

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/ 269

October 26, 2021

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, 2021

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, 2021.

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



2021

(Un-audited)





D.G. KHAN CEMENT COMPANY LIMITED

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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

Chief Executive / Executive Independent Independent Non-Executive Executive

Chairperson / Non-Executive

Female Director 01

Audit Committee

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

Human Resource & Remuneration Committee

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

Management

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

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

Allied Bank Limited MCB Islamic Bank Limited Bank Alfalah Limited Meezan Bank Limited Bank Al-Habib Limited National Bank of Pakistan Bank Islami Pakistan Limited Samba Bank Limited Dubai Islamic Bank Soneri Bank Limited Standard Chartered Bank Limited Fausal Bank Limited The Bank of Punjab Habib Bank Limited Limited Habib Metropolitan Bank United Bank Limited MCR Bank Limited The Bank of Khuber 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

Long Term: AA -Outlook: Stable Rating Date: March 04, 2021 Short Term: A1+ Rating Agency: PACRA

Registered Office

Nishat House, 53-A, Lawrence Road, Lahore-Pakistan.
UAN: +92 42 11111 33 33 Fax: +92 42 36367414
Email: info@dgcement.com web site: www.dgcement.com

Factories

Khofli Sattai, Distt., Dera Ghazi Khan-Pakistan.
Phone: +92-641-460025-7
Fax: +92-641-462392

Email: dgsite@dgcement.com

12, K.M. Choa Saidan Shah Road, Khairpur, Tehsil Kallar Kahar, Distt. Chakwal-Pakistan.

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

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

Share Registrar: THK Associates (Pvt) Ltd

Head Office, Karachi

Plot No. 32-C, Jami Commercial Street No. 2, DHA Phase_VII, Karachi 75500.

Tel: 021 353 10 191, Fax: 021 353 10 190

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

For Investors' Information, Comments, Inquiries, Complaints

Mr. Farid Fazal

E-mail: ffazal@dgcement.com (Marketing related queries)

(Director Marketing) Phone: +92 42 111 11 33 33

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

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

Directors' Report

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

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

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

Production and Sales volumetric data is as under:

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

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

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

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

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

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

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

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

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

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

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

Following are the directors of the Company:

Mrs. Naz Mansha (Chairperson)

Mr. Raza Mansha

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

Lahore October 25, 2021 **Farid Noor Ali Fazal**

Sand Sazal

کمپنی یااس کی ذیلی کمپنیوں یائسی دیگر کمپنی جس میں کمپنی دلچیسی رکھتی ہے کے کاروبار کی نوعیت سے متعلقہ کوئی تبدیلیاں نہیں ہیں جوزیرِ جائزہ مدت کے دوران رونما ہوئی ہوں۔

آپ کی ممپنی کے ڈائر میٹرز بیان کرتے ہیں کہ داخلی کنٹرول کا نظام ڈیزائن میں مشخکم ہے اوراسکی مؤثر طریقہ سے عملدرآ مداورنگرانی کی جاتی ہے۔ کمپنی کے آپریٹنگ نتائج میں گزشتہ مدت سے اہم تغیرات ڈائر کیٹرزرپورٹ کے دیگر حصوں میں اجا گر کئے گئے ہیں اور وجو ہات بیان کی گئی ہیں۔

ہم اپنے تمام اسٹیک ہولڈرز کاشکر میادا کرتے ہیں اور اپنے تمام ملاز مین کی ان تھک کوششوں کوسراہتے ہیں۔

منجانب بورڈ

عمده کے محمد فریدنورعلی فضل فریدنورعلی فضل و دائر میشر و دائر و دائر میشر و دائر و دائر میشر و دائر م

چيف ايگزيگڙوآ فيسر لا ہور 25 اکتوبرا 202ء

مندرجہذیل کمپنی کے ڈائر یکٹرز ہیں:

نان ایگزیکٹو محترمه نازمنشا (چیئریرس) ا یگزیکٹو جناب رضامنشا جناب خالد نيازخواجه آزاد نان ایگزیکٹو جناب أسامهمجمود نان ایگزیکٹو جناب محموداختر جناب فريدنورعلى فضل ا بگزیکٹو نان ایگزیکٹو جناب شنرا داحمه ملك خاتون ڈائر یکٹرز: 01 م د ڈ ائر یکٹر ز: 06

آ ڈٹ کمیٹی آڈٹ

جناب خالد نیاز خواجه چیئر مین جناب اُسامهٔ محمود جناب محمود رکن جناب محمود اختر رکن

<u>ہیمن ریسورس اینڈ ریمنزیش کمیٹی</u>

جناب خالد نیاز خواجه چیئر مین جناب رضامنش رکن جناب شنراداحمد ملک رکن

اختتام پذیریدت کی حیثیت کومتاثر کرنے والے کوئی بعداز بیلنس شیٹ نمایاں واقعات رونمانہیں ہوئے ہیں۔

