NISHAT

D.G. KHAN CEMENT COMPANY LIMITED

Half Yearly Report, December 31,

2023

(Un-audited)

UNLOCKING

Potential

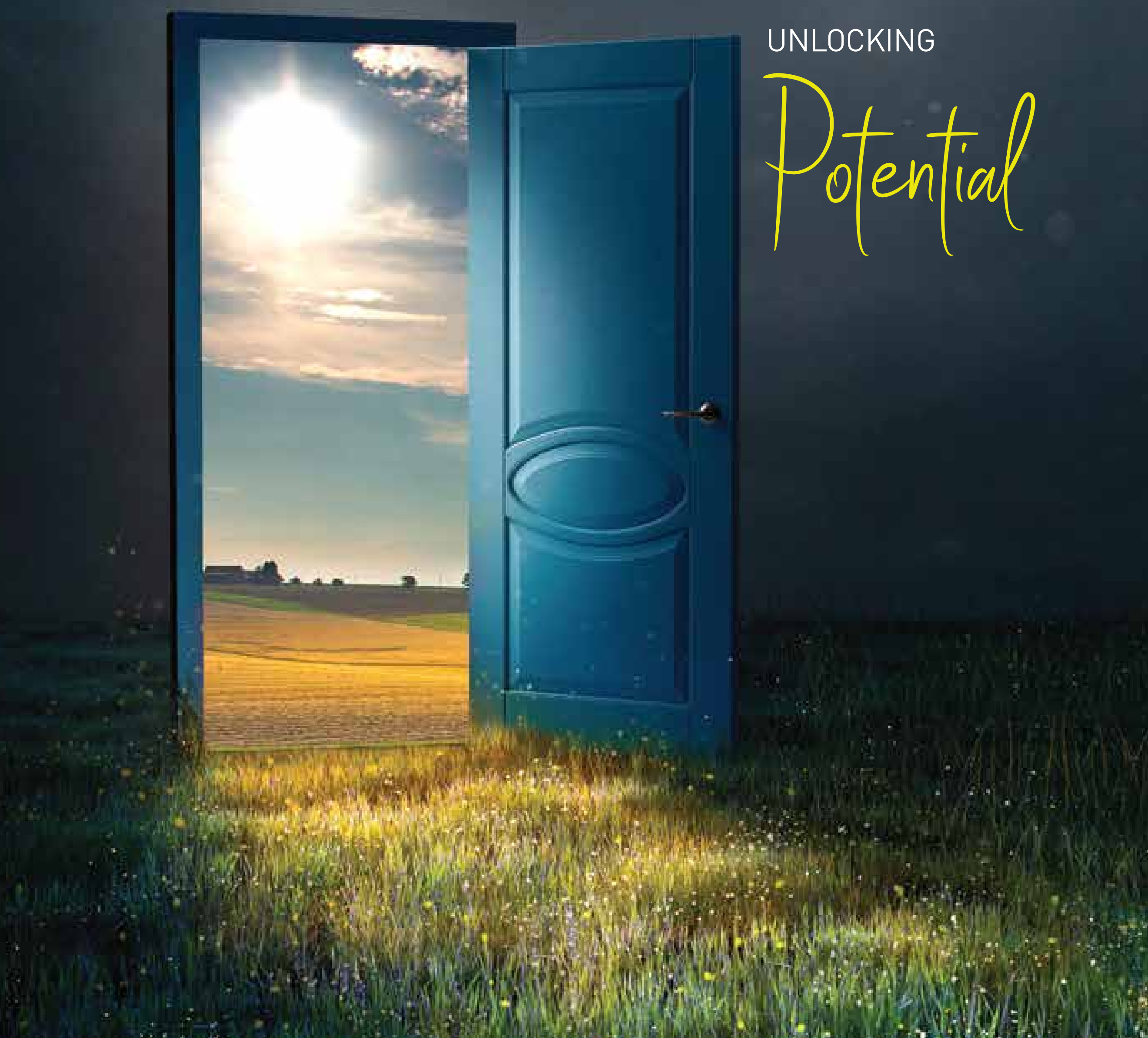


TABLE OF CONTENTS

COMPANY INFORMATION

Board of Directors

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

Female Director 01
Male Directors 06

Audit Committee

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

Human Resource & Remuneration Committee

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

Management

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

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

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

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

Important Identification Numbers of Company

CUIN: 0006469
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
- Mining Laws
- 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 -
Short Term: A1+
Outlook: Stable
Rating Agency: PACRA
Rating Date: March 03, 2023

Registered Office

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

Factories

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

12, K.M. Choa Saidan Shah Road, Khairpur,
Tehsil Kallar Kahar, Distt. Chakwal-Pakistan.
Phone: +92-543-650215-8
Fax: +92-543-650231

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

Share Registrar: THK Associates (Pvt) Ltd

Head Office, Karachi
Plot No. 32-C, Jami Commercial
Street No. 2, DHA Phase_VII,
Karachi 75500.
UAN: 021 111 000 322
Tel: 021 353 10 191,
Fax: 021 353 10 190

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

For Investors' Information, Comments, Inquiries, Complaints

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

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

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

Directors' Review Report

The Directors of D. G. Khan Cement Company Limited (the "Company") are pleased to submit to its shareholders the half-year report for the period ended December 31, 2023. A summary of financial performance is given below;

	HY2024	HY2023
	Rupees in '000'	
Sales	34,784,335	29,761,039
Cost of sales	(29,241,186)	(25,504,030)
Gross profit	**5,543,149**	**4,257,009**
Administrative expenses	(580,365)	(425,590)
Selling and distribution expenses	(1,201,726)	(508,843)
Net impairment loss on financial assets	-	(36,464)
Other expenses	(66,090)	(85,014)
Other income	2,163,395	1,392,412
Finance cost	(4,115,667)	(3,203,476)
Profit/(loss) before taxation	**1,742,696**	**1,390,034**
Taxation	(688,382)	(458,378)
Profit/(loss) for the period	**1,054,314**	**931,656**

EPS (Rs/share)	2.41	2.13
GP%	15.94%	14.30%
PBT%	5.01%	4.67%
PAT%	3.03%	3.13%

Production and Sales volumetric data is as under:

	HY2024	HY2023
	in MT	
Production:		
Clinker	2,152,797	1,976,634
Cement	2,067,028	2,203,587
Sales:		
Total Cement	2,050,710	2,163,866
Local Cement (excluding own consumption)	1,908,340	2,117,728
Export Cement	142,370	46,138
Clinker Sale	466,850	116,850

First half of FY24 remained largely modest with nothing new on economic front. There was mostly absorption of last year economic decisions. The period was dominated with election news and possible new arrangements with world financial institutions after elections. Inflation numbers remained high, maintaining interest rates high and unchanged. Currency devalued to record high exceeding Rs 300/USD before settling around Rs 280/USD under strict administrative measures. The devaluation of PKR against USD was 24% since January 2023, an impact that put further pressure on already weak purchasing power of general public. Economic activities are on standstill. IMF Standby Agreement will also expire by March. Way forward for businesses and consumers are very uncertain, the effect of which is visible across all industries.

In volume terms, total sales quantity of industry witnessed increase to 23.8 million tons (9.73%) period on period. North zone registered growth of 0.4 million tons (2.59%) while South Zone of 1.6 million tons (35.91%). Further analysis shows that growth was driven by exports that grew by 1.9 million tons (110.66%) while local dispatches showed moderate growth of 0.2 million tons. Sales utilization of industry declined to 61% against 63% for the corresponding period last year. It was largely contributed by local sales of 52% and exports sales utilization of 9%.

Kiln operational days of your Company increased by 5.6% from 344 days to 364 days. Clinker production % increased to 64% (1HY23: 59%). Sales utilization of your Company increased to 75% (1HY23: 68%) which was in inline with industry numbers.

