



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 27, 2022

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

SUB: **SUBMISSION OF QUARTERLY ACCOUNTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2022**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period Ended September 30, 2022 have been transmitted through PUCARS and is also available on Company's website.

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

Yours truly,


**KHALID MAHMOOD 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,

2022

(Un-audited)



**D.G. KHAN CEMENT
COMPANY LIMITED**

TABLE OF CONTENTS

FINANCIAL STATEMENTS

Company Information	02
Directors' Report	03

CONDENSED INTERIM UNCONSOLIDATED

Statement of Financial Position	12
Statement of Profit or Loss - Unaudited	14
Statement of Comprehensive Income - Unaudited	15
Statement of Cash Flows - Unaudited	16
Statement of Changes In Equity - Unaudited	17
Notes to and Forming Part of the Condensed Interim Unconsolidated Financial Information - Unaudited	18

CONDENSED INTERIM CONSOLIDATED

Statement of Financial Position	30
Statement of Profit or Loss - Unaudited	32
Statement of Comprehensive Income - Unaudited	33
Statement of Cash Flows - Unaudited	34
Statement of Changes In Equity - Unaudited	35
Notes to and Forming Part of the Condensed Interim Consolidated Financial Information - Unaudited	36

Company Information

Board of Directors

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

Female Director 01
Male Directors 06

Audit Committee

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

Human Resource & Remuneration Committee

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

Management

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

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

Allied Bank Limited	MCB Islamic Bank Limited
Bank Alfalah Limited	Meezan Bank Limited
Bank Al-Habib Limited	National Bank of Pakistan
Bank Islami Pakistan Limited	Samba Bank Limited
Dubai Islamic Bank	Soneri Bank Limited
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 of China (ICBC)
Askari Bank Limited	

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Legal Advisors

Mr. Shahid Hamid, Bar-at-Law

Important Identification Numbers of Company

CUIN: 0006469
STRN: 0402252300164

NTN: 1213275-6
PSX Symbol: DGKC

Company Products

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

HS Code

Clinker: 2523.1000 Cement: 2523.2900

Applicable Laws & Regulations

Many laws and regulations apply to the Company including:

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

Company Rating

Long Term: AA -
Outlook: Stable
Rating Date: March 04, 2022

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: +92-641-460025-7 Fax: +92-641-462392
Email: dgsite@dgcement.com

12, K.M. Choa Saidan Shah Road, Khairpur, Tehsil Kallar Kahar, Distt. Chakwal-Pakistan.
Phone: +92-543-650215-8 Fax: +92-543-650231

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 Shahrah-e-Aiwan-e-Iqbal, Lahore
Phone: +92 42 3630 2044

For Investors' Information, Comments, Inquiries, Complaints

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

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

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

Directors' Report

The directors of your company are pleased to present you the results of Q1FY23:

	Q1 FY23	Q1 FY22
	Rupees in '000'	
Sales	13,584,833	11,152,534
Cost of sales	(11,512,254)	(9,053,792)
Gross profit	2,072,579	2,098,742
Administrative expenses	(210,797)	(185,470)
Selling and distribution expenses	(332,837)	(317,366)
Other expenses	(15,930)	(225,681)
Other income	661,381	543,221
Finance cost	(1,593,083)	(735,779)
Profit/(loss) before taxation	581,313	1,177,667
Taxation	(192,375)	(269,643)
Profit/(loss) for the period	388,938	908,024

EPS (Rs/share)	0.89	2.07
GP%	15.26%	18.82%
PBT%	4.28%	10.56%
PAT%	2.86%	8.14%

Production and Sales volumetric data is as under:

	Q1 FY23	Q1 FY22
	in MT	
Production:		
Clinker	886,008	1,476,428
Cement	962,158	1,223,231
Sales:		
Total	952,470	1,237,774
Local Cement (excluding own consumption)	906,398	1,180,258
Export Cement	46,072	57,516
Clinker Sale	115,450	211,989

FY23 started off with high inflation numbers, rising energy prices, political turmoil and economic uncertainty. Further, heavy rainfall and monstrous flooding across Pakistan have also painted a very bleak picture of Pakistan for FY23. Major economies have already hinted at recession by the end of this calendar year. This may trigger wave of unemployment, loss of businesses and surging debt, and may bring down weak economies with it. Reserve Banks across the world are taking measures such as rising discount rates to curb high inflation and to avert this imminent crisis. Although Commodity Super Cycle is already at the end of its tail, as evident from gradual decline in oil prices world-wide, but sanctions on major oil producing country, Russia and Iran, is making its future trend unpredictable. These major global factors have already spilled over to Pakistan, pushing Government to take tough and painful policy decisions, further squeezing already weak purchasing power of the people. Coupled with heavy flooding and their economic after-effects, these factors have left no fiscal and external account space for Pakistan to aim for high development expenditure in the coming months. The effect of these economic slow-down and uncertainty are now visible across all industries.

In volume terms, total sales quantity of industry witnessed decline of 3.6 million tons (29%) year on year basis to 9.1 million tons. North zone registered negative growth of 2.3 million tons (24%) against South Zone of 0.8 million tons (30%). Further analysis shows that negative growth was driven by both local sales that declined 2.7 million tons (23.7%) and exports of 1 million tons (67%). Sales utilization of industry declined to 55% against 74% for the corresponding period last year. It was contributed by local sales of 50% against exports sales utilization of 6%.

In line with the industry, sales utilization of your Company declined to 64% (1QFY22: 72%) mainly due to demand-supply gap. Clinker was exported to contribute towards fixed costs earning valuable total foreign exchange of USD 4.9 million (including from export of cement).

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. 'Other expenses' decrease was associated with decline in exchange loss as there has been no major import payment in this quarter. Financial expenses registered increase due to rise in discount rates (from 7% to 15%) including ERF rates as compared to corresponding period last year.

