

Third Quarter Report, March 31,

2023

(Un-audited)



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

TABLE OF CONTENTS

FINANCIAL STATEMENTS

Company Information	02
Directors' Report	03

CONDENSED INTERIM UNCONSOLIDATED

Statement of Financial Position	12
Statement of Profit or Loss - Unaudited	14
Statement of Comprehensive Income - Unaudited	15
Statement of Changes In Equity - Unaudited	16
Statement of Cash Flows - Unaudited	17
Notes to and Forming Part of the Condensed Interim Unconsolidated Financial Information - Unaudited	18

CONDENSED INTERIM CONSOLIDATED

Statement of Financial Position	30
Statement of Profit or Loss - Unaudited	32
Statement of Comprehensive Income - Unaudited	33
Statement of Changes In Equity - Unaudited	34
Statement of Cash Flows - Unaudited	35
Notes to and Forming Part of the Condensed Interim Consolidated Financial Information - Unaudited	36

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	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, 2023

Short Term: A1+
Rating Agency: PACRA

Registered Office

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

Factories

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

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

Chichae Gadhani 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' Report

The directors of your company are pleased to present you the results of 9MFY23:

	9MFY2023	9MFY2022
	Rupees in '000'	
Sales	48,043,356	43,296,731
Cost of sales	(40,305,882)	(35,489,864)
Gross profit	7,737,474	7,806,867
Administrative expenses	(644,972)	(552,406)
Selling and distribution expenses	(1,048,169)	(1,517,760)
Other expenses	(159,686)	(424,382)
Other income	2,148,679	1,959,693
Finance cost	(4,876,483)	(2,453,519)
Profit/(loss) before taxation	3,156,843	4,818,493
Taxation	(1,044,699)	(1,199,222)
Profit/(loss) for the period	2,112,144	3,619,271

EPS (Rs/share)	4.82	8.26
GP%	16.11%	18.03%
PBT%	6.57%	11.13%
PAT%	4.40%	8.36%

Operating date for the period is as follows:

	9MFY2023	9MFY2022
	in MT	
Production:		
Clinker	3,447,855	4,763,962
Cement	3,349,180	4,044,263
Sales:		
Total	3,319,522	4,075,358
Local Cement (excluding own consumption)	3,205,208	3,837,413
Export Cement	114,314	237,945
Clinker Sale	388,450	1,159,658

This year witnessed the worst financial chaos the country has ever faced. The year started off with the worst political-economic crisis. New Government had to face the challenge of falling forex reserves and rising fuel prices. Under intense pressure, the Government resumed IMF program in August. High fuel and electricity prices, currency devaluation, high taxation measures and discount rate hikes were main policy actions the Government took for its resumption. This brought storm of inflation that has not been registered in last 40 years. Adding fuel to fire, the country hit with heavy rainfall and floods across the country in early months of financial year. Global recession has also put pressure on our exports and remittances. Thin reserves and high debt repayment requirements put further pressure on our PKR/USD parity. As the dust began to settle amid economic storm, IMF program again got suspended for 3 months, putting 9th review on hold due to delay on some policy measures. This did an unprecedented damage to business environment and investors confidence. Financing arrangement from bilateral and multilaterals were also put on hold, resulting in declining forex reserves that reached to a level never witnessed in a decade. All these developments weakened the purchasing power of middle class that is considered the backbone of our economy. This affect has been witnessed across all industries, affecting profitability and business operations.

In line with Pakistan economic crisis, total sales quantity of cement industry witnessed decline of 7.2 million tons (18%) year on year basis to 33.6 million tons. North zone registered negative growth of 4.8 million tons (16%) against South Zone of 2.4 million tons (24%). Further analysis shows that negative growth was driven by both local sales that declined by 5.6 million tons (15.4%) and exports of 1.6 million tons (34.6%). Sales utilization of industry declined to 60% against 79% for the corresponding period last year. It was contributed by local sales of 55% against exports sales utilization of 5%.

Sales utilization of your Company declined to 74% (9MFY22: 104%) mainly due to demand-supply gap. Clinker was exported to contribute towards fixed costs earning valuable total foreign exchange of USD 21 million (including from export of cement).

Sales, in value terms, registered growth primarily due to stable local cement prices. Whole effect of inflation, high energy and fuel prices could not be passed on to the consumers. 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. Selling expenses decrease was associated with decrease in clinker sales. 'Other expenses' decrease was associated with decline in exchange loss as there has been no major import payment exposed to exchange rate fluctuation this year. Rate of Dividend from our MCB investment increased as compared to last year, resulting into increase in 'Other Income'. Financial expenses registered 100% increase due to rise in discount rates including ERF rates as compared to corresponding period last year.

The government is stuck in negotiation with IMF for 9th review which is now a lifeline for the country. Tough IMF measures and flood devastation have left no fiscal space for the Government to play with. Growth projections of 5% early in the year have now been reduced to be around 0.4% and it may reduce further keeping in view the global and national challenges ahead. Bells for elections in provinces have rung. Government is in a catch-22 situation with respect to IMF deal and upcoming elections. Current accounts are now manageable but debt repayment requirement is causing troubles for Pakistan. Friendly countries are also reluctant in bridging the financing gap, citing change in their foreign policy. With only 4 months left for Government tenure, 3 months for interim period, IMF may not enter into new and stable agreement until new Government assumes power. This may give a very troubling ride in the coming months. Discount rate was increased to 21% in last Monetary Policy Meeting held on April 2023, in line with inflation numbers. Further slight increase may also be expected as inflation is still beyond 30%. Economic activity is expected to be curtailed. Purchasing power may be further shrunk. This may result in moderate cement dispatches in the coming months. International coal and fuel prices are also trending downward, in line with demand supply gap due to recession in major economies. However, Company may not be able to realize full benefit out of it due to currency devaluation and forex related import issues. Keeping in view future dispatches trend, Company again began exporting clinker to contribute towards fixed costs and to earn valuable foreign exchange reserves.

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 Director
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.

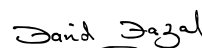
The Directors of your company state that the system of internal control is sound in design and has been effectively implemented and monitored. Significant deviations from last period in operating results of the company are highlighted and reasoned in other parts of Directors report.

