



D.G. KHAN CEMENT COMPANY LIMITED

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

SECY/STOCKEXC/

October 28, 2023

The General Manager,
Pakistan Stock Exchange Ltd,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

SUB: **SUBMISSION OF QUARTERLY ACCOUNTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

Dear Sir,

We have to inform you that the Quarterly Report of D.G. Khan Cement Company Limited (the Company) for the period ended September 30, 2023 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 CHOCHAN
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



First Quarter Report, September 30,

2023

(Un-audited)



UNLOCKING

Potential

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COMPANY INFORMATION

Board of Directors

Mrs. Naz Mansha	Chairperson / Non-Executive
Mr. Raza Mansha	Chief Executive / Executive
Mr. Khalid Niaz Khawaja	Non-Executive
Mr. Usama Mahmud	Independent
Mr. Shehryar Ahmad Buksh	Independent
Mr. Farid Noor Ali Fazal	Executive
Mr. Shahzad Ahmad Malik	Non-Executive

Female Director 01
Male Directors 06

Audit Committee

Mr. Shehryar Ahmad Buksh	Member/Chairman
Mr. Khalid Niaz Khawaja	Member
Mr. Shahzad Ahmad Malik	Member

Human Resource & Remuneration Committee

Mr. Usama Mahmud	Member/Chairman
Mr. Raza Mansha	Member
Mr. Khalid Niaz Khawaja	Member

Management

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

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

Allied Bank Limited	MCB Islamic Bank Limited
Bank Alfalah Limited	Meezan Bank Limited
Bank Al-Habib Limited	National Bank of Pakistan
Bank Islami Pakistan Limited	Samba Bank Limited
Dubai Islamic Bank	Soneri Bank Limited
Faysal Bank Limited	Standard Chartered Bank Limited
Habib Bank Limited Limited	The Bank of Punjab
Habib Metropolitan Bank	United Bank Limited
MCB Bank Limited	The Bank of Khyber
JS Bank Limited	Silk Bank Limited
Citi Bank N.A.	Industrial and Commercial Bank
Askari Bank Limited	of China (ICBC)
BOP Taqwa Islamic Banking	

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

Important Identification Numbers of Company

CUIN: 0006469 NTN: 1213275-6
STRN: 0402252300164 PSX Symbol: DGKC

Company Products

- I. Clinker
- II. Ordinary Portland Cement (OPC)
- III. Sulphate Resistant Cement (SRC)

HS Code

Clinker: 2523.1000 Cement: 2523.2900

Applicable Laws & Regulations

Many laws and regulations apply to the Company including:

- The Companies Act
- Code of Corporate Governance
- International Accounting and Financial Reporting Standards
- International Auditing Standards
- Income Tax Law
- Excise Laws
- Labour Laws
- Environmental Laws
- Stock Exchange Regulations
- Mining Laws
- Sales Tax Law
- Property Laws
- Health & Safety Laws
- Banking Regulations, etc.

Company Rating

Long Term: AA -

Outlook: Stable

Rating Date: March 03, 2023

Short Term: A1+

Rating Agency: PACRA

Registered Office

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

UAN: +92 42 111 11 33 33

Fax: +92 42 36367414

Email: info@dgcement.com

Web site: www.dgcement.com

Factories

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Phone: +92-543-650215-8

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Chichae 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.

UAN: 021 111 000 322

Tel: 021 353 10 191,

Fax: 021 353 10 190

Branch Office, Lahore

Office No. 309, 3rd Floor,

North Tower, LSE Building,

19 Shahr-e-Aiwan-e-Iqbal,

Lahore

Phone: +92 42 3630 2044

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: iniazii@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 Q1FY24:

	Q1 FY24	Q1 FY23
	Rupees in '000'	
Sales	16,517,097	13,584,833
Cost of sales	(13,303,952)	(11,512,254)
Gross profit	3,213,145	2,072,579
Administrative expenses	(285,199)	(210,797)
Selling and distribution expenses	(509,124)	(332,837)
Other expenses	(75,055)	(15,930)
Other income	826,509	661,381
Finance cost	(2,087,480)	(1,593,083)
Profit/(loss) before taxation	1,082,796	581,313
Taxation	(422,239)	(192,375)
Profit/(loss) for the period	660,557	388,938

EPS (Rs/share)	1.51	0.89
GP%	19.45%	15.26%
PBT%	6.56%	4.28%
PAT%	4.00%	2.86%

Production and Sales volumetric data is as under:

Figures in MT

	Q1 FY24	Q1 FY23
	in MT	
Production:		
Clinker	1,143,538	886,008
Cement	1,100,129	962,158
Sales:		
Total	1,086,397	952,470
Local Cement (excluding own consumption)	952,287	906,398
Export Cement	134,110	46,072
Clinker Sale	58,000	115,450

First quarter of FY23 was influenced by the spillover effect of last year. As this is the election year, economic uncertainty and Government policies remained the top news of the period. Inflation numbers were high against the purchasing power of the people. Industry and general public are still in the process of absorbing high inflation numbers and currency devaluation that occurred in second part of last year. However, all the economic activities are on standstill and all eyes on new government and its policies. IMF Standby Agreement will also expire by March. Investors and businesses are also eyeing on new terms with IMF. This standstill effect is visible across all industries.

In volume terms, total sales quantity of industry witnessed increase to 11.8 million tons (30%) Quarter on Quarter. North zone registered growth of 1.2 million tons (16.1%) while South Zone of 1.0 million tons (50.4%). Further analysis shows that growth was driven by exports that grew by 0.7 million ton (72%) while local dispatches showed growth of 1.5 million tons. Sales utilization of industry declined to 60% against 74% for the corresponding period last year. It was largely contributed by local sales of 51% and exports sales utilization of 9%.

Kiln operational days of your Company increased by 24% from 156 days to 194 days. Clinker production % increased to 68% (Q1FY23: 53%). Sales utilization of your Company increased to 68% (Q1FY23: 53%) which was in inline with industry numbers.

