.26% | 7.89% |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**10.1.9 Risks associated with the defined benefit plan****- Final salary risk (linked to inflation risk)**

The risk that the final salary at the time of cessation of service is greater than what is currently assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

**- Demographic risks**

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

**- Investment risk**

- The risk of the investment underperforming and being not sufficient to meet the liabilities.

**10.1.10** Expected contribution to the defined benefit plan for the year ending June 30, 2027 is Rs 323.022 million.**10.1.11** The weighted average duration of the defined benefit obligation is 6 years (2025 – 7 years). The expected benefit payment for the next 10 years and beyond is as follows:

|               | Less than<br>a year  | Between<br>1 to 2 years | Between<br>2 to 5 years | Over 5 years | Total      |
|---------------|----------------------|-------------------------|-------------------------|--------------|------------|
|               | (Rupees in thousand) |                         |                         |              |            |
| June 30, 2026 | 323,022              | 214,335                 | 661,355                 | 7,642,465    | 8,841,177  |
| June 30, 2025 | 208,455              | 184,304                 | 495,158                 | 10,702,433   | 11,590,350 |

2026

2025

(Rupees in thousand)

**10.2 Accumulating compensated absences**

|                                                 |          |          |
|-------------------------------------------------|----------|----------|
| Opening balance                                 | 219,782  | 215,287  |
| Charged to profit or loss                       | 107,750  | 90,752   |
| Payments made during the year                   | (20,726) | (31,251) |
| Liability as at year end                        | 306,806  | 274,788  |
| Current portion shown under current liabilities | (65,726) | (55,006) |
|                                                 | 241,080  | 219,782  |

- note 15

2026

2025

(Rupees in thousand)

**10.2.1 Movement in liability for accumulating compensated absences**

|                                                                                |          |          |
|--------------------------------------------------------------------------------|----------|----------|
| Present value of accumulating compensated absences as at beginning of the year | 219,782  | 215,287  |
| Current service cost                                                           | 89,777   | 80,220   |
| Interest cost                                                                  | 20,753   | 25,391   |
| Benefits due but not paid                                                      | (65,726) | (55,006) |
| Benefits paid during the year                                                  | (20,726) | (31,251) |
| Actuarial gain from changes in financial assumptions                           | -        | (871)    |
| Actuarial losses from changes in demographic assumptions                       | 3,752    | -        |
| Remeasurement in respect of experience adjustments                             | (6,532)  | (13,988) |
| Present value of accumulating compensated absences as at year end              | 241,080  | 219,782  |

**10.2.2 Charge for the year**

|                               |         |          |
|-------------------------------|---------|----------|
| Current service cost          | 89,777  | 80,220   |
| Interest cost                 | 20,753  | 25,391   |
| Remeasurement during the year | (2,780) | (14,859) |
| Total expense for the year    | 107,750 | 90,752   |

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

|                                               |                 | 2026                           | 2025                           |
|-----------------------------------------------|-----------------|--------------------------------|--------------------------------|
| Discount rate                                 | Per annum       | 11.75%                         | 11.75%                         |
| Expected rate of increase in salary           | Per annum       | 10.75%                         | 10.75%                         |
| Duration of the plan                          | Number of years | 2                              | 2                              |
| Expected withdrawal and early retirement rate |                 | SLIC 2001-2005 mortality table | SLIC 2001-2005 mortality table |

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

|                    | Change in assumptions |        |             | Impact on accumulating compensated balances |       |             | Decrease in assumption |       |
|--------------------|-----------------------|--------|-------------|---------------------------------------------|-------|-------------|------------------------|-------|
|                    | 2026                  | 2025   |             | 2026                                        | 2025  |             | 2026                   | 2025  |
| Discount rate      | -1.00%                | -3.00% | Decrease by | 5.70%                                       | 6.98% | Increase by | 6.62%                  | 7.99% |
| Salary growth rate | -1.00%                | -3.00% | Increase by | 6.49%                                       | 7.91% | Decrease by | 5.68%                  | 7.03% |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the accumulating leave absences to significant actuarial assumptions the same method (present value of the accumulating compensated absences calculated with the projected unit credit method at the end of the reporting period) has been applied for valuation of balance of accumulating compensated absences in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

### 10.2.5 Risks associated with the accumulating compensated absences

**- Final Salary Risk (linked to inflation risk)** The risk that the final salary at the time of cessation of service is greater than what we assumed. Since, the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

**- Demographic risks**

**Mortality Risk** - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

**Withdrawal risk** - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

**- Investment Risk** The risk of the investment underperforming and being not sufficient to meet the liabilities

2026

2025

(Rupees in thousand)

## 11. Deferred taxation

The net liability for deferred taxation comprises temporary taxable / (deductible) differences, unused tax credits and unused tax losses relating to:

### Deferred tax liability

|                                                              |                   |                   |
|--------------------------------------------------------------|-------------------|-------------------|
| Accelerated tax depreciation                                 | 18,131,898        | 18,852,346        |
| Un-realised gain on investments - net                        | 1,633,133         | 2,183,713         |
| Gain arising from changes in fair value of biological assets | 519,108           | 494,400           |
|                                                              | <u>20,284,139</u> | <u>21,530,459</u> |

### Deferred tax asset

|                                                   |                    |                    |
|---------------------------------------------------|--------------------|--------------------|
| Available unused minimum tax credit               | (933,860)          | (1,500,076)        |
| Available unused Alternative Corporate Tax credit | (1,083,852)        | (774,517)          |
| Available unused tax losses                       | (2,686,065)        | (4,598,260)        |
| Loss allowance on financial assets                | (90,410)           | (128,606)          |
| Employee benefit obligations                      | (431,115)          | (393,762)          |
| Others                                            | (30,781)           | (34,541)           |
|                                                   | <u>(5,256,083)</u> | <u>(7,429,762)</u> |
|                                                   | <u>15,028,056</u>  | <u>14,100,697</u>  |

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

|                                                                                                   |                   |                   |
|---------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Opening balance                                                                                   | 14,100,697        | 13,495,346        |
| Charged to other comprehensive income                                                             | (569,615)         | (977,734)         |
| Charged to statement of profit or loss                                                            | 1,496,974         | 1,234,187         |
| Loss utilised under group relief arrangement as per section 59B of the Income Tax Ordinance, 2001 | -                 | 348,898           |
| Closing balance                                                                                   | <u>15,028,056</u> | <u>14,100,697</u> |

Deferred tax asset on tax losses and tax credits available for carry forward have been recognised to the extent that the realisation of related tax benefits is probable from reversal of existing taxable temporary differences and future taxable profits. Based on the Group's approved business plan, it is probable that sufficient taxable profits will be available for utilisation of deferred tax asset.

- 11.1** The Group's subsidiaries have undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent company is able to control the timing of distributions from the subsidiaries and is not expected to distribute these profits in the foreseeable future.

|                                                                                   |             | 2026                 | 2025              |
|-----------------------------------------------------------------------------------|-------------|----------------------|-------------------|
|                                                                                   |             | (Rupees in thousand) |                   |
| <b>12. Trade and other payables</b>                                               |             |                      |                   |
| Trade creditors                                                                   | - note 12.1 | 4,514,438            | 3,467,474         |
| Bills payable                                                                     |             | -                    | 844,947           |
| Infrastructure cess                                                               |             | 2,199,313            | 1,864,084         |
| Contract liability                                                                | - note 12.2 | 2,750,268            | 3,186,488         |
| Accrued liabilities                                                               | - note 12.3 | 7,118,168            | 3,612,587         |
| Workers' Profit Participation Fund                                                | - note 12.4 | 731,332              | 729,739           |
| Workers' Welfare Fund                                                             | - note 12.5 | 381,738              | 274,821           |
| Sales tax payable                                                                 |             | 26,680               | 162               |
| Withholding tax payable                                                           |             | 61,914               | 12,506            |
| Retention money payable                                                           |             | 45,777               | 35,102            |
| Export commission payable                                                         |             | 281,862              | 308,695           |
| Others                                                                            | - note 12.6 | 686,548              | 102,174           |
|                                                                                   |             | <u>18,798,038</u>    | <u>14,438,779</u> |
| <b>12.1</b> Trade creditors includes amount due to the following related parties: |             |                      |                   |
| Security General Insurance Company Limited                                        |             | 2,378                | 1,150             |
| Adamjee Insurance Company Limited                                                 |             | 3,005                | 271               |
| Pakistan Aviators and Aviation (Private) Limited                                  |             | 8,892                | 393               |
| Nishat Hotels and Properties Limited                                              |             | 604                  | 2,226             |
| Provident Fund Trust (Nishat Packaging Company Limited)                           |             | -                    | 850               |
| Nishat Mills Limited                                                              |             | 34,985               | -                 |
| Nishat Sutas Dairy Limited                                                        |             | 96                   | -                 |
| Hyundai Nishat Motor (Private) Limited                                            |             | 34                   | -                 |
|                                                                                   |             | <u>49,994</u>        | <u>4,890</u>      |

- 12.2** This represents contract liabilities of the Group towards various parties. Revenue recognised in the current year that was included in the contract liability balance of the Group at the beginning of the year amounts to Rs 0.169 million (2025: Rs 1,475.192 million).

- 12.3** This includes Gas Infrastructure Development Cess ('GIDC') amounting to Rs 1,345.019 million (2025: Rs 1,345.019 million) that was levied through GIDC Act, 2015. The Supreme Court of Pakistan ('SCP') through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Group were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government of Pakistan in 24 equal monthly instalments. The Group has partially paid GIDC amounting to Rs 84.5 million. The Group also filed a Suit with the Sindh High Court against collection of GIDC instalments, before a factual determination of GIDC passed on to end consumers or not is carried out. The Sindh High Court granted a stay in March 2021 against recovery of GIDC payable from the Group till the finalisation of matter by the Court. The matter is currently pending in the Sindh High Court. The Group has followed the relevant accounting standards and guidelines of the Institute of Chartered Accountants of Pakistan ('ICAP') in this regard.



Furthermore, this includes provision in respect of royalty expense on limestone and argillaceous clay for the province of Punjab. The Cement segment along with other petitioners has contested the calculation of royalty as per notification of Mines & Mineral Department, Government of the Punjab dated August 1, 2024 before the honorable Supreme Court ('SC'). The SC through order dated June 25, 2025 has given interim relief to the Group by maintaining status quo till the decision of the petition.

The petition is now pending adjudication before the honorable Federal Constitutional Court.

**12.3.1** Trade and other payables include provision for royalty expense (including the aforementioned provision in respect of royalty expense on limestone and argillaceous clay for the province of Punjab) amounting to Rs 2,657.439 million as at June 30, 2026 (June 30, 2025: Rs 787.318 million). During the year, expense amounting to Rs 3,081.532 million was recognised, while payments amounting to Rs 1,211.411 million were made by the Cement segment.

|                                                      |           | 2026                 | 2025    |
|------------------------------------------------------|-----------|----------------------|---------|
|                                                      |           | (Rupees in thousand) |         |
| <b>12.4 Workers' profit participation fund</b>       |           |                      |         |
| The reconciliation of carrying amount is as follows: |           |                      |         |
| Opening balance                                      |           | 729,739              | 206,606 |
| Provision for the year                               | - note 33 | 731,333              | 486,896 |
| Interest for the year                                | - note 35 | -                    | 36,237  |
|                                                      |           | 1,461,072            | 729,739 |
| Payments made during the year                        |           | (729,740)            | -       |
| Closing balance                                      |           | 731,332              | 729,739 |
| <b>12.5 Workers' Welfare fund</b>                    |           |                      |         |
| The reconciliation of carrying amount is as follows: |           |                      |         |
| Opening balance                                      |           | 274,821              | 56,263  |
| Provision for the year                               | - note 33 | 300,863              | 218,558 |
|                                                      |           | 575,684              | 274,821 |
| Payments made during the year                        |           | (193,946)            | -       |
| Closing balance                                      |           | 381,738              | 274,821 |

**12.6** This includes payable to employees' provident fund amounting to Rs 2.704 million (2025: Nil).

|                                                                 |             | 2026                 | 2025       |
|-----------------------------------------------------------------|-------------|----------------------|------------|
|                                                                 |             | (Rupees in thousand) |            |
| 13. Short term borrowings from financial institutions - secured |             |                      |            |
| From banking companies:                                         |             |                      |            |
| Short term running finances / short term borrowings             |             |                      |            |
| - Commerical banks                                              |             | 2,574,186            | 3,086,652  |
| - Islamic banks                                                 |             | 3,692,156            | 510,875    |
|                                                                 | - note 13.1 | 6,266,342            | 3,597,527  |
| Import finances                                                 | - note 13.2 | -                    | -          |
| Export finances                                                 |             |                      |            |
| - Commerical banks                                              |             | 6,591,943            | 7,849,567  |
| - Islamic banks                                                 |             | 2,112,582            | 900,000    |
|                                                                 | - note 13.3 | 8,704,525            | 8,749,567  |
|                                                                 |             | 14,970,867           | 12,347,094 |

### 13.1 Short term running finances / short term borrowings

Short term running finance facilities and short term borrowings available from various banks under mark-up / profit arrangements aggregate to Rs 40,734.09 million (2025: Rs 42,475 million). Such facilities are available at mark-up / profit rates ranging from one to three months KIBOR minus 1.50% to KIBOR plus 1.50% (2025: one to three months KIBOR minus 4.50% to KIBOR plus 1.50%) per annum. The mark-up / profit rate charged during the year on the outstanding balances ranged from 10.49% to 13.53% (2025: 7.74% to 22.84%) per annum and mark-up / profit is payable monthly to quarterly. These are secured by ranking / joint registered pari passu charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

**13.1.1** This includes short term running finance from related parties amounting to Rs 864.873 million (2025: Rs 719.448 million) from MCB Bank Limited and Nil (2025: 1.466 million) from MCB Islamic Bank Limited.

### 13.2 Import finances - secured

Import finance facilities available from various banks under mark-up / profit arrangements aggregate to Rs 22,500 million (2025: Rs 21,100 million). Such facilities are available at mark-up / profit rates ranging from one to six months KIBOR to KIBOR plus 0.50% (2025: one to six months KIBOR minus 0.15% to KIBOR plus 0.5%) per annum. The mark-up / profit rate charged during the year on the outstanding balance is Nil (2025: 12.08% to 21.45%) per annum and mark-up / profit is payable on settlement. These are secured by ranking / joint registered pari passu charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

### 13.3 Export finances - secured

Export finance facilities available from various banks under mark-up / profit arrangements aggregate to Rs 25,700 million (2025: Rs 19,950 million). Such facilities are available at mark-up / profit rate agreed as per State Bank of Pakistan plus 0.20% to 1.00% (2025: State Bank of Pakistan agreed rate plus 0.25% to 1.00%) per annum. The Export Finance Scheme rate has ranged from 2.00% to 9.00% (2025: 8.25% to 17.5%) throughout the year. These loans are obtained for a period of 180 days and are secured by ranking / joint registered pari passu charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

**13.3.1** This includes export finance amounting to Rs 412 million (2025: Rs 500 million) from MCB Bank Limited - a related party.

### 13.4 Letters of credit and guarantees

"Of the aggregate facility of Rs 79,496 million (2025: Rs 53,859 million) for opening letters of credit and Rs 15,550 million (2025: Rs 4,850 million) for guarantees, all being either main limits or sub-limits of the facilities, the amount utilised as at June 30, 2026 was Rs 30,209.850 million (2025: Rs 2,170 million) and Rs 6,466.1 million (2025: Rs 3,953 million) respectively. The facilities for opening letters of credit are secured against lien over import documents whereas aggregate facilities for guarantees are secured against registered joint pari passu charge over the present and future current assets of the Group. Of the facility for guarantees, Rs 14.48 million (2025: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 28.2.

**2026**                      **2025**  
(Rupees in thousand)

## 14. Accrued mark-up / profit

Accrued mark-up/profit on:

|                                   |             |                |                |
|-----------------------------------|-------------|----------------|----------------|
| - Long term finances - secured    | - note 14.1 | 116,546        | 318,999        |
| - Short term borrowings - secured | - note 14.2 | 186,671        | 231,954        |
|                                   |             | <u>303,217</u> | <u>550,953</u> |

**14.1** This includes accrued interest relating to commercial banks of Rs 21.878 million (2025: Rs 66.18 million) and accrued profit relating to Islamic banks of Rs 94.668 million (2025: Rs 252.82 million).

**14.2** This includes accrued interest relating to commercial banks of Rs 100.735 million (2025: Rs 200.05 million) and accrued profit relating to Islamic banks of Rs 85.936 million (2025: Rs 31.90 million).

2026

2025

(Rupees in thousand)

## 15. Current portion of non-current liabilities

|                                        |              |                  |                  |
|----------------------------------------|--------------|------------------|------------------|
| Loans under refinance scheme           | - note 7.1.2 | 658,265          | 848,392          |
| Long term finances                     | - note 7.2.2 | 880,377          | 1,095,383        |
| Foreign currency term finance facility | - note 7.3.3 | 5,489,986        | -                |
| Accumulating compensated absences      | - note 10.2  | 65,726           | 55,006           |
| Deferred government grant              | - note 8     | 34,973           | 83,624           |
|                                        |              | <u>7,129,327</u> | <u>2,082,405</u> |

## 16. Contingencies and commitments

### 16.1 Contingencies

#### Contingent assets:

**16.1.1** The matter relating to interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 ('1944 Act') has been decided by the honorable Supreme Court of Pakistan through its judgment dated January 27, 2009 (upholding its previous judgment dated February 15, 2007). The longstanding controversy between the Revenue Department and the taxpayers primarily related to the 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 was challenged by the taxpayers in appeals before the honorable High Court(s) of Pakistan which, duly appreciating the contentions of the taxpayers, overturned the departmental view and succeeded the appeals.

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

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

#### Contingent liabilities:

**16.1.3** During the period 1994 to 1996, the Cement segment 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 Cement segment by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Cement segment appealed before the Lahore High Court, Multan Bench, which allowed

the Cement segment to release the machinery on furnishing indemnity bonds with the Custom Authorities.

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

After various appeals at different forums, the honourable Supreme Court of Pakistan remanded the case back to the Customs Authorities to reassess the liability of the Cement segment. The custom authorities re-determined the liability of the Cement segment upon which the Cement segment preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Cement segment, upon which the Cement segment discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench on November 19, 2013. Last hearing of the case was conducted on June 25, 2018. In case of any adverse decision, the management assesses liability to the tune of Rs 233.390 million. No provision for this amount has been made in the financial statements as according to the management of the Cement segment, there are meritorious grounds that the ultimate decision would be in its favour.

- 16.1.4** The Competition Commission of Pakistan ('the CCP') took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement Manufacturers Association ('APCMA') and its member cement manufacturers. The Cement segment 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 Cement segment. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Cement segment for the time being.

The vires of the Competition Commission of Pakistan were challenged by a large number of petitioners and all had been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution of Pakistan. Pursuant thereto, the Parliament enacted the Competition Commission Ordinance, 2009 which was also challenged by the Cement segment before the Lahore High Court. All these petitions were eventually disposed off with the direction to the Competition Appellate Tribunal ('CAT') to decide the Appeals on merits. In the meantime, owing to the amendments brought into the law by virtue of the Competition Act, 2010, the Honourable Supreme Court of Pakistan also remanded the matter to the CAT for decision on merits. The Cement segment thereafter challenged sections 42, 43 and 44 of the Competition Act, 2010 in the Sindh High Court. The Honourable Sindh High Court upon petition filed by large number of petitioners gave direction to CAT to continue with the proceedings and not to pass a final order till the time petition is pending in Sindh High Court. However, on February 24, 2025 the Sindh High Court vacated the interim order thereby allowing the CAT to pass a final order. The Appeal was recently heard by the CAT on merits and has been reserved for Judgment. No provision for this amount has been made in the financial statements as according to the management of the Cement segment, there are meritorious grounds that the ultimate decision would be in the Cement segment's favour.

- 16.1.5** The Cement segment, consequent to the order-in-appeal passed by the learned Customs, Federal Excise and Sales Tax Appellate Tribunal, Lahore, filed a petition before the Lahore High Court on March 27, 2008, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period from June 13, 1997 to August 11, 1998. Last hearing of the case was conducted on December 17, 2015. According to the legal counsel of the Cement segment, meritorious grounds exist to support the position of the Cement segment and the ultimate decision would be in the Cement segment's favour, therefore the liability has not been incorporated in these financial statements amounting to Rs 212.239 million.

- 16.1.6** Commissioner Inland Revenue amended the assessments made for tax years 2016 and 2017 through order passed under 122 (5A) of the Income Tax Ordinance, 2001 and disallowed the adjustments on account of brought forward 'minimum' taxes of Rs 72.653 million and Rs 44.850 million claimed under section 113 and 113C of the Income Tax Ordinance, 2001 against normal tax liabilities pertaining to tax year 2016 and 2017 respectively. The Packaging segment preferred an appeal before the Commissioner Inland Revenue (CIR) (Appeals) against the order.

The CIR (Appeals) upheld the claim of the Packaging segment in order 31/A-V dated July 30, 2021 for tax credit under section 113 and 113C of the Income Tax Ordinance, 2001 and disposed the appeal. The

Department has preferred an appeal before ATIR which has not been taken up for hearing.

**16.1.7** The Deputy Commissioner Inland Revenue ['DCIR'], vide order dated June 30, 2026, passed under section 122(1) of the Income Tax Ordinance, 2001 ('Ordinance') for tax year 2020, made an aggregate addition of Rs 342.48 million, primarily on the ground that the Dairy segment had failed to furnish documentary evidence in support of certain claimed expenditures. Accordingly, the DCIR disallowed manufacturing expenses amounting to Rs 244.77 million, staff salaries amounting to Rs 59.34 million and management expenses amounting to Rs 37.39 million. Being aggrieved by the aforesaid order, the Dairy segment, subsequent to the year-end, preferred an appeal before the Commissioner Inland Revenue (Appeals), which is presently pending adjudication. Based on the opinion of its legal counsel, management is confident of a favourable outcome in the matter.

**16.1.8** The banks have issued the following guarantees on Group's behalf in favour of:

- Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs 30.538 million (2025: Rs 30.538 million).
- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 1,769.900 million (2025: Rs 1,617.900 million).
- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.5 million (2025: 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 544.414 million (2025: Rs 544.414 million).
- Sindh High Court against levy of Sales Tax, custom duty and excise amounting to Rs 176.860 million (2025: Rs 176.860 million).
- Directorate General of Mines & Minerals, Punjab against enhanced royalty rates on minerals amounting to Rs 2,420.885 million (2025: Rs 291.716 million).
- K-Electric against security deposits for electricity bills amounting to Rs 193.713 million (2025: Rs 193.713 million).
- Controller of Military Accounts (Defence Purchase) Rawalpindi against sale of cement amounting to Rs 3 million (2025: Rs 37.726 million).
- Commander Military Engineering Services (Navy) Ormara CMES against sale of cement amounting to Rs 160 million (2025: Nil).
- Director excise and taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess amounting to Rs 58 million (2025: Rs 40 million).
- Sui Northern Gas Pipelines Limited against connection of gas supply for Sukheki Farm amounting to Rs 16.8 million (2025: Rs 16.8 million).
- Directorate General of Customs Valuation, Custom House Karachi on account of valuation ruling amounting to Rs 22.64 million (2025: Rs 21.7 million).
- The Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs 308.71 million (2025: Rs 288.7 million).

