

First
Quarter Report,
September 30,

2021

(Un-audited)



NISHAT



**D.G. KHAN CEMENT
COMPANY LIMITED**

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COMPANY INFORMATION

Board of Directors

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

Female Director 01
Male Directors 06

Audit Committee

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

Human Resource & Remuneration Committee

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

Management

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

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

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

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

Important Identification Numbers of Company

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

Company Products

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

HS Code

Clinker: 2523.1000 Cement: 2523.2900

Applicable Laws & Regulations

- Many laws and regulations apply to the Company including:
- The Companies Act
 - Stock Exchange Regulations
 - Code of Corporate Governance
 - International Accounting and Financial Reporting Standards
 - International Auditing Standards
 - Income Tax Law
 - Sales Tax Law
 - Excise Laws
 - Property Laws
 - Labour Laws
 - Health & Safety Laws
 - Environmental Laws
 - Banking Regulations, etc.

Company Rating

Long Term: AA -
Outlook: Stable
Rating Date: March 04, 2021

Short Term: A1+
Rating Agency: PACRA

Registered Office

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

Factories

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Phone: +92-543-650215-8 **Fax:** +92-543-650231

Chichae Gadani Main RCD, HUB Distt. Lasbela, Pakistan
UAN: +92 42 111 11 33 33

Share Registrar: THK Associates (Pvt) Ltd

Head Office, Karachi
Plot No. 32-C, Jami Commercial
Street No. 2, DHA Phase-VII,
Karachi 75500.

UAN: 021 111 000 322
Tel: 021 353 10 191, **Fax:** 021 353 10 190

Branch Office, Lahore
Siddique Trade Centre,
Office No. PL-29, PL Floor,
72 Main Boulevard,
Gulberg II, Lahore

Phone: +92 42 3578 1682

For Investors' Information, Comments, Inquiries, Complaints

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

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

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

Directors' Report

The directors of your company are pleased to present you the results of Q1 FY22:

	Q1 FY22	Q1 FY21
	Rupees in '000'	
Sales	11,152,534	10,514,435
Cost of sales	(9,053,792)	(9,506,751)
Gross profit	2,098,742	1,007,684
Administrative expenses	(185,470)	(153,659)
Selling and distribution expenses	(317,366)	(608,891)
Other expenses	(225,681)	(1,501)
Other income	543,221	70,303
Finance cost	(735,779)	(771,416)
Profit/(loss) before taxation	1,177,667	(457,480)
Taxation	(269,643)	106,588
Profit/(loss) for the period	908,024	(350,892)

EPS (Rs/share)	2.07	-0.80
GP%	18.82%	9.58%
PBT%	10.56%	-4.35%
PAT%	8.14%	-3.34%

Production and Sales volumetric data is as under:

	Q1 FY22	Q1 FY21
	in MT	
Production:		
Clinker	1,476,428	1,213,078
Cement	1,223,231	1,237,888
Sales:		
Total Cement	1,237,774	1,241,985
Local Cement (excluding own consumption)	1,180,258	1,235,518
Export Cement	57,516	6,467
Clinker Sale	211,989	663,907

FY22 started off with Government ambitious ride to achieve high growth numbers at macro-economic levels. High PSDP expenditure was budgeted. Agriculture sector was heavily incentivized with 'Kisan card', high support prices, laws relating to timely payments to farmers and National Agriculture Emergency program. Construction sector was also focused with subsidies on housing loans, extension in tax amnesty and through regulatory enforcement by State Bank of Pakistan. New concept of 'Bottom-up' approach was introduced through 'Kamyab Jawan Program' to uplift the lower and middle class segments of the society. However, this growth is exposed to fault lines in our economy. Current account deficit started showing signs of weakness in last quarter of FY21 that carried on in the current year. Further, worldwide inflation in commodity (particularly coal) and edible oil prices added fuel to fire. As a result, PKR devalued by 8% since June 21. Impact of inflation intensified. SBP took policy decision to slightly increase discount rate by 0.25% to mitigate the impact of inflation. These factors contributed towards increase in related costs across all industries.

In volume terms, total sales quantity of industry witnessed decline of 0.7 million tons (5.5%) QOQ to 12.8 million tons. North zone registered negative growth of 0.2 million tons (2%) against South Zone of 0.5 million tons (15.5%). Further analysis shows that negative growth was driven by exports that declined 1.2 million tons (43%) while local dispatches registered modest growth of 0.5 million tons (4%) to 11 million tons. Sales utilization of industry declined to 74% against 79% for the corresponding period last year. It was largely contributed by local sales of 65% against exports sales utilization of 9%.

Kiln operational days of your Company increased by 8% from 208 days to 224 days due to less number of scheduled shutdown days this year. Consequently, clinker production % remained high to 88% (Q1FY21: 72%). Sales utilization of your Company declined to 86% (Q1FY21: 113%) mainly due to export of clinker largely from the piling clinker stock last year. Clinker was exported to contribute towards fixed costs earning valuable foreign exchange of USD 9.5 million from July-September 2021.

Sales, in value terms, registered growth primarily due to stable local cement prices. GP% improved due to low clinker production last year resulting higher per unit cost. Selling expenses decrease was associated with the decline in clinker exports. Currency devaluation resulted in higher exchange loss on account of import of coal; the effect is visible in Other expenses. Other income increase was mainly due to dividend from MCB which was not received in the corresponding period last year due to restrictions from SBP. PSX-100 index declined by 5% since June 2021 resulting in fall in share prices of listed investments and Fair Value loss of 1.2 billion in Other Comprehensive Income. Consolidated EPS is Rs 2.33/share with further contribution of profitability from both paper and dairy segments.

As vaccination rate across the world increases, global economy has picked up its growth momentum more rapidly than expected. This brings challenges with it. High demand and supply chain issues are pulling commodity prices upward. Particularly, coal has peaked beyond USD 250/ton, all time high. The effect of high coal prices shall be visible in the coming months. This global inflation is causing serious challenges to Pakistan economy. If situation persists, PKR may further devalue causing inflation and high energy prices. TERF related imports are also in pipeline that may put further pressure on Current Account Deficit. Interest rates may rise further keeping in view inflation numbers. Whole of this cost pressure is expected to be passed on to consumers otherwise it may squeeze the Company's margins. Situation in Afghanistan is volatile and may attract international pressure on Pakistan that may have potential for overall business environment. Rising inflation and cement prices may also affect demand

of cement on back of housing loans and may affect cement dispatches volume. On positive side, agriculture sector is registering positive growth for its Kharif crops (mainly cotton). This may boost construction activity in rural areas. Coal Fired Power plant at Hub site has commenced its operations in September 2021, making our plant at Hub site self-sufficient and energy efficient.

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

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.

Following are the directors of the Company:

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

Female Directors:	01
Male Directors:	06

Audit Committee

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

Human Resource & Remuneration Committee

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

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

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.

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.

The Directors of your company state that the system of internal control is sound in design and has been effectively implemented and monitored. Significant deviations from last period in operating results of the company are highlighted and reasoned in other parts of Directors report.

