



HALF YEARLY REPORT DECEMBER 31, 2022

DEWAN CEMENT LIMITED



YD | A YOUSUF DEWAN COMPANY

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Company Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ghazanfar Babar Siddiqui
Mr. Abdul Basit
Syed Maqbool Ali

Chief Executive Officer

Non-Executive Directors

Mr. Ishtiaq Ahmad
Mr. Waseem-ul-Haque Ansari
Mrs. Nida Jamil

Chairman Board of Directors

Independent Director

Mr. Aziz-ul-Haque

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque
Mr. Waseem-ul-Haque Ansari
Mr. Ghazanfar Babar Siddiqui

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Aziz-ul-Haque
Mr. Ishtiaq Ahmad
Mr. Ghazanfar Babar Siddiqui

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

Mr. Hazrat Ali

COMPANY SECRETARY

Mr. Muhammad Hanif German

AUDITORS

Faruq Ali & Co.
Chartered Accountants

LEGAL ADVISOR

Muhammad Azhar Faridi (Advocate)

SHARES REGISTRAR TRANSFER AGENT

BMF Consultants Pakistan (Pvt.) Limited
Anum Estate, Room No. 310 & 311, 3rd Floor,
49, Darul Aman Society, Main Shahrah-e-Faisal,
Adjacent to Baloch Colony Bridge, Karachi, Pakistan.

REGISTERED ADDRESS

Dewan Centre, 3-A, Lalazar, Beach Hotel Road,
Karachi, Pakistan.

CORPORATE OFFICE

Block-A, 2nd Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

FACTORY

1. Deh Dhand, Dhabeji
District, Malir, Karachi.
2. Kamilpur Near Hattar
District, Haripur, Khyber Pakhtoonkhwa.

WEBSITE

www.yousufdewan.com

Directors' Report

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Directors are pleased to present un-audited financial results for the half year ended December 31, 2022 duly reviewed by the auditors.

Overview of Cement Industry

Negative growth was recorded, signifying overall decrease of 20.73% in the cement dispatches of the industry. Substantial decline in Local sales of 16.77% and extensive fall in exports of 48.86% has been witnessed. Local sales reduced from 24.06 to 20.03 million tons and exports fell from 3.39 to 1.73 million tons.

Performance of the Company

Production

	Upto December 2022 (In tons)	Upto December 2021 (In tons)	Variance (% Age)
Clinker	602,902	739,583	(18.48)
Cement	724,809	855,966	(15.32)

Dispatches

	Upto December 2022 (In tons)	Upto December 2021 (In tons)	Variance (% Age)
Local Sales-Cement	726,856	859,665	(15.45)
Local Sales-GGBS	435	2,321	(81.26)
Total	727,291	861,986	(15.63)

Operating Performance

The operating results of the Company for the current half year and that of the corresponding period last year are highlighted below:

	Upto December 2022 (Rs. '000')	Upto December 2021 (Rs. '000')	Variance (% Age)
Net Sales	9,173,707	7,171,737	27.91
Cost of goods sold	(9,282,687)	(6,478,939)	(43.27)
Gross (Loss)/Profit	(108,980)	692,798	(115.73)
Expenses & Taxes	(621,403)	(849,588)	(26.86)
Net Loss	(730,383)	(156,790)	(365.84)

Sales revenue increase by 27.91% as compare to same period of last year. Overall development activity and rehabilitation in flood effected areas put favorable impact on demand of cement. The per ton cost of sales increased by 43.27% as compare to corresponding period of last year. The major portion of this increase has been caused due to higher coal prices along with the increase in other factors of production on account of inflation and rupee devaluation.

Future Outlook

Cement and steel may suffer negative impact due to restrictive imports policy of the country and resultantly will slow down the construction activities. Increased reconstruction demand in flood affected areas may counter such negative trend if economic indicators go positive on the finalization of long awaited IMF support programme.