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
April 19, 2023

کمپنی نزدیکی آبادیوں کے لئے تعلیم، صحت، طبی اور آگ بجھانے کی سہولیات، وائرسلائی، نزدیکی علاقوں میں ایمرجنسی اور آفاقی 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 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 Azal

فرید نور علی فضل

ڈائریکٹر

—

رضان شا

چیف ایگزیکٹو آفیسر

لاہور

19 اپریل 2023ء

یورڈ آف ڈائریکٹرز، وقتاً فوقتاً ڈائریکٹرز معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

مندرجہ ذیل کمیٹی کے ڈائریکٹرز ہیں:

محترمہ نازمشا (چیئر پرسن)	نان ایگزیکٹو
جناب رضا منشا	ایگزیکٹو
جناب خالد نیاز خواجہ	آزاد
جناب اسامہ محمود	آزاد
جناب شہر یار احمد بخش	آزاد ڈائریکٹر
جناب فرید نور علی فضل	ایگزیکٹو
جناب شہزاد احمد ملک	نان ایگزیکٹو
خاتون ڈائریکٹرز:	01
مرد ڈائریکٹرز:	06

آؤٹ کمیٹی

جناب شہر یار احمد بخش	چیئر مین
جناب خالد نیاز خواجہ	رکن
جناب شہزاد احمد ملک	رکن

ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی

جناب اسامہ محمود	چیئر مین
جناب رضا منشا	رکن
جناب خالد نیاز خواجہ	رکن

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 پر پہچانتی ہے۔

حکومت 9 ویں جائزہ کے لیے آئی ایم ایف کے ساتھ مذاکرات میں پھنسی ہوئی ہے جو اب ملک کی لائف لائن ہے۔ آئی ایم ایف کے سخت اقدامات اور سیلاب کی تباہ کاریوں نے حکومت کے پاس کھینچنے کے لیے کوئی مالی گنجائش نہیں چھوڑی۔ سال کے شروع میں 5% کی شرح نمو کا تخمینہ اب کم ہو کر تقریباً 0.4% رہ گیا ہے اور آنے والے عالمی اور قومی چیلنجوں کو مد نظر رکھتے ہوئے اس میں مزید کمی ہو سکتی ہے۔ صوبوں میں انتخابات کی گھنٹی بج گئی ہے۔ حکومت آئی ایم ایف ڈیل اور آئندہ انتخابات کے حوالے سے سیکچر 22 کی صورتحال میں ہے۔ کرنٹ اکاؤنٹس اب قابل کنٹرول ہیں لیکن قرض کی ادائیگی کی ضرورت پاکستان کے لیے مشکلات کا باعث بن رہی ہے۔ دوست ممالک بھی اپنی خارجہ پالیسی میں تبدیلی کا حوالہ دیتے ہوئے مالیاتی فرق کو پورا کرنے سے گریزاں ہیں۔ حکومت کی مدت میں صرف 4 ماہ باقی ہیں، عبوری مدت کے لیے 3 ماہ، آئی ایم ایف اس وقت تک نیا اور مستحکم معاہدہ نہیں کر سکتا جب تک کہ نئی حکومت اقتدار سنبھال نہ لے۔ یہ آنے والے مہینوں میں بہت پریشان کن ہو سکتا ہے۔ اپریل 2023 کو ہونے والے آخری مانیٹری پالیسی اجلاس میں افراط زر کی تعداد کے مطابق ڈسکاؤنٹ ریٹ بڑھا کر 21% کر دیا گیا تھا۔ مزید معمولی اضافے کی بھی توقع کی جا سکتی ہے کیونکہ افراط زر اب بھی 30 فیصد سے زیادہ ہے۔ اقتصادی سرگرمیاں کم ہونے کی توقع ہے۔ قوت خرید مزید کم ہو سکتی ہے۔ اس کے نتیجے میں آنے والے مہینوں میں اعتدال پسند سینٹ کی ترسیل ہو سکتی ہے۔ بین الاقوامی کونسل اور ایندھن کی قیمتیں بھی، بڑی معیشتوں میں کساد بازاری کی وجہ سے طلب کی رسد کے فرق کے مطابق کم ہو رہی ہیں۔ تاہم، کمپنی کرنسی کی قدر میں کمی اور فاریکس سے متعلق درآمدی مسائل کی وجہ سے اس سے مکمل فائدہ حاصل کرنے کے قابل نہیں ہو سکتی ہے۔ مستقبل کی ترسیل کے رجحان کو مد نظر رکھتے ہوئے، کمپنی نے مقررہ اخراجات میں حصہ ڈالنے اور قیمتی زرمبادلہ کے ذخائر حاصل کرنے کے لیے کلینکر دوبارہ برآمد کرنا شروع کر دیا ہے۔

کمپنی کی بنیادی سرگرمی سینٹ اور کلنکر 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۔

اس سال ملک کو اب تک کی بدترین مالیاتی اخراجات کی کا سامنا کرنا پڑا۔ سال کا آغاز بدترین سیاسی و اقتصادی بحران سے ہوا۔ نئی حکومت کو غیر ملکی زرمبادلہ کے ذخائر میں کمی اور ایندھن کی قیمتوں میں اضافے کے چیلنج کا سامنا کرنا پڑا۔ شدید دباؤ کے تحت حکومت نے اگست میں آئی ایم ایف پروگرام دوبارہ شروع کیا۔ ایندھن اور بجلی کی زیادہ قیمتیں، کرنسی کی قدر میں کمی، زیادہ ٹیکس کے اقدامات اور رعایتی شرح میں اضافہ حکومت کی جانب سے اس کی بحالی کے لیے کیے گئے اہم پالیسی اقدامات تھے۔ اس سے مہنگائی کا دو طوفان آیا جو پچھلے 40 سالوں میں درج نہیں ہوا۔ چلتی پرتیل کا کام کرتے ہوئے، ملک مالی سال کے ابتدائی مہینوں میں ملک بھر میں شدید بارشوں اور سیلاب سے متاثر ہوا۔ عالمی کساد بازاری نے ہماری برآمدات اور ترسیلات پر بھی دباؤ ڈالا ہے۔ کم ذخائر اور قرض کی واپسی کی زیادہ ضروریات ہماری USD/PKR برابر پر مزید دباؤ ڈالتی ہیں۔ معاشی طوفان کے درمیان جیسے ہی گرد اٹھنے لگی، آئی ایم ایف پروگرام پھر سے 3 ماہ کے لیے معطل ہو گیا، کچھ پالیسی اقدامات میں تاخیر کی وجہ سے 9 ویں جائزہ کو روک دیا گیا۔ اس سے کاروباری ماحول اور سرمایہ کاروں کے اعتماد کو شدید نقصان پہنچا۔ دوطرفہ اور کثیر جہتی سے مالیاتی انتظامات کو بھی روک دیا گیا، جس کے نتیجے میں غیر ملکی زرمبادلہ کے ذخائر میں کمی کی آئی جو ایک دہائی میں اس سطح تک پہنچ گئی جس کا مشاہدہ کبھی نہیں ہوا۔ ان تمام پیش رفتوں نے متوسط طبقے کی قوت خرید کو کمزور کر دیا جسے ہماری معیشت کی ریڑھ کی ہڈی سمجھا جاتا ہے۔ اس کا اثر تمام صنعتوں پر دیکھا گیا، جس سے منافع اور کاروباری کام متاثر ہوئے ہیں۔