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
October 25, 2021

کمپنی یا اس کی ذیلی کمپنیوں یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہے کے کاروبار کی نوعیت سے متعلقہ کوئی تبدیلیاں نہیں ہیں جو زیر جائزہ مدت کے دوران رونما ہوئی ہوں۔

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسکی مؤثر طریقہ سے عملدرآمد اور نگرانی کی جاتی ہے۔ کمپنی کے آپریٹنگ نتائج میں گزشتہ مدت سے اہم تغیرات ڈائریکٹرز رپورٹ کے دیگر حصوں میں اجاگر کئے گئے ہیں اور وجوہات بیان کی گئی ہیں۔

ہم اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

منجانب بورڈ

David Jazal

فریڈ نواری فضل

ڈائریکٹر

رضانا شاہ

رضانا شاہ

چیف ایگزیکٹو آفیسر

لاہور

25 اکتوبر 2021ء

مندرجہ ذیل کمپنی کے ڈائریکٹرز ہیں:

محترمہ نازمشا (چیئر پرسن)	نان ایگزیکٹو
جناب رضاشا	ایگزیکٹو
جناب خالد نیاز خوبہ	آزاد
جناب اسامہ محمود	نان ایگزیکٹو
جناب محمود اختر	نان ایگزیکٹو
جناب فرید نور علی فضل	ایگزیکٹو
جناب شہزاد احمد ملک	نان ایگزیکٹو
خاتون ڈائریکٹرز:	01
مرد ڈائریکٹرز:	06

آڈٹ کمیٹی

جناب خالد نیاز خوبہ	چیئرمین
جناب اسامہ محمود	رکن
جناب محمود اختر	رکن

ہیومن ریسورس اینڈ ریلیشن کمٹی

جناب خالد نیاز خوبہ	چیئرمین
جناب رضاشا	رکن
جناب شہزاد احمد ملک	رکن

اختتام پذیر مدت کی حیثیت کو متاثر کرنے والے کوئی بعد از پبلش شیٹ نمایاں واقعات رونما نہیں ہوئے ہیں۔

ہمارے پائمنس اور آپریشنز بین الاقوامی اور قومی ماحولیاتی معیارات کی تعمیل کر رہے ہیں۔ DGKC سوسائٹی اور ویلفیئر کی اپنی ذمہ داریوں کو مکمل طور پر پہنچاتی ہے۔ کمپنی نزدیکی آبادیوں کے لئے تعلیم، صحت، طبی اور آگ بجھانے کی سہولیات، واٹر سپلائی، نزدیکی علاقوں میں ایمر جنسی اور آفاقی حالات میں مدد، آگاہی مہمات وغیرہ پر خرچ کر رہی ہے۔

جیسے جیسے دنیا بھر میں ویکسینیشن کی شرح بڑھ رہی ہے، عالمی معیشت کی ترقی کی رفتار میں توقع سے زیادہ تیزی آرہی ہے۔ یہ اپنے ساتھ مشکلات بھی لارہی ہے۔ زیادہ طلب اور سپلائی چین کے مسائل اشیاء کی قیمتوں کو بڑھا رہے ہیں۔ خاص طور پر، کونڈ، جو کہ اب تک کی سب سے زیادہ 250 ڈالر/ٹن سے بھی اوپر پہنچ گیا ہے۔ کونڈ کی زیادہ قیمتوں کا اثر آنے والے مہینوں میں نظر آئے گا۔ یہ عالمی افراط زر پاکستانی معیشت کے لیے سنگین مشکلات کا باعث بن رہا ہے۔ اگر صورت حال برقرار رہی تو پاکستانی روپیہ کی قدر مہنگائی اور توانائی کی زیادہ قیمتوں کی وجہ سے مزید کم ہو سکتی ہے۔ TERF سے متعلقہ درآمدات بھی پائپ لائن میں ہیں جو کرنٹ اکاؤنٹ خسارے پر مزید دباؤ ڈال سکتی ہیں۔ افراط زر کی تعداد کو مد نظر رکھتے ہوئے شرح سود مزید بڑھ سکتی ہے۔ اس لاگت کا پورا دباؤ صارفین پر منتقل ہونے کی توقع ہے ورنہ یہ کمپنی کے مارجن کو کم کر سکتا ہے۔ افغانستان کی صورت حال غیر مستحکم ہے اور پاکستان پر بین الاقوامی دباؤ کو راغب کر سکتی ہے جو کہ مجموعی کاروباری ماحول کے لیے ممکن ہے۔ بڑھتی ہوئی افراط زر اور سینٹ کی قیمتیں ہاؤسنگ لون کی بناء پر سینٹ کی طلب اور سینٹ کی ترسیل کے حجم کو بھی متاثر کر سکتی ہیں۔ مثبت پہلو پر، زراعت کا شعبہ اپنی خریف فصلوں (بنیادی طور پر کپاس) کے لیے مثبت نمودار کر رہا ہے۔ اس سے دیہی علاقوں میں تعمیراتی سرگرمیوں کو فروغ مل سکتا ہے۔ جب سائٹ پر کونڈ سے چلنے والے پاور پلانٹ نے ستمبر 2021 میں اپنے آپریٹنگز کا آغاز کر دیا ہے، جس نے جب سائٹ پر ہمارے پلانٹ کو خود کفیل اور توانائی موثر بنا دیا ہے۔

کمپنی کی بنیادی سرگرمی سینٹ کی تیاری 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

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 کو معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

مالی سال 22 کا آغاز میکرو اکنامک سطح پر اعلیٰ نمو حاصل کرنے کے لئے حکومت کے بلند نقطہ نظر کے ساتھ ہوا۔ زیادہ پی ایس ڈی پی اخراجات کا تخمینہ لگایا گیا۔ زراعت کے شعبے کو 'کسان کارڈ'، اعلیٰ معاون قیمتوں، کسانوں کو بروقت ادائیگی سے متعلق قوانین اور قومی زرعی ایمر جنسی پروگرام سے بہت زیادہ اعانت دی گئی۔ تعمیراتی شعبہ ہاؤسنگ لوئز پرسسڈی، ٹیکس ایمنسٹی میں توسیع اور سٹیٹ بینک آف پاکستان کی جانب سے ریگولیٹری کے نفاذ کے ذریعے توجہ کا مرکز رہا۔ معاشرے کے نچلے اور متوسط طبقے کو بلند کرنے کے لیے 'کامیاب جوان پروگرام' کے ذریعے 'Bottom-up' اپروچ کا نیا تصور متعارف کرایا گیا۔ تاہم، یہ نمو ہماری معیشت میں فالٹ لائنز کی وضاحت کرتی ہے۔ کرنٹ اکاؤنٹ خسارے نے مالی سال 21 کی آخری سہ ماہی میں کمی کے آثار دکھانا شروع کیے جو کہ رواں سال جاری رہے گا۔ مزید یہ کہ دنیا بھر میں اشیاء (خاص طور پر کوئلہ) اور خوردنی تیل کی قیمتوں میں افراتفرز میں تیزی سے اضافہ ہوا۔ اس کے نتیجے میں، جون 21 تک پاکستانی روپیہ کی قدر میں 8 فیصد کمی ہوئی۔ مہنگائی کے اثرات میں اضافہ ہوا۔ اسٹیٹ بینک نے افراط زر کے اثرات کو کم کرنے کے لیے ڈسکاؤنٹ شرح میں 0.25 فیصد معمولی اضافہ کرنے کا پالیسی فیصلہ کیا۔ ان عوامل نے تمام صنعتوں میں متعلقہ اخراجات میں اضافے کا اشارہ دکھایا ہے۔

جم کے لحاظ سے، صنعت کی کل فروخت مقدار میں 0.7 ملین ٹن (5.5 فیصد) سے 12.8 ملین ٹن تک سرمایہ بنیاد پر کمی ہوئی ہے۔ جنوبی زون میں 0.5 ملین ٹن (15.5 فیصد) منفی نمو کے مقابلہ شالی زون نے 0.2 ملین ٹن (2 فیصد) منفی نمو درج کرائی۔ مزید تجزیہ سے ظاہر ہوتا ہے کہ یہ نمو برآمدات کی وجہ سے ہوئی جو کہ 1.2 ملین ٹن (43 فیصد) کم ہوئی ہے جبکہ مقامی ترسیلات نے 0.5 ملین ٹن (4 فیصد) سے 11 ملین ٹن کی معمولی نمو درج کرائی ہے۔ گزشتہ سال کی اسی مدت کے دوران صنعت کی مستعمل فروخت میں 79 فیصد کے مقابلے 74 فیصد تک کمی ہوئی۔ اس میں 9 فیصد کی مستعمل فروخت برآمدات کے مقابلے میں مقامی فروخت نے 65 فیصد کا حصہ شامل کیا۔

