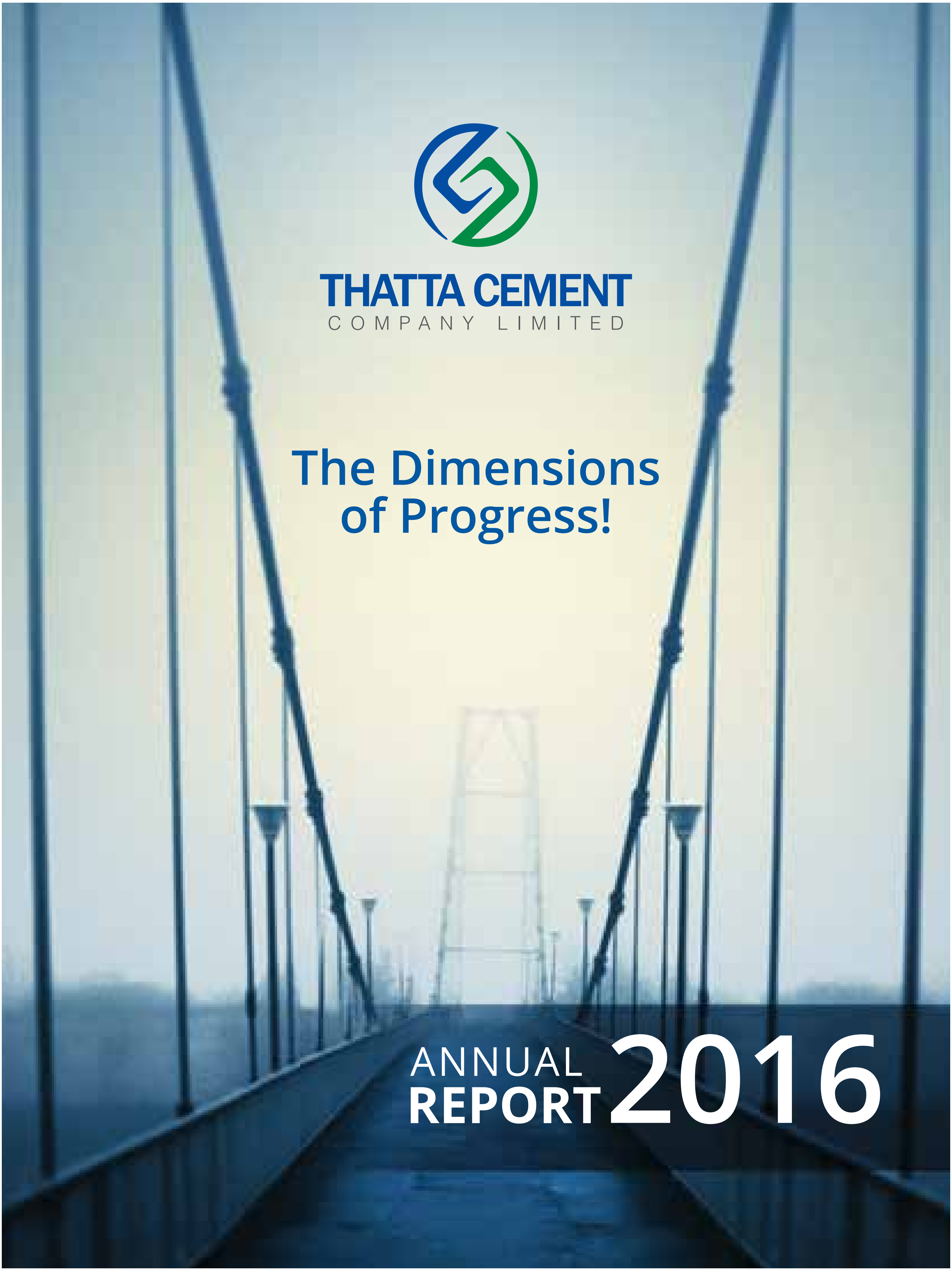


THATTA CEMENT
COMPANY LIMITED

The Dimensions of Progress!

ANNUAL REPORT 2016

THATTA CEMENT

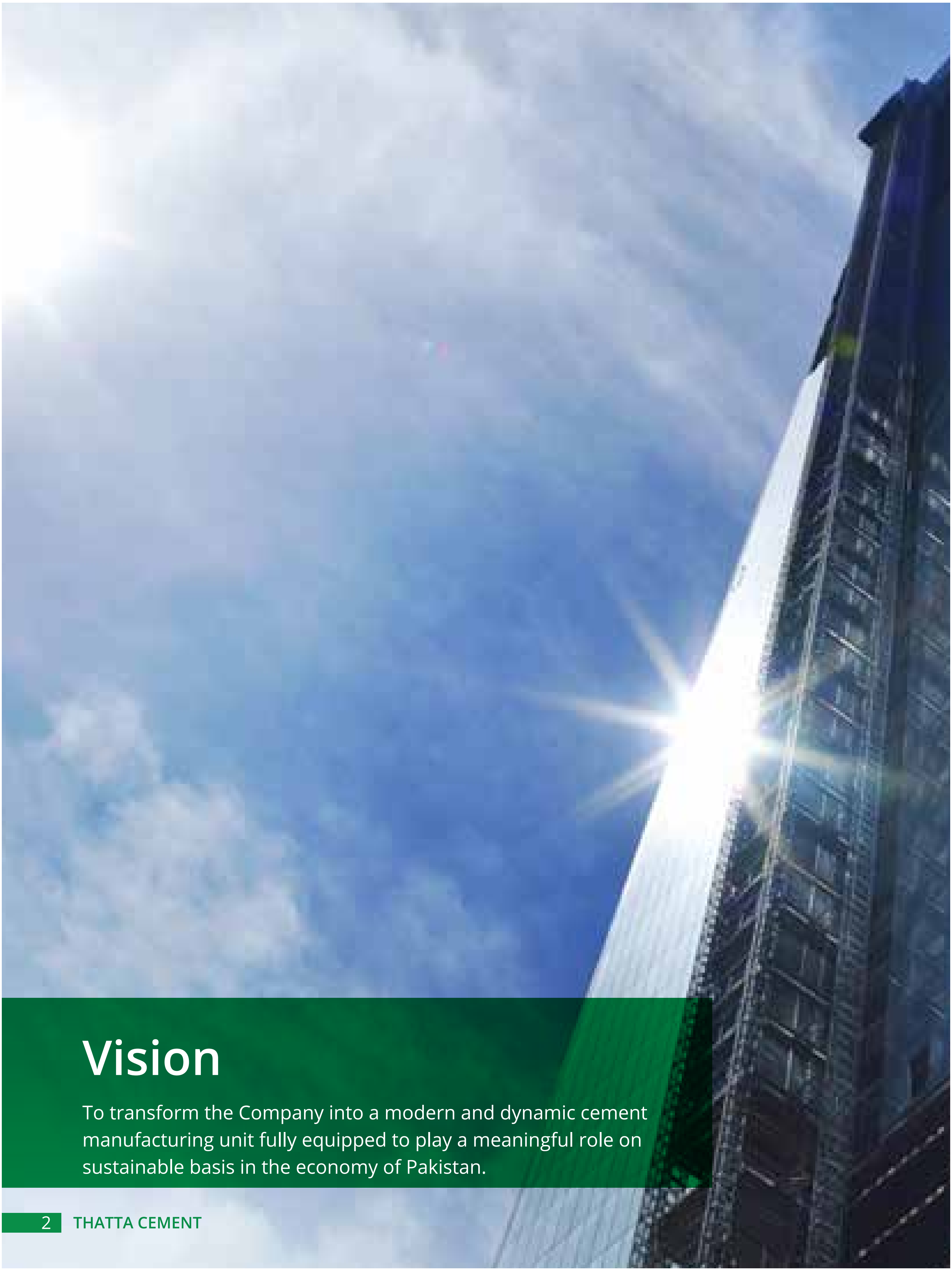
COMPANY LIMITED

The Dimensions of Progress

The Dimensions of Progress give us the ability to accurately analyze and map out the success terrain around us from a corporate organization perspective, so that more intelligent decisions are made in complexities. We learn from our experiences, integrate them into our reasoning & decision-making and see how it can empower us and our Business partners, to move towards progress.

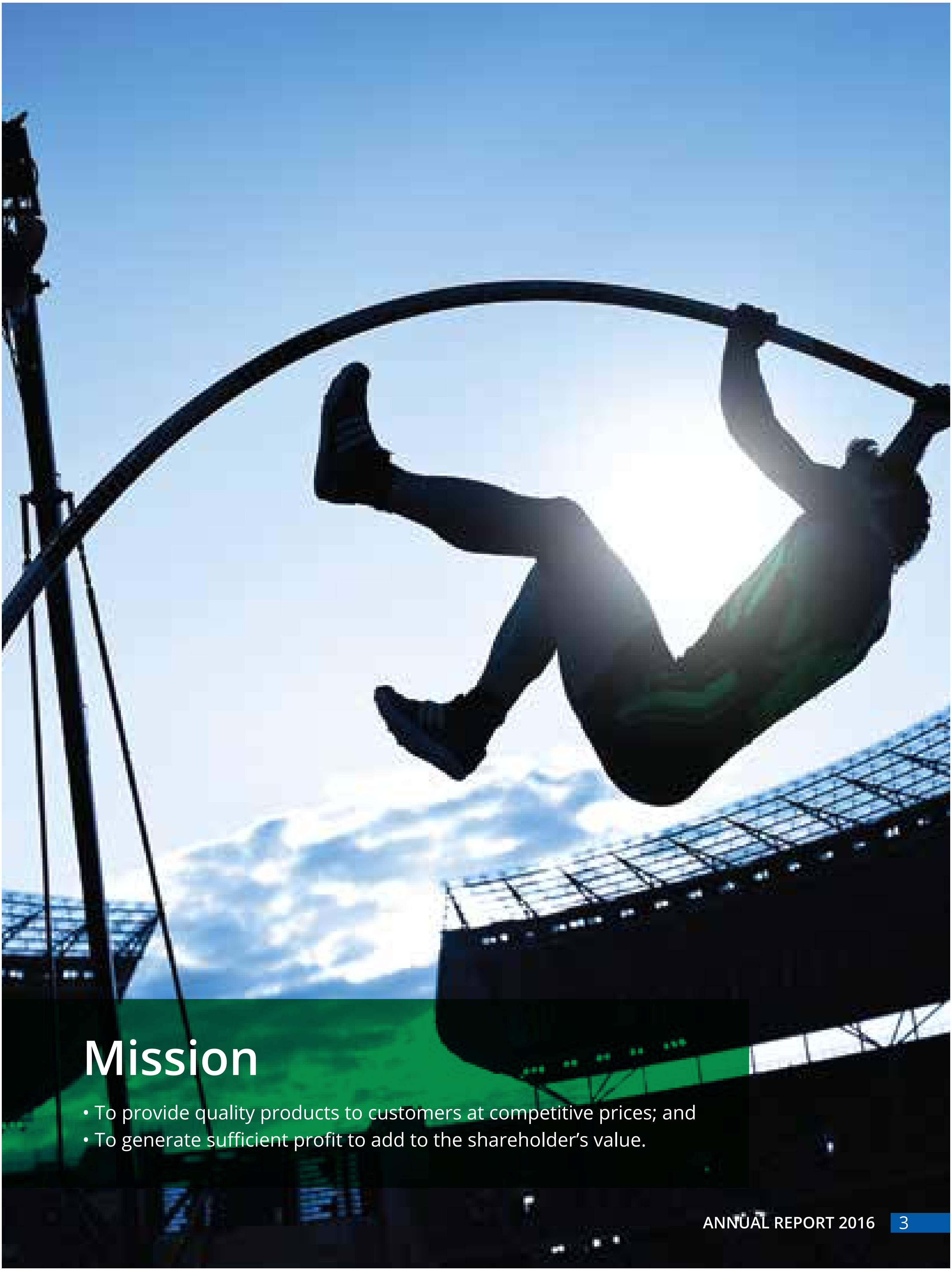

Z
Y
X

CONTENTS



Vision

To transform the Company into a modern and dynamic cement manufacturing unit fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan.



Mission

- To provide quality products to customers at competitive prices; and
- To generate sufficient profit to add to the shareholder's value.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khawaja Muhammad Salman Younis	Chairman
Mr. Muhammad Fazlullah Shariff	Chief Executive
Mr. Shahid Aziz Siddiqui	Director
Mr. Agha Sher Shah	Director
Mr. Wazir Ali Khoja	Director
Mr. Saleem Zamindar	Director
Mr. Attaullah A. Rasheed	Director

AUDIT COMMITTEE

Mr. Wazir Ali Khoja	Chairman
Mr. Khawaja Muhammad Salman Younis	Member
Mr. Shahid Aziz Siddiqui	Member
Mr. Attaullah A. Rasheed	Member

HR & REMUNERATION COMMITTEE

Mr. Saleem Zamindar	Chairman
Mr. Shahid Aziz Siddiqui	Member
Mr. Agha Sher Shah	Member
Mr. Muhammad Fazlullah Shariff	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
Muhammad Taha Hamdani

STATUTORY AUDITOR
M/s Grant Thornton Anjum Rahman, Chartered Accountants

COST AUDITOR
M/s Siddiqi & Co., Cost & Management Accountants

CORPORATE ADVISOR
M/s Shekha & Mufti, Chartered Accountants

LEGAL ADVISOR
M/s Usmani & Iqbal

BANKERS - Conventional
Sindh Bank Limited
National Bank of Pakistan
Summit Bank Limited
Silk Bank Limited

REGISTERED OFFICE
Office No. 606-608A,
Continental Trade Center,
Block 8, Clifton, Karachi
UAN: 0092-21-111-842-882
Fax no: 0092-21-35303074-75
Website: www.thattacement.com
E-mail: info@thattacement.com

FACTORY
Ghulamullah Road, Makli,
District Thatta, Sindh 73160

SHARE REGISTRAR
THK Associates (Pvt) Limited
2nd Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road,
Karachi-75530
UAN: 111-000-322, Fax: 35655595
Website: www.thk.com.pk

GROUP STRUCTURE

The Group consists of Thatta Cement Company Limited (TCCL), the Holding Company and Thatta Power (Private) Limited (TPPL), the Subsidiary Company (together referred to as "the Group")

Thatta Cement Company Limited

Holding Company

Established in 1980 as a manufacturer of cement and became operative in 1982. The Company in its effort to be self sufficient to meet its energy requirement had invested in a Subsidiary Company which is engaged in the business of generating and supply of electricity.

Thatta Power (Private) Limited

Subsidiary Company

Established as a private limited company on November 12, 2010 and principally engaged in generation and supply of electric power. TPPL is a 62.43% owned subsidiary of the Holding Company as on June 30, 2016. The commercial operations of the power plant commenced on December 12, 2012. The Company supplies electricity to the Holding Company for manufacturing of cement and to M/s Hyderabad Electric Supply Company Limited through the National Grid.

NATURE OF BUSINESS

Thatta Cement Company Limited was incorporated in 1980 as a public limited company. The Company's main business activity is manufacturing, marketing and sale of cement. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta. The Company's annual installed clinker capacity was 450,000 tons that has been enhanced to 547,500 tons as a result of Balancing, Modernization and Rehabilitation completed in July 2015.

The Company obtained listing on the Pakistan Stock Exchange (formerly Karachi Stock Exchange Limited) as a public limited company and has also obtained ISO 9001 certification in the year 2008 and API certification in the year 2013.






GEOGRAPHICAL PRESENCE

Cement companies in general have a natural sales catchment area within its immediate geographic location and the reach is mostly dependent on the size and output of the cement plant. Thatta Cement Company has a production capacity of 1825 tpd, and therefore it is economically viable to distribute its products within a radius of 125 kilometers. However, due to the nature and quality of some of its specialized products, the logistic cost barrier is broken by the discerning customers and our products manage to reach markets as far as Azad Kashmir. The exclusive Class G Oilwell Cement, which is used in some oil wells in distant locations in the country, is another such premium product.

MANAGEMENT STRATEGIC OBJECTIVES

- We intend to increase the value in long term through sustainable and result-oriented growth by providing high-performance, innovative and cost effective solutions aimed at customers evolving needs.
- We aim to recruit the right talent to mentor future leaders, cascading knowledge to create a culture of values and competitiveness.
- We incorporate ecological and social targets in our business strategy to protect the climate and biodiversity, as well as our social responsibility

Objectives and Strategies:

Management's objectives, strategies for meeting those objectives and relationship between entity's results and management objectives:

OBJECTIVE 1: TO ENHANCE SALES

Strategy: → Sales enhancement through increased market share

Status: → Annual targets achieved

Relationship between Company's result and management objective:

Company sales revenue increased by 23.51% as compared to the previous year, whereas sales volume increased by 34.66%

OBJECTIVE 2: MAINTAIN AND IMPROVE INDUSTRY POSITION

Strategy: → Technological advancements and continuously upgrade its production facility to maximize efficiency

Status: → Ongoing process

Relationship between Company's result and management objective:

The Company has spent an amount of Rs. 1.341 billion on BMR Project including normal additions during the year under review to convert the plant from conventional technology to the state of the art Pyro process technology equipped with mandatory equipment of environmental pollution abatement as well as energy conservation.

OBJECTIVE 3 : COST REDUCTION

Strategy: → To optimize resource utilization by adopting cutting edge technology

Status: → Ongoing process

Relationship between Company's result and management objective:

The Company has completed various improvement projects to achieve more efficient results.

OBJECTIVE 4 : MAINTAINING BALANCE BETWEEN ECONOMIC PROGRESS, SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

Strategy: → To provide sustainable livelihood to the society and to minimize the adverse affect on environment

Status: → Ongoing process

Relationship between Company's result and management objective:

The Company is maintaining a Total Recordable Injury Rate (TRIR) of less than 2.0 and has invested huge capital on environmental impact control equipment and practices like dust cyclones, bag houses, damping down dust suppression, electrostatic precipitators and personal protective equipment.

SIGNIFICANT CHANGES IN OBJECTIVES & STRATEGIES

The strategies and objectives of the Company were well planned and no significant changes have occurred during the year affecting Company's operations.

BOARD OF DIRECTORS

Mr. Khawaja Muhammad Salman Younis
Chairman

Dato' Khawaja Muhammad Salman Younis has over 30 years of experience in banking industry covering services, support, information technology, business development, corporate finance, advisory, risk management, re-structuring, process re-engineering, project management, asset management, private equity, regulatory and anti-money laundering compliance, administration and training.

Prior to founding and joining the Al - Tayseer Group, Mr. Salman Younis was with one of the world's leading Islamic banks based out of the GCC where he was responsible for setting up the Bank's operations in Malaysia in 2005 in a record time of 5 months, and helming the bank as its Managing Director for 3 years during which time the Bank was voted as the Best Islamic Bank in the World by Islamic Finance News in 2006.

He was also instrumental in setting up the Bank's representative offices in Australia and Singapore and its asset management was one of the first Islamic Fund Management Companies to be licensed by the Securities Commissions of Malaysia.

He has worked for the Citi Group from November 1981 to August 2001. Between 1981 and 1996, he worked in various capacities with the Saudi American Bank, now knows as SAMBA. In areas of services, support and information technology and later with the corporate and investment group where he concluded several high profile structured deals in oil and gas, petrochemical, shipping, water and power, high tech operation a maintenance, infrastructure development, contracting and trading.

During his stay with SAMBA, he witnessed three economic down turns and was also involved in remedial management of complex credits and several successful re-structuring and re-scheduling.

In September 1996, he was transferred from SAMBA to Citi Bahrain and was part of the team responsible for setting up Citi Islamic Investment Bank (CIIB), the first Islamic bank to set up as an International Financial Institution. In 1998, he was promoted and appointed as Managing Director of CIIB and Head of Global Islamic Finance. At CIIB, he developed a range of Islamic banking products and also structured first time Shariah compatible deals for clients in Easter Europe, Brazil, Korea and Taiwan among others.

He is also providing services as a Consultant to a large Group of Companies which are engaged in varied spectrum of businesses including Sugar production, power generation, manufacturing of polymer bags, Ethanol production, manufacturing of cement, assembling belarus IMT tractors, agricultural farms etc.

Mr. Muhammad Fazlullah Shariff
Chief Executive Officer

Mr. Muhammad Fazlullah Shariff is a qualified Chemical Engineer, graduated from the Middle East Technical University, Ankara, Turkey. He joined Thatta Cement Company as Chief Operating Officer at the time of takeover by Al-Abbas Group from the State Cement Corporation through Privatization Commission. Subsequently he was elevated to the position of Director Project to look after Thatta Cement and the expansion and modernization of the Al-Abbas Cement Industry (formerly ESSA Cement).

Mr. Shariff has spent over thirty five years in the cement industry. He has worked on eight cement plants in various capacities and five as consultant besides numerous other projects. He has also worked on IFC financed cement projects in Pakistan as a consultant. This has made his experience very diversified in all areas: Production, Quality Control, Raw Material Investigations, Feasibility Studies, Project Appraisals, Project and Contract Management, Environmental Impact Assessment Studies, Technical Audits, Plant Optimization, Acquisition and Takeovers. He is well-known for practical measures to keep his organization competitive and profitable using cutting edge technologies and innovative solutions under local conditions.

He has contributed technical papers to local and international magazines.

He is a certified Company Director from the Institute of Chartered Accountants of Pakistan.

He is a life member of the Pakistan Engineering Council and a member of the American Institute of Chemical Engineers and the American Chemical Society.

Mr. Agha Sher Shah
Director

Mr. Agha Sher Shah is currently the Chairman and Chief Executive of Bandhi Sugar Mills, a greenfield 7000 tons sugar mill which he successfully set up in 2012. He is also the Director of Attock Cement Limited, Habib Bank Limited, Newport Container Terminal (Private) Limited and Triton LPG (Private) Limited.

Mr. Agha Sher Shah started his career as an investment analyst covering consumer, energy and finance sectors of the S&P 500 in US equity market. In his investment career of 27 years he has held senior portfolio management positions in US and Global equities. Prior to his current role, he was Senior Portfolio Manager of a multi-billion dollar portfolio in Abu Dhabi Investment Authority, one of the largest sovereign wealth funds in the world.

He has a Bachelor of Science in Engineering from Rice University and holds a Master of Business Administration from Cornell University.

Mr. Wazir Ali Khoja
Director

Mr. Wazir Ali Khoja, Ex Chairman/ Managing Director National Investment Trust Ltd is a seasoned Banker with more than 32 years of professional experience in the field of Banking, Finance and Mutual Fund Industry. Having started his career from Muslim Commercial Bank in 1965, as a Manager, Mr. Khoja worked up his way to become Senior Executive Vice President in 1996. He was the Head of HR Division besides being responsible for managing Retail Banking products and Sports Division. His main area of expertise has been Project Finance, Equity Market Operations and Treasury affairs. By virtue of his proactive leadership, management skills and teamwork approach he had successfully turned around MCB branches in the Sindh Province into profit during his tenure as General Manager. As Chief of Sports Division at MCB, Mr. Khoja contributed in identifying and grooming young talent of the country to compete internationally in cricket, hockey and football. He was a member of Governing Body of Pakistan Cricket Board (PCB). He was also the Deputy Managing Director of NIT during 1994-95.

He remained on the Boards of prestigious institutions i.e. Bank Al Habib Limited, Fauji Fertilizer Company Lim¬ited, Packages Limited, Askari Bank Limited, Habib Metropolitan Bank Limited, KSB Pumps Company Limited, Pak Suzuki Motors Company Limited, Shell Gas LPG (Pakistan) Limited, Sui Southern Gas Company Limited, Pak Telecom Mobile Limited (unlisted) and Sindh Bank Limited (unlisted).

Presently he is on the Boards of Pak Suzuki Motor Company Ltd, U Microfinance Bank, Thatta Cement Company Ltd and on the Board of Governors of prestigious Institute of Business Administration (IBA). He was born in Mirpurkhas, Sindh on 23rd March 1943. Mr. Khoja is a Commerce Graduate from University of Sindh.

Mr. Saleem Zamindar
Director

Mr. Saleem Zamindar has a Bachelor of Arts (BA) degree in Economics from Boston University, USA and a Master of Business Administration (MBA) from Durham University Business School, UK. He has over 22 years of experience across several countries in investment management, board level general management & international banking. He is a Certified company Director by the Pakistan Institute of Corporate Governance and additionally also holds the globally prestigious Certificate in Company Direction from the Institute of Directors (IoD) UK. Presently, he serves on the Board of Directors of several publicly listed & private limited companies. He is also the past President of the Rotary Club of Karachi, the largest and oldest Rotary Club in District 3271, and is a former member of the Managing Committee of the Karachi Boat Club and a current member of the Board of Governors of the Karachi Council on Foreign Relations.

Mr. Shahid Aziz Siddiqui
Director

Mr. Shahid Aziz Siddiqui has lead various government organizations including Chairman of State Life Corporation of Pakistan and Chairman of National Highway Authority.

He has also served as Managing Director of Rice Export Corporation of Pakistan, Director General of Ports and Shipping, Commissioner of Karachi Division, Deputy Commissioner of the Districts of Thatta, Sanghar and Larkana and as Director Labour, Sindh.

He was also the Chairman of Board of Directors of Sui Southern Gas Company Limited and at present also serving as Director on the Board of Thatta Cement Company Limited.

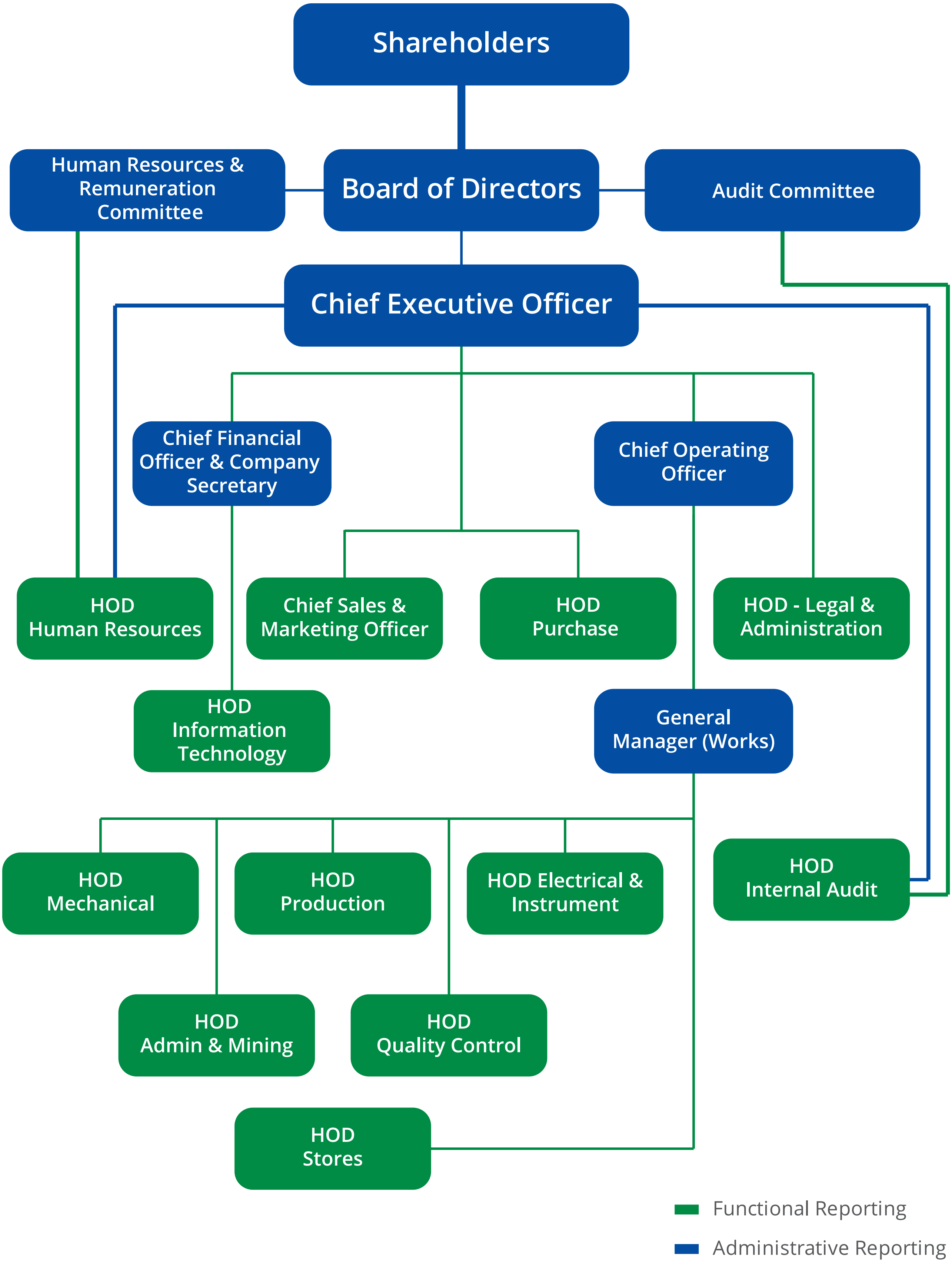
Mr. Shahid Aziz Siddiqui had topped the CSS Examination of 1968. Mr. Siddiqui holds post graduate degree in Development Economics from the University of Cambridge UK and masters from University of Karachi. He is also a Certified Director by Pakistan Institute of Corporate Governance (PICG).

Mr. Attaullah A. Rasheed
Director

Mr. Attaullah A. Rasheed is working as General Manager in Real Estate Division of State Life Corporation of Pakistan, the largest national organization engaged in Life Insurance Business having a work experience of over 25 years in the field of Investment, Finance, Taxation and corporate affairs with various reputable organizations. He is a Fellow member of Institute of Cost & Management Accountants of Pakistan and Institute of Corporate Secretaries of Pakistan and also holds master's degrees in Economics and Commerce from University of Sindh.

He is also serving as nominated director on the Board of listed companies namely, Premier Insurance Company Limited and Shahtaj Sugar Mills Limited on behalf of State Life Insurance Corporation of Pakistan.

ORGANISATIONAL STRUCTURE



CODE OF CONDUCT

The Code of Conduct of the Company is based on the principles of discipline, integrity, mutual respect, adherence to applicable laws by its employees among themselves and dealings with other stakeholders of the Company and to conduct its business in a manner that reflects high ethical standards.

BRIEF OVERVIEW OF THE CODE

Business Principles

- Conduct its operations with highest environmental and business ethical consideration.
- Employees should demonstrate Company's core values of merit, integrity, safety, teamwork and dedication in dealings with business partners.

Business integrity

- Directors, senior management and employees shall ensure that their actions in conduct of business are totally transparent and must avoid situations in which their personal interest could conflict with the interest of the Company.
- Directors, senior management and employees shall not disclose or use any confidential information and also comply with applicable laws.

COMPANY RESPONSIBILITIES

The Code encourages to:

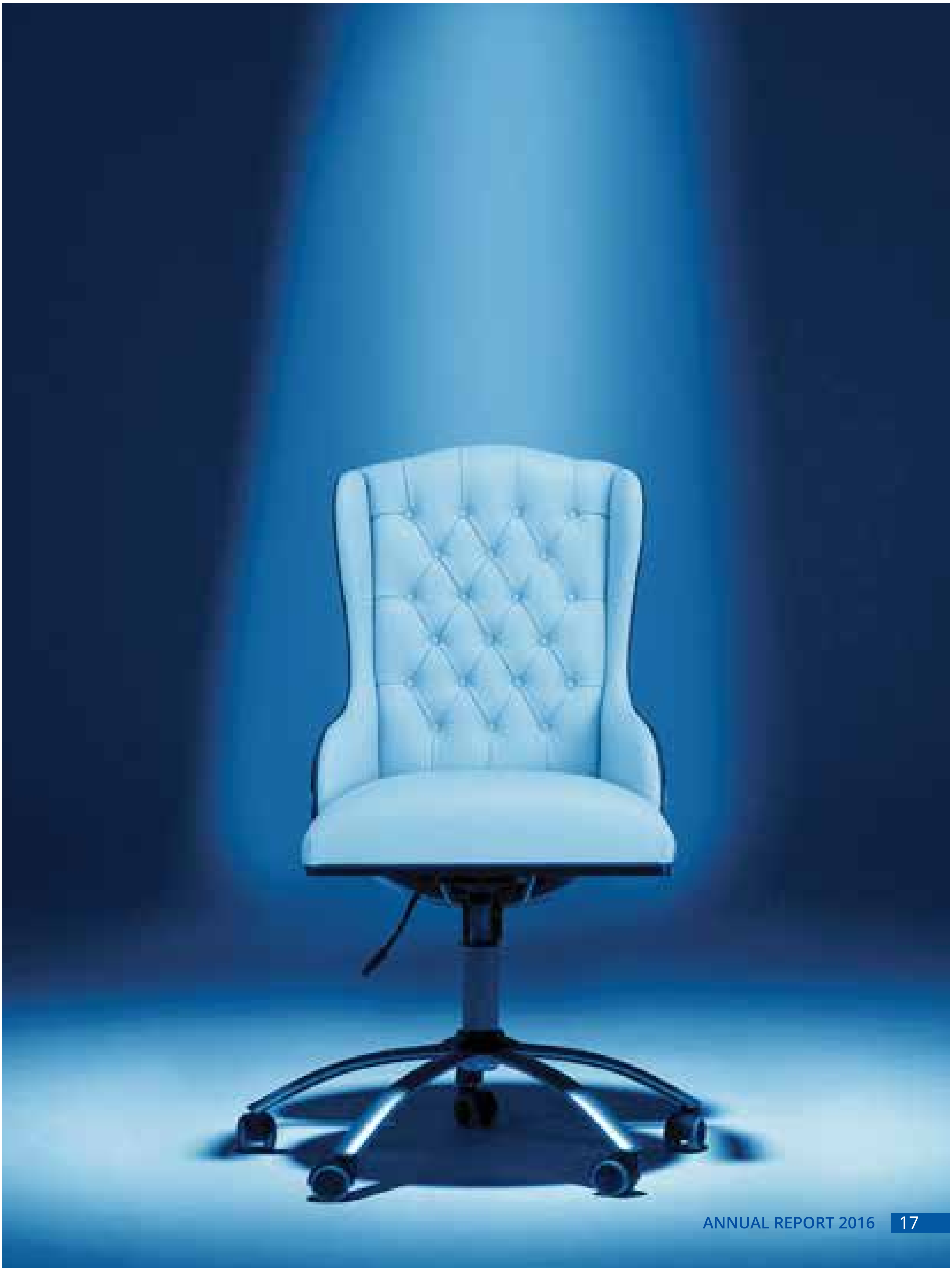
- Upholds the values of integrity, teamwork, meritocracy and equity.
- Safeguard Company's interest in dealings with business partners.
- Comply fully with applicable laws and regulations by ensuring legal and regulatory compliance.
- Provide good physical working conditions and encourage high standards of hygiene and housekeeping.
- Follow best practices in environmental matters arising out of its business activities.

EMPLOYEE RESPONSIBILITIES

The Code provides employees guidance on their responsibilities vis-a-vis:

- Media relations and disclosures
- Confidentiality of information
- Avoid conflict of interest
- Legitimate use of Company's assets and services
- Demonstrates and promotes professional behavior.

Director’s Report



DIRECTOR'S REPORT

The Board of Directors present herewith their review and the audited financial statements together with auditors' report for the year ended June 30, 2016.

INDUSTRY OVERVIEW

The Cement industry witnessed a robust growth of 9.81% during the year ended June 30, 2016 compared with the year 2015, as against 3.26% compared with year 2015 versus 2014. This phenomenal growth in the sector is due to improved capacity utilization of 85.21% of its installed capacity against 77.60% compared with the year 2015. The growth was led by local sales which increased substantially by 17% whereas the exports continued to decline by 18.37% compared with last year.

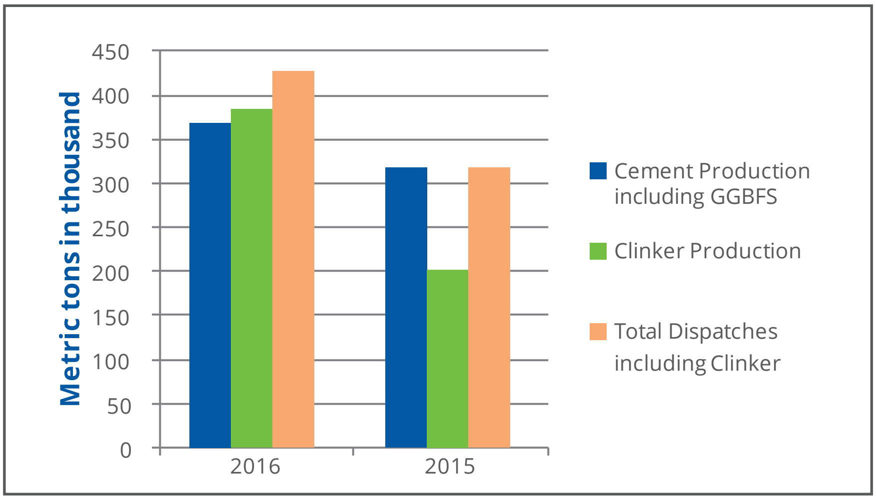
The key drivers for the astonishing performance of the industry includes improved cement sector fundamentals backed by higher demand, cost efficiencies driven by lower international coal prices and captive power generation reducing energy costs, stable exchange and interest rate and stabilization of cement prices which enhanced the bottom line profitability of the cement manufacturing companies during the year.

BUSINESS PERFORMANCE

(a) Production and Sales Volume Performance

The Kiln capacity utilization of the Company during the year stood at 69.88% as compared to 44.65% in the previous year. Overall clinker production was higher by 90.38% as compared to the last year whereas cement production was higher by 29.88% than that of the previous year.

Description	2016	2015	Variance	
	------ Metric Tons	------	------	%
Plant capacity – Clinker	547,500	450,000	97,500	21.67
Production				
- Clinker	382,582	200,947	181,635	90.38
- Cement	361,351	278,199	83,152	29.88
- GGBFS	520	33,722	(33,202)	(98.45)
- Class G Cement	5,813	2,389	3,424	143.32
Dispatches				
Cement				
- Local	362,623	278,670	83,953	30.12
- Class G cement	1,177	1,548	(371)	(23.96)
- Exports	1,978	2,133	(155)	(7.26)
	365,778	282,351	83,427	29.54
Clinker	59,331	-	59,331	100
GGBFS – Local	520	33,722	(33,202)	(98.45)
	425,629	316,073	109,556	34.66



The Company's local cement dispatches showed a substantial growth of 30.12% compared with last year due to increased capacity utilization after BMR and enhanced domestic demand. Your Company is managing the sales mix diligently to improve overall margins by focusing more on the local sales which contribute more to the profitability as compared to exports and consequently add more to the stakeholder's value. Furthermore, 59,331 MT clinker was also sold in order to manage the inventory.

A comparative analysis of sales volume of the industry vis-à-vis the Company is as under:

Description	2016	2015	Variance	
	-------------------- Million Metric Tons		--------------------	%
Cement Industry				
Local sales	33.001	28.206	4.795	17.00
Exports	5.872	7.194	(1.322)	(18.37)
	38.873	35.400	3.473	9.81
	-------------------- Metric Tons		--------------------	
Thatta Cement Company Limited				
Local sales –Cement	362,623	278,670	83,953	30.12
Local sales – Clinker	59,331	-	59,331	100
Class G cement	1,177	1,548	(371)	(23.96)
Exports	1,978	2,133	(155)	(7.26)
GGBFS	520	33,722	(33,202)	(98.45)
	425,629	316,073	109,556	34.66

(b) Financial Performance:

A comparison of key financial results of the Company for the year ended June 30, 2016 with the same period last year is as under:

Particulars	2016	2015
	--------- Rs in ('000) ---------	
Turnover – net	2,846,147	2,304,404
Gross profit	913,844	645,901
Profit before taxation	666,009	417,007
Profit after taxation	614,443	289,274
Earnings per share (Rupees)	6.16	2.90

During the year gross profit margin increased to 32.11% from 28.03% as compared with last year. The Company earned a profit before tax of Rs. 666.009 million after providing for depreciation of Rs.111.255 million.

i) Sales Performance

Sales revenue of the Company during the year in terms of value increased by 23.51%, due to appreciation in local sales of cement as a result of induction of new customers which would have not been possible without the efforts made by Sales and Marketing team to get its share of revenue from the market. Further, sale of clinker for better management of inventory also supported to increase overall sales revenue. Moreover, sales in terms of volumes also showed an increase of 34.66% compared with last year.

ii) Cost of Sales

Cost of sales to sales ratio has declined to 67.89% during the year as compared to 71.97% last year. This decline is mainly on account of production efficiencies, in terms of lower consumption of fuel and power achieved as a result of BMR which was completed in the first month of financial year ended on June 30, 2016.

iii) Selling and Distribution Cost

Selling and Distribution cost appreciated by 89.54% due to increase in commission paid to dealers on increased sales and local freight charges on account of cement dispatches to few customers on landed cost basis during the year as compared with that of last year. Sales promotion expenses have also increased during the year on account of more aggressive marketing activities undertaken by Sales and Marketing department of the Company to fetch additional sales generated this year. These activities include distribution of gift packs to dealers, retailers, printing of annual /ramzan calendars etc.

iv) Finance Cost

Finance cost has increased by 121.38% during the year under review as compared with that of last year due to increase in interest expense being charged to profit and loss account on long term financing obtained for Balancing, Modernization and Rehabilitation (BMR) project. Interest expense after the completion of BMR project in the month of July 2015 was charged to profit & loss account, as per the requirement of International Accounting Standards.

Subsequent appropriations

Based on the profit during the year under review, the Board of Directors has recommended a final cash dividend for the year ended June 30, 2016 at Rs 1.50/- per share i.e. 15%. The entitlement shall be available to those shareholders whose name(s) appear on the shareholders' register at the close of business on September 19, 2016. The appropriation will be reflected in the subsequent financial statements, in compliance with Fourth Schedule to the Companies Ordinance, 1984.

Balancing, Modernization and Rehabilitation (BMR)

With the blessings of Almighty Allah and untiring efforts of our team the Balancing, Modernization and Rehabilitation of Thatta Cement plant was completed in the month of July 2015.

BMR has resulted in conversion of the conventional cement making process into state of the art Pyro-process system which is highly efficient and environment friendly. With the completion of BMR project and induction of state of the art technology, the productivity and efficiencies of your company are continually showing signs of improvement in fuel and power consumption for production of cement.

Going forward successful completion of the BMR will impact positively on the gross margins due to cost efficiencies and your company will be in a better position to compete in local market and enhance its market share.

Future Outlook

World now recognizes Pakistan as next emerging success story due to increased focus on infrastructure spending by the Pakistani government, as part of the CPEC which is estimated around $44 billion in transport and energy-related construction projects which resulted from improved law and order situation in the Country, hence, cement demand is predicted to be robust in the years to come. CPEC is not only a road project but a multispectral framework covering energy, infrastructure, Gwadar and industrial sector. CPEC's investment would also be used for development of infrastructure i.e. rail and road links in its route which will substantially benefit the construction sector and most prominently the cement sector.

Pakistan cement industry outlook will remain positive with expansion expected over the next few years. Key reasons include improved sector fundamentals backed by higher demand, cost efficiencies driven by lower international coal prices and captive power generation reducing energy costs, capacity expansions and stabilization of cement prices. Moreover, cement production capacity is expected to rise around 52.5 million metric tons per annum by FY19 due to expansion projects being undertaken by leading players of the industry. As a result, cement demand is forecasted to grow by at least eight percent over the next five years (FY16-21) on the back of an average GDP growth of 4.7 percent.

The management is alive to the challenges ahead and is continuously evolving strategies and adopting appropriate measures to mitigate market risks, meet future challenges and maintain business growth.

Performance of the Group

In compliance with section 236(5) of the Companies Ordinance, 1984 attached with this report are the consolidated financial statements of Thatta Cement Company Limited (the Holding Company) and Thatta Power (Private) Limited (the Subsidiary Company) for the / as at year ended June 30, 2016.

