

Half Yearly Report, December 31,

2022

(Un-audited)



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

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

Company Products

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

HS Code

Clinker: 2523.1000 Cement: 2523.2900

Applicable Laws & Regulations

Many laws and regulations apply to the Company including:

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

Company Rating

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

Short Term: A1+
Rating Agency: PACRA

Registered Office

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Share Registrar: THK Associates (Pvt) Ltd

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Phone: +92 42 3630 2044

For Investors' Information, Comments, Inquiries, Complaints

Mr. Farid Fazal (Director Marketing)
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(Marketing related queries)

Mr. Inayat Ullah Niazi (Chief Financial Officer)
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Mr. Khalid Mehmood 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 HY23:

	HY2023	HY2022
	Rupees in '000'	
Sales	29,761,039	27,434,482
Cost of sales	(25,504,030)	(22,576,459)
Gross profit	4,257,009	4,858,023
Administrative expenses	(425,590)	(368,391)
Selling and distribution expenses	(508,843)	(1,011,242)
Net impairment losses on financial assets	(36,464)	(38,764)
Other expenses	(85,014)	(333,413)
Other income	1,392,412	1,292,402
Finance cost	(3,203,476)	(1,537,950)
Profit/(loss) before taxation	1,390,034	2,860,665
Taxation	(458,378)	(683,588)
Profit/(loss) for the period	931,656	2,177,077

EPS (Rs/share)	2.13	4.96
GP%	14.30%	17.71%
PBT%	4.67%	10.43%
PAT%	3.13%	7.94%

Production and Sales volumetric data is as under:

	HY2023	HY2022
	in MT	
Production:		
Clinker	1,976,634	3,356,283
Cement	2,203,587	2,751,340
Sales:		
Total	2,163,866	2,709,973
Local Cement (excluding own consumption)	2,117,728	2,534,154
Export Cement	46,138	175,819
Clinker Sale	116,850	754,905

FY23 headlined with worst political-economic crisis country has seen in decades. New Government had to face the challenge of falling forex reserves and rising fuel prices. Under intense pressure with fear of political consequences, the Government resumed IMF program in August. The review came with it stringent policy decisions mainly rising fuel and electricity prices, currency devaluation, high taxation measures and discount rate hikes. This brought storm of inflation that has not been witnessed in last 40 years. Adding fuel to fire, the country hit with heavy rainfall and floods across the country in early months of financial year, disturbing already sensitive targets set by Government of Pakistan. Global recession has also put pressure on our exports and remittances. Thin reserves and high debt repayment requirements put further pressure on our PKR/USD parity.

As the wheel of economy started to move in forward direction, IMF program again got suspended for 3 months, putting 9th review on hold due to delay on some policy measures. This did an unprecedented damage to business environment and investors confidence. Financing arrangement from bilateral and multilaterals were also put on hold, resulting in declining forex reserves that reached to a level never witnessed in a decade. Import restrictions were imposed on unnecessary items affecting many import based businesses. All these developments weakened the purchasing power of middle class that is considered the backbone of our economy. This affect has been witnessed across all industries, affecting profitability and business operations.

In line with Pakistan economic crisis, total sales quantity of cement industry witnessed decline of 5.7 million tons (21%) year on year basis to 21.7 million tons. North zone registered negative growth of 3.6 million tons (17%) against South Zone of 2 million tons (31%). Further analysis shows that negative growth was driven by both local sales that declined by 4.0 million tons (16.7%) and exports of 1.6 million tons (48.9%). Sales utilization of industry declined to 63% against 79% for the corresponding period last year. It was contributed by local sales of 58% against exports sales utilization of 5%.

In line with the industry, sales utilization of your Company declined to 67% (1HY22: 103%) mainly due to demand-supply gap. Clinker was exported to contribute towards fixed costs earning valuable total foreign exchange of USD 7.6 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. Selling expenses decrease was associated with decrease in clinker sales. 'Other expenses' decrease was associated with decline in exchange loss as there has been no major import payment exposed to exchange rate fluctuation this year. Financial expenses registered increase due to rise in discount rates including ERF rates as compared to corresponding period last year.

The government is in negotiation with IMF for 9th review which is now a lifeline for the country. 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 1-2% and it may reduce further keeping in view the global and national challenges ahead. Government may pass the mini-budget in coming days to satisfy IMF conditions. There may be additional taxes, hike in electricity prices, removal of subsidies and slashing of PSDP to fill the fiscal gap. There may be further inflation that may push the discount rate upward. SBP already increased discount rates to 17% in its latest monetary policy. These fiscal tightening measures may keep cement dispatches at moderate level. On external front, after green signal from IMF, Government may arrange funds from bilateral and multilaterals to ease pressure on external side. However, IMF may provide waiver for flood related expenditure. For business point of view, infrastructure building requirements may provide opportunities for cement sector if the Government fairly plans the funds. International coal and fuel prices are also trending downward, in line with demand supply gap due to recession in major economies. However, Company may not be able to realize full benefit out of it due to currency devaluation and forex related import issues. Keeping in view future dispatches trend, Company again began exporting clinker to contribute towards fixed costs and to earn valuable foreign exchange reserves.

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



Farid Noor Ali Fazal
Director

Lahore
February 22, 2023

ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی

جناب آسامہ محمود
چیئر مین
جناب رضائفشا
رکن
جناب خالد نیاز خواجہ
رکن

اختتام پذیر مدت کی حیثیت کو متاثر کرنے والے کوئی بعد از پبلنس شیٹ نمایاں واقعات رونما نہیں ہوئے ہیں۔

ہمارے پلانٹس اور آپریٹنگز 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 جوہات 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 Dazal

فرید نور علی فضل
ڈائریکٹر

رضائفشا

چیف ایگزیکٹو آفیسر
لاہور

22 فروری 2023ء

ضروریات سینٹ کے شعبے کے لیے مواقع فراہم کر سکتی ہیں۔ بڑی میشتوں میں کساد بازاری کی وجہ سے طلب و رسد کے فرق کے مطابق بین الاقوامی کوئلے اور ایندھن کی قیمتیں بھی کمی کی طرف بڑھ رہی ہیں۔ تاہم، کمپنی کرنسی کی قدر میں کمی اور فاریکس سے متعلق درآمدی مسائل کی وجہ سے اس سے مکمل فائدہ حاصل کرنے کے قابل نہیں ہو سکتی ہے۔ مستقبل کی ترسیل کے رجحان کو مد نظر رکھتے ہوئے، کمپنی نے مقررہ اخراجات میں حصہ ڈالنے اور قیمتی زرمبادلہ کے ذخائر حاصل کرنے کے لیے دوبارہ کلینکر برآمد کرنا شروع کر دیا ہے۔