Sales, in value terms, registered growth primarily due to stable local cement prices. Whole effect of inflation, high energy and fuel prices could not be passed on to the consumers. The Company partially shifted to Alternate Fuel, local and Afghan coal in substitution of imported coal, taking into account cost consideration and also saving valuable foreign exchange reserves. Financial expenses increase was due to rise in discount rates including ERF rates as compared to corresponding period last year.

General elections are due and politico-economic situation of the country is still vulnerable. If elections are delayed beyond a reasonable time, this may cast a doubt about the future dealings with IMF program. There is some recovery of PKR/USD parity in this quarter but there is still pressure on it to move upward. This may create a concern on cost side. Keeping inflation projected numbers in view, discount rates may remain high throughout FY24. Company will continue to use mix of imported and local coals as part of its cost saving strategy. There is political tension and military conflict in Middle east. There are chances that conflict may prolong and convert into a full-fledged war. Any such development may affect the fuel prices worldwide and may affect global trade activities. Company will continue with the strategy to export clinker to contribute towards fixed costs and to earn valuable foreign currency reserves. Company is also evaluating export opportunities in USA market, which if materialized may contribute to profitability.

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

- Tight price market and tough competition

- Capacity utilization
- Interest rate
- Foreign currency fluctuations
- Shrinking cement exports market

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

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

Following are the directors of the Company:

Mrs. Naz Mansha (Chairperson)	Non- Executive
Mr. Raza Mansha	Executive
Mr. Khalid Niaz Khawaja	Non-Executive
Mr. Usama Mahmud	Independent
Mr. Shehryar Ahmad Buksh	Independent Director
Mr. Farid Noor Ali Fazal	Executive
Mr. Shahzad Ahmad Malik	Non-Executive

Female Directors:	01
Male Directors:	06

Audit Committee

Mr. Shehryar Ahmad Buksh	Chairman
Mr. Khalid Niaz Khawaja	Member
Mr. Shahzad Ahmad Malik	Member

Human Resource & Remuneration Committee

Mr. Usama Mahmud	Chairman
Mr. Raza Mansha	Member
Mr. Khalid Niaz Khawaja	Member

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

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

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

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

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

For and on behalf of the Board



Raza Mansha

Chief Executive Officer

Lahore

October 28, 2023



Farid Noor Ali Fazal

Director

ہمارے پلانٹس اور آپریشنز بین الاقوامی اور قومی ماحولیاتی معیارات کی تعمیل کر رہے ہیں۔ DGKC سوسائٹی اور ویلفیئر کی اپنی ذمہ داریوں کو مکمل طور پر پہنچاتی ہے۔ کمپنی نزدیکی آبادیوں کے لئے تعلیم، صحت، طبی اور آگ بجھانے کی سہولیات، واٹر سپلائی، نزدیکی علاقوں میں ایمر جنسی اور آفاقی حالات میں مدد، آگاہی مہمات وغیرہ پر خرچ کر رہی ہے۔

کمپنی یا اس کی ذیلی کمپنیوں یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہے کے کاروبار کی نوعیت سے متعلقہ کوئی تبدیلیاں نہیں ہیں جو زیر جائزہ مدت کے دوران رونما ہوئی ہوں۔

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسکی موثر طریقہ سے عملدرآمد اور نگرانی کی جاتی ہے۔ کمپنی کے آپریٹنگ نتائج میں گزشتہ مدت سے اہم تغیرات ڈائریکٹرز رپورٹ کے دیگر حصوں میں اجاگر کئے گئے ہیں اور وجوہات بیان کی گئی ہیں۔

ہم اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں اور اپنے تمام ملازمین کی ان تھک کوششوں کو سراہتے ہیں۔

منجانب بورڈ

David Jazal

فریڈ نوری علی فضل

ڈائریکٹر

رضان شاہ

چیف ایگزیکٹو آفیسر

لاہور

128 اکتوبر 2023ء

مندرجہ ذیل کمپنی کے ڈائریکٹرز ہیں:

محترمہ نازمنشا	(چیئر پرسن) نان ایگزیکٹو
جناب رضامنشا	ایگزیکٹو
جناب خالد نیاز خواجہ	آزاد
جناب اُسامہ محمود	نان ایگزیکٹو
جناب شہریار احمد بخش	آزاد ڈائریکٹر
جناب فرید نور علی فضل	ایگزیکٹو
جناب شہزاد احمد ملک	نان ایگزیکٹو
خاتون ڈائریکٹر:	01
مرد ڈائریکٹر:	06

آڈٹ کمیٹی

جناب شہریار احمد بخش	چیئر مین
جناب خالد نیاز خواجہ	رکن
جناب شہزاد احمد ملک	رکن

ہیومن ریسورس اینڈ ریمیزیشن کمیٹی

جناب اُسامہ محمود	چیئر مین
جناب رضامنشا	رکن
جناب خالد نیاز خواجہ	رکن

اختتام پذیریدت کی حیثیت کو متاثر کرنے والے کوئی بعد از پبلنٹ شیٹ نمایاں واقعات رونما نہیں ہوئے ہیں۔

سہ ماہی میں امریکی ڈالر/ پاکستانی روپیہ کی برابری کی کچھ بحالی ہوئی ہے لیکن اس پر اب بھی بڑھنے کا دباؤ ہے۔ اس سے لاگت بڑھنے کی تشویش پیدا ہو سکتی ہے۔ افراط زر کی متوقع تعداد کو مد نظر رکھتے ہوئے، مالی سال 24 کے دوران ڈسکاؤنٹ شرحیں زیادہ رہیں گی۔ کونلہ کی قیمت کم ہو رہی ہے، جو سیمینٹ کی صنعت کی لاگت میں بہت ضروری ریلیف فراہم کرتی ہے۔ تاہم، کرنسی کی قدر میں کمی سے فائدہ کچھ کم ہو سکتا ہے۔ کمپنی اپنی لاگت بچانے کی حکمت عملی کے تحت درآمدی اور مقامی کونلے کے مرکب کا استعمال جاری رکھے گی۔ مشرق وسطیٰ میں سیاسی کشیدگی اور فوجی کشمکش جاری ہے۔ اس بات کے امکانات ہیں کہ تنازعہ طویل پکڑ سکتا ہے اور مکمل جنگ میں تبدیل ہو سکتا ہے۔ ایسی کوئی بھی پیش رفت دنیا بھر میں ایندھن کی قیمتوں اور عالمی تجارتی سرگرمیوں کو متاثر کر سکتی ہے۔ کمپنی مقررہ لاگت میں حصہ ڈالنے اور قیمتی غیر ملکی کرنسی کے ذخائر حاصل کرنے کے لیے کلینکر برآمد کرنے کی حکمت عملی جاری رکھے گی۔ کمپنی یو ایس اے مارکیٹ میں برآمدی مواقع کا بھی جائزہ لے رہی ہے، جو کہ اگر مکمل ہو جائیں تو منافع میں نمایاں حصہ ڈال سکتے ہیں۔