پاکستان کے معاشی بحران کی مناسبت سے، سینٹ کی صنعت کی کل فروخت کی مقدار میں سالانہ بنیادوں پر 7.2 ملین ٹن (18%) کی کمی دیکھی گئی جو 33.6 ملین ٹن رہ گئی۔ شمالی زون نے 4.8 ملین ٹن (16%) کی منفی نمود راج کی جبکہ جنوبی زون 2.4 ملین ٹن (24%) رہا۔ مزید تجزیہ سے پتہ چلتا ہے کہ منفی نمودوں مقامی فروخت کی وجہ سے ہوئی جس میں 5.6 ملین ٹن (15.4%) اور 1.6 ملین ٹن (34.6%) کی برآمدات میں کمی واقع ہوئی۔ صنعت کی فروخت کا استعمال گزشتہ سال کی اسی مدت کے 79 فیصد کے مقابلے میں 60 فیصد تک گر گیا۔ اس میں 55 فیصد کی مقامی فروخت نے حصہ ڈالا جبکہ برآمدات کی فروخت میں 5 فیصد کا استعمال ہوا۔

آپ کی کمپنی کا مستعمل 74% (9MFY22) تک گر گیا جس کی بنیادی وجہ طلب اور رسد میں فرق ہے۔ کلینٹر کو 21 ملین امریکی ڈالر کا قیمتی زرمبادلہ کمانے کے لیے مقررہ اخراجات میں حصہ ڈالنے کے لیے برآمد (بشمول سینٹ کی برآمد) کیا گیا تھا۔

فروخت، قدر کے لحاظ سے، بنیادی طور پر مقامی سینٹ کی مستحکم قیمتوں کی وجہ سے اضافہ ہوا ہے۔ مہنگائی، توانائی اور ایندھن کی زیادہ قیمتوں کا سارا اثر صارفین تک منتقل نہیں کیا جا سکا۔ کمپنی نے لاگت کو مد نظر رکھتے ہوئے اور قیمتی زرمبادلہ کے ذخائر کی بچت کرتے ہوئے، درآمدی کوسٹ کے متبادل ایندھن، مقامی اور افغان کوسٹ کو جزوی طور پر منتقل کیا۔ فروخت کے اخراجات میں کمی کا تعلق کلینٹر کی فروخت میں کمی سے تھا۔ دیگر اخراجات میں کمی کا تعلق زرمبادلہ کے نقصان میں کمی سے تھا کیونکہ اس سال شرح مبادلہ کے اتار چڑھاؤ کی وجہ سے کوئی بڑی درآمدی ادائیگی نہیں ہوئی ہے۔ ہماری MCB سرمایہ کاری سے منافع کی شرح میں گزشتہ سال کے مقابلے میں اضافہ ہوا، جس کے نتیجے میں 'دیگر آمدنی' میں اضافہ ہوا۔ گزشتہ سال کی اسی مدت کے مقابلے میں ERF کی شرحوں سمیت رعایتی شرحوں میں اضافے کی وجہ سے مالی اخراجات میں 100% اضافہ ہو گیا۔

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو مالی سال 2023 کی نو ماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

نو ماہی مالی سال 2022	نو ماہی مالی سال 2023	
پاکستانی روپے ہزاروں میں		
43,296,731	48,043,356	فروخت
(35,489,864)	(40,305,882)	قیمت فروخت
7,806,867	7,737,474	مجموعی منافع
(552,406)	(644,972)	انتظامی اخراجات
(1,517,760)	(1,048,169)	فروخت اور تقسیم کے اخراجات
(424,382)	(159,686)	دیگر معاملاتی اخراجات
1,959,693	2,148,679	دیگر آمدنی
(2,453,519)	(4,876,483)	مالی لاگت
4,818,493	3,156,843	ٹیکسیشن سے قبل منافع / (نقصان)
(1,199,222)	(1,044,699)	ٹیکسیشن
3,619,271	2,112,144	ٹیکسیشن کے بعد منافع / (نقصان)
8.26	4.82	EPS (روپے فی شیئر)
18.03%	16.11%	GP %
11.13%	6.57%	PBT %
8.36%	4.40%	PAT %

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

نو ماہی مالی سال 2022	نو ماہی مالی سال 2023	
اعداد و شمار میٹرک ٹن میں		پیداوار
4,763,962	3,447,855	کلنٹر کی پیداوار
4,044,263	3,349,180	سیمنٹ کی پیداوار
		فروخت
4,075,358	3,319,522	سیمنٹ کی کل فروخت
3,837,413	3,205,208	سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)
237,945	114,314	سیمنٹ کی برآمد فروخت
1,159,658	388,450	کلنٹر کی فروخت

INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS



Unconsolidated Condensed Interim Statement of Financial Position

	Note	31 March, 2023 Un-Audited (Rupees in thousand)	30 June, 2022 Audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital			
- 950,000,000 (2022: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2022: 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 (2022: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Other reserves		23,572,825	24,238,624
Revenue reserve: Un-appropriated profits		42,972,312	41,298,287
		70,926,328	69,918,102
NON-CURRENT LIABILITIES			
Long term finances - secured	6	11,875,528	14,168,229
Deferred income - Government grant	7	303,142	450,684
Long term deposits		339,210	281,177
Employee benefits obligations		777,040	712,640
Deferred taxation		5,893,216	4,942,150
		19,188,136	20,554,880
CURRENT LIABILITIES			
Trade and other payables		12,736,865	12,591,709
Accrued markup		1,159,638	883,229
Short term borrowings - secured		22,742,010	25,210,506
Current portion of non-current liabilities		6,936,491	7,333,985
Unclaimed dividend		34,531	34,512
Provision for taxation		35,090	35,090
		43,644,625	46,089,031
Contingencies and Commitments			
	8	133,759,089	136,562,013

The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.