**16.1.9** The Cement segment has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs 971.043 million (2025: Rs 1,060.186 million).



**16.2 Commitments in respect of:**

- (i) Contracts for capital expenditure Rs 4,469.516 million (2025: Rs 50.206 million).
- (ii) Letters of credit for capital expenditure Rs 26,406.540 million (2025: Nil).
- (iii) Letters of credit other than capital expenditure Rs 2,825.560 million (2025: Rs 419.454 million).
- (iv) The amount of future payments under leases and the period in which these payments will become due are as follows:

|                                                   | 2026                 | 2025  |
|---------------------------------------------------|----------------------|-------|
|                                                   | (Rupees in thousand) |       |
| Not later than one year                           | 412                  | 425   |
| Later than one year and not later than five years | 1,650                | 1,650 |
| Later than five years                             | 2,236                | 2,648 |
|                                                   | 4,298                | 4,710 |

**17. Property, plant and equipment**

|                                          |             |            |            |
|------------------------------------------|-------------|------------|------------|
| Operating fixed assets                   | - note 17.1 | 80,542,481 | 82,693,393 |
| Capital work-in-progress                 | - note 17.2 | 3,174,398  | 878,378    |
| Major spare parts and stand-by equipment | - note 17.3 | 203,942    | 311,635    |
|                                          |             | 83,920,821 | 83,883,406 |

## 17.1 Operating fixed assets

2026

(Rupees in thousand)

|                                                  | Annual<br>rate of<br>depreciation<br>% | Cost as at<br>July 01, 2025 | Additions/<br>(deletions) | Cost as at<br>June 30, 2026 | Accumulated<br>depreciation<br>as at July<br>01, 2025 | Depreciation<br>charge/<br>(deletions)<br>for the year | Accumulated<br>depreciation<br>as at June<br>30, 2026 | Book value<br>as at June<br>30, 2026 |
|--------------------------------------------------|----------------------------------------|-----------------------------|---------------------------|-----------------------------|-------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|--------------------------------------|
| Freehold land - note 17.1.2                      | -                                      | 2,800,792                   | 105,356                   | 2,906,148                   | -                                                     | -                                                      | -                                                     | 2,906,148                            |
| Leasehold land                                   | 3.33                                   | 263,000                     | 9,447                     | 272,447                     | 77,307                                                | 8,767                                                  | 86,074                                                | 186,373                              |
| Buildings on freehold land and<br>leasehold land |                                        |                             |                           |                             |                                                       |                                                        |                                                       |                                      |
| - Factory building                               | 5 to 10                                | 26,806,032                  | 286,711<br>(180,217)      | 26,912,526                  | 11,545,727                                            | 803,657<br>(180,217)                                   | 12,169,167                                            | 14,743,359                           |
| - Office building and housing colony             | 5                                      | 4,788,856                   | 31,281                    | 4,820,137                   | 1,428,130                                             | 169,446                                                | 1,597,576                                             | 3,222,561                            |
| Roads                                            | 10                                     | 2,470,394                   | -                         | 2,470,394                   | 1,412,339                                             | 105,805                                                | 1,518,144                                             | 952,250                              |
| Plant and machinery                              | 3 to 9                                 | 86,883,469                  | 767,719<br>(1,525,607)    | 86,125,581                  | 31,824,879                                            | 2,500,141<br>(1,524,734)                               | 32,800,286                                            | 53,325,295                           |
| Factory equipment                                | 10                                     | 76,373                      | 2,939                     | 79,312                      | 57,631                                                | 2,795                                                  | 60,426                                                | 18,886                               |
| Quarry equipment                                 | 10                                     | 4,416,981                   | 3,000                     | 4,419,981                   | 2,780,224                                             | 120,011                                                | 2,900,235                                             | 1,519,746                            |
| Furniture, fixture and<br>office equipment       | 10 to 30                               | 1,501,022                   | 134,472<br>(969)          | 1,634,525                   | 1,087,177                                             | 135,501<br>(485)                                       | 1,222,193                                             | 412,332                              |
| Vehicles                                         | 20                                     | 1,591,806                   | 392,667<br>(171,234)      | 1,813,239                   | 829,953                                               | 157,996<br>(102,766)                                   | 885,183                                               | 928,056                              |
| Aircraft parts                                   | 30                                     | 334,491                     | 474,986                   | 809,477                     | 326,944                                               | 73,511                                                 | 400,455                                               | 409,022                              |
| Power and water supply lines                     | 10                                     | 4,514,045                   | 303                       | 4,514,348                   | 2,383,557                                             | 212,338                                                | 2,595,895                                             | 1,918,453                            |
|                                                  |                                        | 136,447,261                 | 2,208,881<br>(1,878,027)  | 136,778,115                 | 53,753,868                                            | 4,289,968<br>(1,808,202)                               | 56,235,634                                            | 80,542,481                           |

|                                               | Annual rate of depreciation % | 2025                     |                        |                          |                                              |                                               | (Rupees in thousand)                         |                                |
|-----------------------------------------------|-------------------------------|--------------------------|------------------------|--------------------------|----------------------------------------------|-----------------------------------------------|----------------------------------------------|--------------------------------|
|                                               |                               | Cost as at July 01, 2024 | Additions/ (deletions) | Cost as at June 30, 2025 | Accumulated depreciation as at July 01, 2024 | Depreciation charge/ (deletions) for the year | Accumulated depreciation as at June 30, 2025 | Book value as at June 30, 2025 |
| Freehold land - note 17.1.2                   | -                             | 2,767,592                | 33,200                 | 2,800,792                | -                                            | -                                             | -                                            | 2,800,792                      |
| Leasehold land                                | 3.33                          | 263,000                  | -                      | 263,000                  | 68,540                                       | 8,767                                         | 77,307                                       | 185,693                        |
| Buildings on freehold land and leasehold land |                               |                          |                        |                          |                                              |                                               |                                              |                                |
| - Factory building                            | 5 to 10                       | 25,673,027               | 1,133,005              | 26,806,032               | 10,740,866                                   | 804,861                                       | 11,545,727                                   | 15,260,305                     |
| - Office building and housing colony          | 5                             | 4,097,630                | 691,226                | 4,788,856                | 1,284,766                                    | 143,364                                       | 1,428,130                                    | 3,360,726                      |
| Roads                                         | 10                            | 2,470,394                | -                      | 2,470,394                | 1,294,777                                    | 117,562                                       | 1,412,339                                    | 1,058,055                      |
| Plant and machinery                           | 3 to 9                        | 84,383,585               | 2,824,785              | 86,883,469               | 29,611,650                                   | 2,382,820                                     | 31,824,879                                   | 55,058,590                     |
|                                               |                               |                          | (324,901)              |                          |                                              | (169,591)                                     |                                              |                                |
| Factory equipment                             | 10                            | 75,091                   | 1,282                  | 76,373                   | 47,651                                       | 9,980                                         | 57,631                                       | 18,742                         |
| Quarry equipment                              | 10                            | 4,420,051                | 3,500                  | 4,416,981                | 2,648,644                                    | 133,611                                       | 2,780,224                                    | 1,636,757                      |
|                                               |                               |                          | (6,570)                |                          |                                              | (2,031)                                       |                                              |                                |
| Furniture, fixture and office equipment       | 10 to 30                      | 1,304,473                | 196,910                | 1,501,022                | 957,534                                      | 129,643                                       | 1,087,177                                    | 413,845                        |
|                                               |                               |                          | (361)                  |                          |                                              |                                               |                                              |                                |
| Vehicles                                      | 20                            | 1,410,875                | 257,010                | 1,591,806                | 735,682                                      | 134,738                                       | 829,953                                      | 761,853                        |
|                                               |                               |                          | (76,079)               |                          |                                              | (40,467)                                      |                                              |                                |
| Aircraft parts                                | 30                            | 328,750                  | 5,741                  | 334,491                  | 323,710                                      | 3,234                                         | 326,944                                      | 7,547                          |
| Power and water supply lines                  | 10                            | 4,513,644                | 401                    | 4,514,045                | 2,154,811                                    | 228,746                                       | 2,383,557                                    | 2,130,488                      |
|                                               |                               | 131,708,112              | 5,147,060              | 136,447,261              | 49,868,631                                   | 4,097,326                                     | 53,753,868                                   | 82,693,393                     |
|                                               |                               |                          | (407,911)              |                          |                                              | (212,089)                                     |                                              |                                |

**17.1.1** Freehold land and building include book values of Rs 12 million (2025: Rs 12 million) and Rs 3.463 million (2025: Rs 3.821 million) respectively which are held in the name of the Chief Executive of the Cement segment. This property is located in the locality of Defence Housing Authority, Lahore, where the bye-laws restrict transfer of title of the residential property in the name of the Group.

**17.1.2** Following are the particulars of the Group's immovable fixed assets:

|  |  |  |  | 2026                  | 2025 |
|--|--|--|--|-----------------------|------|
|  |  |  |  | Total Area (in Acres) |      |
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**17.1.3** The depreciation charge for the year has been allocated as follows:

**17.1.4** Book values of operating fixed assets consist of the following with respect to operating segments:

|                      | Cement segment |            | Packaging segment |           | Dairy segment |           | Total      |            |
|----------------------|----------------|------------|-------------------|-----------|---------------|-----------|------------|------------|
|                      | 2026           | 2025       | 2026              | 2025      | 2026          | 2025      | 2026       | 2025       |
| (Rupees in thousand) |                |            |                   |           |               |           |            |            |
| Plant and machinery  | 49,644,896     | 51,470,070 | 3,050,407         | 2,992,026 | 629,995       | 466,703   | 53,325,298 | 54,928,799 |
| All other assets     | 23,976,778     | 24,672,542 | 1,582,552         | 1,754,395 | 1,657,853     | 1,337,657 | 27,217,183 | 27,764,594 |
| Total                | 73,621,674     | 76,142,612 | 4,632,959         | 4,746,421 | 2,287,848     | 1,804,360 | 80,542,481 | 82,693,393 |

## 17.1.5 Sale of operating fixed assets

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

2026

| Particulars of assets | Sold to                  | Cost    | Book value<br>(Rupees in thousand) | Sale proceeds | Gain / (loss) on sale | Mode of sale        |
|-----------------------|--------------------------|---------|------------------------------------|---------------|-----------------------|---------------------|
| <b>Vehicles</b>       |                          |         |                                    |               |                       |                     |
|                       | <b>Outside party</b>     |         |                                    |               |                       |                     |
|                       | Mr. Imran Saeed          | 2,719   | 628                                | 4,128         | 3,500                 | Auction             |
|                       | Mr. Malik Muhammad Javed | 1,664   | 373                                | 2,577         | 2,204                 | -do-                |
|                       | Mr. Muhammad Ibrahim     | 1,579   | 268                                | 1,955         | 1,687                 | -do-                |
|                       | Mr. Suneel Raja          | 1,537   | 315                                | 2,165         | 1,850                 | -do-                |
|                       | Mr. Sohaib Shabir        | 20,355  | 4,292                              | 18,050        | 13,758                | -do-                |
|                       | Mr. Syed Saliman Ali     | 20,175  | 4,102                              | 11,000        | 6,898                 | -do-                |
|                       | Mr. Hassan Khalil        | 3,616   | 1,563                              | 4,325         | 2,762                 | -do-                |
|                       | Mr. Musaddiq Ahmed Khan  | 3,547   | 1,533                              | 4,275         | 2,742                 | -do-                |
|                       | Mr. Muhammad Qasim       | 2,385   | 703                                | 4,385         | 3,682                 | -do-                |
|                       | Mr. Khuram Ayub          | 1,699   | 389                                | 3,118         | 2,729                 | -do-                |
|                       | Mr. Asad Masih           | 70      | 13                                 | 36            | 23                    | -do-                |
|                       | Mr. Muhammad Fahad       | 1,713   | 469                                | 2,994         | 2,525                 | -do-                |
|                       | Mr. Syed Faizan Ali      | 1,788   | 495                                | 2,852         | 2,357                 | -do-                |
|                       | Mr. Sajid Hussain        | 63      | 8                                  | 15            | 7                     | -do-                |
|                       | Mr. Ghulam Hussain       | 69      | 12                                 | 37            | 25                    | -do-                |
|                       | Mr. Muhammad Raza Saeed  | 100,403 | 47,310                             | 130,000       | 82,690                | Market quotation    |
|                       | <b>Employees</b>         |         |                                    |               |                       |                     |
|                       | Mr. Faizan Rasool        | 2,702   | 845                                | 4,465         | 3,620                 | As per Group Policy |
|                       | Mr. Hustam Jalal         | 5,807   | 2,475                              | 3,341         | 866                   | -do-                |
|                       | Dr. Abdullah             | 4,374   | 2,532                              | 2,753         | 221                   | -do-                |



2025

| Particulars of assets        | Sold to                                 | Cost                   | Book value           | Sale proceeds | Gain / (loss) on sale | Mode of sale |                     |
|------------------------------|-----------------------------------------|------------------------|----------------------|---------------|-----------------------|--------------|---------------------|
|                              |                                         |                        | (Rupees in thousand) |               |                       |              |                     |
| Plant & Machinery            | Outside party                           |                        |                      |               |                       |              |                     |
|                              | M/s Eastern Dairy                       | 7,424                  | 2,193                | 2,000         | (193)                 | Auction      |                     |
|                              | M/s Prime Verde Bags Company            | 322,708                | 153,116              | 678,037       | 524,920               | Auction      |                     |
| Quarry Equipment             | Related party                           |                        |                      |               |                       |              |                     |
|                              | M/s Caterpillar                         | 6,570                  | 4,540                | 6,570         | 2,030                 | Auction      |                     |
| Vehicles                     | Outside party                           |                        |                      |               |                       |              |                     |
|                              | Mr. Muneeb Ahmed                        | 4,548                  | 1,149                | 6,704         | 5,555                 | Auction      |                     |
|                              | Mr. Ali Subhani                         | 3,476                  | 1,061                | 6,451         | 5,390                 | -do-         |                     |
|                              | Mr. Asad Ali                            | 1,704                  | 416                  | 2,875         | 2,459                 | -do-         |                     |
|                              | Mr. Khurram Imtiaz                      | 3,132                  | 736                  | 5,657         | 4,921                 | -do-         |                     |
|                              | M/s Kausar Sons Leisure Private Limited | 31,065                 | 17,734               | 25,000        | 7,266                 | -do-         |                     |
|                              | Mr. Sultan Mohammad                     | 54                     | 6                    | 18            | 12                    | -do-         |                     |
|                              | Mr. Abdul Rahim                         | 70                     | 26                   | 64            | 38                    | -do-         |                     |
|                              | Mr. Furqan Ahmed                        | 1,250                  | 373                  | 1,930         | 1,557                 | -do-         |                     |
|                              | Mr. Muhammad Umer                       | 64                     | 20                   | 56            | 36                    | -do-         |                     |
|                              | Mr. Mohammad Farooq                     | 2,163                  | 584                  | 3,368         | 2,784                 | -do-         |                     |
|                              | Mr. Khalil Ahmad                        | 1,127                  | 279                  | 1,400         | 1,121                 | -do-         |                     |
|                              | Mr. Asim Mumtaz                         | 1,931                  | 483                  | 3,708         | 3,225                 | -do-         |                     |
|                              | Mr. Saeed Ali                           | 5,098                  | 872                  | 6,728         | 5,855                 | -do-         |                     |
|                              | M/s S&R Agri Farms                      | 20,708                 | 2,504                | 3,118         | 614                   | -do-         |                     |
|                              | Mr. Abdul Basit                         | 2,179                  | 859                  | 2,541         | 1,682                 | -do-         |                     |
|                              | Employees                               |                        |                      |               |                       |              | As per Group Policy |
|                              |                                         | Brid. (R) Jawed Akhtar | 2,299                | 772           | 772                   | -            | -do-                |
|                              |                                         | Maj.(R) Aslam Pervaiz  | 2,306                | 741           | 741                   | -            | -do-                |
| Mr. Khalid Mehmood Khalid    |                                         | 1,923                  | 525                  | 430           | (95)                  | -do-         |                     |
| Mr. Mukhtar Hussain Shafqat  |                                         | 2,512                  | 1,294                | 1,294         | -                     | -do-         |                     |
| Mr. Malik Abdul Majeed       |                                         | 2,219                  | 685                  | 685           | -                     | -do-         |                     |
| Col. (R) Taimur Malik        |                                         | 2,244                  | 614                  | 606           | (8)                   | -do-         |                     |
| Mr. Syed Javed Hussain Zaidi |                                         | 1,924                  | 491                  | 491           | -                     | -do-         |                     |
| Mr. Imran Razzak             |                                         | 1,716                  | 604                  | 604           | -                     | -do-         |                     |
| Mr. Muhammad Ramzan          |                                         | 2,054                  | 723                  | 723           | -                     | -do-         |                     |
| Mr. Ali Abdullah             |                                         | 2,767                  | 986                  | 1,473         | 488                   | -do-         |                     |
| Mr. Muhammad Naeem           |                                         | 2,182                  | 930                  | 1,255         | 326                   | -do-         |                     |

## 17.2 Capital work-in-progress

2026

|                                          | Balance as at<br>July 1, 2025 | Capital<br>expenditure<br>incurred during<br>the year | Charged off<br>during<br>the year | Transfers<br>within capital<br>work-in-progress | Transfers to<br>operating<br>fixed assets | Transfers to<br>major spare parts<br>and stand<br>by equipment | Balance as at<br>June 30, 2026 |
|------------------------------------------|-------------------------------|-------------------------------------------------------|-----------------------------------|-------------------------------------------------|-------------------------------------------|----------------------------------------------------------------|--------------------------------|
|                                          |                               |                                                       |                                   | (Rupees in thousand)                            |                                           |                                                                |                                |
| Civil works                              | 77,201                        | 1,682,536                                             | (2,060)                           | -                                               | (459,557)                                 | -                                                              | 1,298,120                      |
| Plant and machinery                      | 626,638                       | 154,188                                               | -                                 | 27,836                                          | (80,832)                                  | -                                                              | 727,830                        |
| Advances to suppliers<br>and contractors | 142,143                       | 1,114,605                                             | -                                 | (130,708)                                       | (381,858)                                 | -                                                              | 744,182                        |
| CWIP in transit                          | -                             | 260,157                                               | -                                 | -                                               | -                                         | -                                                              | 260,157                        |
| Others:                                  |                               |                                                       |                                   |                                                 |                                           |                                                                |                                |
| - Intangible assets                      | 16,684                        | 3,000                                                 | -                                 | -                                               | -                                         | -                                                              | 19,684                         |
| - Unallocated capital expenditure        | 15,712                        | 108,713                                               | -                                 | -                                               | -                                         | -                                                              | 124,425                        |
|                                          | 878,378                       | 3,323,199                                             | (2,060)                           | (102,872)                                       | (922,247)                                 | -                                                              | 3,174,398                      |

2025

|                                          | Balance as at<br>July 1, 2023 | Capital<br>expenditure<br>incurred during<br>the year | Charged off<br>during<br>the year | Transfers<br>within capital<br>work-in-progress | Transfers to<br>operating<br>fixed assets | Transfers to<br>major spare parts<br>and stand<br>by equipment | Balance as at<br>June 30, 2025 |
|------------------------------------------|-------------------------------|-------------------------------------------------------|-----------------------------------|-------------------------------------------------|-------------------------------------------|----------------------------------------------------------------|--------------------------------|
|                                          |                               |                                                       |                                   | (Rupees in thousand)                            |                                           |                                                                |                                |
| Civil works                              | 1,013,263                     | 3,182,366                                             | (895)                             | (116,781)                                       | (4,000,752)                               | -                                                              | 77,201                         |
| Plant and machinery                      | 540,006                       | 839,924                                               | -                                 | (253,875)                                       | (496,758)                                 | (2,659)                                                        | 626,638                        |
| Advances to suppliers<br>and contractors | 110,943                       | 281,013                                               | -                                 | (249,813)                                       | -                                         | -                                                              | 142,143                        |
| Others:                                  |                               |                                                       |                                   |                                                 |                                           |                                                                |                                |
| - Intangible assets                      | 16,051                        | 633                                                   | -                                 | -                                               | -                                         | -                                                              | 16,684                         |
| - Unallocated capital expenditure        | 9,327                         | 32,135                                                | -                                 | 19,629                                          | (45,379)                                  | -                                                              | 15,712                         |
|                                          | 1,689,590                     | 4,336,071                                             | (895)                             | (600,840)                                       | (4,542,889)                               | (2,659)                                                        | 878,378                        |

## 17.2.1

This includes advance of Rs 10.155 million (2025: Nil) and Rs 25.563 million (2025: Nil) paid to Hyundai Nishat Motor (Private) Limited and NexGen Auto (Private) Limited respectively, being the related parties of the Group. The maximum aggregate amount outstanding from these related parties at the end of any month during the year was Rs 43.535 million (2025: Nil). This amount is neither past due nor impaired.

2026

2025

(Rupees in thousand)

**17.3 Major spare parts and stand-by equipment**

The reconciliation of carrying amount is as follows:

|                                      |           |          |
|--------------------------------------|-----------|----------|
| Balance at the beginning of the year | 311,635   | 330,315  |
| Additions during the year            | 291,695   | 21,643   |
|                                      | 603,330   | 351,958  |
| Transfers made during the year       | (399,388) | (40,323) |
| Balance at the end of the year       | 203,942   | 311,635  |

**17.4** All operating fixed assets of Cement and Packaging segments are pledged as security against long term finances as referred to in note 7.

2026

2025

(Rupees in thousand)

**18. Intangible assets**

This represents computer software and related license(s).

The reconciliation of carrying amount is as follows:

**COST**

|                           |         |        |
|---------------------------|---------|--------|
| Balance as at July 01     | 77,655  | 77,655 |
| Additions during the year | 82,768  | -      |
| Balance as at June 30     | 160,423 | 77,655 |

**AMORTIZATION**

|                       |         |        |
|-----------------------|---------|--------|
| Balance as at July 01 | 64,579  | 34,892 |
| Charge for the year   | 40,209  | 29,687 |
| Balance as at June 30 | 104,788 | 64,579 |

- note 31

|                          |        |        |
|--------------------------|--------|--------|
| Book value as at June 30 | 55,635 | 13,076 |
|--------------------------|--------|--------|

|                            |              |              |
|----------------------------|--------------|--------------|
| Annual amortization rate % | 33.33% - 50% | 33.33% - 50% |
|----------------------------|--------------|--------------|

**19. Biological assets**

This represents dairy livestock. It consists of the following:

|            |           |           |
|------------|-----------|-----------|
| - Mature   | 1,031,850 | 947,930   |
| - Immature | 404,490   | 337,390   |
| - Bulls    | 239       | 1,478     |
|            | 1,436,579 | 1,286,798 |

- note 19.1

**19.1** Reconciliation of carrying amounts of dairy livestock

|                                                                                                  |           |           |
|--------------------------------------------------------------------------------------------------|-----------|-----------|
| Opening balance                                                                                  | 1,286,798 | 1,167,436 |
| Fair value gain due to new births                                                                | 174,469   | 149,148   |
| Changes in fair value (due to price change, exchange fluctuations and biological transformation) | 297,270   | 320,707   |
|                                                                                                  | 471,739   | 469,855   |
| Purchases during the year                                                                        | 18,550    | 7,650     |
| Decrease due to deaths / livestock losses                                                        | (34,409)  | (38,505)  |
| Decrease due to sale of livestock                                                                | (306,099) | (319,638) |
| Carrying amount at the end of the year which approximates the fair value                         | 1,436,579 | 1,286,798 |

- note 19.3

**19.2** As at June 30, 2026 the Dairy segment held 3,914 (2025: 3,634) mature assets able to produce milk and 3,978 (2025: 3,596) immature assets that are being raised to produce milk in the future. During the year, 3,204 (2025: 3,189) were sold. During the year, the segment produced approximately 43.79 million (2025: 39.71 million) gross litres of milk from these biological assets. As at June 30, 2026, the Dairy segment also held 13 (2025: 4) immature male calves.