Sales, in value terms, registered growth primarily due to stable local cement prices and increased clinker exports. Second quarter witnessed decrease in local dispatches as compared to corresponding period last year which were offset by clinker sales having no net margins. Clinker was exported to generate positive contribution and to recover some fixed costs. The Company partially shifted to Alternate Fuel, local and Afghan coal in substitution of imported coal, taking into account cost consideration and also saving valuable foreign exchange reserves. The Company strictly followed effective cost optimization strategy in a bid to improve margins. Selling expenses increase was associated with increase in clinker sales. Better dividend rates (mainly from MCB) and reversal of impairment loss in investment in Nishat Dairy (Pvt) Limited amounting to Rs 162 million caused surge in Other Income. Financial expenses increase was due to rise in discount rates including ERF rates as compared to corresponding period last year.

General elections successfully held on February 8. However, post elections scenario has further aggravated the uncertainty. Pakistan is facing multiple challenges on all fronts and political and governance chaos will do no good. This may complicate dealings with IMF and other financial institutions. Massive debt repayments are ahead that may put further pressure on PKR/USD parity. This may create concern on cost side. Keeping inflation projected numbers in view, discount rates will remain high throughout FY24. Coal has trended downward and is now stable at around USD 120, providing much needed relief in cost for the cement industry. However, some of the benefit may be offset by currency devaluation. Company will continue to use mix of imported and local coals as part of its cost saving strategy. Government fiscal side remained tight and cement dispatches may remain modest. There is political tension and military conflict in Middle east. There are chances that conflict may prolong and may affect the fuel prices worldwide. Company will continue with the strategy to export clinker to contribute towards fixed costs and to earn valuable foreign currency reserves. Company will continue to evaluate export opportunities in USA market, which may contribute significantly to profitability. To diversify the power mix and to reduce power cost, the Board has approved for installation of approximately 3 MW Solar power plant at Khairpur Site. After its installation, total solar capacity at Khairpur site will be increased to 9.9 MW.

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	Non-Executive
Mr. Usama Mahmud	Independent
Mr. Shehryar Ahmad 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

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
February 26, 2023

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

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

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 زیرِ 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

Farid Fazal

رضا منشا
چیف ایگزیکٹو آفیسر

فرید نور علی فضل
ڈائریکٹر

لاہور
26 فروری 2024ء

کمپنی کی بنیادی سرگرمی سیمنٹ 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 معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

مندرجہ ذیل کمپنی کے ڈائریکٹرز ہیں:

محترمہ ناز منشا (چیئرپرسن)	نان ایگزیکٹو
جناب رضا منشا	ایگزیکٹو
جناب خالد نیاز خواجہ	نان ایگزیکٹو
جناب اُسامہ محمود	آزاد
جناب شہریار احمد بخش	آزاد ڈائریکٹر
جناب فرید نور علی فضل	ایگزیکٹو
جناب شہزاد احمد ملک	نان ایگزیکٹو
خاتون ڈائریکٹرز:	01
مرد ڈائریکٹرز:	06

آڈٹ کمیٹی

جناب شہریار احمد بخش	چیئرمین
جناب خالد نیاز خواجہ	رکن
جناب شہزاد احمد ملک	رکن

ہیومن ریسورس اینڈ ریمنریشن کمیٹی

جناب اُسامہ محمود	چیئرمین
جناب رضا منشا	رکن
جناب خالد نیاز خواجہ	رکن

مالی سال 24 کی پہلی ششماہی بڑی حد تک معمولی رہی جس میں اقتصادی محاذ پر کوئی نئی سرگرمی نہیں تھی۔ پچھلے سال کے اقتصادی فیصلوں کو زیادہ تر مکمل کیا گیا تھا۔ اس عرصہ میں انتخابی خبروں اور انتخابات کے بعد عالمی مالیاتی اداروں کے ساتھ ممکنہ نئے انتظامات کا غلبہ تھا۔ افراط زر کی شرحیں بلند رہیں، زیادہ شرح سود کو برقرار رکھا گیا اور تبدیل نہ کیا گیا۔ سخت انتظامی اقدامات کے تحت کرنسی کی قدر 280 روپے/USD کے قریب طے ہونے سے پہلے 300 روپے/USD سے زیادہ ریکارڈ کی گئی۔ جنوری 2023 سے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی 24% ہوئی، جس نے عام لوگوں کی پہلے سے کمزور قوت خرید پر مزید دباؤ ڈالا۔ معاشی سرگرمیاں ابھی تک ٹھپ ہیں۔ آئی ایم ایف کا اسٹینڈ بائی معاہدہ بھی مارچ تک ختم ہو جائے گا۔ کاروبار اور صارفین کے لیے آگے کا راستہ بہت غیر یقینی ہے، جس کا اثر تمام صنعتوں پر نظر آتا ہے۔

حجم کے لحاظ سے، صنعت کی کل فروخت مقدار مدت کے دوران 23.8 ملین ٹن (9.73 فیصد) تک بڑھ گئی۔ شمالی زون نے 0.4 ملین ٹن (2.59%) جبکہ جنوبی زون نے 1.6 ملین ٹن (35.91%) کی نمو درج کی۔ مزید تجزیہ سے پتہ چلتا ہے کہ برآمدات کی وجہ سے نمو میں اضافہ ہوا جس میں 1.9 ملین ٹن (110.66%) کا اضافہ ہوا جبکہ مقامی ترسیلات میں 0.2 ملین ٹن کی معمولی نمو دکھائی دی۔ صنعت کی مستعمل فروخت گزشتہ سال کی اسی مدت کی 63 فیصد کے مقابلے میں کم ہو کر 61 فیصد رہ گئی۔ اس میں بڑے پیمانے پر 52% مقامی فروخت اور 9% برآمدات کی فروخت کا حصہ تھا۔

آپ کی کمپنی کے کلن کے آپریشنل دن 344 دنوں سے 5.6 فیصد بڑھ کر 364 دن ہو گئے۔ کلینکر کی فیصد پیداوار بڑھ کر 64% (1HY23: 59%) ہو گئی۔ آپ کی کمپنی مستعمل فروخت بڑھ کر 75% (1HY23: 68%) ہو گئی جو انڈسٹری کے اعداد و شمار کے مطابق تھی۔

قدر کے لحاظ سے فروخت، بنیادی طور پر مستحکم مقامی سیمنٹ کی قیمتوں اور کلینکر کی برآمدات میں اضافہ کی وجہ سے نمو درج کی گئی ہے۔ دوسری سہ ماہی میں مقامی ترسیلات میں گزشتہ سال کی اسی مدت کے مقابلے میں کمی دیکھی گئی جس کو کلینکر کی فروخت سے پورا کیا گیا جس کا کوئی خالص مارجن نہیں تھا۔ کلینکر کو مثبت شراکت پیدا کرنے اور کچھ مقررہ اخراجات کو پورا کرنے کے لیے برآمد کیا گیا تھا۔ کمپنی نے لاگت کو مدنظر رکھتے ہوئے اور قیمتی زرمبادلہ کے ذخائر کو بھی بچاتے ہوئے، جزوی طور درآمدی کوئلہ کے متبادل ایندھن، مقامی اور افغان کوئلے پر منتقلی کی۔ کمپنی نے مارجن کو بہتر بنانے کے لیے مؤثر لاگت کی اصلاح کی حکمت عملی پر سختی سے عمل کیا۔ فروخت کے اخراجات میں اضافہ کلینکر کی فروخت میں اضافے سے وابستہ تھا۔ بہتر ڈیویڈنڈ کی شرح (بنیادی طور پر MCB سے) اور نشاط ڈیری (پرائیویٹ) لمیٹڈ میں 162 ملین روپے کی سرمایہ کاری میں امپیئر منٹ نقصان کی واپسی نے دیگر آمدنی میں اضافہ کیا۔ مالی اخراجات میں اضافہ گزشتہ سال کی اسی مدت کے مقابلے میں ERF کی شرحوں سمیت رعایتی شرحوں میں اضافے کی وجہ سے ہوا۔