کمپنی کی بنیادی سرگرمی سیمینٹ کی تیاری اور فروخت کرنا ہے اور کمپنی کو مندرجہ ذیل اہم خطرات کا سامنا ہے:

- مارکیٹ قیمت اور سخت مقابلہ
- مستعمل پیداواری صلاحیت
- سود کی شرح
- غیر ملکی کرنسی کا اتار چڑھاؤ
- برآمد مارکیٹ کا سکڑاؤ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضہ کی پالیسی کی منظوری دی ہے۔ پالیسی کی بنیادی خصوصیات مندرجہ ذیل ہیں:

- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس کے سوائے آزاد ڈائریکٹرز سمیت اپنے نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرے گی۔
- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات ادا کرے گی۔
- بورڈ آف ڈائریکٹرز، وقتاً فوقتاً ڈائریکٹرز معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

FY23 کی پہلی سہ ماہی گزشتہ سال کے اسپل اور اثرات سے متاثر رہی۔ چونکہ یہ انتخابی سال ہے، اس لئے معاشی بے یقینی اور حکومتی پالیسیاں اس دور کی اہم خبریں رہیں۔ عوام کی قوت خرید کے مقابل مہنگائی کے اعداد بہت زیادہ تھے۔ صنعت اور عام عوام اب بھی گزشتہ سال کی دوسری ششماہی میں مہنگائی کے زیادہ اعداد اور کرنسی کی قدر میں کمی کو منتقل کرنے کے عمل میں ہیں۔ تاہم تمام معاشی سرگرمیاں معطل ہیں اور تمام نظریں نئی حکومت اور اس کی پالیسیوں پر مرکوز ہیں۔ آئی ایم ایف کا اسٹینڈ بائی معاہدہ بھی مارچ تک ختم ہو جائے گا۔ سرمایہ کار اور کاروباری ادارے بھی آئی ایم ایف کے ساتھ نئی شرائط پر نظر میں جمائے ہوئے ہیں۔ اس تعطل کا اثر تمام صنعتوں پر نظر آتا ہے۔

حجم کے لحاظ سے، صنعت کی کل فروخت مقدار میں 11.8 ملین ٹن (30 فیصد) تک سہ ماہی بنیاد پر کمی ہوئی ہے۔ جنوبی زون میں 1.0 ملین ٹن (50.4 فیصد) کے مقابلہ شمالی زون نے 1.2 ملین ٹن (16.1 فیصد) نمودار کرائی۔ مزید تجزیہ سے ظاہر ہوتا ہے کہ یہ نمونہ برآمدات جو 1.2 ملین ٹن (232 فیصد) تک زیادہ ہونے کی وجہ سے ہوئی جبکہ مقامی ترسیلات نے 1.5 ملین ٹن کی نمونہ ہر کی ہے۔ گزشتہ سال کی اسی مدت کے دوران صنعت کی مستعمل فروخت 74 فیصد کے مقابلے 60 فیصد تک کم ہوئی۔ اس میں 9 فیصد کی مستعمل فروخت برآمدات اور مقامی فروخت نے 51 فیصد کا حصہ شامل کیا۔

آپ کی کمپنی کے کلن کے آپریشنل دن 156 دنوں سے 24 فیصد تک بڑھ کر 194 دن ہو گئے۔ کلیننگ کی فیصد پیداوار بڑھ کر 68% (53%:Q1FY23) ہو گئی۔ آپ کی کمپنی مستعمل فروخت بڑھ کر 68% (53%:Q1FY23) ہو گئی جو کہ صنعت کے اعداد و شمار کے مطابق تھی۔

فروخت کی قیمت کے لحاظ سے، بنیادی طور پر سینٹ کی مقامی مستحکم قیمتوں کی وجہ سے نمودار کر کی گئی۔ مہنگائی، توانائی اور ایندھن کی زیادہ قیمتوں کا سارا اثر صارفین تک منتقل نہیں کیا جاسکا۔ لاگت کو مد نظر رکھتے ہوئے اور قیمتیں زرمبادلہ کے ذخائر کو بھی بچاتے ہوئے، کمپنی کو درآمدی کونسلے کے بدلے جزوی طور پر متبادل ایندھن اور افغان کونسلے کی طرف منتقل کر دیا گیا ہے۔ مالی اخراجات میں اضافہ گزشتہ سال کی اسی مدت کے مقابلے ERF شرحوں سمیت ڈسکاؤنٹ شرح میں اضافہ کی وجہ سے تھا۔

آئی ایم ایف کے ساتھ اسٹینڈ بائی معاہدہ ہو گیا ہے۔ عام انتخابات ہونے والے ہیں اور ملک کی سیاسی و اقتصادی صورتحال بدستور کشیدہ ہے۔ اگر انتخابات میں معقول وقت سے زیادہ تاخیر ہوتی ہے تو اس سے آئی ایم ایف پروگرام کے ساتھ مستقبل کے معاملات پر شک پیدا ہو سکتا ہے۔ اس

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو مالی سال 24 کی پہلی سہ ماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پہلی سہ ماہی مالی سال 2023	پہلی سہ ماہی مالی سال 2024	
روپے ہزاروں میں		
13,584,833	16,517,097	فروخت
(11,512,254)	(13,303,952)	قیمت فروخت
2,072,579	3,213,145	مجموعی منافع
(210,797)	(285,199)	انتظامی اخراجات
(332,837)	(509,124)	فروخت اور تقسیم کے اخراجات
(15,930)	(75,055)	دیگر معاملاتی اخراجات
661,381	826,509	دیگر آمدنی
(1,593,083)	(2,087,480)	مالی لاگت
581,313	1,082,796	ٹیکسیشن سے پہلے نقصان
(192,375)	(422,239)	ٹیکسیشن
388,938	660,557	موجودہ مدت کے لئے نقصان