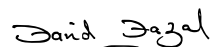
Chief Executive

As At March 31, 2023

	Note	31 March, 2023 Un-Audited (Rupees in thousand)	30 June, 2022 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	82,169,400	82,803,860
Intangible asset		11,945	17,319
Investments	10	14,508,337	12,866,145
Long term deposits		61,826	61,526
		96,751,508	95,748,850
CURRENT ASSETS			
Stores, spare parts and loose tools		10,609,508	16,813,883
Stock-in-trade		9,450,841	5,981,515
Trade debts		1,235,669	1,467,862
Investments		9,313,853	9,962,421
Loans, advances, deposits, prepayments and other receivables		985,808	1,430,613
Income tax receivable		4,827,313	4,746,066
Cash and bank balances		584,589	410,803
		37,007,581	40,813,163
		133,759,089	136,562,013



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Nine Month Period Ended March 31, 2023 (Un-audited)

	2023		2022	
	July to March	January to March	July to March	January to March
	(Rupees in thousand)		(Rupees in thousand)	
Sales	48,043,356	18,282,317	43,296,731	15,862,249
Cost of sales	(40,305,882)	(14,801,852)	(35,489,864)	(12,913,405)
Gross profit	7,737,474	3,480,465	7,806,867	2,948,844
Administrative expenses	(644,972)	(219,382)	(552,406)	(184,015)
Selling and distribution expenses	(1,048,169)	(539,326)	(1,517,760)	(506,518)
Other expenses	(159,686)	(38,208)	(424,382)	(52,205)
Other income	2,148,679	756,267	1,959,693	667,291
Finance cost	(4,876,483)	(1,673,007)	(2,453,519)	(915,569)
Profit before taxation	3,156,843	1,766,809	4,818,493	1,957,828
Taxation	(1,044,699)	(586,321)	(1,199,222)	(515,634)
Profit for the period	2,112,144	1,180,488	3,619,271	1,442,194
Earnings per share				
(basic and diluted - in Rupees)	4.82	2.69	8.26	3.29

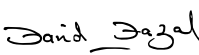
The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Quarter and Nine Month Period Ended March 31, 2023 (Un-audited)

	2023		2022	
	July to March	January to March	July to March	January to March
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	2,112,144	1,180,488	3,619,271	1,442,194
Other comprehensive income / (loss) for the year - net of tax				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in fair value of investments at fair value through other comprehensive income (FVOCI) - net of tax	(665,799)	(239,946)	(2,268,724)	(742,043)
	(665,799)	(239,946)	(2,268,724)	(742,043)
Total comprehensive income for the period	1,446,345	940,542	1,350,547	700,151

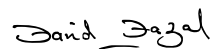
The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Changes In Equity

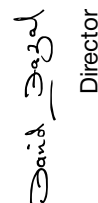
For the Nine Month Period Ended March 31, 2023 (Un-audited)

	(Rupees in thousands)						
	Capital reserve			Revenue reserve			
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated profits	Total
Balance as at June 30, 2021 - Audited	4,381,191	4,557,163	20,297,619	353,510	5,071,827	38,816,563	73,477,873
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	3,619,271	3,619,271
- Other comprehensive loss for the period	-	-	(2,268,724)	-	-	-	(2,268,724)
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(2,268,724)	-	-	3,619,271	1,350,547
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2021	-	-	-	-	-	(438,119)	(438,119)
Balance as at March 31, 2022 - Un-audited	4,381,191	4,557,163	18,028,895	353,510	5,071,827	41,997,715	74,390,301
Balance as at June 30, 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	-	-	-	-	-	2,112,144	2,112,144
- Other comprehensive Loss for the period	-	-	(665,799)	-	-	-	(665,799)
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(665,799)	-	-	2,112,144	1,446,345
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2022 (Re 1 per share)	-	-	-	-	-	(438,119)	(438,119)
Balance as at March 31, 2023 - Un-audited	4,381,191	4,557,163	13,590,325	353,510	5,071,827	42,972,312	70,926,328

The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

Unconsolidated Condensed Interim Statement of Cash Flows

For the Nine Month Period Ended March 31, 2023 (Un-audited)

	Note	2023 July to March (Rupees in thousand)	2022 July to March
Cash flows from operating activities			
Cash generated from operations	12	12,895,054	5,621,048
Finance cost paid		(4,600,074)	(2,266,005)
Retirement and other benefits paid		(206,981)	(156,182)
Income tax paid		(724,394)	(1,192,577)
Long term deposits - net		58,033	13,885
Net cash inflow from operating activities		7,421,638	2,020,169
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(2,322,761)	(1,235,106)
Proceeds from disposal of property, plant and equipment		12,778	23,327
Investments in equity instruments		(1,007,500)	-
Long term loans, advances and deposits - net		(300)	(2,667)
Recovery of loan to related party		-	765,000
Interest received		2,370	45,045
Dividend received		1,811,894	1,747,175
Net cash inflow/(outflow) from investing activities		(1,503,519)	1,342,774
Cash flows from financing activities			
Repayment of long term finances		(4,864,185)	(3,895,723)
Proceeds from long term finances		2,026,448	1,500,000
Dividend paid		(438,100)	(437,207)
Net cash (outflow)/inflow from financing activities		(3,275,837)	(2,832,930)
Net increase in cash and cash equivalents		2,642,282	530,013
Cash and cash equivalents at the beginning of the period		(24,799,703)	(17,555,677)
Cash and cash equivalents at the end of the period	13	(22,157,421)	(17,025,664)

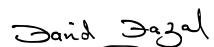
The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

For the Nine Month Period Ended March 31, 2023 (Un-audited)

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, 2022. 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

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, 2022 except for the estimation of income tax (see note 5) and 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 period beginning on July 1, 2022, 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, 2023 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, 2022, 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.

March 31,	June 30,
2023	2022
Un-audited	audited
(Rupees in thousand)	

6. Long term finances - secured

Long term loans	- note 6.1	18,590,214	21,265,395
Current portion shown under current liabilities		(6,714,686)	(7,097,166)
		11,875,528	14,168,229

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

	March 31,	June 30,
	2023	2022
	Un-audited	audited
	(Rupees in thousand)	
Opening balance	21,929,962	26,357,794
Disbursements during the period/year	2,026,448	1,630,445
Repayments during the period/year	(4,873,611)	(6,058,277)
	19,082,799	21,929,962
Unamortized liability	(492,585)	(664,567)
Closing balance	18,590,214	21,265,395

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

	March 31,	June 30,
	2023	2022
	Un-audited	audited
	(Rupees in thousand)	
Opening balance	(664,567)	(927,027)
Unwinding of discount on liability	171,982	262,460
Closing balance	(492,585)	(664,567)

March 31, 2023	June 30, 2022
Un-audited	audited
(Rupees in thousand)	

7. Deferred income - Government grant

The reconciliation of the carrying amount is as follows:

Opening balance	664,567	927,027
Credited to the statement of profit or loss	(171,982)	(262,460)
	492,585	664,567
Current portion shown under current liabilities	(189,443)	(213,883)
Closing balance	303,142	450,684

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

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, 2022.