Economic and political situation in the country is facing continuous uncertainty. Tough IMF measures and flood devastation have left no fiscal space for the Government to play with. Growth projections of 5% early in the year have now been reduced to be around 2-3% and it may reduce further keeping in view the global and national challenges ahead. OPEC+ have announced daily cut of 2 million barrels of oil per day from November. This may push oil prices back to upward trajectory. On external front, reserves are low because of unbearable pressure on current account deficit on account of high global fuel prices. Conflict in Eastern Europe and the political economic tensions coming out of it are nowhere near to end. All these factors are putting pressure on PKR/USD parity. Further, Moody's International has recently downgraded Pakistan Credit rating, signaling for non-sustainability in debt repayment abilities of Pakistan. These developments are going to hit Pakistan economy very hard. Unless new deal with IMF is re-negotiated for waivers on fiscal side and favorable debt rescheduling or relief are provided to Pakistan keeping in view scale of flooding and infrastructure requirement, we are going to face a very

challenging year ahead. However, for business point of view, infrastructure building requirements may provide opportunities for cement sector if the Government fairly plans the funds. SBP maintained discount rates to 15% in its latest monetary policy, keeping in view above developments. However, recession and high oil prices may push discount rates upward to slow down growth further to avert crisis.

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	Independent
Mr. Usama Mahmud	Independent
Mr. Mahmood Akhtar	Non-Executive
Mr. Farid Noor Ali Fazal	Executive
Mr. Shahzad Ahmad Malik	Non-Executive

Female Directors:	01
Male Directors:	06

Audit Committee

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

Human Resource & Remuneration Committee

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

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

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

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

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

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

For and on behalf of the Board



Raza Mansha
Chief Executive Officer



Farid Noor Ali Fazal
Director

Lahore
October 25, 2022

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

فرید زور علی فضل

ڈائریکٹر

رضانشا

رضانشا

چیف ایگزیکٹو آفیسر

لاہور

25 اکتوبر 2022ء

مندرجہ ذیل کمپنی کے ڈائریکٹرز ہیں:

محترمہ ناز منشا	(چیئر پرسن) نان ایگزیکٹو
جناب رضامنشا	ایگزیکٹو
جناب خالد نیاز خواجہ	آزاد
جناب اُسامہ محمود	نان ایگزیکٹو
جناب محمود اختر	نان ایگزیکٹو
جناب فرید نو علی فضل	ایگزیکٹو
جناب شہزاد احمد ملک	نان ایگزیکٹو
خاتون ڈائریکٹرز:	01
مرد ڈائریکٹرز:	06

آڈٹ کمیٹی

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

ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی

جناب خالد نیاز خواجہ	چیئر مین
جناب رضامنشا	رکن
جناب شہزاد احمد ملک	رکن

اختتام پذیر مدت کی حیثیت کو متاثر کرنے والے کوئی بعد از پبلنس شیڈ نمایاں واقعات رونمائیں ہوئے ہیں۔

ہمارے پلائس 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 پہچانتی ہے۔

انٹرنیشنل نے حال ہی میں پاکستان کی کریڈٹ ریٹنگ کو کم کر دیا ہے، جو پاکستان کی قرضوں کی ادائیگی کی صلاحیتوں میں عدم پائیداری کا اشارہ ہے۔ یہ پیش رفت پاکستان کی معیشت کو بہت زیادہ متاثر کرنے والی ہے۔ جب تک آئی ایم ایف کے ساتھ فیکل سائینڈ پر معافی کے لیے دوبارہ مذاکرات نہیں کیے جاتے اور سیلاب اور انفراسٹرکچر کی ضرورت کو مد نظر رکھتے ہوئے پاکستان کو قرضوں کی مناسب بحالی یا ریلیف فراہم نہیں کیا جاتا، ہمیں آئندہ ایک بہت ہی مشکل سال کا سامنا کرنا پڑے گا۔ تاہم، کاروباری نقطہ نظر سے، اگر حکومت فنڈز کی منصفانہ منصوبہ بندی کرے تو انفراسٹرکچر کی تعمیری ضروریات سیمنٹ کے شعبے کے لیے مواقع فراہم کر سکتی ہیں۔ اسٹیٹ بینک پاکستان نے، مندرجہ بالا پیش رفت کو مد نظر رکھتے ہوئے، اپنی حالیہ مانیٹری پالیسی میں رعایتی شرحوں کو 15% تک برقرار رکھا۔ تاہم، کساد بازاری اور تیل کی زیادہ قیمتیں ڈسکاؤنٹ کی شرح کو اوپر کی طرف دھکیل سکتی ہیں تاکہ بحران سے نمٹنے کے لیے نموکومزید کم کیا جاسکے۔ بڑھتی ہوئی افراط زر اور تعمیراتی مواد کی قیمتیں ہاؤسنگ لون کی وجہ سے سیمنٹ کی طلب اور سیمنٹ کی ترسیل کے حجم کو بھی متاثر کر سکتی ہیں۔ آئی ایم ایف نے اسٹیٹ بینک پر نئی رعایتی فنانسنگ (بشمول ہاؤسنگ فنانس) کے حوالے سے بھی پابندیاں عائد کر دی ہیں۔ یہ دونوں عوامل کمپنی کے لیے منفی مالی اثرات مرتب کرتے ہیں۔ اسٹیٹ بینک پاکستان نے پلانٹ اور مشینری اور اسپیر پارٹس کی درآمد سے قبل پیشگی منظوری حاصل کرنے پر بھی پابندی عائد کر دی ہے۔ یہ کمپنی کے پلانٹ کے آپریشنز کو متاثر اور آپریشنز میں خلل ڈال سکتا ہے۔

کمپنی کی بنیادی سرگرمی سیمنٹ 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 سکلڑاؤ

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، وقفہ قفا ڈائریکٹرز معاوضہ پالیسی کا جائزہ اور اس کی منظوری دیں گے۔