0.89	1.51	EPS (روپے فی شیئر)
15.26%	19.45%	GP %
4.28%	6.56%	PBT %
2.86%	4.00%	PAT %

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

پہلی سہ ماہی مالی سال 2023	پہلی سہ ماہی مالی سال 2024	
اعداد و شمار میٹرک ٹن میں		پیداوار
886,008	1,143,538	کلنکر کی پیداوار
962,158	1,100,129	سیمنٹ کی پیداوار
		فروخت
952,470	1,086,397	سیمنٹ کی کل فروخت
906,398	952,287	سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)
46,072	134,110	سیمنٹ کی برآمد فروخت
115,450	58,000	کلنکر کی فروخت

Unconsolidated Condensed Interim Statement of Financial Position

	Note	September 30, 2023 unaudited	June 30, 2023 audited
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (2023: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2023: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up share capital			
438,119,118 (2023: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Other reserves		24,429,769	22,592,167
Revenue reserve: Un-appropriated profits		37,879,476	37,218,919
		66,690,436	64,192,277
NON-CURRENT LIABILITIES			
Long term finances - secured	6	17,874,047	9,663,619
Deferred income - Government grant	7	225,194	278,753
Long term deposits		469,687	439,697
Employee benefits obligations		859,449	849,515
Deferred taxation		10,999,827	10,613,603
		30,428,204	21,845,187
CURRENT LIABILITIES			
Trade and other payables		14,706,762	13,783,299
Accrued markup		1,596,593	1,739,547
Short term borrowings - secured		13,196,235	25,494,293
Current portion of non-current liabilities		7,167,876	7,588,857
Unclaimed dividend		34,476	34,704
Provision for taxation		35,090	35,090
		36,737,032	48,675,790
Contingencies and Commitments	8	-	-
		133,855,672	134,713,254

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive

As At September 30, 2023

	Note	September 30, 2023 unaudited (Rupees in thousand)	June 30, 2023 audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	81,693,140	82,245,650
Intangible asset		8,361	10,152
Investments		13,999,092	13,366,360
Long term deposits		64,426	64,426
		95,765,019	95,686,588
CURRENT ASSETS			
Stores, spare parts and loose tools		11,391,193	13,852,005
Stock-in-trade		10,372,357	8,873,170
Trade debts		1,303,251	1,193,440
Investments		10,475,767	9,270,898
Loans, advances, deposits, prepayments and other receivables		385,841	926,047
Income tax receivable		3,226,620	4,236,134
Cash and bank balances		935,624	674,972
		38,090,653	39,026,666
		133,855,672	134,713,254



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quarter ended September 30, 2023 (Un-audited)

	Note	July to September	
		2023	2022
		(Rupees in thousand)	
Sales		16,517,097	13,584,833
Cost of sales		(13,303,952)	(11,512,254)
Gross profit		3,213,145	2,072,579
Administrative expenses		(285,199)	(210,797)
Selling and distribution expenses		(509,124)	(332,837)
Other expenses		(75,055)	(15,930)
Other income		826,509	661,381
Finance cost		(2,087,480)	(1,593,083)
Profit before taxation		1,082,796	581,313
Taxation		(422,239)	(192,375)
Profit for the period		660,557	388,938
Earnings per share			
(basic and diluted - in Rupees)		1.51	0.89

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Quarter ended September 30, 2023 (Un-audited)

	July to September	
	2023	2022
	(Rupees in thousand)	
Profit for the period	660,557	388,938
Other comprehensive income/(loss) for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:	-	-
Items that will not be reclassified subsequently to profit or loss:		
Change in fair value of investment at fair value through other comprehensive income (FVOCI)	1,837,602	(546,560)
Other comprehensive profit / (loss) for the period	1,837,602	(546,560)
Total comprehensive profit / (loss) for the period	2,498,159	(157,622)

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Cash Flow Statement

For the Quarter ended September 30, 2023 (Un-audited)

	Note	July to September	
		2023	2022
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	11	5,769,856	3,273,999
Finance cost paid		(2,230,434)	(1,110,156)
Retirement and other benefits paid		(91,311)	(77,068)
Income tax (paid)/refunded		973,499	(329,818)
Net cash inflow/(outflow) from operating activities		4,421,610	1,756,957
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(402,573)	(569,807)
Proceeds from disposal of property, plant and equipment		12,699	6,618
Investments in equity instruments		-	(107,500)
Long term loans, advances and deposits - net		29,990	10,956
Interest received		1,209	586
Dividend received		760,115	508,611
Net cash outflow from investing activities		401,440	(150,536)
Cash flows from financing activities			
Repayment of long term finances		(1,424,297)	(1,049,967)
Proceeds from long term finances		9,160,185	118,876
Dividend paid		(228)	(463)
Net cash (outflow)/inflow from financing activities		7,735,660	(931,554)
Net increase/(decrease) in cash and cash equivalents		12,558,710	674,868
Cash and cash equivalents at the beginning of the period		(24,819,321)	(24,799,703)
Cash and cash equivalents at the end of the period	12	(12,260,611)	(24,124,835)

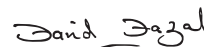
The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Changes In Equity

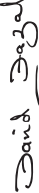
For the Quarter ended September 30, 2023 (Un-audited)

	(Rupees in thousands)					Total
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	Revenue reserve	
Balance as at June 30, 2022 - Audited	4,381,191	4,557,163	14,256,124	353,510	5,071,827	69,918,102
Total comprehensive loss for the period						
- Profit for the period	-	-	-	-	-	388,938
- Other comprehensive income for the period	-	-	(546,560)	-	-	(546,560)
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(546,560)	-	-	(157,622)
Balance as at September 30, 2022 - Unaudited	4,381,191	4,557,163	13,709,564	353,510	5,071,827	69,760,480
Balance as at June 30, 2023 - Audited	4,381,191	4,557,163	12,609,667	353,510	5,071,827	64,192,277
Total comprehensive profit for the period						
- Profit for the period	-	-	-	-	-	660,557
- Other comprehensive profit for the period	-	-	1,837,602	-	-	1,837,602
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	1,837,602	-	-	2,498,159
Balance as at September 30, 2023 - Unaudited	4,381,191	4,557,163	14,447,269	353,510	5,071,827	66,690,436

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

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

For the Quarter ended September 30, 2023

1. Status and nature of business

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

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

2. Basis of preparation

2.1 Statement of compliance

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

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

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

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

These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2022. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

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

3. Significant accounting policies

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

preparation of preceding annual published financial statements of the Company for the year ended June 30, 2023.