اس سال شیڈول کی بندش میں کمی کی وجہ سے آپ کی کمپنی کے کلن آپریشنل دنوں میں 208 دن سے بڑھ کر 224 دن ہوئے جو کہ 8 فیصد زیادہ واقع ہوئے ہیں۔ اس کے نتیجے میں کلنگر کی پیداوار اوسطاً 88 فیصد (72:Q1FY21) زیادہ رہی۔ کمپنی کی مستعمل فروخت 86 فیصد (113:Q1FY21) کم ہوئی جس کی بنیادی وجہ گزشتہ سال کے پائنگ کلنگر اسٹاک سے زیادہ تر کلنگر برآمد ہونا ہے۔ جولائی تا ستمبر 2021 کے دوران 9.5 ملین امریکی ڈالر کا قیمتی زر مبادلہ حاصل کر کے مقررہ اخراجات میں حصہ شامل کرنے کے لئے برآمد کیا گیا۔

فروخت کی قیمت کے لحاظ سے، بنیادی طور پر سینٹ کی مقامی مستعمل قیمتوں کی وجہ سے نمو درج کی گئی۔ نی نیونٹ لاگت زیادہ ہونے کے نتیجے گزشتہ سال کلنگر کی کم پیداوار کے باعث جی پی فیصد میں بہتری ہوئی ہے۔ فروخت کے اخراجات میں کمی کلنگر کی برآمدات میں کمی سے وابستہ تھی۔ کرنسی کی قدر میں کمی کے نتیجے کوئلہ کی درآمد کی مدد میں زر مبادلہ کا نقصان زیادہ ہوا، جس کا اثر دیگر اخراجات میں نمایاں ہے۔ دیگر آمدنی میں اضافہ بنیادی طور پر MCB سے ڈیویڈنڈ کی وجہ سے تھا جو SBP کی طرف سے پابندیوں کی وجہ سے گزشتہ سال کی اسی مدت میں وصول نہیں ہوا تھا۔ PSX-100 انڈیکس میں جون 2021 تک 5 فیصد کمی ہوئی جس کے نتیجے لیسڈ سرمایہ کاریوں کی شیئر قیمتوں میں کمی اور دیگر مجموعی آمدنی میں 1.2 ملین کانفیڈریٹیو خسارہ ہوا۔ سپر اور ڈیری سیکٹرز دونوں حصوں سے منافع کی مزید شراکت کے ساتھ مجموعی ای پی ایس 2.33 روپے/شیئر ہے۔

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو مالی سال 22 کی پہلی سہ ماہی کے نتائج پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

پہلی سہ ماہی مالی سال 2021	پہلی سہ ماہی مالی سال 2022	
روپے ہزاروں میں		
10,514,435	11,152,534	فروخت
(9,506,751)	(9,053,792)	قیمت فروخت
1,007,684	2,098,742	مجموعی منافع
(153,659)	(185,470)	انتظامی اخراجات
(608,891)	(317,366)	فروخت اور تقسیم کے اخراجات
(1,501)	(225,681)	دیگر معاملاتی اخراجات
70,303	543,221	دیگر آمدنی
(771,416)	(735,779)	مالی لاگت
(457,480)	1,177,667	ٹیکسیشن سے پہلے (نقصان) / فائدہ
106,588	(269,643)	ٹیکسیشن
(350,892)	908,024	موجودہ مدت کے لئے (نقصان) / فائدہ
-0.80	2.07	EPS (روپے فی شیئر)
9.58%	18.82%	GP %
-4.35%	10.56%	PBT %
-3.34%	8.14%	PAT %

اس سال کے لئے آپ کی کمپنی کی پیداوار اور فروخت حجم کے اعداد و شمار درج ذیل ہیں:

پہلی سہ ماہی مالی سال 2021	پہلی سہ ماہی مالی سال 2022	
اعداد و شمار میٹرک ٹن میں		پیداوار
1,213,078	1,476,428	کلنکر کی پیداوار
1,237,888	1,223,231	سیمنٹ کی پیداوار
		فروخت
1,241,985	1,237,774	سیمنٹ کی کل فروخت
1,235,518	1,180,258	سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)
6,467	57,516	سیمنٹ کی برآمد فروخت
663,907	211,989	کلنکر کی فروخت

Unconsolidated Condensed Interim Statement of Financial Position

	Note	September 30, 2021 unaudited (Rupees in thousand)	June 30, 2021 audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (2021: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2021: 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 (2021: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Other reserves		29,082,103	30,280,119
Revenue reserve: Un-appropriated profits		39,724,587	38,816,563
		73,187,881	73,477,873
NON-CURRENT LIABILITIES			
Long term finances - secured	6	19,330,348	19,300,064
Deferred income - Government grant	7	604,443	664,504
Long term deposits		241,272	246,992
Deferred liabilities		539,100	530,803
Deferred taxation		3,412,003	3,378,941
		24,127,166	24,121,304
CURRENT LIABILITIES			
Trade and other payables		10,415,282	14,923,151
Accrued markup		647,071	507,769
Short term borrowings - secured		21,278,613	18,362,050
Current portion of non-current liabilities		6,542,959	6,433,943
Unclaimed dividend		33,264	33,517
Provision for taxation		35,090	35,090
		38,952,279	40,295,520
Contingencies and Commitments	8	-	-
		136,267,326	137,894,697

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.



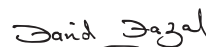
Chief Executive

As At September 30, 2021

	Note	September 30, 2021 unaudited (Rupees in thousand)	June 30, 2021 audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	84,911,637	85,020,109
Investments	10	15,507,955	15,965,811
Long term loans, advances and deposits		57,513	57,513
		<u>100,477,105</u>	<u>101,043,433</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		11,302,420	12,879,348
Stock-in-trade		3,938,367	2,728,589
Trade debts		2,208,435	1,676,245
Investments		12,206,626	12,946,786
Loans, advances, deposits, prepayments and other receivables		369,532	488,566
Loan to related party	11	765,000	765,000
Income tax receivable		4,706,423	4,560,357
Cash and bank balances		293,418	806,373
		<u>35,790,221</u>	<u>36,851,264</u>
		<u><u>136,267,326</u></u>	<u><u>137,894,697</u></u>



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quarter ended September 30, 2021 (Un-audited)

	Note	July to September	
		2021	2020
(Rupees in thousand)			
Sales		11,152,534	10,514,435
Cost of sales		(9,053,792)	(9,506,751)
Gross profit		2,098,742	1,007,684
Administrative expenses		(185,470)	(153,659)
Selling and distribution expenses		(317,366)	(608,891)
Other expenses		(225,681)	(1,501)
Other income		543,221	70,303
Finance cost		(735,779)	(771,416)
Profit/(loss) before taxation		1,177,667	(457,480)
Taxation		(269,643)	106,588
Profit/(loss) for the period		908,024	(350,892)
Earnings/(loss) per share			
(basic and diluted - in Rupees)		2.07	(0.80)

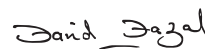
The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Quarter ended September 30, 2021 (Un-audited)

July to September
2021 **2020**
(Rupees in thousand)

Profit/(loss) for the period	908,024	(350,892)
Other comprehensive income/(loss) for the period - net of tax		
Items that may be reclassified subsequently to profit or loss:	-	-
Items that will not be reclassified subsequently to profit or loss:		
Change in fair value of investment at fair value through other comprehensive income (FVOCI)	(1,198,016)	2,174,602
Other comprehensive income/(loss) for the period	(1,198,016)	2,174,602
Total comprehensive income/(loss) for the period	(289,992)	1,823,710