مالی سال 23 کا آغاز مہنگائی کے بلند اعداد، توانائی کی بڑھتی ہوئی قیمتوں، سیاسی انتشار اور معاشی بے یقینی کے ساتھ ہوا۔ پاکستان بھر میں شدید بارشوں اور خوفناک سیلاب نے بھی مالی سال 23 کے لیے پاکستان کی ایک بہت ہی تاریک تصویر بنائی ہے۔ اہم معیشتیں پہلے ہی اس کیلنڈر سال کے اختتام پر کساد بازاری کا اشارہ دے چکی ہیں۔ اس سے بے روزگاری کی لہر، کاروبار کو نقصان اور قرضوں میں اضافہ کو جنم دے سکتی ہے، اور اس کے ساتھ کمزور معیشتیں نیچے آسکتی ہیں۔ دنیا بھر کے ریزرو بینک مہنگائی کو روکنے اور اس شدید بحران سے بچنے کے لیے ڈسکاؤنٹ شرح کو بڑھانے جیسے اقدامات کر رہے ہیں۔ اگرچہ کموڈٹی سپرائیکل پہلے ہی اختتام کے قریب ہے، جیسا کہ دنیا بھر میں تیل کی قیمتوں میں تدریج کمی سے ظاہر ہے، لیکن تیل پیدا کرنے والے بڑے ملک روس پر پابندیاں اس کے مستقبل کے رجحان کو غیر متوقع بنا رہی ہیں۔ پہلے ہی پاکستان پر پھیلے ہوئے یہ اہم عالمی عوامل، حکومت کو سخت اور تکلیف دہ پالیسی فیصلے لینے پر مجبور کر رہے ہیں، اور عوام کی پہلے ہی سے کمزور قوت خرید کو مزید نچوڑ رہے ہیں۔ بھاری سیلاب اور ان کے معاشی اثرات کے ساتھ مل کر، ان عوامل نے پاکستان کے لیے آئندہ مہینوں میں زیادہ ترقیاتی اخراجات کے لیے مالی اور بیرونی اکاؤنٹ کی گنجائش نہیں چھوڑی ہے۔ اس معاشی سست روی اور غیر یقینی صورتحال کے اثرات اب تمام صنعتوں پر نظر آرہے ہیں۔

حجم کے لحاظ سے، صنعت کی کل فروخت مقدار میں 3.6 ملین ٹن (29 فیصد) سے 9.1 ملین ٹن تک سالانہ بنیاد پر کمی ہوئی ہے۔ جنوبی زون میں 0.8 ملین ٹن (30 فیصد) کے مقابلہ شمالی زون نے 2.3 ملین ٹن (24 فیصد) منفی نمودار کرائی۔ مزید تجزیہ سے ظاہر ہوتا ہے کہ یہ منفی نمودوں مقامی فروخت 2.7 ملین ٹن (23.7 فیصد) اور برآمدات 1 ملین ٹن (67 فیصد) تک کم ہونے کی وجہ سے ہوئی ہے۔ گزشتہ سال کی اسی مدت کے دوران صنعت کی مستعمل فروخت میں 74 فیصد کے مقابلے 55 فیصد تک کمی ہوئی۔ اس میں 6 فیصد کی مستعمل فروخت برآمدات کے مقابلے میں مقامی فروخت نے 50 فیصد کا حصہ شامل کیا۔

فروخت کی قیمت کے لحاظ سے، بنیادی طور پر سیمنٹ کی مقامی مستحکم قیمتوں کی وجہ سے نمودار ج 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 قیمتی زرمبادلہ کے ذخائر کو بھی بچاتے ہوئے، کمپنی کو درآمدی کوسٹ کے بدلے جزوی طور پر متبادل ایندھن اور افغان کوسٹ کی طرف منتقل کر دیا گیا ہے۔ دیگر اخراجات! میں کمی کا تعلق زرمبادلہ کے نقصان میں کمی سے تھا کیونکہ اس سہ ماہی میں کوئی بڑی درآمدی ادائیگی نہیں ہوئی ہے۔ گزشتہ سال کی اسی مدت کے مقابلے میں رعایتی شرحوں میں (7% سے 15% تک) اضافے کی وجہ سے مالی اخراجات میں اضافہ درج کیا گیا۔

ملک میں معاشی اور سیاسی صورتحال مسلسل غیر یقینی کیفیت کا شکار ہے۔ آئی ایم ایف کے سخت اقدامات اور سیلاب کی تباہ کاریوں نے حکومت کے پاس کوئی گنجائش نہیں چھوڑی۔ سال کے شروع میں 5% کی شرح نمو کے اندازے اب کم ہو کر تقریباً 2-3% رہ گئے ہیں اور آنے والے عالمی اور قومی چیلنجوں کو مد نظر رکھتے ہوئے اس میں مزید کمی ہو سکتی ہے۔ اوپیک + نے نومبر سے یومیہ 2 ملین بیرل تیل کی کمی کرنے کا اعلان کیا ہے۔ اس سے تیل کی قیمتیں دوبارہ بڑھ سکتی ہیں۔ بیرونی محاذ پر، ایندھن کی عالمی زیادہ قیمتوں کے باعث کرنٹ اکاؤنٹ خسارے پر ناقابل برداشت دباؤ کی وجہ سے ذخائر کم ہیں۔ مشرقی یورپ میں تنازعات اور اس سے پیدا ہونے والے سیاسی معاشی تناؤ کا جلدی ختم ہونے کے امکان نہیں ہیں۔ یہ تمام عوامل پاکستانی روپیہ/ امریکی ڈالر کی برابری پر دباؤ ڈال رہے ہیں۔ موڈیز

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو مالی سال 22 کی پہلی سہ ماہی کے نتائج پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