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

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

4. Accounting estimates

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

In preparing these unconsolidated condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Company for the year ended June 30, 2023, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

5. Taxation

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

September 30, 2023	June 30, 2023
Un-audited	audited
(Rupees in thousand)	

6. Long term financing - secured

Long term loans	- note 6.1	24,823,431	17,033,983
Current portion shown under current liabilities		(6,949,384)	(7,370,364)
		<u>17,874,047</u>	<u>9,663,619</u>

September 30, 2023 Un-audited	June 30, 2023 audited
(Rupees in thousand)	

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

Opening balance	17,484,316	21,929,962
Disbursements during the period/year	9,160,185	2,038,739
Repayments during the period/year	(1,424,298)	(6,484,385)
	<u>25,220,203</u>	<u>17,484,316</u>
Unamortized liability	(396,772)	(450,333)
Closing balance	<u>24,823,431</u>	<u>17,033,983</u>

- note 6.1.1

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

Opening balance	(450,333)	(664,567)
Discounting adjustment for recognition at fair value - government grant	-	-
Unwinding of discount on liability	53,561	214,234
Closing balance	<u>(396,772)</u>	<u>(450,333)</u>

7. Deferred income - Government grant

This represents deferred grant recognized in respect of the benefit of below-market interest rate on the facilities availed under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company used the prevailing market rate of mark-up at the date of disbursement 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 financial statements of the Company for the year ended June 30, 2023.

8.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 281.630 million (June 30, 2023: Rs 520.310 million).
- (ii) Letters of credit for capital expenditure Rs 73.397 million (June 30, 20223: Rs 93.980 million).
- (iii) Letters of credit other than capital expenditure Rs 2,819.766 million (June 30, 2023: Rs 1,161.854 million).

September 30, 2023	June 30, 2023
Un-audited	audited
(Rupees in thousand)	

9. Property, plant and equipment

Operating fixed assets	- note 9.1	79,159,226	80,039,245
Capital work-in-progress	- note 9.2	2,351,587	2,006,864
Major spare parts and stand-by equipment		182,327	199,541
		81,693,140	82,245,650

9.1 Operating fixed assets

Opening book value		80,039,245	81,934,028
Additions during the period/year	- note 9.1.1	75,064	2,081,492
		80,114,309	84,015,520
Disposals during the period/year - at book value		(7,599)	(39,314)
Depreciation charged for the period/year		(947,484)	(3,936,961)
		(955,083)	(3,976,275)
Closing book value		79,159,226	80,039,245

9.1.1 Additions during the period/year

Freehold land	9,177	152,378
Buildings on freehold land:		
- Factory buildings	-	2,381
- Office building and housing colony	-	58,452
Roads	185	2,630
Plant and machinery	49,691	1,482,230
Quarry equipment	-	5,914
Furniture and fittings	2,638	61,543
Office equipment	1,588	151,616
Vehicles	6,308	160,064
Power and water supply lines	5,477	4,284
	75,064	2,081,492

9.2 Capital work-in-progress

Civil works	871,822	771,299
Plant and machinery	1,274,174	1,097,624
Others	205,591	137,941
	2,351,587	2,006,864

10. Transactions with related parties

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

Relationship with the Company	Nature of transaction	July to September 30,	
		2023 Un-audited	2022 Un-audited
(Rupees in thousand)			
i. Subsidiary entities	Purchase of goods and services	964,096	553,405
	Rental income	242	242
	Sale of goods and services	15,217	23,450
ii. Investor	Sale of goods and services	10,006	3,949
	Purchase of goods and services	2,271	35
iii. Other related entities	Insurance premium	131,244	119,833
	Sale of goods and services	14,631	17,332
	Dividend income	757,757	655,118
	Purchase of goods and services	142,367	33,889
	Insurance claims received	6,627	-
	Rental Income	191	-
	Mark-up income	660	-
	Purchase of shares	-	107,500
iv. Key management personnel	Salaries and other employment benefits	85,126	69,438
v. Post employment benefit plans	Expense charged in respect of defined benefit plan	65,218	56,620
	Expense charged in respect of defined contribution plan	36,027	31,070

	September 30, 2023	June 30, 2023
	Un-audited	audited
	(Rupees in thousand)	

11. Cash generated from operations

Profit before tax	1,082,796	581,313
Adjustments for non-cash charges and other items:		
- Depreciation on operating fixed assets	947,484	975,465
- Amortization of intangible assets	1,791	1,791
- Loss/(gain) on disposal of operating fixed assets	(5,100)	(2,079)
- Dividend income	(760,115)	(655,976)
- Provision for retirement benefits	101,245	87,690
- Mark-up income	(1,209)	(586)
- Exchange loss/(gain)	67,554	24,955
- Finance cost	2,087,480	1,593,083
Profit before working capital changes	3,521,926	2,605,656
Effect on cash flow due to working capital changes:		
- Decrease/(increase) in stores, spare parts and loose tools	2,460,812	760,662
- Decrease/(increase) in stock-in-trade	(1,499,186)	(1,897,014)
- Decrease/(increase) in trade debts	(99,268)	(156,244)
- Decrease in loans, advances, deposits, prepayments and other receivables	540,206	(267,307)
- Increase/(decrease) in trade and other payables	845,366	2,228,246
	2,247,930	668,343
	5,769,856	3,273,999

12. Cash and cash equivalents

Short term borrowings - secured	(13,196,235)	(24,646,774)
Cash and bank balances	935,624	521,939
	(12,260,611)	(24,124,835)

13. Financial risk management

13.1 Financial risk factors

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

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

13.2 Fair value estimation

a) Fair value hierarchy

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

- The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

- The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed above. The following table presents the Company's financial assets measured and recognised at fair value at September 30, 2023 and June 30, 2023 on a recurring basis:

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

As at September 30, 2023

Recurring fair value measurements

Assets

Investments - FVOCI	16,212,051	-	5,842,886	22,054,937
---------------------	------------	---	-----------	------------

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

As at June 30, 2023

Assets

Investments - FVOCI	14,374,450	-	5,842,886	20,217,336
---------------------	------------	---	-----------	------------

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 September 30, 2023.