ہمارے پاہٹس اور آپریشنز بین الاقوامی اور تومی ماحولیاتی معیارات کی تھیل کررہے ہیں۔ DGKC سوسائٹی اوروبیلفیئر کی اپنی ذمہ داریوں کو کمل طور پہچانتی ہے۔ کمپنی نزد کی آبادیوں کے لئے تعلیم ،صحت ،طبی اور آگ بجھانے کی سہولیات ، واٹر سپلائی ،نزد کی علاقوں میں ایمرجنسی اور آفاتی حالات میں مدد ، آگاہی مہمات وغیرہ پرخرج کررہی ہے۔ ھیے چیے دنیا بھر میں ویکسینیشن کی شرح بڑھ رہی ہے، عالمی معیشت کی ترقی کی رفتار میں توقع سے زیادہ تیزی آرہی ہے۔ بیا ہے ساتھ مشکلات بھی لارہی ہے۔
زیادہ طلب اور سپلائی چین کے مسائل اشیاء کی قیمتوں کو بڑھارہ ہیں۔ خاص طور پر ،کوئلہ ، جو کہ اب تک کی سب سے زیادہ قیمتوں کا اثر آنے والے مہینوں میں نظر آئے گا۔ یہ عالمی افراط زر پاکستانی معیشت کے لیے تھیں مشکلات کا باعث بن رہا ہے۔ اگر صورت حال برقر اررہی تو پاکستانی روپیکی قدر مہدگائی اور توانائی کی زیادہ قیمتوں کی وجہ سے مزید کم ہوگئی ہے۔ TERF سے متعلقہ در آمدات بھی پائپ لائن میں ہیں جو کرنے اکا وَنے خوارے پر مزید دباؤ ڈال سکتی ہیں۔ افراط زر کی تعداد کو مذاظر رکھتے ہوئے شرح سود مزید بڑھ سکتی ہے۔ اس لاگت کا پورا دباؤ صارفین پر بنتقل ہونے کی توقع ہے ورنہ یہ پینی کے مارجن کو کم کرسکتا ہے۔ افغانستان کی صورت حال فیم شکم ہے اور پاکستان پر بین الاقوامی دباؤ کوراغب کرسکتی ہے جو کہ جموئ کاروباری ماحول کے لیے ممکن ہے۔ بڑھتی ہوئی افراط زراور سینٹ کی قیمتیں ہاؤسگ لون کی بناء پر سینٹ کی طلب اور سینٹ کی ترسل کے جم کو بھی متاثر کرسکتی ہیں۔ شبت پہلو پر ، زراعت کا شعبہا پی خریف فصلوں (بنیادی طور پر کہاس) کے لیے شبت نمودرج کر رہا ہے۔ اس سے دبی علاقوں میں تعمیراتی سرگرمیوں کوفرو خود میں سنٹ پر کو کلے سے جانے والے پاور پانٹ نے تمبر 202 میں اپنے آپر یشنز کا آغاز کر دیا ہے ، جس نے حب سائٹ پر ہمارے پلانٹ کوخود کیل اور توانائی موثر بنادیا ہے۔

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

- ماركيث قيمت اورسخت مقابليه
- مستعمل پیداواری صلاحیت
 - سود کی شرح
- •غیرملکی کرنسی کا ۱ تارچڑ ھاؤ
 - برآ مد ماركيث كاسكڑاؤ

بورد آف ڈائر یکٹرزنے ڈائر یکٹرز کے معاوضہ کی پالیسی کی منظوری دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

- سمینی بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آزادڈ ائر بکٹرزسمیت اپنے نان ایگزیکٹوڈ ائر بکٹرز کومعاوضہ ادانہیں کرے گی۔
 - کمپنی بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائز یکٹرز کے سفراور رہائش کے اخرا جات ادا کرے گی۔
 - بورڈ آف ڈائر یکٹرز، وقباً فو قٹاڈ ائر یکٹرزمعاوضہ یالیسی کا جائزہ اوراس کی منظوری دیں گے۔

مالی سال 22 کا آغاز میکروا کنا مک سطح پراعلی نمو حاصل کرنے کے لئے حکومت کے بلند نقط نظر کے ساتھ ہوا۔ زیادہ پی الیس ڈی پی اخراجات کا تخمینہ لگایا گیا۔ زراعت کے شعبے کوا کسان کارڈا، اعلی معاون قیمتوں، کسانوں کو بروقت ادائیگی ہے متعلق قوانین اور تو می زرعی ایمرجنسی پروگرام ہے بہت زیادہ اعانت دی گئی۔ نغیراتی شعبہ ہاؤسنگ لوز پر سبسڈی ٹیکس ایمنسٹی میں تو سیج اورسٹیٹ بینک آف پاکستان کی جانب سے ریگو کیٹری کے نفاذ کے ذریعے توجہ کا مرکز رہا۔ معاشر کے نچلے اور متوسط طبقے کو بلند کرنے کے لیے 'کامیاب جوان پروگرام' کے ذریعے 'Bottom-up' اپروچ کا نیا تصور متعارف کرایا گیا۔ تاہم، ینمو ہماری معیشت میں فالٹ لائنز کی وضاحت کرتی ہے۔ کرنٹ اکاؤنٹ خسارے نے مالی سال 21 کی آخری سہ ماہی میں کی کے آثار دکھانا شروع کیے جو کہ رواں سال جاری رہے گا۔ مزید ہے کہ دنیا بھر میں اشیاء (خاص طور پرکوئلہ) اورخور دنی تیل کی قیمتوں میں افراطز رمیں تیزی سے اضافہ ہوا۔ اس کے نتیج میں، جون 21 تک پاکستانی روپیہ کی قدر میں 8 فیصد کی کی ہوئی۔ مہنگائی کے اثرات میں اضافہ ہوا۔ اسٹیٹ بینک نے افراط ذر کے اثرات کو کم کرنے کے لیے ڈسکاؤنٹ شرح میں پاکستانی روپیہ کی قدر میں 8 فیصد کی کی ہوئی۔ مہنگائی کے اثرات میں اضافہ ہوا۔ اسٹیٹ بینک نے افراط ذر کے اثرات کو کم کرنے کے لیے ڈسکاؤنٹ شرح میں بیاکتانی روپیہ کی قدر میں 8 فیصد کی کی ہوئی۔ مہنگائی کے اثرات میں اضافہ ہوا۔ اسٹیٹ بینک نے افراط ذر کے اثرات کو کم کرنے کے لیے ڈسکاؤنٹ شرح میں منصوب میں اضافہ کی کاشارہ فلا ہم کیا ہے۔