پہلی سہ ماہی مالی سال 2022	پہلی سہ ماہی مالی سال 2023	
روپے ہزاروں میں		
11,152,534	13,584,833	فروخت
(9,053,792)	(11,512,254)	قیمت فروخت
2,098,742	2,072,579	مجموعی منافع
(185,470)	(210,797)	انتظامی اخراجات
(317,366)	(332,837)	فروخت اور تقسیم کے اخراجات
(225,681)	(15,930)	دیگر معاملاتی اخراجات
543,221	661,381	دیگر آمدنی
(735,779)	(1,593,083)	مالی لاگت
1,177,667	581,313	ٹیکسیشن سے پہلے (نقصان) / فائدہ
(269,643)	(192,375)	ٹیکسیشن
908,024	388,938	موجودہ مدت کے لئے (نقصان) / فائدہ
2.07	0.89	EPS (روپے فی شیئر)
18.82%	15.26%	GP %
10.56%	4.28%	PBT %
8.14%	2.86%	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 2022	پہلی سہ ماہی مالی سال 2023	
اعداد و شمار میٹرک ٹن میں		پیداوار
1,476,428	886,008	کلنکر کی پیداوار
1,223,231	962,158	سیمنٹ کی پیداوار
		فروخت
1,237,774	952,470	سیمنٹ کی کل فروخت
1,180,258	906,398	سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)
57,516	46,072	سیمنٹ کی برآمد فروخت
211,989	115,450	کلنکر کی فروخت

Unconsolidated Condensed Interim Statement of Financial Position

	Note	September 30, 2022 unaudited (Rupees in thousand)	June 30, 2022 audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (2022: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2022: 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 (2022: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Other reserves		23,692,067	24,238,624
Revenue reserve: Un-appropriated profits		41,687,222	41,298,287
		69,760,480	69,918,102
NON-CURRENT LIABILITIES			
Long term finances - secured	6	13,447,457	14,168,229
Deferred income - Government grant	7	385,069	450,684
Long term deposits		292,133	281,177
Employee benefits obligations		723,262	712,640
Deferred taxation		4,955,187	4,942,150
		19,803,108	20,554,880
CURRENT LIABILITIES			
Trade and other payables		14,844,910	12,591,709
Accrued markup		1,366,156	883,229
Short term borrowings - secured		24,646,774	25,210,506
Current portion of non-current liabilities		7,189,282	7,333,985
Unclaimed dividend		34,049	34,512
Provision for taxation		35,090	35,090
		48,116,261	46,089,031
Contingencies and Commitments	8	-	-
		137,679,849	136,562,013

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



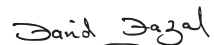
Chief Executive

As At September 30, 2022

	Note	September 30, 2022 unaudited	June 30, 2022 audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	82,393,663	82,803,860
Intangible asset		15,528	17,319
Investments	10	12,856,327	12,866,145
Long term deposits		61,526	61,526
		95,327,044	95,748,850
CURRENT ASSETS			
Stores, spare parts and loose tools		16,053,221	16,813,883
Stock-in-trade		7,878,530	5,981,515
Trade debts		1,624,106	1,467,862
Investments		9,680,543	9,962,421
Loans, advances, deposits, prepayments and other receivables		1,697,920	1,430,613
Income tax receivable		4,896,546	4,746,066
Cash and bank balances		521,939	410,803
		42,352,805	40,813,163
		137,679,849	136,562,013



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quarter ended September 30, 2022 (Un-audited)

	Note	July to September	
		2022	2021
		(Rupees in thousand)	
Sales		13,584,833	11,152,534
Cost of sales		(11,512,254)	(9,053,792)
Gross profit		2,072,579	2,098,742
Administrative expenses		(210,797)	(185,470)
Selling and distribution expenses		(332,837)	(317,366)
Other expenses		(15,930)	(225,681)
Other income		661,381	543,221
Finance cost		(1,593,083)	(735,779)
Profit before taxation		581,313	1,177,667
Taxation		(192,375)	(269,643)
Profit for the period		388,938	908,024
Earnings per share			
(basic and diluted - in Rupees)		0.89	2.07

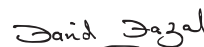
The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Comprehensive Income


For the Quarter ended September 30, 2022 (Un-audited)

	July to September	
	2022	2021
	(Rupees in thousand)	
Profit for the period	388,938	908,024
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)	(546,560)	(1,198,016)
Other comprehensive loss for the period	(546,560)	(1,198,016)
Total comprehensive loss for the period	(157,622)	(289,992)

The annexed notes 1 to 16 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, 2022 (Un-audited)

	Note	July to September	
		2022	2021
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	12	3,273,999	(2,158,052)
Finance cost paid		(1,110,156)	(596,477)
Retirement and other benefits paid		(77,068)	(77,322)
Income tax paid		(329,818)	(382,647)
Net cash inflow/(outflow) from operating activities		1,756,957	(3,214,498)
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(569,807)	(816,779)
Proceeds from disposal of property, plant and equipment		6,618	-
Investments in equity instruments		(107,500)	-
Long term loans, advances and deposits - net		10,956	(5,720)
Interest received		586	16,251
Dividend received		508,611	512,244
Net cash outflow from investing activities		(150,536)	(294,004)
Cash flows from financing activities			
Repayment of long term finances		(1,049,967)	(1,420,763)
Proceeds from long term finances		118,876	1,500,000
Dividend paid		(463)	(253)
Net cash (outflow)/inflow from financing activities		(931,554)	78,984
Net increase/(decrease) in cash and cash equivalents		674,868	(3,429,518)
Cash and cash equivalents at the beginning of the period		(24,799,703)	(17,555,677)
Cash and cash equivalents at the end of the period	13	(24,124,835)	(20,985,195)

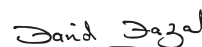
The annexed notes 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Changes In Equity

For the Quarter ended September 30, 2022 (Un-audited)

	(Rupees in thousands)					Total
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	Revenue reserve	
Balance as at June 30, 2021 - Audited	4,381,191	4,557,163	20,297,619	353,510	5,071,827	38,816,563
Total comprehensive loss for the period						
- Profit for the period	-	-	-	-	-	908,024
- Other comprehensive loss for the period	-	-	(1,198,016)	-	-	(1,198,016)
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(1,198,016)	-	-	(289,992)
Balance as at September 30, 2021 - Unaudited	4,381,191	4,557,163	19,099,603	353,510	5,071,827	39,724,587
Balance as at June 30, 2022 - Audited	4,381,191	4,557,163	14,256,124	353,510	5,071,827	41,298,287
Total comprehensive loss for the period						
- Profit for the period	-	-	-	-	-	388,938
- Other comprehensive loss 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	41,687,225
						69,760,480

The annexed notes 1 to 16 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, 2022

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, 2022.