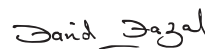
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Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Changes In Equity

For the Quarter ended September 30, 2021 (Un-audited)

	(Rupees in thousands)					
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	Revenue reserve	Total
Balance as at June 30, 2020 - Audited	4,381,191	4,557,163	17,244,158	353,510	5,071,827	35,036,308
Total comprehensive loss for the period	-	-	-	-	-	(350,892)
- Loss for the period	-	-	-	-	-	-
- Other comprehensive income for the period	-	-	-	-	-	-
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	2,174,602	-	-	-
	-	-	2,174,602	-	-	(350,892)
Balance as at September 30, 2020 - Unaudited	4,381,191	4,557,163	19,418,760	353,510	5,071,827	34,685,416
Balance as at June 30, 2021 - Audited	4,381,191	4,557,163	20,297,619	353,510	5,071,827	38,816,563
Total comprehensive loss for the period	-	-	-	-	-	908,024
- Profit for the period	-	-	-	-	-	-
- Other comprehensive loss for the period	-	-	-	-	-	-
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(1,198,016)	-	-	-
	-	-	(1,198,016)	-	-	908,024
Balance as at September 30, 2021 - Unaudited	4,381,191	4,557,163	19,099,603	353,510	5,071,827	39,724,587
						73,187,881

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

Unconsolidated Condensed Interim Cash Flow Statement

For the Quarter ended September 30, 2021 (Un-audited)

	Note	July to September	
		2021	2020
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	13	(2,158,052)	4,596,496
Finance cost paid		(596,477)	(890,304)
Retirement and other benefits paid		(77,322)	(70,172)
Income tax paid		(382,647)	(154,638)
Long term deposits - net		(5,720)	(4,076)
Net cash (outflow)/inflow from operating activities		(3,220,218)	3,477,306
Cash flows from investing activities			
Payments for property, plant and equipment		(816,779)	(1,320,653)
Proceeds from disposal of property, plant and equipment		-	1,542
Investments in equity instruments		-	(100,737)
Long term loans, advances and deposits - net		-	(1,441)
Interest received		16,251	16,729
Dividend received		512,244	-
Net cash outflow from investing activities		(288,284)	(1,404,560)
Cash flows from financing activities			
Repayment of long term finances		(1,420,763)	-
Proceeds from long term finances		1,500,000	2,009,842
Dividend paid		(253)	(152)
Net cash inflow from financing activities		78,984	2,009,690
Net (decrease)/increase in cash and cash equivalents		(3,429,518)	4,082,436
Cash and cash equivalents at the beginning of the period		(17,555,677)	(23,148,133)
Cash and cash equivalents at the end of the period	14	(20,985,195)	(19,065,697)

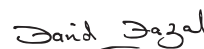
The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information - Unaudited

For the Quarter ended September 30, 2021

1. Status and nature of business

D. G. Khan Cement Company Limited (the 'Company') is a public company limited by shares incorporated in Pakistan in 1978 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore.

The Company is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. It has four cement plants, two plants located at Dera Ghazi Khan ('D.G. Khan'), one at Khairpur District, Chakwal ('Khairpur') and one at Hub District, Lasbela ('Hub').

2. Basis of preparation

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard ('IAS') 34, Interim Financial Reporting, issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These unconsolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the 'Act').

These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2021. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The Company is required to issue consolidated condensed interim financial statements along with its condensed interim separate financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Consolidated condensed interim financial statements are prepared separately.

3. Significant accounting policies

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the

preparation of preceding annual published financial statements of the Company for the year ended June 30, 2021 except for the adoption of new and amended standards as set out in note 3.2.

3.2 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 1, 2021, 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 condensed interim financial statements.

3.3 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 accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 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 condensed interim financial statements.

4. Accounting estimates

The preparation of these unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unconsolidated condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Company for the year ended June 30, 2021, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

5 Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

September 30, 2021	June 30, 2021
Un-audited	audited
(Rupees in thousand)	

6. Long term financing - secured

Long term loans	- note 6.1	25,578,679	25,430,767
Current portion shown under current liabilities		(6,248,331)	(6,130,703)
		19,330,348	19,300,064

6.1 The reconciliation of the carrying amount of long term loans is as follows:

	September 30, 2021	June 30, 2021
	Un-audited	audited
	(Rupees in thousand)	
Opening balance	26,357,794	23,982,621
Disbursements during the period/year	1,500,000	8,826,457
Repayments during the period/year	(1,420,763)	(6,451,284)
	<u>26,437,031</u>	<u>26,357,794</u>
Unamortized liability - note 6.1.1	(858,352)	(927,027)
Closing balance	<u>25,578,679</u>	<u>25,430,767</u>

6.1.1 The reconciliation of the carrying amount of unamortized liability is as follows:

Opening balance	927,027	-
Discounting adjustment for recognition at fair value - government grant	-	1,065,766
Unwinding of discount on liability	(68,675)	(138,739)
Closing balance	<u>858,352</u>	<u>927,027</u>

7. Deferred income - Government grant

This represents deferred grant recognized in respect of the benefit of below-market interest rate under State Bank of Pakistan's Islamic Refinance Scheme for Payment of Wages & Salaries and Islamic Temporary Economic Refinance Facility (ITERF). 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.

	September 30, 2021	June 30, 2021
	Un-audited	audited
	(Rupees in thousand)	
Deferred income - government grant as at	858,352	927,027
Current portion shown under current liabilities	(253,909)	(262,523)
	<u>604,443</u>	<u>664,504</u>

8. Contingencies and commitments

8.1 Contingencies

There is no significant change in contingencies from the preceding annual financial statements of the Company for the year ended June 30, 2021.

8.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 340.97 million (June 30, 2021: Rs 552.59 million).
- (ii) Letters of credit for capital expenditure Nil (June 30, 2021: Rs 28.43 million).
- (iii) Letters of credit other than capital expenditure Rs 263.741 million (June 30, 2021: Rs 947.98 million)

	September 30, 2021	June 30, 2021
	Un-audited	audited
	(Rupees in thousand)	

9. Property, plant and equipment

Operating fixed assets	- note 9.1	83,177,075	77,140,261
Capital work-in-progress	- note 9.2	1,567,052	7,726,720
Major spare parts and stand-by equipment		167,510	153,128
		84,911,637	85,020,109

9.1 Operating fixed assets

Opening book value		77,140,261	76,986,536
Additions during the period/year	- note 9.1.1	6,962,065	3,758,015
		84,102,326	80,744,551
Disposals during the period/year - at book value		-	(23,483)
Depreciation charged for the period/year		(925,251)	(3,580,807)
		(925,251)	(3,604,290)
Closing book value		83,177,075	77,140,261

September 30, 2021	June 30, 2021
Un-audited	audited
(Rupees in thousand)	

9.1.1 Additions during the period/year

Buildings on freehold land:		
- Factory buildings	776,349	405,065
- Office building and housing colony	161	338,324
Roads	-	14,221
Plant and machinery	6,144,462	2,853,206
Quarry equipment	410	44,764
Furniture and fittings	4,937	20,538
Office equipment	2,098	17,519
Vehicles	7,821	54,535
Power and water supply lines	25,827	9,843
	6,962,065	3,758,015

9.2 Capital work-in-progress

Civil works	849,864	1,457,071
Plant and machinery	547,547	5,864,018
Advances to suppliers and contractors	88,386	84,336
Others	81,255	321,295
	1,567,052	7,726,720

10. Investments

This includes Level 3 investments in Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited that are related parties on the basis of common directorship. The reconciliation of carrying amount of these investments is as follows:

September 30, 2021	June 30, 2021
Un-audited	audited
(Rupees in thousand)	

Carrying value of investments at the beginning of the period/year	5,700,229	2,364,787
Investments made during the period/year	-	201,230
Fair value gain recognized in other comprehensive income	-	3,134,212
Carrying value at the end of the period/year	5,700,229	5,700,229

11. Loan to related party - considered good

This represents loan to Nishat Hotels and Properties Limited ('NHPL'), a related party due to common directorship, for meeting its working capital requirements. The outstanding amount is due for repayment on October 28, 2021 in accordance with the extension granted in Annual General Meeting of the

Company held on October 28, 2020. It carried markup at the rate of 1 month KIBOR + 1% per annum. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Company.

