

D.G. KHAN CEMENT COMPANY LIMITED

Head Office: Nishat House, 53 - A, Lawrence Road, Lahore - Pakistan. UAN: (92 - 42) 111 113 333, Tel: (92 - 42) 36360154, Fax: (92 - 42) 36367414 E-mail: info@dgcement.com

SECY/STOCKEXC/

October 26, 2020

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

SUB:

SUBMISSION OF QUARTERLY ACCOUNTS FOR THE PERIOD ENDED SEPTEMBER 30, 2020

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit electronically through PUCARS un audited accounts for the period ended September 30, 2020.

Thanking you,

Yours truly,

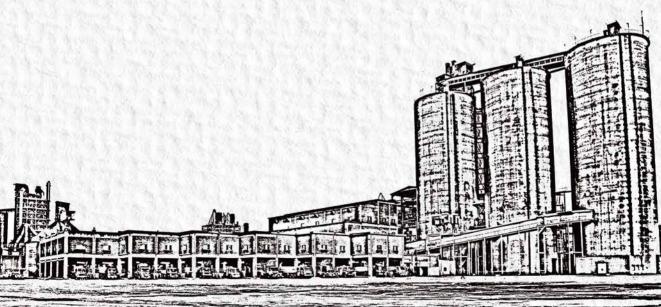
KHALID MAHMOOD CHOHAN COMPANY SECRETARY

Factory Sites:

Khofli Sattai, Distt. Dera Ghazi Khan - Pakistan. UAN: (92 - 64) 111 - 113 - 333 Tel: (92 - 42) 36360153, Fax: (92 - 64) 2585010 Khairpur, Tehsil, Kallar Kahar. Distt. Chakwal - Pakistan. Tel: (92 - 42) 36360152 Fax: (92 - 543) 650231



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COMPANY INFORMATION

Board of Directors

Mrs. Naz Mansha Mr. Raza Mansha

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

Female Director 01 Male Directors 06

Audit Committee

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

Human Resource & Remuneration Committee

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

Management

Mr. Raza Mansha Chief Executive Officer
Dr. Arif Bashir Director Technical & Operations
Mr. Farid Noor Ali Fazal
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 Askari Bank Limited 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
- Income Tax Law
- Sales Tax Law
- Excise Laws
- Property Laws
- Labour Laws
- · Health & Safety Laws
- Environmental Laws
- Banking Regulations, etc.

Company Rating

Registered Office

Long Term: AA Outlook: Stable
Rating Date: April 03, 2020
ShortTerm: A1+
Rating Agency: PACRA

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Nishat House, 53-A, Lawrence Road, Lahore-Pakistan

UAN: +92 42 111 11 33 33 Fax: +92 42 36367414 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
1st Floor, 40-C, Block-6,
P.E.C.H.S., Karachi.
P.Ei: (021) 111 1000 322
Fax: (021) 34168271

Branch Office, Lahore
Siddique Trade Centre, Office
No. PL-29, PL Floor, 72
Main Boulevard, Gulberg II, Lahore
Phone: +92 42 3578 1682

For Investors' Information, Comments, Inquiries, Complaints

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

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

Mr. Khalid Mehmood Chohan
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 the first quarter of FY21:

	Q1 FY21	Q1 FY20
	Rupees	in '000'
Sales	10,514,435	9,069,445
Cost of sales	(9,506,751)	(9,607,461)
Gross (loss) / profit	1,007,684	(538,016)
Administrative expenses	(153,659)	(150,574)
Selling and distribution expenses	(608,891)	(485,417)
Other expenses	(1,501) (2,010)	
Other income	70,303	553,097
Finance cost	(771,416)	(1,256,104)
(Loss) / Profit before taxation	(457,480)	(1,879,024)
Taxation	106,588	450,965
(Loss) / Profit after taxation	(350,892)	(1,428,057)

EPS (Rs/share)	-0.80	-3.26
GP%	9.58%	-5.93%
PBT%	-4.35%	-20.72%
PAT%	-3.34%	-15.75%

Production and Sales volumetric data is as under:

	Q1 FY21	Q1 FY20
	in	MT
Production:		
Clinker	1,213,078	1,394,951
Cement	1,237,888	1,321,934
Sales:		
Total	1,241,985	1,299,040
Local Cement (excluding own consumption)	1,235,518	1,255,651
Export Cement	6,467	43,389
Clinker Sale	663,907	441,158

FY21 started with signs of success against the fight with COVID-19. Government strategy of 'smart lock-down' and timely enforcement of SOPs by local administration in co-operation with the public and businesses turned out to be successful. Government started easing the lock-down measures as the infection rate dropped. Businesses started opening up with SOPs guidelines. Coupled with the Government focus on construction industry and monetary relief provided by SBP by lowering discount rate in last quarter of FY20, economic environment showed signs of recovery. ADB revised its early projected growth of 1% to 2%, closer to Government expectations. Exports and remittances picked up. Current Account Deficit remained under control. However, some of the gains acquired were reversed due to flood in Karachi and Northern part of Pakistan. CPEC related activities also gained momentum. Housing and construction sector picked up pace owing to Government amnesty schemes and special tax reliefs. Cement sector witnessed the record highest dispatches ever in the quarter ended September 2020 despite excessive monsoon rain, floods and Eid holidays. With the growing demand and increasing cement dispatches, intensity of competition in the cement industry abated, resulting in the stable cement prices and improvement of profitability.

In volume terms, total sales quantity of industry witnessed growth of 2.4 million tons (22%) QOQ to 11.1 million tons. North zone contributed growth of 1.5 million tons (18%) against increase of 0.9 million tons (35%) in South Zone. Further analysis shows that the growth was mainly driven by local cement sales quantity of 1.7 million tons (19%). Exports also witnessed growth of 0.7 million tons (36%) largely related to clinker. Sales utilization of industry increased to 79% against 75% for the corresponding period last year. It was largely contributed by local sales of 63% against exports sales utilization of 16%.

Kiln operational days of your Company decreased by 16.1% from 248 days to 208 days due to schedule shutdown and repair and maintenance. Consequently, clinker production % remained low to 72.21% (Q1FY20: 83.03%). Sales utilization of your Company improved to 113% (Q1FY20: 104%) mainly due to export of clinker largely from the piling clinker stock as at June 30, 2020. Clinker was exported to contribute towards fixed costs earning valuable foreign exchange of USD 18 million from July-September 2020.

Sales, in value terms, registered growth primarily due to stable local cement prices. GP% improved despite low clinker production, largely attributable to stable input costs. However, there was some pressure on costs relating to general inflation that were curtailed through effective management and operational efficiency. Selling expenses increase were associated with the rise in clinker exports. Restriction from SBP on banks regarding dividend payment badly hurt your Company's other stream of 'dividend income'. Finance cost registered decline due to lowering of discount rate to 7.0% (Q1FY20: 13.25%).

As winter is approaching, there is a fear of second wave of COVID-19. The Government may have to force the closure of business activities again in fear of local virus transmission. Government may have to shift resources from PSDP to Corona relief activities. If the second wave is avoided, the momentum relating to construction activity picked up in the first quarter, continues to remain in the upward trajectory owing to growth in housing sector, Government's special Karachi package, speedy work on small and large dams and CPEC related projects. Chinese president is also expected to visit Pakistan this year. There is speculation of possible increase in scope of CPEC along with further investments. This may also boost the economic activity. With capacity expansion in recent years, industry is well

geared up to meet these developments. Exports and remittances are showing positive signs and may continue to do so, easing pressure on exchange rate. Government strategy regarding locust attack bears fruit so far but another wave from neighbouring countries is predicted. If successfully handled, this may contribute positively to GDP from agriculture side. Coal prices may move upward in future. Energy prices will rise. The effect of these cost pressure is expected to pass on to the consumers. WHR and CFPP at Hub are also expected to be operational in the third quarter of FY21 and first quarter of FY22 respectively. This will lead to self sufficiency at Hub site along with considerable saving in power costs. Your Company has started paying GIDC in line with orders of superior courts. However, review petition against judgement of Honourable Supreme Court has been filed.

On the negative side, inflation picked up in first quarter. Coupled with locust disaster (second wave expected from neighbouring countries) and floods, it may remain high unless counter strategy is not introduced by the Government. High inflation may put pressure on discount rates to move upward. Political tension in the country and in the region may cause some uncalled-for disruption. These factors would contribute negatively towards overall business environment.