عام انتخابات کامیابی کے ساتھ 8 فروری کو ہوئے۔ تاہم انتخابات کے بعد کے منظرنامہ نے غیر یقینی صورتحال کو مزید بڑھا دیا ہے۔ پاکستان کو تمام محاذوں پر متعدد مشکلات کا سامنا ہے اور سیاسی اور حکمرانی انتشار کا کوئی فائدہ نہیں ہوگا۔ اس سے آئی ایم ایف اور دیگر مالیاتی اداروں کے ساتھ معاملات پیچیدہ ہو سکتے ہیں۔ بڑے پیمانے پر آئندہ کی قرض کی واپسی جو پاکستانی روپیہ/امریکی ڈالر کی برابری پر مزید دباؤ ڈال سکتی ہے۔ یہ لاگت میں اضافہ کی تشویش پیدا کر سکتا ہے۔ متوقع افراط زر کو مدنظر رکھتے ہوئے، مالی سال 24 کے دوران رعایتی شرحیں بلند رہیں گی۔ کوئلہ کی قیمتوں میں کمی کا رجحان ہے اور اب یہ تقریباً 120 امریکی ڈالر پر مستحکم ہے، جو سیمنٹ کی صنعت کے لیے لاگت میں بہت ضروری ریلیف فراہم کر رہا ہے۔ تاہم، کچھ فائدہ کرنسی کی قدر میں کمی سے ختم ہو سکتا ہے۔ کمپنی اپنی لاگت بچانے کی حکمت عملی کے تحت درآمدی اور مقامی کوئلے کے مرکب کا استعمال جاری رکھے گی۔ حکومتی مالیاتی پہلو سخت اور سیمنٹ کی ترسیل معمولی رہی۔ مشرق وسطیٰ میں سیاسی کشیدگی اور فوجی کشمکش جاری ہے۔ تنازعہ طویل ہونے کے امکانات ہیں اور دنیا بھر میں ایندھن کی قیمتوں کو متاثر کر سکتا ہے۔ کمپنی مقررہ لاگت میں حصہ ڈالنے اور قیمتی غیر ملکی زرمبادلہ کے ذخائر حاصل کرنے کے لیے کلینکر برآمد کرنے کی حکمت عملی جاری رکھے گی۔ کمپنی امریکی منڈی میں برآمدی مواقعوں کا بھی جائزہ لے رہی ہے، جو کہ اگر مکمل ہو جائیں تو منافع میں نمایاں حصہ ڈال سکتے ہیں۔

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو مالی سال 24 کی پہلی ششماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

	پہلی ششماہی مالی سال 2024	پہلی ششماہی مالی سال 2023
	روپے ہزاروں میں	
فروخت	34,784,335	29,761,039
قیمت فروخت	(29,241,186)	(25,504,030)
مجموعی منافع	**5,543,149**	**4,257,009**
انتظامی اخراجات	(580,365)	(425,590)
فروخت اور تقسیم کے اخراجات	(1,201,726)	(508,843)
مالی اثاثوں پر خالص امپیئر منٹ نقصانات	-	(36,464)
دیگر معاملاتی اخراجات	(66,090)	(85,014)
دیگر آمدنی	2,163,395	1,392,412
مالی لاگت	(4,115,667)	(3,203,476)
ٹیکسیشن سے پہلے منافع/(نقصان)	**1,742,696**	**1,390,034**
ٹیکسیشن	(688,382)	(458,378)
موجودہ مدت کے لئے منافع/(نقصان)	**1,054,314**	**931,656**

EPS (روپے فی شیئر)	2.41	2.13
GP %	15.94%	14.30%
PBT %	5.01%	4.67%
PAT %	3.03%	3.13%

امسال کے لئے آپ کی کمپنی کی پیداوار اور فروخت حجم کے اعداد وشمار درج ذیل ہیں:

	پہلی ششماہی مالی سال 2024	پہلی ششماہی مالی سال 2023
پیداوار	اعداد وشمار میٹرک ٹن میں	
کلنکر کی پیداوار	2,152,797	1,976,634
سیمنٹ کی پیداوار	2,067,028	2,203,587
فروخت		
سیمنٹ کی کل فروخت	2,050,710	2,163,866
سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)	1,908,340	2,117,728
سیمنٹ کی برآمد فروخت	142,370	46,138
کلنکر کی فروخت	466,850	116,850

pwc

A·F·FERGUSON&Co.

Independent Auditor's Review Report
To The Members Of D.G. Khan Cement Company Limited
Report On Review Of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of D. G. Khan Cement Company Limited as at December 31, 2023 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month period ended December 31, 2022, and December 31, 2023, have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2023.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.

A. F. Ferguson & Co.

Chartered Accountants,

AFerguson & C.

Lahore

Dated: February 27, 2024

UDIN: AR202310092qeBTf2AsH

Unconsolidated Condensed Interim Statement of Financial Position

	Note	31 December, 2023 Un-Audited	30 June, 2023 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
- 950,000,000 (June 30, 2023: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2023: 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 (June 30, 2023: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Other reserves		29,326,898	22,592,167
Revenue reserve: Un-appropriated profits		38,273,233	37,218,919
		71,981,322	**64,192,277**
NON-CURRENT LIABILITIES			
Long term finances from financial institutions - secured	6	15,458,885	9,663,619
Deferred government grant	7	213,873	278,753
Long term deposits		465,057	439,697
Employee benefits obligations		916,518	849,515
Deferred taxation		10,351,505	10,613,603
		27,405,838	**21,845,187**
CURRENT LIABILITIES			
Trade and other payables		14,979,853	13,783,299
Short term borrowings from financial institutions - secured		13,925,176	25,494,293
Accrued markup		1,350,290	1,739,547
Current portion of non-current liabilities	8	7,311,214	7,588,857
Unclaimed dividend		34,446	34,704
Provision for taxation		35,090	35,090
		37,636,069	**48,675,790**
Contingencies and Commitments	9		
		137,023,229	**134,713,254**

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

As At December 31, 2023

	Note	31 December, 2023 Un-Audited	30 June, 2023 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	81,040,823	82,245,650
Intangible asset	11	60,383	10,152
Long term Investments	12	15,416,639	13,366,360
Long term loans, advances and deposits		64,426	64,426
		96,582,271	**95,686,588**
CURRENT ASSETS			
Stores, spare parts and loose tools		14,149,931	13,852,005
Stock-in-trade		7,909,114	8,873,170
Trade debts		905,743	1,193,440
Investments		13,974,299	9,270,898
Loans, advances, deposits, prepayments and other receivables		634,143	926,047
Income tax receivable		2,155,765	4,236,134
Cash and bank balances		711,963	674,972
		40,440,958	**39,026,666**
		137,023,229	**134,713,254**

Chief Financial Officer

Director

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Six-Month Period ended December 31, 2023 (Un-audited)

	2023		2022	
	July to December	October to December	July to December	October to December
	(Rupees in thousand)		(Rupees in thousand)	
Revenue	34,784,335	18,267,238	29,761,039	16,176,206
Cost of sales	(29,241,186)	(15,937,234)	(25,504,030)	(13,991,776)
Gross profit	**5,543,149**	**2,330,004**	**4,257,009**	**2,184,430**
Administrative expenses	(580,365)	(295,166)	(425,590)	(214,793)
Selling and distribution expenses	(1,201,726)	(692,602)	(508,843)	(176,006)
Net impairment losses on financial assets	-	-	(36,464)	(36,464)
Other expenses	(66,090)	8,965	(85,014)	(69,084)
Other income	2,163,395	1,336,886	1,392,412	731,031
Finance cost	(4,115,667)	(2,028,187)	(3,203,476)	(1,610,393)
Profit before taxation	**1,742,696**	**659,900**	**1,390,034**	**808,721**
Taxation	(688,382)	(266,143)	(458,378)	(266,003)
Profit for the period	**1,054,314**	**393,757**	**931,656**	**542,718**
Earnings per share				
(basic and diluted - in Rupees)	**2.41**	**0.90**	**2.13**	**1.24**

The annexed notes 1 to 19 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 and Six-Month Period ended December 31, 2023 (Un-audited)

