

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/

April 26, 2022

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

SUB:

TRANSMISSION OF QUARTERLY REPORT FOR THE PERIOD ENDED MARCH 31, 2022

Dear Sir,

We have to inform you the Quarterly Report of D. G. Khan Cement Company Limited for the period ended March 31, 2022 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

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

Third Quarter Report, March 31,

2022

(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

Female Director 01 Male Directors 06 Chairperson / Non-Executive Chief Executive / Executive

Independent Independent Non-Executive Executive

Audit Committee

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

Member

Human Resource & Remuneration Committee

Mr. Khalid Niaz Khawaja Mr. Raza Mansha Mr. Shahzad Ahmad Malik

Member Member

Member/Chairman

Management

Mr. Raza Mansha Dr. Arif Bashir Mr. Farid Noor Ali Fazal Mr. Inayat Ullah Niazi

Chief Executive Officer Director Technical & Operations Director Marketing

Director Marketing Chief Financial Officer

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

Allied Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Bank Islami Pakistan Limited Dubai Islamic Bank Faysal Bank Limited Habib Bank Limited Limited Habib Metropolitan Bank

Habib Bank Limited Limite Habib Metropolitan Bank MCB Bank Limited JS Bank Limited Citi Bank N.A.

Citi Bank N.A. Askari Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank of Pakistan Samba Bank Limited Soneri Bank Limited

Standard Chartered Bank Limited The Bank of Punjab

The Bank of Punjab United Bank Limited The Bank of Khyber Silk Bank Limited

Industrial and Commercial Bank of China (ICBC)

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

Important Identification Numbers of Company

CUIN: 0006469 STRN: 0402252300164 NTN: 1213275-6 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 LawsEnvironmental Laws
- Banking Regulations, etc.

Company Rating

Long Term: AA -Outlook: Stable Rating Date: March 04, 2022 Short Term: A1+ Rating Agency: PACRA

neuring Dates in landing 1,720

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.

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

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 9MFY22:

	9MFY2022	9MFY2021
	Rupees	in '000'
Sales	43,296,731	32,747,675
Cost of sales	(35,489,864)	(26,853,527)
Gross profit	7,806,867	5,894,148
Administrative expenses	(552,406)	(467,747)
Selling and distribution expenses	(1,517,760)	(1,398,852)
Other expenses	(424,382)	(259,092)
Other income	1,959,692	2,029,483
Finance cost	(2,453,519)	(2,223,558)
Profit before taxation	4,818,493	3,574,382
Taxation	(1,199,222)	(726,001)
Profit for the period	3,619,271	2,848,381

EPS (Rs/share)	8.26	6.50
GP%	18.03%	18.00%
PBT%	11.13%	10.91%
PAT%	8.36%	8.70%

Operating date for the period is as follows:

	9MFY2022	9MFY2021
	in l	MT
Production:		
Clinker	4,763,962	4,713,344
Cement	4,044,263	4,165,763
Sales:		
Total	4,075,358	4,094,961
Local Cement (excluding own consumption)	3,837,413	4,021,192
Export Cement	237,945	73,769
Clinker Sale	1,159,658	1,296,535

FY22 can be summarized as year of high inflation, rising fuel and coal prices with political turmoil and economic uncertainty. The govt passed the budget with high expectations to achieve high growth numbers at macro-economic levels through high PSDP expenditure, targeted subsidies, agriculture planning, export focused strategies and incentivization of construction sector through different measures. This pace was halted by the world-wide inflation crisis mainly on account of high fuel and energy prices. As a result, Pakistan economy exposed to fault lines in early months of the year. Current account deficit that started showing signs of weakness in last quarter of FY21, carried on in the current year and became unmanageable by March-22. Although similar trend was witnessed in other countries but Pakistan's weak external position, low import cover and high debt repayment requirement made the situation critical for Pakistan. To mitigate the effect, Pakistan approached IMF to support external account. As a result, PKR devalued and discount rates were raised. Russia – Ukraine conflict also amplified the situation. The inflation trend that was initially assumed to be short lived, are now expected to trend in medium to long term. These factors affected the purchasing power of common people and the effect is visible across all industries.

In volume terms, total sales quantity of industry witnessed decline of 2.5 million tons (5.8%) period on period basis to 40.8 million tons. North zone registered negative growth of 1.9 million tons (5.9%) against South Zone of 0.6 million tons (5.4%). Further analysis shows that negative growth was driven by exports that declined 2.5 million tons (35.0%) while local dispatches almost remained same to 36.1 million tons. Sales utilization of industry declined to 79% against 84% for the corresponding period last year. It was largely contributed by local sales of 70% against exports sales utilization of 9%.

Kiln operational days of your Company decreased by 4.7% from 813 days to 775 days. Clinker production % remained high to 95% (9MFY21: 94%). Sales utilization of your Company declined to 104% (9MFY21: 107%) mainly due to export of clinker largely from the piling clinker stock last year. In line with industry, domestic sales of the Company declined by 4.5%. Clinker was exported to contribute towards fixed costs earning valuable foreign exchange of USD 50 million from July-March 2022.

Sales, in value terms, registered growth primarily due to stable local cement prices. Whole effect of inflation, high energy and fuel prices could not be passed on to the consumers. The Company partially shifted to Alternate Fuel and Afghan coal in substitution of imported South African coal, taking into account cost consideration and also saving valuable foreign exchange reserves. Selling expenses increase was associated with rise in freight rates. Currency devaluation resulted in higher exchange loss on account of import of coal; the effect is visible in Other expenses.

Consolidated EPS is Rs 8.84/share (9MFY21: Rs 3.56/share) with further contribution of profitability from both paper and diary segments.

Political situation in the country is in turmoil. Although new government has been formed, still uncertainty lies because of its very thin majority, strong opposition and its own future plan of action. The government is also trying to make popular decisions (in terms of fuel and energy prices). This may put pressure on fiscal side. On external front, reserves are on downward trajectory because of unbearable pressure on current account deficit on account of high global fuel prices. Conflict in Eastern Europe and the political economic tensions coming out of it are engulfing the world. All these factors are putting pressure on PKR/USD parity. Unless support from friendly countries or IMF program is resumed, we may see its upward trend again. All these are pointing to high inflation in the coming days. Whole of this cost pressure is expected to be passed on to consumers otherwise it may squeeze the Company's margins. SBP also proactively increased discount rates by 250bps to slow down growth. ERF rates were also raised by same rates; making exports less attractive. Coal prices are high trending over USD 300/ton. Situation in Afghanistan is volatile and may attract international pressure on Pakistan that may have potential negative effect for overall business environment. Rising inflation and construction material prices may also affect demand of cement on back of housing loans and may affect cement dispatches volume. There is also speculation regarding some IMF restrictions on SBP regarding subsidized financing (including housing finance). It will be confirmed when IMF program is resumed. On positive side, agriculture sector is registering positive growth for its Kharif crops. Coal Fired Power plant at Hub site has commenced its operations in September 2021, making our plant at Hub site self-sufficient and eneray 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
Executive
Mr. Khalid Niaz Khawaja
Independent
Mr. Usama Mahmud
Independent
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 April 25, 2022 Farid Noor Ali Fazal
Director

Sand Dazal

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کمپنی نزد کی آبادیوں کے لئے تعلیم ،صحت ،طبی اور آگ بجھانے کی سہولیات ، واٹر سپلائی ، نزد کی علاقوں میں ایمر جنسی اور آفاتی حالات میں مدد ، آگاہی مہمات وغیرہ برخرچ کررہی ہے۔

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

آپی کمپنی کے ڈائر بکٹر زبیان کرتے ہیں کہ داخلی کنٹرول کا نظام ڈیزائن میں مشحکم ہے اوراسکی مؤثر طریقہ سے عملدرآ مداورنگرانی کی جاتی ہے۔ کمپنی کے آپریٹنگ نتائج میں گزشتہ مدت سے اہم تغیرات ڈائر بکٹرزرپورٹ کے دیگر حصوں میں اجا گر کئے گئے میں اور وجو ہات بیان کی گئی ہیں۔

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

منجانب بورد

David Dazal

فری**دنورعلی نضل** ڈائریکٹر رضا منشا

چيف ايگزيکڻوآ فيسر

لاہور

25ايريل2022ء

بوردْ آف ڈائر کیٹرز، وقتا فو قباً ڈائر کیٹرزمعاوضہ پالیسی کا جائزہ اوراس کی منظوری دیں گے۔

مندرجہ ذیل کمپنی کے ڈائر یکٹرز ہیں:

محترمه نازمنشا (چیئر پرین) نان ایگزیکٹو

جناب رضامنشا الگيزيكڻو

جناب خالد نیازخواجه

جناب أسامهمحمود آزاد

جناب محموداختر نان الكّزيكتو

جناب فريدنورعلى فضل اليَّزيكڻو

جناب شنزادا حمدملك نان ا يَّز يَكْتُو

خاتون ڈائر یکٹرز: 01

مرد ڈائر یکٹرز: 06

آ ڈٹ سمیٹی آڈٹ

جناب خالد نیاز خواجه چیئر مین

جناب أسامهم محمود ركن

جناب مجموداختر ركن

<u>ہومن ریسورس اینڈ ریمنزیش کمیٹی</u>

جناب خالد نياز خواجه چيئر مين

جناب رضا منشا ركن

جناب شنراد ملک

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

ہارے پانٹس اور آپریشنز بین الاقوامی اور تومی ماحولیاتی معیارات کی تعمیل کررہے ہیں۔ DGKC سوسائٹی اور ویلفیئر کی اپنی ذمہ داریوں کو کمل طور پہچانتی ہے۔

ملک میں سیاسی صورتحال کشیدہ ہے۔ اگر چینی عکومت بن پچی ہے، لیکن اس کی انتہائی کن ورا کثریت، مضبوط اپوزیشن اوراس کے اینے مستقبل کے الانحمال کی وجہ سے الیاقی پہلوپہ سے بیٹر فیصلے (ایندھن اور اوان کی قیمتوں کے حوالے ہے) کرنے کی کوشش کرری ہے۔ بیمالیاتی پہلوپہ دباؤڈ ال سکتا ہے۔ بیرونی عاذ پر، ایندھن کی زیادہ عالمی قیمتوں کی وجہ ہے کرنے اکاؤنٹ خسارے پر نا قابل برداشت دباؤ کی بدولت ذخائر کم بورہ ہیں۔ مشرق یورپ میں تنازعات اوراس کے سابی معاثی تناؤنے و نیا کوا پی لیپ میں لے رکھا ہے۔ بیتمام والی پاکتانی روپہرام کی ڈالر کی برابری پر دباؤڈال رہ جیں۔ جب تک دوست ممالک یا آئی ایم الیف پروگرام کی جایت دوبارہ شروع نہیں ہوجاتی ہے، ہم اس کے بڑھنے کار، جان دوبارہ دکھے تھے ہیں۔ بیرس آنے والے دوں میں مہدگائی کے بڑھنے کی طرف اشارہ کررہ ہیں۔ یو تع ہے کہ لاگت کے اس پورے دباؤکو صارفین تک منتقل کرد یاجا سے گاورنہ پہلی کی کارجن کو کم کرکتا ہے۔ والے دوں میں مہدگائی کے بڑھنے کی کرف اشارہ کررہ ہیں۔ یو تع ہے کہ لاگت کے اس پورے دباؤکو صارفین تک منتقل کرد یاجا سے گاورنہ پہلی کی کہ ارجن کو کم برکتا ہے۔ والے دوں میں مہدگائی کے بڑھنے کی کرف اشارہ کررہ ہیں۔ وقع ہے کہ لاگت کے اس پورے دباؤکو صارفین تک منتقل کرد یاجا کے گاورنہ پہلی کی گرالرفی ٹن سے زیادہ چس کردیا ہے۔ وافرانسان کی سرح بھی برآ مدات کو کم پرکشش بینا کہ ایف کردیا ہے۔ والے اور پاکستان کی صورتحال غیر سنگ کی سے برحال کی میڈ برائی ایم الیان کی جو سے بیٹ کی طرف متوجہ کرسکتی ہے۔ جس کے جموعی کاروباری ماحول پر مکنہ نئی از ان میں باؤٹر اور پازنٹ نے تمبر 2021 میں اپنا کام شروع بوئے گی۔ بہتی نیادہ کی جو بیانہ پر ہوائے کی ہی جہوں کیا نے کو ڈو فیل اور توانائی کی بجت ہوگ ۔ بہتی ایف پر وگرام دوبارہ شروع ہوئے پر اس کی تھید نے میں کہ بہت نے میارہ کو گوفیل اور توانائی کی بجت ہوگی۔ میں سے حب سائٹ پر ہوراے دو لیادٹ نے تمبر 2021 میں اپنا کام شروع کے سے جو سائٹ پر ہمل دیا ہورہ شروع ہوئے ہوگی۔ میارہ کو گوفیل اور توانائی کی بجت ہوگی۔

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

- ماركيك قيمت اورسخت مقابليه
- مستعمل بيداواري صلاحت
 - سود کی شرح
 - غيرملکي کرنسي کاا تار چڙ ھاؤ
 - برآ مد مار کیٹ کاسکڑاؤ

بورڈ آف ڈائر کیٹرزنے ڈائر کیٹرز کے معاوضہ کی پالیسی کی منظوری دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

سمپنی بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آزادڈ ائر مکٹر زسمیت اپنے نان ایگزیکٹوڈ ائر بکٹر زکومعاوضا دانہیں کرےگی۔

کمپنی بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائر یکٹرز کے سفر اور رہائش کے اخراجات اداکرے گی۔

مالی سال 22 کا خلاصہ زیادہ مہنگائی، سیاسی بحران اور معاشی غیر بیتی صور تحال کے ساتھ ایندھن اور کو کئے کی بڑھتی ہوئی قیمتوں کے سال کے طور پر کیا جا سکتا ہے۔
حکومت نے زیادہ پی ایس ڈی پی اخراجات، ٹارگٹڈ سبسڈ یز، زراعت کی منصوبہ بندی، برآ مدات پر مرکوز حکمت عملیوں اور مختلف اقد امات کے ذریعے تعیبر اتی شعبے کو
اعانتوں کے ذریعے میکر واکنا مک سطحوں پر زیادہ نمو کے اعداد حاصل کرنے کے لیے زیادہ تو قعات کے ساتھ بجٹ پاس کیا۔ اس رفتار کو عالمی سطح پر مہنگائی کے بحران
نے بنیادی طور پر ایندھن اور توانائی کی زیادہ قیمتوں کی وجہ سے روک دیا تھا۔ نینجتاً پاکستان کی معیشت سال کے ابتدائی مہینوں میں فالٹ لائنز کا شکار ہوگئی۔ کرنٹ
اکا وَنٹ خسارہ جس نے مالی سال 21 کی آخری سے ماہی میں کی کے آ خار دکھانا شروع کے ،موجودہ سال میں جاری رہے اور مارچ – 22 تک بے قابو ہوگئے۔ گو
کہاتی طرح کار بحان دوسرے مما لک میں بھی دیکھا گیالیکن پاکستان کی کمزور میرونی پی در آمدی کوراور قرض کی ادائیگی کی زیادہ ضرورت نے پاکستان کے میرونی اکا وَنٹ شرحی بڑھائی اینے سے رابط کیا۔ نیتجتاً ، پاکستانی رو پہی قدر میں کی
لیصور تحال کو نازک بنادیا۔ اثر ات کو کم کرنے نے لیے ، پاکستان نے میرونی اکا وَنٹ کی دور میرائی میں جے ابتدائی طور پر قبیل مدتی سجھا جاتا تھا، اب اس کے اور میانی سے قبیل مدتی سجھا جاتا تھا، اب اس کے درمیانی سے طویل مدتی ربھائی کی تو تو ہے۔ ان عوامل نے عام لوگوں کی قوت خرید کومتاثر کیا اور اس کا اثر تمام صنعتوں پر نظر آتا ہے۔

جم کے کاظ سے ،صنعت کی کل فروخت مقدار مدت کی بنیاد پر 2.5 ملین ٹن (%5.8) کی کی سے 40.8 ملین ٹن تک ہوئی ہے۔ نارتھ زون نے جنو بی زون میں 0.6 ملین ٹن (5.4 فیصد) نمو کے مقابلہ میں 1.9 ملین ٹن (5.9 فیصد) کی منفی نمو درج کرائی ہے۔ مزید تجزیہ ظاہر کرتا ہے کہ بیٹن فی نمو برآ مدات کی وجہ سے ہوئی جو 2.5 ملین ٹن (%35.0) کم ہوئی جبکہ مقامی ترسیلات تقریباً اتن ہی نمو کے ساتھ 36.1 ملین ٹن تک درج کی گئے۔ صنعت میں مستعمل فروخت 79 فیصد تک کم درج کی گئے۔ صنعت میں مستعمل فروخت 79 فیصد تک کم درج کی گئی۔ عندی کی مقامی تر سے میں %84 رہی تھی۔ اس میں برآ مدی مستعمل فروخت %9 کے مقابلے مقامی فروخت 70 کا بڑا دھے شامل ہے۔

آپ کی کمپنی کے کلن آپیشنل دن %4.7 کم ہوکر 813 دنوں سے 775 دن ہوئے۔اوسط کلنگر پیداوار زیادہ تر95 فیصد (9MFY21) بھی اور کہ فیصد) رہی ہے۔آپ کی کمپنی کی مستعمل فروخت 104 فیصد تک (9MFY21) جو کہ بنیادی طور پر گزشتہ سال کے پائنگ کلنگر اسٹاک سے زیادہ سے زیادہ کنائر کے مقامی فروخت %4.5 تک کم ہوئی۔ جولائی۔مارچ 2022 سے کلنگر کے مقارہ اخراجات میں حصد ڈالنے اور 50 ملین امر کمی ڈالرکا فیمتی زیمادلہ کمانے کے لئے کلنگر برآ مدکما گیا تھا۔