Balance Sheet	June 30, 2016	June 30, 2015
	--------- Rs in ('000) ---------	
Property, plant and equipments	3,405,340	3,396,003
Stock-in-Trade	238,407	230,907
Trade Debts	464,681	477,102
Paid-up Share Capital	997,181	997,181
Total Equity	2,554,137	2,123,392
Trade and Other payables	424,449	364,658
Short Term Borrowings	19,168	135,449

Profit and Loss

	June 30, 2016	June 30, 2015
	--------- Rs in ('000) ---------	
Revenue	2,856,103	3,205,421
Gross Profit	1,034,513	1,042,325
Selling, Distribution and Administrative expenses	196,341	138,664
Operating profit	838,172	903,661
Profit before taxation	713,525	704,162
Profit after taxation	661,337	585,212

Thatta Power (Private) Limited – Captive Power Plant

Thatta Power (Private) Limited (TPPL), subsidiary of Thatta Cement Company Limited (TCCL) has earned a profit after tax of Rs 40.192 million; however, distribution of dividend to the shareholders shall not be made this year, due to restricting covenants of financing agreements executed by the Subsidiary Company. Thus, distribution of profit to shareholders of the Subsidiary Company would be made in future subject to compliance of covenants of financing agreements.

The Subsidiary Company entered into a Power Purchase Agreement (PPA) with HESCO on May 14, 2011 to sell electricity at rates agreed in the said agreement. The agreement was executed in accordance with the Policy Framework for New - Captive Power Producers (N-CPPs). Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order revising the tariff formula resulting in reduced tariff. This act of downward revising the tariff for N-CPPs was unwarranted especially in current scenario where there is severe electricity shortage in the province of Sindh. In view of the said order, HESCO intimated to pay its dues for electricity purchased as per the revised tariff formula. In response, the Subsidiary Company filed a petition before the Honorable High Court of Sindh, against HESCO, on the grounds that HESCO failed to pay the dues to the Subsidiary Company as per PPA. The Honorable High Court of Sindh disposed off the petition filed by TPPL with the direction to HESCO to pay TPPL against purchase of electricity as per the rates stipulated in PPA until 01-02-2012 and thereafter on the rates determined by NEPRA. In view of the adverse order and according to the advice of the legal counsel the Subsidiary Company has filed an appeal before the Supreme Court of Pakistan against the order passed by the High Court of Sindh. Consequently, HESCO & NEPRA have also filed appeals before the Supreme Court of Pakistan against the adverse order. The appeals are pending for adjudication.

Due to nonpayment of monthly electricity bills by HESCO since February 2015 receivables of TPPL from HESCO have substantially increased to Rs. 300.86 million posing severe liquidity problems for the Subsidiary Company. Therefore, in order to ensure uninterrupted supply of electricity for continued cement production, the Holding Company, Thatta Cement Company Limited, after obtaining the approval of its shareholders under section 208 of the Companies Ordinance, 1984 in their Annual General Meeting held on October 16, 2015, to provide aggregate loan / advance facility of Rs. 300 million to its Subsidiary Company.

During the year, TPPL has utilized an amount of Rs 184.006 million out of the said facility in order to honor its financial obligations. The Loan/Advance carries markup at the rate of 3 months KIBOR plus 2.62 % pa payable in arrears on quarterly basis.

Waste Heat Recovery Project

The financing arrangement for the project of Thatta Power (Private) Limited (the Subsidiary Company) with Syndicate of Banks is under process.

Corporate Social Responsibility

Being a responsible corporate citizen, the Company always strives to discharge its social responsibilities towards the society. The Company promotes and facilitates welfare of the local communities in the town where the Company operates. During the year, the Company has incurred a reasonable amount on various education and health initiatives.

Related Party Transactions

All related party transactions entered into are at arm's length basis which were reviewed and approved by the Audit Committee as well as the Board of Directors of the Company in compliance with the PSX Regulations of the Pakistan Stock Exchange Limited.

Code of Corporate Governance

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the PSX Regulations of the Stock Exchange. All necessary steps are being taken to ensure good Corporate Governance in the Company as required under the Code.

a. The financial statements, prepared by the management of Thatta Cement Company Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b. Proper books of account have been maintained by the Company.

c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Financial Reporting Standards and International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and there has been no material departure therefrom.

e. The system of internal control has been effectively implemented and is continuously reviewed and monitored.

f. We have an Audit Committee, the members of which are amongst non executive directors of the Board.

g. The Company is a going concern and there is no doubt at all about the Company's ability to continue as a going concern.

h. There has been no material departure from the best practices of corporate governance, as detailed in the PSX Regulations.

i. The Board of Directors has adopted a mission statement and statement of overall corporate strategy.

j. The Company has developed a Code of Conduct, which has been placed on website of the Company.

k. There is nothing outstanding against the Company on account of taxes, duties, levies, and other charges except for those which are being made in the normal course of business and disclosed in the financial statements.

l. The Company maintains Provident and Gratuity Fund for its permanent employees. Stated below are the amount charged by the Company in profit and loss:

• Provident Fund	Rs	8.185 million
• Gratuity Fund	Rs.	11.438 million

The value of investments as per audited accounts of retirement benefit plans of Thatta Cement Company Limited as at June 30, 2016 are as follows:

• Provident Fund	Rs.	61.35 million
• Gratuity Fund	Rs.	54.83 million

m. Earnings per share for the year was Rs. 6.16 as against Rs 2.90 last year.

n. During the year two of the Directors completed their Director's Training Program (DTP) and as a result all directors on the board of the Company have completed their DTP to comply with the requirments of PSX Regulations.

o. We have included the following information in the Annual Report, as required by the Code of Corporate Governance:

   i. Statement of pattern of shareholding.

   ii. Key operating and financial statistics for the last six years.

   iii. Statement of number of Board, Audit Committee and Human Resources & Remuneration Committee meetings held during the year and attendance by each director (Annexure I).

   iv. Statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Company Secretary and their spouses and minor children (Annexure II).

External Auditors

The present auditors M/s Grant Thorton Anjum Rahman, Chartered Accountants being eligible have offered themselves for re-appointment . As per recommendation of Audit Committee, the Board recommends to the shareholders the appointment of M/s Grant Thorton Anjum Rahman, Chartered Accountants as auditors of the Company for the year ending on June 30, 2017.

Acknowledgement

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the relentless efforts and dedicated services, team work, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and keep it abreast to face future developments and demands.

On behalf of the Board

Karachi: August 27, 2016

Muhammad Fazlullah Shariff
Chief Executive Officer

ABSTRACT FOR VARIATION IN TERMS OF APPOINTMENT OF CHIEF EXECUTIVE OFFICER OF THE COMPANY

To: All Members of the Company

Subject: Variation in terms of appointment of the Chief Executive Officer (CEO) of the Company

Dear Member

This is to inform you under section 218 of the Companies Ordinance, 1984 ("Ordinance"), the Board of Directors of the Company in its meeting held on May 6, 2016 increased the monthly remuneration of Mr. Muhammad Fazlullah Shariff as the Chief Executive Officer (CEO) of your Company from Rs 1,240,000/- to Rs 1,326,800/- per month (gross), inclusive of all allowances, with effect from July 1, 2016. Other perquisites as per the Company policy, which include Company's contribution to provident fund, annual bonuses, leave fare assistance, encashment of annual leaves as per company policy, medical and life insurance and gratuity.

No other Director of the Company has any interest in such variation.

Regards

Muhammad Taha Hamdani
Company Secretary

ANNEXURE I

Attendance of Directors in Board Meetings held during the year ended June 30, 2016:

Name of Director	No.of Meetings	Meetings attended
Mr. Khawaja Muhammad Salman Younis - Chairman	6	5
Mr. Muhammad Fazlullah Shariff - Chief Executive Officer	6	6
Mr. Shahid Aziz Siddiqui – Director	6	6
Mr. Wazir Ali Khoja - Director	6	6
Mr. Agha Sher Shah - Director	6	5
Mr. Saleem Zamindar - Director	6	6
Mr. Attaullah A. Rasheed - Director	6	5

Attendance of Members in Audit Committee Meetings held during the year ended June 30, 2016:

Name of Member	No.of Meetings	Meetings attended
Mr. Wazir Ali Khoja - Chairman Committee	4	4
Mr. Shahid Aziz Siddiqui - Member	4	4
Mr. Khawaja Muhammad Salman Younis - Member	4	3
Mr. Attaullah A. Rasheed - Member	2	2
Mr. Saleem Zamindar - Director (on Invitation)	1	1

Attendance of Members in Human Resources & Remuneration Committee Meetings held during the year ended June 30, 2016:

Name of Member	No.of Meetings	Meetings attended
Mr. Saleem Zamindar - Chairman Committee	2	2
Mr. Agha Sher Shah - Member	2	2
Mr. Shahid Aziz Siddiqui - Member	2	2
Mr. Muhammad Fazlullah Shariff - Member	2	2
Mr. Wazir Ali Khoja - Director (on invitation)	1	1

ANNEXURE II

A Statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Company Secretary and their spouses and minor children.

Name of Director	Shares bought
Mr. Wazir Ali Khoja	500

د۔۔ کمپنی پر ٹیکسز، ڈیوٹیز اور متفرق چارجز کی مد میں کوئی رقم واجب الادا نہیں ہے، سوائے ان کہ جو عام کاروبار کا حصہ ہیں اور جن کا ذکر کمپنی کی مالیاتی گوشوارے میں کیا گیا ہے۔

ذ۔۔ کمپنی نے اپنے مستقل ملازمین کے لئے پراویڈنٹ فنڈ اور گریجوٹی فنڈ جاری کیا ہوا ہے، کمپنی کی جانب سے نفع و نقصان کی صورت میں اس ضمن میں خرچے درج زیل ہیں۔

پراویڈنٹ فنڈ 8.185 ملین روپے گریجوٹی فنڈ 11.438 ملین روپے

ٹھٹھہ سیمنٹ کمپنی لمٹیڈ کے ریٹائرمنٹ فنڈز کے 30 جون 2016 تک آڈٹ شدہ مالی بیانات کے تحت ریٹائرمنٹ بینیفٹ منصوبے میں سرمایہ کاری کی قدر درج زیل ہے:

پراویڈنٹ فنڈ 61.35 ملین روپے گریجوٹی فنڈ 54.83 ملین روپے

ر۔ گذشتہ سال کی فی حصص آمدنی 2.90 روپے کے مقابلے میں اس سال 6.16 روپے رہی۔

ز۔ رواں سال میں دو ڈائریکٹرز نے ڈائریکٹرز تربیتی پروگرام مکمل کیا جس کے بعد کمپنی نے پی ایس ایکس کی تمام ڈائریکٹرز کی تربیت کی ریگولیشن کو پورا کر لیا ہے۔

س۔ کارپوریٹ گورننس قواعد کے تحت مطلوبہ درج زیل معلومات سالانہ رپورٹ میں شامل کی گئی ہیں:

۱: حصص داری کی طرز کا بیان

۲: گزشتہ 6 برس کے کلیدی کارکردگی اور مالیات کے اعداد و شمار

۳: سال رواں کے دوران ہونے والی بورڈ، آڈٹ کمیٹی اور افرادی قوت کمیٹی کی مجالس اور ان میں ڈائیریکٹرز کی حاضری کی تفصیلات کا بیان (ضمیمہ I)

۴: کمپنی کے ڈائریکٹرز، سی ای او، سی او او، سی ایف او اور کمپنی سیکریٹری اور ان کے شریک حیات اور کم عمر بچوں کی کمپنی حصص کی تفصیلات کا بیان (ضمیمہ II)

بیرونی آڈٹ

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر میسرز گرانٹ تھورٹن انجم رحمان، چارٹرڈ اکاونٹنٹس کی 30 جون 2017 تک دوبارہ بطور بیرونی آڈیٹرز (محاسب) کی تعیناتی کی تجویز پیش کی ہے۔

اعترافِ خدمات

بورڈ آف ڈائیریکٹرز، کمپنی کے حصص داروں، مالیاتی اداروں اور صارفین کے تعاون، سرپرستی اور حمایت کے لئے بے پناہ مشکور ہیں، اور کمپنی کے تمام ملازمین کی انتھک محنت، وفاداری، ٹیم ورک اور مسلسل لگن کے معترف ہیں اور اُمید کرتے ہیں کہ کمپنی کے مستقبل میں بھی یہ سب اس کے ہمسفر ہوں گے۔

بورڈ کی جانب سے

محمد فضل اللہ شریف
چیف ایگزیکٹو آفیسر

کراچی 27 اگست 2016

ویسٹ ہیٹ ریکوری منصوبہ

ٹھٹھہ پاور کے اس منصوبے کی مالی ضروریات کو پورا کرنے کے لئے سنڈیکیٹ بنکوں سے مالیاتی معاہدے تکمیل کے مراحل سے گزر رہے ہیں۔

کارپوریٹ سماجی ذمے داری

ایک ذمے دار ادارہ ہونے کے ناطے کمپنی کی ہمیشہ یہ کوشش رہی ہے کہ معاشرے کی طرف اپنی سماجی ذمے داریاں خوش اسلوبی سے پوری کرتی رہے، کمپنی مقامی فلاح وبہبود کے منصوبوں کی تشہیر و تعاون کے لئے اپنا کردار ادا کرتی رہی ہے، سال گذشتہ کے دوران کمپنی نے تعلیم و صحت کے متعدد اقدامات میں ایک خطیر رقم خرچ کی ہے۔

متعلقہ پارٹی معاملات۔

تمام متعلقہ پارٹیوں کے لین دین کے معاملات کو پاکستان اسٹاک ایکسچینج کے پی ایس ایکس قوانین کے تحت کمپنی کی آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی جانب سے دیکھا اور منظور کیا گیا ہے۔

کارپوریٹ گورننس کے ضابطے

کمپنی کے ڈائریکٹرز پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کے ضابطوں کے تحت اپنی ذمے داریوں سے پوری طرح آگاہ ہیں اور اس ضمن میں کارپوریٹ گورننس کے ضابطوں کو پورا کرنے کے لئے ہر ممکن اقدامات کئے جا رہے ہیں۔

ا۔۔ کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے شفاف معاملات کو ظاہر کرتے ہیں، ایکوٹی میں تبدیلی، کیش (فنانس) کا بہاو اور آپریشن شفاف طور سے چل رہے ہیں

ب۔۔ کمپنی کی جانب سے حساب کتاب کا مناسب انتظام ہے اور اکاونٹس کے تمام کھاتے کمپنی احسن طریقے سے تشکیل دیتی ہے۔

پ۔۔ مالیاتی گوشواروں کی تیاری میں مناسب اکاونٹس کے طریقے کار اپنائے جاتے ہیں، مالیاتی تفصیلات کی تیاری مناسب اور دانشمندانہ فیصلوں پر مبنی ہوتی ہے۔

ت۔۔ مالیاتی گوشوارے کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی فنانشل رپورٹنگ اور اکاونٹنگ کے معیارات کی مکمل پیروی کی گئی ہے۔

ٹ۔۔ کمپنی میں اندرونی کنٹرول کے نظام کو موثر طریقے سے لاگو کیا گیا ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

ث۔۔ ہماری ایک آڈٹ کمیٹی ہے، جس کے ارکین میں سے کوئی بھی ایگزیکٹو ڈائریکٹر نہیں ہے۔

ج۔۔ کمپنی کے پاس اپنے آپریشنز کو جاری رکھنے کے لئے مناسب انتظام موجود ہے، اور اس بات میں کوئی شک نہیں ہے کہ مستقبل میں بھی ایسا ہی رہے گا۔

چ۔۔ پاکستان اسٹاک ایکسچینج کے تمام قابلِ اطلاق کارپوریٹ گورننس کے بہترین اصولوں پر عمل کیا جا رہا ہے اور کسی بھی اصول کی عدم تعمیل نہیں کی گئی۔

ح۔۔ بورڈ آف ڈائریکٹرز کی جانب سے نصب العین اور مجموعی کارپوریٹ پالیسی کو اختیار کیا گیا ہے۔

خ۔۔ کمپنی کی جانب سے ضابطہ اخلاق تیار کئے گئے ہیں جو کمپنی کی ویب سائٹ پر موجود ہیں

Balance Sheet

	June 30, 2016	June 30, 2015
	--------- Rs in ('000) ---------	
Property, plant and equipments	3,405,340	3,396,003
Stock-in-Trade	238,407	230,907
Trade Debts	464,681	477,102
Paid-up Share Capital	997,181	997,181
Total Equity	2,554,137	2,123,392
Trade and Other payables	424,449	364,658
Short Term Borrowings	19,168	135,449

Profit and Loss

Revenue	2,856,103	3,205,421
Gross Profit	1,034,513	1,042,325
Selling, Distribution and Administrative expenses	196,341	138,664
Operating profit	838,172	903,661
Profit before taxation	713,525	704,162
Profit after taxation	661,337	585,212

ٹھٹھہ پاور (پرائیوٹ) لمٹیڈ۔ کیپٹیو پاور پلانٹ

ٹھٹھہ پاور (پرائیوٹ) لمیٹڈ، ذیلی کمپنی، ٹھٹھہ سیمنٹ کمپنی لمٹیڈ، نے ٹیکس ادائیگی کے بعد 40.192 ملین روپے کا منافع کمایا ہے مگر ذیلی کمپنی کی جانب سے کئے جانے والے مالیاتی معاہدوں کی رو سے اس سال حصص داروں کو ڈیویڈنڈ کی تقسیم نہیں کی جائے گی کیونکہ ذیلی کمپنی کو ان کے مالی معاہدوں کی رو سے ڈیویڈینڈ کی تقسیم سے روکا گیا ہے اس لئے ڈیویڈنڈ کی تقسیم مستقبل میں انجام دی جائے گی، ذیلی کمپنی نے 14 مارچ 2011 کو حیدرآباد الیکٹرک کمپنی (حیسکو) کے ساتھ بجلی کی طے شدہ نرخوں پر فروخت کے لئے ایک پاور پرچیز معاہدہ (پی پی اے) کیا تھا یہ معاہدہ نئے کیپٹیو پاور پروڈیوسرز کے لئے پالیسی فریم ورک کے تحت کیا گیا تھا بعد ازاں نیپرا کی جانب سے ٹیرف فارمولے پر نظر ثانی کے احکامات کے باعث نرخوں میں کمی واقع ہوئی، این سی پی پی کے لئے نرخوں کی کمی کا یہ عمل غیر مطلوب تھا، خاص طور پر موجودہ حالات میں جبکہ صوبہ سندھ میں توانائی کا بحران شدید ہے، اس حکم کے باعث حیسکو نے اپنی واجب الادا رقم نظر ثانی شدہ نرخوں کے حساب سے ادا کرنے کا ارادہ ظاہر کیا۔ نتیجتاً ذیلی کمپنی نے حیسکو کی جانب سے پی پی اے کے طے شدہ نرخوں پر ادائیگی میں ناکامی پر سندھ ہائی کورٹ میں حیسکو کے خلاف ایک پٹیشن دائر کی تھی، جس پر سندھ ہائی کورٹ نے حیسکو کو ہدایت کی کہ وہ ذیلی کمپنی کو یکم فروری 2012 تک پی پی اے کے طے شدہ نرخوں کے تحت ادائیگی کرے اور اس کے بعد نیپرا کی جانب سے نظر ثانی شدہ نرخوں کے تحت ادائیگی کی جائے اور عدالت نے پٹیشن خارج کر دی۔ اس فیصلے کے پیش نظر اور ذیلی کمپنی کے قانونی مشیر کے مشورے کی روشنی میں ذیلی کمپنی نے سپریم کورٹ آف پاکستان میں سندھ ہائی کورٹ کے اس حکم کے خلاف اپیل دائر کی ہے، نتیجتاً حیسکو اور نیپرا نے بھی اس حکم کے خلاف سپریم کورٹ آف پاکستان میں اپیلیں دائر کر رکھی ہیں، یہ اپیلیں ابھی زیر التوا ہیں۔

حیسکو کی جانب سے ماہانہ بجلی کے بلوں کی عدم ادائیگی کی وجہ سے فروری 2015 کے بعد سے حیسکو کی جانب سے ٹی پی پی ایل کو واجب الادا رقم میں بے پناہ اضافہ ہوا ہے، یہ رقم لگ بھگ 300.86 ملین روپے ہے، جس کی وجہ سے ذیلی کمپنی کو شدید مالی بحران کا سامنا ہے، لہذا بجلی کی بلاتعطل فراہمی کے لئے ہولڈنگ کمپنی (ٹھٹھہ سیمنٹ کمپنی لمیٹڈ) نے حصص داروں کی منظوری کے بعد کمپنیز آرڈیننس کے سیکشن 208 کے تحت 300 ملین روپے کے مجموعی ایڈوانس/قرضے کی سہولت دی جو کہ کمپنی کے 16 اکتوبر 2015 کو ہونے والے سالانہ عام اجلاس میں منظور ہوا۔ سالِ رواں کے دوران ٹی پی پی ایل نے اپنی مالی ذمے داریوں کی رو سے اس سہولت میں سے 184.006 ملین روپے کا قرضہ لیا اور اس رقم پر مارک اپ کی شرح تین ماہ کا ئبور بمع 2.62 فیصد کے حساب سے واجبات پر سہ ماہی بنیادوں پر ادا کرے گی۔

گا جن کے نام 19 ستمبر 2016 کو ختم ہونے والے کاروبار تک حصص داروں کی فہرست میں شامل ہوں گے۔ یہ تصرف کمپنیز آرڈیننس 1984 کے چوتھے حصے کی رو سے اگلے سال کے مالیاتی گوشوارے میں ظاہر کئے جائیں گے۔

بی ایم آر (متوازن، جدیدیت، بحالی)

اللہ تعالی کے فضل اور ٹیم کی انتھک محنت کے نتیجے میں ٹھٹھہ سیمنٹ پلانٹ کی بحالی اور متوازی اور جدید خطوط پر استوار کرنے کا عمل جولائی 2015 میں مکمل کیا گیا۔ اس جدت کے نتیجے میں سیمنٹ بنانے کا طریقہ کار روایتی طرز کے بجائے انتہائی موثر اور ماحول دوست پائیر وپروسس (حرارت، حرکی توانائی سے چلنے والا عمل) نظام پر منتقل کیا گیا ہے۔ اس منصوبے کی تکمیل اور جدید ٹیکنالوجی کے استعمال کے باعث توانائی اور ایندھن کے بہتر استعمال کے نتیجے میں کمپنی کی پیداواری صلاحیت وکارکردگی میں مسلسل اور نمایاں بہتری کے آثار نظر آرہے ہیں۔ مستقبل میں بی ایم آر کی تکمیل کے اثرات پیداواری لاگت میں کمی اور کمپنی کے مجموعی منافع کی صورت میں ظاہر ہونگے اور کمپنی مقامی مارکیٹ میں اپنا حصہ بڑھانے اور مقابلے کی بہتر پوزیشن میں ہوگی۔

مستقبل کا جائزہ

دنیا اب پاکستان کو ایک ابھرتی ہوئی کامیابی کی داستان کے طور پر جاننے لگی ہے، سی پیک (سی۔پی۔ای۔سی) منصوبے کا حصہ ہونے کے باعث حکومت پاکستان کی جانب سے توانائی کے منصوبوں، ذرائع نقل وحمل اور بنیادی انتظامی ڈھانچے پر اخراجات کا تخمینہ 44 بلین ڈالر لگایا گیا ہے۔ یہ منصوبے ملک میں امن وامان کی صورتحال میں بہتری کی وجہ سے ہوئے ہیں، یہ ہی وجہ ہے کہ سیمنٹ کی طلب میں آنے والے برسوں میں بہت زیادہ اضافے کی اُمید ہے۔ سی پیک صرف ایک سڑک یا شاہراہ ہی نہیں بلکہ ایک کثیر الجہت منصوبہ ہے، سی پیک کی جانب کی جانے والی سرمایہ کاری اسکے راستے میں آنے والے ریل اور روڈ کے بنیادی ڈھانچے کو بہتر بنانے میں بھی استعمال ہو گی جو تعمیراتی شعبے کے لئے کافی حد تک اور بلخصوص سیمنٹ کے شعبے کے لئے نمایاں طور پر فائدہ مند ہوگی۔

پاکستان میں سیمنٹ کی صنعت ایک مثبت سمت میں پیش قدمی کر رہی ہے، جبکہ آئندہ چند برس میں سیمنٹ کے شعبے میں توسیع کی بھی توقعات ہیں، کلیدی وجوہات میں ، طلب میں اضافہ ، شعبے کی بنیادی بہتری، توانائی کی پیداواری لاگت، کوئلے کی عالمی قیمتوں میں کمی، پیداواری صلاحیت میں اضافہ اور سیمنٹ کی قیمتوں میں استحکام شامل ہیں، اس کے علاوہ مالی سال 2019 تک مجموعی طور پر سیمنٹ کی ملکی پیداواری صلاحیت میں 52.5 ملین میٹرک ٹن تک کا اضافہ متوقع ہے۔ یہ توسیعی منصوبے انڈسٹری کے بڑے حصے داروں کی جانب سے کئے جارہے ہیں، نتیجتاً، سیمنٹ کی طلب میں اگلے پانچ سال (2016-2021) تک آٹھ فیصد اضافے تک کا تخمینہ لگایا گیا ہے، جب کہ اس عرصے میں ترقی کی اوسط شرح (جی ڈی پی) 4.7 فیصد رہنے کی اُمید ہے۔

کمپنی کی انتظامیہ ان تمام امور اور چیزوں سے پوری طرح آگاہ ہے اور ان پر پورا اترنے اور مارکیٹ سے لاحق خطرات کو کم کرنے کے لئے پوری طرح مصروف عمل ہے، تاکہ کاروباری ترقی کو مستحکم رکھنے کے لئے مناسب اقدامات جاری رکھے جائیں۔

گروپ کی کارکردگی

کمپنیز آرڈیننس 1984 کے سیکشن 236(5) کے تحت اس رپورٹ کے ساتھ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ اور ٹھٹھہ پاور (پرائیوٹ) لمیٹڈ کے 30 جون 2016 کو ختم ہونے والے مالی سال کے یکجا مالیاتی گوشوارے (اسٹیٹمنٹس) منسلک ہیں۔

Particulars	2016	2015
	--------- Rs in ('000) ---------	
Turnover – net	2,846,147	2,304,404
Gross profit	913,844	645,901
Profit before taxation	666,009	417,007
Profit after taxation	614,443	289,274
Earnings per share (Rupees)	6.16	2.90

سالِ رواں میں مجموعی طور پر کل منافع سالِ گذشتہ کے 28.03 فیصد سے بڑھ کر 32.11 فیصد ہو گیا ہے۔ رواں سال میں کمپنی کا قبل از ٹیکس منافع 666.009 ملین روپے ہے جو کہ فرسودگی/اشیاء کی فراہمی کی مد میں 111.255 ملین روپے کے بعد ہے۔

فروخت کی کارکردگی

کمپنی کی سیمنٹ فروخت کی مد میں ہونے والی آمدنی میں گذشتہ سال کے دوران 23.51 فیصد اضافہ ہوا۔ کمپنی کی مارکیٹنگ اور سیلز ٹیموں کی کاوشوں کے نتیجے میں مقامی سطح پر سیمنٹ کی فروخت میں اضافہ ہوا، نئے خریداروں کی شمولیت ہوئی جس کی وجہ سے کمپنی کو مجموعی طور پر مارکیٹ شئیر میں اپنا حصہ لینے کا موقع ملا۔ اس کے علاوہ انوینٹری کو بہتر طور پر منظم کرنے کی غرض سے کی جانے والی کلنکر کی فروخت نے بھی کمپنی کی مجموعی آمدنی بڑھانے میں کردار ادا کیا۔ اس کے علاوہ گذشتہ مالی سال کے مقابلے میں کاروبار کے حجم میں 34.66 فیصد اضافہ ہوا۔

لاگتِ فروخت

گذشتہ مالیاتی سال کے مقابلے میں لاگتِ فروخت اور فروخت کے تناسب میں کمی واقع ہوئی ہے جو گذشتہ سال 71.97 فیصد کے مقابلے میں کم ہو کر 67.89 فیصد ہو گئی ہے یہ کمی 30 جون 2016 کو ختم ہونے والے مالیاتی سال کے پہلے مہینے میں بی ایم آر کی تکمیل کے باعث پیداوار، توانائی اور ایندھن کے بہتر استعمال کا نتیجہ ہے۔

لاگتِ ترسیل

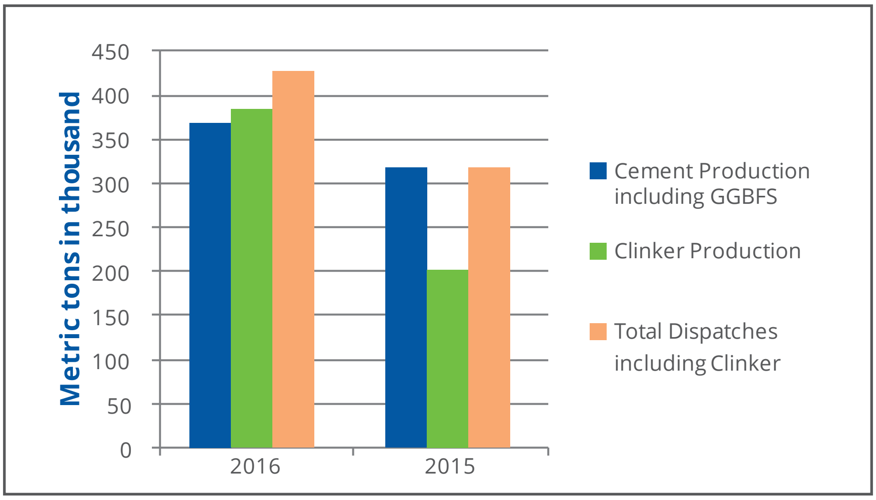
لاگتِ ترسیل کے 89.54 فیصد بڑھنے کی بنیادی وجہ گذشتہ مالی سال کے مقابلے میں زیادہ لاگتِ مال برداری اور ڈیلرز کو زیادہ مقامی فروخت پر دیا جانے والا کمیشن ہے۔ اس کے علاوہ سیلز اور مارکیٹنگ ٹیموں کی جارحانہ سرگرمیوں کے باعث فروخت کی فروغ کے لئے کئے جانے والے اخراجات کی مد میں بھی اضافہ ہوا جس کے باعث سال کے دوران مقامی فروخت بڑھی ہے۔ ان سرگرمیوں میں ڈیلرز، ریٹیلرز کو تحائف کی تقسیم اور سالانہ رمضان کیلینڈرز کی پرنٹنگ وغیرہ شامل ہیں۔

مالیاتی لاگت

گذشتہ مالی سال کے مقابلے میں زیر جائزہ رواں سال مالیاتی لاگت میں 121.38 فیصد اضافہ سامنے آیا، اس کی اہم وجہ پلانٹ کو بی ایم آر منصوبے کے ذریعے متوازن و جدید خطوط پر استوار کرنے کی خاطر طویل مدتی سرمایہ کاری (فنانسنگ) کے باعث بڑھنے والے سودی اخراجات ہیں جو کہ فائدے اور نقصان کی مد میں ریکارڈ کیے گئے ہیں۔ تاہم جولائی 2015 میں بی ایم آر کی تکمیل کے بعد سے سودی اخراجات بین الاقوامی اکاؤنٹنگ کے معیار کے تعین کردہ اصولوں کے مطابق نفع و نقصان کی مد میں ریکارڈ کیئے گئے ہیں۔

مابعد تصرف

زیر جائزہ سالانہ منافع کی بنیاد پر بورڈ آف ڈائریکٹرز کی جانب سے 1.50 روپے فی حصص (15 فیصد) نقد ڈیویڈنڈ تجویز کیا گیا ہے۔ اس کا استحقاق ان حصص داروں کو ہو



مندرجہ بالا اعداد و شمار سے پتہ چلتا ہے کہ آپ کی کمپنی کی مقامی ترسیل میں 30.12 فیصد اضافہ ہوا ہے جس کی اہم وجوہات کمپنی کی پیداواری صلاحیت کے استعمال میں اضافہ ،بی۔ایم۔آر سے ہونے والی پیداواری کارکردگی اور صلاحیت میں بہتری اور بڑھتی ہوئی مقامی طلب میں اضافہ ہیں ۔ آپ کی کمپنی اپنے سیلز مکس کو بہتر طور پر منظم کر رہی ہے تا کہ برآمدات کے بجائے مقامی طور پر فروخت میں اضافہ اور پھر حصص داروں کی قدر میں اضافہ کیا جا سکے۔ مزید براں 59331 میٹرک ٹن کلنکر کی فروخت سے بھی انوینٹری کو منظم کرنے میں مدد ملی۔

فروخت کا تقابلی جائزہ۔

Description	2016	2015	Variance	
	-------------------- Million Metric Tons	--------------------		%
Cement Industry				
Local sales	33.001	28.206	4.795	17.00
Exports	5.872	7.194	(1.322)	(18.37)
	38.873	35.400	3.473	9.81
	-------------------- Metric Tons	--------------------		
Thatta Cement Company Limited				
Local sales –Cement	362,623	278,670	83,953	30.12
Local sales – Clinker	59,331	-	59,331	100
Class G cement	1,177	1,548	(371)	(23.96)
Exports	1,978	2,133	(155)	(7.26)
GGBFS	520	33,722	(33,202)	(98.45)
	425,629	316,073	109,556	34.66

مالیاتی کارکردگی

30 جون 2016 کو ختم ہونے والے مالی سال پر کمپنی کے چیدہ چیدہ مالیاتی نتائج کا گذشتہ سال کی اسی مدت کے مالیاتی نتائج سے کئے جانے والا تقابلی جائزہ درج ذیل ہے۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 30جون 2016کو ختم ہونے والے مالی سال کے آڈٹ شدہ گوشوارے اور ان کا تجزیہ پیش خدمت ہے۔

مجموعی صنعتی جائزہ

سیمنٹ کی صنعت میں 30جون 2016کو ختم ہونے والے مالی سال کے دوران 2015 کے مقابلے میں 9.81فیصد کا اضافہ دیکھا گیا ہے جو کہ سال 2015 میں 2014 کے مقابلے میں 3.26 فیصد تھا۔ اس غیر معمولی بہتری کی وجہ پاکستان کی سیمنٹ کمپنیوں کی پیداواری صلاحیت کا 85.2 فیصد استعمال ہے جو کہ سال 2015میں 77.60 فیصد تھا۔ اس اضافے کی بنیادی وجہ مقامی مانگ اور فروخت میں گذشتہ مالی سال کی نسبت 17 فیصد اضافہ ہے۔ دوسری جانب مجموعی طور پر سیمنٹ برآمداد میں 18.37 فیصد کمی واقع ہوئی ہے۔

سیمنٹ صنعت کی اس حیران کن کارکردگی کے پیچھے سیمنٹ کے شعبے میں بنیادی بہتری ہے۔ طلب میں اضافہ، کوئلے کی عالمی قیمتوں میں کمی کے باعث پیداواری لاگت میں کمی، توانائی کے اخراجات میں کمی، مستحکم شرح سود و تبادلہ اور سیمنٹ کی مستحکم قیمتوں کے محرکات نے اس بہتری کو مزید تقویت دی جن کے باعث سیمنٹ بنانے والی کمپنیوں کے منافع میں اضافہ ممکن ہوا۔

کاروباری کارکردگی

پیداوار اور فروخت کا حجم کارکردگی

رواں سال کے دوران کلن کی پیداواری صلاحیت کا استعمال 69.88 فیصد رہا جو کہ گذشتہ سال میں 44.65 فیصد تھا۔ مجموعی طور پر کلنکر کی پیداوار گذشتہ سال کے مقابلے میں 90.38 فیصد زیادہ رہی جبکہ سیمنٹ کی پیداوار میں 29.88 فیصد اضافہ ہوا۔

Description	2016	2015	Variance	
	Metric Tons			%
Plant capacity – Clinker	547,500	450,000	97,500	21.67
Production				
- Clinker	382,582	200,947	181,635	90.38
- Cement	361,351	278,199	83,152	29.88
- GGBFS	520	33,722	(33,202)	(98.45)
- Class G Cement	5,813	2,389	3,424	143.32
Dispatches				
Cement				
- Local	362,623	278,670	83,953	30.12
- Class G cement	1,177	1,548	(371)	(23.96)
- Exports	1,978	2,133	(155)	(7.26)
	365,778	282,351	83,427	29.54
Clinker	59,331	-	59,331	100
GGBFS – Local	520	33,722	(33,202)	(98.45)
	425,629	316,073	109,556	34.66

KEY OPERATING AND FINANCIAL STATISTICS OF SIX YEARS

	2016	2015	2014	2013	2012	2011
		-----------------------Rupees in thousands-----------------------				
				(Restated)		
Assets Employed						
Property, plant and equipments	2,173,000	2,149,869	1,415,559	943,879	840,341	804,663
Intangible assets	6,485	6,418	318	448	3,366	3,216
Long term deposits	1,096	1,096	1,006	1,006	792	792
Long term investment in associate	-	-	-	127,847	127,847	127,847
Long term investment - Available for sale	164,768	279,341	140,106	-	-	-
Long term investment in Subsidiary	299,158	299,158	299,158	299,158	299,158	-
Current assets	1,300,122	823,233	1,113,366	824,613	770,483	1,055,648
Total Assets	3,944,629	3,559,115	2,969,513	2,196,951	2,041,987	1,992,166
Financed by						
Shareholders equity	2,074,969	1,673,500	1,349,257	1,103,935	958,282	979,622
Long term financing	1,026,684	1,215,380	484,652	73,865	131,785	103,037
Current portion of long term financing	231,933	69,398	24,586	57,919	57,919	46,147
	1,258,617	1,284,778	509,238	131,784	189,704	149,184
Long term deposits & deferred liabilities	204,469	152,392	151,195	121,259	61,205	39,222
Current liabilities	638,507	517,843	984,409	897,892	890,715	870,285
Current portion of long term financing	(231,933)	(69,398)	(24,586)	(57,919)	(57,919)	(46,147)
	406,574	448,445	959,823	839,973	832,796	824,138
Total Equity & Liabilities	3,944,629	3,559,115	2,969,513	2,196,951	2,041,987	1,992,166
Turnover and Profit						
Turnover	2,846,147	2,304,404	2,182,327	2,361,192	2,314,211	1,854,649
EBITDA	903,011	517,344	593,147	391,667	139,789	67,197
EBIT	791,004	473,468	544,656	340,111	89,076	14,601
% Change in Sales	23.51	5.59	(7.58)	2.03	24.78	20.11
% Change in EBITDA	74.55	(12.78)	51.44	180.18	108.03	(31.45)
% Change in EBIT	67.07	(13.07)	60.14	281.82	510.07	(69.13)
Gross Profit	913,844	645,901	682,015	485,513	250,092	239,031
Operating Profit/(Loss)	728,181	512,899	544,789	351,473	71,419	(37,762)
Profit/ (Loss) before tax	666,009	417,007	473,159	257,044	(7,422)	(64,188)
Profit/ (Loss) after tax	614,443	289,274	298,387	148,478	(43,882)	(74,495)
Accumulated Profit /(Loss) carried forward	913,548	431,766	252,358	7,036	(138,617)	(94,777)

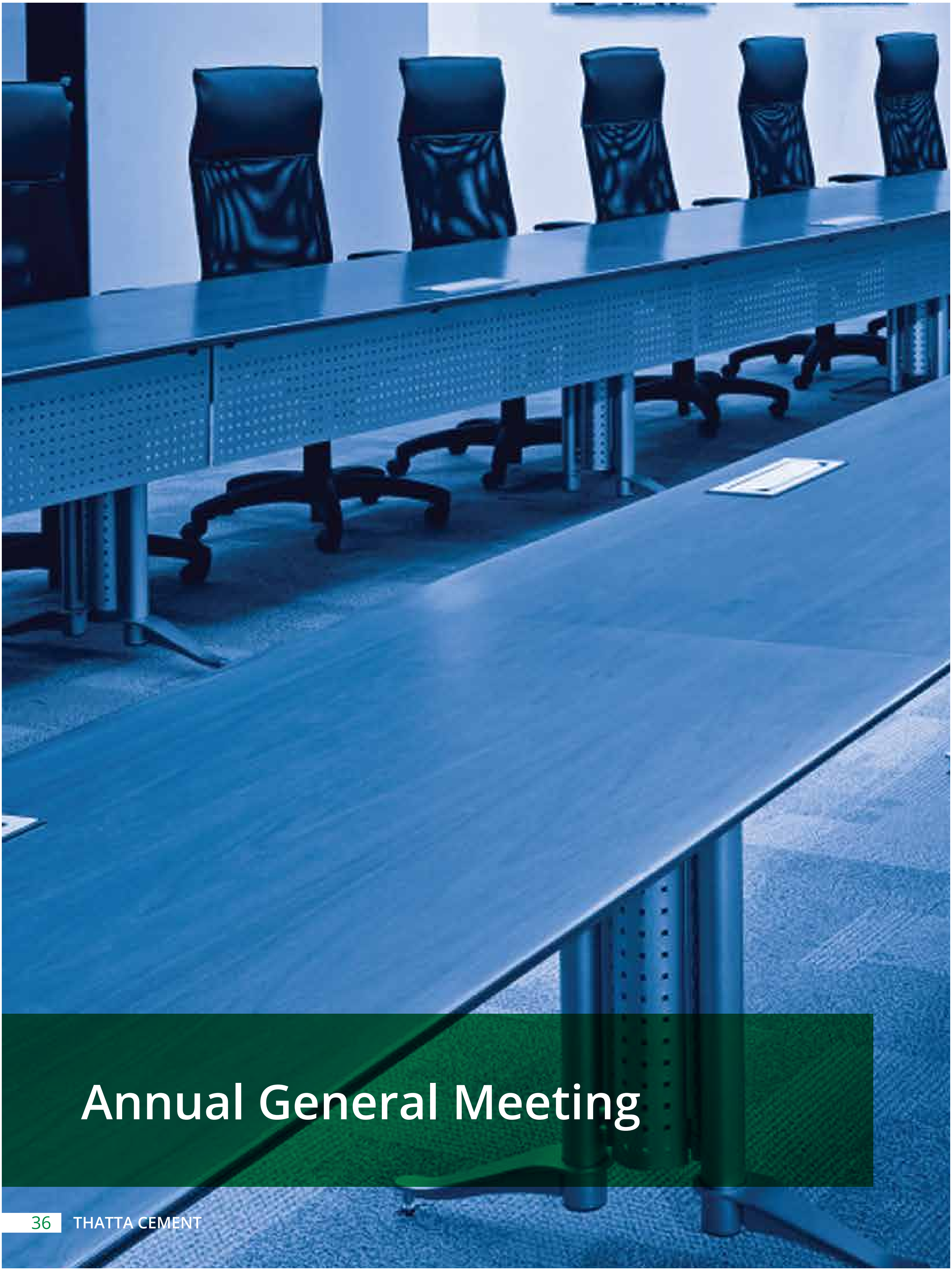
COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDINGS AS AT JUNE 30, 2016

Category No.	Categories of Shareholders	No. of shares held	Category wise no. of shareholders	Category wise shares held	Percentage %
1	INDIVIDUALS		948	1,985,276	1.99
2	INVESTMENT COMPANIES				
3	JOINT STOCK COMPANIES		8	17,756,806	17.81
4	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN		6	2,750	0.003
	- KHAWAJA MUHAMMAD SALMAN YOUNIS	125			
	- AGHA SHER SHAH	1,000			
	- MUHAMMAD FAZLULLAH SHARIFF	125			
	- SHAHID AZIZ SIDDIQUI	500			
	- WAZIR ALI KHOJA	500			
	- SALEEM ZAMINDAR	500			
5	EXECUTIVES	-	-	-	-
6	MUTUAL FUNDS		3	6,485,580	6.504
	- NATIONAL BANK OF PAKISTAN - TRUSTEE DEPT NI(U)T FUND	3,046,580			
	- CDC - TRUSTEE NIT - EQUITY MARKET OPPORTUNITY FUND	2,189,000			
	- CDC - TRUSTEE NAFA STOCK FUND	1,250,000			
7	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		4	44,379,009	44.504
	- AL-MIFTAH HOLDING (PVT) LIMITED	9,146,788			
	- GOLDEN GLOBE HOLDING (PVT) LIMITED	8,479,090			
	- RISING STAR HOLDING (PVT) LIMITED	6,308,917			
	- SKY PAK HOLDING (PVT) LIMITED	20,444,214			
8	PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-	-
9	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARBAS AND PENSION FUNDS		4	29,092,197	29.174
10	FOREIGN INVESTORS		11	16,507	0.017
11	CO-OPERATIVE SOCIETIES		-	-	-
12	CHARITABLE TRUSTS		-	-	-
13	OTHERS		-	-	-
			984	99,718,125	100.00

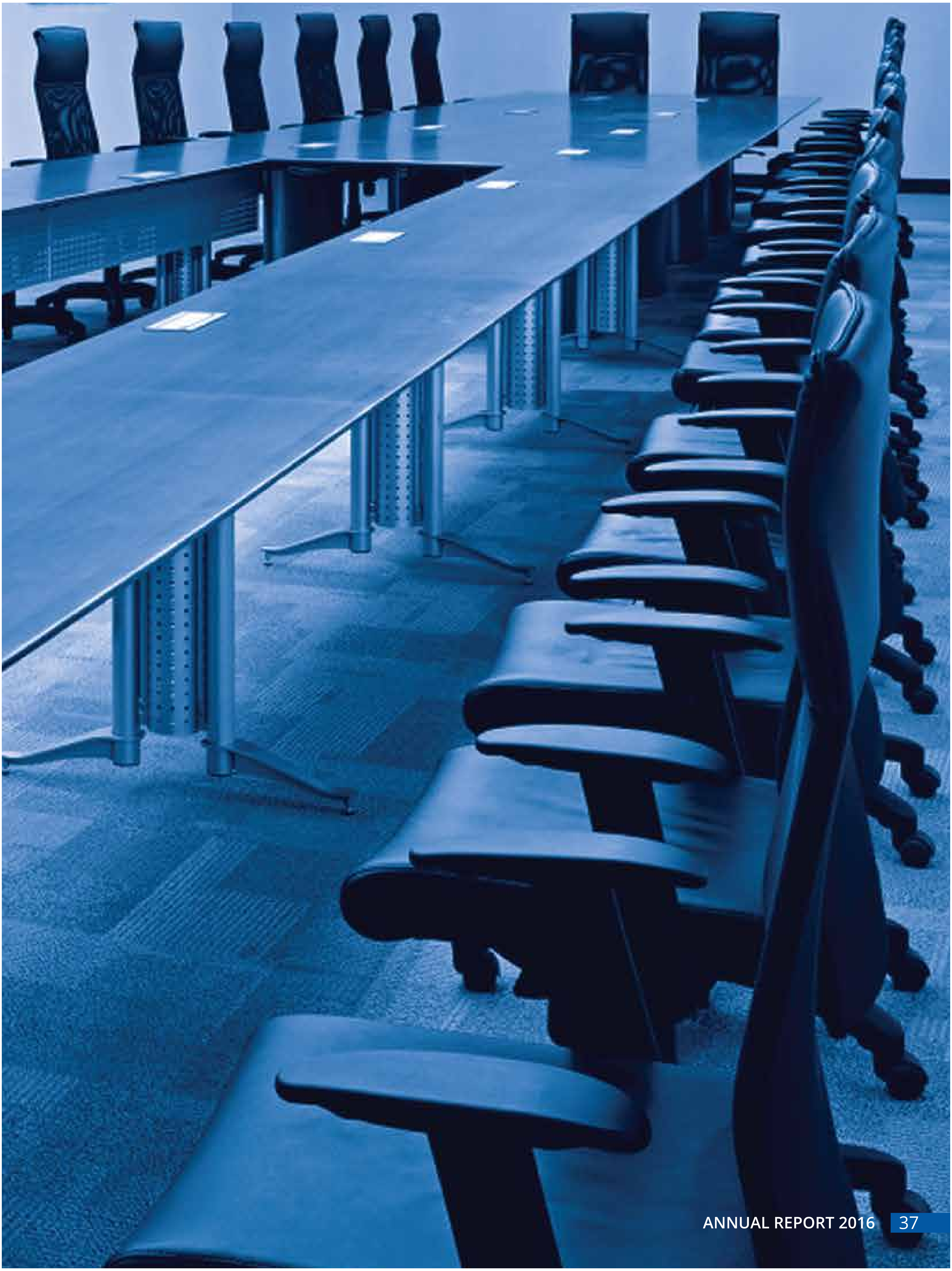
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY			
TOTAL PAID-UP CAPITAL OF THE COMPANY		99,718,125	SHARES
5% OF THE PAID-UP CAPITAL OF THE COMPANY		4,985,906	SHARES
NAME OF SHAREHOLDER	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE
NATIONAL BANK OF PAKISTAN	FALLS IN CATEGORY # 9	9,859,862	9.89%
SUMMIT BANK LIMITED	FALLS IN CATEGORY # 9	8,462,835	8.49%
ARIF HABIB CORPORATION LIMITED	FALLS IN CATEGORY # 3	10,254,987	10.28%
ARIF HABIB LIMITED	FALLS IN CATEGORY # 3	7,491,317	7.51%
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	FALLS IN CATEGORY # 9	7,394,500	7.42%
SKY PAK HOLDING (PVT) LTD	FALLS IN CATEGORY # 7	20,444,214	20.50%
AL-MIFTAH HOLDING (PVT) LTD	FALLS IN CATEGORY # 7	9,146,788	9.17%
GOLDEN GLOBE HOLDING (PVT) LTD	FALLS IN CATEGORY # 7	8,479,090	8.50%
RISING STAR HOLDING (PVT) LTD	FALLS IN CATEGORY # 7	6,308,917	6.33%

PATTERN OF SHAREHOLDINGS - CDC AND PHYSICAL AS AT JUNE 30, 2016

No. of shareholders	Shareholdings		Total shares held
	From	To	
203	1	100	1,465
567	101	500	276,593
95	501	1,000	81,782
71	1,001	5,000	195,695
15	5,001	10,000	118,500
4	10,001	15,000	53,500
6	15,001	20,000	110,500
1	20,001	25,000	25,000
2	25,001	30,000	54,000
1	35,001	40,000	40,000
3	65,001	70,000	206,500
1	120,001	125,000	125,000
1	165,001	170,000	170,000
1	555,001	560,000	556,500
1	1,245,001	1,250,000	1,250,000
1	2,185,001	2,190,000	2,189,000
1	3,045,001	3,050,000	3,046,580
1	3,370,001	3,375,000	3,375,000
1	6,305,001	6,310,000	6,308,917
1	7,390,001	7,395,000	7,394,500
1	7,490,001	7,495,000	7,491,317
1	8,460,001	8,465,000	8,462,835
1	8,475,001	8,480,000	8,479,090
1	9,145,001	9,150,000	9,146,788
1	9,855,001	9,860,000	9,859,862
1	10,250,001	10,255,000	10,254,987
1	20,444,001	20,445,000	20,444,214
984			99,718,125



Annual General Meeting



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Thatta Cement Company Limited will be held at Beach Luxury Hotel, M. T. Khan Road, Karachi on Tuesday, September 27, 2016 at 12.00 noon to transact the following business:

A. Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 16, 2015.

