Flash Note

Thursday, August 27, 2026

Cement

D.G. Khan Cement Company Limited (DGKC)

Earnings: D.G. Khan Cement Company Limited (DGKC) announced it 4QFY26 result. The Company reported unconsolidated earnings for 4QFY26 of PKR 3.1bn (PKR 7.01/share) down by -3%y/y, compared to PKR 3.2bn (EPS: 7.2/share) in the same period last year. On FY26 basis, the Company reported earnings of PKR 11.4bn (EPS PKR 26.08/share) up by +32%y/y compared to PKR 8.7bn (EPS PKR 19.8/share) in the same period last year.

Dividend/Payout: The Company announced a cash dividend of PKR 1.0/share along with the result.

Operating Performance: During 4QFY26, company's net sales increased by +13%y/y (down by 5% q/q) to PKR 19.0bn as compared to same period last year, likely owing to a 8%y/y increase in local dispatches, partially offset by a +19%y/y decline in export volumes due to the closure of Afghan border. Gross margins decreased to 24% from 32% in the same period last year due to higher imported coal costs. Finance cost plummeted by -49%y/y as compared to corresponding period last year likely owing to decline in interest rates. The effective tax rate during 4QFY26 stood at 24% (3QFY26: 41%) compared to 26% during the same period last year bringing total effective tax rate for FY26 to 34% against 33% last year.

Recommendation: We have a "BUY" stance on DGKC with our Dec-26 Target Price of PKR 311/share offering 45% upside from last close. The Company is currently trading at FY27 P/E of 6.1x.

Exhibit: D.G. Khan Cement Company Limited (DGKC) Financial highlights

For period ending: 4q/26

PKRbn	4q/26	4q/25	y/y	3q/26	q/q	FY26	FY25	y/y
Net Sales	19.0	16.8	13%	20.0	-5%	79.6	71.9	11%
Gross Profits	4.5	5.3	-16%	5.3	-15%	20.7	18.5	12%
Admin	0.4	0.3	29%	0.4	7%	1.6	1.3	27%
EBIT	4.3	4.8	-10%	4.5	-3%	18.6	16.9	10%
Finance cost	0.3	0.6	-49%	0.2	19%	1.3	3.9	-67%
Profit before tax	4.1	4.2	-4%	4.2	-4%	17.3	13.0	33%
Taxation	1.0	1.1	-10%	1.7	-43%	5.9	4.3	36%
Profit after Tax	3.1	3.2	-3%	2.5	23%	11.4	8.7	32%
EPS*	**7.01**	**7.20**		**5.71**		**26.08**	**19.80**	
DPS	**1.00**	**2.00**		**0.00**		**1.00**	**2.00**	
Gross Margins	24%	32%		27%		26%	26%	
EBIT Margins	23%	29%		22%		23%	23%	
Effective tax	24%	26%		41%		34%	33%	
Net Margins	16%	19%		13%		14%	12%	

Source: Company Accounts, IGI Research, *Number of Shares (mn): 438.1

Analyst
Syed Muzammil Hasan Rizvi
muzammil.rizvi@igi.com.pk
Tel: +92 21 111 234 234 Ext: 569

9Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution. All Research Analysts are receiving fixed pay and reporting directly to Head of Research who reports to CEO.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation Rating System
Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)
Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including

- Discounted Cash Flow (DCF)
- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: Target Price: A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Saher Hussain	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	saher.hussain@igi.com.pk
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited
Website: www.igisecurities.com.pk

Head Office
Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001
Fax: (+92-21) 35309169, 35301780

Lahore Office
Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69

LSE Plaza
Office No.1A at North Mezzanine Floor of the LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.
Tel: (+92-42) 38303565

Islamabad Office
3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Faisalabad Office
Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad
Tel: (+92-41) 2540843-45

Rahim Yar Khan Office
Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Multan Office
Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009