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

6. Long term financing - secured

Long term loans	- note 6.1	20,399,919	21,265,395
Current portion shown under current liabilities		(6,952,462)	(7,097,166)
		13,447,457	14,168,229

September 30,	June 30,
2022	2022
Un-audited	audited
(Rupees in thousand)	

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

Opening balance	21,929,962	26,357,794
Disbursements during the period/year	118,876	1,630,445
Repayments during the period/year	(1,049,967)	(6,058,277)
	<u>20,998,871</u>	<u>21,929,962</u>
Unamortized liability	(598,952)	(664,567)
Closing balance	<u>20,399,919</u>	<u>21,265,395</u>

- note 6.1.1

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

Opening balance	(664,567)	(927,027)
Unwinding of discount on liability	65,615	262,460
Closing balance	<u>(598,952)</u>	<u>(664,567)</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, 2022.

8.2 Commitments in respect of:

- (i) Contracts for capital expenditure Rs 381.590 million (June 30, 2022: Rs 164.581 million).
- (ii) Letters of credit for capital expenditure Rs 980.787 million (June 30, 2022: Rs 1,254.466 million)

- (iii) Letters of credit other than capital expenditure Rs 1,128.943 million (June 30, 2022: Rs 3,037.820 million)

September 30,	June 30,
2022	2022
Un-audited	audited
(Rupees in thousand)	

9. Property, plant and equipment

Operating fixed assets	- note 9.1	81,061,653	81,934,028
Capital work-in-progress	- note 9.2	1,098,279	724,168
Major spare parts and stand-by equipment		233,731	145,664
		82,393,663	82,803,860

9.1 Operating fixed assets

Opening book value		81,934,028	77,140,261
Additions during the period/year	- note 9.1.1	107,629	8,728,068
		82,041,657	85,868,329
Disposals during the period/year - at book value		(4,539)	(25,193)
Depreciation charged for the period/year		(975,465)	(3,909,108)
		(980,004)	(3,934,301)
Closing book value		81,061,653	81,934,028

9.1.1 Additions during the period/year

Freehold land	2,500	18,858
Buildings on freehold land:		
- Factory buildings	-	1,151,266
- Office building and housing colony	-	381,253
Roads	-	127,238
Plant and machinery	76,718	6,761,000
Quarry equipment	1,212	2,282
Furniture and fittings	4,437	20,451
Office equipment	11,975	38,182
Vehicles	10,787	158,227
Power and water supply lines	-	69,311
	107,629	8,728,068

September 30, 2022	June 30, 2022
Un-audited	audited
(Rupees in thousand)	

9.2 Capital work-in-progress

Civil works	344,685	327,811
Plant and machinery	677,500	330,995
Advances to suppliers and contractors	43,175	51,929
Others	32,919	13,433
	1,098,279	724,168

10. Investments

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

September 30, 2022	June 30, 2022
Un-audited	audited
(Rupees in thousand)	
Carrying value of investments at the beginning of the period/year	5,700,229
Investments made during the period/year	-
Fair value gain recognized in other comprehensive income	(1,393,757)
Carrying value at the end of the period/year	4,306,472

10.2 Pursuant to the Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst Nishat (Chunian) Limited and its members and Nishat Chunian Properties (Private) Limited and its members duly sanctioned by Honorable Lahore High Court, Lahore on 29 June 2022, the Company on, 18 August 2022, has received 5,683,067 ordinary shares of Nishat Chunian Power Limited as one of the principal objects of the Scheme was to make Nishat (Chunian) Limited and Nishat Chunian Power Limited totally independent of each other by the transfer amongst the members of Nishat (Chunian) Limited of 187,585,820 ordinary shares of Nishat Chunian Power Limited owned by Nishat (Chunian) Limited. Hence, the Company has also become a shareholder of Nishat Chunian Power Limited with effect from 18 August 2022.

11. 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,	
		2022	2021
		Un-audited	Un-audited
		(Rupees in thousand)	
i. Subsidiary entities	Purchase of goods and services	553,405	473,267
	Rental income	242	242
	Sale of goods and services	23,450	18,435
ii. Investor	Sale of goods and services	3,949	33,541
	Purchase of goods and services	35	-
iii. Other related entities	Insurance premium	119,833	140,747
	Sale of goods and services	17,332	16,239
	Dividend income	655,118	511,386
	Purchase of goods and services	33,889	23,645
	Insurance claims received	-	149
	Mark-up income	-	16,409
	Purchase of shares	107,500	-
iv. Key management personnel	Salaries and other employment benefits	69,438	62,571
v. Post employment benefit plans	Expense charged in respect of defined benefit plan	56,620	52,935
	Expense charged in respect of defined contribution plan	31,070	28,722

	September 30,	June 30,
	2022	2022
	Un-audited	audited
	(Rupees in thousand)	

12. Cash generated from operations

Profit before tax	581,313	1,177,667
Adjustments for non-cash charges and other items:		
- Depreciation on operating fixed assets	975,465	925,251
- Amortization of intangible assets	1,791	-
- Loss/(gain) on disposal of operating fixed assets	(2,079)	-
- Dividend income	(655,976)	(512,244)
- Provision for retirement benefits	87,690	81,657
- Mark-up income	(586)	(16,409)
- Exchange loss	24,955	136,900
- Finance cost	1,593,083	735,779
Profit before working capital changes	2,605,656	2,528,601
Effect on cash flow due to working capital changes:		
- Decrease in stores, spare parts and loose tools	760,662	1,576,928
- Increase in stock-in-trade	(1,897,014)	(1,209,777)
- Increase in trade debts	(156,244)	(532,190)
- Decrease/(increase) in loans, advances, deposits, prepayments and other receivables	(267,307)	119,194
- Increase/(decrease) in trade and other payables	2,228,246	(4,640,808)
	668,343	(4,686,653)
	3,273,999	(2,158,052)

13. Cash and cash equivalents

Short term borrowings - secured	(24,646,774)	(21,278,613)
Cash and bank balances	521,939	293,418
	(24,124,835)	(20,985,195)

14. Financial risk management

14.1 Financial risk factors

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

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2022.