	2023		2022	
	July to December	October to December	July to December	October to December
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	1,054,314	393,757	931,656	542,718
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 subsequently reclassified to profit or loss:				
Change in fair value of investments at fair value through other comprehensive income (FVOCI) - net of tax	6,734,731	4,897,129	(425,853)	120,707
	6,734,731	4,897,129	(425,853)	120,707
Total comprehensive income for the period	**7,789,045**	**5,290,886**	**505,803**	**663,425**

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

Chief Financial Officer

Director

Unconsolidated Condensed Interim Statement of Changes In Equity
For the Six-Month Period ended December 31, 2023 (Un-audited)

	Capital reserve				Revenue reserve		
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated profits	Total
	(Rupees in thousands)						
Balance as at July 1, 2022 - Audited	4,381,191	4,557,163	14,256,124	353,510	5,071,827	41,298,287	69,918,102
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	931,656	931,656
- Other comprehensive loss for the period	-	-	(425,853)	-	-	-	(425,853)
	-	**-**	**(425,853)**	**-**	**-**	**931,656**	**505,803**
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2022 (Rs. 1 per share)	-	-	-	-	-	(438,119)	(438,119)
Balance as at December 31, 2022 - Un-audited	**4,381,191**	**4,557,163**	**13,830,271**	**353,510**	**5,071,827**	**41,791,824**	**69,985,786**
Balance as at July 1, 2023 - Audited	4,381,191	4,557,163	12,609,667	353,510	5,071,827	37,218,919	64,192,277
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	1,054,314	1,054,314
- Other comprehensive income for the period	-	-	6,734,731	-	-	-	6,734,731
	-	-	6,734,731	-	-	1,054,314	7,789,045
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2023 (Nil per share)	-	-	-	-	-	-	-
Balance as at December 31, 2023 - Un-audited	**4,381,191**	**4,557,163**	**19,344,398**	**353,510**	**5,071,827**	**38,273,233**	**71,981,322**

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

Chief Financial Officer

David Bazal
Director

Unconsolidated Condensed Interim Statement of Cash Flows

For the Six-Month Period ended December 31, 2023 (Un-audited)

	Note	2023 July to December	2022 July to December
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	14	8,385,134	4,033,953
Finance cost paid		(4,504,924)	(2,874,175)
Retirement and other benefits paid		(79,476)	(63,947)
Net income tax refunds/(paid)		1,273,729	(572,869)
Long term deposits - net		25,360	37,933
Net cash inflow from operating activities		**5,099,823**	**560,895**
Cash inflow/outflow from investing activities			
Payments for property, plant and equipment		(814,428)	(1,134,795)
Payments for intangible asset		(56,154)	-
Proceeds from disposal of property, plant and equipment		66,087	9,733
Investments in equity instruments		-	(1,007,500)
Long term loans, advances and deposits - net		-	(300)
Dividend received		1,733,371	1,197,120
Net cash inflow/(outflow) from investing activities		**928,876**	**(935,742)**
Cash inflow/outflow from financing activities			
Proceeds from long term finances		9,160,185	1,248,236
Repayment of long term finances		(3,707,442)	(3,582,230)
Dividend paid		(258)	(437,789)
Net cash inflow/(outflow) from financing activities		**5,452,485**	**(2,771,783)**
Net increase/(decrease) in cash and cash equivalents		11,481,184	(3,146,630)
Cash and cash equivalents at the beginning of the period		(24,819,321)	(24,799,703)
Effect of exchange rate changes on cash and cash equivalents		124,924	(77,476)
Cash and cash equivalents at the end of the period	15	**(13,213,213)**	**(28,023,809)**

The annexed notes 1 to 19 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 Six-Month Period Ended December 31, 2023

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 the production and sale of Clinker, Ordinary Portland Cement of different variations 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:

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

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

Where 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, 2023. 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 condensed interim consolidated financial statements along with its condensed interim separate financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Condensed interim consolidated financial statements are prepared separately.

3. Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated annual audited financial statements for the year ended June 30, 2023 except for the estimation of income tax (see note 5) and adoption of new amended standards as set out in nore 3.2.

3.1 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 period beginning on July 1, 2023, 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.

3.2 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 accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2024 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 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, 2023, 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.

		December 31, 2023 Un-audited	June 30, 2023 audited
		(Rupees in thousand)	
6. Long term finances from financial institutions - secured			
Long term loans	- note 6.1	19,445,108	13,742,265
Loans under refinance scheme	- note 6.2	3,131,486	3,291,718
		22,576,594	17,033,983
Current portion shown under current liabilities		(7,117,709)	(7,370,364)
		15,458,885	**9,663,619**

		December 31, 2023 Un-audited	June 30, 2023 audited
		(Rupees in thousand)	

6.1 The reconciliation of the carrying amount is as follows:

Opening balance		13,742,265	17,036,959
Disbursements during the period/year		9,160,185	2,038,739
Repayments during the period/year		(3,457,342)	(5,333,433)
Closing balance		19,445,108	13,742,265
Current portion shown under current liabilities	- note 8	(5,979,709)	(6,436,384)
		13,465,399	**7,305,881**

6.2 The reconciliation of the carrying amount is as follows:

Balance as at beginning of the period - gross		3,742,052	4,893,004
Disbursements during the period/year		-	-
Repayments during the period/year		(250,100)	(1,150,952)
		3,491,952	3,742,052
Unamortized deferred grant	- note 7	(360,466)	(450,334)
Closing balance		3,131,486	3,291,718
Current portion shown under current liabilities	- note 8	(1,138,000)	(933,980)
		1,993,486	**2,357,738**

7. Deferred government grant

The reconciliation of the carrying amount is as follows:

Opening balance		450,334	664,567
Credited to the statement of profit or loss		(89,868)	(214,233)
		360,466	450,334
Current portion shown under current liabilities	- note 8	(146,593)	(171,581)
Closing balance		**213,873**	**278,753**

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

		December 31, 2023 Un-audited	June 30, 2023 audited
		(Rupees in thousand)	

8. Current portion shown under current liabilities comprise of:

Long term loans	- note 6.1	5,979,709	6,436,384
Loans under refinance scheme	- note 6.2	1,138,000	933,980
Accumulating compensated absences		46,912	46,912
Deferred government grant	- note 7	146,593	171,581
		7,311,214	**7,588,857**

9. Contingencies and commitments

9.1 Contingencies

There is no significant change in contingencies from the preceding annual unconsolidated financial statements of the Company for the year ended June 30, 2023 other than those mentioned below. The banks have issued the following guarantees on Company's behalf in favor of:

(i) Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs. 1,277.9 million (June 2023: Rs. 1,177.9 million).

(ii) General mines and mineral for mining amounting to Rs. 71.98 million (June 2023: Nil).

9.1.1 The Company has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs. 1,193.90 million (June 2023: Rs. 1,238.471 million).

9.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs. 86.90 million (June 2023: Rs. 520.310 million).

(ii) Letters of credit for capital expenditure Rs. 73.82 million (June 2023: Rs. 93.980 million).

(iii) Letters of credit other than capital expenditure Rs. 4,593.26 million (June 2023: Rs. 1,161.85 million).