Lack of development expenditure coupled with currency devaluation, higher inflation and increased interest rates will put cement demand under pressure.

Observations in the Auditors' Review Report

The auditors have qualified their report on the following basis, which are duly explained.

Advance for Pre-IPO Investment:

The auditors do not concur with the management assertion regarding the classification of advance for Pre-IPO investment amounting to Rs. 2,910 million as long-term liability.

The management is of the view that since IPO was not closed by the arrangers so TFC's could not be issued. We have offered them revised terms of restructuring and are very hopeful that the same will be closed in near future. It is pertinent to mention here that almost 27% of the loan was restructured and timely payments are being made as committed.

Provision for markup:

The Company has not made provision of markup for the period amounting to Rs. 422.582 million. The management has approached bankers / financial institutions for restructuring principal amount of its long term and short-term obligations. The management is confident that the Company's restructuring proposals will be accepted by the financial institutions / bankers. Therefore, the Company has not made any provision of mark-up.

The auditors have also added an emphasis of matter paragraph on:

- " the company's ability to continue as going concern as more fully explained in note 2 to the condensed interim financial information and
- " non-payment of excise duty and sales tax within the stipulated time as prescribed in respective laws.

Acknowledgement

The Board of Directors places on record its gratitude to its valued customers, Federal and Provincial Governments, dealers and employees of the Company, for their continued co-operation & support.

In conclusion, we bow, beg and pray to **Almighty Allah, Rahman-ur-Rahim**, in the name of our beloved Prophet Mohammad (peace be upon him), for continued showering of His blessings, guidance, strength, health, and prosperity to us, our Company, Country and Nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER (AL-QURAN)

For and on behalf of Board of Directors



Ghazanfar Baber Siddiqi
Chief Executive Officer



Syed Maqbool Ali
Director

Dated: February 25, 2023
Place: Karachi



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Main Kenaz Road Opp. Maritima
Museum, Karachi-75300
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Independent Auditors' Report To The Members On Review Of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dewan Cement Limited ('the Company') as at 31 December 2022, the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Basis for qualified conclusion

- a) The Company has classified 'advances for investment in term finance certificates' amounting to Rs.2,910 million as long term liability. We do not concur with the management's assertion regarding its classification as long-term liability. In our opinion the entire liability should be classified as current liability as per terms of agreement with the investors.
- b) The Company has not made provision of markup for the period amounting to Rs.422.582 million (up to 31 December 2022: Rs. 7,684.501 million) (refer note 13) keeping in view of the settlement reached with lenders. In our opinion, since the Company admitted the liability in the standstill agreements executed with the lenders during the year and for which consent decrees were obtained,

the provision of markup should have been made in these financial statements. Had the provision of markup been made in the condensed interim financial statement, the profit for the period would have been lower by Rs. 422.582 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs. 7,684.501 million.

Qualified conclusion

Based on our review, except for the matters described in Para (a) and (b) above, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statement are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without further qualifying our conclusion, we draw attention of the members to the following:

- a) Note 2 to the financial statements which indicates loss after taxation of Rs.730.383 million, and as of that date its current liabilities exceeded its current assets by Rs.3,162.826 million, a consent decree was obtained by the majority of the lenders on the terms and conditions stipulated in standstill agreement and certain lenders have gone into litigation for recovery of their liabilities through attachment and sale of the Company's hypothecated / mortgaged properties and some of the lenders have also filed winding up petitions. These conditions, along with other matters as set forth in note 2, indicate the existence of material uncertainty which may cast significant doubt about Company's ability to continue as going concern therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The amounts of current liabilities reported in said note do not include the effect of matters discussed in basis for qualified conclusion.
- b) Note 11 to the financial statements which indicated non-payment of excise duty, sales tax and withholding tax within the stipulated time as prescribed in respective laws.

Other matters

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended 31 December 2022 and 31 December 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2022.

The engagement partner on the review engagement resulting in this independent auditor's review report is Umer Farooq.