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)

Mr. Raza Mansha

Executive

Mr. Khalid Niaz Khawaja

Mr. Usama Mahmud

Mr. Usama Mahmud

Mr. Mahmood Akhtar

Mr. Farid Noor Ali Fazal

Mr. Shahzad Ahmad Malik

Non-Executive

Non-Executive

Female Directors: 01 Male Directors: 06

Audit Committee

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

Human Resource & Remuneration Committee

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

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

Our plants and operations are complying with international and national environmental standards. DGKC is fully cognizant of its responsibility towards society and welfare. The Company is spending on education, health, medical and fire-fighting facilities, water supply to nearby localities, aiding in emergency and disaster situations in nearby areas, awareness campaigns etc.

There are no changes that have occurred during the period under review concerning the nature of the business of the company or of its subsidiaries, or any other company in which the company has interest.

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

We thank all our stakeholders and admire efforts of our employees.

For and on behalf of the Board

Raza Mansha

Chief Executive Officer

Farid Noor Ali Fazal

Director

Sand Sazal

Lahore October 23, 2020 آپ کی کمپنی کے ڈائر کیٹرز بیان کرتے ہیں کہ واخلی کنٹرول کا نظام ڈیزائن میں مشخکم ہے اوراسکی مؤٹر طریقہ ہے مملدرآ مداورنگرانی کی جاتی ہے ۔ کمپنی کے آپریٹنگ متائج میں گزشتہ مدت سے اہم تغیرات ڈائر کیٹرزر پورٹ کے دیگر حصوں میں اجاگر کئے گئے ہیں اور دجو ہات بیان کی گئی ہیں۔

يم اسيخ تمام اسنيك مولد رز كاشكريداداكرت بين اوراسيخ تمام ملازيين كى ان تحك كوششول كوسراجته بين-

منجانب بورؤ

ڪهيمو<u>ڪ</u> ڪهيمو فرييٽورعل فضل ڈائز يکٹر

_ رضاخثا چیف ایگزیکٹوآفیسر

لا بمور

2020ء کتوبر 2020ء

مندرجہ ذیل کمپنی کے ڈائر یکٹرز ہیں:

(چیئریزین) نان ایگزیکٹو محترمه نازمنشا ا مَّيزِ يكِنُو جناب رضامنشا آذاه جناب خالد نيازخواجه جناب أسامه محمود نان الگزیکٹو نان ایگزیکٹو جناب محموداختر جناب فريدنورعلى فضل الكمزيكثو نان الگيزيكڻو جناب شنرا داحمر ملك خاتون ڈائر یکٹرز: 01 مردۋائر يكثرز: 06

آ ۋ ئىسىمىيىش

جناب فالدنیاز خواهبه چیئر مین جناب اُسامه محود جناب محمود رکن جناب محمود اختر رکن

جومن ريسورس اينذر يمنزيش سميني

جناب فالدنیاز خواجه چیئر مین جناب رضاغثا رکن جناب شنراداحملک رکن

اختتام پذیریدت کی حیثیت کومتاثر کرنے والے کوئی بعد از بیلنس شیٹ نمایاں واقعات رونمانییں ہوئے ہیں۔

ہارے پانٹس اور آپریشنز بین الاقوامی اور قومی ماحولیاتی معیارات کی تغییل کررہے ہیں۔ DGKC سوسائٹی اور ویلفیئر کی اپنی ذمہ داریوں کو کمل طور پہپانتی ہے۔ سمپنی نزد کی آبادیوں کے لئے تعلیم ،صحت ،طبی اور آگ بجھانے کی سہولیات ، واٹر سپلائی ، مزد کی علاقوں میں ایمرجنسی اور آفاتی حالات میں مدد ، آگاہی مہمات وغیر د پرخرج کر رہی ہے۔

سمپنی یااس کی ذیلی کمپنیوں یاکسی دیگر کمپنی جس میں کمپنی دلچیں رکھتی ہے کے کاروبار کی نوعیت سے متعلقہ کوئی تبدیلیاں نہیں ہیں جوزیرِ جائزہ مدت کے دوران رونما ہوئی ہوں۔ سمای میں تغیراتی سرگرمیوں سے متعلق رفتار، اؤسنگ شعبے میں ترقی ، حکومت کے خصوصی کراچی پیکجے ، چیوٹے اور بڑے ؤیموں اوری پیک سے متعلق منصوبوں پر تغیر رفتار کا م کی وجہ سے ترقی کار جمان برقر ادر ہےگا۔ تو قع ہے کہ چینی صدر بھی رواں سال پاکستان کا دورہ کریں گے۔ مزید سرماند کار تاری کے ساتھ ساتھ ہی ہیں۔ اس سے معاشی سرگری کو بھی فروغ مل سکتا ہے۔ صالیہ برسوں میں صلاحیت میں تو سیج کے ساتھ ، صفعت ان پیشرفتوں کی ضرور بات کو پورا کرنے کے لئے تیار ہے۔ بر آمدات اور ترسیلات زریثبت علامات فعام کرر دی جیں اور شرح تبادلہ برد ہاؤ کو کم کردی ہیں۔ مندی کی خطے ہے متعلق حکومتی حکمت عملی اب تک نتیج فیزر رہی ہے لیکن بڑوی مما لک سے دوسری المرکی چیش گوئی کی گئی ہے۔ اگر کا میابی کے ساتھ سنجالا گیا تو ، جی فی میں نرداعت مثبت طور پر حصد شامل کر سکتی ہے۔ مستقبل میں کو کئے کی قیمتیں بڑھ سکتی ہیں۔ تو اتائی کی قیمتیں بڑھ جا کی گئی ہے۔ اگر کا میابی کے مار بھی ہے کہ لاگت کے وباؤ کا اثر صارفین پر نینظل ہوجا کے گا۔ اُمید ہے کہ حب میں خاطرخواہ بڑت کے ساتھ حب سائٹ خورگفیل ہوجائے گی۔ کینی نے اعلی عدالتوں کے احکامات کے مطابق کی اور کی گئی شروع کردی ہے۔ تا ہم ، معزز سریم کورٹ کے خطاف نظر جانی کی ورٹواست دائر کی گئی ہے۔

مننی پہلو پر، پہلی سماہی میں افراط زرمیں اضافہ ہوا۔ ٹمڈیوں کی جابی (پڑوی ممالک سے متوقع دوسری لبر) اورسیاب سے دوچار، اس وقت تک زیادہ رہ عمتی ہے جب تک حکومت کی طرف سے انسدادی تعکمت عملی چیش نہیں کی جاتی ہے۔ زیادہ افراط زر کی وجہ سے ڈسکاؤنٹ شرح میں بھی اضافہ ہوسکتا ہے۔ ملک اور خطے میں سیاسی کشیدگی پچےرکا وٹوں کا سبب بن سکتی ہے۔ بیٹوامل مجموعی طور پرکاروباری ماحول میں منفی کرداراداکریں گے۔

سمینی کی بنیادی سرگرمی سیمنٹ کی تیاری اور فروخت کرنا ہے اور کمپنی کومندرجہ ذیل اہم خطرات کا سامنا ہے:

- ماركيٺ قيمت اور سخت مقابليه
- مستعمل پیداواری صلاحیت
 - سودڪي شرح
 - غیرملکی کرنسی کا اتار چڑھاؤ
 - برآ بدمارکیٹ کاسکڑاؤ

بورة آف ڈائر بکٹرز نے ڈائر بکٹرز کے معاوضہ کی پالیسی کی منظور ک وی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

- تستمینی بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آ زاوڈ ائر بکشر زسسیت اپنے نان ایگیز بکٹوڈ ائر بکشرز کومعاوضہ اوانہیں کرے گی۔
 - کمپنی بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائز یکٹرز کے سفر اور رہائش کے اخراجات اداکرے گی۔

کوویڈو1 کے ساتھ جہاد کے بعد مالی سال 21 کا آغاز کا میانی کے اشاروں ہے ہوا عوام اور کاروباری اداروں کے تعاون ہے مقامی انتظامیہ کے ذریعیہ سارٹ لاک ڈاؤن کابروقت نفاذ اورحکومتی تحکمت عملی کامیاب رہی۔انفیکشن کی شرح کم ہونے کے ساتھ ہی حکومت نے لاک ڈاؤن کے اقد امات میں نرمی لا نا شروع کردی۔ایساوپیز کےساتھ کاروباروں کودوبارہ شروع کردیا گیا۔ مالی سال 20 کی آخری سہای میں تقبیراتی صنعت برحکومتی توجہ کےساتھ اورڈ سکاؤنٹ شرح کم کرتے ہوئے اسٹیٹ بنک کی طرف ہے فراہم کرد ہ مالیاتی امداد ہے،معاشی ماحول میں بحالی کے آثار ظاہر ہوئے۔ ADB نے این ایندائی متوقع نموکو 1 فیصد ے 2 فیصد تک بڑھادیا، جوحکومت کی تو قعات کے قریب ترے۔ برآیدات اور ترسیلات زرمیں اضافہ ہوگیا۔ کرنٹ اکا ؤنٹ خسارہ قابومیس رہا۔ تاہم، کراجی اور یا کستان کے ثالی جصے میں سیلاب کی وجہ ہے حاصل کردہ کچے فیوا ند کم ہوگئے ہی لیک ہے متعلق سرگرمیوں میں بھی اضافیہ ہوا۔ سرکاری ایمنسٹی اسکیموں اور ٹیکس میں خصوصی چیوٹ کی وجہ سے ہاؤ سنگ اور تغییراتی شعبے میں تیزی آئی۔زیاد ومون سون بارشوں ،سیاب اورعید کی تعطیلات کے باوجود تتمبر 2020 کوختم ہونے والی سدمائی میں سینٹ کے شعبے میں اب تک کی ریکا رؤسب سے زیادہ ترسیلات ہوئی ہے۔طلب اور سینٹ کی زیادہ ترسیل کی وجہ سے،سینٹ کی صنعت میں مسابقت کی شدت کم ہوئی، جس کے نتیجے میں سینٹ کی قیمتیں مشخکم اور منافع میں بہتری واقع ہوئی۔