12. 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.

		July to September 30,	
		2021	2020
		Un-audited	Un-audited
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
i. Subsidiary entities	Purchase of goods and services	473,267	475,991
	Rental income	242	232
	Sale of goods and services	18,435	7,368
ii. Investor	Sale of goods and services	33,541	7,521
	Purchase of goods and services	-	8
iii. Other related entities	Insurance premium	140,747	74,541
	Sale of goods and services	16,239	2,884
	Dividend income	511,386	-
	Purchase of goods and services	23,645	473
	Insurance claims received	149	-
	Mark-up income	16,409	16,146
	Purchase of shares	-	100,738
iv. Key management personnel	Salaries and other employment benefits	62,571	53,469
v. Post employment benefit plans	Expense charged in respect of defined benefit plan	52,935	42,936
	Expense charged in respect of defined contribution plan	28,722	23,880

September 30, 2021	June 30, 2021
Un-audited	audited
(Rupees in thousand)	

Period/year end balances

Payable to related parties

Trade and other payables

1,090,216	933,524
------------------	----------------

Receivable from related parties

Trade debts

51,966	16,222
--------	--------

Loan to related party

765,000	765,000
---------	---------

Mark-up receivable from related party

5,523	5,363
-------	-------

822,489	786,585
----------------	----------------

July to September 2021	2020
Un-audited	Un-audited
(Rupees in thousand)	

13. Cash generated from operations

Profit/(loss) before tax

1,177,667	(457,480)
-----------	-----------

Adjustments for non-cash charges and other items:

- Depreciation on operating fixed assets

925,251	876,092
---------	---------

- Loss/(gain) on disposal of operating fixed assets

-	(16)
---	------

- Dividend income

(512,244)	-
-----------	---

- Provision for retirement benefits

81,657	66,816
--------	--------

- Mark-up income

(16,409)	(16,146)
----------	----------

- Exchange loss/(gain)

136,900	(14,807)
---------	----------

- Finance cost

735,779	771,416
---------	---------

Profit before working capital changes

2,528,601	1,225,875
------------------	------------------

Effect on cash flow due to working capital changes:

- Decrease/(increase) in stores, spare parts and loose tools

1,576,928	995,388
-----------	---------

- Decrease/(increase) in stock-in-trade

(1,209,777)	2,345,191
-------------	-----------

- Decrease/(increase) in trade debts

(532,190)	259,004
-----------	---------

- Decrease in loans, advances, deposits,

prepayments and other receivables

119,194	296,289
---------	---------

- (Decrease)/increase in trade and other payables

(4,640,808)	(525,251)
-------------	-----------

(4,686,653)	3,370,621
-------------	-----------

(2,158,052)	4,596,496
--------------------	------------------

July to September	
2021	2020
Un-audited	Un-audited
(Rupees in thousand)	

14. Cash and cash equivalents

Short term borrowings - secured	(21,278,613)	(19,448,535)
Cash and bank balances	293,418	382,838
	<u>(20,985,195)</u>	<u>(19,065,697)</u>

15. Financial risk management

15.1 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.

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2021.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2021.

15.2 Fair value estimation

a) Fair value hierarchy

The different levels for fair value estimation used by the Company have been defined as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. 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 (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of 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. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed above. The following table presents the Company's financial assets measured and recognised at fair value at September 30, 2021 and June 30, 2021 on a recurring basis:

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(Rupees in thousand)			

Recurring fair value measurements

As at September 30, 2021

Assets

Investments - FVOCI	<u>19,594,429</u>	<u>-</u>	<u>5,700,229</u>	<u>25,294,658</u>
---------------------	-------------------	----------	------------------	-------------------

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(Rupees in thousand)			

As at June 30, 2021

Assets

Investments - FVOCI	<u>20,792,446</u>	<u>-</u>	<u>5,700,229</u>	<u>26,492,675</u>
---------------------	-------------------	----------	------------------	-------------------

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.

There were no transfers between Level 1, 2 and 3 during the period. There were no changes in valuation techniques during the period.

The Company did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at September 30, 2021.

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- for other financial instruments - discounted cash flow analysis.

c) Fair value measurements using significant unobservable inputs

The main level 3 inputs used by the Company to determine fair value of investment in Nishat Hotels and Properties Limited ('NHPL') and Hyundai Nishat Motor (Private) Limited ('HNMP') are derived and evaluated as follows.

- Discount rate is determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL and HNMP.

- Long term growth rate is estimated based on historical performance of NHPL and HNMPL and current market information for similar type of entities.

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

- Discount rate of 8.66% per annum.
- Long term growth rate of 4% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation at 6.00% per annum.

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

- Discount rate of 16.56%.
- Long term growth rate of 4% for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 5% per annum and revenues are linked to currency devaluation at 5% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2021 would be Rs 513.541 million and 277.029 million lower for NHPL and HNMPL respectively.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2021 would be Rs 342.708 million and 143.258 million lower for NHPL and HNMPL respectively.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2021 would be Rs 26.042 million and 497.135 million lower for NHPL and higher for HNMPL respectively.

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

16. Date of authorization for issue

These unconsolidated condensed interim financial statements were authorized for issue on October October 25, 2021 by the Board of Directors of the Company.

17. Corresponding figures

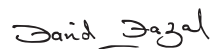
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the unconsolidated condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.