جم کے کاظ سے ،صنعت کی کل فروخت مقدار میں 0.7 ملین ٹن (5.5 فیصد) سے 12.8 ملین ٹن تک سے ماہی بنیاد پر کمی ہوئی ہے۔ جنوبی زون میں 0.5 ملین ٹن (5.5 فیصد) منفی نمو درج کرائی۔ مزید تجزیہ سے ظاہر ہوتا ہے کہ بینمو برآ مدات کی وجہ سے ہوئی ہوئی۔ مزید تجزیہ سے ظاہر ہوتا ہے کہ بینمو برآ مدات کی وجہ سے ہوئی جو کہ 15.5 ملین ٹن (4 فیصد) سے 11 ملین ٹن کی معمولی نمودرج کرائی ہے۔ گزشتہ سال کی اسی مقدت کے دوران صنعت کی مستعمل فروخت میں 79 فیصد کے مقابلے میں 40 فیصد تک کی ہوئی۔ اس میں 9 فیصد کی مستعمل فروخت برآ مدات کے مقابلے میں مقامی فروخت نے 65 فیصد کا حصہ شامل کیا۔

امسال شیر ول کی بندش میں کی وجہ ہے آپ کی کمپنی کے کلن آپیشنل دنوں میں 208 دن ہے بڑھ کر224 دن جو کہ 8 فیصدزیادہ واقع ہوئے ہیں۔اس کے بنتیج میں ہکلنگر کی پیداواراوسطاً 88 فیصد (113:Q1FY21 فیصد) کم ہوئی جس بنتیج میں ہکلنگر کی پیداواراوسطاً 88 فیصد (201FY21 فیصد) کم ہوئی جس کی بنیادی وجہ گزشتہ سال کے پاکنگ کلنگر اسٹاک سے زیادہ ترکلنگر برآ مدہونا ہے۔جولائی تاسمبر 2021 کے دوران 9.5 ملین امریکی ڈالر کا فیمتی زرمبادلہ حاصل کر میں حصد شامل کرنے کے لئے برآ مدکیا گیا۔

فروخت کی قیمت کے لحاظ سے، بنیادی طور پر سینٹ کی مقامی متحکم قیتوں کی وجہ سے نمودرج کی گئی۔ فی یونٹ لاگت زیادہ ہونے کے بنیج گزشته سال کلکر کی کم پیداوار کے باعث جی پی فیصد میں بہتری ہوئی ہے۔ فروخت کے اخراجات میں کی کلنکر کی برآ مدات میں کمی سے وابستہ تھی۔ کرنبی کی قدر میں کمی کے بنیجے کوئلہ کی در آمد کی مدمین زرِمبادلہ کا نقصان زیادہ ہوا، جس کا اثر دیگر اخراجات میں نمایاں ہے۔ دیگرآ مدنی میں اضافہ بنیادی طور پر MCB سے ڈیویڈینڈ کی وجہ سے تھا جو SBP کی طرف سے پابندیوں کی وجہ سے گزشتہ سال کی اسی مدت میں وصول نہیں ہوا تھا۔ PSX -100 انڈیکس میں جون 202 تک وقصد کی ہوئی جس کے بنتیج لسط اس کی شیئر قیمتوں میں کمی اور دیگر مجموعی آمدنی میں کی اور دیگر مجموعی آمدنی میں کا فیمر ویلیو خسارہ ہوا۔ پیپر اور ڈیری سیکمنٹس دونوں حصوں سے منافع کی مزید کرا سے حساتھ مجموعی ای پی ایس 2.3 دولی کے شیئر ہے۔

حصص داران كيليخ ڈائر يكٹرز كى رپورٹ

آپ کی ممپنی کے ڈائر یکٹرز آپ کو مالی سال 22 کی پہلی سہ ماہی کے نتائج پیش کرتے ہوئے خوشی محسوں کرتے ہیں۔

		* * * * * * * * * * * * * * * * * * * *
پېلىسەمائى مالىسال 2021	ىپلىسەمائى مالىسال 2022	
ارول میں	رو پے ہزا	
10,514,435	11,152,534	فروخت
(9,506,751)	(9,053,792)	قیت فروخت
1,007,684	2,098,742	فروخت قیت فروخت مجموعی منافع
(153,659)	(185,470)	انتظامی اخراجات
(608,891)	(317,366)	فروخت اورتقسیم کے اخراجات دیگرمعاملاتی اخراجات
(1,501)	(225,681)	دیگرمعاملاتی اخراجات
70,303	543,221	دیگرآ مدنی
(771,416)	(735,779)	مالی لاگت
(457,480)	1,177,667	ٹیکسیشن سے پہلے (نقصان)/فائدہ
106,588	(269,643)	^ش یاسیشن
(350,892)	908,024	موجودہ مدت کے لئے (نقصان)/فائدہ
-0.80	2.07	EPS (روپے فی شیئر)
9.58%	18.82%	GP %
-4.35%	10.56%	PBT %
-3.34%	8.14%	PAT %

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

پیلی سه ما ہی مالی سال 2021	پیلی سه ما ہی مالی سال 2022	
ٹرکٹن میں	اعدادوشارميا	پيدادار
1,213,078	1,476,428	کلئر کی پیداوار
1,237,888	1,223,231	سیمنٹ کی پیداوار
		فروخت
1,241,985	1,237,774	سيمنث كى كل فروخت
1,235,518	1,180,258	سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)
6,467	57,516	سیمنٹ کی برآ مدفر وخت
663,907	211,989	كلنكر كى فروخت