تجم کے لحاظ ہے بصنعت کی کل فروخت مقدار میں 2.4 ملین ٹن (22 فیصد) ہے۔ 11.1 ملین ٹن تک سیمای بنیاد پراضافہ ہواہے۔جنو لی زون میں 0.9 ملین ٹن (35 فیصد) کے اضافے کے مقابلہ شالی زون نے 1.5 ملین ٹن (18 فیصد) نمو میں حصہ شامل کیا۔ مزید تجزیہ سے ظاہر ہوتا ہے کہ بہنمو بنیادی طور برمقامی سینٹ کی فروخت مقدار 1.7 ملین ٹن (19 فیصد) ہے حاصل ہوئی ہے۔ برآ مدات میں بھی 0.7 ملین ٹن (36 فیصد) کی نمود کیھنے میں آئی جوزیادہ ترکلنگر ے متعلق ہے۔ گزشتہ سال کی اس مرت کے دوران صنعت کی مستعمل فروخت میں 75 فیصد کے مقابلے 79 فیصد تک اضافہ ہوا۔ اس میں 16 فیصد کی مستعمل فروخت برآیدات کے مقالع میں مقامی فروخت نے 63 فیصد کا حصہ شامل کیا۔

شیڈول کی بندش،مرمت اور بحالی کی وجہ ہے آپ کی کمپنی کے کلن آپریشنل دنوں میں 248 دن ہے کم ہوکر 208 دن جو کہ 16.1 فیصد کم واقع ہوئے ہیں۔اس کے نتیج میں کلنگر کی پیداواراوسطا 72.21 نیمد(83.03:Q1FY20 نیمد) کم رہی۔ کمپنی کی مستعمل فروخت 113 نیمد(Q1FY20 نیمد) بہتر ہوئی جس کی بنیادی وجہ 30 جون، 2020 کے مطابق یا ئلنگ کلنگر اشاک ہے زیادہ تر کلنگر برآ مد ہونا ہے۔ جولائی تاسمبر 2020 کے دوران 18 ملین امر کی ڈالرکافیتی زرمیادلہ حاصل کرنے والے مقرر داخراجات میں حصیشامل کرنے کے لئے برآ مدکیا گیا۔

فروخت کی قیمت کے لحاظ ہے، بنیادی طور پر بیمنٹ کی مقامی مشخکم قیمتوں کی وجہ ہے نمودرج کی گئی کلنگر کی کم پیداوار کے باوجود ہی بی فیصد میں بہتری ہوئی ہے، چوزیاد و تران پٹ کی مشخکم لاگت ہےمنسوب ہے۔ تاہم ، عام افراط زر ہے متعلق اخراجات بر پچھ دیاؤتھا جس کومؤثر انتظام اورآ پریشنل استعداد کار کے ذریعے کم کیا گیا۔فروخت کےاخراجات میں اضافہ کلنکر کی برآ مدات میں اضافے ہے وابسة تھا۔ ڈیو پڈیٹڈ ادائیگی کےسلسلے میں بینکوں پراسٹیٹ بینک کی طرف ہے یابندی ہے آپ کی کمپنی کوڑیو پٹرینڈ انکم' کے دیگر بہاؤ سے بری طرح نقصان پہنچا ہے۔ ڈسکاؤنٹ شرح 7.0 فیصد (13.25:Q1FY20 فیصد) تک کم ہونے کی وجہ ہے فنانس لاگت میں کمی ہوئی۔

چیے جیسے سردی قریب آربی ہے، COVID-19 کی دوسری لہر کا خدشہ بڑھ رہا ہے۔ مقامی وائرس کی منتقلی کے خوف سے حکومت کو مجبوراً دوبارہ کاروباری سرگرمیاں بند کرنا پڑسکتی ہیں۔حکومت کواینے رایبورسز پی ایس ڈی پی ہے کوروناا مدادی سرگرمیوں میں منتقل کرنا پڑسکتا ہے۔اگر دوسری اہر ہے نیج جاتے ہیں تو ، مہلی

حصص داران کیلئے ڈائز یکٹرز کی رپورٹ

آپ کی ممپنی کے ڈائر میٹرز آپ کو مالی سال 21 کی پہلی سہ ماہی کے نتائج پیش کرتے ہوئے خوشی محسوں کرتے ہیں۔

ىيلى سەمابى مالى سال 2020	ىبلىسەمائىمالىسال 2021	
روں میں	روپے ہزا	
9,069,445	10,514,435	ر وخت
(9,607,461)	(9,506,751)	ببت فروخت بموعی منافع/(نقصان)
(538,016)	1,007,684	بِمُوئَى منا <i>فع ا</i> (نقصان)
(150,574)	(153,659)	نظامی اخراجات
(485,417)	(608,891)	فروخت اورنقسيم كےاخراجات
(2,010)	(1,501)	ويكرمعاملاتى اخراجات
553,097	70,303	<i>يگر</i> آ مدنی
(1,256,104)	(771,416)	الى لا گت
(1,879,024)	(457,480)	لیکسیشن <u>سے پہل</u> ے نقصان
450,965	106,588	ئىيسىيىش ئىيسىيىش
(1,428,057)	(350,892)	موجوده مدت کے لئے نقصان
		, , * t
-3.26	-0.80	EPS (روپے فی شیئر)
-5.93%	9.58%	GP %
-20.72%	-4.35%	PBT %
-15.75%	-3.34%	PAT %

امسال کے لئے آپ کی کمپنی کی پیداواراور فروخت جم کے اعدادو شار درج ذیل ہیں:

ىيلىسەمائىمالىسال 2020	ىپلىسەمائىمالىسال 2021	
ٹرکٹن می ں	اعدادوشارمين	پيداوار
1,394,951	1,213,078	کلئکر کی پیداوار
1,321,934	1,237,888	سیمنٹ کی پیداوار
		فروخت
1,299,040	1,241,985	سيمنث كى كل فروخت
1,255,651	1,235,518	سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)
43,389	6,467	سیمنٹ کی برآ مدفر وخت
441,158	663,907	کلنکر کی فروخت

Unconsolidated Condensed Interim Statement of Financial Position

September 2020

June 2020

		unaudited	audited
	Note	(Rupees in	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (2020: 950,000,000) ordinary shares of Rs 10 each - 50,000,000 (2020: 50,000,000)		9,500,000	9,500,000
preference shares of Rs 10 each		500,000 10,000,000	500,000 10,000,000
Issued, subscribed and paid up share capital			
438,119,118 (2020: 438,119,118) ordinary shares of Rs 10 each Other reserves		4,381,191 29,401,260	4,381,191 27,226,658
Revenue reserve: Un-appropriated profits		34,685,416 68,467,867	35,036,308 66,644,157
NON-CURRENT LIABILITIES			
Long term finances - secured Long term deposits	5	22,736,378 249,862	21,972,000 253,937
Deferred income - Government grant Deferred liabilities	6	36,747 516,540	521,834
Deferred taxation		2,428,760 25,968,287	2,535,349 25,283,120
CURRENT LIABILITIES			
Trade and other payables		10,758,129	11,298,187
Accrued markup Short term borrowings - secured		593,387 19,448,535	712,275 23,495,967
Current portion of non-current liabilities Unclaimed dividend	5	3,259,556 33,685	2,048,901 33,837
Provision for taxation		35,090 34,128,382	35,090 37,624,257
Contingencies and Commitments	7	-	
		128,564,536	129,551,534