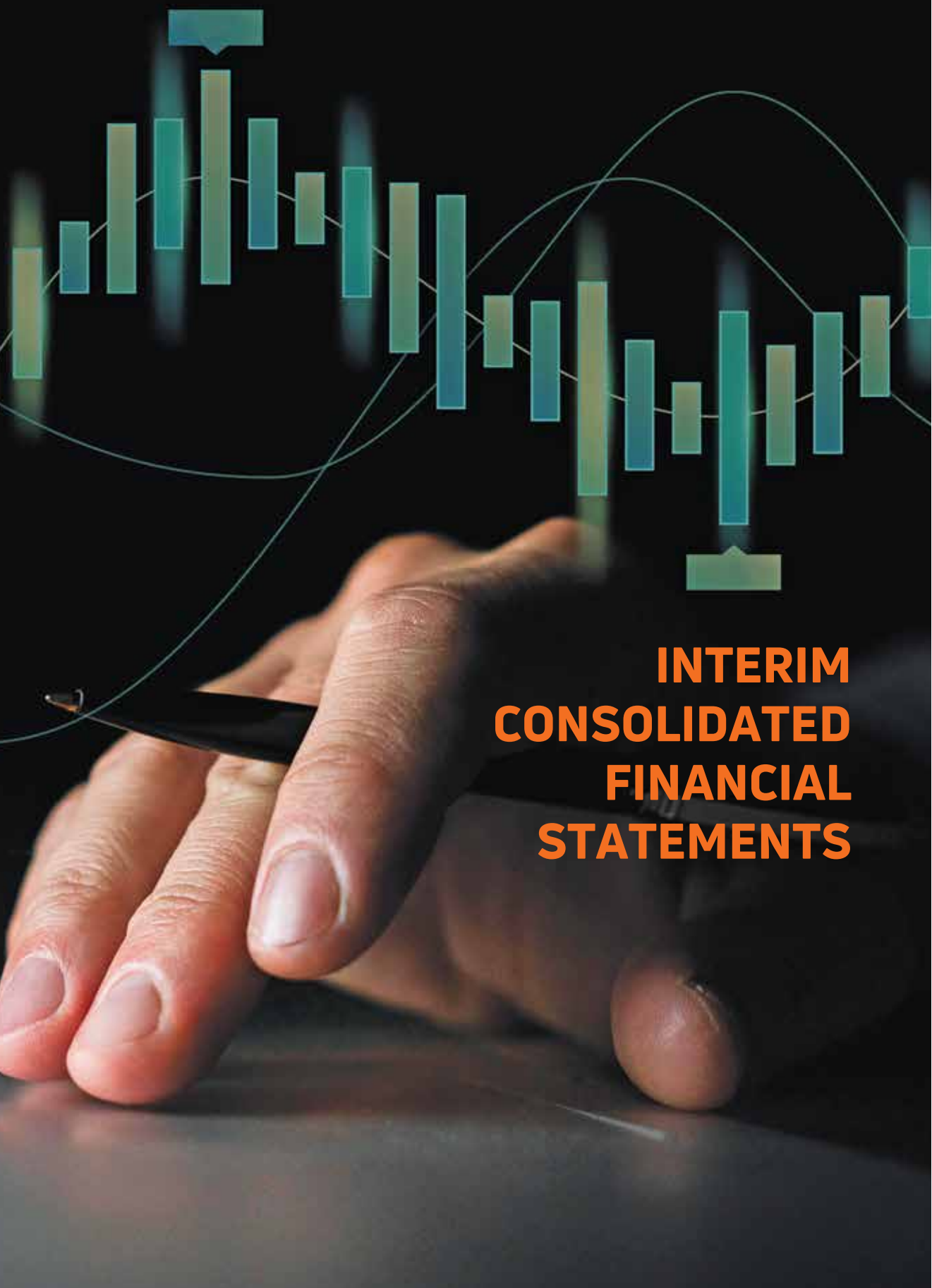
Chief Executive



Chief Financial Officer



Director



**INTERIM
CONSOLIDATED
FINANCIAL
STATEMENTS**

Consolidated Condensed Interim Statement of Financial Position

		September 30, 2021 unaudited	June 30, 2021 audited
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2021 : 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2021: 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 (2021 : 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		29,019,425	30,223,348
Un-appropriated profit		40,111,806	39,089,297
Attributable to owners of the parent company		73,512,422	73,693,836
Non-controlling interest		2,286,139	2,182,351
		75,798,561	75,876,187
NON-CURRENT LIABILITIES			
Long term finances - secured	5	19,780,440	19,821,227
Deferred government grant	6	604,575	664,636
Long term deposits		241,271	246,992
Deferred liabilities		539,100	530,803
Deferred taxation		3,817,402	3,784,340
		24,982,788	25,047,998
CURRENT LIABILITIES			
Trade and other payables		9,844,291	14,747,002
Accrued markup		694,429	553,468
Short term borrowing-secured		22,770,786	20,939,726
Loan from related party - unsecured		184,000	214,000
Current portion of non-current liabilities		6,763,202	6,654,320
Unclaimed dividend		33,264	33,517
Provision for taxation		35,090	35,090
		40,325,062	43,177,123
Contingencies and Commitments	7	141,106,411	144,101,308

The annexed notes 1 to 17 form an integral part of this consolidated condensed interim financial information.



Chief Executive

As At September 30, 2021

	Note	September 30, 2021 unaudited (Rupees in thousand)	June 30, 2021 audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	88,437,469	88,584,507
Biological assets		923,835	877,563
Investments	9	13,270,941	13,718,917
Long term loans to employees		-	4,601
Long term deposits		57,513	57,513
		102,689,758	103,243,101
CURRENT ASSETS			
Stores, spares and loose tools		11,531,355	13,102,583
Stock-in-trade		4,867,942	3,682,698
Trade debts		2,772,212	2,570,837
Investments	9	12,206,649	12,946,812
Advances, deposits, prepayments and other receivables		439,265	544,418
Loan to related party	10	765,000	765,000
Contract assets		146,159	113,862
Income tax recoverable		5,376,264	5,233,271
Cash and bank balances		311,807	1,898,726
		38,416,653	40,858,207
		141,106,411	144,101,308



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Profit or Loss

For Quarter ended September 30, 2021 (Un-audited)

	July to September	
	2021	2020
	(Rupees in thousand)	
Sales	11,993,891	11,341,852
Cost of sales	(9,602,055)	(10,215,967)
Gross profit	2,391,836	1,125,885
Administrative expenses	(217,938)	(173,382)
Selling and distribution expenses	(318,359)	(609,755)
Other expenses	(271,812)	(81,372)
Changes in fair value of biological assets	98,646	105,660
Other income	557,238	110,333
Finance cost	(782,587)	(830,741)
Profit/(loss) before taxation	1,457,024	(353,372)
Taxation	(325,894)	59,717
Profit/(loss) for the period	1,131,130	(293,655)
Attributable to:		
Equity holders of the parent	1,022,509	(322,610)
Non-controlling interest	108,621	28,955
	1,131,130	(293,655)
Earnings/(loss) per share		
(basic and diluted - in Rupees)	2.33	(0.74)


The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Comprehensive Income

For Quarter ended September 30, 2021 (Un-audited)


July to September
2021 **2020**
(Rupees in thousand)

Profit/(loss) for the period	1,131,130	(293,655)
Other comprehensive income / (loss) for the period		
Items that may be reclassified subsequently		
to profit or loss:	-	-
Items that will not be reclassified subsequently		
to profit or loss:		
Change in fair value of investments at fair value through other comprehensive income (OCI) - net of tax	(1,208,756)	2,185,030
Other comprehensive income / (loss) for the period	(1,208,756)	2,185,030
Total comprehensive income / (loss) for the period	(77,626)	1,891,375
Attributable to:		
Equity holders of parent	(181,414)	1,857,727
Non-controlling interest	103,788	33,648
	(77,626)	1,891,375

The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Consolidated Condensed Interim Statement of Changes In Equity

For Quarter ended September 30, 2021 (Un-audited)

(Rupees in thousands)

	Capital reserve				Revenue reserve			Total equity attributable to shareholders of parent company	Non-controlling interest	Total equity
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated profits				
Balance as at June 30, 2020 - Audited	4,381,191	4,557,163	17,150,139	353,510	5,110,851	35,104,580	66,657,434	2,016,356	68,673,790	
Total comprehensive income for the period	-	-	-	-	-	(322,610)	(322,610)	28,955	(293,655)	
- Loss for the period	-	-	-	-	-	-	-	-	-	
- Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	2,180,337	-	-	-	2,180,337	4,693	2,185,030	
	-	-	2,180,337	-	-	(322,610)	1,857,727	33,648	1,891,375	
Balance as at September 30, 2020 - Unaudited	4,381,191	4,557,163	19,330,476	353,510	5,110,851	34,781,970	68,515,161	2,050,004	70,565,165	
Balance as at June 30, 2021 - Audited	4,381,191	4,557,163	20,201,824	353,510	5,110,851	39,089,297	73,693,836	2,182,351	75,876,187	
Total comprehensive income for the period	-	-	-	-	-	1,022,509	1,022,509	108,621	1,131,130	
- Profit for the period	-	-	-	-	-	-	-	-	-	
- Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(1,203,923)	-	-	-	(1,203,923)	(4,833)	(1,208,756)	
	-	-	(1,203,923)	-	-	1,022,509	(181,414)	103,788	(77,626)	
Balance as at September 30, 2021 - Unaudited	4,381,191	4,557,163	18,997,901	353,510	5,110,851	40,111,806	73,512,422	2,286,139	75,798,561	