(iv) The amount of future payments under leases and the period in which these payments will become due are as follows:

	December 31, 2023 Un-audited	June 30, 2023 audited
	(Rupees in thousand)	
Not later than one year	425	425
Later than one year and not later than five years	1,699	1,699
Later than five years	3,266	3,474
	5,390	**5,598**

10. Property, plant and equipment

Operating fixed assets	- note 10.1	79,882,473	80,039,245
Capital work in progress	- note 10.2	930,737	2,006,864
Major spare parts and stand-by equipment		227,613	199,541
		81,040,823	**82,245,650**

		December 31, 2023 Un-audited	June 30, 2023 audited
		(Rupees in thousand)	

10.1 Operating fixed assets

Opening book value		80,039,245	81,934,028
Additions during the period	- note 10.1.1	1,860,699	2,081,492
		81,899,944	84,015,520
Disposals during the period - at book value		(126,852)	(39,315)
Depreciation charged for the period		(1,890,619)	(3,936,960)
		(2,017,471)	(3,976,275)
Closing book value		**79,882,473**	**80,039,245**

10.1.1 Additions during the period

Freehold land	50,448	152,378
Buildings on freehold land:		
- Factory buildings	145,091	2,381
- Office building and housing colony	17,476	58,452
Roads	185	2,630
Plant and machinery	1,269,019	1,482,230
Quarry equipment	-	5,914
Furniture and fittings	35,333	61,543
Office equipment	4,709	151,616
Vehicles	50,418	160,064
Power and water supply lines	288,020	4,284
	1,860,699	**2,081,492**

10.2 Capital work-in-progress

Civil works	523,061	771,299
Plant and machinery	194,999	1,097,624
Advances to suppliers and contractors	203,252	91,594
Others	9,425	46,347
	930,737	**2,006,864**

11. Intangible asset

Opening book value	10,152	17,319
Additions during the period/year	56,154	-
Amortization charged during the period/year	(5,923)	(7,167)
Closing book value	**60,383**	**10,152**

12. Investments

12.1 This includes Level 1 investments in Nishat Mills Limited, MCB Bank Limited, Adamjee Insurance Company Limited, United Bank Limited, Nishat (Chunian) Limited, Nishat Chunian Power Limited and Pakistan Petroleum Limited, Level 3 investments in Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited and investments in subsidiaries that include investment in Nishat Dairy (Private) Limited and Nishat Paper Products Company Limited. The reconciliation of carrying amount of these investments is as follows:

		December 31, 2023 Un-audited	June 30, 2023 audited
		(Rupees in thousand)	
Carrying value of investments at the beginning of the period/year		13,366,360	12,866,145
Investments made during the period/year:			
Shares received as a result of merger scheme		-	102,408
Ordinary investment in HNMPL against right issue		-	1,007,500
		13,366,360	13,976,053
Fair value gain/(loss) recognized in other comprehensive income		1,887,491	(609,693)
Reversal of the impairment loss recognized on investment in Subsidiary	- note 12.1.1	162,788	-
Carrying value at the end of the period/year		**15,416,639**	**13,366,360**

12.1.1 The Company reviewed the carrying amount of its investment in equity instruments of Nishat Dairy (Private) Limited and its recoverability to determine whether the previously recognised impairment loss of Rs. 162.788 million exists as there have been favourable events and change in circumstances, since impairment loss was recognised. As a result of carrying out the aforementioned assessment, the recoverable amount of the investment was determined to be higher than its carrying amount by Rs. 3.22 per share and the impairment loss was accordingly reversed and the amount of any reversal recognised was restricted to the carrying value of the investment that would have been recognised if the original impairment had not occurred.

13. Transactions with related parties

The related parties include the subsidiaries, the Investor (Nishat Mills Limited), 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. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	July to December 2023 Un-audited	July to December 2022 Un-audited
		(Rupees in thousand)	
i. Subsidiary entities	Purchase of goods and services	1,660,038	1,219,005
	Rental income	483	483
	Dividend income	-	25,595
	Sale of goods	24,270	40,370
ii. Investor	Purchase of goods and services	2,271	127
	Sale of goods	13,635	7,955
	Dividend income	151,448	121,158
	Dividends paid	-	137,574
iii. Other related entities	Insurance premium	198,669	163,645
	Sale of goods	36,132	40,959
	Rental income	434	383
	Dividend income	1,575,975	1,093,819
	Dividends paid	-	37,244
	Purchase of goods and services	189,929	51,315
	Reimbursement of expenses	10,885	-
	Insurance claims received	10,150	3,965
	Purchase of shares	-	1,007,500
iv. Key management personnel	Salaries and other employment benefits	162,341	124,624
	Dividend paid	-	39,943
v. Post employment benefit plans	Expense charged in respect of defined benefit plan	146,479	121,569
	Expense charged in respect of defined contribution plan	71,312	61,461

	December 31, 2023 Un-audited	June 30, 2023 audited
	(Rupees in thousand)	
Period/year end balances		
Payable to related parties		
Trade and other payables	**364,223**	**821,246**
Receivable from related parties		
Trade debts	14,378	15,361
Other receivables	111,516	5,802
	125,894	**21,163**

	Note	July to December 2023 Un-audited	July to December 2022 Un-audited
		(Rupees in thousand)	
14. Cash generated from operations			
Profit before tax		1,742,696	1,390,034
Adjustments for non-cash charges and other items:			
- Depreciation on operating fixed assets	- note 10.1	1,890,619	1,956,028
- Amortization of intangible asset	- note 11	5,923	3,583
- Loss/(gain) on disposal of operating fixed assets		60,765	(3,139)
- Impairment losses on financial assets		-	36,464
- Dividend income		(1,733,371)	(1,197,120)
- CWIP Project Written Off		1,784	-
- Reversal of the impairment loss	- note 12.1	(162,789)	-
- Gain on initial recognition of ordinary shares transferred under Scheme of Compromises, Arrangement and Reconstruction		-	(102,409)
- Provision for retirement benefits		146,479	121,569
- Exchange (gain)/loss		(110,895)	70,973
- Finance cost		4,115,667	3,203,476
Profit before working capital changes		**5,956,878**	**5,479,459**
Effect on cash flow due to working capital changes:			
- (Increase)/Decrease in stores, spare parts and loose tools		(297,926)	332,455
- Decrease/(Increase) in stock-in-trade		964,056	(2,115,503)
- Decrease in trade debts		273,668	332,467
- Decrease in loans, advances, deposits, prepayments and other receivables		291,904	718,895
- Increase/(Decrease) in trade and other payables		1,196,554	(713,820)
		2,428,256	(1,445,506)
		8,385,134	**4,033,953**

	December 31, 2023 Un-audited	June 30, 2023 audited
	(Rupees in thousand)	

15. Cash and cash equivalents

Short term borrowings - secured	(13,925,176)	(28,465,524)
Cash and bank balances	711,963	441,715
	(13,213,213)	**(28,023,809)**

16. Financial risk management

16.1 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, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

16.2 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 December 31, 2023 and June 30, 2023 on a recurring basis:

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
As at December 31, 2023				
Recurring fair value measurements				
Assets				
Investments - FVOCI	21,404,693	-	5,403,535	26,808,228
As at June 30, 2023				
Recurring fair value measurements				
Assets				
Investments - FVOCI	14,374,450	-	5,842,886	20,217,336

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 Levels 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 December 31, 2023.

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

Investment in Nishat Hotels and Properties Limited

The main level 3 inputs used by the Company to determine fair value of investment in Nishat Hotels and Properties Limited ('NHPL') 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.

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

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

- Discount rate of 16.68% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation with a range of 6.50% to 25.60% per annum.

Sensitivity analysis

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

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs 209.375 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs 71.875 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs 21.875 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs 15.625 million lower.

Investment in Hyundai Nishat Motor (Private) Limited

The main level 3 inputs used by the Company to determine fair value of investment in 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 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 24.14% per annum.

- Long term growth rate of 2% per annum for computation of terminal value.

- Annual growth in costs is linked to inflation with a range of 6.17% to 11.74% 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 31 Dec, 2023 would be Rs 204.5 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at 31 Dec, 2023 would be Rs 87 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at 31 Dec, 2023 would be Rs 78 million higher.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at 31 Dec, 2023 would be Rs 82.1 million lower.

17. Disclosures by Company listed on Islamic Index

	December 31, 2023 Un-audited	June 30, 2023 audited
	(Rupees in thousand)	
Loans/advances obtained as per Islamic mode:		
Loans obtained as per Islamic mode	7,061,881	7,835,288
Shariah compliant bank deposits/bank balances:		
Bank balances	123,437	130,562

	Six Months Ended	
	December 31, 2023 Un-audited	December 31, 2022 Un-audited
	(Rupees in thousand)	
Profit earned from shariah compliant bank deposits/bank balances & TDRs		
Profit on deposits with banks	204	491
Profit on deposits with TDRs	3,961	-
Revenue earned from shariah compliant business	34,784,335	29,761,039
Gain/(loss) or dividend earned from shariah compliant investments		
Dividend income	152,680	121,158
Exchange gain/(loss)	110,895	(70,973)
Mark-up paid on Islamic mode of financing	894,368	474,612
Profits earned or interest paid on any conventional loan or advance		
Profit earned on loan to related party	-	-
Profit earned on deposits with banks	1,516	645
Interest paid on loans	3,610,556	2,399,563

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.