کمپنی کی بنیادی سرگرمی سینٹ 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 سکتاؤ

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۔

مندرجہ ذیل کمپنی کے ڈائریکٹرز ہیں:

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

آؤٹ کمیٹی

چیئر مین	جناب شہر یار احمد بخش
رکن	جناب خالد نیاز خواجہ
رکن	جناب شہزاد احمد ملک

مالی سال 23 دہائیوں میں دیکھے گئے بدترین سیاسی-معاشی بحران کے ساتھ سرخسوں میں ہے۔ نئی حکومت کو غیر ملکی زرمبادلہ کے ذخائر میں کمی اور ایندھن کی قیمتوں میں اضافے کے چیلنج کا سامنا کرنا پڑا۔ سیاسی نتائج کے خوف سے شدید دباؤ کے تحت حکومت نے اگست میں آئی ایم ایف پروگرام دوبارہ شروع کیا۔ اس جائزے میں بنیادی طور پر ایندھن اور بجلی کی قیمتوں میں اضافہ، کرنسی کی قدر میں کمی، زیادہ ٹیکس کے اقدامات اور عایداتی شرح میں اضافے کی سخت پالیسی کے فیصلے شامل تھے۔ اس سے مہنگائی کا وہ طوفان آیا جو پچھلے 40 سالوں میں دیکھنے میں نہیں آیا۔ آگ پر تیل کا کام کرتے ہوئے، مالی سال کے ابتدائی مہینوں میں ملک بھر میں شدید بارشوں اور سیلاب نے تباہی مچادی، جس سے حکومت پاکستان کی جانب سے پہلے سے ہی حساس اہداف مقرر کیے گئے تھے۔ عالمی کساد بازاری نے ہماری برآمدات اور ترسیلات پر بھی دباؤ ڈالا ہے۔ کم ذخائر اور قرض کی واپسی کی زیادہ ضروریات ہماری PKR/USD برابری پر مزید دباؤ ڈالتی ہیں۔ جیسے ہی معیشت کا پہیہ آگے کی سمت گامزن ہونے لگا، آئی ایم ایف پروگرام پھر سے 3 ماہ کے لیے معطل ہو گیا، کچھ پالیسی اقدامات میں تاخیر کی وجہ سے 9 ویں جائزہ کو روک دیا گیا۔ اس سے کاروباری ماحول اور سرمایہ کاروں کے اعتماد کو بے مثال نقصان پہنچا۔ دو طرفہ اور کثیرالجہتی مالیاتی انتظامات کو بھی روک دیا گیا، جس کے نتیجے میں غیر ملکی زرمبادلہ کے ذخائر میں کمی ہوئی جو ایک دہائی میں اس سطح تک پہنچ گئی جس کا سبھی مشاہدہ نہیں ہوا۔ غیر ضروری اشیاء پر درآمدی پابندیاں عائد کی گئیں جس سے بہت سے درآمدی کاروبار متاثر ہوئے۔ ان تمام پیش رفتوں نے متوسط طبقے کی قوت خرید کو کمزور کر دیا جسے ہماری معیشت کی ریڑھ کی ہڈی سمجھا جاتا ہے۔ اس کا اثر تمام صنعتوں پر دیکھا گیا ہے، جس سے منافع اور کاروباری کام متاثر ہوئے ہیں۔

پاکستان کے معاشی بحران کے لحاظ سے، سینٹ صنعت کی کل فروخت مقدار سالانہ بنیاد پر 5.7 ملین ٹن (21 فیصد) کی کمی ہے۔ 21.7 ملین ٹن تک ہو گئی ہے۔ جنوبی زون میں 2 ملین ٹن (31 فیصد) کے مقابلہ شالی زون نے 3.6 ملین ٹن (17 فیصد) منفی نمودار کرانی۔ مزید تجزیہ سے ظاہر ہوتا ہے کہ یہ منفی نموداروں مقامی فروخت 4.0 ملین ٹن (16.7 فیصد) اور برآمدات 1.6 ملین ٹن (48.9 فیصد) تک کم ہونے کی وجہ سے ہوئی ہے۔ گزشتہ سال کی اسی مدت کے دوران صنعت کی مستعمل فروخت میں 79 فیصد کے مقابلے 63 فیصد تک کمی ہوئی۔ اس میں 5 فیصد کی مستعمل فروخت برآمدات کے مقابلے میں مقامی فروخت نے 58 فیصد کا حصہ شامل کیا۔

صنعت کے لحاظ سے، آپ کی کمپنی کی مستعمل فروخت طلب و رسد کے خلاء کی بڑی وجہ سے %67 (1HY22 %103) تک کم ہوئی۔ مقررہ اخراجات میں حصہ ڈالنے کے لئے کلکٹر برآمد کیا گیا جس سے 7.6 ملین امریکی ڈالر (سینٹ کی برآمد سمیت) کا قابل قدر کل غیر ملکی زرمبادلہ کمایا گیا۔

فروخت کی قیمت کے لحاظ سے، بنیادی طور پر سینٹ کی مقامی مستحکم قیمتوں کی وجہ سے نمودار 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 کونسل کے بدلے جزوی طور پر متبادل ایندھن اور افغان کونسل کی طرف منتقل کر دیا گیا ہے۔ فروخت کے اخراجات کی کمی کلکٹر کی فروخت میں کمی سے منسلک تھی۔ دیگر اخراجات میں کمی کا تعلق زرمبادلہ کے نقصان میں کمی سے تھا کیونکہ اس سال میں کوئی بڑی درآمدی ادائیگی نہیں ہوئی ہے۔ گزشتہ سال کی اسی مدت کے مقابلے میں ERF کی شرحوں سمیت رعایتی شرحوں میں اضافے کی وجہ سے مالی اخراجات میں اضافہ درج کیا گیا۔