قیت کے لحاظ سے فروخت، بنیادی طور پرسینٹ کی متحکم مقامی قیمتوں کی وجہ سے زیادہ ہوئی ہے۔ افراطِ زر، توانائی اورایندھن کی زیادہ قیمتوں کے تمام اثرات صارفین کو نتقل نہیں گئے جاسکتے تھے۔ کمپنی کو جزوی طور پر درآ مدشدہ جنوبی افرایقی کوئلہ کی جگہ متبادل ایندھن پر نتقل کردیا گیا، جس سے قیمتی غیرملکی زیر مبادلہ کی بچت ہوئی۔ فروخت کے اخراجات میں اضافہ فریٹ ریٹس میں اضافہ سے وابستہ تھا۔ کرنی کی قدر میں کی کے بتیجے کوئلہ کی درآ مدکی وجہ سے زیادہ زیر مبادلہ نقصان ہوا، جس کا اثر دیگر اخراجات میں نمایاں ہے۔

کاغذاورڈیری دونوں شعبوں سے منافع میں مزید شراکت کے ساتھ مجموعی EPS فی شیئر 8.84روپے (3.56:9MFY21 دروپی فی شیئر) ہے۔

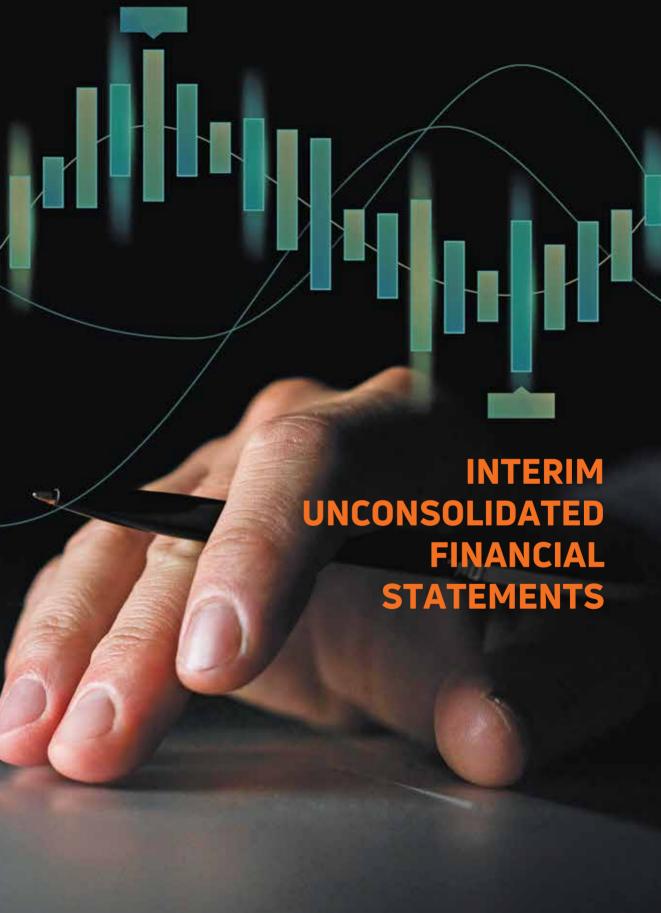
حصص داران كيليج ڈائر يكٹرز كى رپورٹ

آپ کی کمپنی کے ڈائر یکٹرزآپ کو مالی سال 2022 کی نوماہی کے نتائج پیش کرتے ہوئے خوشی محسوں کرتے ہیں۔

	· · · · · · · · · · · · · · · · · · ·			
l		نوماہی مالی سال 2022	نوماہی مالی سال 2021	
		پاکستانی روپی	بے ہزاروں میں	
	فروخت	43,296,731	32,747,675	
	قیمت فروخت	(35,489,864)	(26,853,527)	
	مجموعي منا فع	7,806,867	5,894,148	
	انتظامی اخراجات	(552,406)	(467,747)	
	فروخت اورتقسيم كےاخراجات	(1,517,760)	(1,398,852)	
	ديگرمعاملاتی اخراجات	(424,382)	(259,092)	
	ديگرآ مدني	1,959,692	2,029,483	
	مالى لاگت	(2,453,519)	(2,223,558)	
	^م یکسیشن سے قبل منافع	4,818,493	3,574,382	
	^ف يكسيد شن	(1,199,222)	(726,001)	
	میکسیشن میکسیشن کے بعدر منافع	3,619,271	2,848,381	
•				
l	EPS (روپے فی شیئر)	8.26	6.50	
	GP %	18.03%	18.00%	
	PBT %	11.13%	10.91%	
	PAT %	8.36%	8.70%	

مت کے لئے آپ کی تمپنی کی پیداوار اور فروخت جم کے اعداد و ثار درج ذیل ہیں:

نوماہی مالی سال 2022	نوماہی مالی سال 2021
اعدادوثارمير	ٹرکٹن می ں
4,763,962	4,713,344
4,044,263	4,165,763
4,075,358	4,094,961
3,837,413	4,021,192
237,945	73,769
1,159,658	1,296,535
962 263 358 113	اعدادوشار میر 4,763,9 4,044,2 4,075,3 3,837,4



Unconsolidated Condensed Interim Statement of Financial Position

	Note	31 March, 2022 Un-Audited	30 June, 2021 Audited thousand)
EQUITY AND LIABILITIES	Note	(Nupees iii	i triousariuj
CAPITAL AND RESERVES			
Authorised share capital - 950,000,000 (2021: 950,000,000) ordinary shares of Rs 10 each - 50,000,000 (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
Other reserves		28,011,395	30,280,119
Revenue reserve: Un-appropriated profits		41,997,715 74,390,301	38,816,563 73,477,873
		74,390,301	10,411,010
NON-CURRENT LIABILITIES			
Long term finances - secured Deferred income - Government grant Long term deposits Deferred liabilities Deferred taxation	6 7	16,113,657 491,512 260,877 601,215 3,861,833 21,329,094	19,300,064 664,504 246,992 530,803 3,378,941 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		13,586,880 695,283 17,501,502 7,394,391 34,429 35,090 39,247,575	14,923,151 507,769 18,362,050 6,433,943 33,517 35,090 40,295,520
Contingencies and Commitments	8		
		134,966,970	137,894,697

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

As At March 31, 2022

ASSETS	Note	31 March, 2022 Un-Audited (Rupees in	30 June, 2021 Audited n thousand)
NON-CURRENT ASSETS			
Property, plant and equipment Intangible assets Investments Long term loans, advances and deposits	9 10 11	83,306,504 19,111 14,741,355 60,180 98,127,150	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	12	13,252,210 3,036,206 2,332,301 11,799,583 804,143 - 5,139,539 475,838 36,839,820	12,879,348 2,728,589 1,676,245 12,946,786 488,566 765,000 4,560,357 806,373 36,851,264

Chief Financial Officer

Jand Jazal

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Nine Month Period Ended March 31, 2022 (Un-audited)

	20)22	202	ri .
	July to	January to	July to	January to
	March	March	March	March
	(Rupees in	thousand)	(Rupees in t	thousand)
Sales	43,296,731	15,862,249	32,747,675	10,885,094
Cost of sales	(35,489,864)	(12,913,405)	(26,853,527)	(8,404,443)
Gross profit	7,806,867	2,948,844	5,894,148	2,480,651
Administrative expenses	(552,406)	(184,015)	(467,747)	(157,725)
Selling and distribution expenses	(1,517,760)	(506,518)	(1,398,852)	(406,786)
Other expenses	(424,382)	(52,205)	(259,092)	(241,808)
Other income	1,959,693	667,291	2,029,483	1,675,859
Finance cost	(2,453,519)	(915,569)	(2,223,558)	(694,655)
Profit before taxation	4,818,493	1,957,828	3,574,382	2,655,536
Taxation	(1,199,222)	(515,634)	(726,001)	(608,021)
Profit for the period	3,619,271	1,442,194	2,848,381	2,047,515
Earnings per share				
(basic and diluted - in Rupees)	8.26	3.29	6.50	4.67

The annexed notes 1 to 18 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 and Nine Month Period Ended March 31, 2022 (Un-audited)