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



As At September 30, 2020

		September 2020 unaudited	audited
	Note	(Rupees in	tnousand)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment Investments Long term loans to employees Long term deposits	8 9	83,991,657 13,173,070 76 59,349 97,224,152	83,548,622 11,849,828 76 57,908 95,456,434
CURRENT ASSETS			
Stores, spare parts and loose tools Stock-in-trade Trade debts Investments	9	7,242,602 2,007,805 2,027,080 14,078,485	8,237,990 4,352,995 2,286,084 13,126,388
Loans, advances, deposits, prepayments and other receivables Loan to related party Income tax receivable Cash and bank balances	10	316,294 765,000 4,520,280 382,838 31,340,384	613,166 765,000 4,365,643 347,834 34,095,100
		128,564,536	129,551,534

Chief Financial Officer

Sand Bazal

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quarter ended September 30, 2020 (Un-audited)

	July to S	eptember
	2020	2019
Note	(Rupees in	n thousand)
Sales	10,514,435	9,069,445
Cost of sales	(9,506,751)	(9,607,461)
Gross profit / (loss)	1,007,684	(538,016)
Administrative expenses	(153,659)	(150,574)
Selling and distribution expenses	(608,891)	(485,417)
Other expenses	(1,501)	(2,010)
Other income	70,303	553,097
Finance cost	(771,416)	(1,256,104)
Loss before taxation	(457,480)	(1,879,023)
Taxation	106,588	450,965
Loss for the period	(350,892)	(1,428,057)
Loss per share		
(basic and diluted - in Rupees)	(0.80)	(3.26)

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

Chief Executive

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Quarter ended September 30, 2020 (Un-audited)

	July to S	eptember
	2020	2019
	(Rupees in	n thousand)
Loss for the period	(350,892)	(1,428,057)
Other comprehensive income/(loss) for the period - net of tax		
Items that may be reclassified subsequently to profit or loss:	-	-
Items that will not be reclassified subsequently to profit or loss:		
Change in fair value of investment at fair value through		
other comprehensive income (FVOCI)	2,174,602	(1,000,692)
Other comprehensive income/(loss) for the period	2,174,602	(1,000,692)
Total comprehensive income/(loss) for the period	1,823,710	(2,428,749)

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

Chief Executive

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes In Equity

For the Quarter ended September 30, 2020 (Un-audited)

		Ca	Capital reserve		Reve	Revenue reserve	
	Share capital	Share	FVOCI	Capital redemption reserve fund	General	General Un-appropriated reserve profits	Total
Balance as at June 30, 2019 - Audited	4,381,191	4,557,163	18,940,452	353,510	5,071,827	37,624,272	70,928,415
Total comprehensive loss for the period - Loss for the period - Other comprehensive loss for the period	1	1	1	1		- (1,428,057)	(1,428,057)
 Changes in fair value of investments at fair value through OCI - net of tax 	1 1	1 1	(1,000,692)	1 1		- (1,428,057)	(1,000,692)
Balance as at September 30, 2019 -Unaudited	4,381,191	4,557,163	17,939,760	353,510	5,071,827	36,196,215	68,499,666
Balance as at June 30, 2020 - Audited	4,381,191	4,557,163	17,244,158	353,510	5,071,827	35,036,308	66,644,157
Total comprehensive loss for the period - Loss for the period	1	1	1	1	1	(350,892)	(350,892)
 Other comprehensive income for the period Changes in fair value of investments at fair value through OCI - net of tax 	ı	1	2,174,602	ı	1	ı	2,174,602
	ı	ı	2,174,602	1	1	(350,892)	1,823,710
Balance as at September 30, 2020 -Unaudited	4,381,191	4,557,163	19,418,760	353,510	5,071,827	34,685,416	68,467,867

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

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(Rupees in thousands)

Unconsolidated Condensed Interim Cash Flow Statement

For the Quarter ended September 30, 2020 (Un-audited)

		July to Se	eptember 2019
	Note		thousand)
Cash flows from operating activities			
Cash generated from operations	12	4,596,496	6,646,436
Finance cost paid		(890,304)	(1,095,509)
Retirement and other benefits paid		(70,172)	(69,551)
Income tax paid		(154,638)	(226,723)
Long term deposits - net		(4,076)	2,125
Net cash inflow from operating activities		3,477,306	5,256,778
Cash flows from investing activities			
Payments for property, plant and equipment		(1,320,653)	(1,003,018)
Proceeds from disposal of property, plant and equipment		1,542	8,000
Investments in equity instruments		(100,737)	-
Long term loans, advances and deposits - net		(1,441)	800
Recovery of loan to related party		-	160,000
Interest received		16,729	22,746
Dividend received		-	409,109
Net cash outflow from investing activities		(1,404,560)	(402,363)
Cash flows from financing activities			
Repayment of long term finances		-	(391,666)
Proceeds from long term finances		2,009,842	-
Dividend paid		(152)	(570)
Net cash (outflow)/inflow from financing activities		2,009,690	(392,236)
Net increase in cash and cash equivalents		4,082,436	4,462,179
Cash and cash equivalents at the beginning of the period		(23,148,133)	(19,769,652)
Cash and cash equivalents at the end of the period	13	(19,065,697)	(15,307,473)

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

Chief Executive

Chief Financial Officer

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

For the Quarter ended September 30, 2020

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, 2020. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

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

3. Significant accounting policies

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

preparation of preceding annual published financial statements of the Company for the year ended June 30, 2020 except for new policy adoped as set out in note 3.2 and the adoption of new and amended standards as set out in note 3.3 and 3.4.

3.2 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

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

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 1, 2020, 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.

3.4 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, 2020 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, 2020, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 4.1

4.1 Taxation

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

September 30,	June 30,	
2020	2020	
Un-audited	audited	
(Rupees in thousand)		

5. Long term financing - secured

Long term loans	- note 5.1	25,992,463	23,982,621
Current portion shown under current li	abilities - note 5.2	(3,164,294)	(2,010,621)
		22,828,169	21,972,000
Deferred income- government grant	- note 6	(91,791)	-
		22,736,378	21,972,000
5.1 The reconciliation of the carrying loans is as follows:	amount of long term		
Opening balance		23,982,621	21,025,324
Disbursements during the period	/year	2,009,842	5,935,055
Repayments during the period/ye	ear	-	(2,977,758)
		25,992,463	23,982,621
5.2 Current portion of non-current	liabilities		
Long term finances		3,164,294	2,010,621
Deferred income - Government g	rant - note 6	55,044	-
Accumulating compensated abse	ences	40,218	38,280
		3,259,556	2,048,901

6. Deferred income - Government grant

The Company received long term loans at concessional market interest rate under IH & SMEFD Circular No. 06 and 07 of 2020 issued by State Bank Of Pakistan. The purpose of these loans was to finance the payment of wages and salaries in lieu of undertaking of not to layoff the employees for three months. The Company has deferred income associated with the Government grant to amortize over the period of loans.

		September 30, 2020 Un-audited (Rupees in	June 30, 2020 audited thousand)
Deferred income - Government grant as at date	- note 5	91,791	-
Less: Current portion shown under current liabilities		(55,044)	
		36,747	

7. Contingencies and commitments

7.1 Contingencies

There is no significant change in contingencies from the preceding annual financial statements of the Company for the year ended June 30, 2020.

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 2,205.201 million (June 30, 2020: Rs 2,614.855 million).
- (ii) Letters of credit for capital expenditure Rs 1,823.629 million (June 30, 2020: Rs 2,237.133 million).
- (iii) Letters of credit other than capital expenditure Rs 2,858.506 million (June 30, 2020: Rs 1,373.152 million).