حکومت آئی ایم ایف کے ساتھ 9 ویں جائزہ کے لئے مذاکرات کر رہی ہے جو اب ملک کی لائف لائن ہے۔ آئی ایم ایف کے سخت اقدامات اور سیلاب کی تباہ کاریوں نے حکومت کے پاس کوئی مالی گنجائش نہیں چھوڑی۔ سال کے شروع میں 5% کی شرح نمو کے اندازے اب کم ہو کر تقریباً %2-1 رہ گئے ہیں اور آنے والے عالمی اور قومی چیلنجوں کو مد نظر رکھتے ہوئے اس میں مزید کمی ہو سکتی ہے۔ حکومت آئی ایم ایف کی شرائط کو پورا کرنے کے لئے آئندہ دنوں میں منشی بجٹ پاس کر سکتی ہے۔ اس سے اضافی ٹیکسز، بجلی کی قیمتوں میں اضافہ، سبسڈیز کا خاتمہ اور مالیاتی خلاء کو پُر کرنے کے لئے PSDP کی کمی کی جاسکتی ہے۔ اسٹیٹ بینک پاکستان نے اپنی حالیہ مانیٹری پالیسی میں پہلے ہی ڈسکاؤنٹ ریٹ بڑھا کر 17 فیصد کر دیا ہے۔ مالیاتی سختی کے یہ اقدامات سینٹ کی ترسیل کو اعتدال پر رکھ سکتے ہیں۔ بیرونی محاذ پر، آئی ایم ایف کے گرین سٹل کے بعد، حکومت بیرونی دباؤ کو کم کرنے کے لیے دو طرفہ اور کثیرالجہتی سے فنڈز کا بندوبست کر سکتی ہے۔ تاہم، آئی ایم ایف سیلاب سے متعلق اخراجات کے لیے چھوٹ فراہم کر سکتا ہے۔ کاروباری نقطہ نظر سے، اگر حکومت فنڈز کی منصفانہ منصوبہ بندی کرے تو انفراسٹرکچر کی تعمیر کی

حصص داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کو مالی سال 23 کی پہلی ششماہی کے نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

پہلی ششماہی مالی سال 2022	پہلی ششماہی مالی سال 2023	
روپے ہزاروں میں		
27,434,482	29,761,039	فروخت
(22,576,459)	(25,504,030)	قیمت فروخت
4,858,023	4,257,009	مجموعی منافع
(368,391)	(425,590)	انتظامی اخراجات
(1,011,242)	(508,843)	فروخت اور تقسیم کے اخراجات
(38,764)	(36,464)	مالی اثاثوں پر خالص امپیئر منٹ نقصانات
(333,413)	(85,014)	دیگر معاملاتی اخراجات
1,292,402	1,392,412	دیگر آمدنی
(1,537,950)	(3,203,476)	مالی لاگت
2,860,665	1,390,034	ٹیکسیشن سے پہلے منافع / (نقصان)
(683,588)	(458,378)	ٹیکسیشن
2,177,077	931,656	موجودہ مدت کے لئے منافع / (نقصان)

4.96	2.13	EPS (روپے فی شیئر)
17.71%	14.30%	GP %
10.43%	4.67%	PBT %
7.94%	3.13%	PAT %

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

پہلی ششماہی مالی سال 2022	پہلی ششماہی مالی سال 2023	
اعداد و شمار میٹرک ٹن میں		پیداوار
3,356,283	1,976,634	کلنکر کی پیداوار
2,751,340	2,203,587	سیمنٹ کی پیداوار
		فروخت
2,709,973	2,163,866	سیمنٹ کی کل فروخت
2,534,154	2,117,728	سیمنٹ کی مقامی فروخت (علاوہ ذاتی استعمال)
175,819	46,138	سیمنٹ کی برآمد فروخت
754,905	116,850	کلنکر کی فروخت



A·F·FERGUSON&CO.

Independent Auditor's Review Report To The Members Of D.G. Khan Cement Company Limited Report On Review Of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of D. G. Khan Cement Company Limited as at December 31, 2022 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month period ended December 31, 2021 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2022.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A. F. Ferguson & Co.

Chartered Accountants,

Lahore

Dated: February 23, 2023

UDIN Number: RR202210070ZluAGr30d

Unconsolidated Condensed Interim Statement of Financial Position

	Note	31 December, 2022 Un-Audited	30 June, 2022 Audited
(Rupees in thousand)			
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 (June 30, 2022: 438,119,118) ordinary shares of Rs 10 each		4,381,191	4,381,191
Other reserves		23,812,771	24,238,624
Revenue reserve: Un-appropriated profits		41,791,824	41,298,287
		69,985,786	69,918,102
NON-CURRENT LIABILITIES			
Long term finances from financial institutions - secured	6	12,035,183	14,168,229
Deferred government grant	7	360,469	450,684
Long term deposits		319,110	281,177
Employee benefits obligations		760,837	712,640
Deferred taxation		5,306,895	4,942,150
		18,782,494	20,554,880
CURRENT LIABILITIES			
Trade and other payables		11,877,889	12,591,709
Short term borrowings from financial institutions - secured		28,465,524	25,210,506
Accrued markup		1,212,530	883,229
Current portion of non-current liabilities	8	7,232,677	7,333,985
Unclaimed dividend		34,842	34,512
Provision for taxation		35,090	35,090
		48,858,552	46,089,031
Contingencies and Commitments	9	137,626,832	136,562,013

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive

As At December 31, 2022

	Note	31 December, 2022 Un-Audited (Rupees in thousand)	30 June, 2022 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	81,976,033	82,803,860
Intangible asset	11	13,736	17,319
Investments	12	14,654,339	12,866,145
Long term deposits		61,826	61,526
		96,705,934	95,748,850
CURRENT ASSETS			
Stores, spare parts and loose tools		16,481,428	16,813,883
Stock-in-trade		8,097,018	5,981,515
Trade debts		1,105,433	1,467,862
Investments		9,407,795	9,962,421
Loans, advances, deposits, prepayments and other receivables		711,718	1,430,613
Income tax receivable		4,675,791	4,746,066
Cash and bank balances		441,715	410,803
		40,920,898	40,813,163
		137,626,832	136,562,013



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Profit or Loss


For the Quarter and Six-Month Period ended December 31, 2022 (Un-audited)

	2022		2021	
	July to December (Rupees in thousand)	October to December (Rupees in thousand)	July to December (Rupees in thousand)	October to December (Rupees in thousand)
Revenue	29,761,039	16,176,206	27,434,482	16,281,948
Cost of sales	(25,504,030)	(13,991,776)	(22,576,459)	(13,522,667)
Gross profit	4,257,009	2,184,430	4,858,023	2,759,281
Administrative expenses	(425,590)	(214,793)	(368,391)	(182,921)
Selling and distribution expenses	(508,843)	(176,006)	(1,011,242)	(693,876)
Net impairment losses on financial assets	(36,464)	(36,464)	(38,764)	(38,764)
Other expenses	(85,014)	(69,084)	(333,413)	(107,732)
Other income	1,392,412	731,031	1,292,402	749,181
Finance cost	(3,203,476)	(1,610,393)	(1,537,950)	(802,171)
Profit before taxation	1,390,034	808,721	2,860,665	1,682,998
Taxation	(458,378)	(266,003)	(683,588)	(413,945)
Profit for the period	931,656	542,718	2,177,077	1,269,053
Earnings per share				
(basic and diluted - in Rupees)	2.13	1.24	4.97	2.90