Dated: February 25, 2023
Place: Islamabad

Engagement partner: Umer Farooq
UDIN: RR202210707ZNgvU6F7Q



CHARTERED ACCOUNTANTS

Condensed Interim Statement of Financial Position
As At December 31, 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	32,775,107	33,198,499
Long term deposits		295,512	132,881
Long term loans		3,472	4,242
		<u>33,074,091</u>	<u>33,335,622</u>
CURRENT ASSETS			
Stores and spare parts		1,662,191	1,900,950
Stock in trade		700,995	601,641
Trade debts - Unsecured		752,149	956,518
Loans and advances - Unsecured, considered good		544,146	348,664
Trade deposits and short term prepayments		19,172	21,643
Other receivables		115,342	93,114
Short term investments		349	341
Advance tax - Net		560,251	484,487
Cash and bank balances		130,109	157,927
		<u>4,484,704</u>	<u>4,565,285</u>
		<u>37,558,795</u>	<u>37,900,907</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Share capital			
850,000,000 (June 2022: 850,000,000) Ordinary shares of Rs. 10/- each		8,500,000	8,500,000
Issued, subscribed and paid-up share capital		4,841,133	4,841,133
Revenue reserve			
Un-appropriated profit		2,977,570	3,581,982
Capital reserves			
Merger reserve		629,444	629,444
Surplus on revaluation of property, plant & equipment	7	10,439,281	10,565,352
		<u>18,887,528</u>	<u>19,617,911</u>
NON-CURRENT LIABILITIES			
Long term borrowings	8	112,545	116,299
Advances for investment in term finance certificates	9	2,910,000	2,910,000
Long term deposits and payables		1,045,134	1,119,656
Deferred tax liability - Net	10	6,956,058	6,972,287
		<u>11,023,737</u>	<u>11,118,242</u>
CURRENT LIABILITIES			
Trade and other payables	11	4,444,789	3,907,568
Short term borrowings		579,159	579,159
Mark-up payable		792,661	792,661
Current and overdue portion of non-current liabilities		1,816,215	1,870,660
Dividend payable		12,926	12,926
Unpaid and unclaimed dividend		1,780	1,780
		<u>7,647,530</u>	<u>7,164,754</u>
CONTINGENCIES AND COMMITMENTS			
	12	-	-
		<u>37,558,795</u>	<u>37,900,907</u>

The annexed notes form an integral part of these condensed interim financial statements.


 Ghazanfar Babar Siddiqui
 Chief Executive Officer


 Hazrat Ali
 Chief Financial Officer


 Syed Maqbool Ali
 Director

**Condensed Interim Statement of Profit or Loss
For The Half Year Ended December 31, 2022 - Unaudited**

	Half Year Ended		Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Notes -----Rupees in '000' -----				
Turnover - Net	9,173,707	7,171,737	5,642,051	4,149,556
Cost of sales	(9,282,687)	(6,478,939)	(5,430,536)	(3,752,907)
Gross (loss) / profit	(108,980)	692,798	211,515	396,649
Distribution cost	(68,698)	(56,097)	(33,589)	(35,784)
Administrative expenses	(407,417)	(524,615)	(162,874)	(271,010)
Other operating expenses	(38,520)	(46,234)	(2,682)	(21,034)
	(514,635)	(626,946)	(199,145)	(327,828)
Operating profit / (loss)	(623,615)	65,852	12,370	68,821
Other income	4,680	15,681	2,265	14,646
Finance cost	13 (12,947)	(3,555)	(6,618)	(1,526)
(Loss) / profit before taxation	(631,882)	77,978	8,017	81,941
Taxation - Net	(98,501)	(234,768)	(56,558)	48,797
(Loss) / profit for the period	(730,383)	(156,790)	(48,541)	130,738
(Loss) / earning per share - Basic and diluted (Rupee)	14 (1.51)	(0.32)	(0.10)	0.27

The annexed notes form an integral part of these condensed interim financial statements.