- 19.3** The valuation of dairy livestock as at June 30, 2026 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 segment as at June 30, 2026. Further, market and replacement values of similar live stock from active markets in Pakistan have been used as basis of valuation model by the independent valuer. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing.

|                                                                                                                                                                             |               | 2026                 | 2025       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------|------------|
|                                                                                                                                                                             |               | (Rupees in thousand) |            |
| 20. Investments                                                                                                                                                             |               |                      |            |
| These represent the long term investments in:                                                                                                                               |               |                      |            |
| - Related parties                                                                                                                                                           |               |                      |            |
| - FVOCI                                                                                                                                                                     | - note 20.1   | 24,851,885           | 19,141,165 |
| - Equity method                                                                                                                                                             | - note 20.2   | 28,402,857           | -          |
| - Others - FVOCI                                                                                                                                                            | - note 20.3   | 686,833              | 553,140    |
|                                                                                                                                                                             |               | 53,941,575           | 19,694,305 |
| 20.1 Related parties                                                                                                                                                        |               |                      |            |
| Associate - quoted - FVOCI:                                                                                                                                                 |               |                      |            |
| Nishat Mills Limited                                                                                                                                                        |               |                      |            |
| 30,289,501 (2025: 30,289,501) fully paid<br>ordinary shares of Rs 10 each<br>Equity held: 8.61% (2025: 8.61%)<br>Cost - Rs 1,326.559 million (2025: Rs 1,326.559 million)   |               | 4,781,501            | 3,812,842  |
| Nishat (Chunian) Power Limited                                                                                                                                              |               |                      |            |
| 5,683,067 (2025: 5,683,067) fully paid<br>ordinary shares of Rs 10 each<br>Equity held: 1.55% (2025: 1.55%)<br>Cost - Rs 102.408 million (2025: Rs 102.408 million)         |               | 366,614              | 138,155    |
| MCB Bank Limited                                                                                                                                                            |               |                      |            |
| 26,233,787 (2025: 26,051,701 ) fully paid<br>ordinary shares of Rs 10 each<br>Equity held: 2.22% (2025: 2.201%)<br>Cost - Rs 869.893 million (2025: Rs 806.061 million)     |               | 10,638,104           | 7,511,748  |
| Adamjee Insurance Company Limited                                                                                                                                           |               |                      |            |
| 27,877,735 (2025: 27,877,735) fully paid<br>ordinary shares of Rs 10 each<br>Equity held: 7.97% (2025: 7.97%)<br>Cost - Rs 1,239.698 million (2025: Rs 1,239.698 million)   |               | 2,231,613            | 1,394,166  |
|                                                                                                                                                                             |               | 18,017,832           | 12,856,911 |
| FVOCI - unquoted:                                                                                                                                                           |               |                      |            |
| Nishat Hotels and Properties Limited                                                                                                                                        |               |                      |            |
| 104,166,667 (2025: 104,166,667) fully paid<br>ordinary shares of Rs 10 each<br>Equity held: 8.55% (2025: 8.55%)<br>Cost - Rs 1,041.667 million (2025: Rs 1,041.667 million) |               | 2,853,125            | 2,721,875  |
|                                                                                                                                                                             | - note 20.1.1 |                      |            |
| Hyundai Nishat Motor (Private) Limited                                                                                                                                      |               |                      |            |
| 195,623,000 (2025: 195,623,000 ) fully paid<br>ordinary shares of Rs 10 each<br>Equity held: 10% (2025: 10%)<br>Cost - Rs 1,956.23 million (2025: Rs 1,956.23 million)      |               | 3,980,928            | 3,562,379  |
|                                                                                                                                                                             | - note 20.1.2 | 6,834,053            | 6,284,254  |
|                                                                                                                                                                             | - note 20.4   | 24,851,885           | 19,141,165 |

- 20.1.1** This represents investment in the ordinary shares of Nishat Hotels and Properties Limited ('NHPL') which is principally engaged in establishing and managing a multi-purpose facility including a shopping mall, hotel, and banquet halls in Johar Town, Lahore, by the name of 'Nishat Emporium' and a luxury boutique property in Gulberg III, Lahore, by the name of 'The Nishat Hotel'. The company has also extended operations and acquired hotel property in Margalla, Islamabad. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 27.39 per ordinary share as at June 30, 2026 (2025: Rs 26.13 per share) through a valuation technique based on discounted cash flow analysis of NHPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 46.3 to these financial statements. The fair value gain of Rs 131.250 million recognized during the year is included in consolidated statement of comprehensive income.

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

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL.
- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

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

- Discount rate of 15.96% per annum.
- Long term growth rate of 3% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation with a range of 6.50% to 8.40% per annum.

#### Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 282.292 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 108.333 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 20.833 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 3.125 million lower.

- 20.1.2** This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited ('HNMPL') that has setup up a greenfield project for assembly and sales of Hyundai Motor Company passenger and commercial vehicles. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs 20.35 per ordinary share as at June 30, 2026 (2025: Rs 18.21 per share) through a valuation technique based on discounted cash flow analysis of HNMPL. Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 46.3 to these financial statements. The fair value gain of Rs 418.549 million recognised during the year is included in consolidated statement of comprehensive income.

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

- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to HNMPL.
- Long term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

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

- Discount rate of 17.97% per annum.
- Long term growth rate of 3% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation both of 4% per annum respectively, and revenue are also linked to currency devaluation at 4% per annum.



### Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 455.001 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 258.489 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 112.305 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2026 would be Rs 1.156 million lower.

|                                                                | 2026                 | 2025 |
|----------------------------------------------------------------|----------------------|------|
|                                                                | (Rupees in thousand) |      |
| 20.2 Associate - quoted - Equity method:                       |                      |      |
| Rafhan Maize Products Company Limited                          |                      |      |
| 2,870,000 (2025: Nil) fully paid ordinary shares of Rs 10 each |                      |      |
| Equity held: 31.07% (2025: Nil)                                |                      |      |
| Cost - Rs 28,402.857 million (2025: Nil)                       | 28,402,857           | -    |
|                                                                | 28,402,857           | -    |
| 20.2.1 Movement in carrying amount is as follows:              |                      |      |
| Balance at the beginning                                       | -                    | -    |
| Investment during the year                                     | 28,402,857           | -    |
| Share of profit for the year - adjusted                        | -                    | -    |
| Share of other comprehensive income for the year               | -                    | -    |
| Closing balance - note 20.2.2                                  | 28,402,857           | -    |

**20.2.2** The Group holds 2,870,000 (2025: Nil) ordinary shares with a par value of Rs 10 each, representing 31.07% (2025: Nil) of RMPL's share capital. The market value of the Group's investment in the ordinary shares of RMPL as at June 30, 2026, is Rs 27,321.510 million. The investment provided the Group with significant influence over RMPL on June 30, 2026 and accordingly, qualified RMPL as an associate.

During the year, the Cement segment made the investment in RMPL's ordinary shares through a Share Purchase Agreement (SPA) with Ingredion Incorporated dated September 25, 2025 (as amended on December 29, 2025) at price of Rs 9,800 per share, amounting to Rs 28,402.857 million (including transaction cost of Rs 276.857 million).

Identified assets acquired, liabilities assumed or incurred have been currently carried at provisional fair values determined by the management's expert as at the acquisition date. The fair value exercise of identifiable assets and liabilities is currently in progress and will be completed within the allowed measurement period of one year specified under IFRS - 3 'Business Combinations'. The carrying value of the below balances may change as a result of the fair value exercise as required under IFRS - 3. Any adjustment arising at the time finalisation of this exercise will be incorporated with retrospective effect from the date of acquisition.

**20.2.3** Summary of provisional fair values and notional goodwill arising on acquisition of 31.07% stake in RMPL is as follows:

|                                                       | Provisional<br>fair values<br>as at<br>acquisition<br>date<br>(Rupees in<br>thousand) |
|-------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>ASSETS</b>                                         |                                                                                       |
| <b>Non-current Assets</b>                             |                                                                                       |
| Property, plant and equipment                         | 27,094,322                                                                            |
| Long term loans                                       | 1,174                                                                                 |
| Long term deposits                                    | 40,325                                                                                |
|                                                       | <u>27,135,821</u>                                                                     |
| <b>Current Assets</b>                                 |                                                                                       |
| Stores and spares                                     | 1,814,745                                                                             |
| Stock in trade                                        | 33,305,859                                                                            |
| Trade debts                                           | 4,927,737                                                                             |
| Loans and advances                                    | 315,992                                                                               |
| Short term prepayments                                | 489,764                                                                               |
| Other receivables                                     | 34,726                                                                                |
| Short term investments                                | 9,397,632                                                                             |
| Cash and bank balances                                | 1,638,165                                                                             |
|                                                       | <u>51,924,620</u>                                                                     |
| Total Assets                                          | <u>79,060,441</u>                                                                     |
| <b>LIABILITIES</b>                                    |                                                                                       |
| <b>Non-current liabilities</b>                        |                                                                                       |
| Long term financing - secured                         | 114,445                                                                               |
| Deferred income                                       | 55,898                                                                                |
| Long term musharaka - secured                         | 164,202                                                                               |
| Long term payable                                     | 175,771                                                                               |
| Employees retirement benefits - net                   | 323,636                                                                               |
| Deferred taxation                                     | 4,703,704                                                                             |
|                                                       | <u>5,537,656</u>                                                                      |
| <b>Current liabilities</b>                            |                                                                                       |
| Current portion of long term financing                | 33,971                                                                                |
| Current portion of deferred income                    | 19,257                                                                                |
| Current portion of long term musharaka - secured      | 48,222                                                                                |
| Current portion of lease liability                    | -                                                                                     |
| Short term financing - secured                        | 12,062,545                                                                            |
| Contract liabilities                                  | 1,283,235                                                                             |
| Trade and other payables                              | 15,744,097                                                                            |
| Unpaid dividend                                       | 1,310,823                                                                             |
| Unclaimed dividend                                    | 29,778                                                                                |
| Provision for taxation - net                          | 731,576                                                                               |
|                                                       | <u>31,263,504</u>                                                                     |
| Total liabilities                                     | <u>36,801,160</u>                                                                     |
| <b>Fair value of net assets of RMPL - provisional</b> | <u>42,259,281</u>                                                                     |
| <b>20.2.4 Notional goodwill - provisional</b>         |                                                                                       |
| Cost of investment in associate                       | 28,402,857                                                                            |
| Fair value of net assets of RMPL - provisional        | 42,259,281                                                                            |
| Percentage shareholding in associate                  | 31.07%                                                                                |
| Group's share of net assets                           | 13,129,959                                                                            |
| <b>Notional goodwill – provisional</b>                | <u>15,272,898</u>                                                                     |

|                                                                                |               | 2026                 | 2025       |
|--------------------------------------------------------------------------------|---------------|----------------------|------------|
|                                                                                |               | (Rupees in thousand) |            |
| <b>20.3 Others</b>                                                             |               |                      |            |
| <b>FVOCI - quoted:</b>                                                         |               |                      |            |
| <b>Pakistan Petroleum Limited</b>                                              |               |                      |            |
| 821,626 (2025: 821,626) fully paid ordinary shares of Rs 10 each               |               |                      |            |
| Equity held: 0.03% (2025: 0.03%)                                               |               |                      |            |
| Cost - Rs 117.405 million (2025: Rs 117.405 million)                           |               | 199,346              | 139,816    |
| <b>United Bank Limited</b>                                                     |               |                      |            |
| 428,708 (2025: 428,708) fully paid ordinary shares of Rs 5 each                |               |                      |            |
| Equity held: 0.02% (2025: 0.02%)                                               |               |                      |            |
| Cost - Rs 33.646 million (2025: Rs 33.646 million)                             |               | 191,919              | 118,302    |
| <b>Nishat (Chunian) Limited</b>                                                |               |                      |            |
| 7,173,982 (2025: 7,173,982) fully paid ordinary shares of Rs 10 each           |               |                      |            |
| Equity held: 2.99% (2025: 2.99%)                                               |               |                      |            |
| Cost - Rs 75.565 million (2025: Rs 75.565 million)                             |               | 295,568              | 295,022    |
|                                                                                | - note 20.4   | 686,833              | 553,140    |
| <b>20.4 Reconciliation of carrying amount of Investments measured at FVOCI</b> |               |                      |            |
| Balance as at beginning of the year                                            |               | 19,694,305           | 15,213,597 |
| Investments made during the year                                               | - note 20.4.1 | 63,833               | 38,232     |
|                                                                                |               | 19,758,138           | 15,251,829 |
| Fair value gain recognised in other comprehensive income                       |               | 5,780,580            | 4,442,476  |
| Balance as at end of the year                                                  |               | 25,538,718           | 19,694,305 |

**20.4.1** This represents acquisition of 0.182 million (2025: 0.136 million) shares of MCB Bank Limited during the year.

**20.5** 3,860,267 (2025: 3,860,267) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

## 21. Long term deposits and prepayment

These include:

- Security deposits against various goods and services. These deposits have not been carried at amortised cost mainly because the period after which the deposits are to be refunded is indefinite. Further, the effect of discounting is immaterial in the context of these financial statements.

- The prepayment for an electric installation of extension of load from 1,500 KW to 4,500 KW made during the year and is net of amortization of Rs 1.70 million charged during the year and Rs 20.45 million classified in 'prepayments' within 'loans, advances, deposits, prepayments and other receivables'. This is subject to annual amortization of 20% representing pattern of economic benefit to be received from this prepayment.

2026

2025

(Rupees in thousand)

**22. Stores, spare parts and loose tools**

Stores [including in transit: Rs 539.544 million  
(2025: Rs 235.46 million)]

3,398,938

3,677,199

Spare parts [including in transit Rs 314.308 million  
(2025: Rs 257.24 million)]

9,840,457

8,980,718

Loose tools

83,955

75,814

13,323,350

12,733,731

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

2026

2025

(Rupees in thousand)

**23. Stock-in-trade**

Raw materials [including in transit Rs 320.572 million  
(2025: Rs 922.42 million)]

1,323,583

2,320,717

Packing material

446,171

517,918

Animal forage [Including in transit Rs 207.82 million  
(2025: Rs 112.74 million )]

1,643,573

1,184,480

Work-in-process

- note 30

6,382,617

5,293,548

Finished goods

- note 30

2,090,234

1,895,301

11,886,178

11,211,964

**23.1** Work-in-process includes write-back during the year against net realizable value allowance amounting to Nil (2025: Rs 57.975 million).

2026

2025

(Rupees in thousand)

**24. Trade debts**

Considered good

- Related parties

- note 24.1

68,342

105,202

- Others

2,778,718

1,923,899

2,847,060

2,029,101

Loss allowance

- note 24.2

(246,211)

(330,083)

2,600,849

1,699,018

**24.1 This is from the following related parties:**

Nishat Sutas Dairy Limited

57,233

46,890

Nishat Mills Limited

9,030

57,896

Hyundai Nishat Motor (Private) Limited

1,634

-

Nishat Agriculture Farming (Private) Limited

445

416

68,342

105,202

**24.1.1** The maximum aggregate amount outstanding at the end of any month during the year was Rs 190.844 million (2025: Rs 111.632 million). The aging analysis of trade debts from related parties that are past due and carry loss allowance is as follows:

|                 | 2026                 | 2025     |
|-----------------|----------------------|----------|
|                 | (Rupees in thousand) |          |
| Up to 90 days   | 61,269               | 53,594   |
| 91 to 180 days  | 4,186                | 5,728    |
| 181 to 365 days | 2,887                | 43,475   |
| Above 365 days  | -                    | 2,405    |
|                 | 68,342               | 105,202  |
| Loss allowance  | (1,729)              | (11,702) |
|                 | 66,613               | 93,500   |

#### 24.2 The reconciliation of loss allowance is as follows:

|                                        |          |         |
|----------------------------------------|----------|---------|
| Balance at the beginning of the year   | 330,083  | 323,163 |
| Loss allowance charged during the year | (83,872) | 6,920   |
| Balance as at end of the year          | 246,211  | 330,083 |

### 25. Contract assets

Contract assets represents the Group's right to consideration for work completed but not billed at the reporting date on made to order packing products. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

|  | 2026                 | 2025 |
|--|----------------------|------|
|  | (Rupees in thousand) |      |

### 26. Short term Investments

#### FVOCI - quoted:

|               |             |            |            |
|---------------|-------------|------------|------------|
| Related party | - note 26.1 | 32,834,921 | 23,347,443 |
| Other         | - note 26.2 | 4,147      | 4,137      |

#### At FVPL

|               |             |            |            |
|---------------|-------------|------------|------------|
| Related party | - note 26.3 | 6,478,852  | 653,520    |
| Other         | - note 26.4 | 3,038,853  | 38         |
|               |             | 42,356,773 | 24,005,138 |

#### At Amortised Cost - other

|                           |             |            |            |
|---------------------------|-------------|------------|------------|
| Term deposit certificates | - note 26.5 | 537,720    | 355,046    |
|                           | - note 26.6 | 42,894,493 | 24,360,184 |

#### 26.1 This represents the following quoted investment in related party:

##### MCB Bank Limited

80,971,917 (2025: 80,971,917) fully paid ordinary shares of Rs 10 each  
 Equity held: 6.83% (2025: 6.83%)  
 Cost - Rs 478.234 million (2025: Rs 478.234 million)

32,834,921 23,347,443

#### 26.2 This represents the following quoted investments in other company:

##### Nishat (Chunian) Limited

100,620 (2025: 100,620) fully paid ordinary shares of Rs 10 each  
 Equity held: 0.042% (2025: 0.042%)  
 Cost - Rs 0.832 million (2025: Rs 0.832 million)

4,147 4,137

#### 26.3 This represents the following investments in related party:

##### Mutual funds

MCB Cash Management Optimizer (Number of units: Nil (2025: 6,387,825))  
 Pakistan Income Fund (Number of units: 116,333,067 (2025: Nil))  
 MCB funds- Packaging segment

- 653,520  
 6,442,852 -  
 36,000 -  
 6,478,852 653,520



|                                                                                                                                                                                                                                                 | 2026                 | 2025 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
|                                                                                                                                                                                                                                                 | (Rupees in thousand) |      |
| <b>26.4</b> This represents the following investments:                                                                                                                                                                                          |                      |      |
| <b>Mutual funds</b>                                                                                                                                                                                                                             |                      |      |
| ABL Cash Fund (Number of units: 296,120,784 (2025: Nil))                                                                                                                                                                                        | 3,038,792            | -    |
| <b>Equity investment- quoted</b>                                                                                                                                                                                                                |                      |      |
| <b>Habib Bank Limited</b>                                                                                                                                                                                                                       |                      |      |
| 210 (2025: 210) fully paid ordinary shares of Rs 10 each at cost                                                                                                                                                                                | 61                   | 38   |
| <b>26.5</b> This represents term deposits having a maturity of one months to one year carrying mark-up / profit at the rates ranging from 8.75% to 11.27% per annum. Of these, Rs 160 million have an original maturity of three month or less. |                      |      |

|                                                          | 2026                 | 2025       |
|----------------------------------------------------------|----------------------|------------|
|                                                          | (Rupees in thousand) |            |
| <b>26.6 Reconciliation of carrying amount</b>            |                      |            |
| Opening balance                                          | 24,360,184           | 18,384,908 |
| Investment made during the year in mutual funds          | 55,412,544           | -          |
| Investment redeemed during the year in mutual funds      | (47,076,965)         | -          |
| Investment in term deposit receipts                      | 182,674              | 355,046    |
| Fair value gain recognised in other comprehensive income | 9,487,488            | 4,966,698  |
| Fair value gain recognised in profit or loss             | 528,568              | 653,532    |
| Closing balance                                          | 42,894,493           | 24,360,184 |

## 27. Loans, advances, deposits, prepayments and other receivables

|                                                              |             |           |           |
|--------------------------------------------------------------|-------------|-----------|-----------|
| Current portion of loans to employees                        | - note 27.1 | 21,440    | 20,818    |
| Advances                                                     |             |           |           |
| - To employees                                               |             | 23,477    | 11,899    |
| - To suppliers                                               | - note 27.2 | 89,057    | 237,948   |
|                                                              |             | 112,534   | 249,847   |
| Prepayments                                                  | - note 27.3 | 55,950    | 20,097    |
| Due from related parties                                     | - note 27.4 | 79,653    | 26,430    |
| Letters of credit - margins, deposits, opening charges, etc. |             | 43,044    | 25,185    |
| Profit receivable on bank deposits                           |             | 25,359    | 20,826    |
| Balances with statutory authorities:                         |             |           |           |
| - Sales tax                                                  |             | 1,554,022 | 1,831,130 |
| - Excise duty                                                |             | 37,684    | 128,144   |
| - Export rebate                                              |             | 27,726    | 16,766    |
|                                                              |             | 1,619,432 | 1,976,040 |
| Other receivables                                            | - note 27.5 | 11,207    | 87,426    |
|                                                              |             | 1,968,619 | 2,426,669 |
| Loss allowance                                               |             | -         | -         |
|                                                              |             | 1,968,619 | 2,426,669 |

- 27.1** This includes Rs 21.31 million (2025: Rs 20.48 million) in respect of loan provided to executives.
- 27.2** This includes advance payment to Pakistan Aviators and Aviation (Private) Limited, a related party, of Rs 0.25 million (2025: Rs 0.25 million). The maximum aggregate amount outstanding at the end of any month during the year was Rs 15.504 million (2025: Rs 0.25 million). The balances are neither past due nor impaired.
- 27.3** This includes prepayments to Adamjee Insurance Company Limited, a related party, of Rs 33.402 million (2025: Rs 9.740 million) on account of insurance premium. The maximum aggregate amount outstanding at the end of any month during the year was Rs 71.546 million (2025: Rs 62.392 million). The balances are neither past due nor impaired.

- 27.4** Includes amounts due from the following related parties:

|                                              | 2026                 | 2025   |
|----------------------------------------------|----------------------|--------|
|                                              | (Rupees in thousand) |        |
| Nishat Mills Limited                         | 142                  | 4,051  |
| Nishat Linen (Private) Limited               | 1,546                | 4,942  |
| Hyundai Nishat Motor (Private) Limited       | 3,961                | 3,655  |
| Nishat Power Limited                         | 41                   | 41     |
| Nishat Chunian Power Limited                 | 2,568                | 3,872  |
| Nishat Sutas Dairy Limited                   | -                    | -      |
| Nishat Agriculture Farming (Private) Limited | 60,857               | 9,604  |
| Adamjee Insurance Company Limited            | -                    | 109    |
| Security General Insurance Company Limited   | 27                   | 86     |
| Nishat Developers (Private) Limited          | -                    | 70     |
| Nishat Hotels and Properties Limited         | 179                  | -      |
| Rafhan Maize Products Company Limited        | 10,275               | -      |
| Nishat Developers (Pvt) Ltd                  | 57                   | -      |
| - note 27.4.1                                | 79,653               | 26,430 |

- 27.4.1** The maximum aggregate amount outstanding at the end of any month during the year was Rs 177.902 million (2025: Rs 104.969 million). The balances are neither past due nor impaired.