September 30,	June 30,	
2020	2020	
Un-audited	audited	
(Rupees in thousand)		

8. Property, plant and equipment

Ope	rating fixed assets	- note 8.1	76,315,778	76,986,536
Capi	ital work-in-progress	- note 8.2	7,510,569	6,369,586
Majo	or spare parts and stand-by equipments		165,310	192,500
			83,991,657	83,548,622
8.1	Operating assets			
	Opening book value		76,986,536	76,928,989
	Additions during the period/year	- note 8.1.1	206,860	3,863,587
			77,193,396	80,792,576
	Disposals during the period/year - at book value		(1,526)	(114,940)
	Depreciation charged for the period/year		(876,092)	(3,691,100)
			(877,618)	(3,806,040)
	Closing book value		76,315,778	76,986,536

September 30,	June 30,		
2020	2020		
Un-audited audited			
(Rupees in thousand)			

September 30,

June 30,

8.1.1 Additions during the period/year

Freehold land	-	15,570
Buildings on freehold land:		
- Factory buildings	_	259,593
- Office building and housing colony	20,927	2,531
Roads	14,221	15,454
Plant and machinery	132,003	2,825,699
Quarry equipment	20,770	166,964
Furniture and fittings	4,459	40,407
Office equipment	14,480	82,708
Vehicles	- 1,100	52,414
Power and water supply lines	_	402,247
1 owor and water supply mos	206,860	3,863,587
	200,000	
8.2 Capital work-in-progress		
0.2 Oapital work-in-progress		
Civil works	1,787,077	1,608,930
		, ,
Plant and machinery	5,373,858	4,403,532
Advances to suppliers and contractors	150,721	202,614
Others	198,913	154,510
	7,510,569	6,369,586

Investments

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

	2020 Un-audited	2020 audited
	(Rupees i	n thousand)
Carrying value of investments at the beginning of the period/year	2,364,787	1,983,213
Investments made during the period/year	100,738	197,500
Fair value gain/(loss) recognized in other comprehensive income	22,162	184,074
Carrying value at the end of the period/year	2,487,687	2,364,787

10. Loan to related party - considered good

This represents loan to Nishat Hotels and Properties Limited ('NHPL'), a related party, for meeting its working capital requirements. The outstanding amount is due for repayment by October 27, 2020 in accordance with the extension granted in Annual General Meeting of the Company held on October 28, 2019. It carried mark-up at the rate of 1 month KIBOR + 0.5% per annum till October 27, 2019, after which the rate changed to 1 month KIBOR + 1% per annum. Reconciliation of the carrying amount is as follows:

0----------------

	September 30,	June 30,
	2020	2020
	Un-audited	audited
	(Rupees in	n thousand)
Opening balance	765,000	1,000,000
Less: Receipts during the period/year	-	(235,000)
Closing balance	765,000	765,000

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 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 Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

		2020	2019
		Un-audited	Un-audited
	-	(Rupees i	n thousand)
Relationship with the Company	Nature of transaction		
i. Subsidiary entities	Purchase of goods and services Rental income Sale of goods and services	475,991 232 7,368	700,340 232 8,543
ii. Investor	Sale of goods and services Purchase of goods and services	7,521 8	2,876
iii. Other related entities	Insurance premium Sale of goods and services Dividend income Purchase of goods and services Sale of property plant and equipment Mark-up income on balances with related parties Purchase of shares	57,118 2,884 - 473 - 16,146 100,738	29,577 7,404 409,109 - 14,384 35,228
iv. Key management personnel	Salaries and other employment benefits	53,469	60,614
v. Post employment	Expense charged in respect of benefit plans defined benefit plan	42,936	44,776
	Expense charged in respect of defined contribution plan	23,880	24,128

July to September

2020

September 30,	June 30,	
2020	2020	
Un-audited	audited	
(Rupees in thousand)		

Period/year end balances

Payable to related parties		
Trade and other payables	709,914	647,802
Receivable from related parties		
Trade debts	55,637	20,271
Loan to related party	765,000	765,000
Mark-up receivable from related party	5,267	5,850
	825,904	791,121

July to September 2020 2019 Un-audited **Un-audited** (Rupees in thousand)

12. Cash generated from operations

Loss before tax	(457,480)	(1,879,023)
Adjustments for non-cash charges and other items:		
- Depreciation on operating fixed assets	876,092	916,102
- Loss/(gain) on disposal of operating fixed assets	(16)	(3,808)
- Dividend income	-	(409,645)
- Provision for retirement benefits	66,816	67,173
- Mark-up income	(16,146)	(34,406)
- Exchange gain	(14,807)	(58,554)
- Finance cost	771,416	1,256,104
Profit before working capital changes	1,225,875	(146,057)
Effect on cash flow due to working capital changes:		
- Decrease/(increase) in stores, spare parts and loose tools	995,388	2,875,958
- Decrease/(increase) in stock-in-trade	2,345,191	974,729
- Decrease/(increase) in trade debts	259,004	(659,998)
- Decrease in loans, advances, deposits,		
prepayments and other receivables		
	296,289	669,481
- Increase/(decrease) in trade and other payables	296,289 (525,251)	669,481 2,932,323
		,

July to September
2020 2019
Un-audited Un-audited
(Rupees in thousand)

13. Cash and cash equivalents

Short term borrowings - secured Cash and bank balances

(19,065,697)	(15,307,473)
382,838	343,517
(19,448,535)	(15,650,990)

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, 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2020.

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 September 30, 2020 and June 30, 2020 on a recurring basis:

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

Level 1 Level 2 Level 3 Total (Rupees in thousand) As at September 30, 2020 Recurring fair value measurements **Assets** Investments - FVOCI 22.343.945 2.487.687 24.831.632 Level 1 Level 2 Level 3 Total (Rupees in thousand) As at June 30, 2020 **Assets**

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.

22,556,294

2,364,787

20,191,507

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

b) Valuation techniques used to determine fair values

Investments - FVOCI

Specific valuation techniques used to value financial instruments include:

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

c) Fair value measurements using significant unobservable inputs

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

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

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

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

- Discount rate of 8.74%.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs and revenues is linked to inflation at 5.60% per annum.
- NHPL has multiple sources of revenue. Annual growth in revenue ranges from 4.50% to 10% per annum depending upon inflation and other factors.

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

- Discount rate of 14.87%.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 7% per annum and revenues are linked to currency devaluation at 7% per annum

Sensitivity analysis

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

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2020 would be Rs 327.593 million and 138.288 million lower for NHPL and HNMPL respectively.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2020 would be Rs 186.736 million and 84.468 million lower for NHPL and HNMPL respectively.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2020 would be Rs 86.697 million lower and 36.628 million higher for NHPL and HNMPL respectively.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2020 would be Rs 67.611 million lower and 17.94 million higher for NHPL and HNMPL respectively.

15. Date of authorization for issue

These unconsolidated condensed interim financial statements were authorized for issue on October 23, 2020 by the Board of Directors of the Company.

16. Corresponding figures

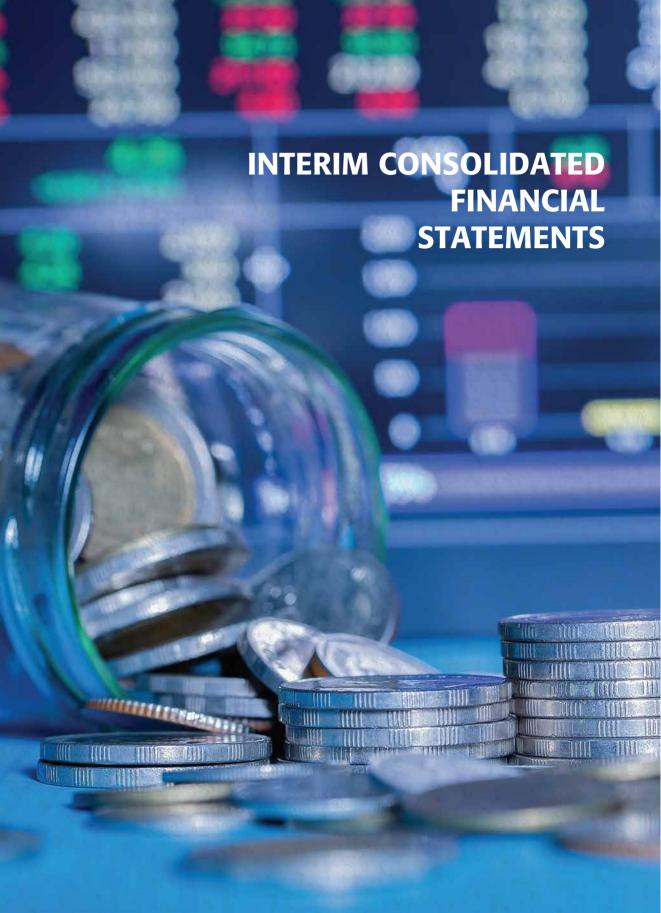
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the unconsolidated condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim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

Jand Jazal



Consolidated Condensed Interim Statement of Financial Position

	Note	September 2020 unaudited (Rupees in	June 2020 audited thousand)
FOLUTY AND LIABILITIES		(Compared in	,
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital - 950,000,000 (June 30, 2020 : 950,000,000) ordinary shares of Rs 10 each - 50,000,000 (June 30, 2020: 50,000,000)		9,500,000	9,500,000
preference shares of Rs 10 each		500,000	500,000
F		10,000,000	10,000,000
Issued, subscribed and paid up share capital 438,119,118 (2020 : 438,119,118)			
ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		29,352,000	27,171,663
Un-appropriated profit		34,781,970	35,104,580
Attributable to owners of the parent company Non-controlling interest		68,515,161 2,050,004	66,657,434 2,016,356
Non-controlling interest		70,565,165	68,673,790
NON-CURRENT LIABILITIES			, ,
Long term finances - secured	5	23,380,947	22,679,206
Long term deposits		249,862	253,937
Deferred income - Government grant	6	36,747	-
Deferred liabilities		516,540	521,834
Deferred taxation		2,623,049 26,807,145	2,723,382 26,178,359
CURRENT LIABILITIES			_0,0,000
CONTENT EIABIETTES			
Trade and other payables		9,951,602	11,434,927
Accrued finance cost		644,539	803,423
Short term borrowing-secured		21,299,150	25,849,525
Loan from related party - unsecured Current portion of non-current liabilities		214,000 3,400,973	214,000 2,087,764
Unclaimed dividend		33,685	33,837
Provision for taxation		35,090	35,090
		35,579,039	40,458,566
Contingencies and Commitments	7		
Containgencies and Communitients	1	132,951,349	135,310,715
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	