8.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 431.346 million (June 30, 2022: Rs 164.581 million).
- (ii) Letters of credit for capital expenditure Rs 139.110 million (June 30, 2022: Rs 1,254.466 million).
- (iii) Letters of credit other than capital expenditure Rs 428.773 million (June 30, 2022: Rs 3,037.820 million).

March 31, 2023	June 30, 2022
Un-audited	audited
(Rupees in thousand)	

9. Property, plant and equipment

Operating fixed assets	- note 9.1	79,493,339	81,934,028
Capital work-in-progress	- note 9.2	2,493,734	724,168
Major spare parts and stand-by equipment		182,327	145,664
		82,169,400	82,803,860

		March 31, 2023 Un-audited	June 30, 2022 audited
		(Rupees in thousand)	
9.1 Operating fixed assets			
Opening book value		81,934,028	77,140,261
Additions during the period/year	- note 9.1.1	516,532	8,728,068
		82,450,560	85,868,329
Disposals during the period/year - at book value		(12,127)	(25,193)
Depreciation charged for the period/year		(2,945,094)	(3,909,108)
		(2,957,221)	(3,934,301)
Closing book value		79,493,339	81,934,028
9.1.1 Additions during the period/year			
Freehold land		2,500	18,858
Buildings on freehold land:		-	-
- Factory buildings		2,381	1,151,266
- Office building and housing colony		58,452	381,253
Roads		2,630	127,238
Plant and machinery		261,560	6,761,000
Quarry equipment		5,914	2,282
Furniture and fittings		27,290	20,451
Office equipment		132,046	38,182
Vehicles		21,303	158,227
Power and water supply lines		2,456	69,311
		516,532	8,728,068
9.2 Capital work-in-progress			
Civil works		600,369	327,811
Plant and machinery		1,744,253	330,995
Advances to suppliers and contractors		82,119	51,929
Others		66,993	13,433
		2,493,734	724,168

10. Investments

- 10.1** 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:

	March 31, 2023 Un-audited	June 30, 2022 audited
	(Rupees in thousand)	
Carrying value of investments at the beginning of the period/year	12,866,145	15,965,811
Shares acquired as a result of merger scheme - note 10.2	102,409	-
Ordinary investment in HNMPPL against right issue - note 10.3	1,007,500	-
	13,976,054	15,965,811
Fair value gain / (loss) recognized in other comprehensive income	532,283	(3,099,666)
Carrying value at the end of the period/year	14,508,337	12,866,145

- 10.2** Pursuant to the Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst Nishat (Chunian) Limited and its members and Nishat Chunian Properties (Private) Limited and its members duly sanctioned by Honorable Lahore High Court, Lahore on 29 June 2022, the Company on, 18 August 2022, has received 5,683,067 ordinary shares of Nishat Chunian Power Limited as one of the principal objects of the Scheme was to make Nishat (Chunian) Limited and Nishat Chunian Power Limited totally independent of each other by the transfer amongst the members of Nishat (Chunian) Limited of 187,585,820 ordinary shares of Nishat Chunian Power Limited owned by Nishat (Chunian) Limited. Hence, the Company has also become a shareholder of Nishat Chunian Power Limited with effect from 18 August 2022.

- 10.3** This represents 100.750 million shares acquired against right issue of HNMPPL at a par value of Rs 10 per ordinary share.

11. 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:

		July to March 2023	July to March 2022
		Un-audited	Un-audited
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
i. Subsidiary entities	Purchase of goods and services	1,968,540	1,680,394
	Rental income	725	725
	Dividend income	25,595	38,393
	Sale of goods and services	55,286	58,076
ii. Investor	Purchase of goods and services	154	261
	Sale of goods	12,738	59,449
	Dividend income	121,158	121,158
	Dividends paid	137,574	137,574
iii. Other related entities	Insurance premium	215,901	177,375
	Sale of goods	79,967	79,172
	Dividend income	1,707,482	1,583,033
	Dividends paid	37,244	35,189
	Purchase of goods and services	74,785	45,473
	Mark-up income on balances	-	32,519
	Insurance claims received	4,346	-
	Purchase of shares	1,007,500	-
	Rental income	574	-
iv. Key management Personnel	Salaries and other employment benefits	195,951	196,090
	Dividend paid	39,943	39,943
v. Post employment benefit plans	Expense charged in respect of defined benefit plan	178,412	140,548
	Expense charged in respect of defined contribution plan	92,969	85,306
		March 31, 2023	June 30, 2022
		Un-audited	audited
		(Rupees in thousand)	
Period/year end balances			
Payable to related parties			
Trade and other payables		625,309	972,924
Receivable from related parties			
Trade debts		43,423	24,044
Other receivables		15,753	10,287
		59,176	34,331

July to March

2023	2022
Un-audited	Un-audited
(Rupees in thousand)	

12. Cash generated from operations

Profit before tax	3,156,843	4,818,493
Adjustments for non-cash charges and other items:		
- Depreciation on operating fixed assets	2,945,094	2,903,444
- Amortization of intangible assets	5,374	2,389
- Loss/(gain) on disposal of operating fixed assets	(651)	440
- Net impairment losses/(reversal) on financial assets	36,464	38,764
- Dividend income	(1,813,534)	(1,748,461)
- Gain on initial recognition of ordinary shares transferred under Scheme of Compromises, Arrangement and Reconstruction amongst Nishat (Chunian) Limited and its members	(102,409)	-
- Provision for retirement benefits	271,381	225,854
- Mark-up income	-	(32,519)
- Profit on bank deposits	(2,370)	(7,163)
- Exchange loss/(gain)	62,442	222,245
- Finance cost	4,876,483	2,453,519
Profit before working capital changes	9,435,117	8,877,005
Effect on cash flow due to working capital changes:		
- Decrease/(increase) in stores, spare parts and loose tools	6,204,375	(372,862)
- Decrease/(increase) in stock-in-trade	(3,469,325)	(307,616)
- Decrease/(increase) in trade debts	195,729	(694,820)
- Decrease in loans, advances, deposits, prepayments and other receivables	446,444	(319,654)
- Increase/(decrease) in trade and other payables	82,714	(1,561,005)
	3,459,937	(3,255,957)
	12,895,054	5,621,048

13. Cash and cash equivalents

Short term borrowings - secured	(22,742,010)	(17,501,502)
Cash and bank balances	584,589	475,838
	(22,157,421)	(17,025,664)

14. Financial risk management

14.1 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, 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2022.