	20)22	202	1
	July to	January to	July to	January to
	March	March	March	March
	(Rupees in	thousand)	(Rupees in	thousand)
Profit for the period	3,619,271	1,442,194	2,848,381	2,047,515
Other comprehensive income / (loss) for				
the period - net of tax				
•				
Items that may be reclassified				
subsequently to profit or loss:	-	-	-	-
Items that will not be subsequently				
reclassified to profit or loss:				
Change in fair value of investments at				
fair value through other comprehensive				
income (FVOCI) - net of tax	(2,268,724)	(742,043)	1,835,830	(1,600,364)
	(2,268,724)	(742,043)	1,835,830	(1,600,364)
Total comprehensive income for				
the period	1,350,547	700,151	4,684,211	447,151

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

Chief Financial Officer

Jand Jazal

Unconsolidated Condensed Interim Statement of Changes In Equity For the Quarter and Nine Month Period Ended March 31, 2022 (Un-audited)

		Cal	Capital reserve		Rever	Revenue reserve	
	Share capital	Share premium	FVOCI	Capital redemption reserve fund	General L reserve	General Un-appropriated reserve profits	Total
Balance as at June 30, 2020 - Audited	4,381,191	4,557,163	17,244,158	353,510	5,071,827	35,036,308	66,644,157
Total comprehensive income for the period - Income for the period - Other comprehensive income for the year	1 1	1 1	1,835,830	1 1		2,848,381	2,848,381 1,835,830 4,684,211
Balance as at March 31, 2021 - Un-audited	4,381,191	4,557,163	19,079,988	353,510	5,071,827	37,884,689	71,328,368
Balance as at June 30, 2021 - Audited	4,381,191	4,557,163	20,297,619	353,510	5,071,827	38,816,563	73,477,873
Total comprehensive Income for the period - Profit for the period - Other comprehensive loss for the period			- (2,268,724) (2,268,724)	1 1	1 1 1	3,619,271	3,619,271 (2,268,724) 1,350,547
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2021 (Re 1 per share)	1	ı	I	1	1	(438,119)	(438,119)
Balance as at March 31, 2022 - Un-audited	4,381,191	4,557,163	18,028,895	353,510	5,071,827	41,997,715	74,390,301

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer

(Rupees in thousands)

Unconsolidated Condensed Interim Statement of Cash Flows

For the Quarter and Nine Month Period Ended March 31, 2022 (Un-audited)

		2022 July to March	2021 July to March
	Note	(Rupees in	thousand)
Cash flows from operating activities			
Cash generated from operations	14	5,621,048	8,817,622
Finance cost paid		(2,266,005)	(2,301,959)
Retirement and other benefits paid		(156,182)	(129,234)
Income tax paid		(1,192,577)	(806,649)
Long term loans, advances and deposits - net		(2,667)	(14,525)
Net cash inflow from operating activities		2,003,617	5,565,255
Cash flows from investing activities			
Payments for property, plant and equipment		(1,213,606)	(4,095,943)
Payments for intengible assets		(21,500)	-
Proceeds from disposal of property, plant and equipment		23,327	29,985
Investments in equity instruments		-	(176,107)
Long term deposits - net		13,885	425
Recovery of loan to related party		765,000	-
Interest received		45,045	61,243
Dividend received		1,747,175	1,698,260
Net cash inflow/(outflow) from investing activities		1,359,326	(2,482,137)
Cash flows from financing activities			
Repayment of long term finances		(3,895,723)	(367,665)
Proceeds from long term finances		1,500,000	3,324,738
Dividend paid		(437,207)	(392)
Net cash (outflow)/inflow from financing activities		(2,832,930)	2,956,681
Net increase in cash and cash equivalents		530,013	6,039,799
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	15	(17,025,664)	(17,108,334)

The annexed notes 1 to 18 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 and Nine Month Period Ended March 31, 2022 (Un-audited)

1. Status and nature of business

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

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

2. Basis of preparation

2.1 Statement of compliance

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

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

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

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

These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 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 condensed interim consolidated financial statements along with its condensed interim separate financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Condensed interim consolidated financial statements are prepared separately.

3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2021 except for the estimation of income tax (see note 5) and adoption of new and amended standards as set out in note 3.2.

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

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

March 31,	June 30,	
2022	2021	
Un-audited	audited	
(Rupees in thousand)		

6. Long term finances - secured

Long term loans	- note 6.1	23,227,846	25,430,767
Current portion shown under current liabilities		(7,114,189)	(6,130,703)
		16,113,657	19,300,064
6.1 The reconciliation of the carrying amount 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		(3,895,723)	(6,451,284)
Closing balance		23,962,071	26,357,794
Unamortized deferred grant	- note 6.2	(734,225)	(927,027)
		23,227,846	25,430,767

6.2 The reconciliation of the carrying amount of unamortized deferred grant is as follows:

	March 31, 2022	June 30, 2021	
	Un-audited	audited	
	(Rupees in thousand)		
Opening balance	927,027	-	
Deferred grant recognized during the period/year	-	1,065,766	
Unwinding of discount	(192,802)	(138,739)	
	734,225	927,027	

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

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.

8. Contingencies and commitments

8.1 Contingencies

There is no significant change in contingencies from the preceding annual unconsolidated financial statements of the Company for the year ended June 30, 2021 except for the notes 16.1.6 and 16.1.7 to the annual unconsolidated financial statements which are as follows:

- 8.1.1 The DCIR has passed an order dated November 30, 2021 for tax periods July 2017 to June 2018, whereby, a Federal Excise Duty ('FED') demand of Rs 2,884.751 million, along with applicable default surcharge and penalty has been raised on account of alleged suppression of production. The Company has preferred an appeal before the CIR(A) against the said orders, which have not yet been taken up for adjudication. The management, on the basis of consultation with its legal counsel, considers that meritorious grounds exist to defend the Company's stance and that such FED demands are not likely to sustain appellate review by appellate authorities. Consequently, no provision has been created in these financial statements on this account.
- 8.1.2 During the period on August 31, 2021, the Lahore High Court has granted interim relief to the Company in respect of a writ petition filed by the Company to challenge a show cause notice issued by the DCIR dated July 02, 2021, whereby, it was alleged that the Company had claimed inadmissible input tax for the periods from July 2018 to December 2020 aggregating Rs 1,384.644 million primarily related to sales tax claimed on building materials. As per management, meritorious grounds exist to support the position that the ultimate decision would be in its favour wherein such claim of input tax would be allowed to the Company. Therefore, such credit of input sales tax has not been reversed in these financial statements.

8.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 291.168 million (June 30, 2021: Rs 552.59 million).
- (ii) Letters of credit for capital expenditure Rs.48.40 million (June 30, 2021: Rs 28.43 million).
- (iii) Letters of credit other than capital expenditure Rs 7,450.667 million (June 30, 2021: Rs 947.98 million).

March 31,	June 30,	
2022	2021	
Un-audited	audited	
(Rupees in thousand)		

9. Property, plant and equipment

Operating fixed assets	- note 9.1	81,613,745	77,140,261
Capital work-in-progress	- note 9.2	1,520,982	7,726,720
Major spare parts and stand-by equipment		171,777	153,128
		83,306,504	85,020,109

		(Rupees	in thousand)
9.1 Ope	erating fixed assets		
Оре	ening book value	77,140,261	76,986,536
Ado	litions during the period/year - note 10.1.1	7,400,695	3,758,015
		84,540,956	80,744,551
Disp	posals during the period/year - at book value	(23,767)	(23,483)
	reciation charged for the period/year	(2,903,444)	(3,580,807)
		(2,927,211)	(3,604,290)
Clos	sing book value	81,613,745	77,140,261
9.1.	1 Additions during the period/year		
	Land	3,158	_
	Buildings on freehold land:		
	- Factory buildings	945,054	405,065
	- Office building and housing colony	51,708	338,324
	Roads	79,519	14,221
	Plant and machinery	6,196,007	2,853,206
	Quarry equipment	2,282	44,764
	Furniture and fittings	12,199	20,538
	Office equipment	14,464	17,519
	Vehicles	54,304	54,535
	Power and water supply lines	42,000	9,843
		7,400,695	3,758,015
9.2 Cap	ital work-in-progress		
Civi	l works	711,058	1,457,071
Plar	nt and machinery	672,944	5,864,018
Adv	ances to suppliers and contractors	5,650	84,336
Oth	ers	131,330	321,295
		1,520,982	7,726,720
Intangible	e asset		
Opening b	pook value		
Additions	during the period / year	21,500	-
Amortizat	ion charged during the period / year	(2,389)	
Closing b	ook value	19,111	-

March 31,

2022 **Un-audited** June 30, 2021

audited

10.