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

c) Fair value measurements using significant unobservable inputs

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

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

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

- Discount rate of 16.68% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation with a range of 6.50% to 25.60% per annum.

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

- Discount rate of 23.80% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 15% per annum and revenues are linked to currency devaluation at 15% per annum.

Sensitivity analysis

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

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2023 would be Rs 209.375 million and Rs 191.977 million lower for NHPL and HNMPPL respectively.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2023 would be Rs 71.875 million and Rs 77.093 million lower for NHPL and HNMPPL respectively.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2023 would be Rs Rs 21.875 million and Rs 317.710 million higher for NHPL and higher for HNMPPL respectively.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2023 would be Rs 15.625 million and Rs 30.499 million lower for NHPL and lower for HNMPPL respectively.

14. Date of authorization for issue

These unconsolidated condensed interim financial statements were authorized for issue on October 28, 2023 by the Board of Directors of the Company.

15. Corresponding figures

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



Chief Executive



Chief Financial Officer



Director

**INTERIM
CONSOLIDATED
FINANCIAL
STATEMENTS**



Consolidated Condensed Interim Statement of Financial Position

	Note	September 30, 2023 unaudited (Rupees in thousand)	June 30, 2023 audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2023: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2023: 50,000,000) preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up share capital 438,119,118 (2023: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		24,369,166	22,493,832
Un-appropriated profit		38,481,841	37,785,778
Attributable to owners of the parent company		67,232,198	64,660,801
Non-controlling interest		2,541,964	2,482,081
		69,774,162	67,142,882
NON-CURRENT LIABILITIES			
Long term finances - secured	5	17,973,651	9,763,223
Deferred government grant	6	245,399	298,958
Long term deposits		469,686	439,697
Deferred liabilities		859,448	849,514
Deferred taxation		11,685,145	11,306,527
		31,233,329	22,657,919
CURRENT LIABILITIES			
Trade and other payables		14,111,141	14,457,666
Accrued markup		1,720,510	1,857,643
Short term borrowing-secured		15,910,589	27,925,023
Current portion of non-current liabilities		7,416,406	7,897,387
Unclaimed dividend		34,477	34,705
Provision for taxation		301,699	273,046
		39,494,822	52,445,470
Contingencies and Commitments	7	140,502,313	142,246,271

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial information.



Chief Executive

As At September 30, 2023

	Note	September 30, 2023 unaudited	June 30, 2023 audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	84,988,125	85,600,466
Intangible asset		8,361	10,153
Biological assets		1,165,650	1,150,612
Investments		12,175,523	11,474,189
Long term deposits		64,426	64,426
		98,402,085	98,299,846
CURRENT ASSETS			
Stores, spares and loose tools		11,680,210	14,126,139
Stock-in-trade		12,076,908	11,237,446
Trade debts		1,406,228	1,222,551
Investments		10,485,786	9,283,913
Advances, deposits, prepayments and other receivables		1,268,950	1,689,054
Contract assets		61,360	79,530
Income tax recoverable		3,936,458	4,935,294
Cash and bank balances		1,011,690	1,199,860
		41,927,590	43,773,787
Non-current assets classified as held for sale		172,638	172,638
		42,100,228	43,946,425
		140,502,313	142,246,271



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Profit or Loss

For Quarter ended September 30, 2023 (Un-audited)

	July to September	
	2023	2022
	(Rupees in thousand)	
Sales	17,624,124	14,692,711
Cost of sales	(14,235,003)	(12,482,690)
Gross profit	3,389,121	2,210,021
Administrative expenses	(318,580)	(248,097)
Selling and distribution expenses	(510,293)	(333,966)
Other expenses	(81,371)	(63,056)
Changes in fair value of biological assets	115,935	111,142
Other income	866,210	673,142
Finance cost	(2,255,621)	(1,669,153)
Profit before taxation	1,205,401	680,033
Taxation	(480,326)	(216,106)
Profit for the period	725,075	463,927
Attributable to:		
Equity holders of the parent	696,063	419,708
Non-controlling interest	29,012	44,219
	725,075	463,927
Earnings per share (basic and diluted - in Rupees)	1.59	0.96

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Comprehensive Income

For Quarter ended September 30, 2023 (Un-audited)

	July to September	
	2023	2022
	(Rupees in thousand)	
Profit for the period	725,075	463,927
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	1,906,205	(551,953)
Other comprehensive income / (loss) for the period	1,906,205	(551,953)
Total comprehensive income / (loss) for the period	2,631,280	(88,026)
Attributable to:		
Equity holders of parent	2,571,397	(129,818)
Non-controlling interest	59,883	41,792
	2,631,280	(88,026)

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Cash Flow Statement

For Quarter ended September 30, 2023 (Un-audited)