14.2 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 March 31, 2023 and June 30, 2022 on a recurring basis:

	Level 1	Level 2	Level 3	Total
As at March 31, 2023				
	(Rupees in thousand)			
Recurring fair value measurements				
Assets				
Investments - FVOCI	14,401,571	-	7,000,698	21,402,269
As at June 30, 2022				
Assets				
Investments - FVOCI	16,102,172	-	4,306,472	20,408,644

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 March 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 15.08% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation at 11.00% per annum.

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

- Discount rate of 21.64% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 12% per annum and revenues are linked to currency devaluation at 12% 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 March 31, 2023 would be 218.750 million and Rs 342.340 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 March 31, 2023 would be Rs 87.500 million and Rs 176.060 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 March 31, 2023 would be Rs 255.208 million and Rs 381.465 million higher for NHPL and higher for HNMPL respectively.

15. Date of authorization for issue

These unconsolidated condensed interim financial statements were authorized for issue on April 19, 2023 by the Board of Directors of the Company.

16. Corresponding figures

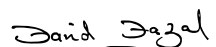
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the unconsolidated condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim 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

		31 March, 2023	30 June, 2022
		Un-Audited	Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2022: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2022: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital			
438,119,118 (2022: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		23,480,388	24,153,481
Un-appropriated profit		43,618,718	41,759,427
Attributable to owners of the parent company		71,480,297	70,294,099
Non-controlling interest		2,539,852	2,349,613
		74,020,149	72,643,712
NON-CURRENT LIABILITIES			
Long term finances - secured	5	12,129,623	14,566,482
Deferred government grant	6	324,809	475,970
Long term deposits		339,209	281,177
Deferred liabilities		777,039	712,639
Deferred taxation		6,497,855	5,540,533
		20,068,535	21,576,801
CURRENT LIABILITIES			
Trade and other payables		13,210,710	12,519,880
Accrued markup		1,266,392	928,826
Short term borrowing-secured		24,813,882	26,170,194
Loan from related party - unsecured		4,000	94,000
Current portion of non-current liabilities		7,116,839	7,536,742
Unclaimed dividend		34,531	34,512
Provision for taxation		127,147	86,187
		46,573,501	47,370,341
CONTINGENCIES AND COMMITMENTS			
	7	140,662,185	141,590,854

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial information.



Chief Executive

As At March 31, 2023

		31 March, 2023 Un-Audited	30 June, 2022 Audited
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	85,590,464	86,314,054
Intangible asset		11,945	17,319
Biological assets		1,014,249	964,995
Investments	9	12,618,609	10,636,098
Long term loans to employees		-	1,192
Long term deposits		61,826	61,526
		99,297,093	97,995,184
CURRENT ASSETS			
Stores, spares and loose tools		10,941,071	17,066,399
Stock-in-trade		11,270,947	7,268,544
Trade debts		1,311,273	1,591,516
Investments	9	9,313,868	9,962,440
Advances, deposits, prepayments and other receivables		2,240,910	1,830,899
Contract assets		69,880	28,501
Income tax recoverable		5,594,991	5,412,213
Cash and bank balances		622,152	435,158
		41,365,092	43,595,670
		140,662,185	141,590,854

Chief Financial Officer

Director

Consolidated Condensed Interim Statement of Profit or Loss


For the Quarter and Nine Month Period Ended March 31, 2023 (Un-audited)

	2023		2022	
	July to March	January to March	July to March	January to March
	(Rupees in thousand)		(Rupees in thousand)	
Sales	52,225,418	19,656,612	46,107,707	16,965,199
Cost of sales	(43,686,132)	(15,856,366)	(37,542,631)	(13,727,253)
Gross profit	8,539,286	3,800,246	8,565,076	3,237,946
Administrative expenses	(771,794)	(269,147)	(654,971)	(221,879)
Selling and distribution expenses	(1,051,610)	(540,406)	(1,520,730)	(507,630)
Other expenses	(323,870)	(159,589)	(506,240)	(57,367)
Changes in fair value of biological assets	251,333	49,042	218,913	48,430
Other income	2,181,994	788,413	1,951,725	668,521
Finance cost	(5,199,584)	(1,807,691)	(2,592,278)	(963,114)
Profit before taxation	3,625,755	1,860,868	5,461,495	2,204,907
Taxation	(1,111,198)	(601,263)	(1,351,009)	(553,031)
Profit for the period	2,514,557	1,259,605	4,110,486	1,651,876
Attributable to:				
Equity holders of the parent	2,297,409	1,215,375	3,872,101	1,557,530
Non-controlling interest	217,148	44,230	238,385	94,346
	2,514,557	1,259,605	4,110,486	1,651,876
Earnings/(loss) per share				
(basic and diluted - in Rupees)	5.24	2.77	8.84	3.56

The annexed notes 1 to 16 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 Nine Month Period Ended March 31, 2023 (Un-audited)

	2023		2022	
	July to March	January to March	July to March	January to March
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	2,514,557	1,259,605	4,110,486	1,651,876
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	(679,059)	(245,294)	(2,287,225)	(753,123)
Other comprehensive income / (loss) for the period	(679,059)	(245,294)	(2,287,225)	(753,123)
Total comprehensive income for the period	1,835,498	1,014,311	1,823,261	898,753
Attributable to				
Equity holders of parent	1,624,317	972,488	1,593,201	809,393
Non-controlling interest	211,181	41,823	230,060	89,360
	1,835,498	1,014,311	1,823,261	898,753

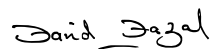
The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Changes In Equity

For the Nine Month Period Ended March 31, 2023 (Un-audited)