Unconsolidated Condensed Interim Statement of Financial Position

EQUITY AND LIABILITIES CAPITAL AND RESERVES Authorised capital - 950,000,000 (2021: 950,000,000) ordinary shares of Rs 10 each 438,119,118 (2021: 438,119,118) ordinary shares of Rs 10 each Other reserves Long term finances - secured Deferred liabilities Deferred liabilities Deferred taxation CURRENT LIABILITIES Provision for taxation Revenue reserved Contingencies and Commitments Revenue reserved Contingencies and Commitments Revenue reserved Revenue re			September 30, 2021 unaudited	June 30, 2021 audited
CAPITAL AND RESERVES Authorised capital		Note	(Rupees in	thousand)
Authorised capital - 950,000,000 (2021: 950,000,000) ordinary shares of Rs 10 each - 50,000,000 (2021: 50,000,000) preference shares of Rs 10 each Issued, subscribed and paid up share capital 438,119,118 (2021: 438,119,118) ordinary shares of Rs 10 each Other reserves Revenue reserve: Un-appropriated profits Long term finances - secured Deferred income - Government grant Long term deposits Deferred taxation Trade and other payables Accrued markup Short term borrowings - secured Current portion of non-current liabilities Unclaimed dividend Unclaimed dividend Provision for taxation Authorised Capital 9,500,000 9,500,000 500,000 10,000,000 4,381,191 4,381,191 4,381,191 4,381,191 30,280,119 30	EQUITY AND LIABILITIES			
- 950,000,000 (2021: 950,000,000) ordinary shares of Rs 10 each - 50,000,000 (2021: 50,000,000) preference shares of Rs 10 each Sou,000	CAPITAL AND RESERVES			
ordinary shares of Rs 10 each -50,000,000 (2021: 50,000,000) preference shares of Rs 10 each 10,000,000 10,000,000 1	·			
Sou,000	ordinary shares of Rs 10 each		9,500,000	9,500,000
Issued, subscribed and paid up share capital 438,119,118 (2021: 438,119,118) ordinary shares of Rs 10 each Other reserves 29,082,103 30,280,119 Revenue reserve: Un-appropriated profits 39,724,587 73,187,881 73,477,873 NON-CURRENT LIABILITIES			500,000	
438,119,118 (2021: 438,119,118) ordinary shares of Rs 10 each Other reserves Revenue reserve: Un-appropriated profits 29,082,103 30,280,119 39,724,587 73,187,881 NON-CURRENT LIABILITIES Long term finances - secured Deferred income - Government grant Long term deposits Deferred liabilities Deferred taxation Trade and other payables Accrued markup Short term borrowings - secured Current portion of non-current liabilities Unclaimed dividend Provision for taxation 4,381,191 664,503 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 241,272 246,992 539,100 530,803 3,378,941 24,127,166 24,127,304 24,127,26 246,992			10,000,000	10,000,000
ordinary shares of Rs 10 each 4,381,191 4,381,191 Other reserves 29,082,103 30,280,119 Revenue reserve: Un-appropriated profits 39,724,587 38,816,563 73,187,881 73,477,873 NON-CURRENT LIABILITIES Long term finances - secured 6 19,330,348 664,504 Deferred income - Government grant 7 604,443 664,504 Long term deposits 241,272 246,992 Deferred liabilities 539,100 3,378,941 Deferred taxation 3,412,003 3,378,941 24,127,166 24,121,304 CURRENT LIABILITIES Trade and other payables 10,415,282 14,923,151 Accrued markup 647,071 507,769 Short term borrowings - secured 21,278,613 6,542,959 Current portion of non-current liabilities 6,542,959 6,433,943 Unclaimed dividend 33,264 33,517 Provision for taxation 35,090 38,952,279 40,295,520 Contingencies and Commitments				
Revenue reserve: Un-appropriated profits 39,724,587 73,187,881 73,477,873			4,381,191	4,381,191
T3,187,881 T3,477,873				
Long term finances - secured Deferred income - Government grant Long term deposits Deferred liabilities Deferred taxation Trade and other payables Accrued markup Short term borrowings - secured Current portion of non-current liabilities Unclaimed dividend Provision for taxation Contingencies and Commitments 19,300,064 604,443 241,272 246,992 539,100 3,378,941 24,127,166 24,121,304 19,300,064 664,504 246,992 530,803 3,378,941 24,127,166 21,278,613 6,542,959 18,362,050 6,433,943 33,517 35,090 38,952,279 40,295,520	Revenue reserve: On-appropriated profits			
Deferred income - Government grant	NON-CURRENT LIABILITIES			
Deferred income - Government grant	Long term finances - secured	6	19,330,348	19,300,064
Deferred liabilities 539,100 530,803 Deferred taxation 3,412,003 3,378,941 24,127,166 24,121,304 CURRENT LIABILITIES Trade and other payables Accrued markup Short term borrowings - secured Current portion of non-current liabilities Unclaimed dividend Provision for taxation 10,415,282	Deferred income - Government grant	7	604,443	664,504
Deferred taxation 3,412,003 24,127,166 24,121,304 CURRENT LIABILITIES Trade and other payables				
24,127,166 CURRENT LIABILITIES Trade and other payables				
Trade and other payables 10,415,282 14,923,151 Accrued markup 647,071 507,769 Short term borrowings - secured 21,278,613 18,362,050 Current portion of non-current liabilities 6,542,959 6,433,943 Unclaimed dividend 33,264 33,517 Provision for taxation 35,090 35,090 38,952,279 40,295,520				
Accrued markup Short term borrowings - secured Current portion of non-current liabilities Unclaimed dividend Provision for taxation Contingencies and Commitments 647,071 21,278,613 18,362,050 6,542,959 33,517 35,090 38,952,279 40,295,520	CURRENT LIABILITIES			
Short term borrowings - secured 21,278,613 18,362,050 Current portion of non-current liabilities 6,542,959 6,433,943 Unclaimed dividend 33,264 33,517 Provision for taxation 35,090 35,090 40,295,520 Contingencies and Commitments 8	Trade and other payables		10,415,282	14,923,151
Current portion of non-current liabilities 6,542,959 6,433,943 Unclaimed dividend 33,264 33,517 Provision for taxation 35,090 35,090 38,952,279 40,295,520 Contingencies and Commitments 8				
Unclaimed dividend 33,264 33,517 Provision for taxation 35,090 35,090 38,952,279 40,295,520 Contingencies and Commitments 8				
Provision for taxation 35,090 35,090 38,952,279 40,295,520 Contingencies and Commitments 8	•			1 ' '
38,952,279 40,295,520 Contingencies and Commitments 8				
	Contingencies and Commitments	8	_	_
, , , , , , , , , , , , , , , , , , , ,		J	136,267,326	137,894,697