The annexed notes 1 to 17 form an integral part of this consolidated condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Consolidated Condensed Interim Cash Flow Statement

For Quarter ended September 30, 2021 (Un-audited)

	Note	July to September	
		2021	2020
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	12	(1,936,943)	5,144,951
Finance cost paid		(641,626)	(989,625)
Retirement and other benefits paid		(81,434)	(75,352)
Income tax paid		(435,825)	(68,984)
Long term deposits - net		(5,721)	(4,075)
Net cash (outflow)/inflow from operating activities		(3,101,549)	4,006,915
Cash flows from investing activities			
Payments for property, plant and equipment		(837,710)	(1,324,393)
Proceeds from disposal of property, plant and equipment		843	2,873
Long term loans, advances and deposits - net		-	(1,441)
Proceeds from sale of biological assets		26,145	41,185
Investment in equity instruments		(20,620)	(100,737)
Interest received		18,722	16,729
Dividend received		518,411	-
Net cash outflow from investing activities		(294,209)	(1,365,784)
Cash flows from financing activities			
Repayment of long term finances		(1,491,968)	-
Repayment of loan to related party		(30,000)	-
Dividend paid		(253)	(152)
Proceeds from long term finances		1,500,000	2,049,759
Net cash (outflow)/inflow from financing activities		(22,221)	2,049,607
Net decrease in cash and cash equivalents		(3,417,979)	4,690,738
Cash and cash equivalents at the beginning of the year		(19,041,000)	(25,161,534)
Cash and cash equivalents at the end of period	13	(22,458,979)	(20,470,796)

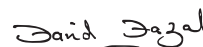
The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Notes to and Forming Part of The Consolidated Condensed Interim Financial Statements

For Quarter ended September 30, 2021

1. Legal status and nature of business

The group comprises of:

- D. G. Khan Cement Company Limited (the parent company);
- Nishat Paper Products Company Limited;
- Nishat Dairy (Private) Limited; and

The parent company is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. The registered office of the Company is situated at 53-A Lawrence Road, Lahore. The Company is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. It has four cement plants, two plants located at Dera Ghazi Khan ('D.G. Khan'), one at Khairpur District, Chakwal ('Khairpur') and one at Hub District, Lasbela ('Hub').

Nishat Paper Products Company Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on July 23, 2004. It is principally engaged in the manufacture and sale of paper products and packaging material.

Nishat Dairy (private) Limited was incorporated in Pakistan under the Companies Ordinance 1984 on October 28, 2011. The principally activity of the company is to carry on the business of production of raw milk.

The registered office of the Group is situated at 53-A, Lawrence Road, Lahore. The parent company's holding in its subsidiaries is as follows:

Effective percentage of holding

- Nishat Paper products Company Limited	55%
- Nishat Dairy (Private) Limited	55.10%

2. Basis of preparation

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These consolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the 'Act').

These consolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2021. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Group's financial position and performance since the last annual financial statements.

3. Significant accounting policies

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2021 except for adoption of new and amended standards as set out in note 3.2 and 3.3.

3.2 Standards, amendments and interpretations to International Financial Reporting Standards (IFRS) that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 1, 2021, 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 condensed interim financial statements.

3.3 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 accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

4. Accounting estimates

The preparation of these consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Group for the year ended June 30, 2021, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 4.1.

4.1 Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

September 30, 2021	June 30, 2021
Un-audited	audited
(Rupees in thousand)	

5. Long term finances

Long term loans	- note 5.1	26,249,014	26,170,436
Current portion shown under current liabilities		(6,468,573)	(6,349,209)
		19,780,441	19,821,227

5.1 The reconciliation of the carrying amount of long term loans is as follows:

Opening balance		27,098,736	24,728,690
Disbursements during the period		1,500,000	8,864,661
Repayment during the period		(1,491,968)	(6,494,615)
		27,106,768	27,098,736
Unamortized liability	- note 5.1.1	(857,754)	(928,300)
Closing balance		26,249,014	26,170,436

5.1.1 The reconciliation of the carrying amount of unamortized liability is as follows:

Opening balance		928,300	-
Discounting adjustment for recognition at fair value			
- government grant		-	1,071,316
Unwinding of discount on liability		(70,546)	(143,016)
Closing balance		857,754	928,300

6. Deferred income - Government grant

This represents deferred grant recognized in respect of the benefit of below-market interest rate under State Bank of Pakistan's Islamic Refinance Scheme for Payment of Wages & Salaries and Islamic Temporary Economic Refinance Facility (ITERF). The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Group has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans.

	September 30, 2021	June 30, 2021
	Un-audited	audited
	(Rupees in thousand)	
Deferred income - government grant as at	858,484	929,030
Current portion shown under current liabilities	(253,909)	(264,394)
	604,575	664,636

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

7. Contingencies and commitments

7.1 Contingencies

There is no significant change in contingencies from the preceding annual financial statements of the Group for the year ended June 30, 2021 except for the matter which is mentioned below:

- (i) A guarantee to Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs. 114.64 million (June 30, 2021: Rs 97.64 million).

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 340.97 million (June 30, 2021: Rs 552.595 million).
- (ii) Letters of credit for capital expenditure Nil (June 30, 2021: Rs 138.606 million).
- (iii) Letters of credit other than capital expenditure Rs 263.741 million (June 30, 2021: Rs 996.70 million).

		September 30, 2021	June 30, 2021
		Un-audited	audited
		(Rupees in thousand)	
Operating Assets	-note 8.1	86,657,716	80,610,944
Capital work-in-progress		1,612,243	7,820,435
Major spare parts and stand-by equipment		167,510	153,128
		88,437,469	88,584,507

8. Property, plant and equipment

	September 30, 2021	June 30, 2021
	Un-audited	audited
	(Rupees in thousand)	
8.1 Operating assets		
Opening book value	80,610,944	80,612,174
Add: Additions during the period/ year	7,031,520	3,840,504
	87,642,464	84,452,678
Less: Disposals during the period/ year - net book value	625	23,951
Depreciation charged during the period/ year	984,123	3,817,783
	984,748	3,841,734
Closing book value	86,657,716	80,610,944
8.1.1 Major additions during the period		
Free hold land	66,058	-
Building on freehold land	776,349	420,396
Office building and housing colony	161	338,325
Roads	-	14,222
Plant and machinery	6,145,012	2,886,706
Quarry equipment	410	20,538
Furniture, fixtures and equipment	7,429	65,586
Vehicles	10,274	84,538
Power and water supply lines	25,827	10,193
	7,031,520	3,840,504
8.2 Capital work-in-progress		
Civil works	890,602	1,548,573
Plant and machinery	552,000	5,866,231
Advances to suppliers and contractors	88,386	84,336
Others	81,255	321,295
	1,612,243	7,820,435

9. Investments

This includes Level 3 investments in Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited that are related parties on the basis of common directorship. The reconciliation of carrying amount of these investments is as follows:

	September 30, 2021	June 30, 2021
	Un-audited	audited
	(Rupees in thousand)	
Carrying value of investments at the beginning of the period/year	5,700,229	2,364,787
Investments made during the period/year	-	201,230
Fair value gain recognized in other comprehensive income	-	3,134,212
Carrying value at the end of the period/year	5,700,229	5,700,229

10. Loan to related party

This represents loan to Nishat Hotels and Properties Limited ('NHPL'), a related party due to common directorship, for meeting its working capital requirements. The outstanding amount is due for repayment on October 28, 2021 in accordance with the extension granted in Annual General Meeting of the Company held on October 28, 2020. It carried markup at the rate of 1 month KIBOR + 1% per annum. The loan is secured through corporate guarantee of 110% of the loan amount issued by NHPL in favour of the Group.