18. Date of authorization for issue

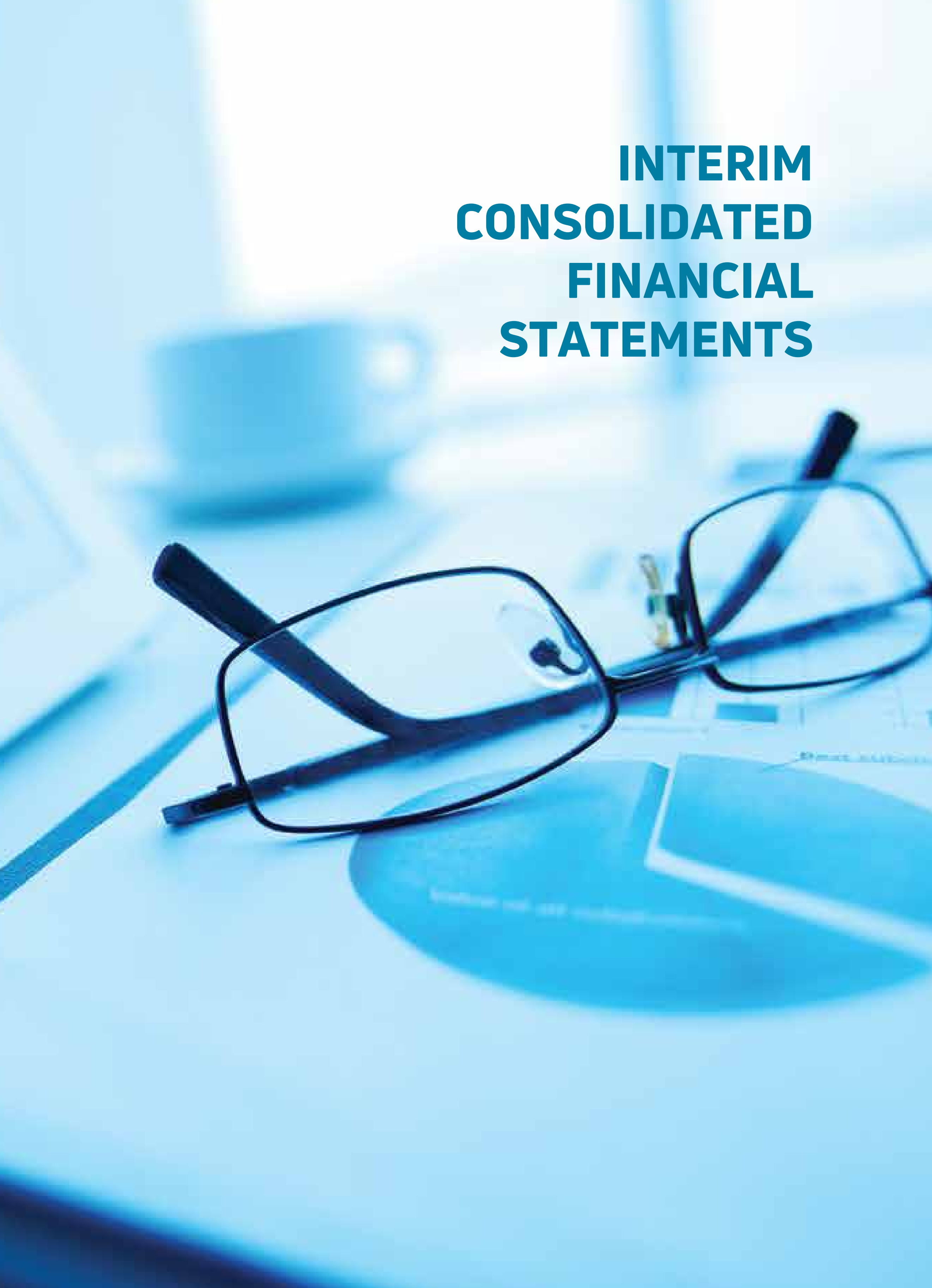
These unconsolidated condensed interim financial statements were authorized for issue on February 26, 2024 by the Board of Directors of the Company.

19. 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

	Note	31 December, 2023 Un-Audited	30 June, 2023 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2023:950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2023:50,000,000) 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 (2023:438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		29,375,838	22,493,832
Un-appropriated profit		38,859,002	37,785,778
Attributable to owners of the parent company		**72,616,031**	**64,660,801**
Non-controlling interest		2,769,896	2,482,081
		75,385,927	**67,142,882**
NON-CURRENT LIABILITIES			
Long term finances - secured	5	15,525,628	9,763,223
Deferred government grant	6	239,161	298,958
Long term deposits		465,056	439,697
Deferred liabilities		916,517	849,514
Deferred taxation		11,031,056	11,306,527
		28,177,418	**22,657,919**
CURRENT LIABILITIES			
Trade and other payables		15,315,153	14,457,666
Accrued markup		1,458,284	1,857,643
Short term borrowing-secured		15,839,208	27,925,023
Current portion of non-current liabilities		7,558,414	7,897,387
Unclaimed dividend		34,447	34,705
Provision for taxation		406,227	273,046
		40,611,733	**52,445,470**
Contingencies and Commitments	7		
		144,175,078	**142,246,271**

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial information.

Chief Executive

As At December 31, 2023

	Note	31 December, 2023 Un-Audited	30 June, 2023 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	84,280,025	85,600,466
Intangible asset		60,383	10,153
Biological assets		1,136,742	1,150,612
Investments		13,629,450	11,474,189
Long term deposits		64,426	64,426
		99,171,026	**98,299,846**
CURRENT ASSETS			
Stores, spares and loose tools		14,442,506	14,126,139
Stock-in-trade		9,639,476	11,237,446
Trade debts		1,037,178	1,222,551
Investments		13,989,322	9,283,913
Advances, deposits, prepayments and other receivables		1,546,414	1,689,054
Contract assets		-	79,530
Income tax recoverable		2,902,454	4,935,294
Cash and bank balances		1,274,064	1,199,860
		44,831,414	**43,773,787**
Non-current assets classified as held for sale		172,638	172,638
		45,004,052	43,946,425
		144,175,078	**142,246,271**

Chief Financial Officer

Director

Consolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Six Months Period ended December 31, 2023 (Un-audited)

	2023		2022	
	July to December	October to December	July to December	October to December
	(Rupees in thousand)		(Rupees in thousand)	
Sales	37,380,580	19,756,456	32,568,806	17,876,095
Cost of sales	(31,312,226)	(17,077,223)	(27,829,766)	(15,347,076)
Gross profit	**6,068,354**	**2,679,233**	**4,739,040**	**2,529,019**
Administrative expenses	(646,361)	(327,781)	(502,647)	(254,550)
Selling and distribution expenses	(1,203,883)	(693,590)	(511,204)	(177,238)
Net impairment (losses)/gain on financial assets	-	-	(36,464)	(36,464)
Other expenses	52,670	134,041	(127,817)	(64,761)
Changes in fair value of biological assets	207,287	91,352	202,291	91,149
Other income	2,084,894	1,218,684	1,393,581	720,439
Finance cost	(4,432,014)	(2,176,393)	(3,391,893)	(1,722,740)
Profit/(loss) before taxation	**2,130,947**	**925,546**	**1,764,887**	**1,084,854**
Taxation	(890,404)	(410,078)	(509,935)	(293,829)
Profit/(loss) for the period	**1,240,543**	**515,468**	**1,254,952**	**791,025**
Attributable to :				
Equity holders of the parent	1,073,225	377,162	1,082,034	662,326
Non-controling interest	167,318	138,306	172,918	128,699
	1,240,543	**515,468**	**1,254,952**	**791,025**
Earnings/(loss) per share (basic and diluted - in Rupees)	**2.45**	**0.86**	**2.47**	**1.51**