Ghazanfar Babar Siddiqui
Chief Executive Officer


Hazrat Ali
Chief Financial Officer


Syed Maqbool Ali
Director

**Condensed Interim Statement of Comprehensive Income
For The Half Year Ended December 31, 2022 - Unaudited**

	Half Year Ended		Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- Rupees in '000' -----				
Loss for the year	(730,383)	(156,790)	(48,541)	130,738
Other comprehensive income	--	--	--	--
Total comprehensive loss for the year	(730,383)	(156,790)	(48,541)	130,738

The annexed notes form an integral part of these condensed interim financial statements.



Ghazanfar Babar Siddiqui
Chief Executive Officer



Hazrat Ali
Chief Financial Officer



Syed Maqbool Ali
Director

**Condensed Interim Statement of Cash Flows
For The Half Year Ended December 31, 2022 - Unaudited**

		December 31, 2022	December 31, 2021
	Notes -----	Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	515,456	496,415
<i>Payment for:</i>			
Taxes net of refund received		(190,494)	(132,214)
Finance cost		(547)	(1,290)
Net cash inflows from operating activities		324,415	362,911
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(7,631)	(110,639)
Long term loans recovered		770	1,695
Net movement in long term deposits		(162,631)	-
Net cash outflows from investing activities		(169,492)	(108,944)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowings		(70,599)	(144,957)
Net movement in long term deposits and payables		(112,142)	(48,736)
Net cash (outflows) from financing activities		(182,741)	(193,693)
Net (decrease) / increase in cash and cash equivalents		(27,818)	60,274
Cash and cash equivalents at the beginning of the period		157,927	61,734
Cash and cash equivalents at the end of the period	16	130,109	122,008

The annexed notes form an integral part of these condensed interim financial statements.


Ghazanfar Babar Siddiqui
Chief Executive Officer


Hazrat Ali
Chief Financial Officer


Syed Maqbool Ali
Director

**Condensed Interim Statement of Changes in Equity
For The Half Year Ended December 31, 2022 - Unaudited**

	Issued, subscribed and paid-up share capital	Revenue Reserves Un-appropriated profit	Capital reserves			Total equity
			Merger reserve	Surplus on revaluation of Property, Plant and equipment	Total Capital reserves	
----- Rupees in '000' -----						
Balance as on 1 July 2021	4,841,133	3,972,237	629,444	11,492,56	12,122,007	20,935,377
Loss for the period ended 31 December 2021	-	(156,790)	-	-	-	(156,790)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the period	-	(156,790)	-	-	-	(156,790)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	-	159,016	-	(159,016)	(159,016)	-
Balance as at 31 December 2021	4,841,133	3,974,463	629,444	11,333,547	11,962,991	20,778,587
Balance as on 1 July 2022	4,841,133	3,581,982	629,444	10,565,352	11,194,796	19,617,911
Loss for the period ended 31 December 2022	-	(730,383)	-	-	-	(730,383)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the year	-	(730,383)	-	-	-	(730,383)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	-	126,071	-	(126,071)	(126,071)	-
Balance as at 31 December 2022	4,841,133	2,977,670	629,444	10,439,281	11,068,725	18,887,528

The annexed notes form an integral part of these condensed interim financial statements.


Ghazanfar Babar Siddiqui
Chief Executive Officer


Hazrat Ali
Chief Financial Officer


Syed Maqbool Ali
Director

Notes To The Condensed Interim Financial Information For The Half Year Ended December 31, 2022 - Unaudited

1 THE COMPANY AND ITS OPERATIONS

Dewan Cement Limited (the Company / DCL) was incorporated in Pakistan as a public limited company in March, 1980. Its shares are quoted in the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and selling of cement.