	Note	July to September	
		2023	2022
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	10	5,153,859	2,595,714
Finance cost paid		(2,392,754)	(1,176,244)
Retirement and other benefits paid		(70,080)	(86,944)
Income tax paid		925,781	(354,592)
Net cash inflow from operating activities		3,616,806	977,934
Cash flows from investing activities			
Payments for property, plant and equipment		(404,807)	(644,131)
Long term deposits - net		29,989	10,955
Proceeds from disposal of property, plant and equipment		12,699	6,673
Proceeds from sale of biological assets		98,912	40,494
Investment in equity instruments		3,002	(115,474)
Interest received		1,615	2,521
Dividend received		792,388	514,891
Net cash outflow from investing activities		533,798	(184,071)
Cash flows from financing activities			
Repayment of long term finances		(1,484,297)	(1,128,651)
Repayment of loan to related party		-	(30,000)
Dividend paid		(228)	(463)
Proceeds from long term finances		9,160,185	118,876
Net cash inflow/(outflow) from financing activities		7,675,660	(1,040,238)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		(26,725,163)	(25,735,036)
Cash and cash equivalents at the end of period	11	(14,898,899)	(25,981,411)

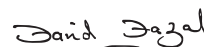
The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Changes In Equity

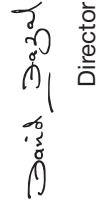
For Quarter ended September 30, 2023 (Un-audited)

	(Rupees in thousands)								
	Capital reserve			Revenue reserve					
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated profits	Total Equity attributable to shareholders of parent Company	Non-controlling interest	Total equity
Balance as at June 30, 2022 - Audited	4,381,191	4,557,163	14,131,957	353,510	5,110,851	41,759,427	70,294,099	2,349,613	72,643,712
Total comprehensive income for the period	-	-	-	-	-	419,708	419,708	44,219	463,927
- Profit for the period	-	-	-	-	-	-	-	-	-
- Other comprehensive income for the period	-	-	(549,526)	-	-	-	(549,526)	(2,427)	(551,953)
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(549,526)	-	-	-	(129,818)	41,792	(88,026)
Balance as at September 30, 2022 - Unaudited	4,381,191	4,557,163	13,582,431	353,510	5,110,851	42,179,135	70,164,281	2,391,405	72,555,686
Balance as at June 30, 2023 - Audited	4,381,191	4,557,163	12,472,308	353,510	5,110,851	37,785,778	64,660,801	2,482,081	67,142,882
Total comprehensive income for the period	-	-	-	-	-	696,063	696,063	29,012	725,075
- Profit for the period	-	-	-	-	-	-	-	-	-
- Other comprehensive income for the period	-	-	1,875,334	-	-	-	1,875,334	30,871	1,906,205
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	1,875,334	-	-	-	696,063	2,571,397	2,631,280
Balance as at September 30, 2023 - Unaudited	4,381,191	4,557,163	14,347,642	353,510	5,110,851	38,481,841	67,232,198	2,541,964	69,774,162

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

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

For Quarter ended September 30, 2023

1. Legal status and nature of business

The group comprises of:

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

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

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

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

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

Effective percentage of holding

- Nishat Paper products Company Limited	55%
- Nishat Dairy (Private) Limited	55.10%

2. Basis of preparation

2.1 Statement of compliance

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

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

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

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

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

These consolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2023. 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, 2022 except for adoption of new and amended standards as set out in note 3.3 and 3.4.

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, 2022, 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, 2023 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, 2023, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 4.1.

4.1 Taxation

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

September 30, 2023	June 30, 2023
Un-audited	audited
(Rupees in thousand)	

5. Long term finances

Long term loans	- note 5.1	25,171,566	17,437,036
Current portion shown under current liabilities		(7,197,915)	(7,673,813)
		17,973,651	9,763,223

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

Opening balance		17,907,641	22,553,671
Disbursements during the period		9,160,185	2,038,739
Repayment during the period		(1,424,298)	(6,684,769)
		25,643,528	17,907,641
Unamortized liability	- note 5.1.1	(471,962)	(470,605)
Closing balance		25,171,566	17,437,036

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

Opening balance		(470,605)	(692,093)
Unwinding of discount on liability		(1,357)	221,488
Closing balance		(471,962)	(470,605)

6. Deferred income - Government grant

This represents deferred grant recognized in respect of the benefit of below-market interest rate on the facilities availed under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Group used the prevailing market rate of mark-up at the date of disbursement for similar instruments to calculate fair values of respective loans.

7. Contingencies and commitments

7.1 Contingencies

There is no significant change in contingencies from the preceding annual financial statements of the Group for the year ended June 30, 2022.

- (i) A guarantee to Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs. 183.368 million (June 30, 2023: Rs 26 million).

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 281.630 million (June 30, 2023: Rs 520.310 million).
- (ii) Letters of credit for capital expenditure Rs 73.397 (June 30, 2023: Rs 93.980 million).
- (iii) Letters of credit other than capital expenditure Rs 2,819.766 million (June 30, 2023: 1,246.104 million).

September 30,	June 30,
2023	2023
Un-audited	audited
(Rupees in thousand)	

8. Property, plant and equipment

Operating Assets	-note 8.1	82,453,899	83,234,634
Capital work-in-progress		2,351,899	2,166,286
Major spare parts and stand-by equipment		182,327	199,546
		84,988,125	85,600,466

	September 30, 2023 Un-audited	June 30, 2023 audited
	(Rupees in thousand)	
8.1 Operating assets		
Opening book value	83,234,634	85,392,522
Add: Additions during the period/ year	236,413	2,236,084
	83,471,047	87,628,606
Less: Disposals during the period/ year - net book value	7,599	42,663
Re-classification to assets held for sale	-	172,638
Depreciation charged during the period/ year	1,009,549	4,178,671
	1,017,148	4,393,972
Closing book value	82,453,899	83,234,634
8.1.1 Major additions during the period		
Free hold land	9,177	201,438
Building on freehold land	1,431	65,003
Office building and housing colony	-	58,452
Roads	185	2,630
Plant and machinery	205,376	1,487,306
Quarry and other equipment	1,745	158,091
Furniture, fixtures and equipment	3,101	62,249
Motor vehicles	9,921	180,038
Power and water supply lines	5,477	20,877
	236,413	2,236,084
8.2 Capital work-in-progress		
Civil works	872,135	776,270
Plant and machinery	1,274,174	1,252,075
Others	205,591	137,941
	2,351,899	2,166,286