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



As At September 30, 2020

	Note	September 2020 unaudited (Rupees in	June 2020 audited
	Note	(Nupees III	tilousariuj
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment Biological assets Investments Long term loans to employees Long term loans, advances and deposits	9	87,561,807 923,809 10,907,409 5,096 59,349 99,457,470	87,174,260 881,340 9,573,740 5,096 57,908 97,692,344
CURRENT ASSETS			
Stores, spares and loose tools Stock-in-trade Trade debts Investments Advances, deposits, prepayments and other receivables Loan to related party Contract assets Income tax recoverable Cash and bank balances	10	7,475,732 2,859,219 1,769,158 14,078,512 498,040 765,000 166,534 5,053,330 828,354 33,493,879	8,461,802 5,495,625 3,042,990 13,126,408 893,574 765,000 120,019 5,024,962 687,991 37,618,371
		132,951,349	135,310,715

Chief Financial Officer

Sand Dazal

Consolidated Condensed Interim Statement of Profit or Loss

For Quarter ended September 30, 2020 (Un-audited)

	July to S 2020	eptember 2019
Note	(Rupees i	n thousand)
Sales	11,341,852	9,765,763
Cost of sales	(10,215,967)	(10,255,008)
Gross profit /(loss)	1,125,885	(489,245)
Administrative expenses	(173,382)	(169,881)
Selling and distribution expenses	(609,755)	(486,307)
Other expenses	(81,372)	(39,159)
Changes in fair value of biological assets	105,660	93,318
Other income	110,333	582,983
Finance cost	(830,741)	(1,378,108)
Loss before taxation	(353,372)	(1,886,399)
Taxation	59,717	439,617
Loss for the period	(293,655)	(1,446,782)
Attributable to:		
Equity holders of the parent	(322,610)	(1,438,419)
Non-controling interest	28,955	(8,363)
	(293,655)	(1,446,782)
Loss per share (basic and diluted Rupees)	(0.67)	(3.30)

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

Chief Executive

Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income

For Quarter ended September 30, 2020 (Un-audited)

	2020	2019
	(Rupees ir	thousand)
Loss for the period	(293,655)	(1,446,782)
Loss for the period	(293,055)	(1,440,762)
Other comprehensive income / (loss) for the period - net of tax		
Items that may be reclassified subsequently		
to profit or loss:		
to profit of loss.	_	-
Items that will not be reclassified subsequently		
to profit or loss:		
Change in fair value of investments at fair value through		
ondings in rail value of investments at rail value through		
other comprehensive income (FVOCI)	2,185,030	(1,003,360)
		(1.000.000)
Other comprehensive income / (loss) for the period	2,185,030	(1,003,360)
Total comprehensive income/(loss) for the period	1,891,375	(2,450,142)
The state of the s	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
Assessment and the second seco		
Attributable to:		
Equity holders of parent	1,857,727	(2,440,579)
	, ,	(, -,,
Non-controling interest	33,648	(9,563)
	1 001 275	(0.450.140)
	1,891,375	(2,450,142)

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

Chief Executive

Chief Financial Officer

Director

July to September

Consolidated Condensed Interim Statement of Changes In Equity

For Quarter ended September 30, 2020 (Un-audited)

		O	Capital reserve		Revenue	Revenue reserve			
	Share capital	Share premium	FVOCI	Capital redemption reserve fund	General reserve	Un- appropriated profits	Total equity attributable to shareholders of parent company	Non- controlling interest	Total
Balance as at June 30, 2019 - Audited	4,381,191	4,557,163	18,852,083	353,510	5,110,851	37,744,493	37,744,493 70,999,291	2,039,554	73,038,845
Total comprehensive income for the period - Loss for the period	1	1	1	1	•	(1,438,419	(1,438,419 (1,438,419)	(8,363)	(8,363) (1,446,782)
 Uther comprehensive loss for the period Changes in fair value of investments at fair value through OCI - net of tax 	1	1	(1,002,159)	ı	ı	1	- (1,002,160)	(1,200)	(1,003,360)
-	'		(1,002,159)	,	'	(1,438,419)	(1,438,419) (2,440,579)	(9,563)	(2,450,142)
Balance as at September 30, 2019 - Unaudited	4,381,191	4,557,163	17,849,924	353,510	5,110,851	36,306,073	68,558,713	2,029,991	70,588,703
Balance as at June 30, 2020 - Audited Total comprehensive income for the particular	4,381,191	4,557,163	4,557,163 17,150,139	353,510	5,110,851	35,104,580	5,110,851 35,104,580 66,657,434	2,016,356	2,016,356 68,673,790
Loss for the period	ı	1	1	1		(322,610)	(322,610)	28,955	(293,655)
 Other comprehensive income for the period Changes in fair value of investments at fair value through OCI - net of tax 	1	1	2,180,337	ı	1	1	2,180,337	4,693	2,185,030
	1	1	2,180,337	1	1	(322,610)	1,857,727	33,648	1,891,375
Balance as at September 30, 2020 - Unaudited	4,381,191	4,557,163	19,330,476	353,510	5,110,851	34,781,970	68,515,161	2,050,004	2,050,004 70,565,165

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

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ef Financial Officer

Daid Dadd

(I)

(Rupees in thousands)

Consolidated Condensed Interim Cash Flow Statement

For Quarter ended September 30, 2020 (Un-audited)

		July to Se	eptember 2019
	Note	(Rupees in	
Cash flows from operating activities			·
Cash generated from operations	12	5,144,951	6,401,015
Finance cost paid		(989,625)	(1,208,830)
Retirement and other benefits paid		(75,352)	(73,701)
Income tax paid		(68,984)	(258,900)
Long term deposits - net		(4,075)	2,125
Net cash inflow from operating activities		4,006,915	4,861,709
Cash flows from investing activities			
Payments for property, plant and equipment		(1,324,393)	(1,007,462)
Proceeds from disposal of property, plant and equipment		2,873	8,768
Long term loans, advances and deposits - net		(1,441)	800
Proceeds from loan from related party		-	160,000
Proceeds from sale of biological assets		41,185	8,759
Investment in equity instruments		(100,737)	(1,276)
Interest received		16,729	22,790
Dividend received		-	412,459
Net cash outflow from investing activities		(1,365,784)	(395,162)
Cash flows from financing activities			
Repayment of long term finances		-	(451,666)
Divdend paid		(152)	(569)
Proceeds from long term finances		2,049,759	-
Net cash inflow/(outflow) from financing activities		2,049,607	(452,235)
Net increase in cash and cash equivalents		4,690,738	4,014,312
Cash and cash equivalents at the beginning of the year		(25,161,534)	(22,067,766)
Cash and cash equivalents at the end of period	13	(20,470,796)	(18,053,454)

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

Chief Executive

Chief Financial Officer

Director

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

For Quarter ended September 30, 2020

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

- Nishat Dairy (Private) Limited

55%

55.10%

2. Basis of preparation

2.1 Statement of compliance

This consolidated condensed interim financial information has 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, 2020. 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, 2020 except for new policy adopted in note 3.2 and the adoption of new and amended standards as set out in note 3.3 and 3.4.

3.2 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

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

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 1, 2020, 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.

3.4 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, 2020 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, 2020, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 4.1:

4.1 Taxation

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

September 30,	June 30,	
2020 2020		
Un-audited audited		
(Rupees in thousand)		

5. Long term finances

Long term loans	- note 5.1	26,778,449	24,728,690
Current portion shown under current liabilities	- note 5.2	(3,305,711)	(2,049,484)
		23,472,738	22,679,206
Deferred income- government grant	- note 6	(91,791)	-
		23,380,947	22,679,206

September 30,	June 30,	
2020	2020	
Un-audited	audited	
(Rupees in thousand)		

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

Opening balance	24,728,690	21,875,324
Disbursements during the period	2,049,759	6,278,293
	26,778,449	28,153,617
Repayment during the period	-	(3,424,927)
Closing balance	26,778,449	24,728,690
5.2 Current portion shown under current liabilities		
Long term finances	3,305,711	2,049,484
Deferred income - Government grant - note 6	55,044	-
Accumulating compensated absences	40,218	38,280
	3,400,973	2,087,764

6. Deferred income - Government grant

The Group received long term loans at concessional market interest rate under IH & SMEFD Circular No. 06 and 07 of 2020 issued by State Bank Of Pakistan. The purpose of these loans was to finance the payment of wages and salaries in lieu of undertaking of not to layoff the employees for three months. The Group has deferred income associated with the Government grant to amortize over the period of loans.