The annexed notes 1 to 19 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 and Six-Month Period ended December 31, 2022 (Un-audited)

	2022		2021	
	July to December (Rupees in thousand)	October to December (Rupees in thousand)	July to December (Rupees in thousand)	October to December (Rupees in thousand)
Profit for the period	931,656	542,718	2,177,077	1,269,053
Other comprehensive (loss)/income for the period - net of tax				
Items that may be reclassified subsequently to profit or loss:				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Change in fair value of investments at fair value through other comprehensive income (FVOCI) - net of tax	(425,853)	120,707	(1,526,681)	(328,665)
	(425,853)	120,707	(1,526,681)	(328,665)
Total comprehensive income for the period	505,803	663,425	650,396	940,388

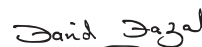
The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Changes In Equity

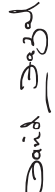
For the Six-Month Period ended December 31, 2022 (Un-audited)

	(Rupees in thousands)					Total	
	Share capital	Share premium	FVOCI reserve	Capital redemption reserve fund	General reserve		Un-appropriated profits
Balance as at July 1, 2021 - Audited	4,381,191	4,557,163	20,297,619	353,510	5,071,827	38,816,563	73,477,873
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	2,177,077	2,177,077
- Other comprehensive loss for the period	-	-	(1,526,681)	-	-	-	(1,526,681)
	-	-	(1,526,681)	-	-	2,177,077	650,396
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2021 (Re 1 per share)	-	-	-	-	-	(438,119)	(438,119)
Balance as at December 31, 2021 - Un-audited	4,381,191	4,557,163	18,770,938	353,510	5,071,827	40,555,521	73,690,150
Balance as at July 1, 2022 - Audited	4,381,191	4,557,163	14,256,124	353,510	5,071,827	41,298,287	69,918,102
Total comprehensive income for the period							
- Profit for the period	-	-	-	-	-	931,656	931,656
- Other comprehensive loss for the period	-	-	(425,853)	-	-	-	(425,853)
	-	-	(425,853)	-	-	931,656	505,803
Transactions with owners in their capacity as owners recognised directly in equity							
Final dividend for the year ended June 30, 2022 (Re 1 per share)	-	-	-	-	-	(438,119)	(438,119)
Balance as at December 31, 2022 - Un-audited	4,381,191	4,557,163	13,830,271	353,510	5,071,827	41,791,824	69,985,786

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

Unconsolidated Condensed Interim Statement of Cash Flows

For the Six-Month Period ended December 31, 2022 (Un-audited)

	Note	2022 July to December	2021 July to December
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	14	4,033,953	3,337,947
Finance cost paid		(2,874,175)	(1,366,072)
Retirement and other benefits paid		(63,947)	(58,462)
Income tax paid		(572,869)	(863,086)
Long term deposits - net		37,933	(2,715)
Net cash inflow from operating activities		560,895	1,047,612
Cash flows from investing activities			
Payments for property, plant and equipment and intangible asset		(1,134,795)	(1,004,039)
Proceeds from disposal of property, plant and equipment		9,733	9,000
Investments in equity instruments		(1,007,500)	-
Long term loans, advances and deposits - net		(300)	(3,507)
Recovery of loan to related party		-	765,000
Interest received		-	33,036
Dividend received		1,197,120	1,212,733
Net cash (outflow)/inflow from investing activities		(935,742)	1,012,223
Cash flows from financing activities			
Proceeds from long term finances		1,248,236	1,500,000
Repayment of long term finances		(3,582,230)	(3,012,421)
Dividend paid		(437,789)	(437,005)
Net cash outflow from financing activities		(2,771,783)	(1,949,426)
Net (decrease)/increase in cash and cash equivalents		(3,146,630)	110,409
Cash and cash equivalents at the beginning of the period		(24,799,703)	(17,555,677)
Effect of exchange rate changes on cash and cash equivalents		(77,476)	(162,097)
Cash and cash equivalents at the end of the period	15	(28,023,809)	(17,607,365)

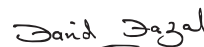
The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

For the Six-Month Period Ended December 31, 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 the 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:

- i) International Accounting Standard ('IAS') 34, Interim Financial Reporting, issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017; and
- ii) 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 except for the estimation of income tax (see note 5) and adoption of new and amended standards as set out in note 3.2.

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

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

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

6. Long term finances from financial institutions - secured

Long term loans	- note 6.1	15,421,603	17,036,958
Loans under refinance scheme	- note 6.2	3,624,453	4,228,437
		19,046,056	21,265,395
Current portion shown under current liabilities		(7,010,873)	(7,097,166)
		<u>12,035,183</u>	<u>14,168,229</u>

December 31,
2022
Un-audited
(Rupees in thousand)

June 30,
2022
audited

6.1 The reconciliation of the carrying amount is as follows:

Opening balance	17,036,959	20,679,530
Disbursements during the period/year	1,248,236	1,630,445
Repayments during the period/year	(2,863,592)	(5,273,017)
Closing balance	15,421,603	17,036,958
Current portion shown under current liabilities - note 8	(6,083,433)	(5,927,183)
	9,338,170	11,109,775

6.2 The reconciliation of the carrying amount is as follows:

Balance as at beginning of the period - gross	4,893,004	5,678,264
Disbursements during the period/year	-	-
Repayments during the period/year	(718,639)	(785,260)
	4,174,365	4,893,004
Unamortized deferred grant - note 7	(549,912)	(664,567)
Closing balance	3,624,453	4,228,437
Current portion shown under current liabilities - note 8	(927,440)	(1,169,983)
	2,697,013	3,058,454

7. Deferred government grant

The reconciliation of the carrying amount is as follows:

Opening balance	664,567	927,027
Credited to the statement of profit or loss	(114,655)	(262,460)
	549,912	664,567
Current portion shown under current liabilities - note 8	(189,443)	(213,883)
Closing balance	360,469	450,684

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

December 31,
2022
Un-audited
(Rupees in thousand)

June 30,
2022
audited

8. Current portion shown under current liabilities comprise of:

Long term loans - note 6.1	6,083,433	1,169,983
Loans under refinance scheme - note 6.2	927,440	5,927,183
Accumulating compensated absences	32,361	22,936
Deferred government grant - note 7	189,443	213,883
	7,232,677	7,333,985

9. Contingencies and commitments

9.1 Contingencies

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

9.2 Commitments in respect of:

- (i) Contracts for capital expenditure aggregating Rs 103.090 million (June 30, 2022: Rs 164.581 million).
- (ii) Letters of credit for capital expenditure aggregating Rs 872.628 million (June 30, 2022: Rs 1,254.466 million).
- (iii) Letters of credit other than capital expenditure aggregating Rs 127.451 million (June 30, 2022: Rs 3,037.820 million).