11. 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:

	March 31,	June 30,
	2022	2021
	Un-audited	audited
	(Rupees in thousand)	
Carrying value of investments at the beginning of the period/year	5,700,229	2,364,787
Investments made during the period/year	-	201,230
Fair value gain recognized in other comprehensive income	(472,505)	3,134,212
Carrying value at the end of the period/year	5,227,724	5,700,229

12. 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 was recovered in full on December 23, 2021. It carried markup at the rate of 1 month KIBOR + 1% per annum. The effective markup rate charged during the period was 8.94% per annum which is above the borrowing cost of the Company. Reconciliation of the carrying amount is as follows:

	March 31, 2022	June 30, 2021
	Un-audited	audited
	(Rupees in thousand)	
Opening balance	765,000	765,000
Less: Receipts during the period/year	(765,000)	
Closing balance	-	765,000

13. Transactions with related parties

The related parties include the subsidiaries, the Investor (Nishat Mills Limited), related parties on the basis of common directorship, group companies, key management personnel 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:

	-	July to March 2022 Un-audited (Rupees i	July to March 2021 Un-audited n thousand)
Relationship with the Company	Nature of transaction		
i. Subsidiary entities	Purchase of goods and services Rental income Dividend income Sale of goods and services	1,680,394 725 38,393 58,076	1,478,145 697 - 26,815
ii. Investor	Purchase of goods and services Sale of goods Dividend income Dividends paid	261 59,449 121,158 137,574	117 71,996 121,158 -
iii. Other related entities	Insurance premium Sale of goods Dividend income Dividends paid Purchase of goods and services Mark-up income on balances Insurance claims received Purchase of shares	177,375 79,172 1,583,033 35,189 45,473 32,519	142,425 5,061 1,569,006 - 9,620 48,300 12,210 176,107
iv. Key management Personnel	Salaries and other employment benefits Dividend paid	196,090 39,943	168,850 -
v. Post employment benefit plans	Expense charged in respect of defined benefit plan	140,548	130,952
	Expense charged in respect of defined contribution plan	85,306	75,147
	-	March 31, 2022 Un-audited (Rupees i	June 30, 2021 audited n thousand)
Period/year end balances			
Payable to related parties			
Trade and other payables		692,029	933,524
Receivable from related pa	arties		
Trade debts Other receivables Mark-up receivable from rela	ated party	20,266 68 - 20,334	16,222 5,004 5,363 26,589

July to March

(Rupees in thousand)

2021

Un-audited

2022

Un-audited

Cash and bank balances	475,838 (17,025,664)	2,942,884 (17,108,334)
Short term borrowings - secured	(17,501,502)	(20,051,218)
Cash and cash equivalents		
	(nupees I	n thousand)
-	Un-audited	Un-audited
	March 31, 2022	March 31, 2021
	5,621,048	8,817,622
	(3,255,957)	2,026,434
- Increase/(decrease) in trade and other payables	(1,561,005)	265,556
prepayments and other receivables	(319,654)	198,494
- Decrease in loans, advances, deposits,		
- Decrease/(increase) in trade debts	(694,820)	60,515
- Decrease/(increase) in stock-in-trade	(307,616)	953,266
- Decrease/(increase) in stores, spare parts and loose tools	(372,862)	548,603
Effect on cash flow due to working capital changes:		
Profit before working capital changes	8,877,005	6,791,188
- Finance cost	2,453,519	2,223,558
- Exchange (gain)/loss	222,245	(64,618)
- Profit on bank deposits	(7,163)	(12,590)
- Mark-up income	(32,519)	(48,300)
- Provision for retirement benefits	225,854	206,099
- Dividend income	(1,748,461)	(1,700,296)
- Net impairment losses/(reversal) on financial assets	38,764	(30,888)
- (Gain)/loss on disposal of operating fixed assets	440	(19,450)
- Amortization of intangible assets	2,389	-
- Depreciation on operating fixed assets	2,903,444	2,663,291
Adjustments for non-cash charges and other items:		
Profit/(loss) before tax	4,818,493	3,574,382

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.

14. Cash generated from operations

15.

16. Financial risk management

16.1 Financial risk factors

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.

16.2 Fair value estimation

a) Fair value hierarchy

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

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

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed above. The following table presents the Company's financial assets measured and recognised at fair value at March 31, 2022 and June 30, 2021 on a recurring basis:

As at March 31, 2022	Level 1	Level 2 (Rupees in the	Level 3 nousand)	Total
Recurring fair value measurements				
Assets Investments - FVOCI	18,893,291	-	5,227,724	24,121,015
As at June 30, 2021				
Assets Investments - FVOCI	20,792,446	-	5,700,229	26,492,675

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

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

The Company did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at March 31, 2022.

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 11.06%.
- Long term growth rate of 4% for computation of terminal value.
- Annual growth in costs is linked to inflation at 6.03% per annum.

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

- Discount rate of 18.52%.
- 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 March 31, 2022 would be Rs 321.875 and Rs 247.619 million lower for NHPL and HNMPL respectively.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at March 31, 2022 would be Rs 242.708 million and Rs 139.463 million lower for NHPL and HNMPL respectively.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at March 31, 2022 would be Rs 15.625 million and Rs 710.599 million lower for NHPL and higher for HNMPL respectively.

17. Date of authorization for issue

These unconsolidated condensed interim financial statements were authorized for issue on April 25, 2022 by the Board of Directors of the Company.

18. Corresponding figures

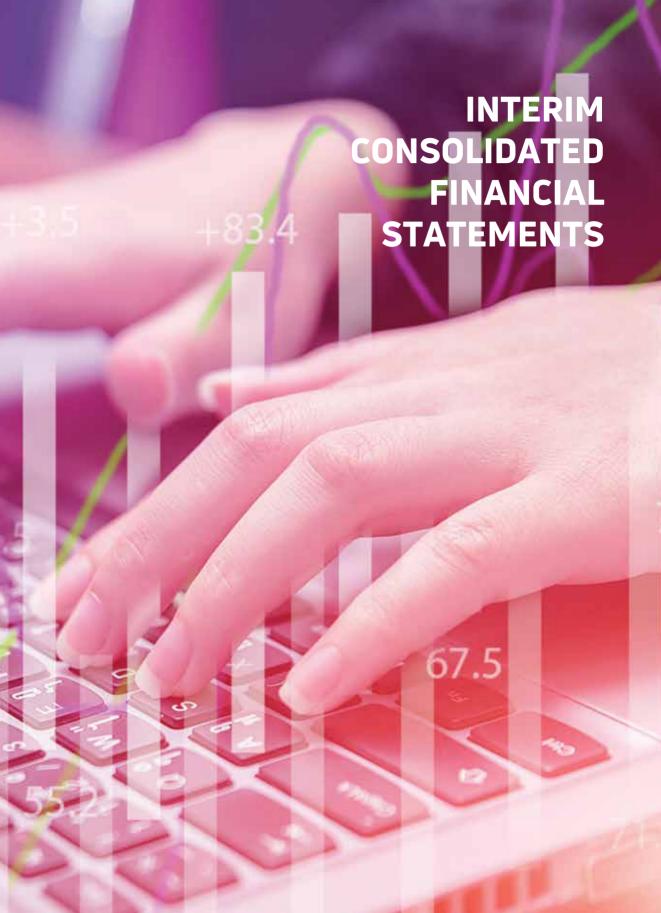
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the unconsolidated condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim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

Chief Executive

Chief Financial Officer

Director

Sand Sazal



Consolidated Condensed Interim Statement of Financial Position

	Note	31 March, 2022 Un-Audited	30 June, 2021 Audited a thousand)
EQUITY AND LIABILITIES	Note	(nupees ii	i tilousaliu)
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) preference shares of Rs 10 each		9,500,000	9,500,000 500,000
F		10,000,000	10,000,000
Issued, subscribed and paid up capital 438,119,118 (2021: 438,119,118)			
ordinary shares of Rs 10 each Reserves		4,381,191 27,944,448	4,381,191 30,223,348
Un-appropriated profit		42,523,279	39,089,297
Attributable to owners of the parent company		74,848,918	73,693,836
Non-controlling interest		2,380,998	2,182,351
		77,229,916	75,876,187
NON-CURRENT LIABILITIES			
Long term finances - secured Deferred government grant Long term deposits Deferred liabilities Deferred taxation	5 6	16,569,766 491,645 260,876 601,215 4,273,488 22,196,990	19,821,227 664,636 246,992 530,803 3,784,340 25,047,998
CURRENT LIABILITIES			
Trade and other payables Accrued markup Short term borrowing-secured Loan from related party - unsecured Current portion of non-current liabilities Unclaimed dividend Provision for taxation		13,502,513 729,302 18,159,597 124,000 7,596,018 34,429 35,090 40,180,949	14,747,002 553,468 20,939,726 214,000 6,654,320 33,517 35,090 43,177,123
CONTINGENCIES AND COMMITMENTS	7	100 007 057	444404000
		139,607,855	144,101,308