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



As At September 30, 2021

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

Chief Financial Officer

Jand Jazal

Unconsolidated Condensed Interim Statement of Profit or Loss

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

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

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

Chief Executive

Chief Financial Officer

Jand Jazal

Unconsolidated Condensed Interim Statement of Comprehensive Income

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

	July to S	eptember
	2021	2020
	(Rupees i	n thousand)
Profit/(loss) for the period	908,024	(350,892)
Other comprehensive income/(loss) for the period - net of tax		
Items that may be reclassified subsequently to profit or loss:	-	-
Items that will not be reclassified subsequently to profit or loss:		
Change in fair value of investment at fair value through		
other comprehensive income (FVOCI)	(1,198,016)	2,174,602
Other comprehensive income/(loss) for the period	(1,198,016)	2,174,602
Total comprehensive income/(loss) for the period	(289,992)	1,823,710

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

Chief Executive

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes In Equity

73,477,873

38,816,563

5,071,827

353,510

20,297,619

4,557,163

4,381,191

68,467,867

34,685,416

5,071,827

353,510

19,418,760

4,557,163

4,381,191

Balance as at September 30, 2020 - Unaudited

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

		Ca	Sapital reserve		Reven	Revenue reserve
	Share capital	Share	FVOCI	Capital I redemption e reserve fund	General L reserve	General Un-appropriated reserve profits
Balance as at June 30, 2020 - Audited	4,381,191	4,557,163	4,381,191 4,557,163 17,244,158		353,510 5,071,827 35,036,308	35,036,308

Total	66,644,157
Un-appropriated profits	35,036,308
General	5,071,827
Capital redemption reserve fund	353,510
FVOCI	17,244,158
Share	4,557,163
Share capital	4,381,191

(Rupees in thousands)

350,892)	2,174,602	350,892) 1,823,710
	.,	1,
(350,892)		(350,892
ı	I	ı
I	1	
ı	2,174,602	2,174,602
I	1	ı
ı	1	ı

908,024	(1,198,016)
908,024	1
1	1
-	1
-	(1,198,016)
1	1
1	1

	6)	5	<u>_</u>
900,006	(1,198,016)	(289,992)	73,187,88
900,024	-	908,024	39,724,587
1	1	1	353,510 5,071,827 39,724,587 73,187,881
ı	1	1	353,510
1	(1,198,016)	(1,198,016)	19,099,603
ı	1	1	4,381,191 4,557,163 19,099,603
I	1	1	4,381,191

- Changes in fair value of investments at fair value

through OCI - net of tax

Other comprehensive loss for the period

- Profit for the period

Total comprehensive loss for the period

Balance as at June 30, 2021 - Audited

Balance as at September 30, 2021 - Unaudited

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

Jacob Jacob

Chief Executive

Chief Financial Officer

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1ST QUARTER 2021 DGKC

- Loss for the period

- Changes in fair value of investments at fair value

through OCI - net of tax

- Other comprehensive income for the period

Total comprehensive loss for the period

Unconsolidated Condensed Interim Cash Flow Statement

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

		July to Se	ptember
		2021	2020
	Note	(Rupees in	thousand)
Cook flows from an autimize activities			
Cash flows from operating activities	10	(0.150.050)	4 500 400
Cash generated from operations	13	(2,158,052)	4,596,496
Finance cost paid		(596,477)	(890,304)
Retirement and other benefits paid		(77,322)	(70,172)
Income tax paid		(382,647)	(154,638)
Long term deposits - net		(5,720)	(4,076)
Net cash (outflow)/inflow from operating activities		(3,220,218)	3,477,306
Cash flows from investing activities			
Payments for property, plant and equipment		(816,779)	(1,320,653)
Proceeds from disposal of property, plant and equipment		-	1,542
Investments in equity instruments		-	(100,737)
Long term loans, advances and deposits - net		-	(1,441)
Interest received		16,251	16,729
Dividend received		512,244	-
Net cash outflow from investing activities		(288,284)	(1,404,560)
Cash flows from financing activities			
Repayment of long term finances		(1,420,763)	-
Proceeds from long term finances		1,500,000	2,009,842
Dividend paid		(253)	(152)
Net cash inflow from financing activities		78,984	2,009,690
		,	
Net (decrease)/increase in cash and cash equivalents		(3,429,518)	4,082,436
Cash and cash equivalents at the beginning of the period		(17,555,677)	(23,148,133)
Cash and cash equivalents at the end of the period	14	(20,985,195)	(19,065,697)