The annexed notes 1 to 15 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 the Quarter and Six Months Period ended December 31, 2023 (Un-audited)

	2023		2022	
	July to December	October to December	July to December	October to December
	(Rupees in thousand)		(Rupees in thousand)	
Profit/(loss) for the period	1,240,543	515,468	1,254,952	791,025
Other comprehensive income / (loss) for the period				
Items that may be re-classified subsequently to profit or loss:	-	-	-	-
Items that will not be subsequently re-classified to profit or loss:				
Change in fair value of investments at fair value through other comprehensive income (OCI)- net of tax	7,002,502	5,096,297	(433,765)	118,188
Other comprehensive income / (loss) for the period	7,002,502	5,096,297	(433,765)	118,188
Total comprehensive income for the period	**8,243,045**	**5,611,765**	**821,187**	**909,213**
Attributable to :				
Equity holders of parent	7,955,230	5,383,833	651,829	781,647
Non-controling interest	287,815	227,932	169,358	127,566
	8,243,045	**5,611,765**	**821,187**	**909,213**

The annexed notes 1 to 15 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 the Six-Month Period ended December 31, 2023 (Un-audited)

	Share capital	Capital reserve: Share premium	Capital reserve: FVOCI reserve	Capital reserve: Capital redemption reserve fund	Revenue reserve: General reserve	Revenue reserve: Un-appropriated profits	Total equity attributable to shareholders of parent company	Non-controlling interest	Total equity
	(Rupees in thousands)								
Balance as at June 30, 2022 - Audited	**4,381,191**	**4,557,163**	**14,131,957**	**353,510**	**5,110,851**	**41,759,427**	**70,294,099**	**2,349,613**	**72,643,712**
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	1,082,034	1,082,034	172,918	1,254,952
- Other comprehensive income for the period									
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(430,205)	-	-	-	(430,205)	(3,560)	(433,765)
	-	-	(430,205)	-	-	1,082,034	651,829	169,358	821,187
Transactions with owners in their capacity as owners recognised directly in equity									
Final dividend for the year ended June 30, 2022	-	-	-	-	-	(438,119)	(438,119)	(20,942)	(459,061)
Balance as at December 31, 2022 - Unaudited	**4,381,191**	**4,557,163**	**13,701,752**	**353,510**	**5,110,851**	**42,403,342**	**70,507,809**	**2,498,029**	**73,005,838**
Balance as at June 30, 2023 - Audited	**4,381,191**	**4,557,163**	**12,472,308**	**353,510**	**5,110,851**	**37,785,778**	**64,660,801**	**2,482,081**	**67,142,882**
Total comprehensive income for the period									
- Profit for the period	-	-	-	-	-	1,073,225	1,073,225	167,318	1,240,543
- Other comprehensive income for the period									
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	6,882,005	-	-	-	6,882,005	120,497	7,002,502
	-	-	6,882,005	-	-	1,073,225	7,955,230	287,815	8,243,045
Balance as at December 31, 2023 - Unaudited	**4,381,191**	**4,557,163**	**19,354,313**	**353,510**	**5,110,851**	**38,859,003**	**72,616,031**	**2,769,896**	**75,385,927**

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial information.

Chief Executive

Chief Financial Officer

Director

Consolidated Condensed Interim Statement of Cash Flows
For the Six-Month Period ended December 31, 2023 (Un-audited)

	Note	2023 July to December	2022 July to December
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	11	9,201,389	3,166,745
Finance cost paid		(4,831,373)	(3,016,875)
Retirement and other benefits paid		(79,476)	(73,372)
Net income tax refunds/(paid)		1,143,986	(645,176)
Long term deposits - net		25,359	37,932
Net cash inflowfrom operating activities		**5,459,885**	**(530,746)**
Cash flows from investing activities			
Payments for property, plant and equipment and Intangibles		(877,741)	(1,214,591)
Long term loans, advances and deposits - net		-	(300)
Proceeds from disposal of property, plant and equipment		66,121	10,800
Purchase of biological assets		(7,350)	-
Proceeds from sale of biological assets		363,200	113,586
Short term investments made		(10,000)	(1,361,080)
Dividend received		1,802,526	1,211,452
Net cash outflow from investing activities		**1,336,756**	**(1,240,133)**
Cash flows from financing activities			
Repayment of long term finances		(3,796,549)	(3,683,060)
Repayment of loan to related party		-	(60,000)
Divdend paid		(258)	(458,731)
Proceeds from long term finances		9,160,185	1,248,236
Net cash inflow/(outflow) from financing activities		**5,363,378**	**(2,953,555)**
Net decrease in cash and cash equivalents		**12,160,019**	**(4,724,434)**
Cash and cash equivalents at the beginning of the year		(26,725,163)	(25,735,036)
Cash and cash equivalents at the end of period	12	**(14,565,144)**	**(30,459,470)**

The annexed notes 1 to 15 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 the Six-Month Period ended December 31, 2023 (Un-audited)

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, 2023. 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, 2023 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 01, 2023, 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, 2024 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, 2023, 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.

		December 31, 2023 Un-audited	June 30, 2023 audited
		(Rupees in thousand)	
5. Long term finances			
Long term loans	- note 5.1	22,890,539	17,437,036
Current portion shown under current liabilities		(7,364,911)	(7,673,813)
		15,525,628	**9,763,223**
5.1 The reconciliation of the carrying amount is as follows:			
Opening balance		17,907,641	22,553,671
Disbursements during the period		9,160,185	2,038,739
Repayment during the period		(3,796,549)	(6,684,769)
		23,271,277	17,907,641
Unamortized liability	- note 5.1.1	(380,738)	(470,605)
Closing balance		**22,890,539**	**17,437,036**
5.1.1 The reconciliation of the carrying amount of unamortized liability is as follows:			
Opening balance		(470,605)	(692,093)
Unwinding of discount on liability		89,867	221,488
Closing balance		**(380,738)**	**(470,605)**

6. Deferred income - Government grant

This represents deferred grant recognized in respect of the benefit of below-market interest rate on the facilities availed under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). 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 at the date of disbursement for similar instruments to calculate fair values of respective loans.

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, 2023. The banks have issued the following guarantees on Group's behalf in favor of:

(i) Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 1,277.9 million (June 2023: Rs. 1,177.9 million).

(ii) General mines and mineral for mining amounting to Rs. 71.98 million (June 2023: Nil)

7.1.1 The Group has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs. 1,193.90 million (June 2023: Rs. 1,238.471 million).

7.2 Commitments in respect of

(i) Contracts for capital expenditure Rs 86.90 million (June 30, 2023: Rs 520.310 million).

(ii) Letters of credit for capital expenditure Rs 73.82 million (June 30, 2023: Rs 93.980 million).

(iii) Letters of credit other than capital expenditure Rs 4,681.71 million (June 30, 2023: 1,246.10 million).