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



As At March 31, 2022

Note Un-Audited Audited			2022	2021
ASSETS NON-CURRENT ASSETS Property, plant and equipment 8 19,111 19111 19111 19101 19111 19101 19111 19101 19111 19101 19111 19101 19111 19101 19111 19101 19111 19111 19101 191111 191111 191111 191111 191111 19111 19111 19111				
NON-CURRENT ASSETS Property, plant and equipment 8 86,819,097 19,111 5 1921,687 1877,563 13,718,917 4,601 57,513 100,347,983 100,3		Note	(Rupees ii	n thousand)
NON-CURRENT ASSETS Property, plant and equipment 8 86,819,097 19,111 5 1921,687 1877,563 13,718,917 4,601 57,513 100,347,983 100,3				
Property, plant and equipment 8 86,819,097 19,111 921,687 19,111 921,687 12,527,908 12,527,908 12,527,908 12,527,908 10,0347,983 100,347,983 100,347,983 100,347,983 100,347,983 100,347,983 100,347,983 100,347,983 103,243,101 103	ASSETS			
Intangible asset Biological assets Investments Long term loans to employees Long term deposits 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 19,111 921,887 877,563 13,718,917 4,601 57,513 100,347,983 113,594,297 3,591,283 3,682,698 2,608,425 2,570,837 11,799,607 12,946,812 10 544,418 765,000 147,665 5,748,895 5,748,895 5,233,271 Cash and bank balances 39,259,872 40,858,207	NON-CURRENT ASSETS			
Intangible asset Biological assets Investments Long term loans to employees Long term deposits 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 19,111 921,887 877,563 11,78,917 4,601 57,513 100,347,983 1100,347,983 1100,347,983 113,594,297 3,591,283 3,682,698 2,608,425 2,570,837 11,799,607 12,946,812 10	Property, plant and equipment	8	86,819,097	88,584,507
Investments	Intangible asset		19,111	-
Long term loans to employees Long term deposits 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 Income tax recoverable Cash and bank balances Loan to late of the contract assets Income tax recoverable Cash and bank balances A,601 57,513 103,243,101 13,594,297 3,591,283 2,608,425 11,799,607 11,799,607 11,2946,812 544,418 765,000 113,862 5,233,271 64,800 39,259,872	Biological assets			877,563
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 Income tax recoverable Cash and bank balances 100,347,983 103,243,101 13,594,297 3,591,283 3,682,698 2,570,837 11,799,607 11,799,607 11,221,100 1-147,665 147,665 113,862 15,748,895 5,748,895 5,748,895 5,233,271 40,858,207		9	12,527,908	
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 100,347,983 13,594,297 3,591,283 2,608,425 11,799,607 11,799,607 12,946,812 10 544,418 765,000 113,862 5,748,895 5,233,271 1,898,726 40,858,207			-	
CURRENT ASSETS Stores, spares and loose tools Stock-in-trade 3,591,283 Trade debts 2,608,425 Investments 11,799,607 Advances, deposits, prepayments 11,799,607 and other receivables 1,221,100 Loan to related party 10 Contract assets 147,665 Income tax recoverable 5,748,895 Cash and bank balances 548,600 39,259,872 40,858,207	Long term deposits			
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 Stores, spares and loose tools 13,594,297 3,591,283 2,608,425 11,799,607 12,946,812 10 10 10 147,665 113,102,583 3,682,698 2,570,837 12,946,812 544,418 765,000 113,862 5,748,895 5,233,271 1,898,726 40,858,207			100,347,983	103,243,101
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 Stores, spares and loose tools 13,594,297 3,591,283 2,608,425 11,799,607 12,946,812 10 10 10 147,665 113,102,583 3,682,698 2,570,837 12,946,812 544,418 765,000 113,862 5,748,895 5,233,271 1,898,726 40,858,207				
Stores, spares and loose tools 13,594,297 Stock-in-trade 3,591,283 Trade debts 2,608,425 Investments 11,799,607 Advances, deposits, prepayments 11,799,607 and other receivables 1,221,100 Loan to related party 544,418 Contract assets 147,665 Income tax recoverable 5,748,895 Cash and bank balances 548,600 39,259,872 40,858,207				
Stores, spares and loose tools 13,594,297 Stock-in-trade 3,591,283 Trade debts 2,608,425 Investments 11,799,607 Advances, deposits, prepayments 11,799,607 and other receivables 1,221,100 Loan to related party 544,418 Contract assets 147,665 Income tax recoverable 5,748,895 Cash and bank balances 548,600 39,259,872 40,858,207				
Stores, spares and loose tools 13,594,297 Stock-in-trade 3,591,283 Trade debts 2,608,425 Investments 11,799,607 Advances, deposits, prepayments 11,799,607 and other receivables 1,221,100 Loan to related party 544,418 Contract assets 147,665 Income tax recoverable 5,748,895 Cash and bank balances 548,600 39,259,872 40,858,207				
Stores, spares and loose tools 13,594,297 Stock-in-trade 3,591,283 Trade debts 2,608,425 Investments 11,799,607 Advances, deposits, prepayments 11,799,607 and other receivables 1,221,100 Loan to related party 544,418 Contract assets 147,665 Income tax recoverable 5,748,895 Cash and bank balances 548,600 39,259,872 40,858,207				
Stores, spares and loose tools 13,594,297 Stock-in-trade 3,591,283 Trade debts 2,608,425 Investments 11,799,607 Advances, deposits, prepayments 11,799,607 and other receivables 1,221,100 Loan to related party 544,418 Contract assets 147,665 Income tax recoverable 5,748,895 Cash and bank balances 548,600 39,259,872 40,858,207				
Stores, spares and loose tools 13,594,297 Stock-in-trade 3,591,283 Trade debts 2,608,425 Investments 11,799,607 Advances, deposits, prepayments 11,799,607 and other receivables 1,221,100 Loan to related party 544,418 Contract assets 147,665 Income tax recoverable 5,748,895 Cash and bank balances 548,600 39,259,872 40,858,207				
Stores, spares and loose tools 13,594,297 Stock-in-trade 3,591,283 Trade debts 2,608,425 Investments 11,799,607 Advances, deposits, prepayments 11,799,607 and other receivables 1,221,100 Loan to related party 544,418 Contract assets 147,665 Income tax recoverable 5,748,895 Cash and bank balances 548,600 39,259,872 40,858,207	CURRENT ACCETO			
Stock-in-trade 3,591,283 3,682,698 Trade debts 2,608,425 2,570,837 Investments 11,799,607 12,946,812 Advances, deposits, prepayments and other receivables 1,221,100 544,418 Loan to related party 10 - 765,000 Contract assets 147,665 113,862 5,233,271 Income tax recoverable 5,748,895 5,233,271 1,898,726 Cash and bank balances 39,259,872 40,858,207	CURRENT ASSETS			
Stock-in-trade 3,591,283 3,682,698 Trade debts 2,608,425 2,570,837 Investments 11,799,607 12,946,812 Advances, deposits, prepayments and other receivables 1,221,100 544,418 Loan to related party 10 - 765,000 Contract assets 147,665 113,862 5,233,271 Income tax recoverable 5,748,895 5,233,271 1,898,726 Cash and bank balances 39,259,872 40,858,207	Stores spares and loose tools		13 594 297	13 102 583
Trade debts 2,608,425 2,570,837 Investments 11,799,607 12,946,812 Advances, deposits, prepayments and other receivables 1,221,100 544,418 Loan to related party 10 - 765,000 Contract assets 147,665 113,862 5,233,271 Income tax recoverable 5,748,895 5,233,271 548,600 1,898,726 Cash and bank balances 39,259,872 40,858,207				
Investments Advances, deposits, prepayments and other receivables Loan to related party Contract assets Income tax recoverable Cash and bank balances 11,799,607 12,946,812 544,418 765,000 113,862 5,748,895 5,233,271 548,600 39,259,872 40,858,207				
Advances, deposits, prepayments				
and other receivables Loan to related party Contract assets Income tax recoverable Cash and bank balances 1,221,100 - 147,665 113,862 5,748,895 5,233,271 548,600 39,259,872 40,858,207			,,	, , , , , ,
Contract assets Income tax recoverable Cash and bank balances 147,665 5,748,895 5,233,271 1,898,726 39,259,872 10,862 5,233,271 1,898,726 40,858,207			1,221,100	544,418
Income tax recoverable Cash and bank balances 5,748,895 548,600 39,259,872 5,233,271 1,898,726 40,858,207	Loan to related party	10	-	765,000
Cash and bank balances 548,600 39,259,872 1,898,726 40,858,207	Contract assets		147,665	113,862
39,259,872 40,858,207				
	Cash and bank balances			
139,607,855 144,101,308			39,259,872	40,858,207
139,607,855 144,101,308				
139,607,855 144,101,308				
139,607,855 144,101,308				
,			139.607.855	144.101.308
			.00,007,000	

Chief Financial Officer

Jand Jazal

Director

31 March,

30 June,

Consolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Nine Month Period Ended March 31, 2022 (Un-audited)