The registered office of the Company is situated at Dewan Centre, 3-A, Lalazar, Beach Hotel Road, Karachi, Pakistan. The Company has two production facilities at Deh Dhandlo, Dhabeji Karachi, Sindh and Kamipur Hattar Industrial Estate, district Khyber Pakhtunkhwa. The Company has regional offices located in Islamabad.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statements for the period ended 31 December 2022 reflects loss after taxation of Rs.730.383 million (Jun 2022: Rs.703.032 million), and as of that date its current liabilities exceeded its current assets by Rs.3,162.826 million (June 2022: Rs.2,599.469 million). The Company's short-term borrowing facilities have expired and not been renewed and the Company has been unable to ensure scheduled payments of long term borrowings due to the liquidity problems. Following course, majority of the lenders had gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and certain lenders had also filed winding up petitions as more fully explained in the annual financial statements of the Company for the year ended 30 June 2022. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company is fully committed to discharge its admitted liability in stand still agreements as more fully explained in the annual financial statements of the Company for the year ended 30 June 2022. Furthermore, the Company has increased its performance over the period of years, its cash flows are positive and expected growth in the economy are positively linked to the Company's growth. Accordingly, these condensed interim financial statements have been prepared on a going concern basis.

3 BASIS OF PREPARATION

3.1 These condensed interim financial statements of the Company for the half year ended 31 December 2022 have been prepared in accordance with 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.

- 3.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2022.
- 3.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 and the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2022 and 31 December 2021.

4 SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of annual audited financial statements of the Company for the year ended 30 June 2022.

4.2 Change in accounting standards, interpretations, and amendments to published accounting and reporting standards

4.2.1 Amendments to published accounting and reporting standards that became effective during the period:

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4.2.2 Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2023. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2022.

(Un-audited) (Audited)
December 31, June 30,
2022 2022
Notes ----- Rupees in '000' -----

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - At cost			
less accumulated depreciation	6.1	32,467,770	32,893,573
Right of use assets		196	218
Capital work in progress - At cost	6.2	307,141	304,708
		<u>32,775,107</u>	<u>33,198,499</u>

6.1 Operating fixed assets - At cost less accumulated depreciation

Opening carrying value		32,893,573	32,257,720
Additions / transfers from			
CWIP during the period / year	6.1.1	5,198	1,745,187
Depreciation charged during the			
period / year		(431,001)	(1,109,321)
Closing carrying value		<u>32,467,770</u>	<u>32,893,573</u>

6.1.1 Additions / transfers from CWIP and disposals during the period (Operating fixed assets)	December 31, 2022	
	Additions Cost	Disposals Cost
	----- Rupees in '000' -----	
Freehold land	3,579	--
Office equipment	284	--
Computers	1,044	--
Vehicles	291	--
	<u>5,198</u>	<u>--</u>

DEWAN CEMENT LIMITED

(Un-audited) (Audited)
December 31, June 30,
2022 2022
----- Rupees in '000' -----

6.2 Capital work-in-progress

Opening balance	304,708	1,796,280
Additions during the period / year	2,433	206,708
	307,141	2,002,988
Capitalized during the period / year	-	(1,698,280)
	307,141	304,708

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Gross surplus	15,293,851	15,481,475
Related deferred tax liability	(4,854,570)	(4,916,123)
	10,439,281	10,565,352

8 LONG TERM FINANCINGS

Long-term loan from financial institutions - Secured	1,949,193	2,019,792
Present value adjustment	(152,447)	(152,447)
Total interest charged to profit and loss account	90,804	78,404
	1,887,550	1,945,749
Current maturity of long term financing	(81,755)	(136,200)
Overdue portion of long term financing	(1,693,250)	(1,693,250)
	112,545	116,299

8.1 Principal terms and conditions of outstanding loans have remained the same as disclosed in the financial statements of the Company for the year ended 30 June 2022.

9 ADVANCES FOR INVESTMENT IN TERM FINANCE CERTIFICATES

Principal terms and conditions of advances for investment in term finance certificates have remained the same as disclosed in the financial statements of the Company for the year ended 30 June 2022.