- 27.5** This includes a receivable of Rs 4.803 million (2025: Rs 6.620 million) from Hyundai Nishat Motor (Private) Limited and Rs 0.032 million (2025: Nil) from Security General Insurance Company Limited, being the related parties of the Group. The maximum aggregate amount outstanding at the end of any month during the year was Rs 5.845 million (2025: Rs 6.620 million). This amount is neither past due nor impaired.

|                                                                                      | 2026                 | 2025    |
|--------------------------------------------------------------------------------------|----------------------|---------|
|                                                                                      | (Rupees in thousand) |         |
| At banks:                                                                            |                      |         |
| Saving accounts:                                                                     |                      |         |
| - Local currency                                                                     | 69,334               | 74,466  |
| - Foreign currency: US\$ 1,019,136 (2025: US\$ 1,049,799);<br>EUR 84,888 (2025: Nil) | 310,620              | 297,021 |
| Saving accounts:                                                                     |                      |         |
| - Local currency - notes 28.1, 28.2 & 28.3                                           | 129,785              | 462,046 |
| - Foreign currency: US\$ 5,993 (2025: US\$ 247,674)                                  | 1,666                | 69,523  |
|                                                                                      | 511,405              | 903,056 |
| In hand                                                                              | 2,387                | 52,141  |
|                                                                                      | 513,792              | 955,197 |

## 28. Cash and bank balances

- 28.1** The balances in saving accounts bear mark-up / profit ranging from 3.69% to 15.41% (2025: 5.76% to 26.96%) per annum.
- 28.2** Included in balances at banks on saving accounts are Rs 14.480 million (2025: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.4.
- 28.3** Included in balances at banks in saving accounts is Rs 0.008 million (2025: Rs 0.007 million) which relates to unpaid dividend held by the Group.

|                                                |             | 2026                 | 2025        |
|------------------------------------------------|-------------|----------------------|-------------|
|                                                |             | (Rupees in thousand) |             |
| 29 Revenue from contracts with customers - net |             |                      |             |
| Local sales                                    | - note 29.1 | 100,266,084          | 93,320,368  |
| Export sales                                   | - note 29.2 | 20,878,475           | 17,046,633  |
|                                                |             | 121,144,559          | 110,367,001 |
| Less:                                          |             |                      |             |
| Sales tax                                      |             | 17,212,025           | 16,258,472  |
| Federal Excise Duty                            |             | 14,503,835           | 13,867,483  |
| Trade discount                                 |             | 935,928              | 810,303     |
| Commission to stockists and export agents      |             | 553,843              | 491,572     |
| Ocean freight                                  | - note 29.3 | 330,492              | 305,263     |
|                                                |             | 33,536,123           | 31,733,093  |
|                                                |             | 87,608,436           | 78,633,908  |

- 29.1** This includes unbilled revenue amounting to Rs 185.759 million (2025: Rs 214.80 million)
- 29.2** It includes rebate and incentive on exports amounting to Rs 13.741 million (2025: Rs 7.613 million) and Rs 18.929 million (2025: Rs 2.862 million) respectively. Incentive is received due to early shipment made under the contract.
- 29.3** This represents freight cost incurred upon shipping goods to export customers under cost and freight terms in the capacity of agent.

|                                        |               | 2026                 | 2025        |
|----------------------------------------|---------------|----------------------|-------------|
|                                        |               | (Rupees in thousand) |             |
| 30. Cost of sales                      |               |                      |             |
| Raw and packing materials consumed     |               | 4,365,627            | 4,413,500   |
| Forage                                 |               | 4,163,125            | 3,516,111   |
| Medicines and related items            |               | 298,133              | 287,871     |
| Salaries, wages and other benefits     | - note 30.1   | 7,192,691            | 5,941,461   |
| Fuel and power                         |               | 35,016,547           | 32,770,554  |
| Stores and spares consumed             |               | 5,017,762            | 3,902,472   |
| Repairs and maintenance                |               | 655,359              | 462,699     |
| Insurance                              |               | 228,399              | 215,923     |
| Depreciation on operating fixed assets | - note 17.1.3 | 4,063,043            | 3,968,448   |
| Royalty                                |               | 3,081,532            | 2,848,805   |
| Excise duty                            |               | 239,913              | 222,103     |
| Vehicle running                        |               | 726,556              | 464,223     |
| Postage, telephone and telegram        |               | 20,271               | 14,734      |
| Printing and stationery                |               | 43,942               | 21,153      |
| Legal and professional charges         |               | 8,071                | 7,040       |
| Travelling and conveyance              |               | 28,906               | 22,597      |
| Plant cleaning and gardening           |               | 82,180               | 77,359      |
| Rent, rates and taxes                  | - note 30.2   | 257,282              | (547,499)   |
| Freight charges                        |               | 135,550              | 80,992      |
| Water charges                          |               | 10,855               | 41,648      |
| Security expenses                      |               | 458,880              | 403,572     |
| Input sales tax written off            |               | 7,241                | 2,433       |
| Other expenses                         |               | 310,580              | 200,335     |
|                                        |               | 66,412,445           | 59,338,534  |
| Opening work-in-process                | - note 23     | 5,293,548            | 5,050,433   |
| Closing work-in-process                | - note 23     | (6,382,617)          | (5,293,548) |
|                                        |               | (1,089,069)          | (243,115)   |
| Cost of goods manufactured             |               | 65,323,376           | 59,095,419  |
| Opening stock of finished goods        | - note 23     | 1,895,301            | 1,635,774   |
| Closing stock of finished goods        | - note 23     | (2,090,234)          | (1,895,301) |
|                                        |               | (194,933)            | (259,527)   |
| Own consumption                        |               | (98,425)             | (1,315)     |
|                                        |               | 65,030,018           | 58,834,577  |

- 30.1** Salaries, wages and other benefits include Rs 154.174 million (2025: Rs 140.489 million), in respect of provident fund contribution by the Group. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

|                                          | 2026                 | 2025     |
|------------------------------------------|----------------------|----------|
|                                          | (Rupees in thousand) |          |
| <b>Gratuity</b>                          |                      |          |
| Current service cost                     | 90,608               | 95,095   |
| Interest cost for the year               | 137,268              | 156,847  |
| Interest income on plan assets           | (80,048)             | (85,166) |
|                                          | 147,828              | 166,776  |
| <b>Accumulating compensated absences</b> |                      |          |
| Current service cost                     | 69,455               | 62,557   |
| Interest cost for the year               | 16,055               | 19,800   |
| Remeasurements                           | (2,151)              | (11,587) |
|                                          | 83,359               | 70,770   |

- 30.2** This includes rentals of heavy machinery used at quarry site where raw materials i.e. clay and limestone, are extracted.

- 30.2.1** This includes the reversal of the electricity duty expense amounting to nil (2025: Rs 817.153 million), pursuant to the decision of the honorable Supreme Court of Pakistan dated October 8, 2024, in Civil Appeals Nos. 256 to 472 of 2011 (2024 SCP 348), which held that no electricity duty can be recovered from the entities using generators exceeding 500 KW capacity for self-consumption.

|                                        |               | 2026                 | 2025      |
|----------------------------------------|---------------|----------------------|-----------|
|                                        |               | (Rupees in thousand) |           |
| <b>31. Administrative expenses</b>     |               |                      |           |
| Salaries, wages and other benefits     | - note 31.1   | 974,684              | 731,813   |
| Electricity, gas and water             |               | 93,822               | 115,604   |
| Repairs and maintenance                |               | 11,127               | 15,877    |
| Insurance                              |               | 47,178               | 37,253    |
| Amortization of intangible asset       | - note 18     | 40,209               | 29,687    |
| Depreciation on operating fixed assets | - note 17.1.3 | 211,856              | 113,853   |
| Vehicle running                        |               | 45,559               | 53,207    |
| Postage, telephone and telegram        |               | 15,813               | 19,946    |
| Printing and stationery                |               | 30,935               | 45,477    |
| Legal and professional services        | - note 31.2   | 119,233              | 86,282    |
| Travelling and conveyance              |               | 154,188              | 110,412   |
| Rent, rates and taxes                  |               | 741                  | 1,345     |
| Entertainment                          |               | 10,143               | 10,220    |
| School expenses                        |               | 85,697               | 84,679    |
| Fee and subscription                   |               | 46,264               | 17,057    |
| Other expenses                         |               | 42,393               | 15,730    |
|                                        |               | 1,929,842            | 1,488,442 |



- 31.1** Salaries, wages and other benefits include Rs 26.169 million (2025: Rs 20.899 million) in respect of provident fund contribution by the Group. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

|                                          | 2026                 | 2025     |
|------------------------------------------|----------------------|----------|
|                                          | (Rupees in thousand) |          |
| <b>Gratuity</b>                          |                      |          |
| Current service cost                     | 17,537               | 16,992   |
| Interest cost for the year               | 26,568               | 28,027   |
| Interest income on plan assets           | (15,493)             | (15,218) |
|                                          | 28,612               | 29,801   |
| <b>Accumulating compensated absences</b> |                      |          |
| Current service cost                     | 13,061               | 11,255   |
| Interest cost for the year               | 3,019                | 3,562    |
| Remeasurements                           | (404)                | (2,085)  |
|                                          | 15,676               | 12,732   |

**31.2 Legal and professional charges**

Legal and professional charges include the following in respect of auditors' remuneration (excluding sales tax) for:

|                                                   |        |        |
|---------------------------------------------------|--------|--------|
| Statutory audits                                  | 4,577  | 4,359  |
| Half-yearly review                                | 1,155  | 1,100  |
| Fee and other charges for audit of subsidiaries   | 2,956  | 2,894  |
| Tax services                                      | 68,038 | 36,159 |
| Certifications required under various regulations | 498    | 474    |
| Out of pocket expenses                            | 1,459  | 1,090  |
|                                                   | 78,683 | 46,076 |

**32. Selling and distribution expenses**

|                                        |               |           |           |
|----------------------------------------|---------------|-----------|-----------|
| Salaries, wages and other benefits     | - note 32.1   | 436,314   | 339,014   |
| Electricity, gas and water             |               | 5,101     | 5,857     |
| Repairs and maintenance                |               | 1,684     | 1,727     |
| Insurance                              |               | 2,699     | 1,979     |
| Depreciation on operating fixed assets | - note 17.1.3 | 15,069    | 15,025    |
| Vehicle running                        |               | 21,219    | 19,228    |
| Postage, telephone and telegram        |               | 5,186     | 5,208     |
| Printing and stationery                |               | 2,591     | 2,503     |
| Rent, rates and taxes                  |               | 1,039     | 3,495     |
| Travelling and conveyance              |               | 13,283    | 12,817    |
| Entertainment                          |               | 2,734     | 3,779     |
| Advertisement and sales promotion      |               | 36,358    | 55,722    |
| Freight and handling charges           |               | 3,603,892 | 3,366,602 |
| Other expenses                         |               | 30,898    | 46,098    |
|                                        |               | 4,178,067 | 3,879,054 |

- 32.1** Salaries, wages and other benefits include Rs 14.670 million (2025: Rs 13.311 million) in respect of provident fund contribution by the Group. Further, the provision for gratuity and accumulating compensated absences included in the above is as follows:

|                                          | 2026                 | 2025    |
|------------------------------------------|----------------------|---------|
|                                          | (Rupees in thousand) |         |
| <b>Gratuity</b>                          |                      |         |
| Current service cost                     | 9,874                | 9,956   |
| Interest cost for the year               | 14,959               | 16,421  |
| Interest income on plan assets           | (8,723)              | (8,917) |
|                                          | 16,110               | 17,460  |
| <b>Accumulating compensated absences</b> |                      |         |
| Current service cost                     | 7,261                | 6,409   |
| Interest cost for the year               | 1,679                | 2,028   |
| Remeasurements                           | (225)                | (1,187) |
|                                          | 8,715                | 7,250   |

### 33. Other expenses

|                                              |             |           |         |
|----------------------------------------------|-------------|-----------|---------|
| Workers' Profit Participation Fund           | - note 12.4 | 731,333   | 486,896 |
| Workers' Welfare Fund                        | - note 12.5 | 300,863   | 218,558 |
| Donations                                    | - note 33.1 | 1,500     | 6,326   |
| Exchange loss                                |             | 82,602    | 77,179  |
| Loss on disposal of biological assets - cows |             | 143,290   | 182,314 |
| Other expenses                               |             | 21,653    | -       |
|                                              |             | 1,281,241 | 971,273 |

- 33.1** Represents donation made to Pakistan Agricultural Coalition. None of the directors or their spouses have any interest in the donee.

|                                                |             | 2026                 | 2025      |
|------------------------------------------------|-------------|----------------------|-----------|
|                                                |             | (Rupees in thousand) |           |
| 34. Other income                               |             |                      |           |
| Income on bank deposits                        | - note 34.1 | 102,514              | 99,167    |
| Gain on mutual funds:                          |             |                      |           |
| - Realised                                     |             | 498,871              | 53,401    |
| - Unrealised                                   |             | 29,674               | 41,819    |
| Fair value gain on equity investments at FVTPL |             | 24                   | 11        |
| Provisions and unclaimed balances written back |             | 4,125                | 9,974     |
| Gain on disposal of operating fixed assets     |             | 134,595              | 571,334   |
| Gain on disposal of store items                |             | 221                  | 837       |
| Dividend income from:                          |             |                      |           |
| - Related parties                              |             | 4,037,597            | 4,102,588 |
| - Others                                       |             | 40,248               | 22,868    |
|                                                |             | 4,077,845            | 4,125,456 |
| Scrap sales                                    |             | 91,692               | 129,532   |
| Rental income                                  |             | 461                  | 4,176     |
| Gain on sale of trees and woods                |             | 2,461                | 3,870     |
| Gain on sale of bull calves                    |             | 14,496               | 10,562    |
| Others                                         |             | 1,950                | -         |
|                                                |             | 4,958,929            | 5,050,139 |

- 34.1** Included in this is profit earned from shariah compliant deposits amounting to Rs 19.650 million (2025: Rs 7.344 million).

| 2026                 | 2025 |
|----------------------|------|
| (Rupees in thousand) |      |

### 35. Finance cost

Interest and mark-up / profit on:

|                                      |             |                  |                  |
|--------------------------------------|-------------|------------------|------------------|
| - Long term finances - secured       | - note 35.1 | 934,781          | 2,481,423        |
| - Short term borrowings - secured    |             | 932,083          | 1,706,080        |
| - Workers' profit participation fund | - note 12.4 | -                | 36,237           |
| - Bank charges                       |             | 85,700           | 64,439           |
|                                      |             | <u>1,952,564</u> | <u>4,288,179</u> |

- 35.1** Included in this is the finance cost incurred on TERF and ITERF, which has been set off against the amount of unwinding of grant as referred in note 8.

### 36. Levy

Levy represents final taxes paid under section 5 of the Income Tax Ordinance, 2001 (the 'ITO, 2001'), in terms of requirements of IFRIC 21 / IAS 37.

- 36.1** Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

| 2026                 | 2025 |
|----------------------|------|
| (Rupees in thousand) |      |

|                                                                                                                  |           |           |
|------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Current tax liability for the year as per applicable tax laws                                                    | 6,577,192 | 4,927,767 |
| Portion of current tax liability as per tax laws, representing income tax under IAS 12                           | 5,875,089 | 4,297,247 |
| Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37 | 702,103   | 630,520   |
| Difference                                                                                                       | -         | -         |

- 36.2** The aggregate of minimum / final tax and income tax, amounting to Rs 6,577.192 million (2025: Rs 4,927.767 million) represents tax liability of the Group calculated under the relevant provisions of the ITO, 2001.

**37. Taxation**

|                |           | 2026                 | 2025      |
|----------------|-----------|----------------------|-----------|
|                |           | (Rupees in thousand) |           |
| Current        |           |                      |           |
| - For the year |           | 4,337,929            | 3,433,345 |
| - Prior years  |           | 40,186               | (370,285) |
|                |           | 4,378,115            | 3,063,060 |
| Deferred       | - note 11 | 1,496,974            | 1,234,187 |
|                |           | 5,875,089            | 4,297,247 |

**37.1 Tax charge reconciliation**

|                                                                                             | 2026   | 2025   |
|---------------------------------------------------------------------------------------------|--------|--------|
|                                                                                             | %      | %      |
| Numerical reconciliation between the average effective tax rate and the applicable tax rate |        |        |
| Applicable tax rate as per Income Tax Ordinance, 2001                                       | 29.00  | 29.00  |
| Tax effect of:                                                                              |        |        |
| - Amounts that are not deductible for tax purposes - net                                    | 0.11   | 1.74   |
| - Change in prior years' tax                                                                | 0.21   | (1.42) |
| - Effect of change in tax rate                                                              | (5.20) | -      |
| - Income subject to separate block                                                          | -      | (0.93) |
| - Effect of super tax                                                                       | 9.95   | 10.71  |
| - Income not subject to tax                                                                 | 1.58   | 0.02   |
| - Amounts allowable as tax credit                                                           | -      | (1.16) |
| - Income chargeable under final tax regime                                                  | (3.22) | (4.43) |
| - Previously recognised deferred tax asset charged off                                      | 2.65   | -      |
| - Tax benefit on loss surrender under group relief                                          | -      | (0.61) |
| - Others                                                                                    | -      | 0.64   |
|                                                                                             | 6.08   | 4.56   |
| Average effective tax rate (including income tax and levy)                                  | 35.08  | 33.56  |

**38. Earnings / (loss) per share****38.1 Earnings / (loss) per share - basic**

|                                                                    |        |                |               |
|--------------------------------------------------------------------|--------|----------------|---------------|
| Profit for the year - attributable to owners of the parent company | Rupees | 11,819,026,000 | 9,239,142,000 |
| Weighted average number of ordinary shares                         | Number | 438,119,118    | 438,119,118   |
| Earning per share - basic                                          | Rupees | 26.98          | 21.09         |

### 38.2 Earnings per share - diluted

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

|                                                                                  |                         | 2026                 | 2025        |
|----------------------------------------------------------------------------------|-------------------------|----------------------|-------------|
|                                                                                  |                         | (Rupees in thousand) |             |
| <b>39. Cash generated from operations</b>                                        |                         |                      |             |
| Profit before income tax                                                         |                         | 18,049,141           | 14,054,937  |
| Adjustments for:                                                                 |                         |                      |             |
| - Depreciation on operating fixed assets                                         | - note 17.1.3           | 4,289,968            | 4,097,326   |
| - Amortization of intangible assets                                              | - note 31               | 40,209               | 29,687      |
| - Change in fair value of investments - FVPL                                     |                         | (24)                 | (11)        |
| - Capital work-in-progress charged off during the year                           | - note 17.2             | 2,060                | 895         |
| - Gain on disposal of operating fixed assets                                     | - note 34               | (134,595)            | (571,334)   |
| - Loss on disposal of other biological assets                                    | - note 33               | 143,290              | 182,314     |
| - Changes in fair value of biological assets                                     | - note 19.1             | (471,739)            | (469,855)   |
| - Biological assets consumed                                                     |                         | 1,480                | -           |
| - Gain on disposal of biological assets - bull calves                            | - note 34               | (14,496)             | (10,562)    |
| - Dividend income                                                                | - note 34               | (4,077,845)          | (4,125,456) |
| - Income on bank deposits                                                        |                         | (102,514)            | (152,568)   |
| - Provision for retirement benefits                                              | - notes 10.1.5 & 10.2.2 | 300,300              | 304,790     |
| - Liabilities written back                                                       | - note 34               | (4,125)              | (9,974)     |
| - Unrealised gain on mutual funds                                                | - note 34               | (29,674)             | (41,819)    |
| - Net impairment (reversal) / loss on financial assets                           |                         | (83,872)             | 6,920       |
| - Exchange loss                                                                  |                         | 9,514                | 29,379      |
| - Levy                                                                           | - note 36               | 702,103              | 630,520     |
| - Finance cost                                                                   | - note 35               | 1,952,564            | 4,288,179   |
| Profit before working capital changes                                            |                         | 20,571,745           | 18,243,368  |
| Effect on cash flow due to working capital changes                               |                         |                      |             |
| - (Increase) / decrease in stores, spares and loose tools                        |                         | (589,619)            | 1,711,340   |
| - Increase in stock-in-trade                                                     |                         | (674,214)            | (1,683,482) |
| - Increase in trade debts                                                        |                         | (817,959)            | (749,903)   |
| - Decrease / (increase) in advances, deposits, prepayments and other receivables |                         | 462,583              | (1,372,130) |
| - Increase in trade and other payables                                           |                         | 4,029,976            | 960,243     |
|                                                                                  |                         | 2,410,767            | (1,133,932) |
|                                                                                  |                         | 22,982,512           | 17,109,436  |
| <b>40. Cash and cash equivalents</b>                                             |                         |                      |             |
| Cash and bank balances                                                           | - note 28               | 513,792              | 955,197     |
| Short term borrowings from financial institutions - secured                      | - note 13               | (5,166,342)          | (3,597,525) |
| Mutual funds held at fair value through profit or loss                           | - note 26               | -                    | 653,520     |
| Term deposit receipts                                                            | - note 26               | 160,000              | -           |
|                                                                                  |                         | (4,492,550)          | (1,988,808) |

**40.1** Short term borrowings other than running finance and running musharaka have been reclassified as financing activities in the statement of cash flows which were previously included as cash and cash equivalents.



#### 41. Transactions with related parties

The related parties include the Investor, related parties on the basis of common directorship, group companies, key management personnel including directors, other related parties and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise). The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Related party transactions carried out during the year are as follows:

| Relationship with the Group       | Nature of transactions                                   | 2026                 | 2025      |
|-----------------------------------|----------------------------------------------------------|----------------------|-----------|
|                                   |                                                          | (Rupees in thousand) |           |
| i. Investor                       | Sale of goods                                            | 30,468               | 27,467    |
|                                   | Purchase of goods                                        | 43,460               | 3,128     |
|                                   | Sale of fixed assets                                     | -                    | 814       |
|                                   | Dividend income                                          | 60,579               | 90,869    |
|                                   | Expense incurred on behalf of related party              | 1,003                | 898       |
|                                   | Dividend paid                                            | 275,148              | -         |
|                                   | Buy back of shares                                       | -                    | 28,500    |
| ii. Other related parties         | Sale of goods and services                               | 1,457,659            | 1,148,980 |
|                                   | Insurance premium                                        | 388,607              | 334,723   |
|                                   | Purchase of goods and services                           | 844,975              | 629,336   |
|                                   | Insurance claims received                                | 16,940               | 50,440    |
|                                   | Rental income                                            | 2,380                | 2,136     |
|                                   | Dividend paid                                            | 68,272               | -         |
|                                   | Dividend income                                          | 3,977,018            | 4,011,719 |
|                                   | Purchase of shares                                       | 63,832               | 38,231    |
|                                   | Purchase of fixed assets                                 | 116,336              | 16,813    |
|                                   | Reimbursement of expenses by Related Party               | 126,193              | 110,564   |
|                                   | Mark up and principal payments                           | 87,851               | 213,175   |
|                                   | Reimbursement of expenses to Related Party               | 422                  | 385       |
|                                   | Mark-up income                                           | 1,673                | -         |
|                                   | Scrap sales                                              | 956                  | 1,904     |
|                                   | Realised gain on redemption of mutual funds              | 239,553              | -         |
| iii. Key management personnel     | Remuneration - note 41.1                                 | 525,603              | 438,611   |
|                                   | Buy back of shares                                       | -                    | 76,000    |
|                                   | Dividend paid                                            | 79,886               | -         |
| iv. Post employment benefit plans | Expense charge in respect of retirement benefit plan     | 300,300              | 304,790   |
|                                   | Expense charge in respect of contributory provident fund | 194,026              | 174,707   |

**41.1** This represents remuneration of the Chief Executive, Executive Director and certain Executives that are included in the remuneration disclosed in note 42 to these consolidated financial statements.