2. To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directors' and the Auditors' reports thereon for the year ended June 30, 2016, together with the Audited consolidated financial statements of the Company and the Auditors' report thereon for the year ended June 30, 2016.

3. To consider, declare and approve final cash dividend for the year ended June 30, 2016 at the rate of Rs. 1.50/- per share i.e. 15% as recommended by the Board of Directors.

4. To appoint external auditors of the Company for the year ending on June 30, 2017 and fix their remuneration. The Board of Directors on the recommendation of the Audit Committee has proposed the appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants, as external auditors for the year ending on June 30, 2017.

B. Special Business

5. Amendments in Articles of Association of Thatta Cement Company Limited

To consider and, if deem fit, to pass with or without any amendment/ modification following resolutions as special resolutions:

RESOLVED that additions / amendments in Articles of Association of Thatta Cement Company Limited as per the Comparative Statement attached in statement of facts under section 160(1)(b) of the Companies Ordinance, 1984 being sent with the Notice of Annual General Meeting for incorporating changes required under Companies (E-voting) Regulations, 2016, be and are hereby approved.

FURTHER RESOLVED that the Chief Executive and the Company Secretary be and are hereby jointly authorized to take and do and / or cause to be taken or done any / all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolution and to do all acts, matters, deeds, and things which are necessary, incidental and / or consequential for making amendments in Articles of Association of Thatta Cement Company Limited.

A statement as required under section 160 (1) (b) of the Companies Ordinance, 1984 is being sent to the members alongwith the notice.

6. Investment (Loan/Advance) in Thatta Power (Private) Limited under section 208 of the Companies Ordinance, 1984

To consider and, if deem fit, to pass with or without any amendment/ modification following resolutions as special resolutions:

RESOLVED that the time period for providing Loan/Advance facility to Thatta Power (Private) Limited, the Subsidiary Company, to the extent of total amount of Rs 300 million as approved by the shareholders in last Annual General Meeting held on October 16, 2015, be and is hereby extended further for a period of one year i.e. till the holding of next Annual General Meeting to be held on or before October 31, 2017, to meet the requirements of Regulation 7(e) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 dated January 16, 2012 (Regulations).

FURTHER RESOLVED that the Chief Executive and the Company Secretary be and are hereby jointly authorized to take and do and / or cause to be taken or done any / all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolution and to do all acts, matters, deeds, and things which are necessary, incidental and / or consequential to the investment (loans/advances) of the Company's funds as above as and when required at the time of investment.

A statement as required under section 160 (1) (b) of the Companies Ordinance, 1984 is being sent to the members alongwith the notice. The statement includes the information required under Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

7. Dissemination of Annual Audited accounts through CD/DVD/USB.

To consider and, if deem fit, to pass with or without any amendment/ modification following resolution as ordinary resolution:

RESOLVED that dissemination of Annual Audited Accounts to the shareholders in soft form i.e. through CD/DVD/USB as notified by Securities & Exchange Commission of Pakistan vide its SRO No. 470(I)/2016 dated May 31, 2016, be and is hereby approved.

A statement as required under section 160 (1) (b) of the Companies Ordinance, 1984 is being sent to the members alongwith the notice.

8. To transact any other business with the permission of the Chair.

Karachi : September 06, 2016

By Order of the Board

Muhammad Taha Hamdani
CFO & Company Secretary

Notes:

1. The Share Transfer Books of the Company for Ordinary Shares will remain closed from September 20, 2016 to September 27, 2016 (both days inclusive) for determination of entitlement of shareholders to cash dividend and to attend and vote at the Annual General Meeting.

   a. Physical transfers and deposit requests under Central Depository System received at the close of business on September 19, 2016 by the Company's Share Registrar i.e. M/s THK Associates (Pvt) Limited, Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530, will be treated as being in time for above mentioned entitlement and to attend the meeting.

   b. A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. The instrument of proxy i.e. proxy form must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.

   c. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or Passport of the beneficial owner and the proxy.

d. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature(s) shall be submitted with the proxy form.

e. Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting.

2. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their valid CNIC (if not already provided) to Company's Share Registrar M/s THK Associates (Pvt) Limited, Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road , Karachi.

3. In compliance with SECP's Circular No 8.(4) SM/CDC 2008 dated April 5, 2013, the Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's Share Registrar, giving particulars relating to name, folio number, bank account number, title of account, complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.

4. SECP has issued an SRO No 634(I)/2014 dated July 10, 2014 whereby every listed company shall maintain a functional website of the company. In compliance of the said SRO, we would like to inform our shareholders that annual report of the Company for the year ended June 30, 2016 has been placed on Company's website for information and access of the shareholders.

5. SECP has notified through SRO No 470(I)/2016 dated May 31, 2016, in continuation of an earlier SRO No 787(I)/2014 dated September 8, 2014, whereby subject to the approval of shareholders' in the general meeting the listed companies have been allowed to disseminate Annual Audited Accounts to the shareholders in soft form i.e. through CD/DVD/USB instead of transmitting the said accounts in hard copies. Accordingly, subject to the approval of Agenda Item No. 7 in the Annual General Meeting, shareholders may send written request in case they need hard copies of any or all future annual audited accounts instead of receiving the same through CD/DVD/USB.

   In addition to above, in terms of SRO No 787(I)/2014 dated September 8, 2014, shareholders can also opt to obtain annual balance sheet and profit and loss account, auditor's report and directors report etc. alongwith the notice of Annual General Meeting through email. For this purpose, we hereby give you the opportunity to send us your written request alongwith your valid email ID to provide you the same at your valid email ID.

   For your convenience, a Standard Request Form has been made available at our website www.thattacement.com - either to opt to receive future annual reports through email or in hard copies or otherwise request for hard copy of the accounts if and when needed. The scanned copy of the duly filled & signed form may be emailed to the Company Secretary at CSTCCL@thattacement.com or the same can be submitted through post/courier to Company's Share Registrar M/s THK Associates (Pvt) Limited, Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi.

6. (i) Shareholders are hereby informed that through Finance Act, 2016, effective from July 1, 2016, the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

a.	Rate of tax deduction for Filer of income tax return	12.50%
b.	Rate of tax deduction for Non-Filer of income tax return	20.00%

All the shareholders whose names are not entered into Active Tax Payer List (ATL) available at FBR website www.fbr.gov.pk despite the fact that they are Filers are advised to make sure that their names are entered into ATL.

ii) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint-holder(s) based on their shareholding proportions in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to Company's Share Registrar, in writing as follows:

Individual/ Company Name	Folio / CDC A/c No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC #	Shareholding proportion (No of shares)	Name & CNIC #	Shareholding proportion (No of shares)

The required information must reach Company's Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

For any query/problem/information, shareholders may contact the Company and/or Company's Share Registrar M/s THK Associates (Pvt) Limited, Second Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi.

7. Shareholders are requested to notify immediately to Company's Shares Registrar of any change in their address or their particulars.

Statement under section 160(1)(b) of the Companies Ordinance, 1984

Material facts concerning special business at the Annual General Meeting are given below:

Amendments in Articles of Association of Thatta Cement Company Limited

In accordance with the Companies (E-Voting) Regulations, 2016 issued by SECP, certain amendments are necessitated in the Articles of Association of TCCL.

The additions / amendments in Articles of Association of Thatta Cement Company Limited as per Comparative statement appended below are proposed to be approved as special resolution.

Comparative statement of proposed amendments in Existing Articles of Association of the Company is as follows:

NEW ADDITIONS		
	Addition of New Article No. 69(A) after the existing Article No. 69	
	69A. Members may exercise voting rights at General Meetings through electronic means, if the Company receives the requisite demand for poll in accordance with the Companies (E-voting) Regulations, 2016 and any amendments made from time to time hereinafter referred to as E-Voting. The Company shall facilitate E-voting in accordance with the mandatory requirements prescribed under the said Regulations and amendments made to them from time to time by the Securities and Exchange Commission of Pakistan.	E-Voting
AMENDMENTS TO EXISTING ARTICLES		
Existing clause 71 of the Articles of Association	Clause 71 of the Articles of Association after amendment	
The instrument appointing a proxy shall be in writing under the hand of the appointer of his attorney duly authorized in writing. A proxy must be a member.	The instrument appointing a proxy shall be in writing under the hand of the appointer of his attorney duly authorized in writing. A proxy must be a member. Notwithstanding the above, in case of E-Voting, both members and non-members can be appointed as proxy in the manner and in accordance with the Companies (E-Voting) Regulations, 2016	Proxy to be in writing

AMENDMENTS TO EXISTING ARTICLES		
Existing clause 72 of the Articles of Association	Clause 72 of the Articles of Association after amendment	
The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.	The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, otherwise the instrument of proxy shall not be treated as valid. Notwithstanding the above, an instrument appointing a proxy for purpose of E-voting shall be deposited, in writing, with the Company in the manner and within such timelines as prescribed under Companies (E-Voting) Regulations, 2016 or any amendments made therein from time to time.	Deposit of instrument of proxy
Existing clause 73 of the Articles of Association	Clause 73 of the Articles of Association after amendment	
An instrument appointing a proxy may be in any usual or common form or as near thereto which the directors shall approve.	The instrument appointing a proxy may be in usual or common form or as near thereto which the directors shall approve or in the form prescribed for the purpose of E-voting by the SECP from time to time.	Form of proxy

The directors of the Company have no direct or indirect interest in the above agenda.

OPTION 1

Form of Proxy

I / We____of ______________________________

member (s) of Thatta Cement Company Limited, hereby appoint _________________________________ or

failing him/her____ of __________

_____________________________ as proxy in my / our behalf at the Annual General Meeting of the

___________ to be held at Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Tuesday, September 27, 2016 at 12.00 noon and at any adjournment thereof. As witness my hand this

_________________________ day of ___________________ 2016 ___.

Signed by_____________.

Signature

Rupee five revenue stamp

In the presence of__________________________.

OPTION 2

E-voting as per Companies (E-voting) Regulations, 2016

FORM OF PROXY (E-VOTING)

I / We________________ of ___________________being a member of Thatta Cement Company Limited, holder of _________Ordinary shares(s) as per Register Folio No_________hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer__________as proxy and will exercise e-voting as per Companies(E-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _________________________, please send login details, password and electronic signature through email.

Signed by_______________.

In the presence of______________________________.

Signature should agree
with the specimen signature
registered with the Company

____
Signature of witness

____
Signature of witness

Note:
The instrument of e-voting under option 2 shall be deposited in advance in writing at least ten days before holding of general meeting at the registered office (address) of the company or through email (detail of secure email address of the company)

Statement under section 160(1)(b) of the Companies Ordinance, 1984

Material facts concerning special business at the Annual General Meeting are given below:

Investment (Loan/Advance) in Thatta Power (Private) Limited under section 208 of the Companies Ordinance, 1984

In terms of Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 dated January 16, 2012 (Regulations), every listed company which has obtained approval of shareholders under section 208 in Annual General Meeting of the Company has to provide status of decision taken by shareholders including any change in terms and conditions of that investment (loan / advance).

The Company in its previous general meeting held on October 16, 2015 had sought approval to make loan/advance to its associated company/undertaking under section 208 of the Companies Ordinance, 1984 for a period of one year only. Therefore, considering the financial position of the Subsidiary approval for extension in time for extending facility of loan/advance aggregating to or upto maximum amount of Rs. 300 million for a further period of one year is required to be obtained from shareholders in the Annual General Meeting.

Accordingly, approval is hereby sought from shareholders, in terms of paragraph 7(e) of aforesaid Regulations, following information is given below:

Loans/Advances

Description	Information required
I. Name of Subsidiary Company	Thatta Power (Private) Limited
II. Total Investment approved	Rs 300 million
III. Amount of Investment made to date	Rs 184.006 million as on June 30, 2016
IV. Reasons for not having made complete investment so far where resolution required it to be implemented in specified time.	Approval for loan/advance to the Subsidiary for an aggregate amount of Rs 300 million was obtained from the shareholders in the Annual General Meeting held on October 16, 2015 based on estimated requirements of funds by the Subsidiary Company. HESCO's continuous default since February 2015 till todate has posed liquidity problems to the Subsidiary. An amount of Rs 300.86million is owed by HESCO against the purchase of electricity during the aforesaid period. The Subsidiary Company has filed an appeal with the Supreme Court of Pakistan against the order issued by Sindh High Court declining Subsidiary's plea to eradicate NEPRA's unjust order and directing HESCO to pay TPPL against purchase of electricity as per the rates stipulated in PPA until Febraury 01, 2012 and thereafter on the rates determined by NEPRA.

Description	Information required
	The matter is still under judicial consideration. Therefore, renewal of loan/ advance facility for the Subsidiary Company is essential for its continued business operations on the terms and condition already approved by the shareholders in their preceding Annual General Meeting held on October 16, 2015 and on the same terms and conditions as per the agreement between Thatta Cement Company Limited and Thatta Power (Private) Limited. In view of continued operations of the Subsidiary Company, TCCL will continue to receive uninterrupted supply of electricity and will also benefit from sustainable cement production. Under the said Regulations, unless specifically authorized by members in general meeting, the special resolution authorizing investment in associated undertaking shall be valid for a period of twelve months and shall stand lapse after such period as provided in regulation no. 8(1) of the aforesaid Regulations. In view of aforesaid reasons, it is therefore proposed to extend the time for a further period of one year i.e. till the holding of next Annual General Meeting due to be held on or before October 31, 2017.
V. Material change in financial statements of associated company or undertaking since the resolution passed for making investment in said company or undertaking.	No material Change

This statement is annexed to the Notice of the Annual General Meeting of the Company to be held on September 27, 2016 at which a special business is to be transacted and the purpose of this statement is to set out all the material facts concerning such special business in terms of sections 160 (1) (b) and 208 of the Companies Ordinance, 1984 (the “Ordinance”) read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012.

The directors have no additional interest except to the extent of their shareholding in the Company.

Statement under section 160(1)(b) of the Companies Ordinance, 1984

Material facts concerning special business at the Annual General Meeting are given below:

Dissemination of Annual Audited accounts through CD/DVD/USB.

Securities and Exchange Commission of Pakistan (SECP) issued an SRO No. 470(I)/2016 dated May 31, 2016 has allowed companies to circulate its Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members through CD/DVD/USB at their registered addresses.

In terms of said SRO, consent of shareholders shall be obtained in Annual General Meeting or Extra Ordinary General Meeting for transmission of Annual Audited Accounts through CD/DVD/USB instead of transmitting the said accounts in hard copies. Accordingly, approval is hereby sought from shareholders to comply with the requirements of said SRO.

Subject to the approval in the Annual General Meeting, the shareholder will have an opportunity to request hard copy free of cost at their registered address after submitting a Standard Request Form (available on Company's website). While shareholders who wish to receive hard copies for all future Annual Audited Accounts shall give their preference in writing.

Also note that in pursuance of SRO 787(I)/2014 dated September 08, 2014, the Company will continue to provide Annual Audited Accounts through email to those shareholders who have given their consent in this regard. Any changes to such arrangement should be communicated to the Company on the standard request form.

For your convenience, a Standard Request Form has been made available at our website www.thattacement.com - either to opt to receive future annual reports through email or in hard copies or otherwise request for hard copy of the accounts if and when needed. The scanned copy of the duly filled & signed form may be emailed to the Company Secretary at CSTCCL@thattacement.com or the same can be submitted through post/courier to Company's Share Registrar M/s THK Associates (Pvt) Limited, Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi.

This statement is annexed to the Notice of the Annual General Meeting of the Company to be held on September 27, 2016.

The directors of the Company have no direct or indirect interest in the above agenda.

MAJOR EVENTS HELD DURING THE YEAR 2015-2016

Sales & Marketing Event at Expo Centre Karachi

Retailers Get-to-gether on Launching of New Cement bags

WPPF Distribution Ceremony at Head office & Site

Head Office Staff Picnic

CORPORATE SOCIAL RESPONSIBILITY, HEALTH SAFETY & ENVIRONMENT, EMPLOYEES WELFARE, EDUCATION, WELL BEING & EMPOWERMENT OF SOCIETY

The most obvious knowledge that anybody has about Thatta Cement Company Limited (TCCL) is that it is a cement manufacturing organization producing OPC, SRC, SLAG, GGBFS and Oil Well Cement. Ahead all these tangible products, Thatta Cement is consistently embedding the business values and hence playing a vital role in industrial sustainability. The Company feels honored in providing highly experienced leadership to various other cement organizations in Pakistan and abroad too.

The Company synchronizing multiple causes with routine business process is though difficult but in this area has performed remarkably well. Keeping in view the technical and geographical scope of any business process, meeting statutory/legal requirements have mandatory constraint for almost all the organizations. Similarly, executing business according to set criteria or as per the scope of any certifiable international standard is a routine function for profit maximization.

Feeling responsibility for introducing good business values, corporate social responsibility, moral, legal and financial integrities, education, health, safety and environmental causes, community development, energy conservation, resources efficiency and welfare works are brass-tacks of sustainable ecosystem. We always look forward our future generations; it makes us feel more responsible to harvest a positive and sustainable corporate culture for the future of cement industry.

Recently the Company qualified for two international CSR Awards (from National Forum for Environment & Health) in recognition of its efforts for promoting the causes of education, community development, health, safety, environment and welfare.

Health, Safety & Environment (HSE) is a prime concern of all manufacturing industries. In this era of competition where efficiency means more than many things, human-machine interaction is at the peak level.

TCCL is maintaining a Total Recordable Injury Rate (TRIR) of less than 2.0, similarly TCCL is a highly environmental compliant organization meeting the NEQS standards of EPA Pakistan adroitly. It is pertinent to mention here that Silicosis (occupational disease of cement industry) resulted in 46,000 deaths globally in 2013 down from 55,000 deaths in 1990. Since 2000, on the record mortalities caused by silicosis are more than the total fatal cases caused by safety accidents across the globe. TCCL recently carried out the health screening of all workers through a certified surgeon of Labor Department (Govt. of Sind), and not a single case of silicosis was diagnosed in our employees. We left our remarkable footprints in this area as a bench mark for others. Our aim is to implement practicable controls on all foreseeable risks to health and safety of employees and general public. For this purpose we invested a huge capital on environmental impact control equipment and practices like dust cyclones, bag houses, damping down dust suppression, electrostatic precipitators, personal protective equipment and speed limit controls in Company's premises to overcome RSPM (respirable suspended particulate matter) and FRD (fugitive road dust). Customer satisfaction is a part of business process. A step ahead, TCCL ensures consumer protection by means of providing Material Safety Data Sheets (MSDS) to avoid any health impacts generally occurs on unsafe exposure with cement. Our vision is to flourish safety culture in Pakistan.

The Company is also investing in areas of community and rural development. For this purpose we have a registered Thatta Cement Education Board (TCEB) and a quality schooling system named "Model Terbiat School" (MTS). In recent board exams, MTS secured 3rd position in district education board. A huge amount is paid by TCCL to MTS to provide quality education to neighboring villages.

The Company donates in national cause, and has a history of relief activities. Mostly in natural disasters, we have provided all basic necessities of life to the affectees till their complete rehabilitation.

Similarly, a fully equipped health facility with modern ambulances is also established as a non-profit noble cause to resolve the health issues of rural areas. Free of cost medical aid is provided to villagers which includes consultancy, OPD, medicine, vaccinations, minor surgeries, X-Ray, nursing mothers and new born baby health, alongwith many WHO programs.

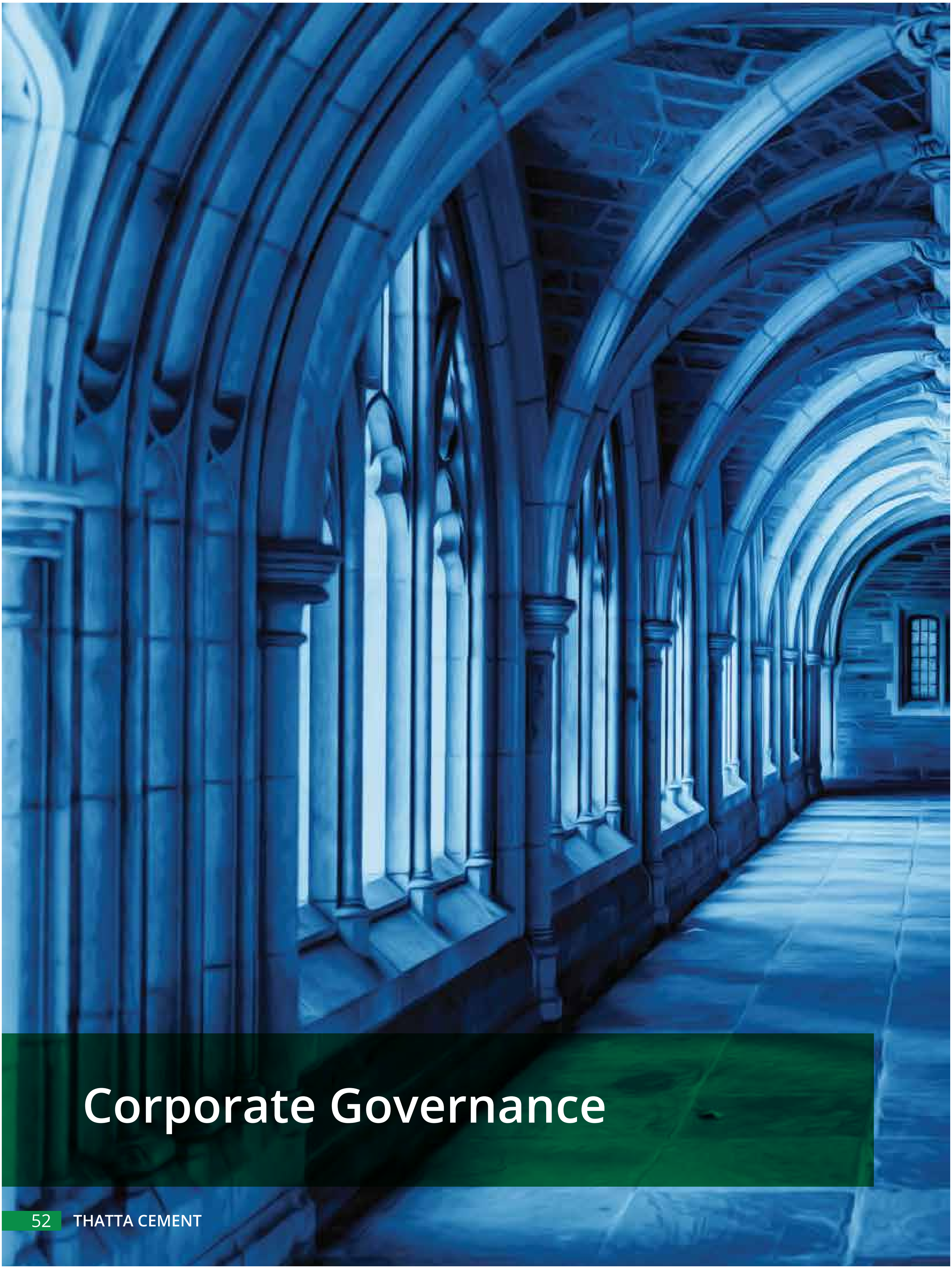
We also arrange free medical camps for less privileged neighboring areas. Moreover, our circle of health and education support programs is not limited to Thatta District, we financially support many other organizations on humanitarian grounds like SIUT and KVTC to promote the cause.

Resources leverage and energy conservation is an area of attention in modern industry. The Company spent an amount of Rs. 1.341 billion on a state of the art BMR project including normal additions to property, plant and equipments during the year. The Company upholds new technology adoption and innovations and installation of Waste Heat Recovery System (WHRS) by the Subsidiary Company is one such initiative. These technologies provide a way to energy conservation, reduction in global warming and abatement of various unwanted environmental burdens. We are self-sufficient in various functional utilities like power generation. Our workshops of instrument, AC & Refrigeration, Mechanical, Carpentry, Automobiles and Electrical are designed and equipped to reduce the downtime or outage durations as a core function of resources efficiency and energy conservation by means of planned preventive maintenance. Smooth production and dispatch functions are our effective tool of good relationship with our customers. TCCL is a ISO and API certified company which fulfills the needs of construction industry as well as petroleum industry with high quality cement products. Our Class G oil well cement is a top selection of many reputed international customers.

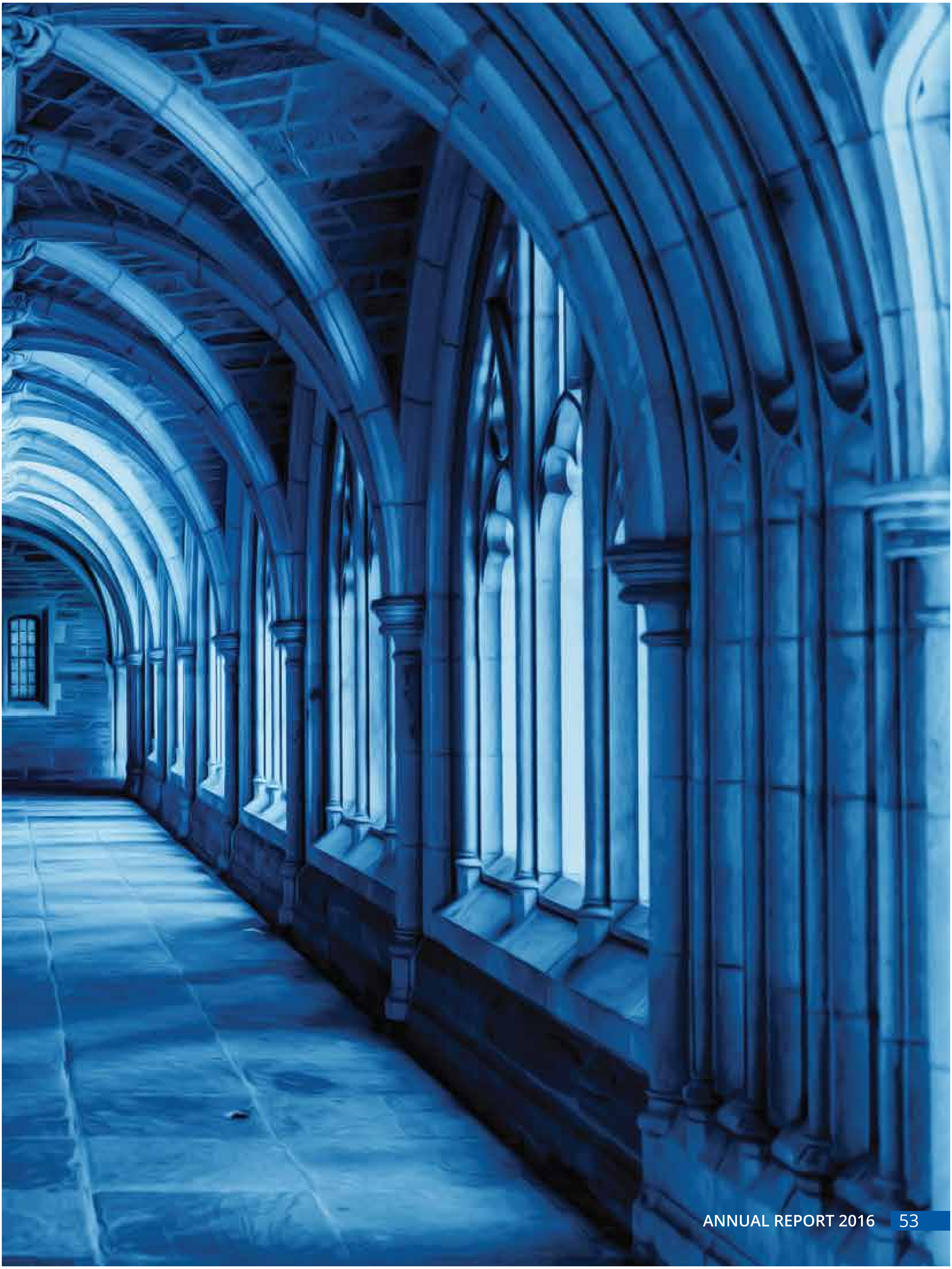
Horticulture and plantation of new trees has been prioritized with full spirit. TCCL is bounded in the gratitude of planting around 2000 new seeds per year. For this purpose 38 salaried gardeners are dedicatedly employed in our team.

The Company believes in public-spirited values. Our employment opportunities are generic regardless of any racial, gender or religious discriminations. Matching the mental and physical compatibilities with core competencies and workload requirements can be adjusted flexibly once you have a soft corner for humanity. Even talent acquisition does not restrict us to hire people with physical or sensory impairments. We focus on individual's potentials rather than his/her birth disability that is why individuals with permanent disabilities perform extraordinarily in TCCL. We warmly welcome all talented individuals for employment opportunities as well as all business organizations to obtain and extend bilateral socioeconomic benefits. We also invite all industrial sectors to join hands with us for a safe, healthy and prosperous Pakistan.

The Company is also a compliant tax payer and highly responsible corporate citizen which encourages direct and indirect business partners regarding income tax and other statutory compliances. We are very conscious about good business practices for which we promote financial and compliance audits of all business processes. Our HR policy empowers all employees for whistle blowing against any observed financial irregularity in any capacity and context. This transparency is the base of TCCL's strong relationships with other business groups from SMEs to MNCs.



Corporate Governance



Grant Thornton

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Review Report to the Members on Statement of Compliance with The Code of Corporate Governance

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We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Thatta Cement Company Limited** ("the Company") for the year ended June 30, 2016, to comply with the requirements of Listing Regulation No. 5.19.23 of Pakistan Stock Exchange.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non – compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risk.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit committee placed before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Chartered Accountants
Member of Grant Thornton International Ltd

Offices in Islamabad, Lahore

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Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Date: August 27, 2016
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

Chartered Accountants
Member of Grant Thornton International Ltd

Offices in Islamabad, Lahore

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance, 2012 (CCG) contained in Regulation No. 5.19 of Pakistan Stock Exchange Limited Regulations of Pakistan Stock Exchange Limited (hereinafter referred as "PSX Regulations") for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at June 30, 2016 the Board includes:

Category	Names
Independent & Non-Executive Directors	Mr. Khawaja Muhammad Salman Younis, Mr. Wazir Ali Khoja, Mr. Shahid Aziz Siddiqui and Mr. Saleem Zamindar
Non-Independent & Non-Executive Directors	Mr. Agha Sher Shah & Mr. Attaullah A. Rasheed
Executive Director	Mr. Muhammad Fazlullah Shariff

The independent directors meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred during the year on the Board of Directors.

5. The Company has prepared a 'Code of Conduct' and has ensured to disseminate it throughout the company alongwith supporting policies and procedures and which has also been placed on Company's website.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. As per the requirement of Regulation no. 5.19.7 of the PSX Regulations, every year a minimum of one director shall acquire director's training. During the year, two of the remaining director has also completed Director's Training Program and as a result all directors on the Board of the Company have completed Director's Training to meet the requirement of aforesaid Regulation.

10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit has been made during the year. However, their remuneration and terms and conditions of employment have been duly approved by the Board.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholdings.

14. The Company has complied with all the corporate and financial reporting requirement of the CCG.

15. The Board has formed an Audit Committee. It comprises of four members of whom all are non-executive directors and the Chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has also formed an HR and Remuneration Committee. It comprises of four members of whom majority are non-executive directors and the Chairman of the committee is an independent director.

18. The Board has developed a Board Evaluation Framework for annual evaluation of its own performance to meet the requirement of CCG and has also carried its evaluation on the basis of such framework. The overall result of Board's evaluation has been termed as "Effective Board" based on scoring criteria provided in the said framework.

19. The Board has outsourced the internal audit function to M/s Deloitte Yousuf Adil & Co., Chartered Accountants and also appointed a Head of Internal Audit who is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programe of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the PSX Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

24. We confirm that all other material principles enshrined in the CCG have been duly complied with.

on behalf of the Board

Karachi: August 27, 2016

Muhammad Fazlullah Shariff
Chief Executive Officer

CORPORATE GOVERNANCE - ADDITIONAL INFORMATION

BOARD COMMITTEES

The Board is assisted by two Committees, namely the Audit Committee and the Human Resources & Remuneration Committee, to support its decision-making in their respective domains:

AUDIT COMMITTEE - COMPOSITION

Mr. Wazir Ali Khoja - Chairman
Mr. Khawaja Muhammad Salman Younis - Member
Mr. Shahid Aziz Siddiqui - Member
Mr. Attaullah A.Rasheed - Member

- All the members of Audit Committee are Non-Executive directors.

- All the members of Audit Committee are Independent directors except Mr. Attaullah A. Rasheed.

- Meetings of the Audit Committee are held at least once every quarter. The Audit Committee also separately meets the Head of Internal Audit and external auditors at least once a year without the presence of the Management.

- The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2015-16, the Audit Committee held four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the members.

Terms of reference of Audit Committee

The Board shall provide adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the listed company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise; it shall record the reasons thereof.

The terms of reference of the Audit Committee include the following:

a- determination of appropriate measures to safeguard the Company's assets;

b- review of quarterly, half yearly and annual financial statements of the listed company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- the going-concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transactions.

c- review of preliminary announcement of results prior to publication;

d- facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e- review of management letter issued by external auditors and management’s response thereto;

f- ensuring coordination between the internal and external auditors of the Company;

g- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i- ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j- review of the Company’s statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k- instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l- determination of compliance with relevant statutory requirements;

m- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

n- consideration of any other issue or matter as may be assigned by the Board of Directors.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has concluded its annual review of the control environment of the Company for the year ended June 30, 2016 and reports that:

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance” which has also been reviewed.

- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company individually.

- Appropriate accounting policies have been consistently applied throughout the period. All core & other applicable International Accounting Standards were followed in preparation of unconsolidated and consolidated financial statements of the Company on a going concern basis, for the financial year ended June 30, 2016, which presents fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company and its subsidiary for the year under review.

- The Chief Executive and the CFO have endorsed the unconsolidated financial statements and consolidated financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company’s financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholders needs.

- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company’s shares by Directors & Executives or their spouses were notified in writing to the Company Secretary alongwith the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificate for the year 2014-2015 has been filed within the stipulated time.

- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and Executives of the Company from dealing in Company’s shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision or information, which could materially affect the share market price of the Company.

INTERNAL AUDIT

- The Company’s system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.

- The Internal Audit function has carried out its duties under The Internal Audit Charter defined by the Committee and approved by the Board of Directors.

- The Committee has reviewed material Internal Audit findings, taking appropriate actions or bringing the matters to the Board’s attention where required.

- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel through outsourcing the internal audit function to a firm of Chartered Accountants having sufficient internal audit acumen . The Internal Audit function has all necessary access to Management and the right to seek information and explanations.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The external auditors of the Company, Grant Thornton Anjum Rahman (GTAR) Chartered Accountants, have completed their audit of the "Company's Unconsolidated Financial Statements", the "Consolidated Financial Statements" and the review of "Statement of Compliance with the Code of Corporate Governance" for the financial year ended on June 30 2016.

- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured.

- The Auditors have given their consent to act as external auditors of the Company for the year ending on June 30, 2017. i.e. 2016-2017. The Audit Committee has recommended to the Board of Directors the re-appointment of external auditors, subject to approval of shareholders in Annual General Meeting to be held on September 27, 2016.

W. A. Khoja

Wazir Ali Khoja
Chairman-Audit Committee

Date: August 27, 2016

Human Resources and Remuneration Committee

Human Capital

Thatta Cement Company Limited (TCCL) acknowledges that the success of its organization is closely linked to the success of its people. Towards this the Company has cultivated the right climate for employees to thrive and contribute to achieve organization's objectives. The Company continuously aligns its people processes to reinforce the right foundation upon which to build and grow.

The Company has an effective and dynamic Human Resources (HR) function to address all employee related matters including training, performance evaluation, career development and succession planning in a transparent and non-discriminatory manner. For the purpose of governing HR, the Board has constituted an Human Resources and Remuneration Committee and also approved the following terms of reference.

In the below mentioned Terms of Reference (TOR) the Human Resources and Remuneration Committee is referred to as the Committee and Thatta Cement Company Limited is referred to as the Company.

I. PURPOSE

The purpose of the Human Resources and Remuneration Committee is to assist the Board in fulfilling its obligations relating to Human Resources Policies and related matters and to establish a plan of continuity and development of human resources for TCCL.

II. COMPOSITION AND OPERATIONS

A. The Committee shall be composed of atleast three members comprising a majority of non-executive directors, including preferably an independent director. The CEO may be included as a member of the Committee but not as the Chairman of the Committee.

B. The Committee shall meet at least twice in each financial year.

C. From time to time, as deemed required by the Committee, the Committee may obtain independent advice regarding human resource, health and safety, disputes of labour unions and compensation issues.

D. The Head of Human Resources shall serve as the Secretary of the Committee.

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties delegated by the Board of Directors of the Company, the Committee will review the following and recommend to the Board for their approval where required:

A. The objectives, strategies and overall plans of Human Resources and ensure that they are within the framework of existing laws and regulations.

B. The Company's compensation and benefits philosophy, strategy, and guidelines are in compliance with the laws and any applicable guidelines established by the Labor Laws of Pakistan, competitiveness with the market, annual country inflation rate and changes in trends adopted by the Cement manufacturing sector in the country.

C. The Company's strategy, plans and proposals related to salary adjustments based on market surveys, fixed and performance bonuses of the Company's staff.

D. Approve Annual Increments of Company's staff excluding Key Management Personnel (i.e. CEO, COO, CFO, GM Works, Company Secretary and Head of Internal Audit) on the recommendation of CEO.

E. Review and recommend the Annual increments and salary adjustments of Key Management Personnel i.e. CEO, COO, CFO, Company Secretary, GM Works and Head of Internal Audit;

F. Review and recommend the selection, evaluation, compensation package (including retirement benefits) and succession planning of the CEO, COO, CFO, Company Secretary, GM Works and Head of Internal Audit;

G. The Company's strategy related to Human Capital Management and Planning, includes:

   i. Recruitment and Selection strategy is aligned to Business objectives and philosophy;

   ii. Training and Developmental needs of Human Resources are identified, adequately met and aligned to business objectives; and

   iii. Performance Evaluation and Management System is objective, transparent and unbiased.