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

10. Property, plant and equipment

Operating fixed assets	- note 10.1	80,415,069	81,934,028
Capital work-in-progress	- note 10.2	1,367,960	724,168
Major spare parts and stand-by equipment		193,004	145,664
		81,976,033	82,803,860

10.1 Operating fixed assets

Opening book value		81,934,028	77,140,261
Additions during the period/year	- note 10.1.1	443,663	8,728,067
		82,377,691	85,868,328
Disposals during the period/year - at book value		(6,594)	(25,193)
Depreciation charged for the period/year		(1,956,028)	(3,909,107)
		(1,962,622)	(3,934,300)
Closing book value		80,415,069	81,934,028

December 31, **June 30,**
2022 **2022**
Un-audited **audited**
(Rupees in thousand)

10.1.1 Additions during the period/year

Freehold land	2,500	18,858
Buildings on freehold land:		
- Factory buildings	2,381	1,151,266
- Office building and housing colony	58,452	381,253
Roads	2,630	127,238
Plant and machinery	231,958	6,761,000
Quarry equipment	2,310	2,282
Furniture and fittings	114,913	20,451
Office equipment	6,335	38,182
Vehicles	21,000	158,227
Power and water supply lines	1,184	69,310
	443,663	8,728,067

10.2 Capital work-in-progress

Civil works	527,096	327,811
Plant and machinery	718,032	330,995
Advances to suppliers and contractors	103,195	51,929
Others	19,637	13,433
	1,367,960	724,168

11. Intangible asset

Opening book value	17,319	-
Additions during the period/year	-	21,500
Amortization charged during the period/year	(3,583)	(4,181)
Closing book value	13,736	17,319

12. Investments

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

	December 31, 2022	June 30, 2022
	Un-audited	audited
	(Rupees in thousand)	
Carrying value of investments at the beginning of the period/year	12,866,145	15,965,811
Investments made during the period/year:		
Shares received as a result of merger scheme - note 12.1.1	102,409	-
Ordinary investment in HNMPL against right issue - note 12.1.2	1,007,500	-
	<u>13,976,054</u>	<u>15,965,811</u>
Fair value gain/(loss) recognized in other comprehensive income	678,285	(3,099,666)
Carrying value at the end of the period/year	<u>14,654,339</u>	<u>12,866,145</u>

12.1.1 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, the Company on, 18 August 2022, 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 August 18, 2022.

12.1.2 This represents 100.750 million shares acquired against right issue of HNMPL at a par value of Rs 10 per ordinary share.

13. Transactions with related parties

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

Relationship with the Company	Nature of transaction	July to December 2022	July to December 2021
		Un-audited	Un-audited
(Rupees in thousand)			
i. Subsidiary entities	Purchase of goods and services	1,219,005	1,147,843
	Rental income	483	483
	Dividend income	25,595	38,393
	Sale of goods	40,370	36,934
ii. Investor	Purchase of goods and services	127	142
	Sale of goods	7,955	52,308
	Dividend income	121,158	121,158
	Dividends paid	137,574	137,574
iii. Other related entities	Insurance premium	163,645	127,237
	Sale of goods	40,959	47,852
	Rental income	383	-
	Dividend income	1,093,819	1,049,823
	Dividends paid	37,244	35,189
	Purchase of goods and services	51,315	27,713
	Mark-up income on balances with related parties	-	32,519
	Insurance claims received	3,965	-
	Purchase of shares	1,007,500	-
iv. Key management personnel	Salaries and other employment benefits	124,624	121,716
	Dividend paid	39,943	39,943
v. Post employment	Expense charged in respect of benefit plans defined benefit plan	121,569	84,486
	Expense charged in respect of defined contribution plan	61,461	53,750

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

Period/year end balances

Payable to related parties

Trade and other payables

1,039,920	972,924
------------------	----------------

Receivable from related parties

Trade debts

24,044	19,697
--------	--------

Other receivables

10,287	7,993
--------	-------

34,331	27,690
---------------	---------------

	July to December 2022	2021
Note	Un-audited	Un-audited
	(Rupees in thousand)	

14. Cash generated from operations

Profit before tax

1,390,034	2,860,665
-----------	-----------

Adjustments for non-cash charges and other items:

- Depreciation on operating fixed assets

1,956,028	1,911,192
-----------	-----------

- Amortization of intangible asset

3,583	597
-------	-----

- Gain on disposal of operating fixed assets

(3,139)	(5,472)
---------	---------

- Net impairment losses on financial assets

36,464	38,764
--------	--------

- Dividend income

(1,197,120)	(1,212,733)
-------------	-------------

- Gain on initial recognition of ordinary shares transferred under Scheme of Compromises, Arrangement and Reconstruction 12.1.1

(102,409)	-
-----------	---

- Provision for retirement benefits

121,569	88,817
---------	--------

- Mark-up income

-	(32,519)
---	----------

- Exchange loss

70,973	247,133
--------	---------

- Finance cost

3,203,476	1,537,950
-----------	-----------

Profit before working capital changes

5,479,459	5,434,394
------------------	------------------

Effect on cash flow due to working capital changes:

- Decrease/(increase) in stores, spare parts and loose tools

332,455	(319,960)
---------	-----------

- Increase in stock-in-trade

(2,115,503)	(1,670,629)
-------------	-------------

- Decrease/(increase) in trade debts

332,467	(258,290)
---------	-----------

- Decrease in loans, advances, deposits, prepayments and other receivables

718,895	239,697
---------	---------

- Decrease in trade and other payables

(713,820)	(87,265)
-----------	----------

(1,445,506)	(2,096,447)
-------------	-------------

4,033,953	3,337,947
------------------	------------------

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

15. Cash and cash equivalents

Short term borrowings - secured	(28,465,524)	(19,464,963)
Cash and bank balances	441,715	1,857,598
	<u>(28,023,809)</u>	<u>(17,607,365)</u>

16. Financial risk management

16.1 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.