- 41.2** Transactions with related parties have been carried out on mutually agreed terms and conditions. The related parties with whom the Group had entered into transactions or had arrangements / agreements in place during the year have been disclosed below along with their basis of relationship:

| Name                                           | Relationship                        | %age of shareholding<br>in the Company |
|------------------------------------------------|-------------------------------------|----------------------------------------|
| Adamjee Insurance Company Limited              | Group company                       | -                                      |
| Hyundai Nishat Motor (Private) Limited         | Common directorship                 | -                                      |
| Lalpir Limited (Formerly Lalpir Power Limited) | Common directorship                 | -                                      |
| MCB Bank Limited                               | Group company                       | -                                      |
| Nishat Sutas Dairy Limited                     | Group company                       | -                                      |
| Nishat Dairy (Private) Limited                 | Subsidiary                          | -                                      |
| Nishat Hotels and Properties Limited           | Common directorship                 | -                                      |
| Nishat Agriculture Farming (Private) Limited   | Common directorship                 | -                                      |
| Nishat Linen (Private) Limited                 | Subsidiary of Investor              | -                                      |
| Nishat Mills Limited                           | Investor                            | 31.40%                                 |
| Rafhan Maize Products Company Limited          | Associated Company                  | -                                      |
| Nishat Packaging Limited                       | Subsidiary                          | -                                      |
| Pakgen Limited (Formerly Pakgen Power Limited) | Group company                       | -                                      |
| Pakistan Aviators & Aviation (Private) Limited | Group company                       | -                                      |
| Security General Insurance Company Limited     | Group company                       | 0.10%                                  |
| Nishat USA, Inc                                | Wholly Owned Subsidiary of Investor | -                                      |
| Nishat Linen Trading LLC                       | Wholly Owned Subsidiary of Investor | -                                      |
| Nishat International FZE                       | Wholly Owned Subsidiary of Investor | -                                      |
| China Guangzhou Nishat Global Co. Limited      | Wholly Owned Subsidiary of Investor | -                                      |
| Nishat UK (Private) Limited                    | Wholly Owned Subsidiary of Investor | -                                      |
| Wernerfelt A/S                                 | Wholly Owned Subsidiary of Investor | -                                      |
| Wernerfelt Sverige AB                          | Wholly Owned Subsidiary of Investor | -                                      |
| MCB Investment Management Limited              | Subsidiary of Group Company         | -                                      |
| MCB Non-Bank Credit Organization Closed        |                                     |                                        |
| Joint Stock Company                            | Subsidiary of Group Company         | -                                      |
| MCB Exchange Company (Private) Limited         | Subsidiary of Group Company         | -                                      |
| Adamjee Life Assurance Company Limited         | Common Directorship                 | -                                      |
| Delivery Management Consultant (Pvt) Limited   | Common Directorship                 | -                                      |
| Emporium Properties (Pvt) Limited              | Common Directorship                 | -                                      |
| Euronet Pakistan (Pvt) Limited                 | Common Directorship                 | -                                      |
| Fortress Square Mall                           | Common Directorship                 | -                                      |
| Golf View Land (Pvt) Limited                   | Common Directorship                 | -                                      |
| NexGen Auto (Private) Limited                  | Common Directorship                 | -                                      |
| D.G. Khan Cement Company USA LLC.              | Subsidiary                          | -                                      |

| Name                                               | Basis of relationship           | %age of shareholding in the parent company |
|----------------------------------------------------|---------------------------------|--------------------------------------------|
| Paismo (Private) Limited                           | Common Directorship             | -                                          |
| World Wild Life Fund (WWF)                         | Common Directorship             | -                                          |
| Punjab Skill Development Fund                      | Common Directorship             | -                                          |
| Nishat Chunian Power Limited                       | Common Directorship             | -                                          |
| HKB Enterprises                                    | Common Directorship             | -                                          |
| HKB Retail SMC (Pvt) Limited                       | Common Directorship             | -                                          |
| MCB Islamic Bank Limited                           | Common Directorship             | -                                          |
| Nishat (Aziz Avenue) Hotels and Properties Limited | Common Directorship             | 0.00%                                      |
| Nishat (Raiwind) Hotels and Properties Limited     | Common Directorship             | -                                          |
| Nishat Agrotech Farm Supplies (Pvt) Ltd.           | Common Directorship             | -                                          |
| Nishat Commodities (Pvt) Limited                   | Group company                   | -                                          |
| Nishat Developers (Private) Limited                | Common Directorship             | -                                          |
| Nishat Energy Limited                              | Group company                   | -                                          |
| Nishat Power Limited                               | Common Directorship             | -                                          |
| Nishat Real Estate Development Co. (Pvt) Ltd.      | Group company                   | -                                          |
| Mrs. Naz Mansha                                    | Director / Chairperson          | 0.05%                                      |
| Mr. Mian Raza Mansha                               | Director / Chief Executive      | 2.92%                                      |
| Mrs. Ammil Raza Mansha                             | Spouse of Chief Executive       | 1.34%                                      |
| Mr. Mian Hassan Mansha                             | Close family member of director | 6.19%                                      |
| Mr. Mian Umer Mansha                               | Close family member of director | 6.29%                                      |
| Mr. Mian Mohammad Mansha                           | Close family member of director | 0.01%                                      |
| Mr. Shehryar Ahmed Baksh                           | Director                        | -                                          |
| Mr. Shahzad Ahmad Malik                            | Director                        | -                                          |
| Mr. Khalid Niaz Khawaja                            | Director                        | -                                          |
| Mr. Usama Mahmud                                   | Director                        | -                                          |
| Mr. Farid Noor Ali Fazal                           | Director                        | -                                          |
| Mr. Arif Bashir                                    | Key Management Personnel        | -                                          |
| Mr. Inayat Ullah Niazi                             | Key Management Personnel        | -                                          |
| Mr. Shahid Ghazanfar                               | Key Management Personnel        | -                                          |
| Mr. Naeem Akhtar                                   | Key Management Personnel        | -                                          |
| Mr. Nauman Yaqoob                                  | Key Management Personnel        | -                                          |
| Mr. Hashmat Ali Khan                               | Key Management Personnel        | -                                          |
| Mr. Muhammad Shafique                              | Key Management Personnel        | -                                          |
| Mr. Khalid Mahmood Chohan                          | Key Management Personnel        | -                                          |
| Brigadier Bilal Javaid (Retd)                      | Key Management Personnel        | -                                          |
| Parent company's Employees Gratuity Fund           | Post Employment Benefit Plan    | -                                          |
| Parent company's Employees Gratuity Fund           | Post Employment Benefit Plan    | -                                          |
| Ahead Brands                                       | Common Directorship             | -                                          |

## 42. Remuneration of Chief Executive, Directors and Executives

**42.1** The aggregate amounts charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive Director and Executives are as follows:

|                                              | Chief Executive      |         | Executive Director |        | Executives |           |
|----------------------------------------------|----------------------|---------|--------------------|--------|------------|-----------|
|                                              | 2026                 | 2025    | 2026               | 2025   | 2026       | 2025      |
|                                              | (Rupees in thousand) |         |                    |        |            |           |
| <b>Short term employee benefits</b>          |                      |         |                    |        |            |           |
| Managerial remuneration                      | 69,516               | 62,068  | 35,081             | 31,322 | 1,257,278  | 1,040,882 |
| Housing                                      | 270                  | 270     | -                  | -      | 447,848    | 377,337   |
| Utilities                                    | -                    | -       | -                  | -      | 98,271     | 80,493    |
| Leave passage                                | -                    | -       | 3,508              | 700    | 32,715     | 30,464    |
| Bonus                                        | -                    | -       | -                  | -      | 365,994    | 137,604   |
| Medical expenses                             | 9,280                | 8,043   | 4,776              | 1,061  | 158,441    | 129,282   |
| Others                                       | 41,355               | 37,056  | 635                | 383    | 209,589    | 239,219   |
| <b>Post employment benefits</b>              |                      |         |                    |        |            |           |
| Contributions to Provident and Gratuity Fund | -                    | -       | 6,432              | 5,742  | 184,519    | 167,356   |
|                                              | 120,421              | 107,437 | 50,432             | 39,208 | 2,754,655  | 2,202,637 |
| <b>Number of persons</b>                     | 1                    | 1       | 1                  | 1      | 482        | 440       |

**42.2** The Group also provides the Chief Executive, certain directors and executives with Group maintained cars, travelling and utilities. Certain executives are provided with housing facilities.

**42.3** During the year, the Group paid meeting fee amounting to Rs 1.040 million (2025: Rs 0.92 million) to its Non-Executive Directors. The number of Non-Executive Directors of the parent company is 5 (2025: 5).

### 43. Plant capacity and actual production

|                                                             |             | Capacity    |             | Actual production |            |
|-------------------------------------------------------------|-------------|-------------|-------------|-------------------|------------|
|                                                             |             | 2026        | 2025        | 2026              | 2025       |
| <b>Cement segment:</b>                                      |             |             |             |                   |            |
| Clinker (Metric Tonnes)                                     |             |             |             |                   |            |
| Plant I & II - D. G. Khan                                   | - note 43.1 | 2,010,000   | 2,010,000   | 1,093,088         | 1,200,269  |
| Plant III - Khairpur                                        | - note 43.1 | 2,010,000   | 2,010,000   | 1,172,537         | 1,126,633  |
| Plant IV - Hub                                              | - note 43.1 | 2,700,000   | 2,700,000   | 2,962,089         | 2,730,421  |
| <b>Packaging segment:</b>                                   |             |             |             |                   |            |
| Paper bags (number of bags)                                 | - note 43.2 | 160,000,000 | 160,000,000 | 34,238,512        | 43,151,383 |
| Polypropylene bags (number of bags)                         | - note 43.3 | 90,000,000  | 90,000,000  | 57,842,326        | 29,715,285 |
| <b>Dairy segment:</b>                                       |             |             |             |                   |            |
| Milk-litres                                                 | - note 43.4 | 47,450,000  | 40,150,000  | 43,798,751        | 39,710,384 |
| -[130,000 litres per day<br>(2025: 110,000 litres per day)] |             |             |             |                   |            |

**43.1** Plant capacity is based on 300 working days, that can be exceeded if the plant is operational for more than 300 days during the year. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply of cement.

The Cement segment of the Group is undertaking an expansion at D.G. Khan site through setting up of brownfield clinker production line with a capacity of 11,000 metric tons per day (based on 300 working days).

**43.2** Actual production is less than the installed capacity due to gap between market demand and supply of cement and polypropylene bags.

**43.3** In the prior year, a new manufacturing facility for polypropylene production had been commissioned at the Sheikhpura plant.

**43.4** Actual milk production is lower due to the mortality of milking cows and poor health of certain animals.

|                                             | 2026  | 2025  |
|---------------------------------------------|-------|-------|
| <b>44. Number of employees</b>              |       |       |
| Total number of employees as at June 30     | 2,358 | 2,295 |
| Average number of employees during the year | 2,334 | 2,291 |

### 45. Provident fund related disclosures

#### 45.1 Cement segment

"The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

As at reporting date, the provident fund has signed the term sheet for appointment of 'investment advisor' and is in the process of signing the agreement.

#### 45.2 Packaging segment

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

#### 45.3 Dairy segment

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.



## 46. Financial risk management

### 46.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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

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

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from cash and bank balances, short term borrowings, term finance facility, 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 US Dollars. Currently, the Group's foreign exchange risk exposure is restricted to bank balances, amounts receivable from foreign entities, short term borrowings and foreign currency term finance facility.

|                                                  | 2026                | 2025           |
|--------------------------------------------------|---------------------|----------------|
|                                                  | (USD in thousand)   |                |
| <b>Financial assets</b>                          |                     |                |
| Cash and bank balances                           | 1,025               | 1,297          |
| Receivable against sales to foreign parties      | 4,967               | 2,240          |
|                                                  | 5,992               | 3,537          |
| <b>Financial liabilities</b>                     |                     |                |
| Foreign currency short term borrowings - secured | (3,283)             | (10,870)       |
| Foreign currency term finance facility - secured | (101,045)           | -              |
|                                                  | (104,328)           | (10,870)       |
| <b>Net Exposure in USD</b>                       | <b>(98,336)</b>     | <b>(7,333)</b> |
|                                                  | 2026                | 2025           |
|                                                  | (Euros in thousand) |                |
| <b>Financial assets</b>                          |                     |                |
| Cash and bank balances                           | 85                  | -              |
| <b>Financial liabilities</b>                     |                     |                |
| Net Exposure in Euros                            | 85                  | -              |

|      | Average rate |          | Year-end spot rate |          |
|------|--------------|----------|--------------------|----------|
|      | 2026         | 2025     | 2026               | 2025     |
|      | (Rupees)     | (Rupees) | (Rupees)           | (Rupees) |
| USD  | 280.03       | 279.58   | 278.05             | 283.76   |
| EURO | 325.80       | 305.14   | 316.95             | 332.66   |

### Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD and Euro exchange rate, with all other variables held constant, of the Group's profit before tax and equity. The Group's exposure to foreign currency changes for all currencies other than USD and Euro is not material.

|                                          |      | Change in<br>Exchange Rate | Effect on profit<br>before tax<br>(Rupees) | Effect on Equity |
|------------------------------------------|------|----------------------------|--------------------------------------------|------------------|
| <b>Impact due to Change in USD rate</b>  |      |                            |                                            |                  |
|                                          | 2026 | 10%                        | (2,734,232)                                | (1,667,882)      |
|                                          |      | -10%                       | 2,734,232                                  | 1,667,882        |
|                                          | 2025 | 10%                        | (208,081)                                  | (126,929)        |
|                                          |      | -10%                       | 208,081                                    | 126,929          |
| <b>Impact due to Change in Euro rate</b> |      |                            |                                            |                  |
|                                          | 2026 | 10%                        | 2,694                                      | 1,643            |
|                                          |      | -10%                       | (2,694)                                    | (1,643)          |
|                                          | 2025 | 10%                        | -                                          | -                |
|                                          |      | -10%                       | -                                          | -                |

### (ii) Other price risk

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

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

The Group's certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited.

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

|                                 | Impact on<br>post-tax profit |        | Impact on other components<br>of equity |           |
|---------------------------------|------------------------------|--------|-----------------------------------------|-----------|
|                                 | 2026                         | 2025   | 2026                                    | 2025      |
|                                 | (Rupees in thousand)         |        | (Rupees in thousand)                    |           |
| Pakistan Stock Exchange Limited | 4                            | 65,356 | 3,139,661                               | 2,242,460 |

### (iii) Cash flow and fair value interest rate risk

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

The Group's interest rate risk arises from loan to related party, bank balances, short term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these

scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

|                                                  | 2026                 | 2025         |
|--------------------------------------------------|----------------------|--------------|
|                                                  | (Rupees in thousand) |              |
| <b>Fixed rate instruments:</b>                   |                      |              |
| <b>Financial assets</b>                          |                      |              |
| Bank balances - savings accounts                 | 131,451              | 531,569      |
| Term deposit receipts                            | 537,720              | 355,046      |
|                                                  | 669,171              | 886,615      |
| <b>Financial liabilities</b>                     |                      |              |
| Loans under refinance scheme                     | (1,036,687)          | (1,975,248)  |
| Export finances                                  | (8,704,525)          | (8,749,567)  |
| <b>Net exposure</b>                              | (9,072,041)          | (9,838,200)  |
| <b>Floating rate instruments:</b>                |                      |              |
| <b>Financial liabilities</b>                     |                      |              |
| Long term finances - secured                     | (5,907,492)          | (13,567,765) |
| Foreign currency term finance facility - secured | (28,120,948)         | -            |
| Short term borrowings - secured                  | (6,266,342)          | (3,597,527)  |
| <b>Net exposure</b>                              | (40,294,782)         | (17,165,292) |

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

#### Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a possible change in the interest rate, with all other variables held constant, of the Group's profit before tax and equity against the floating rate instruments.

|             | Change in<br>Exchange Rate | Effect on profit<br>before tax | Effect on Equity |
|-------------|----------------------------|--------------------------------|------------------|
|             |                            | (Rupees in thousand)           |                  |
| <b>2026</b> | 1%                         | (402,948)                      | (245,798)        |
|             | -1%                        | 402,948                        | 245,798          |
| <b>2025</b> | 1%                         | (171,653)                      | (104,708)        |
|             | -1%                        | 171,653                        | 104,708          |

#### (b) Credit risk

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

Credit risk of the Group arises from deposits with banks and other financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

#### (i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

|                                       | 2026                 | 2025             |
|---------------------------------------|----------------------|------------------|
|                                       | (Rupees in thousand) |                  |
| Long term deposits                    | 62,013               | 61,013           |
| Trade debts                           | 2,600,849            | 1,699,018        |
| Contract assets                       | 219,196              | 253,466          |
| Loans, deposits and other receivables | 137,659              | 155,500          |
| Balances with banks                   | 511,405              | 903,056          |
|                                       | <b>3,531,122</b>     | <b>3,072,053</b> |

### (ii) Impairment of financial assets

The Group's financial assets, other than investments in equity instruments, are subject to the expected credit losses model. While bank balances, loans to employees, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and are therefore not exposed to any material credit risk.

### Trade debts

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers. The Group has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before June 30, 2026 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at June 30, 2026 and June 30, 2025 was determined as follows:

|                                              | Local sales |                      |                | Export sales |                      |               |
|----------------------------------------------|-------------|----------------------|----------------|--------------|----------------------|---------------|
|                                              | Expected    | Trade debts          | Loss           | Expected     | Trade debts          | Loss          |
|                                              | loss rate   |                      | allowance      | loss rate    |                      | allowance     |
| June 30, 2026                                | %           | (Rupees in thousand) |                | %            | (Rupees in thousand) |               |
| Net trade debts*                             |             |                      |                |              |                      |               |
| Not yet due                                  | 0.00%       | 299,886              | -              | 0%           | -                    | -             |
| Up to 30 days                                | 3.91%       | 183,755              | 573            | 0%           | 132,800              | -             |
| 31 to 60 days                                | 3.93%       | 141,693              | 847            | 0%           | 4,077                | -             |
| 61 to 90 days                                | 7.97%       | 74,795               | 823            | 0%           | 32,144               | -             |
| 91 to 120 days                               | 14.85%      | 3,427                | 369            | 0%           | -                    | -             |
| 121 to 150 days                              | 22.52%      | 62,122               | 6,392          | 0%           | 659,577              | -             |
| 151 to 180 days                              | 0.75%       | 3,507                | 827            | 0%           | -                    | -             |
| 181 to 210 days                              | 38.42%      | 10,095               | 1,161          | 0%           | 464,420              | -             |
| 211 to 240 days                              | 47.33%      | 403                  | 160            | 0%           | -                    | -             |
| 241 to 270 days                              | 52.66%      | 6,070                | 2,691          | 0%           | -                    | -             |
| 271 to 300 days                              | 60.50%      | 2,501                | 1,403          | 0%           | -                    | -             |
| 301 to 330 days                              | 70.68%      | 2,475                | 1,876          | 0%           | -                    | -             |
| 331 to 360 days                              | 79.57%      | 830                  | 804            | 0%           | -                    | -             |
| Above 360 days                               | 42.39%      | 140,196              | 140,195        | 100%         | 88,090               | 88,090        |
|                                              |             | <b>931,755</b>       | <b>158,121</b> |              | <b>1,381,108</b>     | <b>88,090</b> |
| Trade debts against which collateral is held |             | <b>636,531</b>       | <b>-</b>       |              | <b>-</b>             | <b>-</b>      |
| <b>Gross Trade debts</b>                     |             | <b>1,568,286</b>     | <b>158,121</b> |              | <b>1,381,108</b>     | <b>88,090</b> |

| June 30, 2025                                      | Local sales |                      |                | Export sales |                      |               |
|----------------------------------------------------|-------------|----------------------|----------------|--------------|----------------------|---------------|
|                                                    | Expected    | Trade debts          | Loss           | Expected     | Trade debts          | Loss          |
|                                                    | loss rate   |                      | allowance      | loss rate    |                      | allowance     |
|                                                    | %           | (Rupees in thousand) |                | %            | (Rupees in thousand) |               |
| Net trade debts*                                   |             |                      |                |              |                      |               |
| Not yet due                                        | 0.00%       | 170,749              | -              | 0%           | -                    | -             |
| Up to 30 days                                      | 3.91%       | 140,705              | 5,504          | 0%           | 50,002               | -             |
| 31 to 60 days                                      | 3.93%       | 243,490              | 9,568          | 0%           | 126,627              | -             |
| 61 to 90 days                                      | 7.97%       | 37,827               | 3,013          | 0%           | 338,775              | -             |
| 91 to 120 days                                     | 14.85%      | 84,642               | 12,570         | 0%           | 1,609                | -             |
| 121 to 150 days                                    | 22.52%      | 21,023               | 4,734          | 0%           | -                    | -             |
| 151 to 180 days                                    | 0.75%       | 264,566              | 1,973          | 0%           | -                    | -             |
| 181 to 210 days                                    | 38.42%      | 6,051                | 2,325          | 0%           | -                    | -             |
| 211 to 240 days                                    | 47.33%      | 9,511                | 4,502          | 0%           | 29,968               | -             |
| 241 to 270 days                                    | 52.66%      | 21,918               | 11,542         | 0%           | -                    | -             |
| 271 to 300 days                                    | 60.50%      | 23,660               | 14,315         | 0%           | -                    | -             |
| 301 to 330 days                                    | 70.68%      | 20,688               | 14,623         | 0%           | -                    | -             |
| 331 to 360 days                                    | 79.57%      | 24,764               | 19,705         | 0%           | -                    | -             |
| Above 360 days                                     | 42.39%      | 324,299              | 137,483        | 100%         | 88,226               | 88,226        |
|                                                    |             | 1,393,893            | 241,857        |              | 635,207              | 88,226        |
| Trade debts<br>against which<br>collateral is held |             | 154,145              | -              |              | -                    | -             |
| <b>Gross Trade debts</b>                           |             | <b>1,548,038</b>     | <b>241,857</b> |              | <b>635,207</b>       | <b>88,226</b> |

\* This represents amounts net of trade debts against which security deposits, considered as collateral, are held amounting to Rs 636.530 million (2025: Rs 154.154 million million).