	2	02	2	202	21
	July to		January to	July to	January to
	March		March	March	March
	(Rupees i	n t	thousand)	(Rupees in	thousand)
Sales	46,107,707		16,965,199	35,371,860	11,706,925
Cost of sales	(37,542,631)		(13,727,253)	(28,835,729)	(8,947,875)
Gross profit	8,565,076		3,237,946	6,536,131	2,759,050
Administrative expenses	(654,971)		(221,879)	(535,038)	(183,332)
Selling and distribution expenses	(1,520,730)		(507,630)	(1,401,461)	(407,774)
Other expenses	(506,240)		(57,367)	(376,888)	(239,255)
Changes in fair value of biological assets	218,913		48,430	238,368	58,984
Other income	1,951,725		668,521	2,058,960	1,664,181
Finance cost	(2,592,278)		(963,114)	(2,379,284)	(742,819)
Profit before taxation	5,461,495		2,204,907	4,140,788	2,909,035
Taxation	(1,351,009)		(553,031)	(888,258)	(668,613)
Profit for the period	4,110,486		1,651,876	3,252,530	2,240,422
Attributable to:					
Equity holders of the parent	3,872,101		1,557,530	3,060,012	2,148,695
Non-controling interest	238,385		94,346	192,518	91,727
	4,110,486		1,651,876	3,252,530	2,240,422
Earnings per share					
(basic and diluted - in Rupees)	8.84		3.56	6.98	4.90

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 the Quarter and Nine Month Period Ended March 31, 2022 (Un-audited)

	20)22	202	1
	July to	January to	July to	January to
	March	March	March	March
	(Rupees in	thousand)	(Rupees in t	housand)
Profit for the period	4,110,486	1,651,876	3,252,530	2,240,422
Other comprehensive income				
/ (loss) for the period				
Items that may be re-classified				
subsequently to profit or loss:	-	-	-	-
Items that will not be subsequently				
re-classified to profit or loss:				
Change in fair value of investments at fair				
value through other comprehensive				
income (OCI)- net of tax	(2,287,225)	(753,123)	1,844,731	(1,612,665)
Other comprehensive income / (loss) for				
the period	(2,287,225)	(753,123)	1,844,731	(1,612,665)
Total comprehensive income for the period	1,823,261	898,753	5,097,261	627,757
Attributable to				
Equity holders of parent	1,593,201	809,393	4,900,738	541,566
Non-controling interest	230,060	89,360	196,523	86,191
	1,823,261	898,753	5,097,261	627,757

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

Chief Executive

Chief Financial Officer

Sand Sazal

Consolidated Condensed Interim Statement of Changes In Equity

For the Nine Month Period Ended March 31, 2022 (Un-audited)

		O	Capital reserve		Revenue	Revenue reserve			
	Share	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	4,381,191 4,557,163 17,150,139	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	2,016,356	68,673,790
Total comprehensive income for the period									
- Profit for the period	1	•	•	•	•	3,060,012	3,060,012	192,518	3,252,530
 Other comprehensive income for the period Changes in fair value of investments 									
at fair value through OCI - net of tax	1	•	1,840,726	•	'	'	1,840,726	4,005	1,844,731
		,	1,840,726			3,060,012	4,900,738	196,523	5,097,261
Balance as at March 31, 2021 - Unaudited	4,381,191	4,557,163	4,557,163 18,990,865	353,510	5,110,851	38,164,592	5,110,851 38,164,592 71,558,172	2,212,879 73,771,051	73,771,051
Balance as at June 30, 2021 - Audited Total comprehensive income for the period	4,381,191	4,381,191 4,557,163 20,201,824	20,201,824	353,510	5,110,851	39,089,297	5,110,851 39,089,297 73,693,836	2,182,351 75,876,187	75,876,187
- Profit for the period - Other comprehensive income for the period	1	1	1	1	1	3,872,101	3,872,101	238,385	4,110,486
- Changes in fair value of investments at fair value through OCI - net of tax	1	1	(2,278,900)	1	1	,	(2,278,900)	(8,325)	(2,287,225)
		,	(2,278,900)		'	3,872,101	1,593,201	230,060	1,823,261

Transactions with owners in their capacity as owners recognised directly in equity Dividend relating to year 2021 paid to

Final dividend for the year ended June 30, 2021 non-controlling interest

(Re 1 per share)

Balance as at March 31, 2021 - Unaudited

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

(438,119)77,229,916

(438,119)

(438,119)

2,380,998

74,848,918

5,110,851 42,523,279

353,510

4,557,163 17,922,924

4,381,191

(31,413)

(31,413)

Director

Chief Financial Officer

Chief Executive

34

(Rupees in thousands)

3rd QUARTER 2022 DGKC

Consolidated Condensed Interim Statement of Cash Flows

For the Nine Month Period Ended March 31, 2022 (Un-audited)

Cash flows from operating activities	Note	2022 July to March (Rupees in	2021 July to <u>March</u> n thousand)
Cash generated from operations Finance cost paid Retirement and other benefits paid Income tax paid Long term loans, advances and deposits - net Net cash inflowfrom operating activities	12	7,021,002 (2,416,444) (180,815) (1,274,550) (2,667) 3,146,526	9,563,869 (2,507,357) (149,726) (892,204) (14,525) 6,000,057
Cash flows from investing activities Payments for property, plant and equipment Proceeds from disposal of property, plant and equipment Long term deposits - net Proceeds from sale of biological assets Purchases of intangible assets Recovery of loan from related party Investment in equity instruments Interest received Dividend received Net cash inflow/(outflow) from investing activities		(1,348,446) 24,196 13,884 124,472 (21,500) 765,000 (51,948) 49,648 1,765,586 1,320,892	(4,186,850) 31,421 425 138,272 - (266,159) 61,291 1,712,249 (2,509,351)
Cash flows from financing activities Repayment of long term finances Proceeds from long term finances Repayment of loan to related party Divdend paid Net cash inflow/(outflow) from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at the beginning of the year Cash and cash equivalents at the end of period	14	(4,083,795) 1,605,000 (90,000) (468,620) (3,037,415) 1,430,003 (19,041,000) (17,610,997)	(386,354) 3,370,603 - (392) 2,983,857 6,474,563 (25,161,534) (18,686,971)

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial information.

Chief Executive

Chief Financial Officer

Director

Notes to and Forming Part of the Condensed Interim Consolidated Financial

For the Quarter and Nine Month Period Ended March 31, 2022 (Un-audited)

1. Legal Status and nature of business

The group comprises of:

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

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

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

Nishat Dairy (private) Limited was incorporated in Pakistan under the Companies Ordinance 1984 on October 28, 2011. The principal 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

55%

55.10%

- Nishat Paper Products Company Limited

- Nishat Dairy (Private) Limited

2. Basis of preparation

2.1 Statement of compliance

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

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

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

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

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

3. Significant accounting policies

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

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

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

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

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

4. Accounting estimates

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

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

4.1 Taxation

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

March 31,	June 30,		
2022	2021		
Un-audited	audited		
(Rupees in	(Rupees in thousand)		

March 31,

2022

Un-audited

Manuals 04

June 30,

2021

audited

5. Long term finances

	16,569,766	19,821,227
Current portion shown under current liabilities	(7,315,817)	(6,349,209)
Long term loans - note 5.1	23,885,583	26,170,436

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

		(Rupees in thousand)		
Opening balance		27,098,736	24,728,690	
Disbursements during the period Repayment during the period		1,605,000 (4,083,795)	8,864,661 (6,494,615)	
Unamortized liability	- note 5.1.1	24,619,941 (734,358)	27,098,736 (928,300)	
Closing balance		23,885,583	26,170,436	

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

	march 31,	June 30,	
	2022	2021	
	Un-audited	audited	
•	(Rupees in thousand)		
Opening balance	928,300	-	
Deferred grant recognized during the period	-	1,071,316	
Unwinding of discount on liability	(193,942)	(143,016)	
Closing balance	734,358	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.

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:

- (i) A guarante to Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs. 144.727 million (June 30, 2021: Rs 97.64 million).
- (ii) The DCIR has passed an order dated November 30, 2021 for tax periods July 2017 to June 2018, whereby, a Federal Excise Duty ('FED') demand of Rs 2,884.751 million, along with applicable default surcharge and penalty has been raised on account of alleged suppression of production. The Group has preferred an appeal before the CIR(A) against the said orders, which have not yet been taken up for adjudication. The management, on the basis of consultation with its legal counsel, considers that meritorious grounds exist to defend the Group's stance and that such FED demands are not likely to sustain appellate review by appellate authorities. Consequently, no provision has been created in these financial statements on this account.
- (iii) During the period on August 31, 2021, the Lahore High Court has granted interim relief to the Group in respect of a writ petition filed by the Group to challenge a show cause notice issued by the DCIR dated July 02, 2021, whereby, it was alleged that the Group had claimed inadmissible input tax for the periods from July 2018 to December 2020 aggregating Rs 1,384.644 million primarily related to sales tax claimed on building materials. As per management, meritorious grounds exist to support the position that the ultimate decision would be in its favour wherein such claim of input tax would be allowed to the Group. Therefore, such credit of input sales tax has not been reversed in these financial statements.