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

Chief Executive

Chief Financial Officer

Sand Jagar

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

For the Quarter ended September 30, 2021

1. Status and nature of business

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

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

2. Basis of preparation

2.1 Statement of compliance

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

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

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

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

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

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

3. Significant accounting policies

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

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

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

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 1, 2021, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

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

4. Accounting estimates

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

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

5 Taxation

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

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

6. Long term financing - secured

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

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

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

Opening balance	26,357,794	23,982,621
Disbursements during the period/year	1,500,000	8,826,457
Repayments during the period/year	(1,420,763)	(6,451,284)
	26,437,031	26,357,794
Unamortized liability - note 6.1.1	(858,352)	(927,027)
Closing balance	25,578,679	25,430,767
6.1.1 The reconciliation of the carrying amount of unamortized liability is as follows:		
Opening balance	927,027	-
Discounting adjustment for recognition		
at fair value - government grant	-	1,065,766
Unwinding of discount on liability	(68,675)	(138,739)
Closing balance	858,352	927,027

7. Deferred income - Government grant

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

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

8. Contingencies and commitments

8.1 Contingencies

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

8.2 Commitments in respect of

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

- note 9.1

September 30,	June 30,
2021	2021
Un-audited	audited
(Puposs in t	housend)

83.177.075

(Rupees in thousand)

77.140.261

9. Property, plant and equipment

Operating fixed assets

0 00	namig integrate		00,,0.0	, ,
Сар	ital work-in-progress	- note 9.2	1,567,052	7,726,720
Maj	or spare parts and stand-by equipment		167,510	153,128
			84,911,637	85,020,109
9.1	Operating fixed assets			
	Opening book value		77,140,261	76,986,536
	Additions during the period/year	- note 9.1.1	6,962,065	3,758,015
			84,102,326	80,744,551
	Disposals during the period/year - at book value		-	(23,483)
	Depreciation charged for the period/year		(925,251)	(3,580,807)
			(925,251)	(3,604,290)
	Closing book value		83,177,075	77,140,261

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

9.1.1 Additions during the period/year

Desilation and for all all lends		
Buildings on freehold land:		
- Factory buildings	776,349	405,065
 Office building and housing colony 	161	338,324
Roads	-	14,221
Plant and machinery	6,144,462	2,853,206
Quarry equipment	410	44,764
Furniture and fittings	4,937	20,538
Office equipment	2,098	17,519
Vehicles	7,821	54,535
Power and water supply lines	25,827	9,843
	6,962,065	3,758,015
9.2 Capital work-in-progress		
Civil works	849,864	1,457,071
Plant and machinery	547,547	5,864,018
Advances to suppliers and contractors	88,386	84,336
Others	81,255	321,295
	1,567,052	7,726,720

10. Investments

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

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

11. Loan to related party - considered good

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

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

12. Transactions with related parties

The related parties include the subsidiaries, the Investor, related parties on the basis of common directorship, group companies, key management personnel and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables.

		July to Se	ptember 30,
		2021	2020
	_	Un-audited	Un-audited
		(Rupees i	n thousand)
Relationship with the Company	Nature of transaction		
i. Subsidiary entities	Purchase of goods and services	473,267	475,991
_	Rental income	242	232
	Sale of goods and services	18,435	7,368
ii. Investor	Sale of goods and services	33,541	7,521
II. IIIVestoi	_	33,341	7,321
	Purchase of goods and services	-	0
iii. Other related entities	Insurance premium	140,747	74,541
	Sale of goods and services	16,239	2,884
	Dividend income	511,386	-
	Purchase of goods and services	23,645	473
	Insurance claims received	149	-
	Mark-up income	16,409	16,146
	Purchase of shares	-	100,738
iv. Key management personnel	Salaries and other employment benefits	62,571	53,469
v. Post employment benefit plans	Expense charged in respect of defined benefit plan	52,935	42,936
	Expense charged in respect of defined contribution plan	28,722	23,880

July to September 30.

September 30,	June 30,
2021	2021
Un-audited	audited
(Runees in t	housand)

Period/year end balances

Payable to related parties		
Trade and other payables	1,090,216	933,524
Receivable from related parties		
Trade debts	51,966	16,222
Loan to related party	765,000	765,000
Mark-up receivable from related party	5,523	5,363
	822,489	786,585

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

13. Cash generated from operations

Profit/(loss) before tax	1,177,667	(457,480)
Adjustments for non-cash charges and other items:		
- Depreciation on operating fixed assets	925,251	876,092
- Loss/(gain) on disposal of operating fixed assets	-	(16)
- Dividend income	(512,244)	-
- Provision for retirement benefits	81,657	66,816
- Mark-up income	(16,409)	(16,146)
- Exchange loss/(gain)	136,900	(14,807)
- Finance cost	735,779	771,416
Profit before working capital changes	2,528,601	1,225,875
Effect on cash flow due to working capital changes:		
- Decrease/(increase) in stores, spare parts and loose tools	1,576,928	995,388
- Decrease/(increase) in stock-in-trade	(1,209,777)	2,345,191
- Decrease/(increase) in trade debts	(532,190)	259,004
- Decrease in loans, advances, deposits,		
prepayments and other receivables	119,194	296,289
- (Decrease)/increase in trade and other payables	(4,640,808)	(525,251)
	(4,686,653)	3,370,621
	(2,158,052)	4,596,496

July to September

2021

2020

Un-audited

Un-audited

(Rupees in thousand)

14. Cash and cash equivalents

Short term borrowings - secured Cash and bank balances

(21,278,613) 293,418 (20,985,195)

(19,448,535) 382,838 **(19,065,697)**

15. Financial risk management

15.1 Financial risk factors

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

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

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

15.2 Fair value estimation

a) Fair value hierarchy

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

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

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

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

Level 1 Level 2 Level 3 Total (Rupees in thousand) Recurring fair value measurements As at September 30, 2021 **Assets** Investments - FVOCI 19.594.429 5.700.229 25.294.658 Level 1 Level 2 Level 3 Total (Rupees in thousand) As at June 30, 2021 **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.