(iv) Letter of guarantee of Rs 30 million (June 30, 2023: Rs 26 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess;

8. Property, plant and equipment

		December 31, 2023 Un-audited	June 30, 2023 audited
		(Rupees in thousand)	
Operating Assets	-note 8.1	83,120,053	83,234,634
Capital work-in-progress	-note 8.2	932,359	2,166,286
Major spare parts and stand-by equipment		227,613	199,546
		84,280,025	**85,600,466**

		December 31, 2023 Un-audited	June 30, 2023 audited
		(Rupees in thousand)	

8.1 Operating assets

		December 31, 2023	June 30, 2023
Opening book value		83,234,634	85,392,522
Add: Additions during the period/ year	-note 8.1.1	2,027,448	2,236,084
		85,262,082	**87,628,606**
Less: Disposals during the period/ year - net book value		127,024	42,663
Re-classification to assets held for sale		-	172,638
Depreciation charged during the period/ year		2,015,005	4,178,671
		2,142,029	4,393,972
Closing book value		**83,120,053**	**83,234,634**

8.1.1 Major additions during the period

	December 31, 2023	June 30, 2023
Free hold land	50,448	201,438
Building on freehold land	146,835	65,003
Office building	17,476	58,452
Roads	185	2,630
Plant and machinery	1,428,383	1,487,306
Quarry and other equipment	-	158,091
Furniture, fixtures and equipment	42,070	62,249
Motor vehicles	54,031	180,038
Power and water supply lines	288,020	20,877
	2,027,448	**2,236,084**

8.2 Capital work-in-progress

	December 31, 2023	June 30, 2023
Civil works	523,061	776,270
Plant and machinery	196,622	1,252,075
Advances to suppliers and contractors	203,252	91,594
Others	9,424	46,347
	932,359	**2,166,286**

9. 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 company, directly or indirectly, including any director (whether executive or otherwise) of that company. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Relationship with the Group	Nature of transaction	July to December 2023 Un-audited	July to December 2022 Un-audited
		(Rupees in thousand)	
Other related parties	Purchase of goods and services	361,663	144,439
	Insurance premium	205,202	170,484
	Sale of goods	152,930	140,519
	Insurance claims received	10,150	3,965
	Sale of Assets	459	-
	Rental Income	1,024	383
	Rent paid	-	506
	Purchase of shares	-	1,007,500
	Dividends paid	-	174,818
	Dividend income	1,796,579	1,229,308
Key Management personnel	Salaries and other employment benefits	162,341	131,218
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	245,399	199,679

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

	July to December	
	2023 Un-audited	2022 Un-audited
	(Rupees in thousand)	
10. Cash flow from operating activities		
Profit/(loss) before tax	2,130,947	1,764,887
Adjustment for :		
- Depreciation on property, plant and equipment	2,015,005	2,078,084
- Amortization of intangible assets	5,923	3,583
- Loss/(Gain) on disposal of operating fixed assets	60,903	(3,950)
- Net loss on disposal of biological assets	(134,693)	26,078
- Gain on changes in fair value biological asset	(207,287)	(202,291)
- Net Impairment/(reversal of impairment) losses on financial assets	-	36,464
- (Gain)/loss on changes in fair value of investment through P&L	(9)	6
- Dividend income	(1,802,526)	(1,211,452)
- Gain on initial recognition of ordinary investment under scheme of merger	-	(102,409)
- Retirement and other benefits accrued	146,479	121,569
- Exchange (gain) / loss - net	(97,645)	(79,411)
- Finance cost	4,432,014	3,391,893
Profit/(loss) before working capital changes	**6,549,111**	**5,823,051**
Working capital changes		
- (Increase)/decrease in stores, spares and loose tools	(316,367)	250,448
- (Increase)/decrease in stock-in-trade	1,597,970	(2,608,035)
- (Increase)/decrease in trade debts	185,373	99,066
- (Increase)/decrease in contract assets	79,530	(97,432)
- Decrease in advances, deposits, prepayments and other receivables	150,640	(49,558)
- Increase/(decrease) in trade and other payables	955,132	(250,795)
Net working capital changes	**2,652,278**	**(2,656,306)**
Cash (used in)/ generated from operations	**9,201,389**	**3,166,745**
11. Cash and cash equivalents		
Short term borrowings - secured	(15,839,208)	(30,938,810)
Cash and bank balances	1,274,064	479,340
Total cash and cash equivalents	**(14,565,144)**	**(30,459,470)**

12. Financial risk management

12.1 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, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

12.2 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, 2023 on a recurring basis:

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
As at December 31, 2023				
Recurring fair value measurements				
Assets				
Investments - FVOCI	22,200,214	-	5,403,535	27,603,749
Investments - FVPL	15,023	-	-	15,023
Biological assets	-	-	1,136,742	1,136,742
As at June 30, 2023				
Assets				
Investments - FVOCI	14,902,201	-	5,842,886	20,745,087
Investments - FVPL	15	-	-	15
Biological assets	-	-	1,150,612	1,150,612

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 December 31, 2023.

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 16.68% per annum.

- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation with a range of 6.50% to 25.60% per annum.

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

- Discount rate of 24.14% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation with a range of 6.17% to 11.74% 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 December 31, 2023 would be Rs 209.375 million and Rs 204.5 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 December 31, 2023 would be Rs 71.875 million and Rs 87 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 December 31, 2023 would be Rs Rs 21.875 million and Rs 78 million higher 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 December 31, 2023 would be Rs 15.625 million and Rs 82.1 million lower for NHPL and lower for HNMPL respectively.

13. 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.

13.1 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 1 to December 31 Un-audited

Rupees in thousands	Cement		Paper		Dairy/Farm		Elimination - net		Consolidated	
	July to December 2023 un-audited	July to December 2022 un-audited	July to December 2023 un-audited	July to December 2022 un-audited	July to December 2023 un-audited	July to December 2022 un-audited	July to December 2023 un-audited	July to December 2022 un-audited	July to December 2023 un-audited	July to December 2022 un-audited
Revenue from										
- External Customers	34,784,335	29,760,808	(66,805)	627,702	2,663,050	2,180,296	-	-	37,380,580	32,568,806
- Inter-group	-	231	1,406,812	1,219,005	-	-	(1,406,812)	(1,219,236)	-	-
	34,784,335	**29,761,039**	**1,340,007**	**1,846,707**	**2,663,050**	**2,180,296**	**(1,406,812)**	**(1,219,236)**	**37,380,580**	**32,568,806**
Segment gross profit/(loss)	5,543,149	4,257,009	262,616	262,780	311,318	269,998	(48,729)	(50,747)	6,068,354	4,739,040
Segment expenses	(1,848,181)	(1,055,911)	(26,541)	(42,056)	76,965	(80,165)	183	-	(1,797,574)	(1,178,132)
Changes in fair value of biological assets	-	-	-	-	207,287	202,291	-	-	207,287	202,291
Other income	2,163,395	1,392,412	69,156	16,232	15,315	11,016	(162,972)	(26,079)	2,084,894	1,393,581
Financial charges	(4,115,667)	(3,203,476)	(303,760)	(181,655)	(12,587)	(6,762)	-	-	(4,432,014)	(3,391,893)
Taxation	(688,382)	(458,378)	9,255	(11,880)	(211,277)	(39,677)	-	-	(890,404)	(509,935)
Profit/(loss) after taxation	**1,054,314**	**931,656**	**10,726**	**43,421**	**387,021**	**356,701**	**(211,518)**	**(76,826)**	**1,240,543**	**1,254,952**
Depreciation	1,890,619	1,956,028	30,123	30,609	80,434	77,618	13,829	13,829	2,015,005	2,078,084
Capital expenditure	(870,582)	(1,134,795)	(1,343)	(49,078)	(5,816)	(30,718)	-	-	(877,741)	(1,214,591)
Net cash (outflow) / inflow from operating activities	5,099,823	560,895	984,764	(640,285)	(357,847)	(198,680)	(266,855)	(252,676)	5,459,885	(530,746)
Net cash outflow from investing activities	928,876	(935,742)	58,893	(388,318)	348,987	83,927	-	-	1,336,756	(1,240,133)
Rupees in thousands	**31.12.2023 unaudited**	**30.06.2023 audited**	**31.12.2023 unaudited**	**30.06.2023 audited**	**31.12.2023 unaudited**	**30.06.2023 audited**	**31.12.2023 unaudited**	**30.06.2023 audited**	**31.12.2023 unaudited**	**30.06.2023 audited**
Segment assets	137,023,229	134,713,254	4,991,449	5,597,511	5,053,856	4,920,139	(2,893,456)	(2,984,633)	144,175,078	142,246,271
Segment liabilities	65,041,907	70,520,977	2,744,467	3,629,026	1,514,564	1,767,868	(511,787)	(814,482)	68,789,151	75,103,389

13.2 Geographical segments

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

14. Date of authorization

These consolidated condensed interim finanical statements were authorized for issue by the Board of Directors of the Group on February 26, 2024.

15. 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

D.G. KHAN CEMENT COMPANY LIMITED
Nishat House, 53-A, Lawrence Road, Lahore-Pakistan.
UAN: +92-42-111-11-33-33