14.2 Fair value estimation

a) Fair value hierarchy

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

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

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

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(Rupees in thousand)			

As at September 30, 2022

Recurring fair value measurements

Assets

Investments - FVOCI	15,540,047	-	4,576,899	20,116,946
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	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(Rupees in thousand)			

As at June 30, 2022

Assets

Investments - FVOCI	16,102,172	-	4,306,472	20,408,644
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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, 2022.

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

c) Fair value measurements using significant unobservable inputs

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

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

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

- Discount rate of 14.14% per annum.
- Long term growth rate of 4% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation at 7.00% per annum.

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

- Discount rate of 20.94% per annum.
- Long term growth rate of 4% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 10% per annum and revenues are linked to currency devaluation at 10% 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, 2022 would be Rs 276.884 million and Rs 117.421 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, 2022 would be Rs 124.648 million and Rs 50.544 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, 2022 would be Rs 0.805 million and Rs 777.177 million lower for NHPL and higher for HNMPL respectively.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at September 30, 2022 would be Rs 1.610 million and Rs 34.219 million higher for NHPL and lower for HNMPL respectively.

15. Date of authorization for issue

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

16. Corresponding figures

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



Chief Executive



Chief Financial Officer



Director



INTERIM CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Condensed Interim Statement of Financial Position

	Note	September 30, 2022 unaudited (Rupees in thousand)	June 30, 2022 audited
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (June 30, 2022: 950,000,000) ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (June 30, 2022: 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 (2022: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Reserves		23,603,955	24,153,481
Un-appropriated profit		42,179,135	41,759,427
Attributable to owners of the parent company		70,164,281	70,294,099
Non-controlling interest		2,391,405	2,349,613
		72,555,686	72,643,712
NON-CURRENT LIABILITIES			
Long term finances - secured	5	13,785,641	14,566,482
Deferred government grant	6	410,355	475,970
Long term deposits		292,132	281,177
Deferred liabilities		723,261	712,639
Deferred taxation		5,559,826	5,540,533
		20,771,215	21,576,801
CURRENT LIABILITIES			
Trade and other payables		15,054,168	12,519,880
Accrued markup		1,421,735	928,826
Short term borrowing-secured		26,754,532	26,170,194
Loan from related party - unsecured		64,000	94,000
Current portion of non-current liabilities		7,373,423	7,536,742
Unclaimed dividend		34,049	34,512
Provision for taxation		83,384	86,187
		50,785,291	47,370,341
Contingencies and Commitments	7	144,112,192	141,590,854

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



Chief Executive

As At September 30, 2022

	Note	September 30, 2022 unaudited	June 30, 2022 audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	85,917,697	86,314,054
Intangible asset		15,528	17,319
Biological assets		1,012,638	964,995
Investments	9	10,628,862	10,636,098
Long term loans to employees		-	1,192
Long term deposits		61,526	61,526
		97,636,251	97,995,184
CURRENT ASSETS			
Stores, spares and loose tools		16,304,115	17,066,399
Stock-in-trade		9,430,215	7,268,544
Trade debts		1,832,264	1,591,516
Investments	9	9,680,551	9,962,440
Advances, deposits, prepayments and other receivables		2,785,007	1,830,899
Contract assets		103,479	28,501
Income tax recoverable		5,567,189	5,412,213
Cash and bank balances		773,121	435,158
		46,475,941	43,595,670
		144,112,192	141,590,854



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Profit or Loss

For Quarter ended September 30, 2022 (Un-audited)

	July to September	
	2022	2021
	(Rupees in thousand)	
Sales	14,692,711	11,993,891
Cost of sales	(12,482,690)	(9,602,055)
Gross profit	2,210,021	2,391,836
Administrative expenses	(248,097)	(217,938)
Selling and distribution expenses	(333,966)	(318,359)
Other expenses	(63,056)	(271,812)
Changes in fair value of biological assets	111,142	98,646
Other income	673,142	557,238
Finance cost	(1,669,153)	(782,587)
Profit before taxation	680,033	1,457,024
Taxation	(216,106)	(325,894)
Profit for the period	463,927	1,131,130
Attributable to:		
Equity holders of the parent	419,708	1,022,509
Non-controlling interest	44,219	108,621
	463,927	1,131,130
Earnings per share		
(basic and diluted - in Rupees)	0.96	2.33

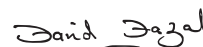
The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Comprehensive Income


For Quarter ended September 30, 2022 (Un-audited)

	July to September	
	2022	2021
	(Rupees in thousand)	
Profit for the period	463,927	1,131,130
Other comprehensive 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	(551,953)	(1,208,756)
Other comprehensive loss for the period	(551,953)	(1,208,756)
Total comprehensive loss for the period	(88,026)	(77,626)
Attributable to:		
Equity holders of parent	(129,818)	(181,414)
Non-controlling interest	41,792	103,788
	(88,026)	(77,626)

The annexed notes 1 to 16 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, 2022 (Un-audited)

	Note	July to September	
		2022	2021
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	11	2,595,714	(1,936,943)
Finance cost paid		(1,176,244)	(641,626)
Retirement and other benefits paid		(86,944)	(81,434)
Income tax paid		(354,592)	(435,825)
Long term deposits - net		10,955	(5,721)
Net cash inflow from operating activities		988,889	(3,101,549)
Cash flows from investing activities			
Payments for property, plant and equipment		(644,131)	(837,710)
Proceeds from disposal of property, plant and equipment		6,673	843
Proceeds from sale of biological assets		40,494	26,145
Investment in equity instruments		(115,474)	(20,620)
Interest received		2,521	18,722
Dividend received		514,891	518,411
Net cash outflow from investing activities		(195,026)	(294,209)
Cash flows from financing activities			
Repayment of long term finances		(1,128,651)	(1,491,968)
Repayment of loan to related party		(30,000)	(30,000)
Dividend paid		(463)	(253)
Proceeds from long term finances		118,876	1,500,000
Net cash outflow from financing activities		(1,040,238)	(22,221)
Net decrease in cash and cash equivalents		(246,375)	(3,417,979)
Cash and cash equivalents at the beginning of the year		(25,735,036)	(19,041,000)
Cash and cash equivalents at the end of period	12	(25,981,411)	(22,458,979)