H. Review the Human Resources Policies of the Company and ensure that they are updated from time to time to keep them abreast with market practices;

I. Review and recommend Core Values to be adopted by the Company;

J. Review and recommend the Corporate Social Responsibility (CSR) philosophy, initiatives and other philanthropic activities including donations, charities, contributions and other payments of a similar nature;

K. Review and recommend Health, Safety and Environment policies and ensure that they are in line with best practices;

L. Review and recommend the whistle blower policy and ensure that it provides a mechanism of protection for the whistle blower;

M. Annually review and recommend changes to the Committee's Terms of Reference;

N. Ensure that Executive Directors do not participate in any discussions on the subject of their own remuneration; and

O. Disclose the members of the Committee in each Annual Report.

IV. ACCOUNTABILITY

The Committee shall report its discussions to the Board by oral or written report at every Board meeting.

SHAREHOLDERS ENGAGEMENT

Protecting the shareholders interest is our primary responsibility. We seek to meet our shareholders interest through maintaining profitability and growth in business operations and effective governance and corporate reporting framework. Annual General Meeting and statutory reporting are effective means of communication with our shareholders.

Investor's Grievances

Any complaint or observation received during general meetings or directly from shareholder are addressed by the Company Secretary. Furthermore, information to shareholders is provided within the statutory timeframe.

Investors section

To provide updated information about the financial health of the Company, the website of Thatta Cement (http://thattacement.com/Financial%20Statement.html) provides all the financial reports that may be used by existing or prospective investors to facilitate their investment decisions.

AGM proceedings

The preceding AGM was held at Beach Luxury Hotel, M. T. Khan Road, Karachi on October 16, 2015 at 10:00 a.m. The proceedings in the meeting were conducted in an organized manner and well attended by the shareholders.

Chairman briefed the shareholders about the financial performance of the Company during the year highlighting increase in sales whereas gross profit, profit after tax and earnings per share were marginally decreased. Shareholders raised various questions on financial statements particularly on BMR and also on future expectations of the Company.

Shareholders approved the Financial Statements and appointment of M/s Grant Thornton Anjum Rahman Chartered Accountants as external auditors, cash dividend and loan/advance facility to the Subsidiary Company under section 208 of the Companies Ordinance, 1984.

Whistleblower Policy

Thatta Cement requires employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The employees must perform their functions as representatives of the Company and fulfill their responsibilities with honesty and integrity in compliance with all applicable laws and HR Policy.

It is the responsibility of all employees to comply with the Code of Conduct (Code) enlisted in Human Resources policy document and to report violations or potential violations in accordance with the Whistleblower Policy.

Whistle blowing means a disclosure of information by an employee where he/she reasonably believes that one of the following or some other illegalities/irregularities are happening or likely to happen as a result of deviations, lapses or violations on the part of a co-employee:

- A criminal offence
- A failure to comply with legal obligation
- A danger to the health and safety of an employee
- A serious breach of the Company's internal policies, rules, regulations or business principles exposing the Company to any financial, operational, market or reputational risk
- Any unethical conduct
- Questionable/ unusual accounting of business practices
- A deliberate concealment of information tending to show any of the above

No employee who in good faith reports a violation or a potential violation not directly related to the Code shall suffer harassment and prejudicial to his/her employment as a consequence of retaliation. An employee who retaliates against someone who has reported a violation in good faith shall be liable to disciplinary action including termination of employment.

Reporting Violations

The policy suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly which in general is employee's immediate supervisor or Head of Human Resources.

IT Governance Policy

For any organization, in order to deliver full value, has to invest in Information Technology (IT) which is to be fully aligned to business strategies and direction, key risks have to be identified and controlled, standards are followed and legislative and regulatory compliance demonstrated. In Thatta Cement, we emphasized on implementation and adoption of right tools and latest technologies to support the management in imparting their role of decision making. TCCL's IT Governance Policy provides a framework to ensure:

- Priorities are set and communicated for conflicting resource requirements and aligned with business objectives.
- Effectiveness of TCCL's IT investments is monitored.
- Confidentiality, Integrity and Availability of data is ensured.
- Effective lines of accountability, responsibility and authority are created for compliance.
- Key risks are identified and remedial actions are taken on timely basis.
- IT Policies are implemented and noncompliance is highlighted.
- Implementation of planned initiatives and projects are monitored and reported to management.

Disaster Recovery & Business Continuity Planning

While focusing on avoidance of disaster at first hand, a comprehensive Disaster Recovery (DR) Plan covering all essential and critical infrastructure elements is implemented and a DR site is established after approval from the Board of Directors. Plan is designed to cater disasters from small incidents/events to large scale disasters having onsite as well as off-site arrangements. The overall objective of the Disaster/Business Recovery Plan is to protect Thatta Cement Company Limited's resources and employees, to safeguard the organization's vital records, and to ensure the ability of the Company to function effectively in the event of a severe disruption to normal operating procedures.

Quality Management

Thatta Cement Co. Ltd. offers diversified products namely Ordinary Portland Cement (OPC), Sulphate Resistant Cement (SRC), Portland Blast Furnace Slag Cement (PBFSC), Grinded Granulated Blast Furnace Slag (GGBFS) & Class G Oil Well Cement. The low alkali content of products makes it an obvious choice for construction industry using alkali reactive aggregates. Thatta Cement is the only manufacturer of API certified Oil Well Cement in Pakistan which is an edge over competitors. The manufacturing facilities are accredited to Quality Management System ISO 9001 : 2008, API spec Q1 & API spec 10 A .

Assurance of Quality and Performance:

While producing different types of Cement & building material, stringent quality control facilitates to achieve set quality bench mark. Continual improvement in quality management system is ensured at all processing stages so that customer satisfaction is assured for consistency in Cement quality. The functions of a modernized and well equipped TCCL Laboratory are numerous and assorted through necessary assurance of the conformity of the products under the scope of testing required by the applicable standards is executed.

Quality Management System includes:

- Selection of most preferable Raw Materials on standard chemical analysis and Raw mix design basis.
- Sufficient grinding and blending to produce mixture known as “Raw Meal”.
- High temperature ≥ 1450 °C to burn Raw Meal to convert into Clinker phase formation with the help of pyro processing.
- Controlled and balanced grinding of Clinker in association with Gypsum to produce finish product known as “Cement”.
- Continuous sampling and testing under the supervision of well trained and highly qualified staff.
- Independent testing of products by regulatory authorities

TCCL Quality Control Laboratory System includes:

- Chemical Laboratory
  - X-Ray Spectrometer (Netherland)
  - Blend XPERT QCX 1824 (FLS Denmark)
  - Bomb Calorimeter Leco AC 600 (USA)
  - VECSTAR Furnace (USA)
- Physical Laboratory
  - Alpine Jet Sieve 200LS-N (Japan)
  - Humidity Chamber Matest 139 (Italy)
  - Jolting Table Geotechnical (UK)
  - Compressive Strength Machines Geotechnical (UK)
  - Blaine Apparatus, ELE (UK)
  - Vicatronic Geotechnical (UK)
- Oil Well Laboratory
  - HPHT Consistometer 7322 (USA)
  - Atmos. Consistometer 1200 (USA)
  - Rheometer 102267855 (USA)
  - Mud Balance 140 (USA)
  - Water Bath T100 (UK)
  - Compressive Strength UTEST (Turkey)

ADDITIONAL INFORMATION

I. Analysis of Capital Structure, liquidity, cash flows and financing arrangements

Capital Structure:

Total equity improved by 24% to Rs 2.075 billion comprising of share capital amounting to Rs. 997.18 million representing 99.71 million ordinary shares of Rs. 10 each. Long term debt of the Company stood at Rs.1.25 billion at close of the year, debt/equity ratio has improved from 43:57 to 38:62 in 2016. The Company's future projections indicate adequacy of capital structure for the foreseeable future.

Liquidity:

The Company the capacity to generate adequate cash flows which are required to make payments when they fall due, which is also evident from the current ratio of the Company. The current ratio has improved from 0.92:1 in the year 2013 to 2.04:1 in the year 2016. The working capital of the Company has increased from Rs. 305.39 million to Rs. 661.61 million as compared to previous year.

TCCL followed a proactive approach towards cash management and adequate funds were available for any unforeseen situation. Committed credit lines from banks are also available to bridge any liquidity gap.

Cash Flows:

The Company historically had very nominal cash balances, however due to increase in profitability through increase in sales and reduction in cost, the Company has generated sufficient cash flows to fulfill its working capital needs. Cash flows from operations shows a steady growth pattern from 2013 to 2016, Cash to Current liabilities ratio has drastically improved from 0.01:1 in the year 2013 to 0.37:1 in the year 2016.

Financing Arrangements:

The Company relied primarily on internally generated funds to fulfill its working capital needs and external financing is secondary to internally generated funds. Short term borrowing (excluding current maturity) is Rs.19.17 million as on June 30 2016 against aggregate financing facilities of Rs. 650 million available to the Company.

The Company holds a sizeable unutilized financing facilities available to meet any future funding requirements. During the year under review the Company fully prepaid the outstanding balance of Long Term Loan amounting to Rs.35.83 million borrowed in March 2011. Moreover, Syndicated Term Finance Facility has been obtained to finance BMR project from Syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited, Summit Bank Limited and Silk Bank Limited. The tenure of financing is 8 years including grace period of 2 years and the facility is payable in 24 equal quarterly installments of Rs. 57.983 million each starting from June 17, 2016. During the year, Rs. 57.983 million has been paid against 1st installment alongwith partial prepayment of principal amounting to Rs. 75 million.

II. Strategy to overcome liquidity problem and the Company's plan to manage its repayment of debt

The Company closely monitors its liquidity position to ensure availability of sufficient funds to meet its operational requirement and to safeguard the Company against cash flow risk. The Company follows effective cash flow forecasting along with management of maturity profile of assets and liabilities which apprise the Company well in advance for any funding requirement or surplus which need to be invested.

Working capital requirements of the Company are primarily managed through internal cash generation with external financing acting as secondary means of funding. The Company has sufficient credit lines available to fulfill its funding requirement.

III. Significant changes in financial position, liquidity and performance compared with those of the previous period;

Net worth of the Company as at June 30, 2016 stood at Rs. 2.075 billion translating into a breakup value of Rs. 20.81 per share, with a growth of 24% due to increase in un-appropriated profit from Rs. 431 million for 2015 to Rs. 913 million in 2016.

Long term debt & its current portion witnessed a decrease from Rs. 1.215 billion to Rs. 1.026 billion, which is mainly due to the repayment of loan including early repayment of Rs. 35.83 million against existing long term loan and Rs. 75 million against loan borrowed for BMR. Moreover, current portion increased to Rs. 232 million from Rs. 69 million due to the fact that only one installment was due by June 30, 2016 whereas four quarterly installments will be payable within the year ending on June 30, 2017.

Trade payables registered an increase to Rs. 382 million from Rs. 300 million mainly due to increase in energy consumption as a consequence of higher clinker production this year. Moreover, as a result of increased profitability, liability against Worker's Profit Participation Fund and Workers Welfare Fund has also increased.

Short Term Borrowings have substantially reduced due to improved cash flows as a result in increase in sales to Rs. 2.846 billion from Rs. 2.304 billion.

Long term investment – available for sale has decreased due to disposal (net) of 8.222 million shares during the year after which it remained at 15.797 million shares as on June 30, 2016. (June 30, 2015 : 24.019 million shares).

Stores & Spares appreciated due to transfer of Rs. 45 million stores and spares procured for BMR project which will be utilised in future.

Profit before tax has increased by 59.71 % mainly due to increase in sales volume while the price remains almost the same as compared to last year. The liquidity of the Company has improved mainly due to increase in profitability.

IV. Analysis of the prospects of the entity including targets for financial and non-financial measures

After completion of the BMR and re-commissioning of the cement plant operations the Company has achieved its objectives substantially and resurrected as a modern day cement company. The plant has achieved better efficiency levels resulting in improved productivity and lower cost of production. The BMR has been accompanied by significant improvement in the quality of our products as well as on account of the technologies adopted. This would assist Thatta Cement in gaining its rightful market share and maintain its competitive edge.

Thorough evaluation and effective implementation has been carried out in order to achieve Company's set goals and targets. This is evident from the fact that exceptional production / sales / revenue levels were achieved during the year.

Taking into account the general economic and industry specific outlook for the cement industry and the growth prospects for markets in which Thatta Cement operates, we expect a substantial increase in revenue for 2017. The growth in revenue is primarily due to increase in sales volume, it is assumed that price may remains constant in the year 2017, provided demand & supply gap is not fully consumed.

The Company set financial targets for sales revenue, production costs, profitability and liquidity etc. in the form of a budget on annual basis which is duly approved by the Board of Directors.

Operational health and safety generally plays a major role in the production process and, in addition, emissions in cement production especially. Therefore, TCCL give due consideration to Health, Safety & Environment while developing key performance measure. The followings are identified by the Company as key non-financial performance measure:

- Health & Safety
- Environmental protection
- Energy conservation
- Responsibility towards the society
- Compliance with the regulatory framework
- Improve corporate image
- Relationship with customers and other business partners
- Employee satisfaction and wellbeing
- Maintenance of product quality for fulfillment of customer needs
- Transparency, accountability and good governance

V. Efforts made to mitigate the adverse impact of industrial effluents by adapting techniques, creating awareness and providing training etc. to the surrounding communities.

TCCL is an environmental compliant company. By the grace of Almighty Allah, recent environmental tests according to the National Environmental Quality Standards of EPA Act 1997 proved that the Company is complying with EPA regulations. It is pertinent to mention here that all tests were conducted by a highly reputed, semi government and EPA Licensed 3rd party Lab, PRDF (Pakistan Research and Development Foundation). TCCL is meeting international standards of Environmental compliances in all areas including Solid Waste, Liquid Effluents & Fugitive and Gaseous Emissions.

The Company has recently upgraded its Plant and Machinery through a BMR Project. By taking this initiative TCCL has been able to achieve efficiencies in production processes. TCCL has taken a major step towards using technologies which promotes less emission from production processes and creates healthy environment in its surroundings including nearby localities.

RISK & OPPORTUNITIES

Risk is a consequence of happenings that negatively impact the performance of a Company. Risks arises from events that occur inside and outside the organization. The consequence of an event can impact the quality, cost or operation of the Company, or combination of these events. Risk can arise from unplanned changes to the internal environment or changes in the external environment, such as the economy, costs of materials, labor market, customer preferences or actions by a competitor, a regulating body or a government agency.

Risk management refers to the practice of identifying potential risks in advance, analysing them and taking precautionary steps to reduce the risk. Risk Management forms an integral part of your Company's operations. Following are the risks that are required to be timely identified and mitigated to the best possible extent.

a. Strategic risk

Strategic risks include risks created by the Company's strategic objectives and business strategy decisions that could affect its long term positioning and performance. They are monitored at the highest level with active oversight by the Board of Directors.

b. Commercial Risk

These risks emanate from the commercial substance of an organization. Cut down in an entity's market share, product price, regulation or a constitutional amendment posing threat to the organization's profitability and commercial viability are a few examples of this risk that might affect your Company.

c. Operational Risk

These are risks that can affect the Company's ability to execute its plans and objectives including operational and administrative procedures, such as workforce turnover, supply chain disruption, IT system shutdowns or control failures.

d. Credit Risk

Credit risk is a risk that one party to a financial instrument may fail to discharge its obligation and cause the other party to incur a financial loss.

To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payment from its customers. Except for customers relating to the Government and certain credit worthy customers, the management strictly adheres to this policy. Cash is held only with the banks with high quality credit worthiness.

e. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company is exposed to liquidity risk in respect of non-current interest bearing liabilities, long term deposit, short term borrowings, trade and other payable and mark-up accrued.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

f. Interest Rate Risk

Interest / mark-up rate risk management arises from the possibility of changes in interest/mark-up rates which may affect the value of financial instruments. The Company has long term financing and short term borrowings at variable rates. Company is exposed to interest / mark-up rate risk on long term financing and short term borrowings which is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates.

g. Foreign Exchange Risk

Foreign exchange risk is the risk that the value of financial asset or a liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities and outstanding letters of credit and bills payable.

OPPORTUNITIES

The management always remains vigilant about the identification and capitalization of opportunities coming across in different areas including operational, commercial and financial aspects while dealing with suppliers, customers, bankers etc to keep the direction and pace of the Company in line with its stated mission and vision.

While grabbing the opportunity of future growth in the cement sector and to make its product cost competitive, your company has completed Balancing, Modernization and Rehabilitation of its plant & machinery to enhance production efficiencies.

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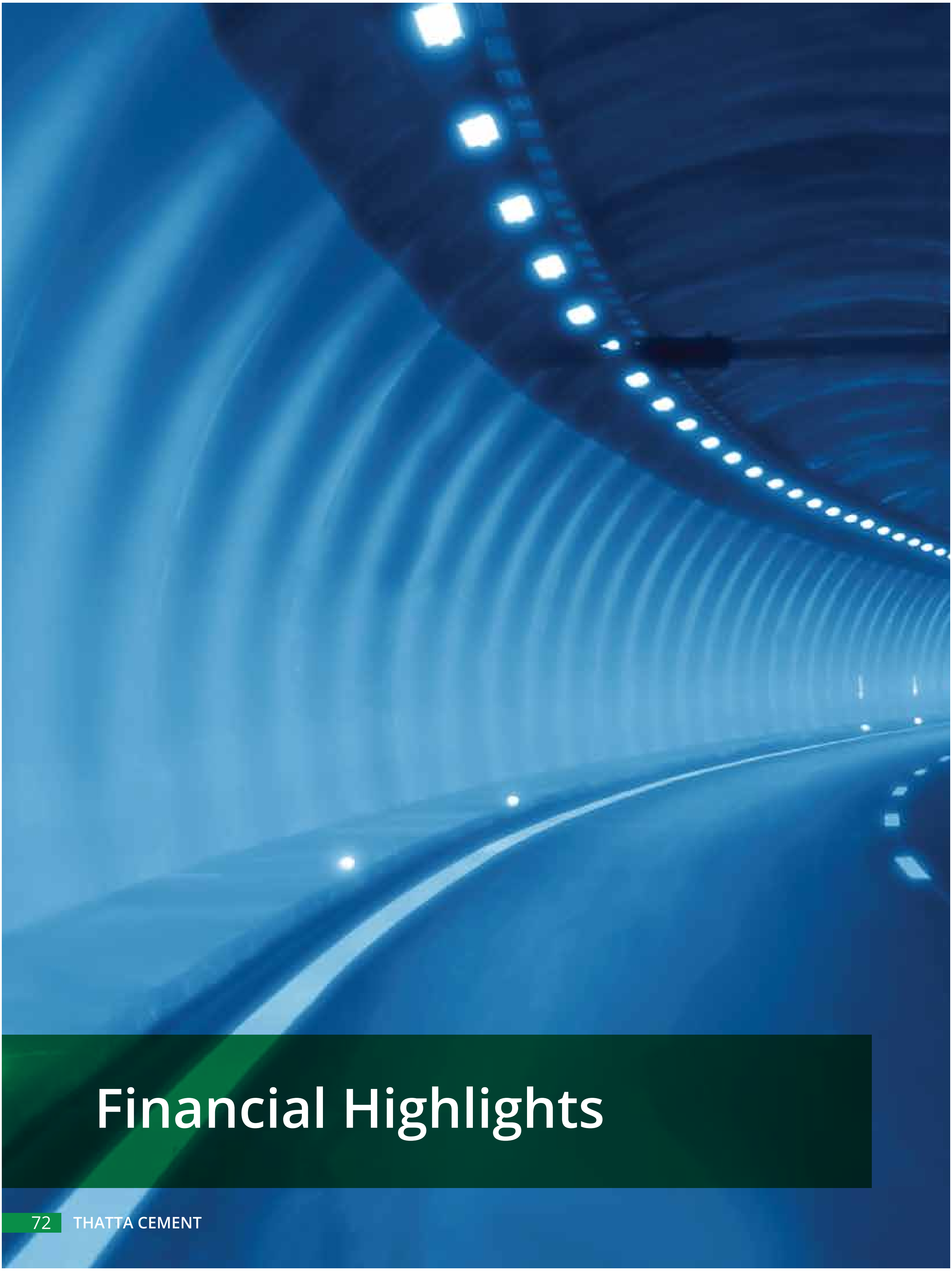


Financial Highlights

KEY FINANCIAL PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2016

(Rs in million)
Sales 2,846
Inc/(Dec) % vs 2015 23.51

(Rs in million)
Gross Profit 913.8
Inc/(Dec) % vs 2015 41.48

(Rs in million)
Profit after taxation 614.4
Inc/(Dec) % vs 2015 112.41

(Rs in million)
Wealth Generated 3,700
Inc/(Dec) % vs 2015 27.66

(Rs in million)
Net Cash flow From Operating Activities 415.6
Inc/(Dec) % vs 2015 -0.2

(Rs in million)
Final Cash Dividend 149.5
Inc/(Dec) % vs 2015 15.38

(in Rs)
Market Price Per Share* 29.50
Inc/(Dec) % vs 2015 (2.48)

(in Rs)
Earnings Per Share 6.16
Inc/(Dec) % vs 2015 112.41

(in times)
Price Earnings Ratio 4.79
Inc/(Dec) % vs 2015 (54.07)

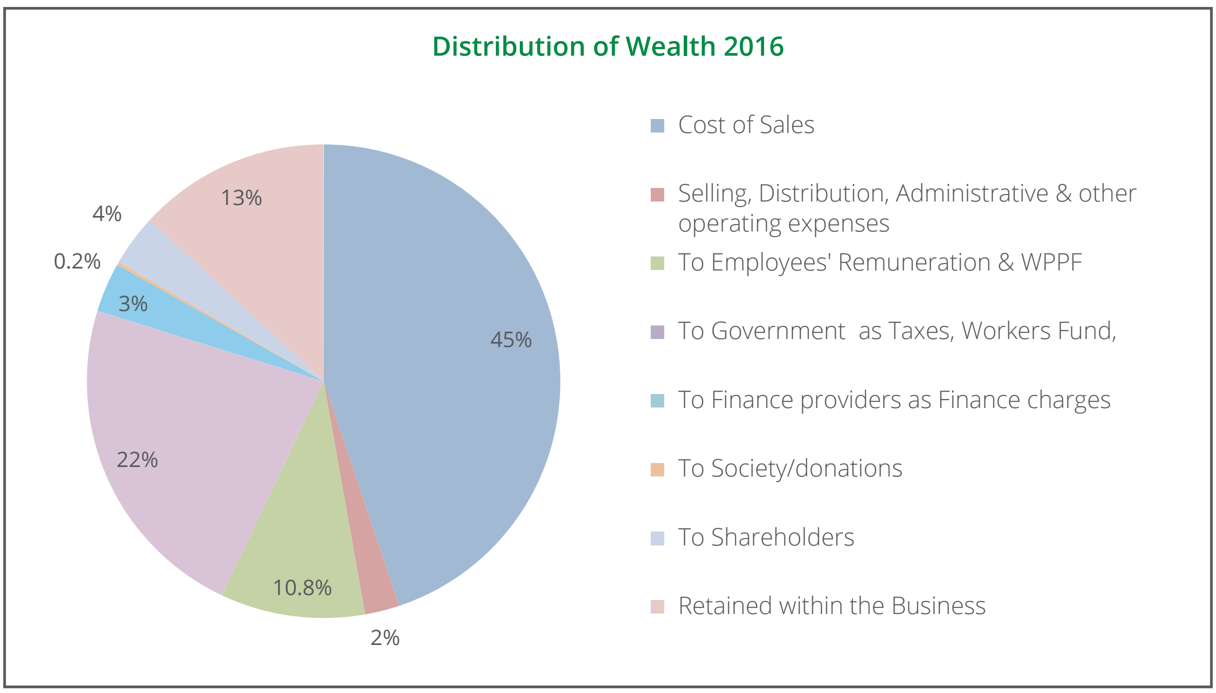
(in Rs)
Breakup Value per share 20.81
Inc/(Dec) % vs 2015 24

*Closing Market Price June 30, 2016.

The aforementioned key financial performance indicators reflects the improved financial health mainly due to substantial increase in sales coupled with cost efficiencies and reduction in current tax expense as an outcome of BMR project.

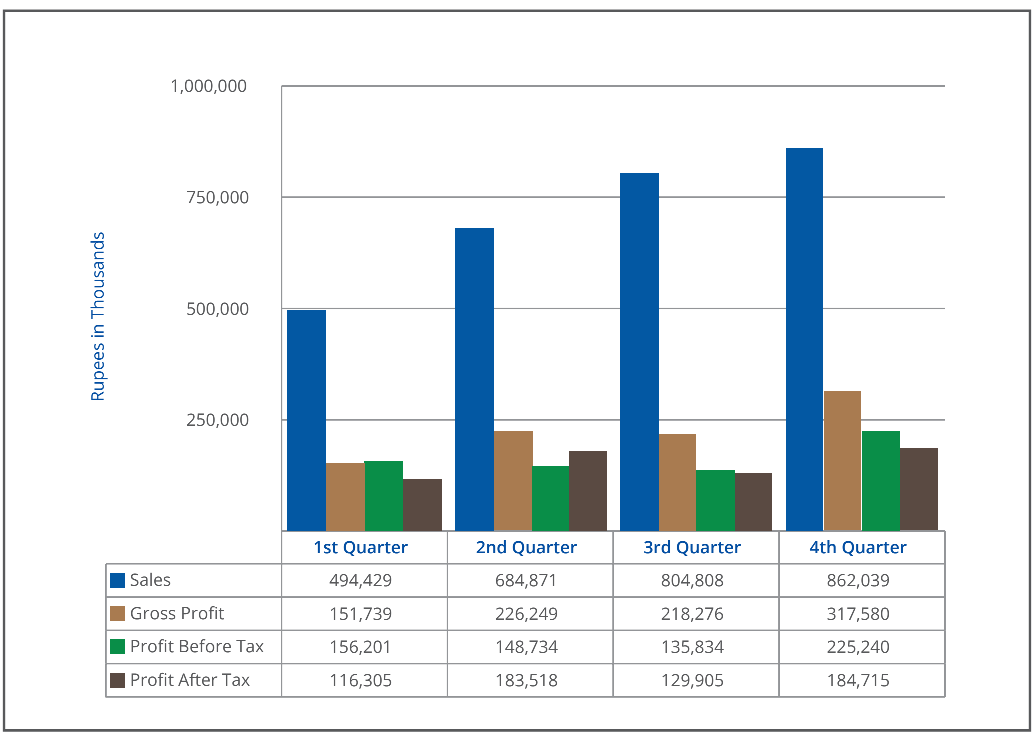
Statement of Value Addition and Distribution of Wealth

	2016		2015	
Wealth Generated	Rs in '000	% age	Rs in '000	% age
Gross Turnover	3,585,476	97	2,865,771	99
Other Operating Income	114,698	3	32,643	1
	3,700,174	100	2,898,414	100
Distribution Of Wealth				
Cost of Sales	1,658,769	45	1,412,488	49
Selling, Distribution, Administrative & other operating expenses	87,759	2	96,503	3
To Employees' Remuneration & WPPF	401,146	10.8	341,227	11.8
To Government as Taxes, Workers Fund	804,837	22	697,253	24
To Finance providers as Finance charges	124,995	3	56,461	2
To Society/donations	8,225	0.2	5,208	0.2
To Shareholders	129,634	4	109,690	4
Retained within the Business	484,809	13	179,584	6
	3,700,174	100	2,898,414	100



Quarterly Performance Analysis

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	---------------------- Rupees in thousands ----------------------				
Sales - net	494,429	684,871	804,808	862,039	2,846,147
Cost of sales	(342,690)	(458,622)	(586,532)	(544,459)	(1,932,303)
Gross profit	151,739	226,249	218,276	317,580	913,844
Selling & distribution cost	(8,161)	(20,280)	(17,221)	(25,860)	(71,522)
Administrative expenses	(26,254)	(27,051)	(33,658)	(27,178)	(114,141)
	(34,415)	(47,331)	(50,879)	(53,038)	(185,663)
Operating profit	117,324	178,918	167,397	264,542	728,181
Other operating expenses	(12,276)	(12,827)	(10,067)	(16,705)	(51,875)
Finance cost	(27,434)	(34,152)	(33,723)	(29,686)	(124,995)
	(39,710)	(46,979)	(43,790)	(46,391)	(176,870)
Other income	78,587	16,795	12,227	7,089	114,698
Profit before taxation	156,201	148,734	135,834	225,240	666,009
Taxation	(39,896)	34,784	(5,929)	(40,525)	(51,566)
Profit after taxation	116,305	183,518	129,905	184,715	614,443



COMMENTS ON QUARTERLY PERFORMANCE

Quarter 1 [ended on September 30, 2015]

- Sales of the Company were lower on account of both Eid-ul-Fitr and Eid-ul-Azha falling in the same quarter.
- Cost of sales increased on account of increase in depreciation on new Plant & Machinery installed during BMR resulted in decline in GP margin.
- Operating Profit and Net Profit was also on lower side as a result of lower Sales volumes. However, effect of such decline is mitigated by capital gain earned in the quarter.

Quarter 2 [ended on December 31, 2015]

- Sales of the Company increased by 38.52 % in terms of value as compared to first quarter. The increase in sales is attributable to rise in demand in Southern Region.
- Cost of sales increase by 33.82% as compared to first quarter is attributable to fixed cost incurred in the month of December 2015 that was charged to profit & loss account as period cost due to lower production of clinker in that month.
- Operating Profit increased by 52.50% due to increase in gross profit margin as compared to first quarter and net profit also increased by 57.79% due to lower tax liability on account of tax credit availed on BMR capitalization.

Quarter 3 [ended on March 31, 2016]

- Sales of the Company increased by 17.51 % in terms of value as compared to second quarter. This has been made possible by diligent planning and careful execution of sales and marketing activities which enabled the Company to fetch its share of revenue from increased construction activity during the quarter.
- Cost of sales increased by 27.89% as compared to second quarter. The increase is attributable to fixed cost incurred in the month of January and February 2016 was charged to profit & loss account due to lower clinker production in these months. Further, provision is recorded on account of slow moving and dead stores and spares.
- Operating Profit decreased by 6.43% and net profit also decreased by 29.21% due to declining impact of GP margin.

Quarter 4 [ended on June 30, 2016]

- Sales of the Company increased by 7.11% in terms of value as compared to third quarter mainly due to sales of clinker in addition to cement.
- Cost of sales decreased by 7.17% as compared to third quarter. The decrease is for the reason that fixed cost is not charged directly to cost of sales as production of clinker was higher in the current quarter as compared to previous quarters.
- Operating Profit increased by 58.03% and net profit also increased by 42.19% due to incremental impact of GP.

Horizontal Analysis - Last six years

	2016 Rs in Million	16 Vs. 15 %	2015 Rs in Million	15 Vs. 14 %	2014 Rs in Million	14 Vs. 13 %	2013 Rs in Million	13 Vs. 12 %	2012 Rs in Million	12 Vs. 11 %	2011 Rs in Million
Balance Sheet											
Assets											
Non-Current Assets	2,645	(3)	2,736	47	1,856	35	1,372	8	1,272	36	937
Current Assets	1,300	58	823	(26)	1,113	35	825	7	770	(27)	1,056
Total Assets	3,945	11	3,559	20	2,969	35	2,197	8	2,042	2	1,993
Equity & Liabilities											
Shareholders' Equity	2,075	24	1,673	24	1,349	22	1,104	15	958	(2)	980
Non-Current Liabilities	1,231	(10)	1,368	115	636	226	195	1	193	36	142
Current Liabilities	639	23	518	(47)	984	10	898	1	891	2	871
Total Equity & Liabilities	3,945	11	3,559	20	2,969	35	2,197	8	2,042	2	1,993
Profit and Loss Account											
Sales	2,846	24	2,304	6	2,182	(8)	2,361	2	2,314	25	1,855
Gross Profit	914	41	646	(5)	682	40	486	94	250	5	239
Operating Profit	728	42	513	(6)	545	55	351	394	71	287	(38)
Profit/(Loss) before Taxation	666	60	417	(12)	473	84	257	3,771	(7)	(89)	(64)
Profit/(Loss) after Taxation	614	112	289	(3)	298	101	148	436	(44)	(41)	(74)

COMMENTS ON HORIZONTAL ANALYSIS

Profit and Loss Account

- Overall sales revenue and profitability has increased due to enhanced demand of cement and increase in prices of cement since the year 2013. Moreover, sale of clinker contributed towards increase in sales revenue during the year 2016. Furthermore, improved GP Margin resulting from BMR project efficiencies, capital gain and tax benefits as per law also accounted for increase in profit for the year 2016.

Balance Sheet

- Increase in non-current assets and non-current liabilities was mainly led by acquisition of Property, Plant & Equipment for BMR project started in 2014 which was paid via long term loan obtained from Syndicate of banks, substantial part of the BMR project was completed by the end of financial year 2015 .

- Increase in current assets in 2016 is primarily due to loan/advance to the Subsidiary, taxes paid and improved cash balances.

- Shareholder's equity has appreciated due to increase in profitability as a consequence of healthy growth in cement sector also benefiting your Company.

Vertical Analysis - Last six years

	2016 Rs in Million	%	2015 Rs in Million	%	2014 Rs in Million	%	2013 Rs in Million	%	2012 Rs in Million	%	2011 Rs in Million	%
Balance Sheet												
Assets												
Non-Current Assets	2,645	67	2,736	77	1,856	63	1,372	62	1,272	62	937	47
Current Assets	1,300	33	823	23	1,113	37	825	38	770	38	1,056	53
Total Assets	3,945	100	3,559	100	2,969	100	2,197	100	2,042	100	1,993	100
Equity & Liabilities												
Shareholders' Equity	2,075	53	1,673	47	1,349	45	1,104	50	958	47	980	49
Non Current Liabilities	1,231	31	1,368	38	636	21	195	9	193	9	142	7
Current Liabilities	639	16	518	15	984	34	898	41	891	44	871	44
Total Equity & Liabilities	3,945	100	3,559	100	2,969	100	2,197	100	2,042	100	1,993	100
Profit and Loss Account												
Sales	2,846	100	2,304	100	2,182	100	2,361	100	2,314	100	1,855	100
Gross Profit	914	32	646	28	682	31	486	21	250	11	239	13
Operating Profit	728	26	513	22	545	25	351	15	71	3	(38)	(2)
Profit/(Loss) before Taxation	666	23	417	18	473	22	257	11	(7)	(0.3)	(64)	(3)
Profit/(Loss) after Taxation	614	22	289	13	298	14	148	6	(44)	(2)	(74)	(4)

COMMENTS ON VERTICAL ANALYSIS

Profit and Loss Account

- Gross profit margin has increased to 32% in 2016 from 11% in 2012 due to cost efficiencies as a result of BMR and decline in cost of inputs.

Balance Sheet

- Non-current assets proportion in total assets showed a consistent trend over the respective years mainly affected by additions in fixed assets, except for the year 2012 versus 2011, in which increase is due to investment made in subsidiary in the year 2012.

- Current Assets proportion in total assets also reflects stable trend over the respective years, except for the year 2012 versus 2011, in which decrease is due to advance received against right issue was invested in Subsidiary Company. Moreover, increase in current assets for the year 2016 is primarily due to loan/advance to subsidiary , taxes paid and improved cash balances.

- There is no significant change in proportion of Shareholder's equity in total equity & liabilities over the respective years except for 2016 where it increases due to improved profitability.

- Increase in proportion of non-current liabilities in total equity & liabilities from 2014 onwards is on account of long term financing obtained for BMR project.

- Decrease in proportion of current liabilities is mainly due to decline in short term borrowings from 2014 onwards on account of better cash inflows from operations.

RATIO ANALYSIS - LAST SIX YEARS

	2016	2015	2014	2013	2012	2011
Profitability Ratios						
Gross profit (%)	32.11	28.03	31.25	20.56	10.81	12.89
Operating Profit/ (Loss) to sales (%)	25.58	22.26	24.96	14.89	3.09	(2.04)
Profit / (Loss) before tax (%)	23.40	18.10	21.68	10.89	(0.32)	(3.46)
Profit / (Loss) after tax (%)	21.59	12.55	13.67	6.29	(1.90)	(4.02)
EBITDA to Sales (%)	31.73	22.45	27.18	16.59	6.04	3.62
Operating Leverage Ratio	2.85	(2.34)	(7.94)	138.82	20.58	(3.44)
Return on equity after tax (%)	29.61	17.29	22.11	13.45	(4.58)	(7.60)
Return on Capital employed (%)	18.43	9.78	16.06	12.02	(3.82)	(6.60)
Return on assets (%)	15.58	8.13	10.05	6.76	(2.15)	(3.74)
Liquidity Ratios						
Current ratio	2.04	1.59	1.13	0.92	0.87	1.21
Cash to Current Liabilities	0.37	0.22	0.03	0.01	0.004	0.34
Cash Flows from Operations to Sales	0.25	0.30	0.26	0.08	0.03	(0.07)
Activity / Turnover Ratios						
Inventory turnover ratio	8.03	4.94	3.81	6.40	9.19	7.05
No. of Days in Inventory	45	74	96	57	40	52
Debtor turnover ratio	16.18	15.10	17.43	17.37	20.35	26.82
No. of Days in Receivables	23	24	21	21	18	14
Creditor turnover ratio	7.12	4.56	4.29	6.47	6.80	10.70
No. of Days in Payables	51	80	85	56	54	34
Total Assets turnover ratio	0.72	0.65	0.73	1.07	1.13	0.93
Fixed Assets turnover ratio	1.31	1.07	1.54	2.50	2.74	2.30
Operating cycle (days)	17	18	32	22	4	32
Investment /Market Ratios						
Earnings per share (EPS) (Rupees)	6.16	2.90	2.99	1.49	(0.44)	(0.93)
Price Earnings ratio	4.79	10.43	8.54	17.79	(47.80)	(21.48)
Dividend Yield (%)	5.08	4.30	4.31	1.89	-	-
Dividend Payout (%)	24.35	44.83	36.79	33.56	-	-
Dividend Cover ratio	4.11	2.23	2.72	2.98	-	-
Cash Dividend per share (Rs)*	1.50	1.30	1.10	0.50	-	-
Market value per share (Rs)	29.50	30.25	25.54	26.50	21.03	19.98
Breakup value per share (Rs)	20.81	16.78	13.53	11.07	9.61	12.28

* subject to shareholder's approval in AGM on September 27, 2016

	2016	2015	2014	2013	2012	2011
Capital Structure Ratios						
Financial leverage (%)	61.58	83.33	68.82	62.31	63.24	67.16
Cost of debt (%)	10.06	12.94	10.81	12.06	15.92	11.98
Debt to Equity ratio	38	43	27	11	16	13
Interest Cover	6.33	8.39	7.62	4.09	0.92	0.19

COMMENTS ON RATIOS

PROFITABILITY RATIOS:

Profitability ratios of the company have shown improvement due to increase in sales revenue, reduction in cost of inputs, cost efficiencies in terms of fuel and power consumption as a consequence of BMR project completed in the start of financial year 2016. Moreover, demand of cement and its prices have also increased over the last three years.

LIQUIDITY RATIO:

The key liquidity ratio i.e. current ratio has shown significant improvement due to availability of adequate working capital and improved cash inflows resulted from healthy profitability of the Company.

ACTIVITY /TURNOVER RATIOS:

The Company has been able to efficiently manage its inventory resulting in decline in number of inventory days in the year 2016 from the year 2013. This is due to the fact that BMR was initiated in last quarter of 2014 and clinker stock was build-up to maintain sufficient stock for uninterrupted supply of cement.

INVESTMENT/MARKET RATIOS:

There is a significant increase in earnings per share due to increased profitability in current year on account of higher sales and reduction in cost of sales. Moreover, tax credits available under the Income Tax law were also availed on BMR project which enhanced the bottom line profitability.

CAPITAL STRUCTURES RATIOS:

Declining trend in interest rates has also benefited the Company in terms of decrease in weighted cost of debt more prominently in the year 2016 compared with 2015.

SUMMARY OF CASH FLOW STATEMENTS - LAST SIX YEARS

Summary of Cash Flows

	2016	2015	2014	2013	2012	2011
	---Rupees in thousands---					
Net cash generated from / (used in) operating activities	415,597	416,635	350,058	106,861	70,626	(125,496)
Net cash used in investing activities	(44,494)	(686,509)	(519,194)	(187,605)	(334,661)	(147,293)
Net cash generated from / (used in) financing activities	(155,647)	663,832	327,708	(55,530)	62,900	341,956
Increase/(Decrease) in cash and cash equivalents	215,456	393,958	158,572	(136,274)	(201,135)	69,167
Cash & Cash equivalents at the beginning of the year	3,145	(390,813)	(549,385)	(413,111)	(211,976)	(281,143)
Cash & Cash equivalents at the end of the year	218,601	3,145	(390,813)	(549,385)	(413,111)	(211,976)

Comments on Cash flow Statements

- Cash flows from operating activities reflects increasing trend from 2012 onwards due to overall increase in operating profits of the Company.

- Cash flow used in investing activities substantially increased from the year 2014 onwards till the start of financial year 2016 due to substantial capital investment in property, plant & equipments installed during the BMR project. Moreover proceeds from disposal of shares of Power Cement Limited in 2016 offset the impact of outflow due to fixed capital expenditure.

- Cash flow generated from financing activities reflect increase from the year 2014 onwards till the start of financial year 2016 due to long term debt obtained for BMR project. However, there is decrease in 2016 due to early repayment of Rs. 35.83 million of existing loan and partial prepayment of Rs. 75 million against long term loan obtained for BMR.

- Moreover, cash & cash equivalents in the year 2016 compared with 2015 increased due to improved cash flows from operations.

CASH FLOW STATEMENT (DIRECT METHOD)

For the year ended June 30, 2016

	2016	2015
	------Rupees in thousands------	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	3,666,743	2,799,552
Cash paid to supplier / service providers	(1,828,797)	(1,231,136)
Cash paid to employees	(382,058)	(320,592)
Payment of indirect taxes and Federal Excise Duty	(728,632)	(542,599)
Payment of Retirement funds	(13,409)	(16,080)
Financial charges	(162,125)	(131,348)
Income tax and other statutory levies	(136,125)	(141,162)
	415,597	416,635
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(146,540)	(687,774)
Addition in intangible assets	(819)	(6,670)
Acquisition of shares	(22,980)	-
Disposal of long term investment - available-for-sale	125,426	6,785
Proceeds from disposal of property, plant and equipment	419	1,240
Long term deposits - assets	-	(90)
	(44,494)	(686,509)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(182,261)	(24,587)
Long term financing obtained	156,100	800,127
Dividend paid	(129,476)	(109,581)
Long term deposits - liabilities	(10)	(2,127)
	(155,647)	663,832
Net increase in cash and cash equivalents	215,456	393,958
Cash and cash equivalents at beginning of the year	3,145	(390,813)
Cash and cash equivalents at end of the year	218,601	3,145

DUPONT ANALYSIS

2016

Operating Margin
21.59%

Asset Turnover
0.72

Interest Burden / Efficiency
84.20%

Tax Burden / Efficiency
92.22%

Leverage
1.90

RoE
22.99%

2015

Operating Margin
12.55%

Asset Turnover
0.65

Interest Burden / Efficiency
88.08%

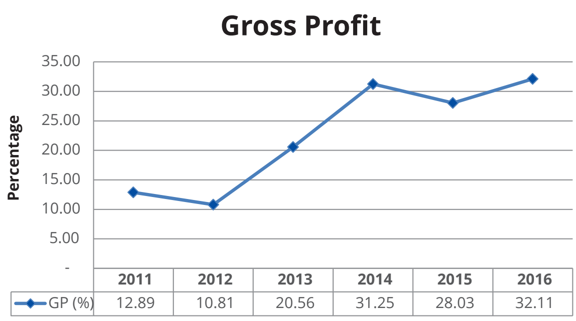
Tax Burden / Efficiency
69.37%

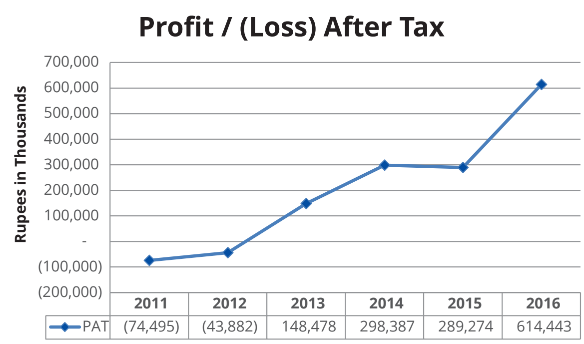
Leverage
2.13

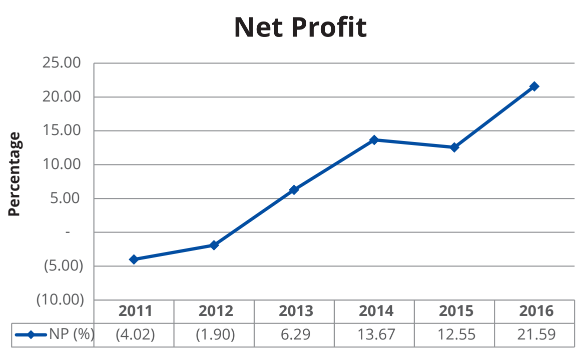
RoE
10.56%

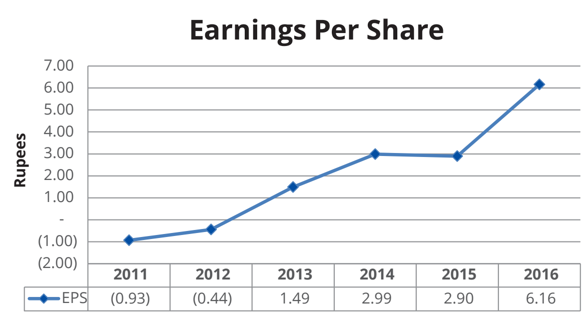
The return on equity has increased significantly on account of improved liquidity and cost efficiencies as a result of BMR. 'Further, increase in tax buden efficiency is due to tax credits availed against acquisition of property, plant & equipments for BMR project.