	(Rupees in thousands)								
	Capital reserve			Revenue reserve					
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated profits	Total equity attributable to shareholders of parent company	Non-controlling interest	Total equity
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									
- Profit for the period	-	-	-	-	-	3,872,101	3,872,101	238,385	4,110,486
- Other comprehensive income for the period									
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(2,278,900)	-	-	-	(2,278,900)	(8,325)	(2,287,225)
	-	-	(2,278,900)	-	-	3,872,101	1,593,201	230,060	1,823,261
Transactions with owners in their capacity as owners recognised directly in equity									
Final dividend for the year ended June 30, 2021	-	-	-	-	-	(438,119)	(438,119)	(31,413)	(469,532)
Balance as at March 31, 2022- Unaudited	4,381,191	4,557,163	17,922,924	353,510	5,110,851	42,523,279	74,848,918	2,380,998	77,229,916
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	-	-	-	-	-	2,297,409	2,297,409	217,148	2,514,557
- Other comprehensive income for the period									
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(673,092)	-	-	-	(673,092)	(5,967)	(679,059)
	-	-	(673,092)	-	-	2,297,409	1,624,317	211,181	1,835,498
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 March 31, 2023 - Unaudited	4,381,191	4,557,163	13,458,865	353,510	5,110,851	43,618,717	71,480,297	2,539,852	74,020,149

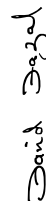
The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Cash Flows

For the Nine Month Period Ended March 31, 2023 (Un-audited)

	Note	2023 July to March (Rupees in thousand)	2022 July to March
Cash flows from operating activities			
Cash generated from operations	11	12,718,383	7,021,002
Finance cost paid		(4,862,018)	(2,416,444)
Retirement and other benefits paid		(218,972)	(180,815)
Income tax paid		(845,207)	(1,274,550)
Long term deposits - net		58,032	(2,667)
Net cash inflow from operating activities		6,850,218	3,146,526
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(2,418,277)	(1,369,946)
Proceeds from disposal of property, plant and equipment		14,439	24,196
Long term loans, advances and deposits - net		(300)	13,884
Proceeds from sale of biological assets		192,926	124,472
Repayment of loan from related party		-	765,000
Investment in equity instruments		(1,361,080)	(51,948)
Interest received		4,160	49,648
Dividend received		1,828,293	1,765,586
Net cash outflow from investing activities		(1,739,839)	1,320,892
Cash flows from financing activities			
Repayment of long term finances		(5,044,480)	(4,083,795)
Proceeds from long term finances		2,026,448	1,605,000
Repayment of loan to related party		(90,000)	(90,000)
Dividend paid		(459,041)	(468,620)
Net cash inflow/(outflow) from financing activities		(3,567,073)	(3,037,415)
Net decrease in cash and cash equivalents		1,543,306	1,430,003
Cash and cash equivalents at the beginning of the year		(25,735,036)	(19,041,000)
Cash and cash equivalents at the end of period	12	(24,191,730)	(17,610,997)

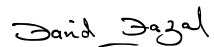
The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Notes to and Forming Part of the Condensed Interim Consolidated Financial For the Nine Month Period Ended March 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, 2022. 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 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, 2022 except for the estimation of income tax and adoption of new and amended standards as set out in note 3.2.

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 period beginning on July 1, 2022, 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 Group

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, 2023 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 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, 2022, 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.

March 31, 2023	June 30, 2022
Un-audited	audited
(Rupees in thousand)	

5. Long term finances

Long term loans	- note 5.1	19,024,656	21,861,578
Current portion shown under current liabilities		(6,895,033)	(7,295,096)
		12,129,623	14,566,482

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

March 31, 2023	June 30, 2022
Un-audited	audited
(Rupees in thousand)	

Opening balance		22,553,671	27,098,736
Disbursements during the period		2,026,448	1,735,445
Repayment during the period		(5,044,480)	(6,280,510)
		19,535,639	22,553,671
Unamortized liability	- note 5.1.1	(510,983)	(692,093)
Closing balance		19,024,656	21,861,578

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

March 31, 2023	June 30, 2022
Un-audited	audited
(Rupees in thousand)	

Opening balance	(692,093)	(928,300)
Discounting adjustment for recognition at fair value - government grant	-	(33,194)
Unwinding of discount on liability	181,110	269,401
Closing balance	(510,983)	(692,093)

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, 2022.

7.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 431.346 million (June 30, 2022: Rs 191.251 million).
- (ii) Letters of credit for capital expenditure Rs 139.110 (June 30, 2022: Rs 1,254.466 million).
- (iii) Letters of credit other than capital expenditure Rs 428.773 million (June 30, 2022: 3,037.820 million).

	March 31, 2023	June 30, 2022
	Un-audited	audited
	(Rupees in thousand)	

8. Property, plant and equipment

Operating Assets	-note 8.1	82,901,739	85,392,522
Capital work-in-progress		1,383,571	775,868
Major spare parts and stand-by equipment		182,327	145,664
		84,467,637	86,314,054

8.1 Operating assets

Opening book value		85,392,522	80,610,944
Add: Additions during the period/ year	-note 8.1.1	651,084	8,963,583
		86,043,606	89,574,527
Less: Disposals during the period/ year - net book value		12,654	25,999
Depreciation charged during the period/ year		3,129,213	4,156,006
		3,141,867	4,182,005
Closing book value		82,901,739	85,392,522

8.1.1 Major additions during the period

Free hold land	51,578	18,858
Building on freehold land	64,514	1,254,722
Office building and housing colony	58,452	381,253
Roads	2,630	127,238
Plant and machinery	262,875	6,827,914
Quarry equipment	5,914	2,566
Furniture, fixtures and equipment	33,349	62,652
Motor vehicles	148,013	219,069
Power and water supply lines	23,759	69,311
	651,084	8,963,583

March 31, 2023	June 30, 2022
Un-audited	audited
(Rupees in thousand)	

8.2 Capital work-in-progress

Civil works	542,708	367,636
Plant and machinery	718,032	330,636
Advances to suppliers and contractors	103,195	64,163
Others	19,636	13,433
	1,383,571	775,868

9. Investments

- 9.1** 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.
- 9.2** Pursuant to the Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst Nishat (Chunian) Limited and its members and Nishat Chunian Properties (Private) Limited and its members duly sanctioned by Honorable Lahore High Court, Lahore, the Group on, 18 August 2022, received 5,683,067 ordinary shares of Nishat Chunian Power Limited as one of the principal objects of the Scheme was to make Nishat (Chunian) Limited and Nishat Chunian Power Limited totally independent of each other by the transfer amongst the members of Nishat (Chunian) Limited of 187,585,820 ordinary shares of Nishat Chunian Power Limited owned by Nishat (Chunian) Limited. Hence, the Group has also become a shareholder of Nishat Chunian Power Limited with effect from August 18, 2022.
- 9.3** This includes 100.750 million shares acquired against right issue of HNMPPL at a par value of Rs 10 per ordinary share.