7.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 291.168 million (June 30, 2021: Rs 552.595 million).
- (ii) Letters of credit for capital expenditure Rs 48.40 (June 30, 2021: Rs 138.606 million).
- (iii) Letters of credit other than capital expenditure Rs 7,450.667 million (June 30, 2021: Rs 996.70 million).

March 31,	June 30,	
2022	2021	
Un-audited	audited	
(Rupees in thousand)		

8. Property, plant and equipment

Operating Assets	-note 8.1	85,124,457	80,610,944
Capital work-in-progress	-note 8.2	1,522,863	7,820,435
Major spare parts and stand-by equipment		171,777	153,128
		86,819,097	88,584,507

		March 01,	ouric co,
		2022	2021
		Un-audited	audited
		(Rupees in	n thousand)
8.1	Operating assets		
	Opening book value	80,610,944	80,612,174
	Add: Additions during the period/ year -note 8.1.1	7,627,369	3,840,504
		88,238,313	84,452,678
	Less: Disposals during the period/year - net		
	book value	24,570	23,951
	Depreciation charged during the period/year	3,089,286	3,817,783
		3,113,856	3,841,734
	Closing book value	85,124,457	80,610,944
	8.1.1 Major additions during the period		
	Free hold land	3,158	-
	Building on freehold land	1,047,197	420,396
	Office building and housing colony	51,708	338,325
	Roads	79,519	14,222
	Plant and machinery	6,262,238	2,886,706
	Quarry equipment	2,282	20,538
	Furniture, fixtures and equipment	28,494	65,586
	Motor vehicles	110,773	84,538
	Power and water supply lines	42,000	10,193
		7,627,369	3,840,504
8.2	Capital work-in-progress		
	Civil works	712,938	1,548,573
	Plant and machinery	672,944	5,866,231
	Advances to suppliers and contractors	5,650	84,336
	Others	131,331	321,295
		1,522,863	7,820,435

June 30,

March 31,

March 31,

June 30,

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:

	2022	2021
	Un-audited	audited
	(Rupees in	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/loss recognized in other comprehensive income	(472,505)	3,134,212
Carrying value at the end of the period/year	5,227,724	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 was recovered in full on December 23, 2021. It carried markup at the rate of 1 month KIBOR + 1% per annum. The effective markup rate charged during the period was 8.94% per annum which is above the borrowing cost 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 company, directly or indirectly, including any director (whether executive or otherwise) of that company. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

		2022	2021
		Un-audited	Un-audited
	_	(Rupees i	n thousand)
Relationship with the Group	Nature of transaction		
Other related parties	Purchase of goods and services	162,461	41,081
	Purchase of shares	-	185,809
	Insurance premium	184,952	150,327
	Sale of goods	336,548	838,176
	Mark-up income	32,519	48,300
	Insurance claims received	-	12,210
	Dividends paid	172,763	-
	Dividend income	1,722,602	1,704,153
Key Management personnel	Salaries and other employment benefits Dividend paid	214,113 39,943	168,850 -
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	247,268	226,592

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

July to March

July to March

(Rupees in thousand)

2021

Un-audited

2022

Un-audited

12.	Cash flow from operating activities		
	Profit before tax	5,461,495	4,140,788
	Adjustment for:		
	- Depreciation on property, plant and equipment	3,089,286	2,841,004
	- Amortization on intengible assets	2,389	-
	- Loss/(Gain) on disposal of operating fixed assets	374	(20,429)
	- Net loss on disposal of biological assets	50,316	72,284
	- Gain on changes in fair value biological asset	(218,912)	(238,368)
	- (Gain)/loss on changes in fair value of investment through P&L	2	-
	- Dividend income	(1,766,872)	(1,714,285)
	- Retirement and other benefits accrued	247,268	226,592
	- Markup income	(49,648)	(60,938)
	- Exchange loss /(gain) - net	227,691	(69,864)
	- Finance cost	2,592,278	2,379,284
	Profit/(loss) before working capital changes	9,635,667	7,556,068
	Working capital changes		
	- (Increase)/decrease in stores, spares and loose tools	(491,714)	533,065
	- Decrease in stock-in-trade	91,415	1,218,461
	- Increase in trade debts	(37,588)	(20,909)
	- Increase in contract assets	(33,803)	-
	- (Increase)/decrease in advances, deposits, prepayments		
	and other receivables	(670,795)	439,934
	- Decrease in trade and other payables	(1,472,180)	(162,750)
	Net working capital changes	(2,614,665)	2,007,801
	Cash (used in)/ generated from operations	7,021,002	9,563,869
13.	Cash and cash equivalents		
	Short term borrowings - secured	(18,159,597)	(21,672,397)
	Cash and bank balances	548,600	2,985,426
	Total cash and cash equivalents	(17,610,997)	(18,686,971)

14. Financial risk management

14.1 Financial risk factors

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

The consolidated condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at June 30, 2021.

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

14.2 Fair value estimation

a) Fair value hierarchy

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

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

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

Level 2

Lovol 3

Total

	Level I	Level 2	Level 3	iotai	
As at March 31, 2022		(Rupees in thousand)			
Recurring fair value measurements					
Assets					
Investments - FVOCI	19,099,767	-	5,227,724	24,327,491	
Investments - FVPL	24	-	-	24	
Biological assets	-	-	921,687	921,687	
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	

Lovol 1

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

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at March 31, 2022.

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 11.06%.
- Long term growth rate of 4% for computation of terminal value.
- Annual growth in costs is linked to inflation at 6.03% per annum.

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

- Discount rate of 18.52%.
- 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 March 31, 2022 would be Rs 321.875 million and Rs 247.619 million lower for NHPL and HNMPL respectively.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at March 31, 2022 would be Rs 242.708 million lower and Rs 139.463 lower for NHPL and HNMPL respectively.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at March 31, 2022 would be Rs 15.625 million lower and Rs 710.599 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.

Rupees in thousands	Ö	Cement	Paper	oer .	Dairy	Dairy/Farm	Elimina	Elimination - net	Consolidated	idated
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from - External Customers - Inter-group	43,296,418	32,744,045	770,104	1,174,206	2,041,185	1,453,609	- (1,680,707)	- (1,733,270)	46,107,707	35,371,860
-	43,296,731	32,747,675	2,450,498	2,903,846	2,041,185	1,453,609	(1,680,707)	(1,057,168)	46,107,707	11,341,852
Segment gross profit/(loss)	7,806,867	5,894,148	615,148	676,766	199,273	14,094	(56,212)	(48,877)	8,565,076	6,536,131
Segment expenses	(2,494,548)	(2,125,691)	(63,281)	(58,380)	(124,071)	(129,316)	(41)	ı	(2,681,941)	(2,313,387)
Changes in fair value of biological assets	ı	ı	1	1	218.913	238.368	ı	ı	218.913	238.368
Other income	1,959,693	2,029,483	18,411	17,767	12,739	12,407	(39,118)	(462)	1,951,725	2,058,960
Financial charges	(2,453,519)	(2,223,558)	(135,337)	(152,402)	(3,422)	(3,324)	1	•	(2,592,278)	(2,379,284)
Taxation	(1,199,222)	(726,001)	(126, 134)	(140,288)	(25,653)	(21,969)	1	1	(1,351,009)	(888,258)
Profit/(loss) after taxation	3,619,271	2,848,381	308,807	343,463	277,779	110,260	(95,371)	(56,842)	4,110,486	3,252,530
Depreciation	2.903.444	2.663.291	46,435	44.609	118.664	112,461	20.743	20.643	3.089.286	2.841.004
Capital expenditure	(1,213,606)	(4,095,943)	(720)	ı	(134,120)	(90,907)	1	1	(1,348,446)	(4,186,850)
Net cash (outflow) / inflow										
from operating activities Net cash outflow from	2,003,617	5,578,269	1,175,810	708,580	858	27,225	(33,759)	(314,017)	3,146,526	6,000,057
investing activities	1,359,326	(2,497,087)	(24,293)	4,335	(8,778)	(31,587)	(5,363)	14,988	1,320,892	(2,509,351)
Rupees in thousands	31.03.2021 unaudited	30.06.2021 audited	31.03.2021 unaudited	30.06.2022 audited	31.03.2021 unaudited	30.06.2021 audited	31.03.2021 unaudited	30.06.2021 audited	31.03.2022 unaudited	30.06.2021 audited
Segment assets	134,966,970	137,894,697	4,247,344	5,942,936	3,491,949	3,322,951	(3,098,408)	(3,059,276)	139,607,855 144,101,308	144,101,308
Segment liabilities	60,576,669	64,416,824	1,980,981	3,897,073	728,615	837,396	(908,326)	(926,172)	62,377,939	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 April 25, 2022.

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

Notes



D.G. KHAN CEMENT COMPANY LIMITED

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