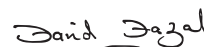
The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Changes In Equity

For Quarter ended September 30, 2022 (Un-audited)

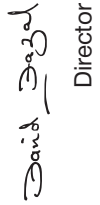
(Rupees in thousands)

	Capital reserve				Revenue reserve			Total Equity attributable to shareholders of parent Company	Non-controlling interest	Total equity
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve	Un-appropriated profits	Total			
Balance as at June 30, 2021 - Audited	4,381,191	4,557,163	20,201,824	353,510	5,110,851	39,089,297	73,693,836	2,182,351	75,876,187	
Total comprehensive income for the period										
- Profit for the period	-	-	-	-	-	1,022,509	1,022,509	108,621	1,131,130	
- Other comprehensive loss for the period	-	-	(1,203,923)	-	-	-	(1,203,923)	(4,833)	(1,208,756)	
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(1,203,923)	-	-	1,022,509	(181,414)	103,788	(77,626)	
Balance as at September 30, 2022 - Unaudited	4,381,191	4,557,163	18,997,901	353,510	5,110,851	40,111,806	73,512,422	2,286,139	75,798,561	
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										
- Profit for the period	-	-	-	-	-	419,708	419,708	44,219	463,927	
- Other comprehensive loss 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)	-	-	419,708	(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	

The annexed notes 1 to 16 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, 2022

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

4.1 Taxation

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

September 30,	June 30,
2022	2022
Un-audited	audited
(Rupees in thousand)	

5. Long term finances

Long term loans	- note 5.1	20,917,452	21,861,578
Current portion shown under current liabilities		(7,131,811)	(7,295,096)
		13,785,641	14,566,482

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

Opening balance		22,553,671	27,098,736
Disbursements during the period		118,876	1,735,445
Repayment during the period		(1,129,265)	(6,280,510)
		21,543,282	22,553,671
Unamortized liability	- note 5.1.1	(625,830)	(692,093)
Closing balance		20,917,452	21,861,578

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

Opening balance		(692,093)	(928,300)
Discounting adjustment for recognition at fair value - government grant		-	(33,194)
Unwinding of discount on liability		66,263	269,401
Closing balance		(625,830)	(692,093)

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 except for:

- (i) A guarantee to Director Excise and Taxation Karachi on account of infrastructure development cess amounting to Rs. 114.64 million (June 30, 2022: Rs 22 million).

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 381.59 million (June 30, 2022: Rs 191.251 million).
- (ii) Letters of credit for capital expenditure Rs 980.787 (June 30, 2022: Rs 1,254.466 million).
- (iii) Letters of credit other than capital expenditure Rs 1,128.94 million (June 30, 2022: 3,037.820 million).

September 30,	June 30,
2022	2022
Un-audited	audited
(Rupees in thousand)	

8. Property, plant and equipment

Operating Assets	-note 8.1	84,520,934	85,392,522
Capital work-in-progress	-note 8.2	1,163,032	775,868
Major spare parts and stand-by equipment		233,731	145,664
		85,917,697	86,314,054

	September 30, 2022	June 30, 2022
	Un-audited	audited
	(Rupees in thousand)	
8.1 Operating assets		
Opening book value	85,392,522	80,610,944
Add: Additions during the period/ year	168,900	8,963,583
	85,561,422	89,574,527
Less: Disposals during the period/ year - net book value	4,594	25,999
Depreciation charged during the period/ year	1,035,894	4,156,006
	1,040,488	4,182,005
Closing book value	84,520,934	85,392,522
8.1.1 Major additions during the period		
Free hold land	2,500	18,858
Building on freehold land	53,645	1,254,722
Office building and housing colony	-	381,253
Roads	-	127,238
Plant and machinery	76,718	6,827,914
Quarry equipment	1,212	2,566
Furniture, fixtures and equipment	20,813	62,652
Motor vehicles	14,012	219,069
Power and water supply lines	-	69,311
	168,900	8,963,583
8.2 Capital work-in-progress		
Civil works	360,361	367,636
Plant and machinery	677,500	330,636
Advances to suppliers and contractors	43,175	64,163
Others	81,996	13,433
	1,163,032	775,868
9. Investments		
9.1	This includes Level 3 investments in Nishat Hotels and Properties Limited and Hyundai Nishat Motor (Private) Limited that are related parties. The reconciliation of carrying amount of these investments is as follows:	

	September 30, 2022	June 30, 2022
	Un-audited	audited
	(Rupees in thousand)	
Carrying value of investments at the beginning of the period/year	4,306,472	5,700,229
Investments made during the period/year	107,500	-
Fair value gain recognized in other comprehensive income	162,927	(1,393,757)
Carrying value at the end of the period/year	4,576,899	4,306,472

9.2 Pursuant to the Scheme of Compromises, Arrangement and Reconstruction (Under Sections 279 to 283 and 285 of the Companies Act, 2017) amongst Nishat (Chunian) Limited and its members and Nishat Chunian Properties (Private) Limited and its members duly sanctioned by Honorable Lahore High Court, Lahore on 29 June 2022, Group has received 5,683,067 ordinary shares of Nishat Chunian Power Limited as one of the principal objects of the Scheme was to make Nishat (Chunian) Limited and Nishat Chunian Power Limited totally independent of each other by the transfer amongst the members of Nishat (Chunian) Limited of 187,585,820 ordinary shares of Nishat Chunian Power Limited owned by Nishat (Chunian) Limited. Hence, the Group has also become a shareholder of Nishat Chunian Power Limited with effect from 18th August 2022.