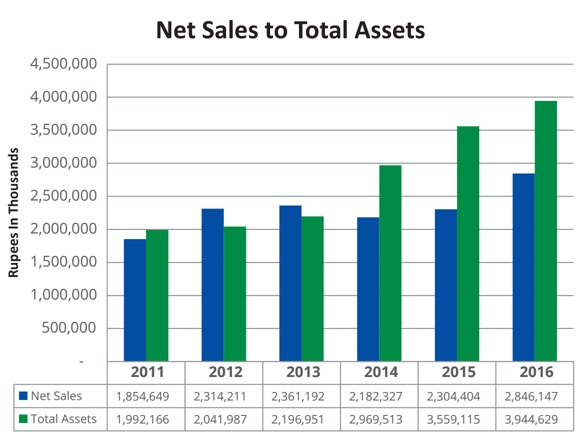
GRAPHICAL PRESENTATION OF KEY FINANCIAL DATA





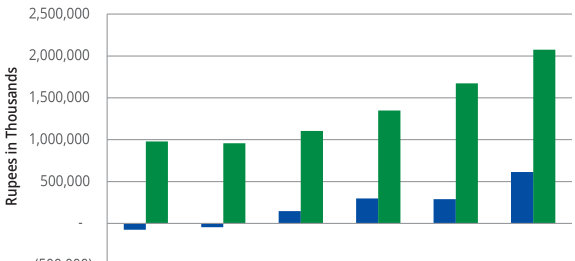






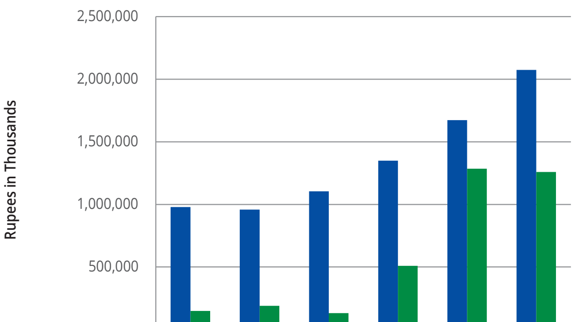
GRAPHICAL PRESENTATION OF KEY FINANCIAL DATA

Profit after Tax vs Shareholder's Equity



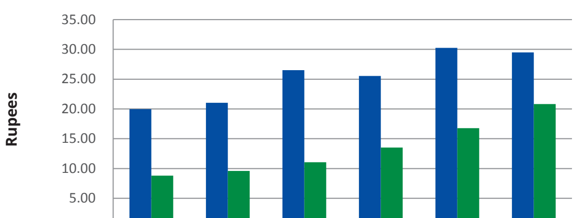
	2011	2012	2013	2014	2015	2016
PAT	(74,495)	(43,882)	148,478	298,387	289,274	614,443
Equity	979,622	958,282	1,103,935	1,349,257	1,673,500	2,074,969

Equity & Long Term Liabilities



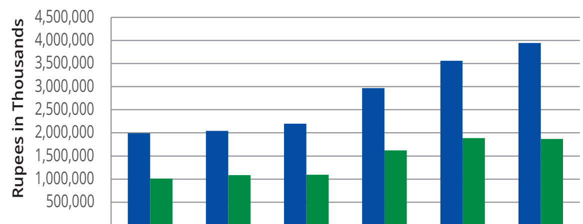
	2011	2012	2013	2014	2015	2016
Equity	979,622	958,282	1,103,935	1,349,257	1,673,500	2,074,969
Long Term Liabilities	149,184	189,704	131,784	509,238	1,284,778	1,258,617

Value Per Share



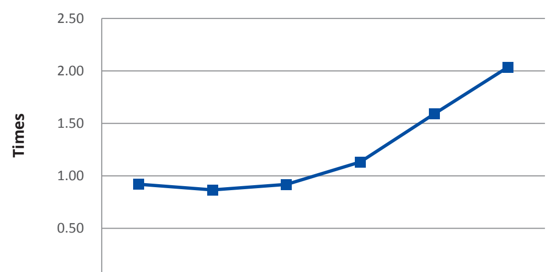
	2011	2012	2013	2014	2015	2016
Market Value	19.98	21.03	26.50	25.54	30.25	29.50
Book Value	8.81	9.61	11.07	13.53	16.78	20.81

Assets & Liabilities



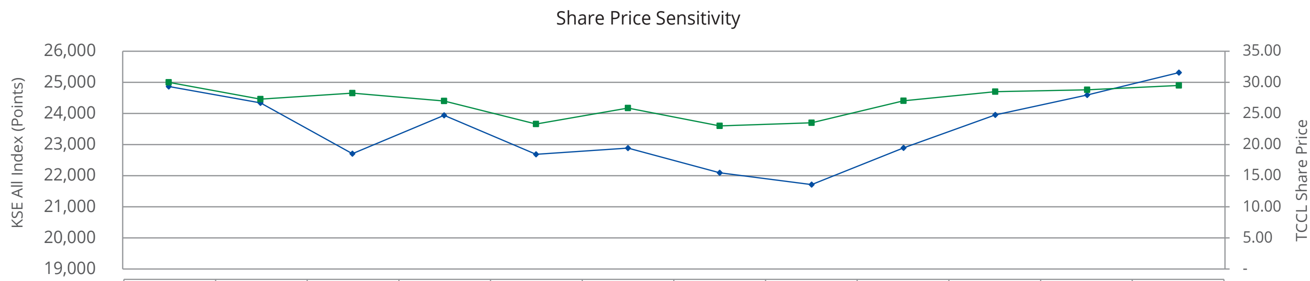
	2011	2012	2013	2014	2015	2016
Assets	1,992,166	2,041,987	2,196,951	2,969,513	3,559,115	3,944,629
Liabilities	1,012,544	1,083,705	1,093,016	1,620,256	1,885,615	1,869,660

Liquidity Ratio



	2011	2012	2013	2014	2015	2016
Current Ratio	0.92	0.87	0.92	1.13	1.59	2.04

SHARE PRICE SENSITIVITY ANALYSIS



	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
KSE All Share index	24,867.05	24,345.61	22,708.70	23,945.47	22,688.92	22,889.00	22,098.31	21,714.93	22,896.99	23,953.98	24,593.00	25,313.12
TCCL Share price	30.00	27.30	28.29	27.00	23.31	25.89	23.00	23.50	27.05	28.53	28.80	29.50

Sensitivity analysis is a technique used to define how different values of an independent variable will impact a specific dependent variable under a given set of assumptions. This technique is used within specific boundaries that will depend on one or more input variables, such as the effect that changes in profit margins will have on a share price.

Thatta Cement Company Limited profit margins are sensitive to various factors, most of which are external and beyond Company's management control and ultimately effect the share price. Following are the major factors which might affect the share price of the Company.

Plant Operations

Stable plant operations lead to efficient production and productivity gains. Interruptions at production facilities negatively impact the Company's financial performance and have the potential to impact share price adversely.

Interest Rate

The Company has obtained long term financing for BMR in order to improve its production efficiencies. However, repayment of principal and markup installments of said financing arrangement is spread over period of six years and is therefore exposed to interest rate movement. In case of upward movement in interest rates, profitability may be effected and have a negative impact on EPS & on share price.

Exchange Rate Volatility

The Company imports certain store & spares and coal (major cost of cement) to meet its operational requirements and hence their prices are denominated in foreign currency. Therefore, any volatility in exchange rate can impact the financial performance and have a consequent impact on share price.

Regulations and Government Policies

Any amendment made by the government in its policies, laws and regulations may affect the share price of the Company depending upon the nature of those amendment(s).

Glossary of Terms

AGM: Annual General Meeting of shareholders held each year as per the requirements of Companies Ordinance, 1984.

Amortization: to charge a regular portion of expenditure over a fixed period of time.

Borrowing Cost: refers to finance costs that are directly attributable to the construction/acquisition of qualifying assets and included in the cost of such asset.

Syndicate/Consortium Financing: is a solution that entails several banks or financial institutions joining hands to finance large projects through a common appraisal, common documentation and joint supervision.

Current Ratio: The current ratio indicates a company's ability to meet short-term debt obligations.

Dividend Payout Ratio: the ratio found by dividing the annual dividends per share by the annual earnings per share.

Earnings Per Share: Earnings found by dividing the net income of the company by the number of shares of common outstanding stock.

EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization.

HSE: Health, Safety and Environment.

IASB: International Accounting Standards Board.

IFRS: International Financial Reporting Standards.

IFRIC: International Financial Reporting Issues Committee.

ISO 14001 2004 A standard for the management of environmental matters that is widely used in various parts of the world.

KIBOR: Karachi Inter Bank Offer Rate.

Long Term Debt-to-Equity Ratio: The ratio found by dividing long-term debt including current maturity by the equity plus long term debt (This is a measure of financial risk).

Operating Cycle: The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale.

Price-Earnings Ratio (P/E): The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

Principal: In commercial law, the principal is the amount that is received, in the case of a loan, or the amount from which flows the interest.

Qualifying Asset: An asset that takes substantial period of time to get ready for its intended use/sale.

Return on Equity (ROE): The value found by dividing the company's net income by its net assets (ROE measures the amount a company earns on investments).

Security: A pledge made to secure the performance of a contract or the fulfillment of an obligation.

Spread: Rate charged by the bank over KIBOR.

Term: Refers to the maturity or length of time until final repayment of loan, bond, sale or other contractual obligation.

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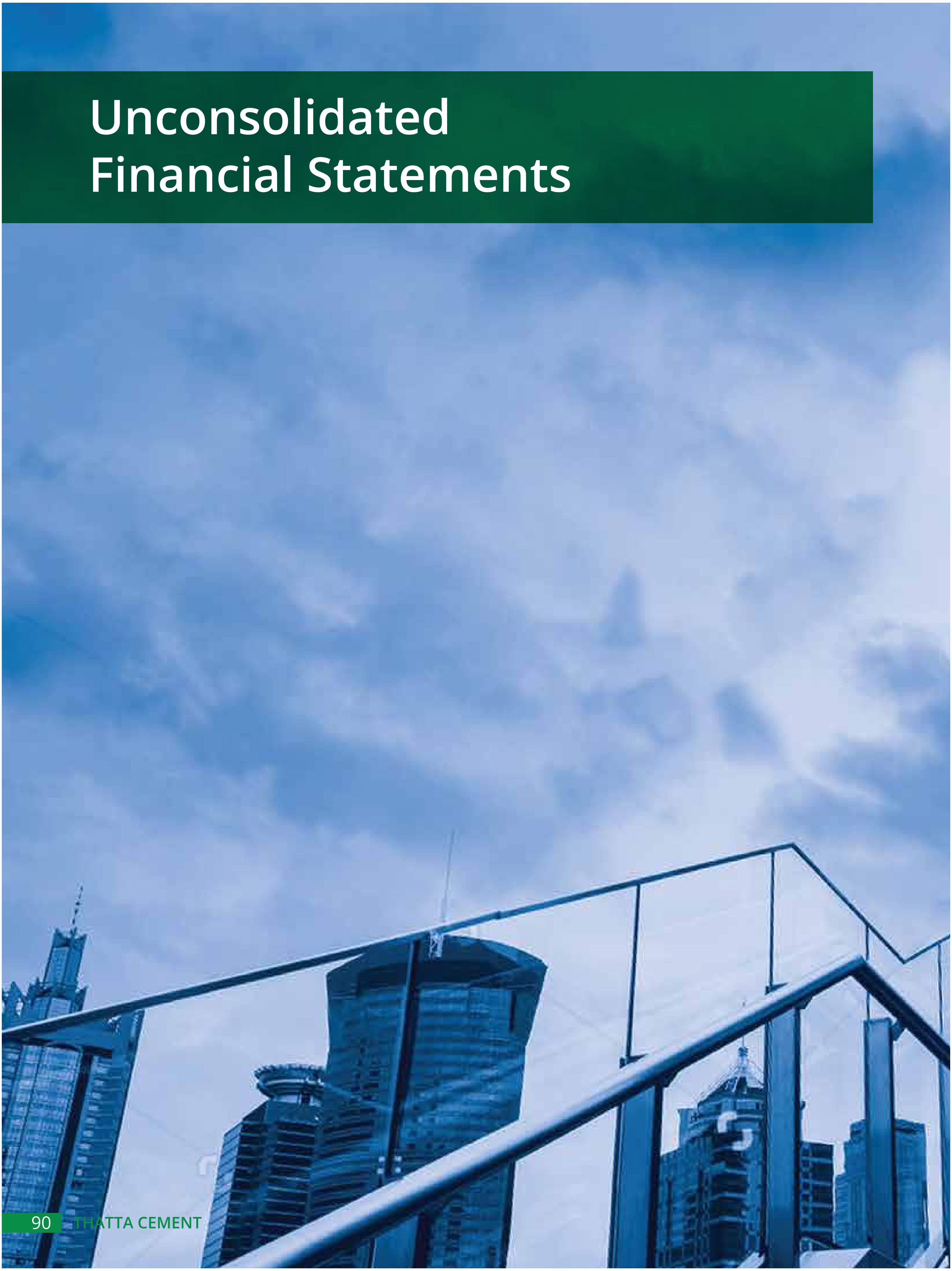
Unconsolidated Financial Statements



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON UNCONSOLIDATED FINANCIAL STATEMENTS

GRANT THORNTON ANJUM RAHMAN
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Modern Motors House
Beaumont Road,
Karachi 75530

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F +92 021 3568 8834
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We have audited the annexed unconsolidated balance sheet of **Thatta Cement Company Limited** (the Company) as at June 30, 2016 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion-

    i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

    ii) the expenditure incurred during the year was for the purpose of the Company's business; and

    iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

Chartered Accountants
Member of Grant Thornton International Ltd

Offices in Islamabad, Lahore

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c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The unconsolidated financial statements of the Company for the year ended June 30, 2015, were audited by another firm of auditors who in their audit report dated September 17, 2015 expressed an unqualified opinion thereon.

Grant Thornton Anjum Rahman

Karachi
Date: August 27, 2016

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

Chartered Accountants
Member of Grant Thornton International Ltd

Offices in Islamabad, Lahore

UNCONSOLIDATED BALANCE SHEET

As at June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments	5	2,173,000	2,149,869
Intangible assets	6	6,485	6,418
Long term investment in Subsidiary	7	299,158	299,158
Long term investment - Available for sale	8	164,768	279,341
Long term deposits	9	1,096	1,096
		2,644,507	2,735,882
CURRENT ASSETS			
Stores, spare parts and loose tools	10	273,819	196,110
Stock-in-trade	11	241,023	240,225
Trade debts	12	163,817	187,888
Loan/advance to the Subsidiary	13	184,006	-
Loans and advances	14	9,576	19,043
Trade deposits and short term prepayments	15	13,851	19,051
Other receivables and accrued interest	16	43,674	43,087
Taxation - net	17	132,587	4,992
Cash and bank balances	18	237,769	112,837
		1,300,122	823,233
		3,944,629	3,559,115
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	19	997,181	997,181
Share premium		99,718	99,718
Revaluation of Available for sale investment		64,522	144,835
Accumulated profit		913,548	431,766
		2,074,969	1,673,500
NON-CURRENT LIABILITIES			
Long term financing	20	1,026,684	1,215,380
Long term deposits	21	3,834	3,844
Long term employee benefit	22	15,640	15,093
Deferred taxation	23	184,995	133,455
		1,231,153	1,367,772
CURRENT LIABILITIES			
Trade and other payables	24	382,819	300,649
Accrued mark-up	25	4,587	38,104
Current maturity of long term financing	20	231,933	69,398
Short term borrowings	26	19,168	109,692
		638,507	517,843
CONTINGENCIES AND COMMITMENTS	27		
		3,944,629	3,559,115

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED PROFIT & LOSS ACCOUNT
For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
Sales - net	28	2,846,147	2,304,404
Cost of sales	29	(1,932,303)	(1,658,503)
Gross profit		913,844	645,901
Selling and distribution cost	30	(71,522)	(37,735)
Administrative expenses	31	(114,141)	(95,267)
		(185,663)	(133,002)
Operating profit		728,181	512,899
Other operating expenses	32	(51,875)	(72,074)
Finance cost	33	(124,995)	(56,461)
		(176,870)	(128,535)
Other income	34	114,698	32,643
Profit before taxation		666,009	417,007
Taxation	35	(51,566)	(127,733)
Profit after taxation		614,443	289,274
		-------- Rupees --------	
Earnings per share - basic and diluted	36	6.16	2.90

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
Profit after taxation		614,443	289,274
Other comprehensive income			
Items to be reclassified to unconsolidated profit and loss account in subsequent years			
Revaluation (loss)/gain on Available-for-sale investment	8	(18,677)	144,835
Revaluation gain on Available for sale investment reclassified to Profit and Loss account		(61,636)	-
		(80,313)	144,835
Items not to be reclassified to unconsolidated profit and loss account in subsequent years			
Remeasurement of defined benefit liability	24.2.4	(3,027)	(252)
Recognition of deferred tax		-	76
		(3,027)	(176)
Total comprehensive income for the year		531,103	433,933

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		666,009	417,007
Adjustment for:			
Depreciation	5.2	111,255	43,306
Amortization of intangible assets	6	752	570
Provision for slow moving and dead stores and impairment of major stores and spares	5.5 & 10.2	16,012	6,653
Finance cost	33	124,995	56,461
Provision for gratuity	24.2.5	11,438	11,010
Provision for leave encashment		2,694	3,239
Other receivable written off		-	32,338
Impairment of property, plant & equipments		1,875	-
Gain on disposal of Available-for-sale investment	34	(68,186)	(1,185)
Gain on disposal of property, plant and equipments		(267)	(200)
		200,568	152,192
Operating cash flows before working capital changes		866,577	569,199
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(79,981)	181,137
Stock-in-trade		(798)	191,401
Trade debts		24,071	(70,498)
Loan/advance to the Subsidiary		(184,006)	-
Loans and advances		9,467	(5,613)
Trade deposits and short term prepayments		5,200	1,793
Other receivable and accrued interest		(587)	46,550
		(226,634)	344,770
Increase/(decrease) in current liabilities			
Trade and other payables excluding gratuity payable and dividend payable		78,810	(218,400)
Cash generated from operations		718,753	695,569
Finance cost paid		(162,125)	(131,348)
Gratuity paid	24.2.4	(11,262)	(14,749)
Leave encashment paid		(2,147)	(1,331)
Income tax paid - net		(127,622)	(131,506)
		(303,156)	(278,934)
Net cash generated from operating activities		415,597	416,635

UNCONSOLIDATED CASH FLOW STATEMENT
For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(146,540)	(687,774)
Addition in intangible assets		(819)	(6,670)
Acquisition of shares		(22,980)	-
Disposal of long term investment - Available-for-sale		125,426	6,785
Proceeds from disposal of property, plant and equipments		419	1,240
Long term deposits - assets		-	(90)
Net cash used in investing activities		(44,494)	(686,509)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(182,261)	(24,587)
Long term financing obtained		156,100	800,127
Long term deposits - liabilities		(10)	(2,127)
Dividend paid		(129,476)	(109,581)
Net cash (used in) / generated from financing activities		(155,647)	663,832
Net increase in cash and cash equivalents		215,456	393,958
Cash and cash equivalents at beginning of the year	37	3,145	(390,813)
Cash and cash equivalents at end of the year	37	218,601	3,145

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2016

	Issued, subscribed and paid-up share capital	Share premium	Revaluation of Available-for-sale investment	Accumulated profit	Total
	---------- Rupees in thousands ----------				
Balance as at July 1, 2014	997,181	99,718	-	252,358	1,349,257
Transactions with owners recorded directly in equity					
Final dividend @ Rs. 1.1 per share for the year ended June 30, 2014	-	-	-	(109,690)	(109,690)
Total comprehensive income for the year ended June 30, 2015					
Profit after taxation	-	-	-	289,274	289,274
Remeasurement of defined benefit liability - net of deferred tax	-	-	-	(176)	(176)
Surplus on revaluation of Available-for-sale investment	-	-	144,835	-	144,835
	-	-	144,835	289,098	433,933
Balance as at June 30, 2015	997,181	99,718	144,835	431,766	1,673,500
Balance as at July 1, 2015	997,181	99,718	144,835	431,766	1,673,500
Transactions with owners recorded directly in equity					
Final dividend @ Rs. 1.3 per share for the year ended June 30, 2015	-	-	-	(129,634)	(129,634)
Total comprehensive income for the year ended June 30, 2016					
Profit after taxation	-	-	-	614,443	614,443
Reclassification of gain realized on disposal of investment classified as "Available for sale"	-	-	(61,636)	-	(61,636)
Remeasurement of defined benefit liability	-	-	-	(3,027)	(3,027)
Deficit on revaluation of Available-for-sale investment	-	-	(18,677)	-	(18,677)
	-	-	(80,313)	611,416	531,103
Balance as at June 30, 2016	997,181	99,718	64,522	913,548	2,074,969

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2016

1 STATUS AND NATURE OF BUSINESS

Thatta Cement Company Limited ("the Company") was incorporated in Pakistan in 1980 as a public limited Company. The shares of the Company are quoted at the Pakistan Stock Exchange. The Company's main business activity is manufacturing and marketing of cement. The registered office of the Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These unconsolidated financial statements are being submitted to the shareholders as required under section 233 of the Companies Ordinance, 1984 and the Pakistan Stock Exchange Regulations.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under historical cost convention except for certain employee retirement benefits, Available-for-sale investments and foreign currency liabilities which are stated as reported in their respective notes.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing these unconsolidated financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that were applied to the unconsolidated financial statements as at and for the year ended June 30, 2015.

Management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

a) Property, Plant and Equipments

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipments. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

b) Intangibles

The Company's management determines the estimated useful lives and related amortization charge for its Intangibles. The Company also reviews the value of the intangibles for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of intangibles with a corresponding effect on the amortization charge and impairment.

c) Trade debts

The Company reviews its doubtful debts at each reporting date to assess whether provision should be recorded in the unconsolidated profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the provision.

d) Stock-in-trade and stores & spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores & spares and corresponding effect in unconsolidated profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sale.

e) Income tax

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred tax, estimates of the Company's future taxable profits are taken into account.

f) Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events with respect to evaluation based on element of issue involved and opinion of the legal counsel.

g) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these unconsolidated financial statements for actuarial valuation of present value of defined benefit obligation and leave encashment. Change in these assumptions in future years may affect the liability under the scheme in those years.

h) Investments

The Company determines that a significant and prolonged decline in the fair value of its investments below its cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

3 STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE YEAR

3.1 The following standards, amendments and interpretations of approved accounting standards which became effective during the year and adopted by the Company:

Standard or Interpretation	Effective date
IFRS 10 - Consolidated Financial Statements	January 1, 2015
IFRS 11 - Joint Arrangements	January 1, 2015
IFRS 12 - Disclosure of Interests in other Entities	January 1, 2015
IFRS 13 - Fair Value Measurement	January 1, 2015
IAS 27 - Separate Financial Statements	January 1, 2015

The adoption of the above accounting standards or interpretations do not have any material effect on the unconsolidated financial statements including comparative amounts.

3.2 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to the published standards and interpretations will be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	January 1, 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 1, 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 1, 2017

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 1, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture -Agriculture: Bearer Plants (Amendment)	January 1, 2016
IAS 27 - Separate Financial Statements - Equity Method in "Separate Financial Statements"	January 1, 2016

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

3.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP).

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below and have been consistently applied to all years presented.

4.1 Property, plant and equipments

Property, plant and equipments (except freehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation

Depreciation is charged using straight line method on all assets except on plant and machinery (other than utilities within plant and machinery) on which depreciation is charged by applying 'Units of Production (UoP) method'. Depreciation rates of each item is mentioned in note 5.1. Depreciation on addition is charged from the date when the asset is available for use and on disposal upto the date when the asset is classified as 'held for sale' in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Asset's residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Subsequent costs

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. Normal maintenance and repairs are charged to unconsolidated profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Disposal

The gain or loss on disposal of an item of property, plant and equipments is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipments and is recognised in unconsolidated profit and loss account.

4.1.1 Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.2 Government grant

Government grants related to assets are presented by deducting the grant amount in arriving at the carrying amount of the asset. The grant is recognized in unconsolidated profit and loss account over the useful life of the asset as reduced by depreciation expense.

4.3 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of an asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Costs associated with maintaining computer software are recognized as an expense as and when incurred. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of an asset on a systematic basis applying the straight line method. Useful lives of all intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

4.4 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than stock in trade and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the unconsolidated profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.5 Investments

Investment in subsidiaries

Investment in subsidiaries are initially recognized at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in unconsolidated profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the unconsolidated profit and loss account.

Investment in associates

Investment in associates are initially recognized at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in unconsolidated profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the unconsolidated profit and loss account.

Investment - Available-for-sale

The Company classifies its other long term investment as 'Available-for-sale' investments which are non-derivatives and are either designated in this category or not classified as 'Held for trading', 'Loans and receivables' or 'Held to maturity financial assets'.

Available-for-sale investment is initially recorded at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair value are taken to unconsolidated other comprehensive income. When investment classified as Available-for-sale is sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the unconsolidated profit and loss account. Dividends on Available-for-sale investment is recognized in the unconsolidated profit and loss account as part of 'other income' when the Company's right to receive payment is established.

The Company assesses at each balance sheet date whether there is objective evidence that an Available-for-sale investment is impaired. For such investment, a significant prolonged decline in the fair value of the investment below the carrying value is considered as an indicator that the investment is impaired. If any such evidence exists, the cumulative loss is transferred from other comprehensive income to the unconsolidated profit and loss account. Impairment losses previously recognized in unconsolidated profit and loss account on available-for-sale investment is not reversed through unconsolidated profit and loss account.

4.6 Stores, spare parts and loose tools

These are stated at lower of cost (calculated on weighted average basis) and net realisable value, less provision for dead and slow moving stores and spares. Store and spares in transit are valued at invoice value plus other charges incurred thereon as on the unconsolidated balance sheet date.

Provision for dead and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

4.7 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost or net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at cost on weighted average basis. Stocks in transit are valued at cost comprising of invoice value plus other charges directly attributable to the acquisition of related purchase incurred upto the unconsolidated balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessary to be incurred in order to make the sale.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment and provision for doubtful debts, if any. Provision for impairment and provision for doubtful debts are established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

Export debts are initially recognized at the exchange rate prevailing on the date when significant risks and rewards of ownership are transferred and subsequently remeasured at each balance sheet date. Exchange gain / (loss) on remeasurement is taken to unconsolidated profit and loss account.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated balance sheet at cost. For the purposes of the unconsolidated cash flow statement, cash and cash equivalents comprise cash in hand, with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.10 Employee retirement benefits

Defined benefit plan

The Company operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The liability recognized in respect of gratuity is the present value of the Company's obligations under the scheme at the unconsolidated balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds. The government bonds are consistent with the estimated term of the post-employment benefit obligations.

Defined contribution plan

The Company also operates an approved contributory provident fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees at the rate of 10% of basic salary.

Leave encashment

The liability for accumulated earned leaves which are eligible for encashment relating to permanent employees are recognised on the basis of actuarial valuation in the period in which permanent employees render service that increases their entitlement to future leave encashment.

4.11 Borrowings and finance cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing cost incurred on long term finances directly attributable to the construction / acquisition of qualifying asset are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to unconsolidated profit and loss account.

4.12 Taxation

Current

Provision for current taxation is computed in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior year including those arising from assessment and amendments in assessments during the year in such years.

Deferred

The Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

4.13 Trade and other payables

These are recognized and carried at cost which is fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.

4.15 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices except for the allocation of expenses such as sharing of electricity, gas, water, repair and maintenance with the Subsidiary Company relating to the Head Office and Business Support Services for which the pricing mechanism is subject to approval of the Board of Directors.

4.16 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognized upon passage of title to the customers usually on dispatch of goods. Export sales are recognized as revenue when significant risks and rewards associated with ownership are transferred. Interest and rental/other income is recognized on accrual basis.

4.17 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company looses control of the contractual rights that comprises the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to unconsolidated profit and loss account.

4.18 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

4.19 Segment reporting

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items, if any, mainly comprises of corporate assets, head office expenses and tax assets and liabilities. Management has determined that the Company has a single reportable segment and therefore it has only presented entity wide disclosures.

4.20 Foreign currency transactions

Transactions in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pak Rupees using the exchange rates prevailing on the unconsolidated balance sheet date. All exchange differences are taken into unconsolidated profit and loss account.

4.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.22 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

5 PROPERTY, PLANT AND EQUIPMENTS

	Note	2016	2015
		----- Rupees in thousands -----	
Operating fixed assets	5.1	2,100,608	848,829
Capital work-in-progress	5.4	1,403	1,232,546
Major stores and spares	5.5	70,989	68,494
		2,173,000	2,149,869

5.1 Operating fixed assets

	2016											
	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at June 30, 2016
	As at July 1, 2015	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2016		As at July 1, 2015	Charge for the year	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2016	
	------ Rupees in thousands ------						------ Rupees in thousands ------					
Freehold land	6,186	-	-	-	6,186	-	-	-	-	-	-	6,186
Leasehold improvements	2,585	-	-	-	2,585	20%	1,304	517	-	-	1,821	764
Quarries and improvements	11,963	-	-	-	11,963	5%	11,792	9	-	-	11,801	162
Factory building on freehold land	238,871	-	-	-	238,871	10%	195,792	4,782	-	-	200,574	38,297
Electrical installations	56,367	2,481	-	-	58,848	5%	10,473	2,496	-	-	12,969	45,879
Housing colonies	74,096	-	-	-	74,096	5%	55,291	990	-	-	56,281	17,815
Office building on				-								
freehold land	22,281	-	-	-	22,281	5%	18,247	212	-	-	18,459	3,822
Plant and machinery	1,776,015	1,341,263	-	(14,237)	3,103,041	UoP	1,138,308	84,001	-	(12,362)	1,209,947	1,893,094
Quarry equipments	19,143	-	-	-	19,143	20%	18,209	224	-	-	18,433	710
Railway sidings	14,905	-	-	-	14,905	10%	13,359	172	-	-	13,531	1,374
Vehicles	63,459	10,418	(1,170)	-	72,707	10% & 20%	31,811	8,330	(1,075)	-	39,066	33,641
Furniture and fixtures	11,506	-	-	-	11,506	10%	6,497	557	-	-	7,054	4,452
Office & other equipments	16,607	5,360	(33)	-	21,934	10%	6,052	1,490	(10)	-	7,532	14,402
Medical equipments	629	-	-	-	629	10%	623	1	-	-	624	5
Laboratory equipments	58,410	4,955	-	-	63,365	10%	25,338	3,986	-	-	29,324	34,041
Computers	21,223	584	(151)	-	21,656	30%	12,321	3,488	(117)	-	15,692	5,964
	2,394,246	1,365,061	(1,354)	(14,237)	3,743,716		1,545,417	111,255	(1,202)	(12,362)	1,643,108	2,100,608

	2015											
	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at June 30, 2015
	As at July 1, 2014	Additions	Disposals	Adjustment	As at June 30, 2015		As at July 1, 2014	Charge for the year	Accumulated depreciation on disposals	Adjustment	As at June 30, 2015	
	Rupees in thousands						Rupees in thousands					
Freehold land	6,186	-	-	-	6,186	-	-	-	-	-	-	6,186
Leasehold improvements	2,585	-	-	-	2,585	20%	787	517	-	-	1,304	1,281
Quarries and improvements	11,963	-	-	-	11,963	5%	11,783	9	-	-	11,792	171
Factory building on				-								
freehold land	237,543	1,328	-	-	238,871	10%	191,051	4,741	-	-	195,792	43,079
Electrical installations	56,367	-	-	-	56,367	5%	8,058	2,415	-	-	10,473	45,894
Housing colonies	73,712	384	-	-	74,096	5%	54,304	987	-	-	55,291	18,805
Office building on				-								
freehold land	22,281	-	-	-	22,281	5%	18,035	212	-	-	18,247	4,034
Plant and machinery	1,725,317	50,698	-	-	1,776,015	UoP	1,117,995	20,313	-	-	1,138,308	637,707
Quarry equipments	18,040	1,103	-	-	19,143	20%	18,022	187	-	-	18,209	934
Railway sidings	14,905	-	-	-	14,905	10%	13,187	172	-	-	13,359	1,546
Vehicles	56,854	10,030	(3,425)	-	63,459	10% & 20%	28,096	6,150	(2,435)	-	31,811	31,648
Furniture and fixtures	11,506	-	-	-	11,506	10%	5,940	557	-	-	6,497	5,009
Office & other equipments	14,424	2,233	(50)	-	16,607	10%	4,992	1,070	(10)	-	6,052	10,555
Medical equipments	629	-	-	-	629	10%	622	1	-	-	623	6
Laboratory equipments	54,637	3,773	-	-	58,410	10%	21,775	3,563	-	-	25,338	33,072
Computers	15,301	6,166	(244)	-	21,223	30%	10,143	2,412	(234)	-	12,321	8,902
	2,322,250	75,715	(3,719)	-	2,394,246		1,504,790	43,306	(2,679)	-	1,545,417	848,829

5.1.1 This represent adjustment on account of impairment of various items of Plant and Machinery replaced as a result of BMR completed during the year.

	Note	2016	2015
		----- Rupees in thousands -----	

5.2 Allocation of depreciation

The depreciation charge for the year has been allocated as under:

	Note	2016	2015
Cost of sales	29	105,584	38,740
Selling and distribution cost	30	1,515	1,169
Administrative expenses	31	4,156	3,397
		111,255	43,306

5.3 The details of operating fixed assets having book value of above Rs. 50,000/- disposed off during the year are as follows:

Particulars	Cost	Written Down Value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of buyer
	Rupees in thousands					
Vehicle	1,170	95	400	305	Tender	Mr. Ahmedullah - Employee
Office & other equipment	33	23	15	(8)	Negotiation	M/s M. I. Copiers
Computer	151	34	4	(30)	Negotiation	M/s Laktorn Office Product
During the year ended June 30, 2016	1,354	152	419	267		
During the year ended June 30, 2015	3,425	990	1,158	168		

5.4 Capital work-in-progress

	Note	Cost as at July 1, 2015	Capital expenditure incurred during the year	Transferred to operating fixed assets and store & spares	Cost as at June 30, 2016
		---------- Rupees in thousands ----------			
Balancing, Modernization and Rehabilitation project	5.4.1 & 5.4.2	1,232,546	102,120	(1,334,666)	-
Cement Silo		-	1,403	-	1,403
As at June 30, 2016		1,232,546	103,523	(1,334,666)	1,403
As at June 30, 2015		503,987	732,510	(3,951)	1,232,546

5.4.1 The Balancing, Modernization and Rehabilitation (BMR) of cement plant which was initiated in 2014 has been completed during the year. The completion of BMR has added manifold benefits to the Company.

5.4.2 This includes borrowing cost amounting to Rs. 3.613 million (2015: Rs. 123.990 million). Borrowing cost has been computed at mark-up rates ranging between 8.84% to 9.01% (2015: 9.01% to 12.19%) per annum.

5.5 Major stores and spares

	Note	2016	2015
		----- Rupees in thousands -----	
Cost			
Opening balance		87,628	108,999
Additions during the year		88,552	43,067
Transferred to operating fixed assets and capital work-in-progress		(72,317)	(64,438)
Closing balance		103,863	87,628
Accumulated impairment			
Opening balance		(19,134)	(14,887)
Impairment charge for the year		(13,740)	(4,247)
Closing balance		(32,874)	(19,134)
		70,989	68,494

6 INTANGIBLE ASSETS

The Company's intangible assets comprise of computer software and club membership fee. The carrying amount as at June 30 is as follows:

	Note	2016	2015
		----- Rupees in thousands -----	
Cost			
Opening balance		2,965	457
Additions during the year		-	2,508
Closing balance		2,965	2,965
Amortization			
Opening balance		(709)	(139)
Charge for the year		(752)	(570)
Closing balance		(1,461)	(709)
Net book value	6.1	1,504	2,256
Capital work-in-progress	6.2	4,981	4,162
		6,485	6,418

6.1 The net book value pertains to computer software Rs. 0.573 million (2015: Rs. 0.984 million) and club membership fee Rs. 0.931 million (2015: 1.231 million). Amortization is charged on straight line basis at the rate of 33% (2015: 33%) per annum and 20% (2015: 20%) per annum on computer software and club membership fee respectively.

6.2 It represents amount paid as an advance for installation and implementation of Enterprise Resource Planning software (ERP).

	Note	2016	2015
		----- Rupees in thousands -----	
7 LONG TERM INVESTMENT IN SUBSIDIARY			
Thatta Power (Private) Limited (TPPL)	7.1	299,158	299,158

7.1 The Company owns 62.43% shareholding of TPPL as at June 30, 2016 (2015: 62.43%). The principal business of the subsidiary is generation, supply and transmission of electrical power. As at June 30, 2016 TPPL has authorized and issued Share Capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 and 47,915,830 ordinary shares respectively. Investment in subsidiary is accounted and carried on the basis of cost.

7.2 Thatta Cement Company Limited has pledged its investment in shares of TPPL in favour of National Bank of Pakistan (NBP), as security trustee, against syndicate term finance facility extended by NBP and other syndicate banks to TPPL.

8 LONG TERM INVESTMENT - AVAILABLE FOR SALE

Long term investment - Available for sale represents investment in 15.797 million shares (2015: 24.019 million shares) of Power Cement Limited (PCL). The market value per share of PCL was Rs. 10.43 per share as on June 30, 2016 (2015: Rs. 11.63 per share). Decrease in the value of investment amounting to Rs. 18.677 million (2015: Increased by Rs. 144.835 million) is recorded in 'Other Comprehensive Income' for the year ended June 30, 2016.

9 LONG TERM DEPOSITS

Long term deposits are given in the normal course of business and do not carry any interest or mark-up.

	Note	2016	2015
		----- Rupees in thousands -----	
10 STORES, SPARE PARTS AND LOOSE TOOLS			
Coal and other fuels	43	56,539	82,699
Stores & Spare parts	43	249,568	143,557
Loose tools		409	279
	10.1	306,516	226,535
Less: Provision for dead stores		(6,713)	(6,787)
Provision for slow moving stores and spares		(25,984)	(23,638)
	10.2	(32,697)	(30,425)
		273,819	196,110

10.1 This includes stores in transit of Rs. 13.6 million (2015: Rs. 35.456 million) as at the balance sheet date.

	Note	2016	2015
		----- Rupees in thousands -----	

10.2 Reconciliation of carrying amount of provision

		2016	2015
Opening balance		30,425	28,019
Provision made during the year		2,272	2,406
Closing balance		32,697	30,425

11 STOCK-IN-TRADE

	Note	2016	2015
Raw material	11.1	66,476	38,241
Packing material		23,550	25,933
Work-in-process		116,871	143,626
Finished goods		34,126	32,425
		241,023	240,225

11.1 This includes raw material in transit of Rs. 43.783 million (2015: Nil) as at the balance sheet date.

	Note	2016	2015
		----- Rupees in thousands -----	

12 TRADE DEBTS

	Note	2016	2015
Considered good			
Local - unsecured		163,817	187,888
Considered doubtful			
Cement stockiest	12.1	60,801	60,801
Excessive rebate allowed	12.1	6,101	6,101
Controller Military Accounts		5,126	5,126
		72,028	72,028
Less: Provision for doubtful debts	12.2	(72,028)	(72,028)
		163,817	187,888

12.1 This includes balances outstanding for more than 10 years. The management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company whose services had been terminated, when the Company was operating under State Cement Corporation of Pakistan (SCCP). Accordingly, the management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs. 2.276 million in preceding years. The Company is continuously following with NAB officials for early realisation of amount owed to the Company and has also written letters in this regard for which reply has not yet been received, therefore provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

12.2 Reconciliation of carrying amount of provision:

	2016	2015
	----- Rupees in thousands -----	
Opening balance	72,028	72,980
Written off during the year	-	(952)
Closing balance	72,028	72,028

13 LOAN/ADVANCE TO THE SUBSIDIARY

On October 16, 2015 the shareholders of the Company has approved a loan / advance facility for an aggregate amount of Rs. 300 million to Thatta Power (Private) Limited (the Subsidiary). The loan /

advance is extended to the Subsidiary to honour its financial obligations including working capital requirements which will ensure smooth business operations of the Subsidiary. This will in turn ensure uninterrupted supply of electricity to the Company and hence maintaining sustainable cement production. The loan / advance facility carries markup at the rate of 3 month KIBOR plus 2.62% p.a. payable on quarterly basis.

	2016	2015
	----- Rupees in thousands -----	
14 LOANS AND ADVANCES		
Loans - considered good		
To employees	15	64
Advances - considered good		
- against letter of credit	-	172
- to vendors	9,208	18,653
- others	353	154
	9,561	18,979
	9,576	19,043

14.1 Loans and advances to employees and vendors do not carry any interest or mark-up as these are paid in the ordinary course of the business.

	Note	2016	2015
		----- Rupees in thousands -----	
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits - considered good	15.1	2,279	1,079
Short term prepayments		11,572	17,972
		13,851	19,051

15.1 Trade deposits are given in the normal course of business and comprises of earnest money and security deposit. These do not carry any interest or mark-up.

	Note	2016	2015
		----- Rupees in thousands -----	
16 OTHER RECEIVABLES AND ACCRUED INTEREST			
Interest receivable from banks		2,392	2,842
Interest receivable from the Subsidiary Company		4,072	-
Refund against Fuel Price Adjustment		11,340	19,137
Deposit with Commissioner Workmen's Compensation	27.1.6	14,915	14,915
Others		10,955	6,193
		43,674	43,087
17 TAXATION - NET	17.1	132,587	4,992

17.1 It includes taxes deducted / paid under various sections of the Income Tax Ordinance 2001, (Ordinance) during the year in respect of Tax Year 2016. This is due to the fact that tax payable for Tax Year 2016 has been computed on the basis of Alternative Corporate Tax (ACT) as explained in detail in note 35.3. Moreover, this also includes an amount of Rs. 3.6 million representing tax refundable as per Income Tax Return 2015.

18 CASH AND BANK BALANCES

	Note	2016	2015
		----- Rupees in thousands -----	
Cash in hand		900	618
Balances with banks			
- in current accounts	18.1	72,132	6,534
- in profit and loss sharing (PLS) accounts	18.1,18.2 &18.3	164,737	104,685
- in term deposit account		-	1,000
		236,869	112,219
		237,769	112,837

18.1 These accounts are maintained with commercial banks under conventional banking system.

18.2 As at June 30, 2016 the mark-up rates on PLS accounts ranges from 4.5 % to 5 % (2015: 4.5% to 7.5%) per annum.

18.3 This includes Rs. 162.994 million (2015: Rs. 97.66 million) in PLS accounts under lien with National Bank of Pakistan, as Security Trustee, in accordance with the covenants of Syndicated Term Finance Facility agreement. These funds are to be used in accordance with the conditions mentioned in said financing agreement.