16.2 Fair value estimation

a) Fair value hierarchy

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

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

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

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at December 31, 2022				
Recurring fair value measurements				
Assets				
Investments - FVOCI	14,641,513	-	7,000,698	21,642,211

As at June 30, 2022
Recurring fair value measurements

Assets				
Investments - FVOCI	16,102,172	-	4,306,471	20,408,643

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 Levels 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 December 31, 2022.

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

c) Fair value measurements using significant unobservable inputs

Investment in Nishat Hotels and Properties Limited

The main level 3 inputs used by the Company to determine fair value of investment in Nishat Hotels and Properties Limited ('NHPL') 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.
- Long term growth rate is estimated based on historical performance of NHPL and current market information for similar type of entities.

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

- Discount rate of 15.08% per annum.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs is linked to inflation at 11.00% 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 December 31, 2022 would be Rs 218.750 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2022 would be Rs 87.500 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2022 would be Rs 255.208 million higher.

Investment in Hyundai Nishat Motor (Private) Limited

The main level 3 inputs used by the Company to determine fair value of investment in 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 HNMPL.
- Long term growth rate is estimated based on historical performance of HNMPL and current market information for similar type of entities.

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

- Discount rate of 21.64% per annum.
- Long term growth rate of 2% for computation of terminal value.
- Annual growth in costs are linked to inflation at 10% per annum and currency devaluation at 12% per annum and revenues are linked to currency devaluation at 12% 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 December 31, 2022 would be Rs 342.340 million lower.

If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2022 would be Rs 176.060 million lower.

If inflation decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2022 would be Rs 381.465 million higher.

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

17. Disclosures by Company Listed on Islamic Index

Loans/advances obtained as per Islamic mode:

Loans obtained as per Islamic mode

7,468,952

7,670,221

Shariah compliant bank deposits/bank balances:

Bank balances

32,448

16,083

Six Months Ended

December 31,	December 31,
2022	2021
Un-audited	Un-audited
(Rupees in thousand)	

Profit earned from shariah compliant bank deposits/bank balances

Profit on deposits with banks

491

158

Revenue earned from shariah compliant business

29,761,039

27,434,482

Gain/(loss) or dividend earned from shariah compliant investments

Dividend income

121,158

121,158

Exchange loss

(70,973)

(247,133)

Mark-up paid on Islamic mode of financing

474,612

149,815

Profits earned or interest paid on any conventional loan or advance

Profit earned on loan to related party

-

32,519

Profit earned on deposits with banks

1,136

2,101

Interest paid on loans

2,874,175

1,366,072

Relationship with shariah compliant banks

The Company has obtained short term borrowings and long term finances, and has maintained bank balances with shariah compliant banks.

18. Date of authorization for issue

These unconsolidated condensed interim financial statements were authorized for issue on February 22, 2023 by the Board of Directors of the Company.

19. Corresponding figures

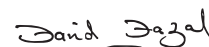
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the unconsolidated condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim 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	31 December, 2022 Un-Audited (Rupees in thousand)	30 June, 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		23,723,276	24,153,481
Un-appropriated profit		42,403,342	41,759,427
Attributable to owners of the parent company		70,507,809	70,294,099
Non-controlling interest		2,498,029	2,349,613
		73,005,838	72,643,712
NON-CURRENT LIABILITIES			
Long term finances - secured	5	12,345,590	14,566,482
Deferred government grant	6	385,755	475,970
Long term deposits		319,109	281,177
Deferred liabilities		760,836	712,639
Deferred taxation		5,911,534	5,540,533
		19,722,824	21,576,801
CURRENT LIABILITIES			
Trade and other payables		12,189,674	12,519,880
Accrued markup		1,303,844	928,826
Short term borrowing-secured		30,938,810	26,170,194
Loan from related party - unsecured		34,000	94,000
Current portion of non-current liabilities		7,413,025	7,536,742
Unclaimed dividend		34,842	34,512
Provision for taxation		87,563	86,187
		52,001,758	47,370,341
Contingencies and Commitments	7	144,730,420	141,590,854

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



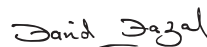
Chief Executive

As At December 31, 2022

	Note	31 December, 2022 Un-Audited (Rupees in thousand)	30 June, 2022 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	85,443,711	86,314,054
Intangible asset		13,736	17,319
Biological assets		1,027,622	964,995
Investments	9	12,769,959	10,636,098
Long term loans to employees		-	1,192
Long term deposits		61,826	61,526
		99,316,854	97,995,184
CURRENT ASSETS			
Stores, spares and loose tools		16,815,951	17,066,399
Stock-in-trade		9,876,579	7,268,544
Trade debts		1,455,986	1,591,516
Investments	9	9,407,808	9,962,440
Advances, deposits, prepayments and other receivables		1,881,649	1,830,899
Contract assets		125,933	28,501
Income tax recoverable		5,370,320	5,412,213
Cash and bank balances		479,340	435,158
		45,413,566	43,595,670
		144,730,420	141,590,854



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Six Months Period ended December 31, 2022 (Un-audited)

	2022		2021	
	July to December	October to December	July to December	October to December
	(Rupees in thousand)		(Rupees in thousand)	
Sales	32,568,806	17,876,095	29,142,508	17,148,617
Cost of sales	(27,829,766)	(15,347,076)	(23,815,378)	(14,213,323)
Gross profit	4,739,040	2,529,019	5,327,130	2,935,294
Administrative expenses	(502,647)	(254,550)	(433,092)	(215,154)
Selling and distribution expenses	(511,204)	(177,238)	(1,013,100)	(694,741)
Net impairment (losses)/gain on financial assets	(36,464)	(36,464)	(38,764)	(38,764)
Other expenses	(127,817)	(64,761)	(410,109)	(138,297)
Changes in fair value of biological assets	202,291	91,149	170,483	71,837
Other income	1,393,581	720,439	1,283,204	725,966
Finance cost	(3,391,893)	(1,722,740)	(1,629,164)	(846,577)
Profit before taxation	1,764,887	1,084,854	3,256,588	1,799,564
Taxation	(509,935)	(293,829)	(797,978)	(472,084)
Profit for the period	1,254,952	791,025	2,458,610	1,327,480
Attributable to :				
Equity holders of the parent	1,082,034	662,326	2,314,571	1,292,062
Non-controlling interest	172,918	128,699	144,039	35,418
	1,254,952	791,025	2,458,610	1,327,480
Earnings per share (basic and diluted - in Rupees)	2.47	1.51	5.28	2.95

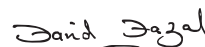
The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Comprehensive Income

For the Quarter and Six Months Period ended December 31, 2022 (Un-audited)