10. 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, 2022	2021
		Un-audited	Un-audited
		(Rupees in thousand)	
Relationship with the Group	Nature of transaction		
Other related parties	Purchase of goods and services	46,124	53,466
	Insurance premium	122,668	142,081
	Sale of goods	21,830	92,614
	Mark-up income	-	16,409
	Insurance claims received	-	149
	Sale of Assets	222,219	-
	Rent paid	295	-
	Purchase of shares	107,500	-
	Dividend income	661,398	517,552
Key Management personnel	Salaries and other employment benefits	72,735	65,868
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	97,566	89,731

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

July to September
2022 **2021**
(Rupees in thousand)

11. Cash flow from operating activities

Profit before tax	680,033	1,457,024
Adjustment for:		
- Depreciation on property, plant and equipment	1,035,894	984,123
- Amortization of intangible assets	1,791	-
- Gain on disposal of operating fixed assets	(2,079)	(218)
- Net loss on disposal of biological assets	23,005	26,229
- Gain on changes in fair value biological asset	(111,142)	(98,646)
- Loss on changes in fair value of investment through P&L	11	3
- Dividend income	(662,256)	(518,411)
- Retirement and other benefits accrued	97,566	89,731
- Markup income	(2,521)	(18,880)
- Exchange loss - net	44,175	141,691
- Finance cost	1,669,153	782,587
Profit before working capital changes	2,773,630	2,845,233
Working capital changes		
- Decrease in stores, spares and loose tools	762,284	1,571,228
- Increase in stock-in-trade	(2,161,671)	(1,185,244)
- Increase in trade debts	(240,748)	(201,375)
- Increase in contract assets	(74,978)	(32,297)
- (Increase)/decrease in advances, deposits, prepayments and other receivables	(952,916)	109,914
- Increase/(decrease) in trade and other payables	2,490,113	(5,044,402)
Net working capital changes	(177,916)	(4,782,176)
Cash (used in)/ generated from operations	2,595,714	(1,936,943)

12. Cash and cash equivalents

Short term borrowings - secured	(26,754,532)	(22,770,786)
Cash and bank balances	773,121	311,807
Total cash and cash equivalents	(25,981,411)	(22,458,979)

13. Financial risk management**13.1 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, 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2022.

13.2 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, 2022 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Recurring fair value measurements				
As at September 30, 2022				
Assets				
Investments - FVOCI	15,732,506	-	4,576,899	20,309,405
Investments - FVPL	8	-	-	8
Biological assets			1,012,638	1,012,638
As at June 30, 2022				
Assets				
Investments - FVOCI	16,292,047	-	4,306,472	20,598,519
Investments - FVPL	19	-	-	19
Biological assets			964,995	964,995

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, 2022.

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

c) Fair value measurements using significant unobservable inputs

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

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

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

- Discount rate of 14.14% per annum.
- Long term growth rate of 4% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation at 7.00% per annum.

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

- Discount rate of 20.94% per annum.
- Long term growth rate of 4% per annum for computation of terminal value.
- Annual growth in costs are linked to inflation and currency devaluation at 10% per annum and revenues are linked to currency devaluation at 10% 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, 2022 would be Rs 276.884 million and Rs 117.421 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, 2022 would be Rs 124.648 million and Rs 50.544 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, 2022 would be Rs 0.805 million lower and Rs 777.177 million higher for NHPL and HNMPL respectively.

If interest rate increases by 1% with all other variables held constant, the impact on fair value as at June 30, 2022 would be Rs 1.610 million higher and Rs 34.219 million lower for NHPL and HNMPL respectively.

14. 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.

14.1 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from										
- External Customers	13,584,602	11,152,258	191,578	276,402	916,531	565,231	-	-	14,692,711	11,993,891
- Inter-group	231	276	553,405	473,267	-	-	(553,636)	(473,543)	-	-
	13,584,833	11,152,534	744,983	749,669	916,531	565,231	(553,636)	(473,543)	14,692,711	11,993,891
Segment gross profit/(loss)	2,072,579	2,098,742	141,492	237,771	33,952	13,048	(38,002)	42,275	2,210,021	2,391,836
Segment expenses	(559,564)	(728,517)	(36,291)	(31,396)	(49,264)	(48,187)	-	(9)	(645,119)	(808,109)
Changes in fair value of										
biological assets	-	-	-	-	111,142	98,646	-	-	111,142	98,646
Other income	661,381	543,221	6,280	9,486	5,723	4,772	(242)	(241)	673,142	557,238
Financial charges	(1,593,083)	(735,779)	(74,438)	(46,440)	(1,632)	(368)	-	-	(1,669,153)	(782,587)
Taxation	(192,375)	(269,643)	(12,225)	(49,132)	(11,506)	(7,119)	-	-	(216,106)	(325,894)
Profit/(loss) after taxation	388,938	908,024	24,818	120,289	88,415	60,792	(38,244)	42,025	463,927	1,131,130
Depreciation	975,465	925,251	15,305	15,478	38,210	36,479	6,914	6,915	1,035,894	984,123
Capital expenditure	(569,807)	(816,779)	(49,078)	-	(25,248)	(20,930)	2	(1)	(644,131)	(837,710)
Net cash (outflow) / inflow										
from operating activities	1,756,957	(3,214,498)	(963,401)	238,597	86,224	(75,066)	109,109	(50,582)	988,889	(3,101,549)
Net cash outflow from										
investing activities	(150,536)	(294,006)	(50,773)	(11,983)	15,301	6,058	(9,018)	5,722	(195,026)	(294,209)
Rupees in thousands	30-09-2022	30-6-2022	30-09-2022	30-6-2022	30-09-2022	30-6-2022	30-09-2022	30-6-2022	30-09-2022	30-6-2022
	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited	unaudited	audited
Segment assets	137,679,849	136,562,013	5,964,092	4,430,998	3,953,318	4,430,998	(3,485,067)	(3,833,155)	144,112,192	141,590,854
Segment liabilities	67,919,369	66,643,911	3,728,530	2,214,861	1,204,116	1,088,791	(1,295,509)	(1,000,421)	71,556,506	68,947,142

14.2 Geographical segments

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

15. Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Group on October 25, 2022.

16. 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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