5,700,229

26,492,675

20.792.446

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 Septmeber 30, 2021.

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

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

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

Sensitivity analysis

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

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

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

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

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

16. Date of authorization for issue

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

17. Corresponding figures

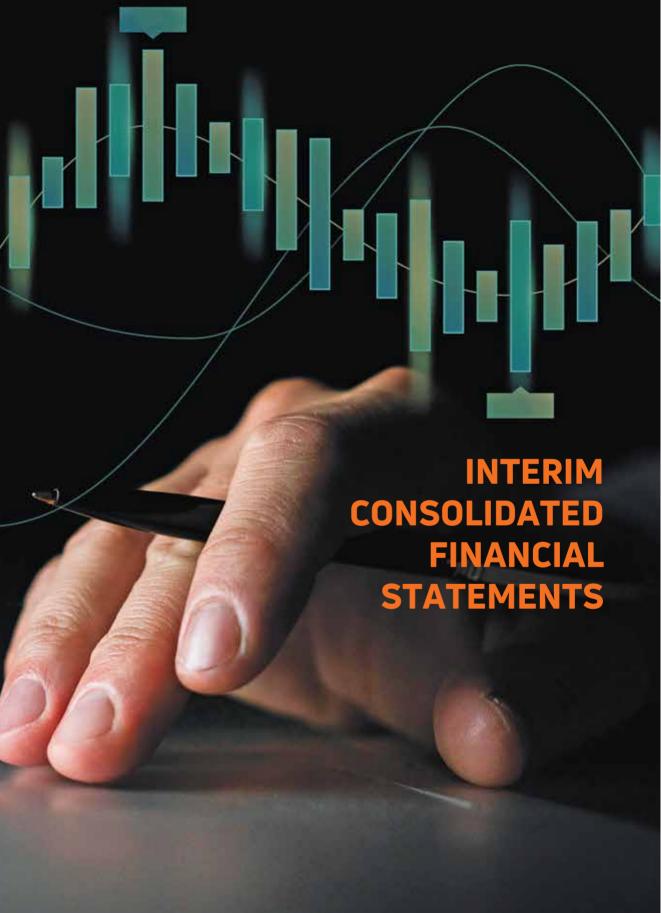
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the unconsolidated condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim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

Chief Executive

Chief Financial Officer

Director

Jand Jazal



Consolidated Condensed Interim Statement of Financial Position

	Note	September 30, 2021 unaudited	June 30, 2021 audited
,	Note	(Rupees in	tnousand)
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital - 950,000,000 (June 30, 2021 : 950,000,000) ordinary shares of Rs 10 each - 50,000,000 (June 30, 2021: 50,000,000)		9,500,000	9,500,000
preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up share capital 438,119,118 (2021 : 438,119,118)			
ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		29,019,425	30,223,348
Un-appropriated profit Attributable to owners of the parent company		40,111,806 73,512,422	39,089,297 73,693,836
Non-controlling interest		2,286,139	2,182,351
Tron controlling interest		75,798,561	75,876,187
NON-CURRENT LIABILITIES			
Long term finances - secured	5	19,780,440	19,821,227
Deferred government grant	6	604,575	664,636
Long term deposits		241,271	246,992
Deferred liabilities		539,100	530,803
Deferred taxation		3,817,402 24,982,788	3,784,340 25,047,998
CURRENT LIABILITIES		24,002,100	20,047,000
Trade and other payables		9,844,291	14,747,002
Accrued markup		694,429	553,468
Short term borrowing-secured		22,770,786	20,939,726
Loan from related party - unsecured		184,000	214,000
Current portion of non-current liabilities		6,763,202	6,654,320
Unclaimed dividend		33,264	33,517
Provision for taxation		35,090 40,325,062	35,090 43,177,123
		+0,020,002	+0,111,120
Contingencies and Commitments	7		
- 		141,106,411	144,101,308

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



As At September 30, 2021

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

Chief Financial Officer

Jand Jazal

Consolidated Condensed Interim Statement of Profit or Loss

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

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

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

Chief Executive

Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income

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

	July to S	eptember
	2021	2020
	(Rupees i	n thousand)
Profit/(loss) for the period	1,131,130	(293,655)
Other comprehensive income / (loss) for the period		
Items that may be reclassified subsequently		
to profit or loss:	-	-
Items that will not be reclassified subsequently		
to profit or loss:		
Change in fair value of investments at fair value through		
other comprehensive income (OCI) - net of tax	(1,208,756)	2,185,030
Other comprehensive income / (loss) for the period	(1,208,756)	2,185,030
Total comprehensive income / (loss) for the period	(77,626)	1,891,375
Attributable to:		
Equity holders of parent	(181,414)	1,857,727
Non-controling interest	103,788	33,648
	(77,626)	1,891,375

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

Chief Executive

Chief Financial Officer

Consolidated Condensed Interim Statement of Changes In Equity

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

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

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

A. A.

Chief Financial Officer

Dail Dagal

iractor

(Rupees in thousands)

Consolidated Condensed Interim Cash Flow Statement

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

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

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

Chief Executive

Chief Financial Officer

Director

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

For Quarter ended September 30, 2021

1. Legal status and nature of business

The group comprises of:

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

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

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

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

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

Effective percentage of holding

- Nishat Paper products Company Limited
- Nishat Dairy (Private) Limited

55%

55.10%

2. Basis of preparation

2.1 Statement of compliance

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

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

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

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

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

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

3. Significant accounting policies

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2021 except for adoption of new and amended standards as set out in note 3.2 and 3.3.
- 3.2 Standards, amendments and interpretations to International Financial Reporting Standards (IFRS) that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 1, 2021, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

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

4. Accounting estimates

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

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

4.1 Taxation

5.