	2022		2021	
	July to December (Rupees in thousand)	October to December (Rupees in thousand)	July to December (Rupees in thousand)	October to December (Rupees in thousand)
Profit for the period	1,254,952	791,025	2,458,610	1,327,480
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	(433,765)	118,188	(1,534,102)	(325,346)
Other comprehensive income / (loss) for the period	(433,765)	118,188	(1,534,102)	(325,346)
Total comprehensive income for the period	821,187	909,213	924,508	1,002,134
Attributable to :				
Equity holders of parent	651,829	781,647	783,808	965,222
Non-controlling interest	169,358	127,566	140,700	36,912
	821,187	909,213	924,508	1,002,134

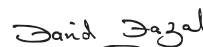
The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Changes In Equity

For the Six-Month Period ended December 31, 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	-			
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	-	-	-	-	-	2,314,571	2,314,571	144,039	2,458,610	
- Other comprehensive income for the period										
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(1,530,763)	-	-	-	(1,530,763)	(3,339)	(1,534,102)	
Transactions with owners in their capacity as owners recognised directly in equity										
- Final dividend for the year ended June 30, 2021	-	-	(1,530,763)	-	-	2,314,571	783,808	140,700	924,508	
Balance as at December 31, 2021 - Unaudited	4,381,191	4,557,163	18,671,061	353,510	5,110,851	40,965,749	74,039,525	2,291,638	76,331,163	
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	-	-	-	-	-	1,082,034	1,082,034	172,918	1,254,952	
- Other comprehensive income for the period										
- Changes in fair value of investments at fair value through OCI - net of tax	-	-	(430,205)	-	-	-	(430,205)	(3,560)	(433,765)	
Transactions with owners in their capacity as owners recognised directly in equity										
- Final dividend for the year ended June 30, 2022	-	-	(430,205)	-	-	1,082,034	651,829	169,358	821,187	
Balance as at December 31, 2022 - Unaudited	4,381,191	4,557,163	13,701,752	353,510	5,110,851	42,403,342	70,507,809	2,498,029	73,005,838	

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 Cash Flows

For the Six-Month Period ended December 31, 2022 (Un-audited)

	Note	2022 July to December (Rupees in thousand)	2021 July to December
Cash flows from operating activities			
Cash generated from operations	11	3,166,745	3,983,572
Finance cost paid		(3,016,875)	(1,456,611)
Retirement and other benefits paid		(73,372)	(58,462)
Income tax paid		(645,176)	(930,135)
Long term deposits - net		37,932	(2,716)
Net cash inflow from operating activities		(530,746)	1,535,648
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(1,214,591)	(1,134,323)
Proceeds from disposal of property, plant and equipment		10,800	10,353
Long term loans, advances and deposits - net		(300)	(3,507)
Proceeds from sale of biological assets		113,586	68,570
Repayment of loan from related party		-	765,000
Investment in equity instruments		(1,361,080)	(44,485)
Interest received		-	41,473
Dividend received		1,211,452	1,224,107
Net cash outflow from investing activities		(1,240,133)	927,188
Cash flows from financing activities			
Repayment of long term finances		(3,683,060)	(3,121,885)
Proceeds from long term finances		1,248,236	1,605,000
Repayment of loan to related party		(60,000)	(60,000)
Dividend paid		(458,731)	(468,418)
Net cash inflow/(outflow) from financing activities		(2,953,555)	(2,045,303)
Net decrease in cash and cash equivalents		(4,724,434)	417,533
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	(30,459,470)	(18,623,467)

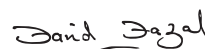
The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

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

For the Six-Month Period ended December 31, 2022 (Un-audited)

1. Legal status and nature of business

The group comprises of:

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

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

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

Nishat Dairy (private) Limited was incorporated in Pakistan under the Companies Ordinance 1984 on October 28, 2011. The 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 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 except for the estimation of income tax and adoption of new and amended standards as set out in note 3.2.

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 period 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 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.

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

5. Long term finances

Long term loans	- note 5.1	19,536,810	21,861,578
Current portion shown under current liabilities		(7,191,220)	(7,295,096)
		12,345,590	14,566,482

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

Opening balance		22,553,672	27,098,736
Disbursements during the period		1,248,236	1,735,445
Repayment during the period		(3,693,100)	(6,280,510)
		20,108,808	22,553,671
Unamortized liability	- note 5.1.1	(571,998)	(692,093)
Closing balance		19,536,810	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		120,095	269,401
Closing balance		(571,998)	(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.

7.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 103.090 million (June 30, 2022: Rs 191.251 million).
- (ii) Letters of credit for capital expenditure Rs 872.628 (June 30, 2022: Rs 1,254.466 million).
- (iii) Letters of credit other than capital expenditure Rs 127.451 million (June 30, 2022: 3,037.820 million).

8. Property, plant and equipment

		December 31, 2022	June 30, 2022
		Un-audited	audited
		(Rupees in thousand)	
Operating Assets	-note 8.1	83,867,136	85,392,522
Capital work-in-progress		1,383,571	775,868
Major spare parts and stand-by equipment		193,004	145,664
		<u>85,443,711</u>	<u>86,314,054</u>

	December 31, 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	559,548	8,963,583
	85,952,070	89,574,527
Less: Disposals during the period/ year - net book value	6,850	25,999
Depreciation charged during the period/ year	2,078,084	4,156,006
	2,084,934	4,182,005
Closing book value	83,867,136	85,392,522
8.1.1 Major additions during the period		
Free hold land	51,578	18,858
Leasehold land	-	-
Building on freehold land	60,989	1,254,722
Office building and housing colony	58,452	381,253
Roads	2,630	127,238
Plant and machinery	231,958	6,827,914
Quarry equipment	2,310	2,566
Furniture, fixtures and equipment	126,222	62,652
Motor vehicles	24,225	219,069
Power and water supply lines	1,184	69,311
	559,548	8,963,583
8.2 Capital work-in-progress		
Civil works	542,708	367,636
Plant and machinery	718,032	330,636
Advances to suppliers and contractors	103,195	64,163
Others	19,636	13,433
	1,383,571	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 on the basis of common directorship.
- 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, the Company on, 18 August 2022, 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 August 18, 2022.

- 9.3** This includes 100.750 million shares acquired against right issue of HNMPL at a par value of Rs 10 per ordinary share.