19 SHARE CAPITAL

2016	2015		2016	2015
----- Number of shares -----			----- Rupees in thousands -----	
Authorized share capital				
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000	2,000,000
Issued, subscribed and paid-up share capital				
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration paid in cash	894,181	894,181
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	103,000	103,000
99,718,125	99,718,125		997,181	997,181

19.1 Ordinary shares of the Company held by associated undertakings as at year end are as follows:

Name of Major Shareholders	Number of Shares 2016	2015	Percentage of holding 2016	2015
	-- Shares in thousands --		-- Shares in % --	
M/s Sky Pak Holding (Private) Limited	20,444	20,444	20.50	20.50
M/s Al-Miftah Holding (Private) Limited	9,147	9,147	9.17	9.17
M/s Rising Star Holding (Private) Limited	6,309	6,309	6.33	6.33
M/s Golden Globe Holding (Private) Limited	8,479	8,479	8.50	8.50

	Note	2016	2015
		----- Rupees in thousands -----	

20 LONG TERM FINANCING

	Note	2016	2015
Loan from Banking companies - secured			
- Syndicated term finance facility (STFF)	20.1	1,258,617	1,235,500
Loan from Banking Company - secured			
- National Bank of Pakistan	20.2	-	49,278
		1,258,617	1,284,778
Less : Current maturity		(231,933)	(69,398)
		1,026,684	1,215,380

20.1 This syndicated term finance facility has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited, Summit Bank Limited and Silk Bank Limited. The facility carries a floating mark-up linked to 3 months KIBOR as base rate plus 2% on annualized basis. The tenure of financing is 8 years including grace period of 2 years and the facility is payable in 24 equal quarterly installments of Rs. 57.983 million each starting from June 17, 2016. During the year, Rs. 57.983 million has been paid against 1st installment alongwith prepayment of principal amounting to Rs. 75 million. The facility is secured by first joint pari passu charge by way of hypothecation over all present and future fixed assets and mortgage over the immovable properties. Unless the entire amount of loan has been repaid, the Company has to seek prior approval of the majority members of the syndicated term finance facility before declaration of any dividend.

20.2 This represents first disbursement of Rs. 107 million of the aggregate facility of Rs. 260 million allowed by the bank. This carries a floating mark-up linked to 6 months KIBOR as base rate plus 2% on annualized basis. The tenure of financing was 7 years and was repayable in 24 equal quarterly installments of Rs. 4.48 million starting in 15th month from the date of first disbursement. On April 27, 2016, the outstanding principal balance of Rs. 35.839 million was prepaid. The facility was secured by first equitable mortgage over land and building of the Company and first charge by way of hypothecation over all present and future plant and machinery of the Company to the extent of Rs. 372 million.

	Note	2016	2015
		----- Rupees in thousands -----	

21 LONG TERM DEPOSITS

	Note	2016	2015
Dealers	21.1	3,110	3,110
Suppliers and contractors	21.1	724	734
		3,834	3,844

21.1 These represent interest free security deposits, received from dealers, suppliers and contractors and are repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

22 LONG TERM EMPLOYEE BENEFIT

This represents accrual for encashment of eligible earned leave balances in respect of permanent employees amounting to Rs. 15.64 million (2015: Rs. 15.093 million).

	Note	2016	2015
		----- Rupees in thousands -----	
23 DEFERRED TAXATION			
Taxable temporary differences			
Accelerated tax depreciation		298,640	173,309
Deductible temporary differences			
Provision for gratuity		-	(3,379)
Other provisions - for doubtful debts and stores		(41,280)	(36,475)
Excess of Alternative Corporate Tax over corporate tax		(39,554)	-
Unadjusted tax credit u/s 65 B		(32,811)	-
		184,995	133,455

	Note	2016	2015
24 TRADE AND OTHER PAYABLES			
Trade creditors		32,980	51,842
Accrued liabilities	24.1	163,537	103,562
Bills payable		43,621	36,485
Advances from customers		36,415	25,464
Contractors retention money		188	10,726
Excise duty and sales tax payable		39,055	28,358
Payable to Gratuity Fund	24.2	14,465	11,262
Workers' Profit Participation Fund	24.4	35,768	22,377
Workers' Welfare Fund		14,788	9,349
Unclaimed dividend		380	222
Other liabilities		1,622	1,002
		382,819	300,649

24.1 It includes Rs. 64.754 million (2015: Rs. 24.009 million) payable to Thatta Power (Private) Limited, the Subsidiary Company, in respect of purchase of electricity.

24.2 Payable to Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out under Projected Unit Credit (PUC) Actuarial Cost Method as at June 30, 2016 are as follows:

- Discount rate used for year end obligation is 7.25 % per annum (2015: 9.75% per annum).
- Discount rate used for interest cost in unconsolidated profit and loss account is 9.75 % per annum (2015: 13.25% per annum)
- Expected rate of increase in salary level at 6.25% per annum (2015: 8.75% per annum).
- Mortality rate used is SLIC 2001-2005 (2015: SLIC 2001-2005).

	Note	2016	2015
		----- Rupees in thousands -----	
24.2.1 The amount recognised in the balance sheet is as follows:			
Present value of defined benefit obligation	24.2.2	69,270	55,881
Fair value of plan assets	24.2.3	(54,805)	(44,619)
Closing net liability		14,465	11,262

	Note	2016	2015
		----- Rupees in thousands -----	

24.2.2 Movement in present value of defined benefit obligation

	Note	2016	2015
Opening net liability		55,881	46,415
Current service cost		10,897	10,135
Interest cost		5,158	5,791
Benefits paid & payable		(5,965)	(5,419)
Remeasurement loss/(gain) due to change in experience adjustments		3,299	(1,041)
Closing net liability		69,270	55,881

24.2.3 Movement in the fair value of plan assets

	Note	2016	2015
Opening fair value of plan assets		44,619	31,666
Expected return / Interest income on plan assets	24.2.7	4,617	4,916
Employer contribution		11,262	14,749
Reversal of benefits due but not paid in last year		57	-
Benefits paid		(5,817)	(3,884)
Benefit due but not paid		(205)	(1,535)
Return on plan assets excluding interest income	24.2.7	272	(1,293)
Closing fair value of plan assets		54,805	44,619

24.2.4 Movement in liabilities

	Note	2016	2015
Opening net liability		11,262	14,749
Charge for the year	24.2.11	11,438	11,010
Employer contribution		(11,262)	(14,749)
Remeasurements chargeable in other comprehensive income		3,027	252
Closing net liability		14,465	11,262

24.2.5 The amount recognised in unconsolidated profit and loss account is as follows:

	Note	2016	2015
Current service cost		10,897	10,135
Interest cost		5,158	5,791
Expected return / Interest income on plan assets		(4,617)	(4,916)
		11,438	11,010

24.2.6 The amount recognised in unconsolidated statement of other comprehensive income is as follows:

	Note	2016	2015
Remeasurement loss/(gain) due to change in experience adjustments		3,299	(1,041)
Return on plan assets excluding interest income		(272)	1,293
		3,027	252

24.2.7 Return on plan assets is as follows:

	Note	2016	2015
Expected return / Interest income on plan assets		4,617	4,916
Return on plan assets excluding interest income		272	(1,293)
		4,889	3,623

24.2.8 Analysis of present value of defined benefit obligation and fair value of plan assets for current and previous four years is as follows:

	2016	2015	2014	2013	2012
	Rupees in thousands				
Present value of defined benefit obligation	(69,270)	(55,881)	(46,415)	(33,881)	(26,246)
Fair value of plan assets	54,805	44,619	31,666	24,212	19,066
Deficit	(14,465)	(11,262)	(14,749)	(9,669)	(7,180)

24.2.9 Disaggregation of fair value of plan assets

	2016	2015
	Rupees in thousands	
The fair value of the plan assets at balance sheet date for each category is as follows:		
Cash and cash equivalents (adjusted for current liabilities)	636	163
Mutual funds		
- Islamic Funds	11,760	5,908
- Stock Market Fund	7,824	7,656
- Income Fund	-	1,012
	19,584	14,576
Certificate of Islamic Investments	34,585	29,880
	54,805	44,619

24.2.10 Balance sheet date sensitivity analysis (±100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	Rupees in thousands			
2016	66,348	72,602	72,691	66,215
2015	53,638	58,428	58,500	53,533

24.2.11 The charge for the year has been allocated as follows:

	2016	2015
	Rupees in thousands	
Cost of sales	7,612	7,666
Selling and distribution cost	679	488
Administrative expenses	3,147	2,856
	11,438	11,010

24.3 The following information is based on the audited financial statements of the Provident Fund:

	Note	2016	2015
		Rupees in thousands	
Size of the Fund - Total assets		61,601	48,388
Cost of investments made		61,132	48,950
Percentage of investments made		100%	99%
Fair value of investments	24.3.1	61,356	47,908

24.3.1 The break-up of fair value of investment is:

	2016		2015	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	2,676	4%	1,332	3%
Term deposit	31,799	52%	27,279	57%
Mutual funds	26,881	44%	19,297	40%
	61,356	100%	47,908	100%

The investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

	Note	2016	2015
		----- Rupees in thousands -----	
24.4 Workers' Profit Participation Fund (WPPF)			
Opening balance		22,377	25,411
Allocation for the year	32	35,768	22,377
Interest on opening balance	33	735	1,519
		58,880	49,307
Payments made during the year		(23,112)	(26,930)
Closing balance		35,768	22,377
25 ACCRUED MARK-UP			
Long term financing		-	12
Syndicated term finance facility		3,906	33,573
Short term borrowings		681	4,519
		4,587	38,104
26 SHORT TERM BORROWINGS			
Short-term running finance (secured)	26.1	19,168	109,692

26.1 The aggregate Running Finance facilities available from banks as at June 30, 2016 amounted to Rs. 650 million (2015: Rs. 650 million) out of which Rs. 630.832 million (2015: Rs. 540.308 million) remained unutilized at the year end. These facilities are renewable annually and secured by way of hypothecation of fixed assets and current assets. These carry mark-up at rates ranging between 8.85% to 10.01% (2015: 10.99% to 13.18%) per annum payable quarterly.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 During the year 2014-2015, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of Tax Year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Company filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A) against which the adverse order has been passed by CIR(A). Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the said order relating to certain add backs/disallowances which have been set-aside for afresh proceedings, which is pending for hearing. In view of Company's tax consultant, the Company has an arguable case on merit; however, definite outcome cannot be predicted.

27.1.2 The Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). An appeal was filed in 2014-2015 before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax Year 2012. However, the appeal before CIR-A has been decided against the Company, therefore, further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending for hearing.

Moreover, in view of Company's legal counsel, the Company has strong arguable case and the matter can be agitated upto the level of Supreme Court of Pakistan. Hence, no provision in this respect has been made in these unconsolidated financial statements.

27.1.3 In respect of Tax Year 2008, an appeal was filed in 2014-2015 before Commissioner Inland Revenue - Appeals (CIR-A) against certain disallowances and additions in taxable income while passing assessment order under 122(5A) of the Income Tax Ordinance, 2001, and thereby raising a tax demand of Rs. 2.787 million. The appeal has been heard, however order of CIR-A is pending. The management is confident that the Company has an arguable case on merits, however definite outcome cannot be predicted. Hence, no provision is required to be made in these unconsolidated financial statements.

27.1.4 The Deputy Commissioner Inland Revenue (DCIR) has passed Assessment Orders in 2014-2015 raising an aggregate sales tax demand for Rs. 5.989 million by disallowing certain input tax claimed by the Company in its sales tax return for tax period from July 2012 to February 2015. The Company had filed appeals against such Assessment Orders before Commissioner Inland Revenue (CIR-A) who has passed orders aggregating to Rs. 5.91 million in favor of the Company. The Tax department has filed appeals against the said orders before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing. In view of Company's tax consultant, favourable outcome of such appeals is anticipated; hence no provision is required to be made in these unconsolidated financial statements.

27.1.5 In respect of tax periods from July 2012 to December 2014, an Order in Original (ONO) has been issued by an Officer of Sales Tax in 2014-2015 against the Company raising a demand of Rs. 244.274 million which is mainly based on comparison of industry average for fuel and power consumption with that of the Company and thereby presuming the production quantities which in the view of tax authorities have not been subject to Sales Tax and Federal Excise Duty. Accordingly, the Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by Officer of Sales Tax, however CIR-A decided the case against the Company. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A and the case has been heard by ATIR, however Appellate Order from ATIR is awaited. Moreover, recovery proceedings were also initiated by tax authorities in the matter for an aggregate demand amount of Rs 488.548 million including 100% penalty on the principal amount as aforesaid. Therefore, the Company filed a stay application for recovery against the said demand before ATIR which was allowed by ATIR subject to payment of 15% of aggregate demand. However, in view of the fact that said demand is based merely on unjust assumptions made by tax authorities, the Company decided to obtain stay for aggregate demand from Sindh High Court. The Sindh High Court has allowed ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect till the next date of hearing. In view of Company's Tax Consultant, favourable outcome of such appeal is anticipated and hence no provision is required to be made in these unconsolidated financial statements.

27.1.6 Certain ex-employees of the Company contested the Company's gratuity policy and filed a suit against the Company demanding 60 days gratuity instead of 30 days applicable to the employees of former holding company i.e. SCCP having an impact of Rs. 14.9 million. The said suit has been decided in favour of the applicants. However, the Company first challenged the said order in C.P. # 591/2013, before the Sindh High Court at Hyderabad and later on filed Labour Appeal No. 04/2014, before the Sindh Labour Court No. VI at Hyderabad being the Court of appropriate jurisdiction. After dismissal of the said appeal, a revision application has been filed before the Sindh Labour Appellate

Tribunal, Karachi but the Tribunal dismissed the same, against which C.P. # D - 2636 has been filed before the Honourable Sindh High Court at Hyderabad wherein stay has been granted by the High Court and the matter is pending for disposal. In view of the Company's legal counsel, no definite outcome can be anticipated but the Company has good case.

One more ex-employee of the former holding company i.e. SCCP has filed CP # 86/2013 for recovery of Rs. 2.10 million out of which an amount of Rs. 0.248 million has been claimed on account of 60 days gratuity and numerous other false and fabricated claims of short payments of Rs. 1.86 million. However, in view of the Company's legal counsel all the claims of applicant are bogus and are against the applicable labour laws and will not materialise.

27.1.7 Two cement dealers had filed a suit against the Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Company in lieu of outstanding dues from these dealers. The Company's legal counsel is of the opinion that no unfavourable outcome can be estimated.

27.2 Commitments

27.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (2015: Rs. 45 million).

27.2.2 Other outstanding guarantees given on behalf of the Company by banks amount to Rs. 40.408 million (2015: Rs. 52.488 million).

27.2.3 Commitment in respect of capital expenditure as on balance sheet date was Rs. 4.852 million (2015: Rs. 42.065 million).

28 SALES - NET

	2016	2015
	----- Rupees in thousands -----	
Gross Sales - Local	3,571,745	2,851,508
Export	13,731	14,263
	3,585,476	2,865,771
Less: - Federal Excise Duty	169,080	116,802
- Sales tax	570,249	444,565
	739,329	561,367
	2,846,147	2,304,404

		Note	2016	2015
			----- Rupees in thousands -----	
29	**COST OF SALES**			
	Raw material consumed	29.1	140,081	126,272
	Manufacturing expenses			
	Packing material consumed	29.2	131,140	99,557
	Stores, spare parts and loose tools consumed		66,588	101,645
	Fuel and power		1,080,678	795,932
	Salaries, wages and other benefits	29.3	273,534	246,015
	Insurance		18,234	20,438
	Repairs and maintenance		50,248	10,572
	Depreciation	5.2	105,584	38,740
	Provision for slow moving and dead stores and impairment of major stores and spares	5.5 & 10.2	16,012	6,653
	Other production overheads		25,150	23,708
			1,767,168	1,343,260
	Cost of production		1,907,249	1,469,532
	Work-in-process			
	Opening balance		143,626	329,667
	Closing balance	11	(116,871)	(143,626)
			26,755	186,041
	Cost of goods manufactured		1,934,004	1,655,573
	Finished goods			
	Opening balance		32,425	35,355
	Closing balance	11	(34,126)	(32,425)
			(1,701)	2,930
			1,932,303	1,658,503
29.1	**Raw material consumed**			
	Opening balance		38,241	42,258
	Purchases		168,316	122,255
			206,557	164,513
	Closing balance	11	(66,476)	(38,241)
			140,081	126,272
29.2	**Packing material consumed**			
	Opening balance		25,933	24,346
	Purchases		128,757	101,144
			154,690	125,490
	Closing balance	11	(23,550)	(25,933)
			131,140	99,557

29.3 This includes employees' retirement benefits amounting to Rs. 14.829 million (2015: Rs. 14.851 million).

	Note	2016	2015
		----- Rupees in thousands -----	

30 SELLING AND DISTRIBUTION COST

	Note	2016	2015
Salaries, wages and other benefits	30.1	19,779	13,959
Vehicle running expenses		807	612
Travelling and conveyance		417	232
Communication		361	143
Printing and stationery		108	22
Entertainment		289	94
Repair and maintenance		280	267
Rent, rates and taxes		1,178	1,089
Utilities		257	470
Advertisements		290	486
Sales promotion expenses		3,252	714
Freight charges - local sale		5,300	-
Export logistics and related charges		266	278
Commission		23,964	12,354
Depreciation	5.2	1,515	1,169
Marking fee expense	43	6,918	1,641
Miscellaneous		6,541	4,205
		71,522	37,735

30.1 This includes employees' retirement benefits amounting to Rs. 1.237 million (2015: Rs. 0.929 million).

	Note	2016	2015
		----- Rupees in thousands -----	

31 ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries, wages and other benefits	31.1	72,065	58,876
Vehicle running expenses		2,728	3,002
Travelling and conveyance		4,363	2,746
Advertisements		131	178
Communication, postage & telegram		1,610	1,875
Printing and stationery		1,290	1,533
Rent, rates and taxes		1,589	1,423
Entertainment		1,078	1,012
Legal and professional charges		5,235	4,856
Insurance		376	378
Repairs and maintenance		1,512	1,545
Utilities		1,887	1,515
Fees and subscription		1,053	1,337
Corporate expenses		1,038	785
Charity and donation	31.2	2,882	1,149
Auditors' remuneration	31.3	904	879
Other auditors' remuneration	31.4	1,274	1,199
Depreciation	5.2	4,156	3,397
Amortization of intangible assets	6	752	570
Education expenses		5,343	4,059
Impairment of property, plant & equipments		1,875	-
Miscellaneous		1,000	2,953
		114,141	95,267

31.1 This includes employees' retirement benefits amounting to Rs. 6.239 million (2015: Rs. 5.817 million).

31.2 None of the directors or their spouses have any interest in any donee's fund to which donation was made.

		Note	2016	2015
			----- Rupees in thousands -----	
31.3	Auditors' remuneration			
	Annual audit fee		646	605
	Half yearly review fee		61	61
	Review fee for consolidated financial statements		30	30
	Fee for Code of Corporate Governance & other services		60	63
	Out of pocket expenses		107	120
			904	879
31.4	Other auditors' remuneration			
	Cost audit fee		148	130
	Out of pocket expenses		12	12
			160	142
	Internal audit fee		994	952
	Out of pocket expenses		120	105
			1,114	1,057
			1,274	1,199
32	OTHER OPERATING EXPENSES			
	Workers' Welfare Fund (WWF)		13,942	8,153
	Workers' Profit Participation Fund (WPPF)	24.4	35,768	22,377
	Other receivable written off		-	32,338
	Exchange loss		2,165	8,958
	Loss on sale of store items		-	248
			51,875	72,074
33	FINANCE COST			
	Mark-up on long term financing		115,903	6,757
	Mark-up on short term borrowings		7,484	47,613
	Mark-up on Workers' Profit Participation Fund	24.4	735	1,519
	Bank charges and commission		873	572
			124,995	56,461
34	OTHER INCOME			
	Income from financial assets			
	Income on bank deposit accounts	34.1	4,244	211
	Markup earned on loan/advance to the Subsidiary		9,143	-
	Gain on disposal of available-for-sale investment	34.2	68,186	1,185
			81,573	1,396
	Income from non-financial assets			
	Management fee	34.3	14,520	13,200
	Scrap sales		13,330	3,768
	Rental income		2,295	7,863
	Gain on disposal of property, plant & equipments		267	200
	Gain on sale of store items		303	-
	Others	34.4	2,410	6,216
			33,125	31,247
			114,698	32,643

34.1 Income earned from bank deposits are under interest / mark-up arrangements with conventional banking system.

34.2 It represents gain on disposal of shares of Power Cement Limited.

34.3 This represents management fee income of Rs. 14.52 million (2015: Rs. 13.2 million) for Business Support Services provided to Thatta Power (Private) Limited, which is a Subsidiary Company.

34.4 It mainly includes old liabilities written back.

	Note	2016	2015
		----- Rupees in thousands -----	
35 TAXATION			
Current tax charge	35.3	-	125,573
Prior year tax charge		27	669
Deferred tax charge		51,539	1,491
		51,566	127,733

35.1 The returns of income have been filed upto and including Tax Year 2015 (corresponding to financial year ended June 30, 2015) while income tax assessments have been finalized upto and including Tax Year 2013 except for Tax Year 2008, 2012 and 2014. However, the return may be selected for audit or amendment within six years from the end of the respective tax year and within five years from the end of financial year in which assessment order is issued or treated to have been issued for that tax year to the Company respectively.

	2016	2015
	----- Rupees in thousands -----	
35.2 Relationship between tax expense and accounting profit is as follows:		
Profit before tax	666,009	417,007
Tax at 32% / 33%	213,123	137,612
Tax effect of		
- admissible/inadmissible expenses in determining taxable income - net	(129,572)	(5,384)
- income charged at different rates	(21,789)	(1,098)
Tax payable under Division II of Part I of First Schedule	(61,762)	-
Tax Credit under section 65B	-	(5,557)
Charge of prior year's tax expense	27	669
Tax effect on taxable temporary differences - net	51,539	1,491
	51,566	127,733

35.3 During the year, the Company has made investment in plant & machinery for the purpose of carrying out Balancing, Modernization and Rehabilitation (BMR) of its existing plant aggregating to Rs. 1.341 billion including annual additions to property, plant and equipments. Therefore, the Company is entitled to claim initial depreciation and tax credit under section 65(B) of the Income Tax Ordinance, 2001 (Ordinance). Under section 113(C) of the Ordinance, for Tax Year 2014 and onwards, tax payable by a Company shall be higher of Corporate Tax (i.e. tax leviable under Division II of Part I of First Schedule or minimum tax) or Alternate Corporate Tax (ACT) under section 113(C) of the Ordinance. As a result of aforesaid depreciation and tax credit, Corporate tax is lower as compared to ACT. Therefore, tax payable for the Tax Year 2016 has been computed on the basis Alternate Corporate Tax under section 113(C) of the Ordinance amounting to Rs. 101.315 million which has been adjusted against the tax credit under 65B amounting to Rs. 134.126 million.

	Note	2016	2015
		----- Rupees in thousands -----	

36 EARNINGS PER SHARE - BASIC AND DILUTED

		2016	2015
Profit after taxation		614,443	289,274
		---------- Number ----------	
Weighted average number of ordinary shares		99,718,125	99,718,125
		---------- Rupees ----------	
Earnings per share - basic and diluted		6.16	2.90

36.1 There is no dilutive effect on basic earnings per share of the Company.

37 CASH AND CASH EQUIVALENTS

	Note	2016	2015
Cash and bank balances	18	237,769	112,837
Short term borrowings	26	(19,168)	(109,692)
		218,601	3,145

38 CAPACITY AND ACTUAL PRODUCTION

	Note	2016	2015
Production capacity - clinker (tons)		547,500	450,000
Actual production - clinker (tons)	38.1	382,582	200,947
Actual production - cement (tons)	38.2	367,164	280,588

38.1 The production capacity utilization of clinker during the year has remained at 69.88% (2015: 44.65%).

38.2 Cement from clinker is produced in accordance with the market demand.

39 RELATED PARTY TRANSACTIONS

Related parties comprises of associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for Service Level Agreement for Business Support Services with the Subsidiary Company for which the basis are approved by the Board of Directors. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Details of transactions during the year ended / outstanding balances as at June 30, 2016 with related parties are as follows:

39.1 Transactions with related parties

	Note	2016	2015
		----- Rupees in thousands -----	
39.1.1 Subsidiary Company			
- Thatta Power (Private) Limited			
Common shared expenses		3,299	3,101
Receipts on account of common shared expenses		2,686	3,088
Purchase of store items (inclusive of GST) - net		277	193
Payment on account of purchase of store items - net		215	210
Purchase of electricity (inclusive of GST)		648,810	485,391
Payment on account of electricity (inclusive of GST)		608,064	516,465
Management fee charged (inclusive of SST)		16,553	15,180
Management fee received (inclusive of SST)	34.3	13,680	15,075
Loan/advance to the Subsidiary	13	184,006	-
Interest accrued on loan / advance to the Subsidiary	34	9,143	-
Receipts on account of interest on loan / advance to the Subsidiary		5,071	-
39.1.2 Associated Companies			
- Bandhi Sugar Mills (Pvt.) Limited			
Sale of cement		1,728	317
Receipt against sale of cement		1,728	317
- Sui Southern Gas Company Limited			
Purchase of gas excluding GST		14,895	7,450
Payment against purchase of gas excluding GST		14,496	7,763
- Pak Suzuki Motor Company Limited			
Payment against purchase of vehicle		3,625	2,988
- National Bank of Pakistan (NBP)			
Mark-up on RF, STFF, LTF, Participation Fee (PF) and commission		-	101,160
Income on bank deposit accounts		-	3,222
Guarantee given/revoked by Bank as per normal banking terms		-	6,123
39.1.3 Key management personnel			
Salaries and benefits		114,082	90,974
Sale of vehicle	5.3	400	1,158
39.1.4 Other related parties			
Contribution to Employees' Gratuity Fund	24.2	11,262	14,749
Contribution to Employees' Provident Fund		8,185	7,349
Education expenses - Model Terbiat School	31	5,343	4,059

	Note	2016	2015
		----- Rupees in thousands -----	

39.2 Balances with related parties

39.2.1 Subsidiary Company

	Note	2016	2015
- Thatta Power (Private) Limited			
Payable against purchase of electricity power (inclusive of GST)		64,754	24,009
Receivable against management fee (inclusive of SST)		4,138	1,265
Receivable against common shared expenses		915	302
Receivable/payable against sale/purchase of store items - net		62	-
Loan / advance to the Subsidiary	13	184,006	-
Accrued mark-up on loan		4,072	-

39.2.2 Associated Companies

	Note	2016	2015
- Sui Southern Gas Company Limited			
Payable against purchase of gas excluding GST		544	145
- Habib Bank Limited			
Current account balance		37	4
- Other related parties			
Payable to Gratuity Fund	24	14,465	11,262

39.3 There are no transactions with key management personnel other than under their terms of employment.

40 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these unconsolidated financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives is as follows:

	2016		2015	
	Chief Executive	Executives	Chief Executive	Executives
	---- Rupees in thousands ----			
Managerial remuneration	14,880	59,334	13,200	58,194
LFA	1,100	3,644	707	2,626
Bonus	3,300	10,931	1,414	5,253
Other benefits including retirement benefits	5,640	15,253	2,115	7,465
	24,920	89,162	17,436	73,538
Number of person(s)	1	31	1	30

40.1 The Chief Executive and Executives are provided with free use of Company maintained car(s) and other benefits in accordance with their entitlement as per rules of the Company.

40.2 An aggregate amount of Rs. 3.85 million (2015: Rs. 2.45 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and HR & Remuneration Committee meeting fee.

41 OPERATING SEGMENTS

41.1 These unconsolidated financial statements have been prepared on the basis of single reportable segment.

41.2 Revenue from sale of cement represents 100% (2015: 100%) of the total revenue of the Company.

41.3 100% (2015: 99%) sales of the Company relates to customers in Pakistan.

41.4 All non-current assets of the Company at June 30, 2016 are located in Pakistan.

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. Taken as a whole the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Company are as under:

	Note	2016	2015
		----- Rupees in thousands -----	
Financial Assets			
Long term investments - Available for sale	8	164,768	279,341
Long term deposits	9	1,096	1,096
Trade debts	12	163,817	187,888
Loan/advance to the Subsidiary	13	184,006	-
Loans and advances	14	9,576	19,043
Trade deposits	15	2,279	1,079
Other receivables and accrued interest	16	43,674	43,087
Cash and Bank balances	18	237,769	112,837
		806,985	644,371
Financial Liabilities			
Long term financing (LTF)	20	1,258,617	1,284,778
Long term deposits	21	3,834	3,844
Trade and other payables	24	346,404	275,185
Accrued mark-up	25	4,587	38,104
Short term borrowings	26	19,168	109,692
		1,632,610	1,711,603

Financial instruments and related disclosures

Financial risk management objectives

The Company has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

The Board of Directors (the Board) of the Company has the overall responsibility for establishment and oversight of the Company's risk management framework. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the company's financial risk exposure. The Company's overall risk management program focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

a) Credit risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with same party, or when counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

At the reporting date, the Company's total credit risk was concentrated in the following industrial/economic sectors:

	2016		2015	
	Rupees in thousands	%	Rupees in thousands	%
Banks	236,869	29%	112,219	17%
Others	570,116	71%	532,152	83%
	806,985	100%	644,371	100%

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payment from its customers against sale of cement. Except for customers relating to the Government and certain credit worthy customers, the management strictly adheres to this policy. For any balance receivable from such Government & credit worthy customers, the management continuously monitors the credit exposure towards them and make provisions against those balances considered doubtful. Cash is held only with banks with high quality credit worthiness. There is no significant risk exposure to loan and advances and other receivables.

	Note	2016	2015
		----- Rupees in thousands -----	
The maximum exposure to credit risk at the reporting date is:			
Long term deposits	9	1,096	1,096
Trade debts	12	163,817	187,888
Loan/advance to the Subsidiary	13	184,006	-
Loans and advances	14	9,576	19,043
Trade deposits	15	2,279	1,079
Other receivables and accrued interest	16	43,674	43,087
Bank balances	18	236,869	112,219
		641,317	364,412

Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates. As at June 30, 2016 trade debts of Rs. 102.707 million (2015: Rs. 107.459 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	Note	2016	2015
		----- Rupees in thousands -----	
Not past due		61,110	80,429
Past due but not impaired			
- within 90 days		48,309	76,153
- 91 to 180 days		32,525	14,159
- over 180 days		21,873	17,147
	12	163,817	187,888

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies is as follows:

Credit ratings

Details of the credit ratings of bank balances as at June 30, 2016 are as follows:

Rating	Note	2016	2015
		----- Rupees in thousands -----	
A1 +		165,434	104,219
A1		71,403	7,960
A2		32	40
	18	236,869	112,219

Due to Company's long standing relationship with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligation to the Company. For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 12.1. The aging analysis of these impaired trade debts is as follows:

	2016	2015
	----- Rupees in thousands -----	
Over ten years	72,028	72,028

b) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company is exposed to liquidity risk in respect of non-current interest bearing liabilities, long term deposit, short term borrowings, trade and other payable and mark-up accrued.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Maturity analysis for financial liabilities

The table below analyses Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

	Note	2016				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
		Rupees in thousands				
Non-derivative Liabilities						
Long term financing	20	1,258,617	(1,547,887)	(165,848)	(160,878)	(1,221,161)
Long term deposits	21	3,834	(3,834)	-	-	(3,834)
Trade and other payables	24	346,404	(346,404)	(346,404)	-	-
Short term borrowings	26	19,168	(19,168)	(9,584)	(9,584)	-
Accrued mark-up	25	4,587	(4,587)	(4,587)	-	-
		1,632,610	(1,921,880)	(526,423)	(170,462)	(1,224,995)

	Note	2015				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
		Rupees in thousands				
Non-derivative Liabilities						
Long term financing	20	1,284,778	(1,718,223)	(66,738)	(117,332)	(1,534,153)
Long term deposits	21	3,844	(3,844)	-	-	(3,844)
Trade and other payables	24	275,185	(275,185)	(275,185)	-	-
Short term borrowings	26	109,692	(109,692)	(54,846)	(54,846)	-
Accrued mark-up	25	38,104	(38,104)	(38,104)	-	-
		1,711,603	(2,145,048)	(434,873)	(172,178)	(1,537,997)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at the reporting date.

c) Market risk

Market risk is the risk that changes in market interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

d) Interest / Mark-up rate risk management

Interest / mark-up rate risk management arises from the possibility of changes in interest/mark-up rates which may affect the value of financial instruments. The Company has long term finance and short term borrowing at variable rates. Company is exposed to interest / mark-up rates risk on long term financing, interest rate risk for short term borrowing is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying Amount 2016	Carrying Amount 2015
	----- Rupees in thousands -----	
Fixed rate instruments		
Financial assets	-	1,000
Variable rate instruments		
Financial assets	164,737	104,685
Financial liabilities	1,277,785	1,394,470

Fair value sensitivity analysis for fixed rate instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments:

Financial assets

If interest rate had fluctuated by ±1% with all other variables held constant, profit before tax for the year would have been Rs. 1.647 million (2015: Rs 1.047 million) higher / lower, mainly as a result of higher / lower interest income from these financial assets.

Financial liabilities

If interest rate had fluctuated by ±1% with all other variables held constant, profit before tax for the year would have been Rs. 12.777 million (2015: Rs. 13.945 million) higher / lower, mainly as a result of higher / lower interest expense of these financial liabilities.

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

	Note	June 30, 2016				
		Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
			-------------------- Rupees in thousands	--------------------		
Assets						
Bank balance in PLS accounts	18	4.5 % to 5 %	75,610	1,551	87,576	164,737
Total assets			75,610	1,551	87,576	164,737
Liabilities						
Short term borrowings	26	8.85% to 10.01%	(9,584)	(9,584)	-	(19,168)
Long term financing	20	8.09% to 9.01%	(165,848)	(160,878)	(1,221,161)	(1,547,887)
Total liabilities			(175,432)	(170,462)	(1,221,161)	(1,567,055)
On-balance sheet gap			(99,822)	(168,911)	(1,133,585)	(1,402,318)
Total interest risk sensitivity gap			(99,822)	(268,733)	(1,402,318)	(1,402,318)

	Note	June 30, 2015				
		Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
			-------------------- Rupees in thousands --------------------			
Assets						
Bank balance in PLS accounts	18	4.5% to 7.5%	30,059	3,192	63,434	96,685
Total assets			30,059	3,192	63,434	96,685
Liabilities						
Short term borrowings	26	10.99% to 13.18%	(54,846)	(54,846)	-	(109,692)
Long term financing	20	9.01% to 12.19%	(66,738)	(117,332)	(1,534,153)	(1,718,223)
Total liabilities			(121,584)	(172,178)	(1,534,153)	(1,827,915)
On-balance sheet gap			(91,525)	(168,986)	(1,470,719)	(1,731,230)
Total interest risk sensitivity gap			(91,525)	(260,511)	(1,731,230)	(3,462,460)

e) Foreign exchange risk management

Foreign exchange risk is the risk that the value of financial asset or a liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from /to the foreign entities and outstanding letters of credit and bills payable.

The Company's exposure to foreign currency risk is as follows:

	2016		2015	
	Rupees	US $	Rupees	US $
	----- in thousands ----		----- in thousands ----	
Trade and other payables	43,621	416	36,485	359
	43,621	416	36,485	359

Currently, the Company does not obtain forward cover against the gross exposure. The following significant rates applied during the year:

	2016	2015	2016	2015
	Average rate		Balance sheet date rate	
US Dollar to PKR	104.46	101.54	104.85	101.70

Sensitivity analysis

A five percent strengthening / weakening of Rupee against US Dollar on June 30th would have increased / decreased equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2015.

	Profit and Loss Account 2016	2015
	----- Rupees in thousands -----	
Effects of US Dollars gain/loss	2,181	1,824

f) Fair value of financial instruments

Fair value of the financial instrument is the amount for which an asset could be sold or exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The methods used for determining fair value of each class of financial assets and liabilities are disclosed in respective policy notes.

g) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

		Level 1	Level 2	Level 3	Total
		--------------- Rupees in thousands ---------------			
Available-for-sale					
Listed Shares	2016	164,768	-	-	164,768
Listed Shares	2015	279,341	-	-	279,341

h) Capital Risk Management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns and benefits for shareholders and to maintain a strong base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payable to the shareholders or issue new shares.

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

i) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operational behaviour. Operational risks arise from all the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its objectives of becoming a profitable organisation, producing high quality cement and generating returns for investors. Primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities ;
- requirements for reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

43 CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purposes of better comparison and presentation as follows:

Nature of reclassification	Note	Reclassification from	Reclassification to	Rupees in thousands
Stores, spare parts and loose tools	10	Stores	Coal & other fuels	82,699
Stores, spare parts and loose tools	10	Stores	Store & spare parts	58,193
Stores, spare parts and loose tools	10	Spare parts	Store & spare parts	85,364
Selling and distribution cost	30	Miscellaneous	Marking fee expense	1,641

44 NUMBER OF EMPLOYEES

The total number of employees as at year end were 541 (2015: 544) and average number of employees were 542 (2015: 552).

45 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on August 27, 2016 have proposed for the year ended June 30, 2016, final cash dividend of Rs. 1.5 per share i.e. 15% (2015: Rs. 1.3 per share i.e. 13%) amounting to Rs. 149.577 million (2015: Rs.129.63 million) for approval by the members of the Company in the Annual General Meeting to be held on September 27, 2016. These unconsolidated financial statements for the year ended June 30, 2016 do not include the effect of the proposed cash dividend, which will be recognized in the unconsolidated financial statements for the year ending on June 30, 2017.

46 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on August 27, 2016 by the Board of Directors of the Company.

47 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE

DIRECTOR

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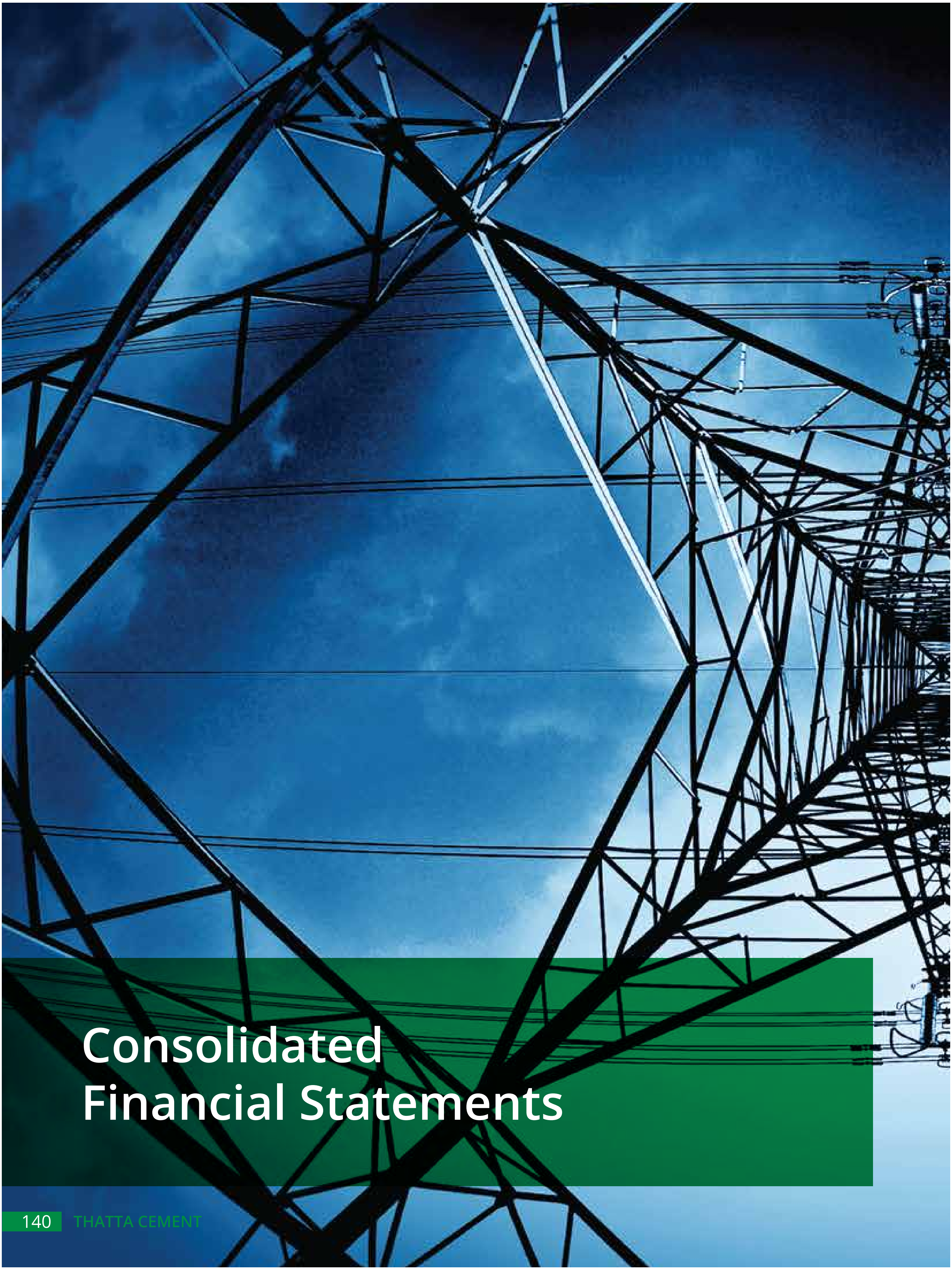
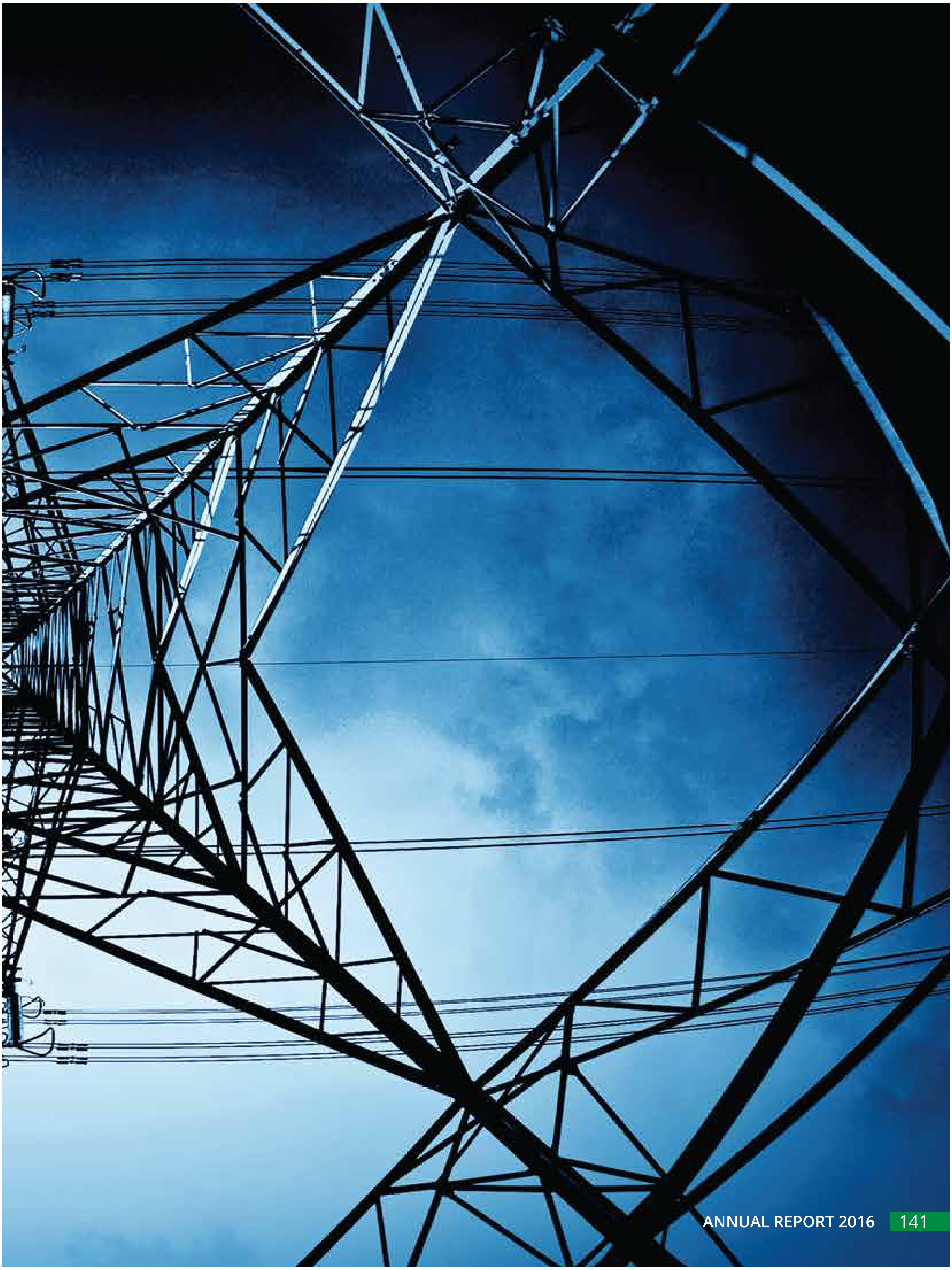


Consolidated Financial Statements



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We have audited the annexed consolidated financial statements comprising of consolidated balance sheet of **Thatta Cement Company Limited** (the Holding Company) and its subsidiary company collectively referred as "the Group" as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Thatta Cement Company Limited. The financial statements of its subsidiary Thatta Power (Private) Limited were audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Thatta Cement Company Limited and its subsidiary company as at June 30, 2016 and the results of their operations for the year then ended.