10 DEFERRED TAX LIABILITY - Net

Deferred taxation comprises temporary difference relating to:	(Un-audited) (Audited) December 31, June 30, 2022 2022 ----- Rupees in '000' -----
Accelerated tax depreciation	4,325,318 4,306,468
Surplus on revaluation of fixed assets	4,854,570 4,916,123
Provisions and others	(119,635) (103,121)
	9,060,253 9,119,470
Accumulated tax losses and available tax credits	(2,104,195) (2,147,183)
	6,956,058 6,972,287

11 TRADE AND OTHER PAYABLES / SALES TAX PAYABLE

11.1 As at reporting date, the Company has unpaid liabilities against excise duty and sales tax amounting to Rs.1,140.317 million (June 2022: Rs.893.801 million) and Rs.739.006 million (June 2022: Rs.570,562 million) respectively which the Company was unable to pay within the stipulated time as prescribed in respective laws. The Company is making payments in instalments.

11.2 The Company was unable to pay provident fund contribution within the stipulated time as prescribed in respective laws. Arrangements are being made for the payment against payable to the provident fund.

12 CONTINGENCIES AND COMMITMENTS

There are no significant change in the status of contingencies and commitments as reported in note 28 to the annual audited financial statements of the Company for the year ended 30 June 2022 except for the settlement made with SGC in respect of gas bill and security deposit.

13 FINANCE COST

Company has not made the provision of mark-up for the period amounting to Rs.422.582 million (Up to 31 December 2022: Rs.7,684.501 million) keeping in view that the admitted liability will be reduced to the principle amounts on account of settlement of liabilities in accordance with the standstill agreements with lenders. Had the provision been made the profit for the period would have been lower by Rs.422.582 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.7,684.501 million. The said non-provisioning is a departure from the requirements of IAS-23 'Borrowing Costs'.

14 EARNINGS PER SHARE - Basic and diluted

	Half Year Ended		Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	-----Rupees In '000'-----			
(Loss) / profit after taxation	(730,363)	(156,790)	(48,541)	130,738
	----- No. of Shares '000' -----			
Weighted average number of outstanding shares	484,113	484,113	484,113	484,113
	----- Rupee -----			
(Loss) / earning per share - Basic and diluted	(1.51)	(0.32)	(0.10)	0.27

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15 CASH GENERATED FROM OPERATIONS	(Un-audited)	(Un-audited)
	December 31, 2022	December 31, 2021
	----- Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(631,882)	77,978
Adjustments for non-cash charges & other items:		
Depreciation	431,023	499,767
Workers' Profit Participation Fund	—	4,244
Amortization of interest free loan	—	(14,273)
Unwinding of discount	12,400	2,265
Workers' Welfare Fund	—	2,648
Gain on remeasurement of short term investments	(8)	(84)
Finance cost	547	1,290
Exchange loss	37,620	37,746
Cash (outflows) / Inflows before working capital changes	(150,300)	611,581
Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spare parts	238,759	(173,755)
Stock in trade	(99,354)	(191,441)
Trade debts - Unsecured	204,369	(63,715)
Loans and advances - Unsecured, considered good	(195,482)	(144,828)
Trade deposits and short term prepayments	2,471	461
Other receivables	(22,228)	(22,727)
	128,535	(596,005)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	537,221	480,839
	537,221	480,839
Cash generated from operations	515,456	496,415

16 TRANSACTIONS WITH RELATED PARTIES

Related parties include associated entities, directors, the other key management personnel and close family members of directors and other key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Transactions during the year	(Un-audited)	(Un-audited)
		December 31, 2022	December 31, 2021
		----- Rupees in '000' -----	
Mr. Yousuf Dewan (Group Chairman)	Provided interest free loan to the Company	87,600	11,100
Employees' Provident Fund Trust	Expense in relation to provident fund	26,007	24,741