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:

Relationship with the Group	Nature of transaction	July to	July to
		December	December
		2022	2021
		Un-audited	Un-audited
		(Rupees in thousand)	
Other related parties	Purchase of goods and services	144,439	122,138
	Insurance premium	170,484	132,646
	Sale of goods	140,519	191,765
	Mark-up income	-	32,519
	Insurance claims received	3,965	-
	Rental Income	383	-
	Rent paid	506	-
	Purchase of shares	1,007,500	-
	Dividends paid	174,818	201,888
	Dividend income	1,229,308	1,182,355
Key Management personnel	Salaries and other employment benefits	131,218	139,047
Post employment benefit plans	Expense charged in respect of staff retirement benefits plans	199,679	154,771

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

July to December

	2022	2021
	Un-audited	Un-audited
	(Rupees in thousand)	

11. Cash flow from operating activities

Profit before tax	1,764,887	3,256,588
Adjustment for :		
- Depreciation on property, plant and equipment	2,078,084	2,032,895
- Amortization of intangible assets	3,583	596
- Gain on disposal of operating fixed assets	(3,950)	(5,569)
- Net loss on disposal of biological assets	26,078	39,740
- Gain on changes in fair value biological asset	(202,291)	(170,483)
- Net Impairment/(reversal of impairment) losses on financial assets	36,464	38,764
- (Gain)/loss on changes in fair value of investment through P&L	6	1
- Dividend income	(1,211,452)	(1,224,107)
- Gain on initial recognition of ordinary investment under scheme of merger	(102,409)	-
- Retirement and other benefits accrued	121,569	88,817
- Markup income	-	(41,473)
- Exchange (gain) / loss - net	(79,411)	253,659
- Finance cost	3,391,893	1,629,165
Profit/(loss) before working capital changes	5,823,051	5,898,593

Working capital changes

- (Increase)/decrease in stores, spares and loose tools	250,448	(780,981)
- (Increase)/decrease in stock-in-trade	(2,608,035)	(1,084,305)
- (Increase)/decrease in trade debts	99,066	305,686
- (Increase)/decrease in contract assets	(97,432)	(32,406)
- Decrease in advances, deposits, prepayments and other receivables	(49,558)	115,753
- Increase/(decrease) in trade and other payables	(250,795)	(438,768)
Net working capital changes	(2,656,306)	(1,915,021)

Cash (used in)/ generated from operations

3,166,745	3,983,572
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12. Cash and cash equivalents

Short term borrowings - secured	(30,938,810)	(22,161,211)
Cash and bank balances	479,340	3,537,744
Total cash and cash equivalents	(30,459,470)	(18,623,467)

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)			
As at December 31, 2022				
Recurring fair value measurements				
Assets				
Investments - FVOCI	15,177,056	-	7,000,698	22,177,754
Investments - FVPL	13	-	-	13
Biological assets	-	-	1,027,622	1,027,622
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 December 31, 2022.

b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

c) Fair value measurements using significant unobservable inputs

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

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

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

- Discount rate of 15.08% per annum.

- Long term growth rate of 2% per annum for computation of terminal value.
- Annual growth in costs is linked to inflation at 11.00% per annum.

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

- Discount rate of 21.64% 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 10% per annum and revenues are linked to currency devaluation at 12% 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 December 31, 2022 would be Rs 218.750 million and Rs 342.340 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 December 31, 2022 would be Rs 87.500 million and Rs 176.060 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 December 31, 2022 would be Rs 255.208 million and Rs 381.465 million higher 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 1 to December 31

Rupees in thousands	Cement		Paper		Dairy/Farm		Elimination - net		Consolidated	
	July to December 2022 un-audited	July to December 2021 un-audited	July to December 2022 un-audited	July to December 2021 un-audited	July to December 2022 un-audited	July to December 2021 un-audited	July to December 2022 un-audited	July to December 2021 un-audited	July to December 2022 un-audited	July to December 2021 un-audited
Revenue from										
- External Customers	29,760,808	27,434,206	627,702	444,195	2,180,296	1,264,107	-	-	32,568,806	29,142,508
- Inter-group	231	276	1,219,005	1,147,843	-	-	(1,219,236)	(1,148,119)	-	-
	29,761,039	27,434,482	1,846,707	1,592,038	2,180,296	1,264,107	(1,219,236)	(473,543)	32,568,806	29,142,508
Segment gross profit/(loss)	4,257,009	4,858,023	262,780	465,039	269,998	79,207	(50,747)	(75,139)	4,739,040	5,327,130
Segment expenses	(1,055,911)	(1,751,810)	(42,056)	(58,072)	(80,165)	(85,161)	-	(22)	(1,178,132)	(1,895,065)
Changes in fair value of biological assets										
Other income	1,392,412	1,292,402	16,232	21,645	202,291	170,483	-	-	202,291	170,483
Financial charges	(3,203,476)	(1,537,950)	(181,655)	(88,956)	(6,762)	(2,258)	(26,079)	(38,876)	1,393,581	1,283,204
Taxation	(458,378)	(683,588)	(11,880)	(98,500)	(39,677)	(15,890)	-	-	(3,391,893)	(1,629,164)
Profit/(loss) after taxation	931,656	2,177,077	43,421	241,156	356,701	154,414	(76,826)	(114,037)	1,254,952	2,458,610
Depreciation	1,956,028	1,911,192	30,609	30,957	77,618	76,917	13,829	13,829	2,078,084	2,032,895
Capital expenditure	(1,134,795)	(982,539)	(49,078)	(720)	(30,720)	(129,564)	2	-	(1,214,591)	(1,112,823)
Net cash (outflow) / inflow from operating activities	560,895	1,047,612	(640,285)	696,845	(198,680)	(77,458)	(252,676)	(131,351)	(530,746)	1,535,648
Net cash outflow from investing activities	(935,742)	1,012,223	(388,318)	(30,662)	83,932	(59,641)	(5)	5,268	(1,240,133)	927,188
<i>Rupees in thousands</i>	31.12.2022 un-audited	30.06.2022 audited	31.12.2022 un-audited	30.06.2022 audited	31.12.2022 un-audited	30.06.2022 audited	31.12.2022 un-audited	30.06.2022 audited	31.12.2022 un-audited	30.06.2022 audited
Segment assets	137,626,832	136,562,013	6,272,066	4,430,998	4,069,029	4,430,998	(3,237,507)	(3,833,155)	144,730,420	141,590,854
Segment liabilities	67,641,046	66,643,911	4,066,957	2,214,861	1,051,541	1,088,791	(1,034,962)	(1,000,421)	71,724,582	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 February 22, 2023.

16. Corresponding figures

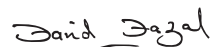
In order to comply with the requirements of the International Accounting Standard 34: 'Interim Financial Reporting', the condensed interim consolidated balance sheet and condensed interim consolidated statement of changes in equity have been compared with the balances of annual audited financial statements 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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