The amount of loss allowance that best represents maximum exposure to credit risk at the end of the reporting period without taking into account any collateral is Rs 335.711 million (2025: Rs 481.390 million).

Generally, default is triggered when more than 360 days have passed. However, in case of certain parties, extended credit period is allowed by the Credit Committees of the Group. The names of defaulting parties of outstanding trade debts from export sales and their respective default amount is as follows:

|                                       | 2026                 | 2025   |
|---------------------------------------|----------------------|--------|
|                                       | (Rupees in thousand) |        |
| Nobel Translink Private Limited       | 1,326                | 1,353  |
| Hizbullah & Saeed Ullah House Limited | 650                  | 663    |
| Vikrant Traders                       | 84,523               | 86,210 |
| Holcim Trading Limited                | 1,578                | -      |
|                                       | 88,077               | 88,226 |



**(iii) Credit quality of financial assets**

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

|                                               | Rating     |           | Rating  | 2026                 | 2025      |
|-----------------------------------------------|------------|-----------|---------|----------------------|-----------|
|                                               | Short term | Long term | Agency  | (Rupees in thousand) |           |
| Bank Alfalah Limited                          | A1+        | AAA       | PACRA   | 22,822               | 72,885    |
| Askari Bank Limited                           | A1+        | AA+       | PACRA   | 333                  | 238       |
| Bank Islami Pakistan Limited                  | A1         | AA-       | PACRA   | 3,253                | 135,031   |
| The Bank of Punjab                            | A1+        | AA+       | PACRA   | 1,580                | 401       |
| The Bank of Khyber                            | A1         | A+        | PACRA   | 57                   | 346       |
| Dubai Islamic Bank Pakistan Limited           | A1+        | AA        | JCR-VIS | 603                  | 227       |
| MCB Bank Limited - related party              | A1+        | AAA       | PACRA   | 132,973              | 331,348   |
| Habib Bank Limited                            | A1+        | AAA       | JCR-VIS | 91,525               | 119,921   |
| Meezan Bank Limited                           | A1+        | AAA       | JCR-VIS | 1,120                | 6,974     |
| National Bank of Pakistan                     | A1+        | AAA       | PACRA   | 5,265                | 3,092     |
| Silk Bank Limited                             | A2         | A-        | JCR-VIS | -                    | 5         |
| Standard Chartered Bank (Pakistan) Limited    | A1+        | AAA       | PACRA   | 84,417               | 104,005   |
| United Bank Limited                           | A1+        | AAA       | JCR-VIS | 15,107               | 26,520    |
| Habib Metropolitan Bank Limited               | A1+        | AA+       | PACRA   | 167                  | 120       |
| Faysal Bank Limited                           | A1+        | AA        | PACRA   | 4,000                | 97        |
| JS Bank Limited                               | A1+        | AA        | PACRA   | 260                  | 12        |
| MCB Islamic Bank Limited - related party      | A1         | A+        | PACRA   | 120,189              | 78,526    |
| Samba Bank Limited                            | A1         | AA        | JCR-VIS | 86                   | 400       |
| Industrial and Commercial Bank of China       | F1 +       | A         | PACRA   | 56                   | 56        |
| Habib Bank Limited - Islamic                  | A1+        | AAA       | JCR-VIS | -                    | -         |
| Bank Al-Habib Limited                         | A1+        | AAA       | PACRA   | -                    | 116,300   |
| Al-Baraka Bank (Pakistan) Limited             | A1         | A+        | PACRA   | 267                  | 5         |
| Allied Bank Limited                           | A1+        | AAA       | PACRA   | 27,506               | 261,425   |
| Soneri bank Limited                           | A1+        | AA-       | PACRA   | -                    | 350       |
|                                               |            |           |         | 511,586              | 1,258,284 |
| Short term investment - Term deposit receipts |            |           |         |                      |           |
| Bank Islami Pakistan Limited                  | A1         | AA-       | PACRA   | 252,000              | -         |
| JS Bank Limited                               | A1+        | AA        | PACRA   | 149,420              | -         |
| Bank Al-Habib Limited                         | A1+        | AAA       | PACRA   | 136,000              | -         |
|                                               |            |           |         | 537,420              | -         |

**(c) Liquidity risk**

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's businesses, the Group's finance department maintains flexibility in funding by maintaining availability under committed credit lines. The Group's borrowing limits and cash and bank balances have been disclosed in notes 13 and 28 to these consolidated financial statements.

Management monitors the forecasts of the Group's cash and cash equivalents (note 40 to these consolidated financial statements) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring consolidated statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

|                          | (Rupees in thousand) |                       |                   |                |                             | Carrying value    |
|--------------------------|----------------------|-----------------------|-------------------|----------------|-----------------------------|-------------------|
|                          | Less than 1 year     | Between 1 and 2 years | 2 to 5 years      | Over 5 years   | Total contractual cashflows |                   |
| <b>At June 30, 2026</b>  |                      |                       |                   |                |                             |                   |
| Long term finances       | 7,199,860            | 6,753,666             | 20,246,774        | 864,827        | 35,065,127                  | 34,583,290        |
| Trade and other payables | 13,501,087           | -                     | -                 | -              | 13,501,087                  | 13,501,087        |
| Long term deposits*      | 1,073,543            | -                     | -                 | -              | 1,073,543                   | 1,073,543         |
| Short term borrowings    |                      |                       |                   |                |                             |                   |
| - secured                | 14,970,867           | -                     | -                 | -              | 14,970,867                  | 14,970,867        |
| Accrued mark-up / profit | 303,217              | -                     | -                 | -              | 303,217                     | 303,217           |
| Unclaimed dividend       | 36,976               | -                     | -                 | -              | 36,976                      | 36,976            |
|                          | <u>37,085,550</u>    | <u>6,753,666</u>      | <u>20,246,774</u> | <u>864,827</u> | <u>64,950,817</u>           | <u>64,468,980</u> |

\*The maturity period of long term deposit is not ascertainable.

|                          | (Rupees in thousand) |                       |                  |                  |                             | Carrying value    |
|--------------------------|----------------------|-----------------------|------------------|------------------|-----------------------------|-------------------|
|                          | Less than 1 year     | Between 1 and 2 years | 2 to 5 years     | Over 5 years     | Total contractual cashflows |                   |
| <b>At June 30, 2025</b>  |                      |                       |                  |                  |                             |                   |
| Long term finances       | 1,943,775            | 2,472,491             | 5,602,244        | 5,130,480        | 15,148,990                  | 15,377,832        |
| Trade and other payables | 8,890,044            | -                     | -                | -                | 8,890,044                   | 8,890,044         |
| Long term deposits*      | 940,292              | -                     | -                | -                | 940,292                     | 940,292           |
| Short term borrowings    |                      |                       |                  |                  |                             |                   |
| - secured                | 12,347,094           | -                     | -                | -                | 12,347,094                  | 12,347,094        |
| Accrued mark-up / profit | 550,953              | -                     | -                | -                | 550,953                     | 550,953           |
| Unclaimed dividend       | 34,153               | -                     | -                | -                | 34,153                      | 34,153            |
|                          | <u>24,706,311</u>    | <u>2,472,491</u>      | <u>5,602,244</u> | <u>5,130,480</u> | <u>37,911,526</u>           | <u>38,140,368</u> |

\*The maturity period of long term deposit is not ascertainable.

## 46.2 Capital management

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

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

Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the consolidated statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) including bank overdraft less cash and bank balances and liquid investments.

The gearing ratios as at June 30, 2026 and 2025 were as follows:

|                                                        | 2026                 | 2025              |
|--------------------------------------------------------|----------------------|-------------------|
|                                                        | (Rupees in thousand) |                   |
| Borrowings - notes 7, 13 and 15                        | 49,554,157           | 27,724,926        |
| Cash and bank balances and liquid investments- note 40 | (673,792)            | (1,608,717)       |
| Net debt                                               | <u>48,880,365</u>    | <u>26,116,209</u> |
| Total equity                                           | <u>126,705,678</u>   | <u>99,628,839</u> |
| Gearing ratio                                          | Percentage 39%       | 26%               |

In accordance with the terms of agreement with the lenders of long term finances (as referred to in note 7 to these consolidated financial statements), the Group is required to comply with certain financial covenants such as maintaining certain level of gearing ratio and current ratio. The Group has complied with these covenants throughout the reporting period.

#### 46.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

| As at June 30, 2026               | Level 1    | Level 2              | Level 3   | Total      |
|-----------------------------------|------------|----------------------|-----------|------------|
|                                   |            | (Rupees in thousand) |           |            |
| Recurring fair value measurements |            |                      |           |            |
| Assets                            |            |                      |           |            |
| Investment - FVPL                 | 9,517,705  | -                    | -         | 9,517,705  |
| Investments - FVOCI               | 51,543,733 | -                    | 6,834,053 | 58,377,786 |
| Biological assets                 | -          | -                    | 1,436,579 | 1,436,579  |
| Total assets                      | 61,061,438 | -                    | 8,270,632 | 69,332,070 |
| Total liabilities                 | -          | -                    | -         | -          |
| As at June 30, 2025               |            |                      |           |            |
| Recurring fair value measurements |            |                      |           |            |
| Assets                            |            |                      |           |            |
| Investment - FVPL                 | 653,558    | -                    | -         | 653,558    |
| Investments - FVOCI               | 36,761,631 | -                    | 6,284,254 | 43,045,885 |
| Biological assets                 | -          | -                    | 1,286,798 | 1,286,798  |
| Total assets                      | 37,415,189 | -                    | 7,571,052 | 44,986,241 |
| Total liabilities                 | -          | -                    | -         | -          |

Movement in the above mentioned assets has been disclosed in notes 20 and 26 to these financial statements and movement in fair value reserve has been disclosed in the statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the year. Since the ordinary shares of Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited are not listed, an investment advisor engaged by the Group has estimated fair values of Rs 27.39 and Rs 20.35 per ordinary share, respectively, as at June 30, 2026, through a valuation technique based on discounted cash flow analysis. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. An appropriate discount for lack of control and lack of marketability is also applied, where relevant.

### Valuation techniques used to measure level 3 assets

#### Investments - FVOCI

Since the ordinary shares of Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited are not listed, an investment advisor engaged by the Group has estimated fair values of Rs 27.39 and Rs 20.35 per ordinary share, respectively, as at June 30, 2026, through a valuation technique based on discounted cash flow analysis.

The method for calculation of fair value and valuation inputs including sensitivity analysis has been explained in note 20.1.1 and 20.1.2 to these consolidated financial statements.

#### Biological assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2026. Level 3 fair value of biological assets has been determined considering the prices of animals in local markets (replacement cost approach), health profile of the herd, disease outbreaks in Pakistan, current economic conditions of the country and the current trends in dairy industry in Pakistan.

The fair value is also dependent on the age of the cattle. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing. At the same time, a value was fixed on the calf heifer recently born according to the estimation and in relation with referential values of the similar cattle breeding in Pakistan.

When the cow arrives at 6 years i.e. 72 months of age or more (5th Lactation) and is considered an old cow as is usual in Pakistan, and if the cow remains in the farm because she is profitable, normally this is the stage of culling. The value of cow at this stage shall be kept constant.

#### a) Valuation inputs and relationship to fair value

The valuation inputs used in the calculation includes the farm cost to raise the heifer (as starting point) and according to actual cost in the farm and the analysis of the average local market prices in Pakistan.

The milking performance for the Australian imported heifers, Dutch heifers and farm born heifers has been almost same throughout the year and hence same values have been ascertained for all the milking animals regardless of their categories but according to their lactation levels.

#### b) Fair value sensitivity analysis for biological assets

If the fair value of biological assets, at the year end date fluctuates by 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 10.2 million (2025: Rs 9.14 million) higher / lower mainly as a result of higher / lower fair value gain /(loss) on biological assets.

The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

## 46.4 Financial instruments by categories

|                                                  | At fair value<br>through<br>profit or loss | At fair value<br>through OCI | At amortised<br>cost | Total      |
|--------------------------------------------------|--------------------------------------------|------------------------------|----------------------|------------|
|                                                  | (Rupees in thousand)                       |                              |                      |            |
| As at June 30, 2026                              |                                            |                              |                      |            |
| Assets as per statement of<br>financial position |                                            |                              |                      |            |
| Long term deposits                               | -                                          | -                            | 62,013               | 62,013     |
| Trade debts                                      | -                                          | -                            | 2,600,849            | 2,600,849  |
| Deposits and other receivables                   | -                                          | -                            | 137,659              | 137,659    |
| Investments                                      | 9,517,705                                  | 58,377,786                   | 537,720              | 68,433,211 |
| Cash and bank balances                           | -                                          | -                            | 513,792              | 513,792    |
|                                                  | 9,517,705                                  | 58,377,786                   | 3,852,033            | 71,747,524 |

**As at June 30, 2025****Assets as per statement of financial position**

|                                |                |                   |                  |                   |
|--------------------------------|----------------|-------------------|------------------|-------------------|
| Long term deposits             | -              | -                 | 61,013           | 61,013            |
| Trade debts                    | -              | -                 | 1,699,018        | 1,699,018         |
| Deposits and other receivables | -              | -                 | 134,674          | 134,674           |
| Investments                    | 653,558        | 43,045,885        | 355,046          | 44,054,489        |
| Cash and bank balances         | -              | -                 | 955,197          | 955,197           |
|                                | <u>653,558</u> | <u>43,045,885</u> | <u>3,204,948</u> | <u>46,904,391</u> |

**Financial liabilities at  
amortized cost****2026** **2025**

(Rupees in thousand)

**Liabilities as per statement of financial position**

|                              |                   |                   |
|------------------------------|-------------------|-------------------|
| Long term finances - secured | 34,583,290        | 15,377,832        |
| Long term deposits           | 1,073,543         | 940,292           |
| Accrued markup               | 303,217           | 550,953           |
| Trade and other payables     | 13,501,087        | 8,890,044         |
| Short term borrowings        | 14,970,867        | 12,347,094        |
| Unclaimed dividend           | 36,976            | 34,153            |
|                              | <u>64,468,980</u> | <u>38,140,368</u> |

## 46.5 Offsetting financial assets and financial liabilities

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



#### 47. Operating Segments

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

The Group's operations comprise of the following main business segment types:

##### Type of segments

Cement  
Packaging  
Dairy

##### Nature of business

Production and sale of clinker, ordinary portland and sulphate resistant cements  
Manufacture and supply of packaging products  
Production and sale of raw milk

The identification of operating segments was based on the internal organisational and reporting structure, built on the different products and services within the Group. Allocation of the individual organisational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under the Companies Act, 2017.

#### 47.1 Segment analysis and reconciliation

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments.

|                                                          | Cement       |             | Packaging |             | Dairy     |           | Elimination - net |             | (Rupees in thousand) |             |
|----------------------------------------------------------|--------------|-------------|-----------|-------------|-----------|-----------|-------------------|-------------|----------------------|-------------|
|                                                          | 2026         | 2025        | 2026      | 2025        | 2026      | 2025      | 2026              | 2025        | 2026                 | Total       |
| Revenue from                                             |              |             |           |             |           |           |                   |             |                      |             |
| - External customers                                     | 79,559,986   | 71,815,276  | 1,340,038 | 1,026,934   | 6,708,412 | 5,791,698 | -                 | -           | 87,608,436           | 78,633,908  |
| - Inter segment                                          | 2,670        | 77,561      | 3,198,989 | 2,266,896   | -         | -         | (3,201,659)       | (2,344,457) | -                    | -           |
|                                                          | 79,562,656   | 71,892,837  | 4,539,027 | 3,293,830   | 6,708,412 | 5,791,698 | (3,201,659)       | (2,344,457) | 87,608,436           | 78,633,908  |
| Segment gross profit                                     | 20,732,569   | 18,505,671  | 928,639   | 434,563     | 986,234   | 942,786   | (69,024)          | (83,689)    | 22,578,418           | 19,799,331  |
| Segment expenses                                         | (6,803,144)  | (5,902,224) | (74,572)  | (77,826)    | (427,562) | (366,384) | -                 | 745         | (7,305,278)          | (6,345,689) |
| Other income                                             | 4,663,270    | 4,271,570   | 205,699   | 703,790     | 91,088    | 94,091    | (1,128)           | (19,312)    | 4,958,929            | 5,050,139   |
| Changes in fair value of biological assets               | -            | -           | -         | -           | 471,739   | 469,855   | -                 | -           | 471,739              | 469,855     |
| Finance cost                                             | (1,275,708)  | (3,870,405) | (660,760) | (415,075)   | (16,096)  | (2,699)   | -                 | -           | (1,952,564)          | (4,288,179) |
| Levy and taxation                                        | (5,891,602)  | (4,329,553) | (260,736) | (135,272)   | (424,854) | (462,942) | -                 | -           | (6,577,192)          | (4,927,767) |
| Profit after taxation                                    | 11,425,385   | 8,675,059   | 138,270   | 510,180     | 680,549   | 674,707   | (70,152)          | (102,256)   | 12,174,052           | 9,757,690   |
| Segment assets                                           | 199,329,708  | 145,924,236 | 9,194,104 | 10,837,425  | 7,343,345 | 5,573,063 | (2,591,790)       | (3,293,012) | 213,275,367          | 159,041,712 |
| Segment liabilities                                      | 78,686,447   | 51,256,761  | 5,706,721 | 7,840,699   | 2,554,403 | 1,464,669 | (377,882)         | (1,149,256) | 86,569,689           | 59,412,873  |
| Depreciation, amortization and impairment                | 3,905,584    | 3,832,603   | 244,625   | 121,178     | 160,549   | 152,775   | 19,419            | 20,457      | 4,330,177            | 4,127,013   |
| Net cash generated from / (used in) operating activities | 14,209,871   | 10,034,132  | 2,218,625 | 590,087     | 259,417   | 284,386   | (958,523)         | (269,123)   | 15,729,390           | 10,639,482  |
| Capital expenditure                                      | (2,969,824)  | (1,211,491) | (227,650) | (2,735,957) | (933,369) | (126,961) | (2,064)           | (173,044)   | (4,132,907)          | (4,247,453) |
| Net cash (used in) / generated from investing activities | (36,946,527) | 3,000,535   | 79,042    | (2,250,793) | (715,091) | 76,579    | 62,816            | (309,568)   | (37,519,760)         | 516,753     |

#### 47.2 Geographical segments

All segments of the Group are managed on a nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

#### 47.3 Geographical markets (Export Revenue)

|              | 2026                 | 2025              |
|--------------|----------------------|-------------------|
|              | (Rupees in thousand) |                   |
| Bangladesh   | 2,085,779            | 3,719,540         |
| West Africa  | 3,703,929            | 3,306,739         |
| Sri Lanka    | 4,262,286            | 3,299,506         |
| Kenya        | 1,064,966            | 2,055,279         |
| USA          | 2,025,417            | 1,240,207         |
| Madagascar   | 1,144,103            | 1,080,213         |
| Tanzania     | -                    | 580,136           |
| Qatar        | -                    | 433,305           |
| South Africa | -                    | 427,626           |
| Afghanistan  | 384,367              | 279,845           |
| Gabon        | -                    | 255,303           |
| Comoros      | -                    | 253,592           |
| Seychelles   | -                    | 104,866           |
| Somalia      | 803,038              | -                 |
| Yemen        | 532,747              | -                 |
| Kuwait       | 4,444,715            | -                 |
| Maldives     | 394,458              | -                 |
|              | <u>20,845,805</u>    | <u>17,036,157</u> |

### 48. Interests in other entities

#### 48.1 Material subsidiaries

The subsidiaries as at June 30, 2026 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the parent company, and the proportion of ownership interests held equals the voting rights held by the parent company. The country of incorporation or registration and their principal places of business are disclosed in note 1.

| Name of entity                 | Ownership interest held by the Group |        | Ownership interest held by non-controlling interests |        | Principal activities                       |
|--------------------------------|--------------------------------------|--------|------------------------------------------------------|--------|--------------------------------------------|
|                                | 2026                                 | 2025   | 2026                                                 | 2025   |                                            |
| Nishat Packaging Limited       | 55%                                  | 55%    | 45%                                                  | 45%    | Manufacture and sale of Packaging material |
| Nishat Dairy (Private) Limited | 55.10%                               | 55.10% | 44.90%                                               | 44.90% | Production and sale of raw milk            |

## 48.2 Non-controlling interests ('NCI')

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations:

|                                                        | Nishat Packaging Limited |             | Nishat Dairy (Private) Limited |           |
|--------------------------------------------------------|--------------------------|-------------|--------------------------------|-----------|
|                                                        | 2026                     | 2025        | 2026                           | 2025      |
|                                                        | (Rupees in thousand)     |             | (Rupees in thousand)           |           |
| Summarised statement of financial position             |                          |             |                                |           |
| Current assets                                         | 2,561,266                | 4,817,583   | 3,029,453                      | 2,604,514 |
| Less: current liabilities                              | 2,264,681                | 4,384,343   | 1,601,046                      | 755,621   |
| Net current assets                                     | 296,585                  | 433,240     | 1,428,407                      | 1,848,893 |
| Non-current assets                                     | 6,632,838                | 6,019,842   | 4,313,892                      | 2,968,549 |
| Less: non-current liabilities                          | 3,442,041                | 3,456,356   | 953,358                        | 709,048   |
| Net non-current assets                                 | 3,190,797                | 2,563,486   | 3,360,534                      | 2,259,501 |
| Net assets                                             | 3,487,382                | 2,996,726   | 4,788,941                      | 4,108,394 |
| Accumulated non-controlling interests                  | 1,702,713                | 1,490,469   | 2,219,713                      | 1,918,355 |
| Summarised statement of comprehensive income           |                          |             |                                |           |
| Revenue                                                | 4,539,027                | 3,293,830   | 6,708,412                      | 5,791,699 |
| Profit for the year                                    | 138,272                  | 510,181     | 680,548                        | 674,708   |
| Other comprehensive income                             | 352,384                  | 283,692     | -                              | -         |
| Total comprehensive income                             | 490,656                  | 793,873     | 680,548                        | 674,708   |
| Profit allocated to NCI                                | 53,669                   | 220,279     | 301,357                        | 298,269   |
| Other comprehensive income allocated to NCI            | 158,573                  | 127,662     | -                              | -         |
| Dividend paid to NCI                                   | -                        | -           | -                              | -         |
| Summarised cash flows                                  |                          |             |                                |           |
| Cash flows from operating activities                   | 2,218,626                | 590,087     | 259,417                        | 284,386   |
| Cash flows from / (used in) from investing activities  | 79,042                   | (2,250,793) | (715,091)                      | 76,579    |
| Cash flows (used in) / from financing activities       | (905,163)                | 1,251,983   | 209,483                        | (245,875) |
| Net increase / (decrease) in cash and cash equivalents | 1,392,505                | (408,723)   | (246,191)                      | 115,090   |

|                                                                            | 2026                 | 2025       |
|----------------------------------------------------------------------------|----------------------|------------|
|                                                                            | (Rupees in thousand) |            |
| <b>49. Disclosures by parent company listed on Islamic Index</b>           |                      |            |
| <b>Loans/advances obtained as per Islamic mode:</b>                        |                      |            |
| Loans obtained as per Islamic mode                                         | 35,253,981           | 6,573,756  |
| <b>Shariah compliant bank deposits/bank balances:</b>                      |                      |            |
| Bank balances                                                              | 118,547              | 212,468    |
| <b>Profit earned from shariah compliant bank deposits/bank balances</b>    |                      |            |
| Profit on deposits with banks                                              | 19,650               | 7,344      |
| <b>Revenue earned from shariah compliant business</b>                      | 79,562,656           | 71,892,837 |
| <b>Gain or dividend earned from shariah compliant investments</b>          |                      |            |
| Dividend income                                                            | 90,637               | 136,155    |
| Gain on disposal of investments                                            | -                    | 17,485     |
| <b>Exchange gain</b>                                                       | -                    | -          |
| <b>Profit paid on Islamic mode of financing</b>                            | 360,509              | 1,592,401  |
| <b>Profits earned or interest paid on any conventional loan or advance</b> |                      |            |
| Profit earned on deposits with banks                                       | 6,207                | 23,266     |
| Interest paid on loans                                                     | 921,432              | 3,328,798  |

**Relationship with shariah compliant banks**

The Cement segment has obtained short term borrowings and long term finances, and has maintained bank balances with shariah compliant banks. Disclosures other than the above are not applicable to the Group.