10. 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:

		July to March	
		2023	2022
		Un-audited	Un-audited
		(Rupees in thousand)	
Relationship with the Group	Nature of transaction		
Other related parties	Purchase of goods and services	192,623	162,461
	Insurance premium	224,908	184,952
	Sale of goods	289,332	336,548
	Markup income	-	32,519
	Insurance claims received	4,346	-
	Rental Income	1,499	-
	Purchase of shares	1,007,500	-
	Dividends paid	174,818	172,763
	Dividend income	1,870,634	1,722,602
Key Management personnel	Salaries and other employment benefits	195,951	214,113
	Dividend paid	39,943	39,943
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	293,481	247,268

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

July to March

2023	2022
Un-audited	Un-audited
(Rupees in thousand)	

11. Cash flow from operating activities

Profit/(loss) before tax	3,625,755	5,461,495
Adjustment for :		
- Depreciation on property, plant and equipment	3,129,213	3,089,286
- Amortization of intangible assets	5,374	2,389
- Gain on disposal of operating fixed assets	(1,785)	374
- Net loss on disposal of biological assets	9,152	50,316
- Gain on changes in fair value biological asset	(251,333)	(218,912)
- (Gain)/loss on changes in fair value of investment through P&L	4	2
- Dividend income	(1,829,933)	(1,766,872)
- Gain on initial recognition of ordinary investment under scheme of merger	(102,409)	-
- Retirement and other benefits accrued	293,481	247,268
- Markup income	(4,160)	(49,648)
- Exchange (gain) / loss - net	210,853	227,691
- Finance cost	5,199,584	2,592,278
Profit/(loss) before working capital changes	10,283,796	9,635,667
Working capital changes		
- (Increase)/decrease in stores, spares and loose tools	6,125,328	(491,714)
- (Increase)/decrease in stock-in-trade	(4,002,403)	91,415
- (Increase)/decrease in trade debts	280,243	(37,588)
- (Increase)/decrease in contract assets	(41,379)	(33,803)
- Decrease in advances, deposits, prepayments and other receivables	(407,179)	(670,795)
- Increase/(decrease) in trade and other payables	479,977	(1,472,180)
Net working capital changes	2,434,587	(2,614,665)
Cash (used in)/ generated from operations	12,718,383	7,021,002

12. Cash and cash equivalents

Short term borrowings - secured	(24,813,882)	(18,159,597)
Cash and bank balances	622,152	548,600
Total cash and cash equivalents	(24,191,730)	(17,610,997)

13. Financial risk management**13.1 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, 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2022.

13.2 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, 2022 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			

As at March 31, 2023

Recurring fair value measurements

Assets

Investments - FVOCI	14,931,764	-	7,000,698	21,932,462
Investments - FVPL	15	-	-	15
Biological assets	-	-	1,014,249	1,014,249

As at June 30, 2022

Assets

Investments - FVOCI	16,292,047	-	4,306,472	20,598,519
Investments - FVPL	19	-	-	19
Biological assets	-	-	964,995	964,995

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 March 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 15.08% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation at 11.00% per annum.

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

- Discount rate of 21.64% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 10% per annum and revenues are linked to currency devaluation at 12% 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 March 31, 2023 would be Rs 218.750 million and Rs 342.340 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 March 31, 2023 would be Rs 87.500 million and Rs 176.060 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 March 31, 2023 would be Rs 255.208 million and Rs 381.465 million higher for NHPL and HNMPL respectively.

14. 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.

14.1 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 March 31

Rupees in thousands	Cement		Paper		Dairy/Farm		Elimination - net		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from										
- External Customers	48,043,085	43,296,418	579,286	770,104	3,603,047	2,041,185	-	-	52,225,418	46,107,707
- Inter-group	271	313	1,968,540	1,680,394	-	-	(1,968,811)	(1,680,707)	-	-
	48,043,356	43,296,731	2,547,826	2,450,498	3,603,047	2,041,185	(1,968,811)	(1,680,707)	52,225,418	46,107,707
Segment gross profit/(loss)	7,737,474	7,806,867	378,813	615,148	494,954	199,273	(71,955)	(56,212)	8,539,286	8,585,076
Segment expenses	(1,852,827)	(2,494,548)	(193,238)	(63,281)	(101,209)	(124,071)	-	(41)	(2,147,274)	(2,681,941)
Changes in fair value of biological assets	-	-	-	-	251,333	218,913	-	-	251,333	218,913
Other income	2,148,679	1,959,693	44,574	18,411	15,061	12,739	(26,320)	(39,118)	2,181,994	1,951,725
Financial charges	(4,876,483)	(2,453,519)	(310,177)	(135,337)	(12,924)	(3,422)	-	-	(5,199,584)	(2,592,278)
Taxation	(1,044,699)	(1,199,222)	29,087	(126,134)	(95,586)	(25,653)	-	-	(1,111,198)	(1,351,009)
Profit/(loss) after taxation	2,112,144	3,619,271	(50,941)	308,807	551,629	277,779	(98,275)	(95,371)	2,514,557	4,110,486
Depreciation	2,945,094	2,903,444	45,915	46,435	117,461	118,664	20,743	20,743	3,129,213	3,089,286
Capital expenditure	(2,322,761)	(1,213,606)	(49,078)	(720)	(46,438)	(134,120)	-	-	(2,418,277)	(1,348,446)
Net cash (outflow) / inflow from operating activities	7,421,638	2,003,617	(528,495)	1,175,810	(51,243)	858	8,318	(33,759)	6,850,218	3,146,526
Net cash outflow from investing activities	(1,503,519)	1,359,326	(360,663)	(24,293)	148,149	(8,778)	(23,806)	(5,363)	(1,739,839)	1,320,892
Rupees in thousands	31.03.2023	30.06.2022	31.03.2023	30.06.2023	31.03.2023	30.06.2022	31.03.2023	30.06.2022	31.03.2023	30.06.2022
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited
Segment assets	133,759,089	136,562,013	5,727,334	4,430,998	4,150,769	4,430,998	(2,975,007)	(3,833,155)	140,662,185	141,590,854
Segment liabilities	62,832,761	66,643,911	3,621,935	2,214,861	938,353	1,088,791	(751,013)	(1,000,421)	66,642,036	68,947,142

14.2 Geographical segments

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

15. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on April 19, 2023.

16. Corresponding figures

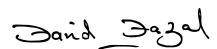
In order to comply with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', the condensed interim consolidated balance sheet and condensed interim consolidated statement of changes in equity have been compared with the balances of annual audited financial statements 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

Notes

[illegible]



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