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

September 30,

2021

Un-audited

(Rupees in thousand)

June 30,

2021

audited

	(Hupees I	ii tiiousaiiuj
Long term finances		
Long term loans - note 5.1	26,249,014	26,170,436
Current portion shown under current liabilities	(6,468,573)	(6,349,209)
	19,780,441	19,821,227
5.1 The reconciliation of the carrying amount of long term loans is as follows:		
Opening balance	27,098,736	24,728,690
Disbursements during the period	1,500,000	8,864,661
Repayment during the period	(1,491,968)	(6,494,615)
	27,106,768	27,098,736
Unamortized liability - note 5.1.1	(857,754)	(928,300)
Closing balance	26,249,014	26,170,436
5.1.1 The reconciliation of the carrying amount of unamortized liability is as follows:		
Opening balance	928,300	-
Discounting adjustment for recognition at fair value		
- government grant	-	1,071,316
Unwinding of discount on liability	(70,546)	(143,016)
Closing balance	857,754	928,300

6. Deferred income - Government grant

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

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

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

7. Contingencies and commitments

7.1 Contingencies

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

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

7.2 Commitments in respect of

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

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

8. Property, plant and equipment

Operating Assets	-note 8.1	86,657,716	80,610,944
Capital work-in-progress		1,612,243	7,820,435
Major spare parts and stand-by equipment		167,510	153,128
		88,437,469	88,584,507

September 3	June 30,	
2021	2021	
Un-audited	audited	
(Rupees	nousand)	Ī

8.1 Operating assets

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

9. Investments

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

September 30,	June 30,	
2021	2021	
Un-audited	audited	
(Rupees in thousand)		
5,700,229	2,364,787	
-	201,230	
-	3,134,212	
5,700,229	5,700,229	
	2021 Un-audited (Rupees in 5,700,229	

10. Loan to related party

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

11. Transactions with related parties

The related parties include related parties on the basis of common directorship, group companies, key management personnel including directors and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that Group. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

		2021	2020
		Un-audited	Un-audited
	-	(Rupees i	n thousand)
Relationship with the Group	Nature of transaction		
Other related parties	Purchase of goods and services	53,466	14,510
•	Purchase of shares	-	100,738
	Insurance premium	142,081	58,986
	Sale of goods	92,614	10,660
	Mark-up income	16,409	16,146
	Insurance claims received	149	-
	Dividend income	517,552	-
Key Management	Salaries and other		
personnel	employment benefits	65,868	53,469
Post employment	Expense charged in respect of staff		
benefit plans	retirement benefits plans	89,731	71,996

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

July to September 30,

2020

2021

July to September

2021 2020

(Rupees in thousand)

12. Cash flow from operating activities

Profit/(loss) before tax	1,457,024	(353,372)
Adjustment for:		
- Depreciation on property, plant and equipment	984,123	934,981
- Gain on disposal of operating fixed assets	(218)	(1,007)
- Net loss on disposal of biological assets	26,229	22,006
- Gain on changes in fair value biological asset	(98,646)	(105,660)
- (Gain)/loss on changes in fair value of investment through P&L	3	(7)
- Dividend income	(518,411)	-
- Retirement and other benefits accrued	89,731	71,996
- Markup income	(18,880)	(16,146)
- Exchange (gain) / loss - net	141,691	(5,226)
- Finance cost	782,587	830,741
Profit before working capital changes	2,845,233	1,378,306
Working capital changes		
- Decrease in stores, spares and loose tools	1,571,228	986,070
- Decrease/(increase) in stock-in-trade	(1,185,244)	2,636,406
- Decrease/(increase) in trade debts	(201,375)	1,273,832
- Increase in contract assets	(32,297)	(46,515)
- Decrease in advances, deposits, prepayments and other receivables	109,914	394,951
- Decrease in trade and other payables	(5,044,402)	(1,478,099)
Net working capital changes	(4,782,176)	3,766,645
Cash (used in)/ generated from operations	(1,936,943)	5,144,951
Cash and cash equivalents		
Short term borrowings - secured	(22,770,786)	(21,299,150)
Cash and bank balances	311,807	828,354
Total cash and cash equivalents	(22,458,979)	(20,470,796)

14. Financial risk management

13.

14.1 Financial risk factors

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

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

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

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

14.2 Fair value estimation

a) Fair value hierarchy

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

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

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

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

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

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

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

c) Fair value measurements using significant unobservable inputs

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

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

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

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

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

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

Sensitivity analysis

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

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

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

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

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

15. Operating segments

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

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

Type of segments Nature of business

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

Paper Manufacture and supply of paper products and packing material.

Dairy Production and sale of raw milk.

15.1 Segment analysis and reconciliation - condensed

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

July 1st to September 30 - Un-audited

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

15.2 Geographical segments

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

16. Date of authorization

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

17. Corresponding figures

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

Chief Executive

Chief Financial Officer

Director



D.G. KHAN CEMENT COMPANY LIMITED

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