**50. Shariah Disclosures under Clause VII of Part I of Schedule IV of the Companies Act, 2017**

|                                                                                           |                 | 2026                 | 2025       |
|-------------------------------------------------------------------------------------------|-----------------|----------------------|------------|
|                                                                                           |                 | (Rupees in thousand) |            |
| Disclosures required in relation to the Statement of Financial Position - Liability Side: |                 |                      |            |
| Financing (long-term, short-term, or lease financing) obtained as per Islamic mode        | - notes 7 & 13  | 38,001,073           | 10,081,316 |
| Interest or mark-up accrued on any conventional loan or advance                           | - note 14       | 122,613              | 265,598    |
| Disclosures required in relation to the Statement of Financial Position - Asset Side:     |                 |                      |            |
| Long-term and short-term Shariah compliant investments                                    | - notes 20 & 26 | 41,136,084           | 10,236,912 |
| Shariah-compliant bank deposits, bank balances, and TDRs                                  | - note 28       | 130,766              | 212,859    |

|                                                                                                                        |                                                     | 2026                 | 2025       |
|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------|------------|
|                                                                                                                        |                                                     | (Rupees in thousand) |            |
| Disclosures required in relation to the Statement of Profit or Loss:                                                   |                                                     |                      |            |
| Revenue earned from Shariah-compliant business segment                                                                 | - note 29                                           | 87,608,436           | 78,633,908 |
| Break-up of late payment or liquidated damages                                                                         |                                                     | -                    | -          |
| Gain or loss or dividend earned on Shariah-compliant investments or share of profit from Shariah-compliant associates  | - note 34                                           | 90,637               | 136,155    |
| Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs                                             | - note 34                                           | 19,650               | 7,344      |
| Exchange gain earned from actual currency                                                                              |                                                     | -                    | -          |
| Exchange gains earned using conventional derivative financial instruments                                              |                                                     | -                    | -          |
| Profit paid on Islamic mode of financing                                                                               |                                                     | 932,807              | 1,807,680  |
| Total interest earned on any conventional loan or advance                                                              |                                                     | -                    | -          |
| Source and Detailed Breakup of other income into Shariah-compliant and non-compliant                                   |                                                     |                      |            |
| Shariah compliant income                                                                                               | - note 34                                           |                      |            |
| Gain on disposal of operating fixed assets                                                                             |                                                     | 134,596              | 571,334    |
| Gain on disposal of store items                                                                                        |                                                     | 221                  | 837        |
| Gain on disposal of biological assets                                                                                  |                                                     | 14,496               | 10,562     |
| Scrap sales                                                                                                            |                                                     | 91,692               | 129,532    |
| Rental income                                                                                                          |                                                     | 1,057                | 3,221      |
| Miscellaneous                                                                                                          |                                                     | 6,617                | 13,844     |
| Non-Shariah compliant income                                                                                           | - note 34                                           |                      |            |
| Income on bank deposits                                                                                                |                                                     | 82,864               | 91,823     |
| Gain on mutual funds                                                                                                   |                                                     | 528,545              | 95,220     |
| Dividend income                                                                                                        |                                                     | 3,987,208            | 3,989,301  |
| Rental income                                                                                                          |                                                     | 1,323                | 955        |
| Fair value gain on equity investments at FVTPL                                                                         |                                                     | 23                   | 11         |
| Other Disclosures                                                                                                      |                                                     |                      |            |
| Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc. |                                                     |                      |            |
| Name                                                                                                                   | Relationship                                        |                      |            |
| Faysal Bank Limited                                                                                                    | Funded / Non-funded facility(s) and Bank Balance(s) |                      |            |
| The Bank of Punjab - Islamic                                                                                           | Funded / Non-funded facility(s) and Bank Balance(s) |                      |            |
| MCB Islamic Bank Limited                                                                                               | Non-funded facility(s) and Bank Balance(s)          |                      |            |
| Meezan Bank Limited                                                                                                    | Funded / Non-funded facility(s) and Bank Balance(s) |                      |            |
| BankIslami Pakistan Limited                                                                                            | Non-funded facility(s) and Bank Balance(s)          |                      |            |
| Dubai Islamic Bank Pakistan Limited                                                                                    | Funded / Non-funded facility(s) and Bank Balance(s) |                      |            |
| Dubai Islamic Bank Public Joint Stock Company                                                                          | Funded facility                                     |                      |            |
| Habib Bank Limited - Islamic                                                                                           | Bank Balance(s)                                     |                      |            |
| Bank of Khyber - Islamic                                                                                               | Funded / Non-funded facility(s) and Bank Balance(s) |                      |            |
| Al Baraka Bank (Pakistan) Limited                                                                                      | Bank Balance(s)                                     |                      |            |
| National Bank of Pakistan - Islamic                                                                                    | Funded / Non-funded facility(s) and Bank Balance(s) |                      |            |



## 51. Reconciliation of movements in liabilities to cash flows arising from financing activities

|                                                                        | Own shares<br>purchased for<br>cancellation | Unclaimed<br>dividend | Long term<br>financing from<br>financial<br>institutions<br>- secured | Total       |
|------------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------------------------------------------------------|-------------|
| (Rupees in thousands)                                                  |                                             |                       |                                                                       |             |
| <b>As at July 01, 2025</b>                                             | -                                           | 34,153                | 15,377,832                                                            | 15,411,985  |
| Change in liability:                                                   |                                             |                       |                                                                       |             |
| Finance cost                                                           | -                                           | -                     | 90,857                                                                | 90,857      |
| Dividend announced during the year                                     | -                                           | 876,238               | -                                                                     | 876,238     |
| Exchange gain on Foreign currency<br>term finance facility             | -                                           | -                     | (5,052)                                                               | (5,052)     |
| Cancelled/terminated during the year                                   | -                                           | -                     | -                                                                     | -           |
| <b>Total liability related change</b>                                  | -                                           | 876,238               | 85,805                                                                | 962,043     |
| <b>Changes from financing cash flows</b>                               |                                             |                       |                                                                       |             |
| Dividend paid during the year<br>including unclaimed / unpaid balances | -                                           | (873,415)             | -                                                                     | (873,415)   |
| Long term financing received                                           | -                                           | -                     | 27,941,095                                                            | 27,941,095  |
| Long term financing paid                                               | -                                           | -                     | (8,821,442)                                                           | (8,821,442) |
| <b>Total changes from financing cash flows</b>                         | -                                           | (873,415)             | 19,119,653                                                            | 18,246,238  |
| <b>As at June 30, 2026</b>                                             | -                                           | 36,976                | 34,583,290                                                            | 34,620,266  |
| <b>For the year ended June 30, 2026</b>                                | -                                           | -                     | -                                                                     | -           |
| <b>As at July 01, 2024</b>                                             | -                                           | 34,200                | 22,883,554                                                            | 22,917,754  |
| Change in liability:                                                   |                                             |                       |                                                                       |             |
| Finance cost                                                           | -                                           | -                     | 133,818                                                               | 133,818     |
| Dividend announced during the year                                     | -                                           | -                     | -                                                                     | -           |
| Cancelled/terminated during the year                                   | (104,500)                                   | -                     | -                                                                     | -           |
| <b>Total liability related change</b>                                  | (104,500)                                   | -                     | 133,818                                                               | 133,818     |
| <b>Changes from financing cash flows</b>                               |                                             |                       |                                                                       |             |
| Dividend paid during the year<br>including unclaimed / unpaid balances | -                                           | (47)                  | -                                                                     | (47)        |
| Long term financing received                                           | -                                           | -                     | 1,879,007                                                             | 1,879,007   |
| Long term financing paid                                               | -                                           | -                     | (9,518,547)                                                           | (9,518,547) |
| <b>Total changes from financing cash flows</b>                         | -                                           | (47)                  | (7,639,540)                                                           | (7,639,587) |
| <b>As at June 30, 2025</b>                                             |                                             | 34,153                | 15,377,832                                                            | 15,411,985  |
| <b>For the year ended June 30, 2025</b>                                | (104,500)                                   |                       |                                                                       |             |

## 52. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant rearrangements and reclassifications have been made except for those disclosed elsewhere and the following:

### Rupees in thousand

|                                                                                                                                                                                                                |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| - In 'Other income', 'Gain on mutual funds' has now been reclassified and presented separately, for better presentation and comparability.                                                                     | 95,220  |
| - In 'Cost of sales', certain expenses previously included in 'Salaries, wages and other benefits' have now been reclassified and presented in 'Security expenses', for better presentation and comparability. | 155,944 |
| - In 'Loans, advances, deposits, prepayments and other receivables', profit on bank deposits has now been reclassified and presented separately, for better presentation and comparability.                    | 20,826  |
| - In 'Consolidated Statement of Cash flows', investment in term deposit receipts - net has now been reclassified and presented separately, for better presentation and comparability.                          | 330,047 |

## 53. Events after the reporting date

The Board of Directors in its meeting held on August 27, 2026 has announced a final cash dividend in respect of the year ended June 30, 2026 of Rs 1 per share (2025: Rs 2 per share). These consolidated financial statements for the year ended June 30, 2026 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

## 54. Date of authorisation for issue

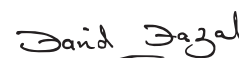
These consolidated financial statements were authorised for issue on August 27, 2026 by the Board of Directors.



Chief Executive



Chief Financial Officer



Director

# GLOSSARY

| Term              | Meaning                                                    |
|-------------------|------------------------------------------------------------|
| BAC               | Board Audit Committee                                      |
| Breakup Value     | Shareholders' Equity/Number of Shares                      |
| Current Ratio     | Current Assets divided by Current Liabilities              |
| Debt to Equity    | Total Debt/Equity                                          |
| DGK               | Dera Ghazi Khan                                            |
| DGKC              | D.G. Khan Cement Company Limited                           |
| Dividend Yield    | Dividend Per Share/Stock Price                             |
| Divident Payout   | Dividend per Share/EPS                                     |
| EBITDA            | Earnings Before Interest, Tax, Depreciation & Amortisation |
| EPS               | Earnings Per Share                                         |
| FX                | Foreign Exchange (Currency)                                |
| FY                | Financial Year                                             |
| GDP               | Gross Domestic Product                                     |
| GP                | Gross Profit                                               |
| HR & R            | Human Resource & Remuneration Committee                    |
| Interest Coverage | EBITDA/Interest                                            |
| IT                | Information Technology                                     |
| KHP               | Khairpur                                                   |
| KIBOR             | Karachi Interbank Offer Rate                               |
| LIBOR             | London Interbank Offer Rate                                |
| MIS               | Management Information System                              |
| MT                | Million Tons                                               |
| MW                | Mega Watt                                                  |
| OPC               | Ordinary Portand Cement                                    |
| PBT&L             | Profit Before Tax and Levy                                 |
| 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                                       |

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

m- تربیتی پروگراموں کی تفصیلات جن میں ڈائریکٹروں نے شرکت کی اس سالانہ رپورٹ کے ہمراہ منسلک ہیں۔

n- شیر ہولڈنگ کا پیٹرن اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

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

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

q- پراویڈنٹ فنڈ کے غیر نظر ثانی شدہ اکاؤنٹس کی بنیاد پر سرمایہ کاری کی قیمت 5,189 ملین روپے (FY25: 4,504 ملین روپے) اور گریجویٹ فنڈ 923 ملین روپے (FY25: 867 ملین روپے) ہے۔

r- بورڈ نے پائیداری سے متعلق خطرات کا جائزہ لیا ہے اور ان کے موثر انتظام اور تخفیف کے لیے مناسب اقدامات کیے ہیں۔ مزید برآں، کمپنی نے تنوع، مساوات اور شمولیت کو فروغ دینے کے لیے ایسی پالیسیوں اور اقدامات کو اپنایا ہے جو مساوی مواقع فراہم کرنے اور ایک جامع احترام پر مبنی کارپوریٹ ثقافت کو فروغ دیتے ہیں۔

ہم اپنے تمام اسٹیک ہولڈرز کی حمایت کے شکر گزار اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

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 بشمول آئی کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f- کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

g- ضابطہ کارپوریٹ گورننس میں سے کسی خاطر خواہ شق سے انحراف نہیں ہو رہا ہے۔

h- کمپنی کے آپریٹنگ نتائج میں گزشتہ سال سے اہم تبدیلیوں پر روشنی ڈالی گئی ہے اور ڈائریکٹرز رپورٹ / سالانہ رپورٹ کے دوسرے حصوں میں مدلل درج ہیں۔ دیگر اہم کاروباری امور پر سالانہ رپورٹ میں تفصیلاً روشنی ڈالی گئی ہے۔

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

j- جہاں ٹیکس، ڈیویڈنڈ، 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، کاروباری توسیع اور آپریشن کی بندش، مستقبل کے امکانات، خطرات اور کمپنی کے گرد غیر یقینی صورتحال کا خاکہ پیش کیا گیا ہے۔

منجانب بورڈ

رضا شاہ

رضاشاہ

چیف ایگزیکٹو آفیسر

لاہور

12 اگست 2026ء

David Joyal

فرید نور علی فضل

ڈائریکٹر

## آگاہی اور ایچ ایس ای

سالانہ اجلاس عام میں حصص یافتگان کی منظوری سے مشروط ہے۔

### لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (ریگولیشنز) کی تعمیل

کمپنی نے 30 جون 2026 کو ختم ہونے والے سال کی متعلقہ، ریگولیشنز کے ضابطے کو اپنایا اور اس پر مکمل طور پر عمل کیا ہے۔ اس اثر پر باقاعدہ ایک رپورٹ منسلک ہے۔

### کمپنی کی اصل سرگرمی

کمپنی کی اصل سرگرمی سیمنٹ اور کلنر کی تیاری اور فروخت کرنا ہے۔ ذیلی کمپنیوں سے متعلقہ معلومات کا سالانہ رپورٹ میں انکشاف کیا گیا ہے۔

### متعلقہ پارٹیوں سے لین دین

بورڈ نے قانون کے مطابق متعلقہ پارٹیز پالیسی تیار کی ہے اور جس کا خلاصہ سالانہ رپورٹ میں بیان کیا گیا ہے۔ تمام متعلقہ پارٹیوں کے ساتھ لین دین کا انکشاف مالی گوشواروں کے نوٹس میں کیا گیا ہے۔

### کارپوریٹ 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 ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

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

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

d- مالی حسابات کو کمپنیز قانون کے تحت تیار کیا گیا ہے اور اس کی تیاری

- کمپنی بیماریوں اور ان کی روک تھام پر مختلف آگاہی کے سیشنز کا انعقاد کرتی ہے۔
- کمپنی سیکورٹی، صحت اور حفاظت پر سیشن کا اہتمام کرتی ہے اور ہنگامی صورت حال کی فرضی مشقوں کو انجام دیتی ہے۔
- جنرل کمپنی کھیلوں کے لئے مستحق افراد کی مدد کرتی ہے۔
- کمپنی معذور افراد کی بحالی میں بھی مدد کرتی ہے۔
- کمپنی کوئلے کے استعمال کی جگہ، کسی حد تک، شہر سے جمع ہونے والے کوئلے کو استعمال کرتی ہے۔ یہ عمل اگرچہ معاشی طور پر ناقابل برداشت ہے لیکن اس نے کمپنی کی پالیسی کے مطابق صاف ستھرا ماحول برقرار رکھنے میں اہم کردار ادا کیا۔

کمپنی کی دیگر CSR سرگرمیوں کا سالانہ رپورٹ کے دیگر پارٹس میں تفصیلی بیان کیا گیا ہے۔

### اہم تبدیلیاں

زیر جائزہ مالی سال کے دوران کمپنی یا اس کے ماتحت اداروں جن میں کمپنی دلچسپی رکھتی ہے، کے کاروبار کی نوعیت کے بارے میں کوئی تبدیلی واقع نہیں ہوئی ہے۔

### آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، آئندہ سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اگرچہ وہ دوبارہ تقرری کے اہل ہیں تاہم انہیں دوبارہ تقرری کے لیے تجویز نہیں کیا جا رہا، کیونکہ کمپنی نے بہتر حکمرانی کے اصولوں کے تحت، آڈیٹرز کی طویل رفاقت کے بعد اپنے بیرونی آڈیٹرز کو تبدیل کرنے کا فیصلہ کیا ہے۔ بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ نے 30 جون 2027 کو ختم ہونے والے سال کے لیے میسرز کے پی ایم جی تاثیر ہاوی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو کمپنی کے بیرونی آڈیٹرز کے طور پر مقرر کرنے کی سفارش کی ہے، جس کا معاوضہ باہمی رضامندی سے طے کیا جائے گا اور یہ تقرری



## ڈائریکٹر

مطابق ہیں۔ DGKC اپنی معاشرتی اور فلاحی ذمہ داریوں سے بخوبی واقف ہے۔ کمپنی تعلیم، صحت، طبی اور آگ بجھانے کی سہولیات، قریبی علاقوں میں پانی کی فراہمی، قریبی علاقوں میں ہنگامی اور آفات کے حالات میں مدد، آگاہی مہم وغیرہ پر خرچ کر رہی ہے۔

## کارپوریٹ سماجی ذمہ داری

DGKC اپنی معاشرتی اور فلاحی ذمہ داریوں سے بخوبی واقف ہے۔

## تعلیم

کمپنی ڈی جی خان میں بوم فیلڈ ہال سکول اور سیمنٹ ماڈل ٹرسٹ سکول نامی دو سکولوں کو چلاتی ہے۔

## میڈیکل اور فائر فائٹنگ

- ڈی جی خان، خیر پور اور حب کے مقامات پر فری ڈسپنسری کی سہولت دستیاب ہے۔ ڈسپنسری کی سہولت علاقے کے لوگوں کے لئے بالکل مفت ہے۔
- سائٹ پر سے اور ڈسپنسری اور قریبی دیہاتوں تک فری وین ٹرانسپورٹیشن کی سہولت۔
- کمپنی مقامی کمیونٹیز کے لئے فری ایسبولینس سروسز چلاتی ہے۔
- کمپنی قریبی علاقوں کے لئے فری فائر فائٹنگ سروس بھی چلاتی ہے۔

## پانی کی فراہمی اور خوراک کی تقسیم

- کمپنی نے اپنی پیداواری سہولیات کے قریبی مقامی علاقوں / دیہاتوں کے لئے واٹر سپلائی کے بھی انتظامات کئے ہیں۔
- ہنگامی اور قدرتی آفات میں مدد
- کمپنی ملحقہ علاقوں میں کسی بھی ناگہانی / حادثے کی صورت میں ضرورت کی بنیاد پر آلات اور خدمات مہیا کرتی ہے۔
- کمپنی قدرتی آفتوں کے متاثرین کی بحالی میں مدد کرتی ہے۔
- پلانٹ کے مقامات کے قریبی سیلاب کے متاثرین میں خوراک کی تقسیم۔

مندرجہ ذیل کمپنی کے ڈائریکٹر ہیں:

- 1۔ محترمہ ناز منشا (چیئر پرسن)
- 2۔ جناب رضا منشا
- 3۔ جناب خالد نیاز خواجہ
- 4۔ جناب اسامہ محمود
- 5۔ جناب شہر یار احمد بخش
- 6۔ جناب فرید نور علی فضل
- 7۔ جناب شہزاد احمد ملک

خاتون ڈائریکٹر: 01

مرد ڈائریکٹر: 06

## آڈٹ کمیٹی

- 1۔ جناب شہر یار احمد بخش
- 2۔ جناب خالد نیاز خواجہ
- 3۔ جناب شہزاد احمد ملک

## انسانی وسائل اور معاوضہ کمیٹی

- 1۔ اسامہ محمود
- 2۔ جناب رضا منشا
- 3۔ جناب خالد نیاز خواجہ

## بعد از بیلنس شیٹ کے واقعات

بعد از بیلنس شیٹ کوئی ایسے اہم واقعات رونما نہیں ہوئے جو سال کی اختتامی مالیاتی حیثیت کو متاثر کرتے ہوں۔

## کاروبار کے ماحول پر اثرات

ہمارے پلانٹس اور آپریشن بین الاقوامی اور قومی ماحول کے معیارات کے

### ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی پالیسی کی منظوری دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آزاد ڈائریکٹرز سمیت اپنے نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرے گی۔

- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات ادا کرے گی۔

- بورڈ آف ڈائریکٹرز، وقتاً فوقتاً ڈائریکٹرز معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

- چیف ایگزیکٹو معاوضہ کے پیکیج میں تنخواہ (بشمول الاؤنسز)، بونس اور طبی معاوضہ جات شامل ہیں۔

- ایگزیکٹو ڈائریکٹر کے معاوضہ کے پیکیج میں تنخواہ (بشمول الاؤنسز) بونس، طبی معاوضہ، ہاؤسنگ، ٹیلیفون، ایمر سمٹ اور ریٹائرمنٹ کے فوائد (پروایڈنٹ فنڈ اور گریجویٹ) شامل ہیں۔

- چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹر کے معاوضہ کے لیے براہ کرم غیر مجموعی مالیاتی گوشواروں کا نوٹ 38 ملاحظہ فرمائیں۔

### ذیلی کمپنیاں اور یکجا مالی گوشوارے

نشاط پیکچنگ لمیٹڈ، نشاط ڈیری (پرائیویٹ) لمیٹڈ اور ڈی جی خان سیمنٹ کمپنی LLCUSA کمپنی کی ذیلی کمپنیوں کا پورٹ فولیو بناتی ہیں۔ اس لیے، کمپنی نے بین الاقوامی مالیاتی رپورٹنگ کے معیارات کے تقاضوں کے مطابق، اپنے علیحدہ مالیاتی گوشواروں کے ساتھ ساتھ کنسولیڈیٹڈ مالیاتی گوشواروں کو بھی منسلک کیا ہے۔ یہ بات قابل ذکر ہے کہ ڈی جی خان سیمنٹ کمپنی LLCUSA نے رپورٹنگ کی تاریخ تک اپنی کاروباری سرگرمیوں کا آغاز نہیں کیا ہے۔