The financial statements of the Group for the year ended June 30, 2015, were audited by another firm of auditors who in their audit report dated September 17, 2015 expressed an unqualified opinion thereon.

Grant Thornton Anjum Rahman

Karachi
Date: August 27, 2016

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

CONSOLIDATED BALANCE SHEET

As at June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments	5	3,405,340	3,396,003
Intangible assets	6	6,485	6,418
Long term investment - Available-for-sale	7	164,768	279,341
Long term deposits	8	1,096	1,096
		3,577,689	3,682,858
CURRENT ASSETS			
Stores, spare parts and loose tools	9	298,233	225,502
Stock-in-trade	10	238,407	230,907
Trade debts	11	464,681	477,102
Short term investment - Held to maturity	12	306,000	306,000
Loans and advances	13	22,764	19,066
Trade deposits and short term prepayments	14	18,589	25,640
Other receivables and accrued interest	15	43,231	57,676
Taxation - net	16	153,652	21,454
Cash and bank balances	17	247,659	172,853
		1,793,216	1,536,200
		5,370,905	5,219,058
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	997,181	997,181
Share premium		99,718	99,718
Revaluation of Available-for-sale investment		64,522	144,835
Accumulated profit		1,392,716	881,658
		2,554,137	2,123,392
Non-controlling interests		469,707	452,089
		3,023,844	2,575,481
NON-CURRENT LIABILITIES			
Long term financing	19	1,356,641	1,646,862
Long term deposits	20	3,834	3,844
Long term employee benefit	21	15,640	15,093
Deferred taxation	22	184,995	133,455
		1,561,110	1,799,254
CURRENT LIABILITIES			
Trade and other payables	23	424,449	364,658
Accrued mark-up	24	8,876	46,039
Current maturity of long term financing	19	333,458	298,177
Short term borrowings	25	19,168	135,449
		785,951	844,323
CONTINGENCIES AND COMMITMENTS	26		
		5,370,905	5,219,058

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
Sales - net	27	2,856,103	3,205,421
Cost of sales	28	(1,821,590)	(2,163,096)
Gross profit		1,034,513	1,042,325
Selling and distribution cost	29	(71,522)	(37,735)
Administrative expenses	30	(124,819)	(100,929)
		(196,341)	(138,664)
Operating profit		838,172	903,661
Other operating expenses	31	(55,629)	(106,311)
Finance cost	32	(183,093)	(156,884)
		(238,722)	(263,195)
Other income	33	114,075	63,696
Profit before taxation		713,525	704,162
Taxation	34	(52,188)	(118,950)
Profit after taxation		661,337	585,212
Profit after taxation for the year attributable to:			
- Equity holders of the Holding Company		643,719	474,028
- Non-controlling interests		17,618	111,184
		661,337	585,212
		-------- Rupees --------	
Earnings per share - basic and diluted	35	6.46	4.75

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
Profit after taxation		661,337	585,212
Other comprehensive income			
Items to be reclassified to consolidated profit and loss account in subsequent years			
Revaluation (loss)/gain on Available-for-sale investment	7	(18,677)	144,835
Revaluation gain on Available-for-sale investment reclassified to consolidated profit and loss account		(61,636)	-
		(80,313)	144,835
Items not to be reclassified to consolidated profit and loss account in subsequent years			
Remeasurement of defined benefit liability	23.1.4	(3,027)	(252)
Recognition of deferred tax		-	76
		(3,027)	(176)
Total comprehensive income for the year		577,997	729,871
Total comprehensive income for the year attributable to:			
- Equity holders of the Holding Company		560,379	618,687
- Non-controlling interests		17,618	111,184
		577,997	729,871

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		713,525	704,162
Adjustment for:			
Depreciation	5.2	141,123	85,109
Amortization of intangible assets	6	752	601
Provision for slow moving and dead stores and impairment of major stores and spares	28	16,012	6,653
Finance cost	32	183,093	156,884
Provision for gratuity	23.1.5	11,438	11,010
Provision for leave encashment		2,694	3,239
Other receivable written off	31	-	32,338
Impairment of property, plant & equipments	30	1,875	-
Gain on disposal of long term investment - Available-for-sale	33	(68,186)	(1,185)
Revaluation loss on outstanding balance of deferred payment letter of credit		-	3,691
Gain on disposal of property, plant and equipments		(271)	(200)
		288,530	298,140
Operating cash flows before working capital changes		1,002,055	1,002,302
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(75,003)	185,184
Stock-in-trade		(7,500)	187,156
Trade debts		12,421	(195,494)
Loans and advances		(3,698)	(292)
Trade deposits and short term prepayments		7,051	895
Other receivable and accrued interest		14,445	71,071
		(52,284)	248,520
Increase / (decrease) in current liabilities			
Trade and other payables excluding gratuity payable and dividend payable		56,431	(208,378)
Cash generated from operations		1,006,202	1,042,444
Finance cost paid		(223,869)	(237,970)
Gratuity paid	23.1.3	(11,262)	(14,749)
Leave encashment paid		(2,147)	(1,331)
Income tax paid - net		(132,847)	(139,662)
		(370,125)	(393,712)
Net cash generated from operating activities		636,077	648,732

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees in thousands -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(162,619)	(691,424)
Addition in intangible assets		(819)	(6,670)
Acquisition of shares		(22,980)	-
Proceeds from disposal of long term investment - Available-for-sale		125,426	6,785
Proceeds from disposal of property, plant and equipments		427	1,240
Proceeds from maturity of short term investment		306,000	306,000
Short term investment		(306,000)	(306,000)
Long term deposits - assets		-	(90)
Net cash used in investing activities		(60,565)	(690,159)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(411,040)	(360,475)
Long term financing obtained		156,100	800,127
Long term deposits - liabilities		(10)	(2,127)
Dividend paid		(129,476)	(109,581)
Net cash (used in) / generated from financing activities		(384,426)	327,944
Net increase in cash and cash equivalents		191,086	286,517
Cash and cash equivalents at beginning of the year	36	37,404	(249,113)
Cash and cash equivalents at end of the year	36	228,491	37,404

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2016

	Issued, subscribed and paid-up share capital	Share premium	Revaluation of Available-for-sale investment	Accumulated profit	Total	Non-controlling interests	Total equity
	----------	----------	----------	Rupees in thousands	----------	----------	----------
Balance as at July 1, 2014	997,181	99,718	-	517,496	1,614,395	340,905	1,955,300
Transactions with owners recorded directly in equity							
Final dividend @ Rs. 1.1 per share for the year ended June 30, 2014	-	-	-	(109,690)	(109,690)	-	(109,690)
Total comprehensive income for the year ended June 30, 2015							
Profit after taxation	-	-	-	474,028	474,028	111,184	585,212
Remeasurement of defined benefit liability - net of deferred tax	-	-	-	(176)	(176)	-	(176)
Surplus on revaluation of Available-for-sale investment	-	-	144,835	-	144,835	-	144,835
	-	-	144,835	473,852	618,687	111,184	729,871
Balance as at June 30, 2015	997,181	99,718	144,835	881,658	2,123,392	452,089	2,575,481
Balance as at July 1, 2015	997,181	99,718	144,835	881,658	2,123,392	452,089	2,575,481
Transactions with owners recorded directly in equity							
Final dividend @ Rs. 1.3 per share for the year ended June 30, 2015	-	-	-	(129,634)	(129,634)	-	(129,634)
Total comprehensive income for the year ended June 30, 2016							
Profit after taxation	-	-	-	643,719	643,719	17,618	661,337
Reclassification of gain realized on disposal of investment classified as Available for sale	-	-	(61,636)	-	(61,636)	-	(61,636)
Remeasurement of defined benefit liability	-	-	-	(3,027)	(3,027)	-	(3,027)
Deficit on revaluation of available-for-sale investment	-	-	(18,677)	-	(18,677)	-	(18,677)
	-	-	(80,313)	640,692	560,379	17,618	577,997
Balance as at June 30, 2016	997,181	99,718	64,522	1,392,716	2,554,137	469,707	3,023,844

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2016

1 THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Thatta Cement Company Limited (TCCL), the Holding Company and Thatta Power (Private) Limited (TPPL), the Subsidiary Company (together referred to as "the Group").

1.2 Thatta Cement Company Limited ("the Holding Company") was incorporated in Pakistan in 1980 as a public limited company. The shares of the Holding Company are quoted at the Pakistan Stock Exchange. The Holding Company's main business activity is manufacturing and marketing of cement. The registered office of the Holding Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi. The production facility of the Holding Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.

1.3 Thatta Power (Private) Limited ("the Subsidiary Company") is a 62.43% owned subsidiary of the Holding Company as at June 30, 2016 (2015: 62.43%). The principal business of the Subsidiary Company is generation, supply and transmission of electrical power. As at June 30, 2016 TPPL has authorized and issued, subscribed and paid up capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (2015: 50,000,000) ordinary shares and 47,915,830 (2015: 47,915,830) ordinary shares respectively.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These consolidated financial statements are being submitted to the shareholders as required under section 237 of the Companies Ordinance, 1984 and the Pakistan Stock Exchange Regulations.

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and the Subsidiary Company. The financial statements of the Subsidiary Company are included in the consolidated financial statements from the date on which more than 50% voting rights are transferred to the Holding Company or power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Upon loss of control, the Holding Company derecognises the assets and liabilities of the Subsidiary Company, any non-controlling interests and other components of equity related to the Subsidiary Company. Any surplus or deficit arising on the loss of control is recognised in profit and loss account.

The financial statements of the Subsidiary Company are prepared for the same reporting period as of the Holding Company, using accounting policies that are generally consistent with those of Holding Company.

The assets and liabilities of the Subsidiary Company have been consolidated on a line-by-line basis. The carrying value of investment held by the Holding Company is eliminated against the Subsidiary's shareholders' equity in the consolidated financial statements. Intra group balances and transactions are eliminated.

2.3 Basis of measurement

These consolidated financial statements have been prepared under historical cost convention except for certain employee retirement benefits, available-for-sale investments and foreign currency liabilities which are stated as reported in their respective notes.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

2.5 Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing these consolidated financial statements, the significant judgments made by the management in applying the Group's accounting policies and key sources of estimation and uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended June 30 2015.

Management has made the following estimates and judgments which are significant to these consolidated financial statements:

a) Property, plant and equipments

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipments. The Group also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

b) Intangibles

The Group's management determines the estimated useful lives and related amortization charge for its Intangibles. The Group also reviews the value of the intangibles for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of intangibles with a corresponding affect on the amortization charge and impairment.

c) Trade debts

The Group reviews its doubtful debts at each reporting date to assess whether provision should be recorded in the consolidated profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

d) Stock-in-trade and stores and spares

The Group reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade, stores and spares and corresponding affect in consolidated profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sale.

e) Income tax

In making the estimates for income taxes currently payable by the Group, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

f) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of uncertain future events with respect to evaluation based on element of issue involved and opinion of the legal counsel.

g) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these consolidated financial statements for actuarial valuation of present value of defined benefit obligation and leave encashment. Change in these assumptions in future years may affect the liability under the scheme in those years.

h) Investments

The Group determines that a significant and prolonged decline in the fair value of its investments below its cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

3 STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE YEAR

3.1 The following standards, amendments and interpretations of approved accounting standards which became effective during the year and adopted by the Group:

Standard or Interpretation	Effective date
IFRS 10 - Consolidated Financial Statements	January 1, 2015
IFRS 11 - Joint Arrangements	January 1, 2015
IFRS 12 - Disclosure of Interests in other Entities	January 1, 2015
IFRS 13 - Fair Value Measurement	January 1, 2015

The adoption of the above accounting standards or interpretations do not have any material effect on these consolidated financial statements including comparative amounts.

3.2 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group

The following new standards, amendments to the published standards and interpretations will be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	January 1, 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 1, 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 1, 2017

Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 1, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture -Agriculture: Bearer Plants (Amendment)	January 1, 2016

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Group expects that such improvements to the standards will not have any material impact on the consolidated financial statements in the period of initial application.

3.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP).

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been consistently applied to all years presented.

4.1 Property, plant and equipments

Property, plant and equipments (except freehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset.

Depreciation

Depreciation is charged using straight line method on all assets except on plant and machinery (other than utilities within plant and machinery) on which depreciation is charged by applying 'Units of Production (UoP) method'. Majority items of plant and machinery of the Subsidiary Company are depreciated on the basis of 'Running Hours' (RH) of engines. Depreciation rates of each item is mentioned in note 5.1 . Depreciation on addition is charged from the date when the asset is available for use and on disposal upto the date when the asset is classified as held-for-sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate at each balance sheet date.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. Normal maintenance and repairs are charged to consolidated profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Disposal

The gain or loss on disposal of an item of property, plant and equipments is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipments and is recognized in consolidated profit and loss account.

4.1.2 Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.2 Government grant

Government grants related to assets are presented by deducting the grant amount in arriving at the carrying amount of the asset. The grant is recognized in consolidated profit and loss account over the useful life of the asset as reduced by depreciation expense.

4.3 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of an asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Costs associated with maintaining computer software are recognized as an expense as and when incurred. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of an asset on a systematic basis by applying the straight line method. Useful lives of all intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

4.4 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than stock in trade and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the consolidated profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.5 Investments

Investment in associate

Investment in associates are initially recognized at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in consolidated profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the consolidated profit and loss account.

Investment - Available-for-sale

The Group classifies its other long term investment as 'Available-for-sale' (AFS) investments which are non-derivatives and are either designated in this category or not classified as 'Held for trading', 'Loans and receivables' or 'Held to maturity financial assets'.

Available-for-sale investment is initially recorded at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair value are taken to consolidated other comprehensive income. When investment classified as Available-for-sale is sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account. Dividends on Available-for-sale investment is recognized in consolidated profit and loss account as part of 'other income' when the Group's right to receive payment is established.

The Group assesses at each balance sheet date whether there is objective evidence that an Available-for-sale investment is impaired. For such investment, a significant prolonged decline in the fair value of the investment below the carrying value is considered as an indicator that the investment is impaired. If any such evidence exists, the cumulative loss is transferred from consolidated other comprehensive income to consolidated profit and loss account. Impairment losses previously recognized in the consolidated profit and loss account on available-for-sale investment is not reversed through consolidated profit and loss account.

Investment - held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and maturity where management has a positive intention and ability to hold till maturity and are stated at amortised cost.

4.6 Stores, spare parts and loose tools

These are stated at lower of cost (calculated on weighted average basis) and net realisable value, less provision for dead and slow moving stores and spares. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on the consolidated balance sheet date.

Provision for dead and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

4.7 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost or net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at cost on weighted average basis. Stocks in transit are valued at cost comprising of invoice value plus other charges directly attributable to the acquisition of related purchase incurred upto the consolidated balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessary to be incurred in order to make the sale.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment and provision for doubtful debts, if any. Provision for impairment and provision for doubtful debts are established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

Export debts are initially recognized at the exchange rate prevailing on the date when significant risks and rewards associated with the ownership of goods are transferred and subsequently remeasured at each balance sheet date. Exchange gain / (loss) on remeasurement is taken to consolidated profit and loss account.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprises of cash in hand, with banks in current, profit and loss sharing (PLS) and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.10 Employee retirement benefits

Defined benefit plan

The Holding Company operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the trust deed. The liability recognized in respect of gratuity is the present value of the Holding Company's obligations under the scheme at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds. The government bonds are consistent with the estimated term of the post-employment benefit obligations.

Defined contribution plan

The Holding Company also operates an approved contributory provident fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees at the rate of 10% of basic salary.

Leave encashment

The liability for accumulated earned leaves which are eligible for encashment relating to permanent employees are recognised on the basis of actuarial valuation in the period in which permanent employees render service that increases their entitlement to future leave encashment.

4.11 Borrowings and finance cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing cost incurred on long term finances directly attributable to the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to consolidated profit and loss account.

4.12 Taxation

Current

Provision for current taxation of the Holding Company is computed in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior years including those arising from assessment and amendments in assessments during the year in such years.

The profits and gains of the Subsidiary Company derived from electric power generation are exempt from tax in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the conditions and limitations provided therein. Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Subsidiary Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the consolidated profit and loss account on income from other sources not covered under the above clauses at current rate of taxation after taking into account tax credits and rebates available, if any.

Deferred

The Holding Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized.

Deferred tax has not been provided in these consolidated financial statements for the Subsidiary Company as the Group's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Subsidiary Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in the Income Tax Ordinance, 2001.

4.13 Trade and other payables

These are recognized and carried at cost which is fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate.

4.15 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices except for the allocation of expenses such as sharing of electricity, gas, water, repair and maintenance with the Subsidiary Company relating to the Head Office and Business Support Services for which the pricing mechanism is subject to the approval of the Board of Directors.

4.16 Revenue recognition

Thatta Cement Company Limited

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Holding Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognised upon passage of title to the customers usually on dispatch of goods. Export sales are recognised as revenue when significant risks and rewards associated with the ownership of goods are transferred. Interest and rentals / other income are recognised on accrual basis.

Thatta Power (Private) Limited

Revenue from the sale of electric power is recorded based upon the output delivered and grid unavailability at rates specified under the Power Purchase Agreement whereas income on short term investments is recorded on accrual basis using effective interest rate method.

4.17 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Group looses control of the contractual rights that comprises the financial assets. Financial liabilities are derecognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the consolidated profit and loss account.

4.18 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

4.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipments and intangible assets.

4.20 Foreign currency transactions

Transactions in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pak Rupees using the exchange rates those prevailing on the consolidated balance sheet date. All exchange differences are taken into consolidated profit and loss account.

4.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders of the Holding Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.22 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

	Note	2016	2015
		----- Rupees in thousands -----	
5 PROPERTY, PLANT AND EQUIPMENTS			
Operating fixed assets	5.1	3,313,220	2,091,313
Capital work-in-progress	5.4	18,187	1,234,471
Major stores and spares	5.5	73,933	70,219
		3,405,340	3,396,003

5.1 Operating fixed assets

	2016											
	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at June 30, 2016
	As at July 1, 2015	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2016		As at July 1, 2015	Charge for the year	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2016	
	Rupees in thousands						Rupees in thousands					
Freehold land	6,421	-	-	-	6,421	-	-	-	-	-	-	6,421
Leasehold improvements	2,585	-	-	-	2,585	20%	1,304	517	-	-	1,821	764
Quarries and improvements	11,963	-	-	-	11,963	5%	11,792	9	-	-	11,801	162
Factory building on freehold land	480,972	-	-	-	480,972	10% & 4%	220,455	14,466	-	-	234,921	246,051
Electrical installations	56,367	2,481	-	-	58,848	5%	10,473	2,496	-	-	12,969	45,879
Housing colonies	74,095	-	-	-	74,095	5%	55,290	990	-	-	56,280	17,815
Office building on freehold land	22,281	-	-	-	22,281	5%	18,247	212	-	-	18,459	3,822
Cooling towers	73,235	-	-	-	73,235	7%	13,075	5,126	-	-	18,201	55,034
Plant and machinery	2,812,759	1,341,263	-	(14,237)	4,139,785	UoP & RH	1,211,391	98,889	-	(12,362)	1,297,918	2,841,867
Quarry equipments	19,143	-	-	-	19,143	20%	18,209	224	-	-	18,433	710
Railway sidings	14,905	-	-	-	14,905	10%	13,359	172	-	-	13,531	1,374
Vehicles	63,505	10,418	(1,215)	-	72,708	10% & 20%	31,843	8,339	(1,116)	-	39,066	33,642
Furniture and fixtures	12,084	-	-	-	12,084	10%	6,634	615	-	-	7,249	4,835
Office & other equipments	17,244	5,360	(33)	-	22,571	10%	6,193	1,554	(10)	-	7,737	14,834
Medical equipments	629	-	-	-	629	10%	623	1	-	-	624	5
Laboratory equipments	58,410	4,955	-	-	63,365	10%	25,338	3,986	-	-	29,324	34,041
Computers	21,429	584	(151)	-	21,862	30%	12,488	3,527	(117)	-	15,898	5,964
	3,748,027	1,365,061	(1,399)	(14,237)	5,097,452		1,656,714	141,123	(1,243)	(12,362)	1,784,232	3,313,220

	2015									
	COST				Depreciation rate per annum	ACCUMULATED DEPRECIATION				Net book value as at June 30, 2015
	As at July 1, 2014	Additions	Disposals	As at June 30, 2015		As at July 1, 2014	Charge for the year	Accumulated depreciation on disposals	As at June 30, 2015	
	Rupees in thousands					Rupees in thousands				
Freehold land	6,421	-	-	6,421	-	-	-	-	-	6,421
Leasehold improvements	2,585	-	-	2,585	20%	787	517	-	1,304	1,281
Quarries and improvements	11,963	-	-	11,963	5%	11,783	9	-	11,792	171
Factory building on freehold land	479,644	1,328	-	480,972	10% & 4%	206,030	14,425	-	220,455	260,517
Electrical installations	56,367	-	-	56,367	5%	8,058	2,415	-	10,473	45,894
Housing colonies	73,711	384	-	74,095	5%	54,303	987	-	55,290	18,805
Office building on freehold land	22,281	-	-	22,281	5%	18,035	212	-	18,247	4,034
Cooling towers	73,235	-	-	73,235	7%	7,949	5,126	-	13,075	60,160
Plant and machinery	2,762,061	50,698	-	2,812,759	UoP & RH	1,164,278	47,113	-	1,211,391	1,601,368
Quarry equipments	18,040	1,103	-	19,143	20%	18,022	187	-	18,209	934
Railway sidings	14,905	-	-	14,905	10%	13,187	172	-	13,359	1,546
Vehicles	56,900	10,030	(3,425)	63,505	10% & 20%	28,119	6,159	(2,435)	31,843	31,662
Furniture and fixtures	12,084	-	-	12,084	10%	6,019	615	-	6,634	5,450
Office & other equipments	15,061	2,233	(50)	17,244	10%	5,069	1,134	(10)	6,193	11,051
Medical equipments	629	-	-	629	10%	622	1	-	623	6
Laboratory equipments	54,637	3,773	-	58,410	10%	21,775	3,563	-	25,338	33,072
Computers	15,507	6,166	(244)	21,429	30%	10,248	2,474	(234)	12,488	8,941
	3,676,031	75,715	(3,719)	3,748,027		1,574,284	85,109	(2,679)	1,656,714	2,091,313

5.1.1 This represent adjustment on account of impairment of various items of Plant and Machinery replaced as a result of BMR completed during the year.

5.2 Allocation of depreciation

The depreciation charge for the year has been allocated as under:

	Note	2016	2015
		----- Rupees in thousands -----	
Cost of sales	28	135,439	80,517
Selling and distribution cost	29	1,515	1,169
Administrative expenses	30	4,169	3,423
		141,123	85,109

5.3 The details of operating fixed assets having book value of above Rs. 50,000/- disposed off during the year are as follows:

Particulars	Cost	Written down value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of buyer
	Rupees in thousands					
Vehicles	1,215	99	408	309	Tender	Mr. Ahmedullah & Mr. Usamah Ahmed - Employees
Office & other equipment	33	23	15	(8)	Negotiation	M/s M. I. Copiers
Computer	151	34	4	(30)	Negotiation	M/s Laktron Office Product
During the year ended June 30, 2016	1,399	156	427	271		
During the year ended June 30, 2015	3,425	990	1,158	(1,791)		

5.4 Capital work-in-progress

	Note	Cost as at July 1, 2015	Capital expenditure incurred during the year	Transferred to operating fixed assets and stores & spares	Cost as at June 30, 2016
		Rupees in thousands			
Balancing, Modernization and Rehabilitation project	5.4.1 & 5.4.2	1,232,546	102,120	(1,334,666)	-
Cement Silo		-	1,403	-	1,403
Waste Heat Recovery Project		1,925	14,859	-	16,784
As at June 30, 2016		1,234,471	118,382	(1,334,666)	18,187
As at June 30, 2015		503,987	734,435	(3,951)	1,234,471

5.4.1 The Balancing, Modernization and Rehabilitation (BMR) of cement plant which was initiated in 2014 has been completed during the year. The completion of BMR has added manifold benefits to the Holding Company.

5.4.2 This includes borrowing cost amounting to Rs. 3.613 million (2015: Rs. 123.990 million). Borrowing cost has been computed at mark-up rates ranging between 8.84% to 9.01% (2015: 9.01% to 12.19%) per annum.

	Note	2016	2015
		Rupees in thousands	
5.5 Major stores and spares			
Cost			
Opening balance		89,353	108,999
Additions during the year		89,771	44,792
Transferred to operating fixed assets and capital work-in-progress		(72,317)	(64,438)
Closing balance		106,807	89,353
Accumulated impairment			
Opening balance		(19,134)	(14,887)
Impairment charge for the year		(13,740)	(4,247)
Closing balance		(32,874)	(19,134)
		73,933	70,219

6 INTANGIBLE ASSETS

The Group's intangible assets comprise of computer software and club membership fee. The carrying amount as at June 30 is as follows:

	Note	2016	2015
Cost			
Opening balance		3,175	667
Additions during the year		-	2,508
Closing balance		3,175	3,175
Amortization			
Opening balance		(919)	(318)
Charge for the year		(752)	(601)
Closing balance		(1,671)	(919)
Net book value	6.1	1,504	2,256
Capital work-in-progress	6.2	4,981	4,162
		6,485	6,418

6.1 The net book value pertains to computer software Rs. 0.573 million (2015: Rs. 0.984 million) and club membership fee Rs. 0.931 million (2015: 1.231 million). Amortization is charged on straight line basis at the rate of 33% (2015: 33%) per annum and 20% (2015: 20%) per annum on computer software and club membership fee respectively.

6.2 It represents amount paid as an advance for installation and implementation of Enterprise Resource Planning software (ERP).

7 LONG TERM INVESTMENT - AVAILABLE FOR SALE

Long term investment - Available for sale represents investment in 15.797 million shares (2015: 24.019 million shares) of Power Cement Limited (PCL). The market value per share of PCL was Rs. 10.43 per share as on June 30, 2016 (2015: Rs. 11.63 per share). Decrease in the value of investment amounting to Rs. 18.677 million (2015: Increased by Rs. 144.835 million) is recorded in 'Other Comprehensive Income' for the year ended June 30, 2016.

8 LONG TERM DEPOSITS

Long term deposits are given in the normal course of business and do not carry any interest or mark-up.

	Note	2016	2015
		----- Rupees in thousands -----	
9 STORES, SPARE PARTS AND LOOSE TOOLS			
Coal and other fuels	42	56,539	82,699
Stores & spare parts	42	273,976	172,927
Loose tools		415	301
	9.1	330,930	255,927
Less: Provision for dead stores		(6,713)	(6,787)
Provision for slow moving stores and spares		(25,984)	(23,638)
	9.2	(32,697)	(30,425)
		298,233	225,502

9.1 This includes stores in transit of Rs. 13.6 million (2015: Rs. 35.456 million) as at the balance sheet date.

	Note	2016	2015
		----- Rupees in thousands -----	
9.2 Reconciliation of carrying amount of provision			
Opening balance		30,425	28,019
Provision made during the year		2,272	2,406
Closing balance		32,697	30,425
10 STOCK-IN-TRADE			
Raw material	10.1	66,476	38,241
Packing material		23,550	25,933
Work-in-process		114,614	135,351
Finished goods		33,767	31,382
		238,407	230,907

10.1 This includes raw material in transit of Rs. 43.783 million (2015: Nil) as at the balance sheet date.

		Note	2016	2015
			----- Rupees in thousands -----	
11	TRADE DEBTS			
	Considered good			
	Local - unsecured	11.1 & 11.2	464,681	477,102
	Considered doubtful			
	Cement stockiest	11.3	60,801	60,801
	Excessive rebate allowed	11.3	6,101	6,101
	Controller Military Accounts		5,126	5,126
			72,028	72,028
	Less: Provision for doubtful debts	11.4	(72,028)	(72,028)
			464,681	477,102

11.1 Hyderabad Electric Supply Company (HESCO) has not paid monthly bills against supply of electric power since February 2015 (Rs. 12.86 million, representing 17% of the bill amount of February 2015 is outstanding whereas the bills for March 2015 - May 2016 are overdue amounting to Rs. 287.756 million. Further, Rs.0.248 million is outstanding against the bill of June 2016 which was not due as on June 30, 2016). In view of NEPRA's order reducing the tariff formula, HESCO intimated to pay its dues for electricity purchased as per reduced tariff formula. In response, the Subsidiary filed a petition before the Honorable High Court of Sindh, against HESCO, on the grounds that HESCO failed to pay its dues to the Subsidiary as per PPA. The Honorable High Court of Sindh has disposed the petition filed by the Subsidiary with the direction to HESCO to pay TPPL against purchase of electricity as per the rates stipulated in PPA until February 01, 2012 and thereafter on the rates determined by NEPRA. In view of the adverse order and according to the advice of the legal counsel the Subsidiary has filed an appeal before the Supreme Court of Pakistan against the order passed by the High Court of Sindh. Consequently, HESCO & NEPRA have also filed appeals before the Supreme Court of Pakistan against the same order. The appeals are pending for adjudication.

11.2 Receivable from HESCO is secured against Standby Letter of Credit (SBLC) issued by National Bank of Pakistan to the extent of Rs. 286.71 million. However, the remaining amount of Rs. 14.15 million is not considered as doubtful as the matter is under Judicial consideration.

11.3 This includes balances outstanding for more than 10 years. The management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Holding Company, when the Holding Company was operating under State Cement Corporation of Pakistan (SCCP), whose services had been terminated. Accordingly, the management of the Group had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs. 2.276 million in preceding years. The management is continuously following with NAB officials for early realisation of amount owed to the Holding Company and has also written letters in this regard for which reply has not yet been received, therefore provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

		Note	2016	2015
			----- Rupees in thousands -----	
11.4	Reconciliation of carrying amount of provision			
	Opening balance		72,028	72,980
	Written off during the year		-	(952)
	Closing balance		72,028	72,028
12	SHORT TERM INVESTMENT - HELD TO MATURITY			
	Term deposit with National Bank of Pakistan	12.1	306,000	306,000

12.1 The term deposit is placed for a period of one year under interest/mark-up arrangement at the rate of 6.30% (2015: 9.45%) per annum and has been pledged against the bank guarantee issued to Sui Southern Gas Company Limited by National Bank of Pakistan on behalf of TPPL.

	2016	2015
	----- Rupees in thousands -----	
13 LOANS AND ADVANCES		
Loans - considered good		
To employees	15	64
Advances - considered good		
- against letter of credit	-	172
- to vendors	22,396	18,676
- others	353	154
	22,749	19,002
	22,764	19,066

13.1 Loans and advances to employees and vendors do not carry any interest or mark-up as these are paid in the ordinary course of the business.

	Note	2016	2015
		----- Rupees in thousands -----	
14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits	14.1	2,279	1,079
Short term prepayments	14.1	16,310	24,561
		18,589	25,640

14.1 Trade deposits are given in the normal course of business and comprises of earnest money and security deposit. These do not carry any interest or mark-up.

	Note	2016	2015
		----- Rupees in thousands -----	
15 OTHER RECEIVABLES AND ACCRUED INTEREST			
Interest receivable from banks		2,776	16,231
Refund against Fuel Price Adjustment		11,340	19,137
Deposit with Commissioner Workmen's Compensation	26.1.6	14,915	14,915
Others		14,200	7,393
		43,231	57,676
16 TAXATION - NET	16.1	153,652	21,454

16.1 It includes taxes deducted/paid under various sections of the Income Tax Ordinance 2001, (Ordinance) during the year in respect of Tax Year 2016. This is due to the fact that tax payable by the Holding Company for Tax Year 2016 has been computed on the basis of Alternative Corporate Tax (ACT) as explained in detail in note 34.3. Moreover, this also includes an amount of Rs. 3.6 million representing Tax Refundable as per Income Tax Return of the Holding Company for the Tax Year 2015 and an amount of Rs. 12.85 million representing tax refundable of the Subsidiary Company upto the Tax Year 2015.

17 CASH AND BANK BALANCES

	Note	2016	2015
		----- Rupees in thousands -----	
Cash in hand		904	627
Balances with banks			
- in current accounts	17.1	80,762	16,966
- in PLS accounts	17.1, 17.2 & 17.3	165,993	154,260
- in term deposit account		-	1,000
		246,755	172,226
		247,659	172,853

17.1 These accounts are maintained with commercial banks under conventional banking system.

17.2 As at June 30, 2016 the mark-up rates on PLS accounts ranges from 4.5% to 5% (2015: 4.5% to 7.5%) per annum.

17.3 This includes Rs. 164.104 million (2015: Rs. 147.229 million) in PLS accounts under lien with National Bank of Pakistan, as Security Trustee, in accordance with the covenants of Syndicated Term Finance Facility agreements of TCCL & TPPL. These funds are to be used in accordance with the conditions mentioned in said financing agreements.

18 SHARE CAPITAL

2016	2015		2016	2015
----- Number of shares -----			----- Rupees in thousands -----	
Authorized share capital				
200,000,000	200,000,000		2,000,000	2,000,000
Issued, subscribed and paid-up share capital				
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration paid in cash	894,181	894,181
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	103,000	103,000
99,718,125	99,718,125		997,181	997,181

18.1 Name of Major Shareholders

	Number of Shares 2016	Number of Shares 2015	Percentage of holding 2016	Percentage of holding 2015
	---- Shares in thousands ----		---- Shares in % ----	
M/s Sky Pak Holding (Private) Limited	20,444	20,444	20.50%	20.50%
M/s Al-Miftah Holding (Private) Limited	9,147	9,147	9.17%	9.17%
M/s Rising Star Holding (Private) Limited	6,309	6,309	6.33%	6.33%
M/s Golden Globe Holding (Private) Limited	8,479	8,479	8.50%	8.50%

19 LONG TERM FINANCING

	Note	2016	2015
		----- Rupees in thousands -----	
Loan from Banking companies - secured			
- Syndicated term finance facility (STFF) - TCCL	19.1	1,258,617	1,235,500
- Syndicated term finance facility (STFF) - TPPL	19.2 & 19.4	431,482	533,007
- Liability against deferred payment letter of credit	19.3 & 19.4	-	127,254
		1,690,099	1,895,761
Loan from Banking Company - secured			
- National Bank of Pakistan	19.5	-	49,278
Less : Current maturity		(333,458)	(298,177)
		1,356,641	1,646,862

19.1 This syndicated term finance facility has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited, Summit Bank Limited and Silk Bank Limited. The facility carries a floating mark-up linked to 3 months KIBOR as base rate plus 2% on annualized basis. The tenure of financing is 8 years including grace period of 2 years and the facility is payable in 24 equal quarterly installments of Rs. 57.983 million each starting from June 17, 2016. During the year, Rs. 57.983 million has been paid against 1st installment along with prepayment of principal amounting to Rs. 75 million. The facility is secured by first joint pari passu charge by way of hypothecation over all present and future fixed assets and mortgage over the immovable properties. Unless the entire amount of loan has been repaid, the Company has to seek prior approval of the majority members of the syndicated term finance facility before declaration of any dividend.

19.2 This syndicated term finance facility has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited and Summit Bank Limited. The facility carries a floating mark-up linked to 3 months KIBOR as base rate plus 3% on annualized basis. The tenure of financing is 7 years and 9 months including grace period of 9 months and the facility is payable in 28 equal quarterly installments of Rs. 25.381 million each starting after one year from the date of first drawdown. The drawdown date of entire facility i.e. Rs. 710.675 Million was November 21, 2012.

19.3 A Deferred Payment Letter of Credit (DPLC) amounting to USD 9.152 million was established for supply of Gas Fired Engines by GE Jenbacher, Austria. Advance of USD 1.373 million was paid to the supplier and the remaining amount of USD 7.779 million was payable in 6 half yearly installments of USD 1.296 million each starting from April 2013. All six installments of USD 1.296 million each have been paid by the Subsidiary Company.

19.4 The syndicated term finance facility and deferred payment letter of credit facility provided by the syndicate of banks as explained in notes 19.2 and 19.3 are secured by first joint pari passu charge by way of hypothecation on all present and future moveable and immoveable fixed assets (other than land and building), mortgage over all present and future immoveable assets including land and building, first joint pari passu hypothecation charge on current assets, lien over import documents, assignment over receivables & insurance policies and pledge of the Subsidiary Company's shares owned by the Holding Company.

19.5 This represents first disbursement of Rs. 107 million out of the aggregate facility of Rs. 260 million allowed by the bank. This carries a floating mark-up linked to 6 months KIBOR as base rate plus 2% on annualised basis. The tenure of financing was 7 years and was repayable in 24 equal quarterly installment of Rs. 4.48 million starting in 15th month from the date of first disbursement. On April 27, 2016, the outstanding principal balance of Rs. 35.839 million was prepaid by the Holding Company. The facility was secured by first equitable mortgage over land and building of the Holding Company and first charge by way of hypothecation over all present and future plant and machinery of the Holding Company to the extent of Rs. 372 million.

		Note	2016	2015
			----- Rupees in thousands -----	
20	LONG TERM DEPOSITS			
	Dealers	20.1	3,110	3,110
	Suppliers and contractors	20.1	724	734
			3,834	3,844

20.1 These represent interest free security deposits, received from dealers, suppliers and contractors and are repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

21 LONG TERM EMPLOYEE BENEFIT

This represents accrual for encashment of eligible earned leave balances in respect of permanent employees amounting to Rs. 15.64 million (2015: Rs. 15.093 million).

		Note	2016	2015
			----- Rupees in thousands -----	
22	DEFERRED TAXATION			
	Taxable temporary differences			
	Accelerated tax depreciation		298,640	173,309
	Deductible temporary differences			
	Provision for gratuity		-	(3,379)
	Other provisions - for doubtful debts and stores		(41,280)	(36,475)
	Excess of Alternative Corporate Tax over corporate tax		(39,554)	-
	Unadjusted tax credit u/s 65 B		(32,811)	-
			184,995	133,455
23	TRADE AND OTHER PAYABLES			
	Trade creditors		33,039	52,034
	Accrued liabilities		145,425	110,272
	Bills payable		43,621	36,485
	Advances from customers		36,415	25,464
	Contractors retention money		188	10,726
	Excise duty and sales tax payable		40,770	27,913
	Payable to Gratuity Fund	23.1	14,465	11,262
	Workers' Profit Participation Fund	23.3 & 23.4	75,424	62,033
	Workers' Welfare Fund	23.4	29,857	24,418
	Unclaimed dividend		380	222
	Other liabilities		4,865	3,829
			424,449	364,658

23.1 Payable to Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out under Projected Unit Credit (PUC) Actuarial Cost Method as at June 30, 2016 are as follows:

- Discount rate used for year end obligation is 7.25 % per annum (2015: 9.75% per annum).
- Discount rate used for interest cost in consolidated profit and loss account is 9.75 % per annum (2015: 13.25% per annum)
- Expected rate of increase in salary level at 6.25% per annum (2015: 8.75% per annum).
- Mortality rate used is SLIC 2001-2005 (2015: SLIC 2001-2005).

	Note	2016	2015
		----- Rupees in thousands -----	

23.1.1 The amount recognised in the consolidated balance sheet is as follows:

	Note	2016	2015
Present value of defined benefit obligations	23.1.2	69,270	55,881
Fair value of plan assets	23.1.3	(54,805)	(44,619)
Closing net liability		14,465	11,262

23.1.2 Movement in present value of defined benefit obligation

	Note	2016	2015
Opening net liability		55,881	46,415
Current service cost		10,897	10,135
Interest cost	23.1.5	5,158	5,791
Benefits paid & payable		(5,965)	(5,419)
Remeasurement loss / (gain) due to change in experience adjustments	23.1.6	3,299	(1,041)
Closing net liability		69,270	55,881

23.1.3 Movement in the fair value of plan assets

	Note	2016	2015
Opening fair value of plan assets		44,619	31,666
Expected return / interest income on plan assets	23.1.7	4,617	4,916
Employer contribution		11,262	14,749
Reversal of benefits due but not paid in last year		57	-
Benefits paid		(5,817)	(3,884)
Benefit due but not paid		(205)	(1,535)
Return on plan assets excluding interest income	23.1.7	272	(1,293)
Closing fair value of plan assets		54,805	44,619

23.1.4 Movement in liabilities

	Note	2016	2015
Opening net liability		11,262	14,749
Charge for the year	23.1.5	11,438	11,010
Employer contribution		(11,262)	(14,749)
Remeasurements chargeable in other comprehensive income	23.1.6	3,027	252
Closing net liability		14,465	11,262

23.1.5 The amount recognised in consolidated profit and loss account is as follows:

	Note	2016	2015
Current service cost		10,897	10,135
Interest cost		5,158	5,791
Interest income on plan assets		(4,617)	(4,916)
		11,438	11,010

23.1.6 The amount recognised in consolidated statement of other comprehensive income is as follows:

	Note	2016	2015
Remeasurement (gain)/loss due to change in experience adjustments		3,299	(1,041)
Return on plan assets excluding interest income		(272)	1,293
		3,027	252

23.1.7 Return on plan assets is as follows:

	Note	2016	2015
Expected return /interest income on plan assets		4,617	4,916
Return on plan assets excluding interest income		272	(1,293)
		4,889	3,623

23.1.8 Analysis of present value of defined benefit obligation and fair value of plan assets for current and previous four years is as follows:

	2016	2015	2014	2013	2012
	---------- Rupees in thousands ----------				
Present value of defined benefit obligation	(69,270)	(55,881)	(46,415)	(33,881)	(26,246)
Fair value of plan assets	54,805	44,619	31,666	24,212	19,066
Deficit	(14,465)	(11,262)	(14,749)	(9,669)	(7,180)

23.1.9 Disaggregation of fair value of plan assets

The fair value of the plan assets at consolidated balance sheet date for each category is as follows:

	2016	2015
	----- Rupees in thousands -----	
Cash and cash equivalents (adjusted for current liabilities)	636	163
Mutual funds		
- Islamic Income Fund	11,760	5,908
- Stock Market Fund	7,824	7,656
- Income Fund	-	1,012
	19,584	14,576
Certificate of Islamic Investments	34,585	29,880
	54,805	44,619

23.1.10 Consolidated Balance Sheet date sensitivity analysis (± 100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	---------- Rupees in thousands ----------			
2016	66,348	72,602	72,691	66,215
2015	53,638	58,428	58,500	53,533

23.1.11 The charge for the year has been allocated as follows:

	2016	2015
	----- Rupees in thousands -----	
Cost of sales	7,612	7,666
Selling and distribution cost	679	488
Administrative expenses	3,147	2,856
	11,438	11,010

23.2 The following information is based on the audited financial statements of the Provident Fund:

	2016	2015
Size of the Fund - Total assets	61,601	48,388
Cost of investments made	61,132	48,950
Percentage of investments made	100%	99%
Fair value of investments	61,356	47,908

23.2.1 The break-up of fair value of investment is:

	2016		2015	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	2,676	4%	1,332	3%
Term deposit securities	31,799	52%	27,279	57%
Mutual funds	26,881	44%	19,297	40%
	61,356	100%	47,908	100%

23.2.2 The investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

	Note	2016	2015
		----- Rupees in thousands -----	
23.3 Workers' Profit Participation Fund			
Balance as at July 1		62,033	49,873
Allocation for the year	31	35,768	37,571
Interest on balance as at July 1	32	735	1,519
		98,536	88,963
Payments made during the year		(23,112)	(26,930)
Balance as at June 30		75,424	62,033

23.4 During the year the Subsidiary Company has obtained a legal opinion regarding the applicability of welfare laws and other related matters and according to the opinion of the legal counsel, the Workers Profit Participation Act 1968 is applicable on TPPL. On the other hand, the entire operation & maintenance and business support are outsourced to M/s Orient Energy Systems (Private) Limited and to the Holding Company respectively, the Subsidiary Company does not have any employees in employment and therefore Workers Profit Participation Act 1968 is unenforceable and unexecutable. Moreover, according to the legal counsel, Sindh Workers Welfare Fund Act, 2014 is applicable on an "Industrial establishment", as TPPL is neither a factory nor workshop or other establishment in which articles are produced, adapted or manufactured, therefore TPPL is not covered under the Sindh Workers Welfare Fund Act, 2014 as an "industrial establishment" and the said act is not applicable on TPPL. In light of above, no provision is made for WPPF & WWF in the seperate annual audited financial statements of TPPL for the year ended June 30,2016. Despite favorable opinion from lawyer the Subsidiary Company has not reversed the liability against WPPF & WWF in these annual audited consolidated financial statements.

	Note	2016	2015
		----- Rupees in thousands -----	
24 ACCRUED MARK-UP			
Long term financing		-	12
Syndicated term finance facility		8,195	39,530
Short term borrowings		681	4,809
Deferred payment letter of credit		-	1,688
		8,876	46,039
25 SHORT TERM BORROWINGS			
Short-term running finance (secured)	25.1 & 25.2	19,168	135,449

25.1 The aggregate running finance facilities available to the Holding Company from banks as at June 30, 2016 amounting to Rs. 650 million (2015: Rs. 650 million) out of which Rs. 630.832 million (2015: Rs. 540.308 million) remained unutilized at the year end. These facilities are renewable and secured by way of hypothecation of fixed assets and current assets of the Holding Company. These carry mark-up at rates ranging between 8.85% to 10.01% (2015: 10.99% to 13.18%) per annum payable quarterly.

25.2 The running finance facility obtained by the Subsidiary Company amounting to Rs. 200 million (2015: Rs. 200 million). During the year the Subsidiary Company has repaid the entire outstanding amount and cancelled the said facility.

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 During the year 2014-2015, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of Tax Year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Holding Company filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A) against which the adverse order has been passed by CIR-A. Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the said order relating to certain add backs/disallowances which have been set-aside for afresh proceedings, which is pending for hearing. In view of Holding Company's tax consultant, the Holding Company has an arguable case on merit, however, definite outcome cannot be predicted.

26.1.2 The Holding Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). An appeal was filed in 2014-2015 before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax Year 2012. However, the appeal before CIR-A has been decided against the Holding Company, therefore further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending for hearing.

Moreover, in view of Holding Company's legal counsel, the Holding Company has strong arguable case and the matter can be agitated upto the level of Supreme Court of Pakistan. Hence, no provision in this respect has been made in these consolidated financial statements.

26.1.3 In respect of Tax Year 2008, an appeal was filed by the Holding Company in 2014-2015 before Commissioner Inland Revenue - Appeals (CIR-A) against certain disallowances and additions in taxable income while passing assessment order under 122(5A) of the Income Tax Ordinance, 2001, and thereby raising a tax demand of Rs. 2.787 million. The appeal has been heard, however order of CIR-A is pending. The management is confident that the Holding Company has an arguable case on merits, however definite outcome cannot be predicted. Hence, no provision is required to be made in these consolidated financial statements.

26.1.4 The Deputy Commissioner Inland Revenue (DCIR) passed Assessment Orders in 2014-2015 raising an aggregate sales tax demand for Rs. 5.989 million by disallowing certain input tax claimed by the Holding Company in its sales tax return for tax period from July 2012 to February 2015. The Holding Company has filed appeals against such Assessment Orders before Commissioner Inland Revenue (CIR-A) who has passed orders aggregating to Rs. 5.91 million in favor of the Holding Company. The tax department has filed appeals against the said orders before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing. In view of Holding Company's tax consultant, favourable outcome of such appeals is anticipated, hence no provision is required to be made in these consolidated financial statements.

26.1.5 In respect of tax periods from July 2012 to December 2014, an Order in Original (ONO) has been issued by an Officer of Sales Tax in 2014-2015 against the Holding Company raising a demand of Rs. 244.274 million which is mainly based on comparison of industry average for fuel and power consumption with that of the Holding Company and thereby presuming the production quantities which in the view of tax authorities have not been subject to Sales Tax and Federal Excise Duty. Accordingly, the Holding Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by Officer of Sales Tax, however CIR –A decided the case against the Holding Company. Accordingly, the Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A and the case has been heard by ATIR, however Appellate Order from ATIR is awaited. Moreover, recovery proceedings were also initiated by tax authorities in the matter for an aggregate demand amount of Rs 488.548 million including 100% penalty on the principal amount as aforesaid. Therefore, the Holding Company filed a stay application for recovery against the said demand before ATIR which was allowed by ATIR subject to payment of 15% of aggregate demand. However, in view of the fact that said demand is based merely on unjust assumptions made by tax authorities, the Holding Company decided to obtain stay for aggregate demand from Sindh High Court. The Sindh High Court has allowed ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect till the next date of hearing. In view of Holding Company's Tax Consultant, favourable outcome of such appeal is anticipated; hence no provision is required to be made in these consolidated financial statements.

26.1.6 Certain ex-employees of the Holding Company contested the Holding Company's gratuity policy and filed suit against the Holding Company demanding 60 days gratuity instead of 30 days applicable to the employees of former holding company having an impact of Rs. 14.9 million. The said suit has been decided in favour of the applicants. However, the Holding Company first challenged the said order in C.P. # 591/2013 before the Sindh High Court at Hyderabad and later on filed Labour Appeal No. 04/2014 before the Sindh Labour Court No. VI at Hyderabad being the Court of appropriate jurisdiction. After dismissal of the said appeal , a revision application has been filed before the Sindh Labour Appellate Tribunal, Karachi but the Tribunal dismissed the same, against which C.P. # D - 2636 has been filed before the Honorable Sindh High Court at Hyderabad wherein stay has been granted by the High Court and the matter is pending for disposal. In view of the Holding Company's legal counsel, no definite outcome can be anticipated but the Holding Company has good case.

One more ex-employee of former holding company i.e. SCCP has filed CP # 86/2013 for recovery of Rs. 2.10 million out of which an amount of Rs. 0.248 million has been claimed on account of 60 days gratuity and numerous other false and fabricated claims of short payments of Rs. 1.86 million. However, in view of the Holding Company's legal counsel all the claims of applicant are bogus and are against the applicable labour laws and will not materialise.

26.1.7 Two cement dealers had filed a suit against the Holding Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Holding Company in lieu of outstanding dues from these dealers. The Holding Company's legal counsel is of the opinion that no unfavourable outcome can be estimated.

26.1.8 As disclosed in the consolidated financial statements for the year ended June 30, 2015, the Subsidiary Company entered into Power Purchase Agreement (PPA) with HESCO on May 14, 2011 to sell electricity at rates agreed in the said agreement. The agreement was executed in accordance with the Policy Framework for New - Captive Power Producers (N-CPPs). Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order revising the tariff formula resulting in reduced tariff. In view of the said order, HESCO intimated to pay its dues for electricity purchased as per the reduced tariff formula. In response, the Subsidiary Company filed a petition before the Honorable Sindh High Court against HESCO on the grounds that HESCO failed to pay the dues to the Subsidiary Company as per PPA. The Honorable Sindh High Court disposed off the petition filed by the Subsidiary Company with the direction to HESCO to pay TPPL against purchase of electricity as per the rates stipulated in PPA until February 01, 2012 and thereafter on the rates determined by NEPRA. In view of the adverse order and according to the advice of the legal counsel the Subsidiary Company has filed an appeal before the Supreme Court of Pakistan against the order passed by the Sindh High Court. Consequently, HESCO & NEPRA have also filed appeals before the Supreme Court of Pakistan against the same order. The appeals are pending for adjudication.

26.1.9 As per clause 132 of Second Schedule of the Income Tax Ordinance, 2001, business income of Subsidiary Company is exempt from Income Tax. On such basis the Subsidiary Company filed an income tax return for the Tax Year 2013, while claiming exemption from business income and paid income tax only on interest income. This exemption was challenged by Commissioner Income Tax, Hyderabad and subsequently he raised a tax demand of Rs 154 million rejecting basic income tax exemption and also increased Subsidiary Company's taxable income based on certain unreasonable grounds. The aforesaid order was challenged by TPPL before Commissioner Inland Revenue – Appeals (CIR- A) and ad interim stay from Sindh High Court was also obtained to refrain tax department to initiate recovery proceedings. However, CIR-A has passed the order against the Subsidiary Company. Thereafter, the Subsidiary Company has filed an appeal before ATIR against the adverse order of CIR-A through its tax consultant. Moreover, tax department has also issued a show cause notice for Tax Year 2014 rejecting the claim of income tax exemption on the same basis and intend to recover an aggregate amount of Rs. 249 million including default surcharge and penalty. As advised by tax consultant and legal counsel stay has been obtained from Sindh High Court in respect of show cause notice issued by FBR to refrain tax department to issue assessment order and initiate recovery proceedings there against. Furthermore, notice for advance tax demand for Tax Year 2015 amounting to Rs 219 million was also served for two quarters ended on December 31, 2014 on the basis of business turnover [which has been claimed as exempt] for Tax Year 2014. As recommended by tax consultant and legal counsel, a separate petition has been filed for Tax Year 2015. Subsequently, the Sindh High Court has vacated the stay of demand with effect from November 11, 2015 and has ordered the Tribunal to decide the case within two months from the date of the order. The Subsidiary Company has filed an application before ATIR for out-of-turn hearing and stay of demand on which ATIR has granted the stay for a period of sixty days subject to payment of 25% of the disputed amount in the Government Treasury. The appeal is pending for adjudication.

26.1.10 As disclosed in the consolidated financial statements for the year ended June 30, 2015, Sales tax audit of the Subsidiary for the tax period June 2012 to July 2013 was initiated and FBR has issued an order of approximately Rs. 11 million. Basis of the order were very weak and the management has filed an appeal before CIR-Appeals through its sales tax consultant. The hearing of the case was held and favorable order has been passed by CIR-A, thereby allowing input sales tax claimed by the Subsidiary to the extent of Rs. 10.513 million. Subsequently, FBR has filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR-A, which is pending for adjudication.

26.2 Commitments

26.2.1 Guarantees given by commercial banks to Sui Southern Gas Company Limited on behalf of the Group amount to Rs. 351 million (2015: Rs. 351 million).

26.2.2 Other outstanding guarantees given on behalf of the Group by banks amount to Rs. 40.408 million (2015: Rs. 52.488 million).

26.2.3 Commitment in respect of capital expenditure as on consolidated balance sheet date was Rs. 4.852 million (2015: Rs. 42.065 million).

26.2.4 Commitment in respect of mark-up on liability against deferred payment letter of credit in favour of GE Jenbacher as on consolidated balance sheet date was nil (2015: Rs. 2.922 million).

27 SALES - NET

		2016	2015
		----- Rupees in thousands -----	
Gross Sales	- Local	3,583,394	3,905,698
	- Export	13,731	14,263
		3,597,125	3,919,961
Less:	- Federal Excise Duty	169,080	116,802
	- Sales tax	571,942	597,738
		741,022	714,540
		2,856,103	3,205,421

	Note	2016	2015
		----- Rupees in thousands -----	

28 COST OF SALES

	Note	2016	2015
Raw material consumed	28.1	140,081	126,272
Manufacturing expenses			
Packing material consumed	28.2	131,140	99,557
Stores, spare parts and loose tools consumed		95,297	123,899
Fuel and power		883,103	1,161,549
Salaries, wages and other benefits	28.3	273,534	246,015
Insurance		27,997	32,750
Repairs, operations and maintenance		75,364	76,442
Depreciation	5.2	135,439	80,517
Provision for slow moving and dead stores and impairment of major stores and spares	5.5 & 9.2	16,012	6,653
Other production overheads		25,271	24,716
		1,663,157	1,852,098
Cost of production		1,803,238	1,978,370
Work-in-process			
Opening balance		135,351	317,003
Closing balance	10	(114,614)	(135,351)
		20,737	181,652
Cost of goods manufactured		1,823,975	2,160,022
Finished goods			
Opening balance		31,382	34,456
Closing balance	10	(33,767)	(31,382)
		(2,385)	3,074
		1,821,590	2,163,096

28.1 Raw material consumed

	Note	2016	2015
Opening balance		38,241	42,258
Purchases		168,316	122,255
		206,557	164,513
Closing balance	10	(66,476)	(38,241)
		140,081	126,272

28.2 Packing material consumed

	Note	2016	2015
Opening balance		25,933	24,346
Purchases		128,757	101,144
		154,690	125,490
Closing balance	10	(23,550)	(25,933)
		131,140	99,557

28.3 This includes employees' retirement benefits amounting to Rs. 14.829 million (2015: Rs. 14.851 million).

		Note	2016	2015
			----- Rupees in thousands -----	
29	**SELLING AND DISTRIBUTION COST**			
	Salaries, wages and other benefits	29.1	19,779	13,959
	Vehicle running expenses		807	612
	Travelling and conveyance		417	232
	Communication		361	143
	Printing and stationery		108	22
	Entertainment		289	94
	Repair and maintenance		280	267
	Rent, rates and taxes		1,178	1,089
	Utilities		257	470
	Advertisements		290	486
	Sales promotion expense		3,252	714
	Freight charges - local sale		5,300	-
	Export logistics and related charges		266	278
	Commission		23,964	12,354
	Depreciation	5.2	1,515	1,169
	Marking fee expense	42	6,918	1,641
	Miscellaneous		6,541	4,205
			71,522	37,735

29.1 This includes employees' retirement benefits amounting to Rs. 1.237 million (2015: Rs. 0.929 million).

		Note	2016	2015
			----- Rupees in thousands -----	
30	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	30.1	72,065	58,876
	Vehicle running expenses		2,728	3,002
	Travelling and conveyance		4,363	2,757
	Advertisements		131	178
	Communication, postage & telegram		1,610	1,880
	Printing and stationery		1,294	1,542
	Rent, rates and taxes		2,289	2,123
	Entertainment		1,100	1,032
	Legal and professional charges		13,735	7,555
	Insurance		378	381
	Repairs and maintenance		1,535	1,639
	Utilities		1,887	1,515
	Fees and subscription		1,916	2,158
	Corporate expenses		1,038	785
	Charity and donation	30.2	2,882	1,149
	Auditors' remuneration	30.3	1,054	1,044
	Other auditors' remuneration	30.4	1,658	1,580
	Depreciation	5.2	4,169	3,423
	Amortization of intangible		752	601
	Education expenses		5,343	4,059
	Bad debts written off		-	653
	Impairment of property, plant & equipments		1,875	-
	Miscellaneous		1,017	2,997
			124,819	100,929

30.1 This includes employees' retirement benefits amounting to Rs. 6.239 million (2015: Rs. 5.817 million).

30.2 None of the directors or their spouses have any interest in any donee's fund to which donation was made.

	Note	2016	2015
		----- Rupees in thousands -----	
30.3 Auditors' remuneration			
Annual audit fee		796	755
Half yearly review fee		61	61
Review fee for consolidated financial statements		30	30
Fee for other services		60	63
Out of pocket expenses		107	135
		1,054	1,044
30.4 Other auditors' remuneration			
Cost audit fee		148	130
Out of pocket expenses		12	12
		160	142
Internal audit fee		1,314	1,272
Out of pocket expenses		184	166
		1,498	1,438
		1,658	1,580

31 OTHER OPERATING EXPENSES

	Note	2016	2015
Workers' Welfare Fund (WWF)		13,942	13,927
Workers' Profit Participation Fund (WPPF)	23.3 & 23.4	35,768	37,571
Other receivable written off		-	32,338
Exchange loss		5,919	22,227
Loss on sale of store items		-	248
		55,629	106,311

32 FINANCE COST

	Note	2016	2015
Mark-up on long term financing		165,392	97,491
Mark-up on short term borrowings		9,075	47,903
Mark-up on WPPF	23.3	735	1,519
Bank charges and commission		7,891	9,971
		183,093	156,884

	Note	2016	2015
		----- Rupees in thousands -----	
33 OTHER INCOME			
Income from financial assets			
Interest on term deposit / bank accounts	33.1	27,149	43,766
Gain on disposal of available-for-sale investment	33.2	68,186	1,185
		95,335	44,951
Others			
Scrap sales		13,697	5,070
Rental income		1,642	7,259
Gain on disposal of property, plant & equipments		271	200
Gain on sale of store items		303	-
Others	33.3	2,827	6,216
		18,740	18,745
		114,075	63,696

33.1 Income earned from bank deposits are under interest / mark-up arrangements with conventional banking system.

33.2 It represents gain on disposal of shares of Power Cement Limited.

33.3 It mainly includes old liabilities written back.

	2016	2015
	----- Rupees in thousands -----	
34 TAXATION		
Current tax charge	1,154	130,127
Prior year tax reversal	(505)	(12,668)
Deferred tax charge	51,539	1,491
	52,188	118,950

34.1 The returns of income of the Holding Company have been filed upto and including Tax Year 2015 (corresponding to financial year ended June 30, 2015) while income tax assessments have been finalized upto and including Tax Year 2013 except for Tax Year 2008, 2012 and 2014. However, the return may be selected for audit or amendment within six years from the end of the respective Tax Year and within five years from the end of financial year in which assessment order is issued or treated to have been issued for that Tax Year to the Holding Company respectively.

The returns of income of the Subsidiary Company have been filed upto and including Tax Year 2015 (corresponding to financial year ended June 30, 2015) while income tax assessments have been finalized upto and including tax year 2012. However, the return may be selected for audit or amendment within six years from the end of the respective Tax Year and within five years from the end of financial year in which assessment order is issued or treated to have been issued for that tax year to the Subsidiary Company respectively.

	2016	2015
	----- Rupees in thousands -----	

34.2 Relationship between tax expense and accounting profit is as follows:

	2016	2015
Profit before tax	713,525	704,162
Tax at 32% / 33%	228,328	232,373
Tax effect of		
- expenses that are inadmissible in determining taxable income	(129,572)	(5,384)
- unrealized profit	(2,143)	(1,401)
- income charged at different rates	(21,790)	(1,098)
- exempt income	(11,907)	(88,806)
Tax payable under Division II of Part I of First Schedule - Holding Company	(61,762)	-
Tax Credit under section 65B	-	(5,557)
Prior year's tax reversal	(505)	(12,668)
Tax effect on taxable temporary differences - net	51,539	1,491
	52,188	118,950

34.3 During the year, the Holding Company has made investment in plant & machinery for the purpose of carrying out Balancing, Modernization and Rehabilitation (BMR) of its existing plant aggregating to Rs. 1.341 billion including annual additions to property, plant and equipments. Therefore, the Holding Company is entitled to claim initial depreciation and tax credit under section 65(B) of the Income Tax Ordinance, 2001 (Ordinance). Under section 113(C) of the Ordinance, for Tax Year 2014 and onwards, tax payable by a Company shall be higher of Corporate Tax (i.e. tax leviable under Division II of Part I of First Schedule or minimum tax) or Alternate Corporate Tax (ACT) under section 113(C) of the Ordinance. As a result of aforesaid depreciation and tax credit, Corporate tax is lower as compared to ACT. Therefore, tax payable on taxable income of the Holding Company for the Tax Year 2016 has been computed on the basis of Alternate Corporate Tax under section 113(C) of the Ordinance amounting to Rs. 101.315 million which has been adjusted against the tax credit amounting to Rs. 134.126 million.

35 EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2016	2015
		----- Rupees in thousands -----	
Profit after taxation attributable to the owners		643,719	474,028
		---------- Number ----------	
Weighted average number of ordinary shares		99,718,125	99,718,125
		---------- Rupees ----------	
Earnings per share - basic and diluted		6.46	4.75

36 CASH AND CASH EQUIVALENTS

	Note	2016	2015
		----- Rupees in thousands -----	
Cash and bank balances	17	247,659	172,853
Short term borrowings	25	(19,168)	(135,449)
		228,491	37,404

	Note	2016	2015
		----- Rupees in thousands -----	

37 CAPACITY AND ACTUAL PRODUCTION

37.1 Thatta Cement Company Limited

	Note	2016	2015
Production capacity - clinker (tons)		547,500	450,000
Actual production - clinker (tons)	37.1.1	382,582	200,947
Actual production - cement (tons)	37.1.2	367,164	280,588

37.1.1 The production capacity utilization of clinker during the year has remained at 69.88% (2015: 44.65%).

37.1.2 Cement from clinker is produced in accordance with the market demand.

37.2 Thatta Power (Private) Limited

	2016	2015
	----- Rupees in thousands -----	
Installed capacity - kWh	202,356,000	202,356,000
Total output - kWh	47,149,425	109,977,675
Load factor	23.30%	54.35%

37.2.1 Installed capacity has been computed on the basis of 8,760 hours (2015: 8,760 hours). Output has decreased substantially due to controlled power supply to HESCO due to its continuous default in payment of bills as disclosed in note 11.1.

38 RELATED PARTY TRANSACTIONS

Related parties comprises of associated undertakings and related group companies, directors of the Group, key management personnel and staff retirement funds. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Details of transactions during the year ended / outstanding balances as at June 30, 2016 with related parties are as follows:

38.1 Transactions with related parties

38.1.1 Associated Companies

	2016	2015
	----- Rupees in thousands -----	
- National Bank of Pakistan (NBP)		
Mark-up on RF, STFF, Participation Fee (PF), LTF and commission	-	143,395
Income on bank deposit accounts	-	37,139
Guarantee given/revoked by NBP as per normal banking terms	-	6,123

	Note	2016	2015
		----- Rupees in thousands -----	
- Bandhi Sugar Mills (Pvt.) Limited			
Sale of cement		1,728	317
Receipt against sale of cement		1,728	317
- Sui Southern Gas Company Limited			
Purchase of gas excluding GST		371,420	786,734
Payment against purchase of gas excluding GST		359,224	826,132
- Pak Suzuki Motor Company Limited			
Payment against purchase of vehicle		3,625	2,988

38.1.2 Key management personnel

	Note	2016	2015
Salaries and benefits	39	114,082	90,974
Sale of vehicle	5.3	400	1,158

38.1.3 Other related parties

	Note	2016	2015
Contribution to employees' Gratuity Fund	23.1.4	11,262	14,749
Contribution to employees' Provident Fund		8,185	7,349
Education expenses - Model Terbiat School	30	5,343	4,059

38.2 Balances with related parties

38.2.1 Associated Companies

	Note	2016	2015
- Sui Southern Gas Company Limited			
Payable against purchase of gas excluding GST		35,422	23,226
- Habib Bank Limited			
Current account balance		37	4

38.2.2 Other related parties

	Note	2016	2015
Payable to Gratuity Fund	23.1.4	14,465	11,262

38.3 There are no transactions with key management personnel other than under their terms of employment.

39 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives of the Group are as follows:

	2016		2015	
	Chief Executive	Executives	Chief Executive	Executives
	---------------------- Rupees in thousands ----------------------			
Managerial remuneration	14,880	59,334	13,200	58,194
LFA	1,100	3,644	707	2,626
Bonus	3,300	10,931	1,414	5,253
Other benefits including retirement benefits	5,640	15,253	2,115	7,465
	24,920	89,162	17,436	73,538
Number of person(s)	1	31	1	30

39.1 The Chief Executive and Executives are provided with free use of Holding Companys maintained car(s) and other benefits in accordance with their entitlement as per rules of the Company.

39.2 An aggregate amount of Rs. 3.85 million (2015: Rs. 2.45 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and HR & Remuneration Committee meeting fee.

40 OPERATING SEGMENTS

For management purposes the Group is organized into following major business segments.

Cement Engaged in manufacturing and marketing of cement.
Power Engaged in generation, supply and transmission of electrical power.

40.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees in thousands							
Sales - net	2,846,147	2,304,404	564,495	1,315,936	(554,539)	(414,919)	2,856,103	3,205,421
Cost of sales	(1,932,303)	(1,658,503)	(451,180)	(924,361)	561,893	419,768	(1,821,590)	(2,163,096)
Gross profit	913,844	645,901	113,315	391,575	7,354	4,849	1,034,513	1,042,325
Selling and distribution cost	(71,522)	(37,735)	-	-	-	-	(71,522)	(37,735)
Administrative expenses	(114,141)	(95,267)	(25,198)	(18,862)	14,520	13,200	(124,819)	(100,929)
	(185,663)	(133,002)	(25,198)	(18,862)	14,520	13,200	(196,341)	(138,664)
Operating profit	728,181	512,899	88,117	372,713	21,874	18,049	838,172	903,661
Other operating expenses	(51,875)	(72,074)	(3,754)	(34,237)	-	-	(55,629)	(106,311)
Finance cost	(124,995)	(56,461)	(67,241)	(100,423)	9,143	-	(183,093)	(156,884)
	(176,870)	(128,535)	(70,995)	(134,660)	9,143	-	(238,722)	(263,195)
Other income	114,698	32,643	23,692	44,857	(24,315)	(13,804)	114,075	63,696
Segment results	666,009	417,007	40,814	282,910	6,702	4,245	713,525	704,162
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before taxation	666,009	417,007	40,814	282,910	6,702	4,245	713,525	704,162
Taxation	(51,566)	(127,733)	(622)	8,783	-	-	(52,188)	(118,950)
Profit after taxation	614,443	289,274	40,192	291,693	6,702	4,245	661,337	585,212

40.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	---------- Rupees in thousands ----------							
Segment assets	3,944,629	3,559,115	1,982,485	1,994,476	(556,209)	(334,533)	5,370,905	5,219,058
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,944,629	3,559,115	1,982,485	1,994,476	(556,209)	(334,533)	5,370,905	5,219,058
Segment liabilities	1,869,660	1,885,615	730,233	782,416	(252,832)	(24,454)	2,347,061	2,643,577
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,869,660	1,885,615	730,233	782,416	(252,832)	(24,454)	2,347,061	2,643,577
Capital expenditure	146,540	687,774	16,079	3,650	-	-	162,619	691,424
Depreciation	111,255	43,306	29,868	41,803	-	-	141,123	85,109
Non-cash expenses other than depreciation	18,639	108,886	-	104,145	-	42,628	18,639	255,659

40.3 Reconciliation of reportable segment revenues, profit and loss, assets and liabilities

	Consolidated	
	2016	2015
	----- Rupees in thousands -----	

40.3.1 Operating revenues

	2016	2015
Total revenue of reportable segments	3,410,642	3,620,340
Elimination of intra group revenue	(554,539)	(414,919)
Consolidated revenue	2,856,103	3,205,421

40.3.2 Profit and loss

	2016	2015
Total profit before taxation of reportable segments	706,823	699,917
Adjustment of unrealized profit and intra group transactions	6,702	4,245
Consolidated profit before taxation	713, 525	704,162

	Consolidated	
	2016	2015
	----- Rupees in thousands -----	

40.3.3 Assets

	2016	2015
Total assets of reportable segments	5,927,114	5,553,591
Elimination of intra group balances	(554,606)	(332,485)
Reclassification for consolidation purposes	(1,603)	(2,048)
Consolidated assets	5,370,905	5,219,058

40.3.4 Liabilities

	2016	2015
Total liabilities of reportable segments	2,599,893	2,668,031
Elimination of intra group balances	(252,832)	(24,009)
Reclassification for consolidation purposes	-	(445)
Consolidated liabilities	2,347,061	2,643,577

40.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	2016	2015	2016	2015	2016	2015
	---- Rupees in thousands ----					
Pakistan	2,842,372	3,191,158	5,370,905	5,219,058	3,023,844	2,575,481
Export Processing Zone - Karachi	13,731	14,263	-	-	-	-
	2,856,103	3,205,421	5,370,905	5,219,058	3,023,844	2,575,481

40.5 Information about major customers

Major customers for cement segment are various individual dealers, builders & developers whereas major customer for power segment is Hyderabad Electric Supply Company Limited (HESCO).

41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. Taken as a whole the Group's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Group are as under:

	Note	2016	2015
		----- Rupees in thousands -----	
Financial Assets			
Long term investments - available for sale	7	164,768	279,341
Long term deposits	8	1,096	1,096
Trade debts	11	464,681	477,102
Short term investments - held to maturity	12	306,000	306,000
Loans and advances	13	22,764	19,066
Trade deposits	14	2,279	1,079
Other receivables and accrued interest	15	43,231	57,676
Cash and Bank Balances	17	247,659	172,853
		1,252,478	1,314,213

	Note	2016	2015
		----- Rupees in thousands -----	
Financial Liabilities			
Long term financing	19	1,690,099	1,945,039
Long term deposits	20	3,834	3,844
Trade and other payables	23	388,034	339,194
Accrued mark-up	24	8,876	46,039
Short term borrowings	25	19,168	135,449
		2,110,011	2,469,565

Financial instruments and related disclosures

a) Financial risk management objectives

The Group has exposure to the following risks from financial instrument:

- credit risk
- liquidity risk
- market risk
- operational risk

The Board of Directors (the Board) of the Group has the overall responsibility for establishment and oversight of the Group's risk management framework. To assist the Board in discharging its oversight responsibility, the Group's management has been made responsible for identifying, monitoring and managing the Group's financial risk exposure. The Group's overall risk management program focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Group's financial performance.

b) Credit risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with same party, or when counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

At the reporting date, the Group's total credit risk was concentrated in the following industrial/economic sectors:

	2016		2015	
	Rupees in thousands	%	Rupees in thousands	%
Banks	552,755	44%	478,226	36%
Others	699,723	56%	835,987	64%
	1,252,478	100%	1,314,213	100%

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Group has developed a policy of obtaining advance payment from its customers against sale of cement. Except for customers relating to the Government and certain credit worthy customers, the management strictly adheres to this policy. For any balance receivable from such Government and credit worthy customers, the management continuously monitors the credit exposure towards them and make provisions against those balances considered doubtful. Cash is held only with banks with high quality credit worthiness. There is no significant risk exposure to loan and advances and other receivables.

	Note	2016	2015
		----- Rupees in thousands -----	

The maximum exposure to credit risk at the reporting date is:

	Note	2016	2015
Long term deposits	8	1,096	1,096
Trade debts	11	464,681	477,102
Short term investments	12	306,000	306,000
Loans and advances	13	22,764	19,066
Trade deposits	14	2,279	1,079
Other receivables and accrued interest	15	43,231	57,676
Bank balances	17	246,755	172,226
		1,086,806	1,034,245

Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates. As at June 30, 2016 trade debts of Rs. 403.32 million (2015: Rs. 377.127 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default except for HESCO. As at June 30, 2016, trade debts includes Rs. 300.864 million receivable from HESCO who has delayed the payments as disclosed in note 11.1. However, the risk attributable to trade debt receivable from HESCO is secured to the extent of Rs. 286.71 million through Standby letter of credit obtained from HESCO under Power Purchase Agreement (PPA). The aging analysis of these trade debts is as follows:

	Note	2016	2015
		----- Rupees in thousands -----	
Not past due		61,358	99,975
Past due but not impaired			
- within 90 days		48,990	332,958
- 91 to 180 days		34,202	27,022
- over 180 days		320,131	17,147
	11	464,681	477,102

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies are as follows:

Credit ratings

Details of the credit ratings of bank balances as at June 30, 2016 is as follows:

	Note	2016	2015
		----- Rupees in thousands -----	
Rating - Bank balances			
A1 +		175,317	163,981
A1		71,406	8,205
A2		32	40
	17	246,755	172,226
Rating - Short term investments			
Term deposit (A1+)		306,000	306,000

Due to Group's long standing relationship with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligation to the Group. For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 11.3 The aging analysis of these impaired trade debts is as follows:

	2016	2015
	----- Rupees in thousands -----	
Over ten years	72,028	72,028

c) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Group is exposed to liquidity risk in respect of non-current interest bearing liabilities, long term deposit, short term borrowings, trade and other payable and mark-up accrued.

The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers except for supply of electricity to HESCO, Public Utility Company, in accordance with Power Purchase Agreement.

Maturity analysis for financial liabilities

The table below analyses Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

	2016				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	one to five years
	----- Rupees in thousands -----				
Non-derivative Liabilities					
Long term financing	1,690,099	(2,068,398)	(235,924)	(228,437)	(1,604,037)
Long term deposits	3,834	(3,834)	-	-	(3,834)
Trade and other payables	388,034	(388,034)	(388,034)	-	-
Short term borrowings	19,168	(19,168)	(9,584)	(9,584)	-
Accrued mark-up	8,876	(8,876)	(8,876)	-	-
	2,110,011	(2,488,310)	(642,418)	(238,021)	(1,607,871)

	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	one to five years
	-----------------------------------	Rupees in thousands	-----------------------------------		
Non-derivative Liabilities					
Long term financing	1,945,039	(2,527,860)	(272,081)	(191,671)	(2,064,108)
Long term deposits	3,844	(3,844)	-	-	(3,844)
Trade and other payables	339,194	(339,194)	(339,194)	-	-
Short term borrowings	135,449	(135,449)	(80,603)	(54,846)	-
Accrued mark-up	46,039	(46,039)	(46,039)	-	-
	2,469,565	(3,052,386)	(737,917)	(246,517)	(2,067,952)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at reporting date.

d) Market risk

Market risk is the risk that changes in market interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

e) Interest / Mark-up rate risk management

Interest / mark-up rate risk management arises from the possibility of changes in interest / mark-up rates which may affect the value of financial instruments. The Group has long term finance and short term borrowing at variable rates. Group is exposed to interest / mark-up rates risk on long term financing, interest rate risk for short term borrowing is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the consolidated balance sheet date the interest rate profile of the Group's interest bearing financial instruments is:

	Carrying amount	
	2016	2015
	----- Rupees in thousands -----	
Fixed rate instruments		
Financial assets	306,000	307,000
Financial liabilities	-	127,254
Variable rate instruments		
Financial assets	165,993	154,260
Financial liabilities	1,709,267	1,953,234

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect the consolidated profit and loss account.

Cash flow sensitivity analysis for variable rate instruments:

Financial assets

If interest rate had fluctuated by ±1% with all other variables held constant, consolidated profit before tax for the year would have been Rs. 1.66 million (2015: Rs 1.543 million) higher / lower, mainly as a result of higher / lower interest income from these consolidated financial assets.

Financial liabilities

If interest rate had fluctuated by ±1% with all other variables held constant, consolidated profit before tax for the year would have been Rs. 17.093 million (2015: Rs. 19.53 million) higher / lower, mainly as a result of higher / lower interest expense of these consolidated financial liabilities.

A summary of the Group's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

	Note	June 30, 2016				
		Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
			------------------ Rupees in thousands ------------------			
Assets						
Short term investment -						
held to maturity	12	6.30%	-	306,000	-	306,000
Bank balance in PLS accounts	17	4.5 % to 5 %	-	-	165,993	165,993
Total assets			-	306,000	165,993	471,993
Liabilities						
Short term running finance	25	8.85% to 10.01%	(9,584)	(9,584)	-	(19,168)
Long term financing	19	8.09% to 9.01%	(235,924)	(228,437)	(1,604,037)	(2,068,398)
Total liabilities			(245,508)	(238,021)	(1,604,037)	(2,087,566)
On-balance sheet gap			(245,508)	67,979	(1,438,044)	(1,615,573)
Total interest risk sensitivity gap			(245,508)	(177,529)	(1,615,573)	(1,615,573)

	Note	June 30, 2015				
		Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
			------------------ Rupees in thousands ------------------			
Assets						
Short term investment						
- held to maturity	12	9.45%	-	306,000	-	306,000
Bank balance in PLS accounts	17	4.5% to 7.5%	-	1,000	154,260	155,260
Total assets			-	307,000	154,260	461,260
Liabilities						
Short term running finance	25	10.99% to 13.18%	(80,603)	(54,846)	-	(135,449)
Long term financing	19	9.01% to 12.19%	(272,081)	(191,671)	(2,064,108)	(2,527,860)
Total liabilities			(352,684)	(246,517)	(2,064,108)	(2,663,309)
On-balance sheet gap			(352,684)	60,483	(1,909,848)	(2,202,049)
Total interest risk sensitivity gap			(352,684)	(292,201)	(2,202,049)	(2,202,049)

f) Foreign Exchange Risk Management

Foreign exchange risk is the risk that the value of financial asset or a liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Group's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities including amount payable, outstanding letter of credits and bills payable. The Group's exposure to foreign currency risk is as follows:

	2016		2015	
	Rupees	US $	Rupees	US $
	----- in thousands ----		----- in thousands ----	
Trade and other payables	43,621	416	36,485	359
Long term financing	-	-	127,254	1,251
Mark-up accrued on liability against DPLC	-	-	1,688	17
	43,621	416	165,427	1,627

Currently, the Group does not obtain forward cover against the gross exposure. The following significant rates applied during the year:

	Average rate		Balance sheet date rate	
	2016	2015	2016	2015
US Dollar to PKR	104.46	101.54	104.85	101.70

Sensitivity analysis

A five percent strengthening / weakening of Pak Rupee against US Dollar on June 30th would have increased / decreased the consolidated equity and consolidated profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2015.

	Profit and Loss Account	
	2016	2015
	----- Rupees in thousands -----	
Effects of US Dollars gain / loss	2,181	8,271

g) Fair value of financial instruments

Fair value of the financial instrument is the amount for which an asset could be sold or exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The methods used for determining fair value of each class of financial assets and liabilities are disclosed in respective policy notes.

h) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

		Level 1	Level 2	Level 3	Total
		---------------------- Rupees in thousands -------------------			
Available-for-sale					
Listed Shares	2016	164,768	-	-	164,768
Listed Shares	2015	279,341	-	-	279,341

i) Capital Risk Management

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns and benefits for shareholders and to maintain a strong base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payable to the shareholders or issue new shares.

The Group finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

j) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operational behaviour. Operational risks arise from all the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its objectives of becoming a profitable organisation, producing high quality cement and uninterrupted power generation to generate returns for investors. Primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities ;
- requirements for reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

42 CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purposes of better comparison and presentation as follows:

Nature of reclassification	Note	Reclassification from	Reclassification to	Rupees in thousands
Stores, spare parts and loose tools	9	Stores	Coal & other fuels	82,699
Stores, spare parts and loose tools	9	Stores	Store & spare parts	65,409
Stores, spare parts and loose tools	9	Spare parts	Store & spare parts	107,518
Selling and distribution cost	29	Miscellaneous	Marking fee expense	1,641

43 NUMBER OF EMPLOYEES

The total number of employees as at year end were 541 (2015: 544) and average number of employees were 542 (2015: 552).

44 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on August 27, 2016, have proposed for the year ended June 30, 2016, final cash dividend of Rs. 1.5 per share i.e. 15% (2015: Rs. 1.3 per share i.e. 13%) amounting to Rs. 149.577 million (2015: Rs. 129.63 million) for approval by the members of the Holding Company in the Annual General Meeting to be held on September 27, 2016. These consolidated financial statements for the year ended June 30, 2016 do not include the effect of the proposed cash dividend, which will be recognized in the consolidated financial statements for the year ending on June 30, 2017.

45 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on August 27, 2016 by the Board of Directors of the Holding Company.

46 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE

DIRECTOR

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Dividend Mandate Form

It is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his / her / its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 05, 2012, all the registered shareholders of Thatta Cement Company Limited hereby given the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company.

> Please note that this dividend mandate is optional and not compulsory, in case you do not wish your dividend to be directly credited into your bank account, then the same shall be paid to you through the dividend warrants.

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick "P" any of the following boxes.

Yes   No

If yes, then please provide the following information:

Shareholder's Detail
Name of the Shareholder
Folio No/CDC Participant ID& A/C #
CNIC No.
Passport No. (In case of Foreign Shareholder)
Landline number of Shareholder/Transferee
Cell number of Shareholder/Transferee
Shareholder's Bank Detail
Title of the Bank Account
Bank Account Number
Bank's Name
Branch name and Address

It is stated that the above mentioned information is correct, and I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

____

Signature of member/shareholder

Copy of Computerized National Identity Card (CNIC)

As per directions to all listed companies by Securities and Exchange Commission of Pakistan vide S.R.O. 831/2012 dated July 5, 2012, the "DIVIDEND WARRANT(S)" should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant cannot be issued without inserting the CNIC number of the member(s).

For this purpose, please provide us a copy of your CNIC (if not provided earlier) on MOST URGENT BASIS for compliance of the directions of SECP, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.

You must mention your folio number on the face of your CNIC copy for identification.

Copy of your CNIC may please be sent to our Share Registrar Office at the following address:

THK Associates (Pvt) Limited
Second Floor, State Life Building No. 3
Dr Ziauddin Ahmed Road,
Karachi - 75530

Telephone #	: (92-21) 111-000-322
Fax #	: (92-21) 35655595
Email	: secretariat@thk.com.pk
	: info@thk.com.pk
Website	: www.thk.com.pk

Shareholders are requested to immediately notify the change of address, if any.

Yours truly
For Thatta Cement Company Limited

Muhammad Taha Hamdani
Company Secretary

FORM OF PROXY

The Secretary
Thatta Cement Company Ltd.
Office No. 606-608A, 6th Floor,
Continental Trade Centre,
Block 8, Clifton
Karachi

Please quote:
No. of shares held. ______________
Folio No. ______________

I / We ____

of ____

member (s) of Thatta Cement Company Limited, hereby appoint ______________________

______________________ or failing him ______________________

______________________ of ______________________

______________ as proxy in my / our behalf at the Annual General Meeting to be held at Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Tuesday, September 27, 2016 at 12:00 noon and at any adjournment thereof.

As witness my hand this ____________ day of ______________________ 2016 ________

signed by ____

in the presence of ____

Signature

Rupee five revenue stamp

Important:

1. This Form of Proxy duly completed must be deposited at our Registered Office or Company's Registrar office M/s. THK Associates (Pvt) Ltd, Second Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road Karachi, not later than 48 hours before the time of holding the meeting.

2. A Proxy should also be a shareholder of the Company

پراکسی فارم

میں / ہم ــــــــــــــــــــــــــــــ کے ــ

ٹھٹھہ سیمنٹ پرائیوٹ لمٹیڈ کے رکن اور عام شئیر کے حامل کی حثیت کے ــــــــــــــــــــــــ (شئیرز کی تعداد)

رجسٹر کا فولیو نمبر ــــــــــــ اور / یا سی ڈی سی فولیو کا آئی ڈی نمبر ــــــــ اور زیلی اکاونٹ نمبر ــــــــــــ کے

ــــــــــــــــــــــ یا ــــــــــــــــــــ کے ــ

کو کمپنی کے سالانہ اجلاس عام جو 27 ستمبر 2016 کو بارہ بجے دن منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط ــــــــــــــــ بروز ــــــــــــــ تاریخ ــــــــــــ / ــــــــــــ 2016

گواہان: ــــــــــــــــــــــــ	دستخط: ــــــــــــــــــــــــ
نام: ــــــــــــــــــــــــ	نام: ــــــــــــــــــــــــ
پتہ: ــــــــــــــــــــــــ	پتہ: ــــــــــــــــــــــــ
کمپیوٹرائزڈ قومی شناختی نمبر: ــــــــــــــ	کمپیوٹرائزڈ قومی شناختی نمبر: ــــــــــــــ
پاسپورٹ نمبر ــــــــــــــــــــ	پاسپورٹ نمبر ــــــــــــــــــــ

ــــــــــــــــــــــــــــ

دستخط شئیر ہولڈرز

دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے

دستخط: ــــــــــــــــــــــــ

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل موصول ہو جانا چاہئے، نمائندے کو کمپنی کا رکن ہونا ضروری نہیں۔
سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداًفرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصیق شدہ نقل یا پاسپورٹ پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔


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SECP

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District Thatta, Sindh