9. Transactions with related parties

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

		July to September 30,	
		2023	2022
		Un-audited	Un-audited
		(Rupees in thousand)	
Relationship with the Group	Nature of transaction		
Other related parties	Purchase of goods and services	147,536	46,124
	Insurance premium	135,139	122,668
	Sale of goods	113,015	21,830
	Mark-up income	660	-
	Insurance claims received	6,627	-
	Sale of Assets	-	222,219
	Rental Income	295	-
	Rent paid	191	295
	Purchase of shares	-	107,500
	Dividend income	790,029	661,398
Key Management personnel	Salaries and other employment benefits	85,126	72,735
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	80,014	97,566

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

July to September
2023 **2022**
(Rupees in thousand)

10. Cash flow from operating activities

Profit/(loss) before tax	1,205,401	680,033
Adjustment for :		
- Depreciation on property, plant and equipment	1,009,549	1,035,894
- Amortization of intangible assets	1,792	1,791
- Gain on disposal of operating fixed assets	(5,100)	(2,079)
- Net loss on disposal of biological assets	1,985	23,005
- Gain on changes in fair value biological asset	(115,935)	(111,142)
- (Gain)/loss on changes in fair value of investment through P&L	(4)	11
- Dividend income	(792,388)	(662,256)
- Retirement and other benefits accrued	80,014	97,566
- Markup income	(1,615)	(2,521)
- Exchange (gain) / loss - net	70,681	44,175
- Finance cost	2,255,621	1,669,153
Profit/(loss) before working capital changes	3,710,001	2,773,630
Working capital changes		
- (Increase)/decrease in stores, spares and loose tools	2,445,929	762,284
- (Increase)/decrease in stock-in-trade	(839,462)	(2,161,671)
- (Increase)/decrease in trade debts	(173,134)	(240,748)
- (Increase)/decrease in contract assets	18,170	(74,978)
- Decrease in advances, deposits, prepayments and other receivables	420,104	(952,916)
- Increase/(decrease) in trade and other payables	(427,749)	2,490,113
Net working capital changes	1,443,858	(177,916)
Cash (used in)/ generated from operations	5,153,859	2,595,714
11. Cash and cash equivalents		
Short term borrowings - secured	(15,910,589)	(26,754,532)
Cash and bank balances	1,011,690	773,121
Total cash and cash equivalents	(14,898,899)	(25,981,411)

12. Financial risk management**12.1 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, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

12.2 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, 2023 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Recurring fair value measurements				
As at September 30, 2023				
Assets				
Investments - FVOCI	16,808,404	-	5,842,886	22,651,290
Investments - FVPL	10,019	-	-	10,019
Biological assets			1,165,650	1,165,650
As at June 30, 2023				
Assets				
Investments - FVOCI	14,902,201	-	5,842,886	20,745,087
Investments - FVPL	15	-	-	15
Biological assets			1,150,612	1,150,612

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

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at September 30, 20223.

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 16.68% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation with a range of 6.50% to 25.60% per annum.

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

- Discount rate of 23.80% per annum.
- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 15% per annum and revenues are linked to currency devaluation at 15% per annum.

Sensitivity analysis

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

If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2023 would be Rs 209.375 million and Rs 191.977 million lower for NHPL and HNMPL respectively.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2023 would be Rs 71.875 million and Rs 77.093 million lower for NHPL and HNMPL respectively.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at September 30, 2023 would be Rs Rs 21.875 million and Rs 317.710 million higher for NHPL and higher for HNMPL respectively.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2023 would be Rs 15.625 million and Rs 30.499 million lower for NHPL and lower for HNMPL respectively.

13. 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.

13.1 Segment analysis and reconciliation - condensed

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

July 1st to September 30 - Un-audited

Rupees in thousands	Cement		Paper		Dairy/Farm		Elimination - net		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from										
- External Customers	16,517,097	13,584,602	(153,870)	191,578	1,260,897	916,531	-	-	17,624,124	14,692,711
- Inter-group	-	231	964,096	553,405	-	-	(964,096)	(553,636)	-	-
	16,517,097	13,584,833	810,226	744,983	1,260,897	916,531	(964,096)	(553,636)	17,624,124	14,692,711
Segment gross profit/(loss)	3,213,145	2,072,579	128,335	141,492	111,163	33,952	(63,522)	(38,002)	3,389,121	2,210,021
Segment expenses	(869,378)	(559,564)	(11,254)	(36,291)	(29,854)	(49,264)	242	-	(910,244)	(645,119)
Changes in fair value of										
biological assets	-	-	-	-	115,935	111,142	-	-	115,935	111,142
Other income	826,509	661,381	32,273	6,280	7,670	5,723	(242)	(242)	866,210	673,142
Financial charges	(2,087,480)	(1,593,083)	(164,882)	(74,438)	(3,259)	(1,632)	-	-	(2,255,621)	(1,669,153)
Taxation	(422,239)	(192,375)	9,021	(12,225)	(67,108)	(11,506)	-	-	(480,326)	(216,106)
Profit/(loss) after taxation	660,557	388,938	(6,507)	24,818	134,547	88,415	(63,522)	(38,244)	725,075	463,927
Depreciation	947,484	975,465	15,062	15,305	40,094	38,210	6,909	6,914	1,009,549	1,035,894
Capital expenditure	(402,573)	(569,807)	-	(49,078)	(2,239)	(25,248)	5	2	(404,807)	(644,131)
Net cash (outflow) / inflow										
from operating activities	3,244,166	1,756,957	101,573	(963,401)	(438,721)	86,224	709,788	98,154	3,616,806	977,934
Net cash outflow from										
investing activities	401,440	(150,536)	27,679	(50,773)	96,673	15,301	8,006	1,937	533,798	(184,071)
Rupees in thousands	30-09-2023	30-6-2023	30-09-2023	30-6-2023	30-09-2023	30-6-2023	30-09-2023	30-6-2023	30-09-2023	30-6-2023
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited
Segment assets	133,855,672	134,713,254	5,542,467	5,597,511	4,851,098	5,597,511	(3,746,924)	(3,662,005)	140,502,313	142,246,271
Segment liabilities	67,165,236	70,520,977	3,511,886	3,629,026	1,564,280	1,767,868	(1,513,251)	(814,482)	70,728,151	75,103,389

13.2 Geographical segments

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

14. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on October 28, 2023.

15. 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



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