11. Transactions with related parties

The related parties include related parties on the basis of common directorship, group companies, key management personnel including directors 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) of that Group. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

		July to September 30, 2021			
		Un-audited	Un-audited		
		(Rupees in thousand)			
Relationship with the Group	Nature of transaction				
		Other related parties	Purchase of goods and services	53,466	14,510
			Purchase of shares	-	100,738
			Insurance premium	142,081	58,986
			Sale of goods	92,614	10,660
			Mark-up income	16,409	16,146
			Insurance claims received	149	-
			Dividend income	517,552	-
Key Management personnel	Salaries and other employment benefits	65,868	53,469		
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	89,731	71,996		

All transactions with related parties have been carried out on commercial terms and conditions.

July to September
2021 **2020**
(Rupees in thousand)

12. Cash flow from operating activities

Profit/(loss) before tax	1,457,024	(353,372)
Adjustment for:		
- Depreciation on property, plant and equipment	984,123	934,981
- Gain on disposal of operating fixed assets	(218)	(1,007)
- Net loss on disposal of biological assets	26,229	22,006
- Gain on changes in fair value biological asset	(98,646)	(105,660)
- (Gain)/loss on changes in fair value of investment through P&L	3	(7)
- Dividend income	(518,411)	-
- Retirement and other benefits accrued	89,731	71,996
- Markup income	(18,880)	(16,146)
- Exchange (gain) / loss - net	141,691	(5,226)
- Finance cost	782,587	830,741
Profit before working capital changes	2,845,233	1,378,306
Working capital changes		
- Decrease in stores, spares and loose tools	1,571,228	986,070
- Decrease/(increase) in stock-in-trade	(1,185,244)	2,636,406
- Decrease/(increase) in trade debts	(201,375)	1,273,832
- Increase in contract assets	(32,297)	(46,515)
- Decrease in advances, deposits, prepayments and other receivables	109,914	394,951
- Decrease in trade and other payables	(5,044,402)	(1,478,099)
Net working capital changes	(4,782,176)	3,766,645
Cash (used in)/ generated from operations	(1,936,943)	5,144,951

13. Cash and cash equivalents

Short term borrowings - secured	(22,770,786)	(21,299,150)
Cash and bank balances	311,807	828,354
Total cash and cash equivalents	(22,458,979)	(20,470,796)

14. Financial risk management

14.1 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 consolidated condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should

be read in conjunction with the group's annual financial statements as at June 30, 2021.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2021.

14.2 Fair value estimation

a) Fair value hierarchy

The different levels for fair value estimation used by the Group have been defined as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. 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 (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of 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. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed above. The following table presents the Group's financial assets measured and recognised at fair value at June 30, 2021 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at September 30, 2021				
Recurring fair value measurements				
Assets				
Investments - FVOCI	19,777,338	-	5,700,229	25,477,567
Investments - FVPL	23	-	-	23
Biological assets	-	-	923,835	923,835
As at June 30, 2021				
Assets				
Investments - FVOCI	20,965,474	-	5,700,229	26,665,703
Investments - FVPL	26	-	-	26
Biological assets	-	-	877,563	877,563

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.

There were no transfers between Level 1, 2 and 3 during the period. There were no changes in valuation techniques during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at September 30, 2021.

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- for other financial instruments - discounted cash flow analysis.

c) Fair value measurements using significant unobservable inputs

The main level 3 inputs used by the Company to determine fair value of investment in Nishat Hotels and Properties Limited ('NHPL') and Hyundai Nishat Motor (Private) Limited ('HNMPL') are derived and evaluated as follows.

- Discount rate is determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to NHPL and HNMPL.
- Long term growth rate is estimated based on historical performance of NHPL and HNMPL and current market information for similar type of entities.

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

- Discount rate of 8.66% per annum.
- Long term growth rate of 4% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation at 6.00% per annum.

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

- Discount rate of 16.56%.
- Long term growth rate of 4% for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 5% per annum and revenues are linked to currency devaluation at 5% per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2021 would be Rs 513.541 million and 277.029 million lower for NHPL and HNMPL respectively.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2021 would be Rs 342.708 million and 143.258 million lower for NHPL and HNMPL respectively.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2021 would be Rs 26.042 million and 497.135 million lower for NHPL and HNMPL respectively.

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

15. Operating segments

Segment information is presented in respect of the group's business. The primary format, business segment, is based on the group's management reporting structure.

The group's operations comprise of the following main business segment types:

Type of segments Nature of business

Cement	Production and sale of clinker, Ordinary Portland and Sulphate Resistant Cements.
Paper	Manufacture and supply of paper products and packing material.
Dairy	Production and sale of raw milk.

15.1 Segment analysis and reconciliation - condensed

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 IFRS's applicable to the consolidated financial statements. All group financial data are assigned to the operating segments.

July 1st to September 30 - Un-audited

Rupees in thousands	Cement		Paper		Dairy/Farm		Elimination - net		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue from										
- External Customers	11,152,258	10,513,974	276,402	412,990	565,231	414,888	-	-	11,993,891	11,341,852
- Inter-group	276	461	473,267	475,991	-	-	(473,543)	(476,452)	-	-
	11,152,534	10,514,435	749,669	888,981	565,231	414,888	(473,543)	(476,452)	11,993,891	11,341,852
Segment gross profit/(loss)	2,098,742	1,007,684	237,771	220,728	13,048	(42,127)	42,275	(60,400)	2,391,836	1,125,885
Segment expenses	(728,517)	(764,051)	(31,396)	(58,891)	(48,187)	(41,567)	(9)	-	(808,109)	(864,509)
Changes in fair value of										
biological assets	-	-	-	-	98,646	105,660	-	-	98,646	105,660
Other income	543,221	70,303	9,486	36,039	4,772	4,223	(241)	(232)	557,238	110,333
Financial charges	(735,779)	(771,416)	(46,440)	(57,894)	(368)	(1,431)	-	-	(782,587)	(830,741)
Taxation	(269,643)	106,588	(49,132)	(40,595)	(7,119)	(6,276)	-	-	(325,894)	59,717
Profit/(loss) after taxation	908,024	(350,892)	120,289	99,387	60,792	18,482	42,025	(60,632)	1,131,130	(293,655)
Depreciation	925,251	876,092	15,478	14,870	36,479	37,104	6,915	6,915	984,123	934,981
Capital expenditure	(816,779)	(1,320,653)	-	-	(20,931)	(3,740)	-	-	(837,710)	(1,324,393)
Net cash (outflow) / inflow										
from operating activities	(3,220,218)	3,477,306	238,597	659,943	(75,066)	(122,752)	(50,582)	(7,582)	(3,101,549)	4,006,915
Net cash outflow from										
investing activities	(288,286)	(1,404,560)	(11,981)	-	6,058	38,776	5,722	-	(294,209)	(1,365,784)
Rupees in thousands	30-09-2021	30-6-2021	30-09-2021	30-6-2021	30-09-2021	30-6-2021	30-09-2021	30-6-2021	30-09-2021	30-6-2021
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited
Segment assets	136,267,326	137,894,697	4,887,442	5,942,936	3,246,072	3,322,951	(3,294,429)	(3,059,276)	141,106,411	144,101,308
Segment liabilities	63,079,445	64,416,824	2,732,030	3,897,073	699,725	837,396	(1,203,350)	(926,172)	65,307,850	68,225,121

15.2 Geographical segments

All segments of the group are managed on nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

16. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Group on October 25, 2021.

17. Corresponding figures

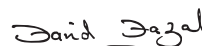
In order to comply with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', the condensed interim consolidated balance sheet and condensed interim consolidated statement of changes in equity have been compared with the balances of annual audited financial statements of preceding year, whereas, the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income and condensed interim consolidated cash flow statement have been compared with the balances of comparable period of immediately preceding year.



Chief Executive



Chief Financial Officer



Director





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