17 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

17.1 Financial risk factors

The Company is exposed to the credit risks, liquidity risks and market risks (including currency rate risk and other price risk) from its use of financial instruments.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's objective in managing risk is the creation and protection of shareholders value. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

17.2 Fair value hierarchy

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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	Level 1	Level 2	Level 3
	--- (Rupees in '000') ---		
31 December 2022			
Short term investments			
Investments - Fair value through profit and loss	349	--	--
30 June 2022			
Short term investments			
Investments - Fair value through profit and loss	341	--	--

18 CORRESPONDING FIGURES

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

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements was authorized for issue on **February 25, 2023** by the Board of Directors of the Company.

20 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.


Ghazanfar Babar Siddiqui
Chief Executive Officer


Hazrat Ali
Chief Financial Officer


Syed Maqbool Ali
Director

انتظامیہ کی رائے کے مطابق آئی پی او کو منتظمین نے بند نہیں کیا تھا لہذا ڈی ایف سی جاری نہیں کی جاسکی۔ ہم نے انہیں دوبارہ ترمیم کیلئے نظر ثانی کی پیشکش کی تھی اور پوری امید ہے کہ یہ مستقبل قریب میں حل ہو جائے گا۔ یہاں یہ بھی تحریر کرنا ضروری ہے کہ تقریباً 27% قرضہ جات پر نظر ثانی کی جا چکی ہے۔

مارک اپ کیلئے قواعد:

کمپنی اس مدت کیلئے مارک اپ مبلغ 422,582 ملین روپے کا پروویژن درج نہیں کیا۔ انتظامیہ نے طویل مدتی اور قلیل مدتی قرضہ جات کے سلسلے میں اپنے بینکرز/ مالیاتی اداروں سے رابطہ قائم کیا ہے اور انتظامیہ کو یقین ہے کہ کمپنی کی یہ تجاویز جو کہ انتظامیہ نے دی ہے اسے مالیاتی ادارے/ بینکرز منظور کر لیں گے۔ لہذا کمپنی نے مارک اپ درج نہیں کیا ہے کیونکہ مارک اپ کی ادائیگی نہیں کی جائے گی۔

آڈیٹرز نے درج ذیل کو بھی شامل کرنے پر زور دیا ہے:

- ☆ مجموعی عبوری مالیاتی معلومات کیلئے نوٹ 2 میں مکمل طور پر وضاحت کردہ تشریحی مفروضے کو جاری رکھنے کیلئے کمپنی کی صلاحیت اور
- ☆ مقررہ وقت کے اندر متعلقہ قوانین کے مشورہ کے مطابق ایکسائز ڈیوٹی اور سیلز ٹیکس کی عدم ادائیگی۔


اظہار تشکر:

بورڈ آف ڈائریکٹرز اپنے محترم صارفین، وفاقی اور صوبائی حکومت میں کام کرنے والوں، ڈیلرز اور کمپنی کے ملازمین کا ان کی جانب سے مستقل تعاون اور سپورٹ پر شکریہ ادا کرنا چاہتے ہیں۔

ہم آخر میں اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں اور حضرت محمد ﷺ سے فضل و کرم کی دعا مانگتے ہیں کہ ہماری کمپنی، ہمارے ملک کو ترقی و طاقت عطا کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ وہ تمام مسلم ائمہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین حمہ آمین۔

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)
بورڈ آف ڈائریکٹرز کی جانب سے


سید مقبول علی
ڈائریکٹر


غضنفر باقر صدیقی
چیف ایگزیکٹو آفیسر

کراچی؛

مورخہ: 25 فروری 2023ء

متغیر	دسمبر 2021 تک (روپے '000')	دسمبر 2022 تک (روپے '000')	
	7,171,737	9,173,707	صافی فروخت
	(6,478,939)	(9,282,687)	فروخت کردہ مال کی قیمت
	692,798	(108,980)	مجموعی (خسارہ)/ منافع
	(849,588)	(621,403)	اخراجات اور ٹیکسز
	(156,790)	(730,383)	صافی منافع