		September 30, 2020 Un-audited (Rupees in	June 30, 2020 audited thousand)
Deferred income - Government grant as at date	- note 5	91,791	-
Less: Current portion shown under current liabilities	- note 5.2	(55,044)	-
		36,747	

7. Contingencies and commitments

7.1 Contingencies

There is no significant change in contingencies from the preceding annual financial statements of the Company for the year ended June 30, 2020 except for the matter disclosed in annual financial statements, which is mentioned below:

A guarante to Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs. 108.313 million (June 30, 2020: Rs 92.647 million).

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 2,205.201 million (June 30, 2020: Rs 2,614.855 million).
- (ii) Letters of credit for capital expenditure Rs 1,823.629 million (June 30, 2020: Rs 2,237.133 million).
- (iii) Letters of credit other than capital expenditure Rs 2,949.79 million (June 30, 2020: Rs 1,397.913 million).

September 30, June 30,			
2020	2020		
Un-audited audited			
(Rupees in thousand)			

8. Property, plant and equipment

Operating Assets -note 8.1 79,884,529 80,612,174 Capital work-in-progress 7,511,968 6,369,586 Major spare parts and stand-by equipment 165,310 192,500 8.1 Operating assets 80,612,174 80,783,631 Add: Add: 209,201 3,888,106 Additions during the period/ year -note 8.1.1 209,201 3,888,106 Bo,821,375 84,671,737 84,671,737 Less: Disposals during the period/ year - net book value 1,865 116,596 Depreciation charged during the period/ year 934,981 3,942,967 Closing book value 79,884,529 80,612,174 8.1.1 Major additions during the period 79,884,529 80,612,174 8.1.1 Major additions during the period 16,690 103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767					
Major spare parts and stand-by equipment 165,310 87,174,260 87,174,260 87,174,260 87,174,260 87,174,260 87,174,260 87,174,260 87,174,260 87,174,260 87,174,260 87,174,260 87,174,260 87,174,260 80,612,174 80,783,631 Add: Add:	Operating A	Assets	-note 8.1	79,884,529	80,612,174
8.1 Operating assets Opening book value Add: Add: Additions during the period/ year - note 8.1.1 209,201 3,888,106 Boson Book value Additions during the period/ year - net book value Disposals during the period/ year - net book value Depreciation charged during the period/ year Closing book value Free hold land Free hold land Factory building on freehold land Office building and housing colony Roads Plant and machinery Quarry equipment 80,612,174 80,612,174 80,612,174 81,690 16,690 16,690 20,927 2,531 18,454 18,203 3,024,340 Quarry equipment	Capital wor	ork-in-progress		7,511,968	6,369,586
8.1 Operating assets Opening book value Add: Add: Additions during the period/ year -note 8.1.1 209,201 3,888,106 80,821,375 84,671,737 Less: Disposals during the period/ year - net book value 1,865 116,596 Depreciation charged during the period/ year 934,981 3,942,967 Closing book value 79,884,529 80,612,174 8.1.1 Major additions during the period Free hold land - 16,690 Factory building on freehold land - 103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767	Major spare	re parts and stand-by equipment		165,310	192,500
Opening book value 80,612,174 80,783,631 Add: 209,201 3,888,106 80,821,375 84,671,737 Less: Disposals during the period/ year - net book value 1,865 116,596 Depreciation charged during the period/ year 934,981 3,942,967 Closing book value 79,884,529 80,612,174 8.1.1 Major additions during the period - 16,690 Free hold land - 103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767				87,561,807	87,174,260
Opening book value 80,612,174 80,783,631 Add: 209,201 3,888,106 80,821,375 84,671,737 Less: Disposals during the period/ year - net book value 1,865 116,596 Depreciation charged during the period/ year 934,981 3,942,967 Closing book value 79,884,529 80,612,174 8.1.1 Major additions during the period - 16,690 Free hold land - 103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767					
Add: Additions during the period/ year -note 8.1.1 209,201 3,888,106 80,821,375 84,671,737 Less: Disposals during the period/ year - net book value 1,865 116,596 Depreciation charged during the period/ year 934,981 3,942,967 Closing book value 79,884,529 80,612,174 8.1.1 Major additions during the period Free hold land - 16,690 Factory building on freehold land - 103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767	8.1 Oper	erating assets			
Add: Additions during the period/ year -note 8.1.1 209,201 3,888,106 80,821,375 84,671,737 Less: Disposals during the period/ year - net book value 1,865 116,596 Depreciation charged during the period/ year 934,981 3,942,967 Closing book value 79,884,529 80,612,174 8.1.1 Major additions during the period Free hold land - 16,690 Factory building on freehold land - 103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767					
Additions during the period/ year -note 8.1.1 209,201 3,888,106 80,821,375 84,671,737 Less: Disposals during the period/ year - net book value 1,865 116,596 Depreciation charged during the period/ year 934,981 3,942,967 Closing book value 79,884,529 80,612,174 8.1.1 Major additions during the period Free hold land - 16,690 Factory building on freehold land - 103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767		•		80,612,174	80,783,631
Less: Disposals during the period/ year - net book value Depreciation charged during the period/ year Closing book value Free hold land Fractory building on freehold land Office building and housing colony Roads Plant and machinery Quarry equipment 84,671,737 84,671,737 84,671,737 84,671,737 84,671,737 84,671,737 116,596 934,981 3,942,967 79,884,529 80,612,174 80,612,174 116,690 - 16,690 - 103,223 - 103,223 - 116,596 - 116,690 - 116,690 - 116,690 - 1103,223 - 1103,22					
Less: Disposals during the period/ year - net book value Depreciation charged during the period/ year Closing book value 79,884,529 8.1.1 Major additions during the period Free hold land Factory building on freehold land Office building and housing colony Roads Plant and machinery Quarry equipment 1,865 116,596 3,942,967 79,884,529 80,612,174 80,612,174 16,690 20,927 2,531 15,454 14,221 15,454 132,003 3,024,340 Quarry equipment	Addit	litions during the period/ year	-note 8.1.1		
Disposals during the period/ year - net book value Depreciation charged during the period/ year Closing book value 79,884,529 8.1.1 Major additions during the period Free hold land Factory building on freehold land Office building and housing colony Roads Plant and machinery Quarry equipment 1,865 116,596 3,942,967 79,884,529 80,612,174 81,690 20,927 2,531 15,454 14,221 15,454 20,770 130,767				80,821,375	84,671,737
Disposals during the period/ year - net book value Depreciation charged during the period/ year Closing book value 79,884,529 8.1.1 Major additions during the period Free hold land Factory building on freehold land Office building and housing colony Roads Plant and machinery Quarry equipment 1,865 116,596 3,942,967 79,884,529 80,612,174 81,690 20,927 2,531 15,454 14,221 15,454 20,770 130,767	1				
Depreciation charged during the period/ year Closing book value 79,884,529 80,612,174			l l	1 005	110 500
Closing book value 79,884,529 80,612,174 8.1.1 Major additions during the period - 16,690 Free hold land - `103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767					•
8.1.1 Major additions during the period Free hold land Factory building on freehold land Office building and housing colony Roads Plant and machinery Quarry equipment 8.1.1 Major additions during the period - 16,690 - 103,223 - 103,223 - 20,927 - 2,531 - 15,454 - 15,454 - 132,003 - 3,024,340 - 3,024,340 - 130,767	•		ar	,	
Free hold land - 16,690 Factory building on freehold land - `103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767	Ciosii	sing book value		79,884,529	80,612,174
Free hold land - 16,690 Factory building on freehold land - `103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767	044	d. Billian additiona demina the named			
Factory building on freehold land - `103,223 Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767	0.1.1	i Major additions during the period			
Office building and housing colony 20,927 2,531 Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767		Free hold land		_	16,690
Roads 14,221 15,454 Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767		Factory building on freehold land		-	`103,223
Plant and machinery 132,003 3,024,340 Quarry equipment 20,770 130,767		Office building and housing colony		20,927	
Quarry equipment 20,770 130,767		Roads		14,221	15,454
Quarry equipment 20,770 130,767		Plant and machinery		132,003	3,024,340
		•			
Furniture, fixtures and office equipment 19,097 125,553		, , ,	ent	19,097	
Motor vehicles 2,183 67,301					•
Power and water supply lines - 402,247					
209,201 3,888,106		Power and water supply lines		-	402,247

September 30,	June 30,	
2020	2020	
Un-audited	audited	
(Rupees in thousand)		

September 30,

2020

Un-audited

September 30,

2020

Un-audited

June 30,

2020

audited

8.2 Capital work-in-progress

Civil works	1,788,255	1,608,930
Plant and machinery	5,374,079	4,403,532
Advances to suppliers and contractors	150,721	202,614
Others	198,913	154,510
	7,511,968	6,369,586

9. Investments

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

	(Rupees in	n thousand)
Carrying value of investments at the beginning of the period/year	2,364,787	1,983,213
Investments made during the period/year	100,738	197,500
Fair value gain/(loss) recognized in other comprehensive income	22,162	184,074
Carrying value at the end of the period/year	2,487,687	2,364,787

10. Loan to related party

This represents loan to Nishat Hotels and Properties Limited ('NHPL'), a related party, for meeting its working capital requirements. The outstanding amount is due for repayment by October 27, 2020 in accordance with the extension granted in Annual General Meeting of the Company held on October 28, 2019. It carried mark-up at the rate of 1 month KIBOR + 0.5% per annum till October 27, 2019, after which the rate changed to 1 month KIBOR + 1% per annum. Reconciliation of the carrying amount is as follows:

	(Rupees in thousand)	
Opening balance	765,000	1,000,000
Receipts during the period/year	-	(235,000)
Closing balance	765,000	765,000

June 30,

2020

audited

11. Transactions with related parties

The related parties comprise associated companies, other related companies, directors of the company, key management personnel and post employment benefit plans. Significant transactions with related parties are as follows:

July to September

		2020	2019	
	-	Un-audited Un-audited (Rupees in thousand)		
Relationship with the Group	Nature of transaction		·	
Other related parties	Purchase of goods and services	14,510	-	
	Purchase of shares	100,738	-	
	Insurance premium	58,986	38,261	
	Sale of goods	10,660	18,823	
	Mark-up income	16,146	44,579	
	Sale of property plant and equipment	-	14,384	
	Dividend income	-	412,459	
Key Management personnel	Salaries and other employment benefits	53,469	60,614	
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	71,996	71,323	

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

July to September 2020 2019		
2020	2019	
(Pupos ir	thousand)	

12. Cash flow from operating activities

	Loss before tax	(353,372)	(1,886,398)
	Adjustment for :		
	- Depreciation on property, plant and equipment	934,981	978,657
	- (Loss)/Profit on disposal of property, plant and equipment	(1,007)	(4,274)
	- Loss on disposal of biological assets	22,006	28,720
	- Gain on changes in fair value biological asset	(105,660)	(93,318)
	- Gain on changes in fair value of investment through P&L	(7)	(1)
	- Dividend income	-	(412,995)
	- Retirement and other benefits accrued	71,996	71,323
	- Markup income	(16,146)	(34,450)
	- Exchange (gain) / loss - net	(5,226)	(58,555)
	- Finance cost	830,741	1,378,108
	Profit/(loss) before working capital changes	1,378,306	(33,184)
	Increase/decrease in:		
	- Stores, spares and loose tools	986,070	2,838,868
	- Stock-in-trade	2,636,406	1,055,532
	- Trade debts	1,273,832	(450,775)
	- Contract assets	(46,515)	142,357
	- Advances, deposits, prepayments and other receivables	394,951	450,941
	- Trade and other payables	(1,478,099)	2,397,276
	Net working capital changes	3,766,645	6,434,199
	Cash (used in)/ generated from operations	5,144,951	6,401,015
13.	Cash and cash equivalents		
	Short term borrowings - secured	(21,299,150)	(18,770,402)
	Cash and bank balances	828,354	716,948
	Total cash and cash equivalents	(20,470,796)	(18,053,454)

14. Financial risk management

14.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

The consolidated condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at June 30, 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2020.

14.2 Fair value estimation

a) Fair value hierarchy

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

- The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.
- The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed above. The following table presents the Group's financial assets measured and recognised at fair value at September 30, 2020 and June 30, 2020 on a recurring basis:

	Level 1	Level 2	Level 3	Total
-		(Rupees in t	housand)	
As at September 30, 2020				
Recurring fair value measurements				
Assets				
Investments - FVOCI	22,498,207	-	2,487,687	24,985,894
Investments - FVPL	27	-	-	27
Biological assets	-	-	923,809	923,809
As at June 30, 2020				
Assets				
Investments - FVOCI	20,335,341	-	2,364,787	22,700,128
Investments - FVPL	20	-	-	20
Biological assets	-	-	881,340	881,340

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.

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

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

- Discount rate of 8.74%.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs and revenues is linked to inflation at 5.60% per annum.
- NHPL has multiple sources of revenue. Annual growth in revenue ranges from 4.50% to 10% per annum depending upon inflation and other factors.

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

- Discount rate of 14.87%.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 7% per annum and revenues are linked to currency devaluation at 7% per annum.

Sensitivity analysis

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

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2020 would be Rs 327.593 million and 138.288 million lower for NHPL and HNMPL respectively.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2020 would be Rs 186.736 million and 84.468 million lower for NHPL and HNMPL respectively.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2020 would be Rs 86.697 million lower and 36.628 million higher for NHPL and HNMPL respectively.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2020 would be Rs 67.611 million lower and 17.94 million higher for NHPL and HNMPL respectively.

15. Operating segments

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

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

Type of segments Nature of business

Cement Production and sale of clinker, Ordinary Portland and Sulphate Resistant Cements.

Paper Manufacture and supply of paper products and packing material.

Dairy Production and sale of raw milk.

15.1 Segment analysis and reconciliation - condensed

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRS's applicable to the consolidated financial statements. All group financial data are assigned to the operating segments.

July 1st to September 30 - Un-audited

Rupees in thousands	Cement		Pa	Paper		Dairy/Farm		Elimination - net		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Revenue from											
- External Customers	10,513,974	9,069,378	412,990	334,078	414,888	362,307	-	-	11,341,852	9,765,763	
- Inter-group	461	67	475,991	725,862	-	-	(476,452)	(725,928)	-	-	
	10,514,435	9,069,445	888,981	1,059,940	414,888	362,307	(476,452)	(725,928)	11,341,852	9,765,763	
Segment gross profit/(loss)	1,007,684	(538,016)	220,728	179,050	(42,127)	(99,226)	(60,400)	(31,053)	1,125,885	(489,245)	
Segment expenses	(764,051)	(638,001)	(58,891)	(9,041)	(41,567)	(48,306)	-	-	(864,509)	(695,347)	
Changes in fair value of											
biological assets	-	-	-	-	105,660	93,318	-	-	105,660	93,318	
Other income	70,303	553,097	36,039	26,637	4,223	3,481	(232)	(232)	110,333	582,983	
Financial charges	(771,416)	(1,256,104)	(57,894)	(119,049)	(1,431)	(2,954)	-	-	(830,741)	(1,378,108)	
Taxation	106,588	450,967	(40,595)	(5,871)	(6,276)	(5,479)	-	-	59,717	439,617	
Profit after taxation	(350,892)	(1,428,057)	99,387	71,726	18,482	(59,166)	(60,632)	(31,285)	(293,655)	(1,446,782)	
Depreciation	876,092	916,102	14,870	15,037	37,104	40,603	6,915	6,914	934,981	978,656	
Capital expenditure	(1,320,653)	(1,003,018)	-	(547)	(3,740)	(3,897)	-	-	(1,324,393)	(1,007,462)	
Net cash (outflow) / inflow											
from operating activities	3,477,306	5,256,778	659,943	(352,742)	(122,752)	(9,237)	(7,582)	(33,090)	4,006,915	4,861,710	
Net cash (outflow) / inflow											
from investing activities	(1,404,560)	(402,363)	-	1,571	38,776	5,631	-	-	(1,365,784)	(395,161)	
Rupees in thousands	30-09-2020	30-6-2020	30-09-2020	30-6-2020	30-09-2020	30-6-2020	30-09-2020	30-6-2020	30-09-2020	30-6-2020	
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	
Segment assets	128,564,536	129,551,534	4,648,473	5,183,377	3,279,026	3,273,808	(3,540,686)	(2,698,004)	132,951,349	135,310,715	
Segment liabilities	60,096,669	62,907,377	3,014,555	3,659,274	703,563	716,828	(1,428,603)	(646,554)	62,386,184	66,636,925	

15.2 Geographical segments

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

16. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 23, 2020.

17. Corresponding figures

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

Chief Executive

Chief Financial Officer

David Dazal

Director



D.G. KHAN CEMENT COMPANY LIMITED

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