ہرمز کے ذریعے بحری تجارت میں ممکنہ خلل کا خطرہ، علاقائی تجارتی بہاؤ کے لیے زیادہ اہم غیر یقینی صورتحال پیدا کر رہا ہے۔ اگر یہ خلل طویل عرصے تک جاری رہتا ہے تو اس سے برآمدی سرگرمیاں متاثر ہو سکتی ہیں، جبکہ کوئلے اور ایندھن کی قیمتوں میں ممکنہ اضافے کے نتیجے میں پیداواری لاگت بڑھنے اور منافع کے مارجن پر دباؤ آنے کا خدشہ ہے۔ افغانستان کی سرحد کی مسلسل بندش بھی پوری صنعت میں برآمدات کے امکانات کے لیے ایک اضافی رکاوٹ بنی ہوئی ہے۔

اس پس منظر میں کمپنی اخراجات پر سخت کنٹرول، آپریشنل کارکردگی میں بہتری اور مالیاتی نظم و ضبط کو ترجیح دے رہی ہے، اور بورڈ کا خیال ہے کہ کمپنی منافع اور نقد بہاؤ کا تحفظ کرتے ہوئے آئندہ سال کے چیلنجز کا سامنا کرنے کے لیے مناسب طور پر مضبوط پوزیشن میں ہے۔

### ڈیویڈنڈ اور تصرفات

شیر ہولڈرز کے لیے قدر میں اضافے کے اپنے عزم کے مطابق، بورڈ آف ڈائریکٹرز نے 27 اگست 2026 کو منعقدہ اپنے اجلاس میں فی حصص 1 پاکستانی روپے کے حتمی نقد منافع منقسمہ کی سفارش کی ہے، جو 27 اکتوبر 2026 کو منعقد ہونے والے آئندہ سالانہ عام اجلاس میں منظوری سے مشروط ہے۔

### اہم خطرات

کمپنی کی اصل سرگرمی سیمنٹ اور کلنکر تیار اور فروخت کرنا ہے اور کمپنی کو مندرجہ ذیل اہم خطرات کا سامنا ہے:

- مارکیٹ قیمت اور سخت مقابلہ
- مستعمل پیداواری صلاحیت
- سود کی شرح
- غیر ملکی کرنسی کا اتار چڑھاؤ
- برآمد مارکیٹ کا سکڑاؤ

### مالی کارکردگی۔ مجموعی

آپ کے گروپ کے مختصر مجموعی نتائج مندرجہ ذیل ہیں:

| مالی سال 2025 | مالی سال 2026 |                            |
|---------------|---------------|----------------------------|
| 78,634        | 87,608        | خالص فروخت                 |
| 19,799        | 22,578        | مجموعی منافع               |
| 14,685        | 18,751        | PBT&L                      |
| 9,757         | 12,174        | PAT                        |
| 21.09         | 26.98         | EPS (پاکستانی روپے / شیئر) |

### مستقبل کا منظر نامہ

بورڈ کا خیال ہے کہ سال کے دوران DGKCCL کے کاروباری ماحول میں مجموعی طور پر استحکام رہا، جسے مقامی طلب میں بہتری اور بنیادی سیمنٹ کاروبار کی پائیداری سے تقویت ملی، اگرچہ برآمدی منڈیوں کو مسلسل دباؤ کا سامنا رہا۔ DG خان سائٹ پر 11,000 ٹن یومیہ گنجائش کی براؤن فیلڈ کلنکر لائن کی تنصیب مقررہ شیڈول کے مطابق جاری ہے، اور اس کی تکمیل پر توقع ہے کہ کمپنی کی آپریشنل کارکردگی میں نمایاں بہتری آئے گی۔

حکمت عملی کے تحت کاروبار میں تنوع پیدا کرنے کی جانب ایک اہم پیش رفت کے طور پر، نشاط گروپ نے سال کے دوران RMPL میں کنٹرولنگ حصص کا حصول مکمل کیا، جس میں کمپنی کی نمایاں ایسوسی ایٹ سرمایہ کاری مذکورہ غیر ملکی کرنسی سہولت کے ذریعے فنانس کی گئی ہے۔ بورڈ اس سرمایہ کاری کو سیمنٹ کے شعبے سے آگے کمپنی کے آمدنی کے ذرائع کو وسیع کرنے کے لیے ایک اہم قدم قرار دیتا ہے۔ توقع ہے کہ مذکورہ ایسوسی ایٹ کمپنی باقاعدہ منافع کی صورت میں آمدنی فراہم کرے گی، جو حصول سرمایہ کاری کے نتیجے میں بڑھنے والی مالیاتی لاگت کو جزوی طور پر پورا کرنے میں مدد دے گی اور یوں حصص یافتگان کے لیے آمدنی کے ایک پائیدار دوسرے ذریعے کی بنیاد فراہم کرے گی۔

شرح سود، توانائی کی قیمتوں اور شرح مبادلہ میں اتار چڑھاؤ بدستور خصوصی توجہ کا متقاضی ہے، تاہم مشرق وسطیٰ میں جاری تنازع، بالخصوص آبنائے

پیداواری صلاحیت کے استعمال کا تسلسل تھا۔ فروخت کے حوالے سے بھی صلاحیت کے استعمال میں بہتری آئی اور یہ 82 فیصد ہوگئی (FY25: 79 فیصد)، جو اوپر بیان کردہ صنعتی رجحان کے مقابلے میں نمایاں طور پر بہتر ہے۔

بورڈ کو 30 جون 2026 کو ختم ہونے والے سال کے لیے کمپنی کی مضبوط کارکردگی بیان کرتے ہوئے خوشی ہو رہی ہے۔ خالص ٹرن اور میں 10.7 فیصد اضافہ ہوا اور یہ 79.6 بلین روپے ہو گیا۔ اس اضافے کی بنیادی وجوہات مقامی اور برآمدی دونوں منڈیوں میں فروخت کے حجم میں اضافہ، فروخت کے بہتر امتزاج اور قیمتوں میں بہتری تھیں۔ مقامی ترسیلات میں 4 فیصد اضافہ ہوا، جبکہ اوسط مقامی فروخت قیمت میں 2 فیصد بہتری آئی، جس کی بنیادی وجہ جنوبی زون میں قیمتوں میں بہتری تھی۔ برآمدی حجم میں بھی 5 فیصد اضافہ ہوا، جبکہ کلنکر کی برآمدی قیمتیں، جو بنیادی طور پر جنوبی زون کے ذریعے حاصل ہوئیں، 15 فیصد سے زائد بڑھ گئیں، جس نے کمپنی کی مجموعی کارکردگی میں نمایاں کردار ادا کیا۔ مجموعی منافع مارجن بھی بہتر ہو کر 26.1 فیصد ہو گیا (FY25: 25.7 فیصد)، جو آپریشنل کارکردگی میں بہتری، اخراجات کے محتاط انتظام اور توانائی کی بہتر کارکردگی کی عکاسی کرتا ہے۔

مالیاتی اخراجات میں نمایاں کمی ہوئی، جس کی وجہ قرضوں کی قابل ذکر ادائیگیاں، شرح سود میں کمی اور فنڈز کا بہتر انتظام تھا۔ سال کے دوران ایکسپورٹ ری فنانس سہولت کی شرح میں کمی نے بھی مالیاتی اخراجات میں مزید کمی میں معاونت کی۔ شیئر ہولڈرز نوٹ کریں گے کہ مالیاتی پوزیشن کے گوشوارے میں طویل مدتی قرض میں نمایاں اضافہ ہوا ہے، جو رفاہ میز پر وڈکنس کمپنی لمیٹڈ (RMPL) میں کمپنی کی سرمایہ کاری کی مالی معاونت کے لیے حاصل کیے گئے 101 ملین امریکی ڈالر کے غیر ملکی کرنسی قرض کی وجہ سے ہے۔ چونکہ یہ سہولت مالی سال کے آخری ہفتے میں حاصل کی گئی، اس لیے زیر جائزہ سال کے مالیاتی اخراجات اور نتیجتاً منافع پر اس کا کوئی نمایاں اثر نہیں پڑا۔ چنانچہ ٹیکس کے بعد منافع بڑھ کر 11.4 بلین روپے ہو گیا، جبکہ فی حصص آمدنی (EPS) 26.08 روپے رہی۔

## جائزہ

کے بعد مقامی مارکیٹ میں بحالی دیکھنے میں آئی۔

یہ بحالی دونوں خطوں میں نمایاں رہی۔ شمالی زون میں ترسیلات 10.9 فیصد بڑھیں، جو 3.41 ملین ٹن کے اضافے کے برابر ہیں، جبکہ جنوبی زون میں 3.0 فیصد اضافہ ہوا، جو 0.2 ملین ٹن کے اضافے کے برابر ہے۔ اس بہتری کی عکاسی تعمیراتی سرگرمیوں میں اضافے اور سال کے دوران فنانسنگ لاگت میں نمایاں کمی سے ہوتی ہے۔

اس کے برعکس، برآمدات میں 2.2 فیصد کمی ہوئی اور یہ 9.01 ملین ٹن رہ گئیں، جبکہ گزشتہ سال برآمدات میں 29.5 فیصد بحالی ریکارڈ کی گئی تھی۔ یہ کمی زیادہ تر شمالی زون میں مرکوز رہی، جہاں برآمدی حجم 53.9 فیصد کم ہو کر 0.78 ملین ٹن رہ گیا اور نومبر 2025 کے بعد افغانستان کی سرحد کی طویل بندش کے باعث تقریباً مکمل طور پر ختم ہو گیا۔ افغانستان تاریخی طور پر شمالی علاقوں کے سیمنٹ پروڈیوسرز کے لیے برآمدات کی اہم ترین منڈی رہا ہے۔

جنوبی زون کی برآمدات میں 9.4 فیصد اضافہ ہوا اور یہ 8.23 ملین ٹن تک پہنچ گئیں، تاہم مجموعی اعداد و شمار کے پیچھے اس خطے میں بھی نمایاں خلل موجود رہا، کیونکہ خطے میں جاری تنازع کے باعث مشرق وسطیٰ کو سیمنٹ کی ترسیلات محدود ہو گئیں۔

دریں اثنا، شمالی زون کے سیمنٹ کے حجم کو مقامی مارکیٹ کی جانب منتقل کیے جانے سے مسابقت میں مزید اضافہ ہوا، جس کے نتیجے میں اس خطے میں قیمتوں کے حوالے سے نظم و ضبط متاثر ہوا۔ پیداواری استعداد کے استعمال کی شرح 55.7 فیصد سے بہتر ہو کر 59.7 فیصد ہو گئی، جس میں مقامی ترسیلات کا حصہ 49.1 فیصد جبکہ برآمدات کا حصہ 10.7 فیصد رہا۔

## کاروباری کارکردگی کا جائزہ

آپ کی کمپنی کے کلن کے آپریشنل دنوں میں 1.5 فیصد اضافہ ہوا اور یہ 771 دن تک پہنچ گئے (FY25: 760 دن)۔ کلنر کی پیداوار کی شرح بھی بڑھ کر 78 فیصد ہو گئی (FY25: 75 فیصد)، جس کی بنیادی وجہ FY26 کے بیشتر عرصہ کے دوران ہب سائٹ پر 100 فیصد سے زائد

زیر جائزہ مالی سال میں بیرونی شعبے کا عدم توازن مزید وسیع ہوا۔ پاکستان کا تجارتی خسارہ 32.5 بلین امریکی ڈالر سے بڑھ کر 39.6 بلین امریکی ڈالر ہو گیا، جو 22.04 فیصد اضافہ ہے۔ اس کی بنیادی وجہ برآمدات میں 6.0 فیصد کمی کے باعث ان کا حجم 30.1 بلین امریکی ڈالر رہ جانا، جبکہ درآمدات میں 8 فیصد اضافہ ہونے سے ان کا حجم 69.8 بلین امریکی ڈالر تک پہنچنا تھا۔ صورتحال میں بگاڑ زیادہ تر سال کی دوسری ششماہی میں نمایاں ہوا، کیونکہ مشرق وسطیٰ میں تنازع کے شدت اختیار کرنے سے توانائی کی درآمدات کا بل نمایاں طور پر بڑھ گیا، جبکہ صنعتی اور صارفین کی طلب میں بحالی نے بھی درآمدی حجم میں اضافہ کیا۔ اس کے برعکس، برآمدات بدستور ساختی رکاوٹوں کا شکار رہیں؛ ٹیکسٹائل کی برآمدات مجموعی طور پر تقریباً مستحکم رہیں، جبکہ اس شعبے کو غیر مسابقتی توانائی نرخوں، مصنوعات کے محدود دائرہ کار اور مارکیٹوں میں محدود تنوع جیسے مسائل کا سامنا رہا۔

اس صورتحال کے باوجود، ورکرز کی ریکارڈ ترسیلات زرنے بیرونی شعبے کی مجموعی صورتحال کو بڑی حد تک مستحکم رکھا، جبکہ حقیقی مجموعی ملکی پیداوار (GDP) میں 3.7 فیصد اضافہ ہوا، جو گزشتہ چار سال میں سب سے تیز رفتار شرح نمو ہے۔ تاہم، آپ کے ڈائریکٹرز کے نزدیک یہ توازن نہایت نازک ہے۔ مشرق وسطیٰ میں طویل تنازع، سیلاب کے باعث زراعت اور سپلائی چینز میں خلل، اور ترسیلات زر کی شرح نمو میں کمی بھی قسم کی کمی، بنیادی منفی خطرات ہیں۔ تجارتی خسارے میں پائیدار کمی کا انحصار برآمدات میں تنوع، مسابقتی توانائی نرخوں اور درآمدات پر انحصار میں کمی پر ہے۔

## سیمنٹ کی صنعت کی ترسیلات اور تجزیہ

جہاں تک سیمنٹ کی صنعت کا تعلق ہے، مالی سال 2026 کے دوران سیمنٹ کی مجموعی ترسیلات میں 7.2 فیصد اضافہ ہوا اور یہ 50.52 ملین ٹن تک پہنچ گئیں، جبکہ گزشتہ سال کی اسی مدت میں یہ 47.12 ملین ٹن تھیں۔ یہ نمونہ مکمل طور پر مقامی مارکیٹ کی وجہ سے ہوئی، جہاں ترسیلات 9.5 فیصد بڑھ کر 41.51 ملین ٹن ہو گئیں، جبکہ FY25 میں یہ 37.91 ملین ٹن تھیں۔ اس طرح FY25 میں ریکارڈ کی گئی 2.1 فیصد کمی

## حصص داران کیلئے ڈائریکٹرز کی رپورٹ

ڈی جی خان سینٹ کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز اپنے حصص داران کو 30 جون 2026 مختتمہ سال کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ مالی کارکردگی کا خلاصہ حسب ذیل میں دیا گیا ہے:

| مالی سال 2025            | مالی سال 2026 |                                          |
|--------------------------|---------------|------------------------------------------|
| پاکستانی روپے ہزاروں میں |               |                                          |
| 71,892,837               | 79,562,656    | فروخت                                    |
| (53,387,166)             | (58,830,087)  | قیمت فروخت                               |
| 18,505,671               | 20,732,569    | مجموعی منافع                             |
| (1,294,974)              | (1,646,541)   | انتظامی اخراجات                          |
| (3,874,688)              | (4,173,154)   | فروخت اور تقسیم کے اخراجات               |
| (6,899)                  | 85,405        | مالی اثاثوں پر خالص قرضی ازالے / (نقصان) |
| (725,663)                | (1,068,854)   | دیگر معاملاتی اخراجات                    |
| 4,271,570                | 4,663,270     | دیگر آمدنی                               |
| (3,870,405)              | (1,275,708)   | مالی لاگت                                |
| 13,004,612               | 17,316,987    | ٹیکسیشن اور لیوی سے قبل منافع            |
| (577,125)                | (651,230)     | لیوی                                     |
| 12,427,487               | 16,665,757    | انکم ٹیکس سے قبل منافع                   |
| (3,752,428)              | (5,240,372)   | انکم ٹیکس                                |
| 8,675,059                | 11,425,385    | سال کے لئے منافع                         |

اس سال کے لئے آپ کی کمپنی کی پیداوار اور فروخت حجم کے اعداد و شمار درج ذیل ہیں:

| مالی سال 2025             | مالی سال 2026 |                                  |
|---------------------------|---------------|----------------------------------|
| اعداد و شمار میٹرک ٹن میں |               | پیداوار                          |
| 5,057,323                 | 5,227,714     | کلنکر کی پیداوار                 |
| 3,753,504                 | 4,280,980     | سینٹ کی پیداوار                  |
|                           |               | فروخت                            |
| 3,710,160                 | 4,262,907     | کل فروخت                         |
| 3,467,321                 | 3,617,295     | مقامی فروخت (علاوہ ذاتی استعمال) |
| 242,839                   | 645,612       | برآمد فروخت                      |
| 1,576,625                 | 1,259,558     | کلنکر فروخت                      |

|        |        |       |
|--------|--------|-------|
| 19.80  | 26.08  | GP%   |
| 25.74% | 26.06% | PBT % |
| 18.09% | 21.77% | PAT%  |
| 12.07% | 14.36% | EPS   |



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of **D. G. Khan Cement Company Limited** ("the Company") will be held on October 27, 2026 (Tuesday) at 11:30 A.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2026 together with the Chairperson's Review, Directors' and Auditors' reports thereon.

<https://www.dgcement.com/financial-reports/DGAnnual2026.pdf>

2. To approve final cash dividend at the rate of PKR 1.00 per share i.e. 10% for the year ended June 30, 2026, as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year 2026-27 and fix their remuneration.



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Annual Report 2026

By order of the Board

(KHALID MAHMOOD CHOCHAN)  
COMPANY SECRETARY

Lahore  
September 30, 2026

### NOTES:

### BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from **20-10-2026 to 27-10-2026 (both days inclusive)** for entitlement of **10% Final Cash Dividend [i.e. Re.1/- (Rupee One Only) Per Ordinary Share]** for the year ended June 30, 2026 and attending and voting at Annual General Meeting and the dividend will be paid to the shareholders whose names shall appear in the Register of Members at close of business on October 19, 2026. Physical transfers/CDS Transactions IDs received in order in all respects upto 1:00 p.m. on 19-10-2026 at the office of Share Registrar, THK Associates (Pvt) Limited, **Karachi Office**, 32-C, Jami Commercial Street No.2, DHA Phase VII, Karachi, **Lahore Office**, THK Associates (Pvt) Ltd. Office No. 309, 3rd Floor, North Tower, LSE Building, 19-Shahrah-e-Aiwan-e-Iqbal, Lahore shall be considered in time for entitlement of above said 10% Final Cash Dividend and attending of AGM.

### NO GIFTS WILL BE DISTRIBUTED AT THE MEETING

### ATTENDANCE AT MEETING

A member entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to do the aforesaid. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notorially attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. The proxy form in English and Urdu languages is attached. The same is also available on the Company's website: <https://www.dgcement.com>.

Members through book entry system under Central Depository Company of Pakistan Limited, are advised must to bring their original National Identity Cards / Passport along with copy of their particulars of CDC Account duly authenticated by the concerned Participant/Investor Account Services for verification and also follow the under mentioned guidelines as

laid down by the Securities and Exchange Commission of Pakistan under Circular No.1 of 2000:

### A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport along with copy of CDC Account Registration details duly authenticated by the concerned Participant/Investor Account Services at the time of attending the Meeting.
- b. In case of corporate entity, the person attending the meeting on behalf of the corporate entity must produce Board Resolution duly certified by the Chief Executive Officer/Director and/or a duly notarized power of attorney in his favor along with copy of proxy form submitted with the Company, the Board Resolution/Power of Attorney must contain specimen signature of the person attending meeting.

### B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners, proxy holder and witnesses shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, Board Resolution duly certified by the Chief Executive Officer/Director and/or a duly notarized power of attorney in favor of proxy holder along with proxy form to the Company The Board Resolution/Power of Attorney must contain specimen signature of proxy holder.

**MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:**

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.

[illegible]

**Signature of Shareholder**

**Exemption of Withholding Tax:**

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, THK Associates (Private) Limited up to October 20, 2026.

**Zakat Declaration (CZ-50):**

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Any shareholder who wants to claim exemption shall submit his / her Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 on prescribed Form CZ-50, to our Share Registrar, M/s. THK Associates (Private) Limited **otherwise no exemption will be granted.** The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective Folio Numbers / CDC Account Numbers.

**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](http://www.dgcement.com) and send the form, duly signed by the shareholder, along with copy of his/her CNIC to the Company's Share Registrar M/s THK Associates (Pvt) Limited.

**Unclaimed Dividend / Shares**

Shareholders who have not collected their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any, by updating their IBAN details.

**Video Link Facility for Meeting:-**

To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at [kchohan@dgcement.com](mailto:kchohan@dgcement.com) or [smahmood@dgcement.com](mailto:smahmood@dgcement.com) by October 20 2026.

| Name of Member/<br>Proxyholder | CNIC No. | Folio No. / CDC<br>Account No. | Cell No.<br>Whatsapp No. | Email ID |
|--------------------------------|----------|--------------------------------|--------------------------|----------|
|                                |          |                                |                          |          |
|                                |          |                                |                          |          |
|                                |          |                                |                          |          |

**Conversion of Physical Shares into Book Entry Form**

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at earliest.



## Form of Proxy

I /We \_\_\_\_\_

of \_\_\_\_\_

being a member of D.G. Khan Cement Company Limited, hereby appoint \_\_\_\_\_

\_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 27, 2026 (Tuesday) at 11:30 A.M. at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

Signed by the said member \_\_\_\_\_

Please affix  
revenue stamp  
Rs. 50

as witness may hand this \_\_\_\_\_ day of \_\_\_\_\_ 2026

Signature of witness .....

Signature of witness .....

Name .....

Name .....

Address .....

Address .....

.....

.....

CNIC # .....

CNIC # .....

Please quote:

| Folio No. | Shares held | CDC A/C. No. |
|-----------|-------------|--------------|
|           |             |              |

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time to holding the annual general meeting.





**D.G. KHAN CEMENT  
COMPANY LIMITED**

**AFFIX  
CORRECT  
POSTAGE**

Nishat House, 53-A, Lawrence Road,  
Lahore-Pakistan.  
UAN:+92-42-111-11-33-33

## پراکسی فارم

میں / ہم / مسماۃ / ساکن / ضلع \_\_\_\_\_  
بجائیت ممبر کمپنی، مسماۃ / ساکن / کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں  
مسماۃ / ساکن / کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ  
اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بتاریخ 27 اکتوبر 2026ء (بروز منگل) بوقت صبح 11:30 بجے امپوریم مال، دی نشاط ہوٹل، ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپورس سنٹر،  
عبداللہ روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

پچاس روپے کی ریونیو سٹمپ  
چسپاں کریں

دستخط: \_\_\_\_\_  
(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہئیں)

بتاریخ \_\_\_\_\_ دن \_\_\_\_\_ 2026ء

گواہ کوائف

گواہ کوائف

دستخط: \_\_\_\_\_

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

فولیو نمبر: \_\_\_\_\_

سی ڈی سی کھاتہ نمبر: \_\_\_\_\_

حصص کی تعداد: \_\_\_\_\_

اہم:

پراکسی فارم، کمپنی کے رجسٹرڈ آفس، نشاط ہاؤس، 53-A، لارنس روڈ، لاہور، میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرنا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔



**D.G. KHAN CEMENT  
COMPANY LIMITED**

**AFFIX  
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Nishat House, 53-A, Lawrence Road,  
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