گزشتہ سال کی اسی مدت کے مقابلے میں سیکڑیوں میں 27.91 فیصد اضافہ ہوا۔ سیلاب سے متاثرہ علاقوں میں مجموعی ترقیاتی سرگرمیاں اور بحالی سینٹ کی طلب پر سازگار اثر ڈالتی ہے۔ پچھلے سال کی اسی مدت کے مقابلے میں نیٹ فن فروخت کی لاگت میں 43.27 فیصد اضافہ ہوا۔ اس اضافے کا بڑا حصہ کونسلے کی قیمتوں میں اضافے کے ساتھ ساتھ پیداوار کے دیگر عوامل میں افراط زر اور روپے کی قدر میں کمی کی وجہ سے ہوا ہے۔

مستقبل کا نظریہ:

ملک کی محدود درآمدی پالیسی کی وجہ سے سینٹ اور اسٹیل پر منفی اثرات پڑ سکتے ہیں اور اس کے نتیجے میں تعمیراتی سرگرمیاں سست پڑ جائیں گی۔ سیلاب سے متاثرہ علاقوں میں تعمیر نو کی بڑھتی ہوئی طلب اس منفی رجحان کا مقابلہ کر سکتی ہے اگر معاشی اشاریے طویل انتظار کے IMF سپورٹ پروگرام کو حتمی شکل دینے پر مثبت ہوتے ہیں۔

ترقیاتی اخراجات کی کمی کے ساتھ کرنسی کی قدر میں کمی، افراط زر اور شرح سود میں کمی کے باعث طلب پر دباؤ پڑے گا۔

آڈیٹرز کی جائزہ رپورٹ کا مشاہدہ:

آڈیٹرز نے اپنی رپورٹ کو درج ذیل بنیادوں پر اہل قرار دیا ہے جس کی وضاحت کی گئی ہے۔

پری آئی بی او انویسٹمنٹ کے لئے ایڈوائس:

آڈیٹرز انتظامیہ کے ساتھ پری آئی بی او انویسٹمنٹ کیلئے ایڈوائس کی درجہ بندی مبلغ 2,910 ملین روپے بطور طویل مدتی قرضہ جات پر متفق نہیں ہیں۔

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کیلئے آڈیٹرز کی جانب سے نظر ثانی شدہ غیر آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

چائزہ:

منفی نموریکارڈ کی گئی جو کہ صنعت کی سینٹ کی ترسیل میں 20.73 فیصد کی مجموعی کمی کی نشاندہی کرتی ہے۔ 16.77 فیصد کی مقامی فروخت میں نمایاں کمی اور 48.86 فیصد کی برآمدات میں نمایاں کمی دیکھی گئی ہے۔ مقامی فروخت 24.06 سے کم ہو کر 20.03 ملین ٹن اور برآمدات 3.39 سے کم ہو کر 1.73 ملین ٹن رہ گئیں۔

پیداوار:

متغیر (فیصد)	دسمبر 2021ء تک (ٹن میں)	دسمبر 2022ء تک (ٹن میں)	
(18.48)	739,583	602,902	کلنر
(15.32)	855,966	724,809	سینٹ

ترسیلات:

متغیر (فیصد)	دسمبر 2021ء تک (ٹن میں)	دسمبر 2022ء تک (ٹن میں)	
(15.45)	859,665	726,856	مقامی ترسیلات۔ سینٹ
(81.26)	2,321	435	مقامی ترسیلات۔ GGBS
(15.63)	861,986	727,291	ٹوٹل

عملی کارکردگی:

موجودہ ششماہی کیلئے کمپنی کے عملی نتائج اور گزشتہ سال اسی مدت کی تفصیلات درج ذیل ہیں: