ANNUAL REPORT 2019

THATTA CEMENT
COMPANY LIMITED

THATTA CEMENT

COMPANY LIMITED

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

Ms. Naheed Memon	Chairperson
Mr. Khawaja Muhammad Salman Younis	Director
Mr. Saleem Zamindar	Director
Mr. Noor Muhammad	Director
Mr. Agha Sher Shah	Director
Mr. Shahid Aziz Siddiqui	Director
Mr. Muhammad Taha Hamdani	Chief Executive

AUDIT COMMITTEE

Mr. Saleem Zamindar	Chairman
Mr. Khawaja Muhammad Salman Younis	Member
Mr. Shahid Aziz Siddiqui	Member

HR & REMUNERATION COMMITTEE

Mr. Agha Sher Shah	Chairman
Ms. Naheed Memon	Member
Mr. Muhammad Taha Hamdani	Member

IT STEERING COMMITTEE

Mr. Khawaja Muhammad Salman Younis	Chairman
Mr. Muhammad Taha Hamdani	Member
Shahid Yaqoob	Member

CHIEF FINANCIAL OFFICER
Shahid Yaqoob

COMPANY SECRETARY
Mr. Muhammad Abid Khan

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

CORPORATE ADVISOR
M/s Shekha & Mufti, Chartered Accountants

LEGAL ADVISOR
M/s Usmani & Iqbal

BANKERS - CONVENTIONAL
National Bank of Pakistan
Sindh Bank Limited
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
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi-75400
UAN: 021-111-000-322
Fax: 021-34168271
Website: www.thk.com.pk

REVIEW REPORT BY THE CHAIRPERSON ON THE OVERALL PERFORMANCE

Its gives me pleasure to present the Company's Annual Report for the year ended June 30, 2019.

Business Performance

Despite facing severe economic challenges, your company has been able to earn a profit after tax of Rs 213.522 million (2018: Rs 356.860 million) which is lower by 40.17% in comparison to last year. The Earnings per share is Rs 2.14 (2018: Rs 3.58). Decrease in profit is mainly due to decline in gross margins on account of higher cost of inputs and stringent price competition.

The results of the Company's operations are dealt with in further detail in the annexed Directors' Report and Financial Statements.

Board Performance

The Board has approved a formal process for its performance evaluation and adopted self-evaluation mechanism based on comprehensive questionnaire. The obligation to undertake annual evaluation process is assigned to the Human Resource Committee of the Board. Accordingly, performance evaluation of the Board, its members and Committees of the Board was conducted as per mechanism approved by the Board.

Overall objective of performance evaluation of the Board is to bring improvement in the overall governance of the Company, efficiencies in Board processes, enhancement of role of individual directors and sound support of Board Committees facilitating in discharging its responsibilities. The key areas that are assessed includes : (1) Composition of the Board and meeting procedures (2) Vision and strategic direction (3) Monitoring of Company's Performance (4) Overall roles and responsibilities (5) relationship amongst the Board and Management (6) Composition & performance of Board committees.

Keeping in view the evaluation of aforementioned key areas, overall performance of the Board, Members and Committees of the Board for the year under review was satisfactory.

Ms. Naheed Memon
Chairperson
September 23, 2019

DIRECTORS' REPORT

The Directors of your Company are pleased to present herewith their review and the audited financial statements together with auditors' report for the year ended June 30, 2019.

OVERVIEW

Production and dispatches for the year ended on June 30, 2019 are as follows:

Description	2019	2018	Variance	
	------------------------- Metric Tons	-------------------------		
				%
Production				
Clinker	470,245	405,885	64,360	15.85
Cement	366,649	393,748	(27,099)	(6.88)
GGBFS	260	7,952	(7,692)	(96.73)
Dispatches				
Cement	368,057	393,458	(25,401)	(6.46)
Clinker	188,890	15,046	173,844	1,155.42
GGBFS	260	7,952	(7,692)	(96.73)
Total	557,207	416,456	140,751	33.80

The clinker production of your Company during the year under review was 470,245 tons resulting in capacity utilization of 92.21% in comparison with the clinker production of 405,885 tons implying capacity utilization of 79.59% during the corresponding `year.

Industry Review

During the year 2018-2019, growth in local cement dispatches of cement industry declined by 1.95% against sound increase of 15.42% in last year. However, exports reflect a whopping growth of 37.72% as compared with 1.77% in previous year. Moreover, as a result of addition in production capacity by major cement players, retention prices remained under pressure till the close of year ended on June 30, 2019. As a consequence, the capacity utilization by leading cement companies has fallen by over 10% compared with last year.

Sales Review

Cement sales of the company during the year ended on June 30, 2019 decreased by 6.46% in terms of volume because of tough price competition due to availability of excess capacities influencing the sales volumes. Therefore, the Company started to export clinker and dispatched 157,369 tons of clinker to customers abroad during the year under review.

Financial Review

A comparison of key financial results of your Company's performance for the year ended June 30, 2019 with the same period last year is as under:

Particulars	2019	2018
	----- Rupees in thousands	-----
Sales – net	3,468,411	2,842,538
Gross profit	671,967	756,004
Selling & Distribution Cost	220,258	70,256
Finance Cost	50,620	64,727
Profit before taxation	295,318	497,371
Profit for the year	213,522	356,860
Earnings per share (Rupees)	2.14	3.58

Overall sales revenue of the company increased by 22.01% due to export of clinker during the year ended June 30, 2019 compared with previous year. Cost of production during the year has increased due to rise in prices of coal, packing material and other input cost alongwith with the impact of devaluation of Pak rupee against US $. Consequently, gross margins are reduced significantly from 26.60% to 19.37% as compared with last year.

Distribution cost has increased by Rs 150.002 million during the year as compared to preceding year mainly on account of exports related expenses incurred on export of clinker whereas finance cost has decreased by 21.79% due to reduction in outstanding amount of long term loan. As a result, the Company earned a net profit after tax of Rs 213.522 million which is 40.17% lower as compared to previous year.

Dividend

Keeping in view of lower profitability during the year and foreseeing the challenging conditions faced by cement sector in the year ahead, the Board has decided not to declare any dividend for the year ended June 30, 2019.

Principal risks and uncertainties facing the Company

Most of the leading cement companies have made addition in their production capacities which resulted in availability of excessive cement compared with demand in the market. Due to this phenomenon, cement industry is experiencing tight competition in terms of sales volumes and prices which may intensify in short to medium term. Keeping in view this risk, your company is continuously evolving strategies and adopting appropriate measures to manage such risks to meet challenges ahead to maintain sustainable business operations.

Moreover, details of the Company's financial risk management policies and objectives in respect of its use of financial instruments are included in Note 40 to the unconsolidated financial statements together with a description of its exposure, including its exposure to market risk, credit risk and liquidity risk.

Impact of Company's business on the environment

The major impact of cement manufacturing business on environment is related to particulate matter and fugitive dust emissions of both inhalable and respirable micron sizes emitted from processes adopted for clinker production that cause a chronic fatal disease i.e. Silicosis.

The Company has a dedicated and qualified staff to meet the statutory and regulatory compliances of SEPA and SEQS standards. Being proactive on the impact of company's business on the environment, the Company has installed de-dusting equipment such as dust cyclones, bag houses, dust suppression by damping down method, 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).

Moreover, Environmental Quality Standards for ambient Air, Drinking Water, Noise and all other parameters are complied as required by SEPA Act 2014. Monitoring and Analysis procedures are also implemented through SEPA Certified Environmental Laboratory.

During FY 2018-19, the Subsidiary Company of TCCL installed Waste Heat Recovery System (WHRS) to ensure the active contribution in minimizing Global Warming Impacts and to reduce the Carbon Emissions resulting from cement production and power generation.

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 arranged various safety and health awareness sessions. Further, a well equipped Silicosis Diagnostic & health screening center with a suitably qualified staff has been established.

Adequacy of internal financial controls

All the necessary steps are being taken by the Directors to ensure the effectiveness of the Company's internal financial control systems up to and including the date of approval of the financial statements. This had regard to all material controls, including financial, operational and compliance controls that could affect the Company's business.

Related Party Transactions

All related party transactions entered into 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. Moreover, In terms of the requirement of section 208 of Companies Act, 2017[Act], following matters are included herein.

a. **Renewal of Loan / Advance facility aggregating to Rs 300 million for Thatta Power (Private) Limited, Subsidiary Company[SC]**

Thatta Cement Company Limited (TCCL) had sought approval from its shareholders in Annual General Meeting [AGM] held on October 16, 2015, to provide advance/loan facility to SC to honor its financial obligations and to meet its working capital requirements. Thereafter, approval for annual renewal of aforesaid facility was sought for a period of one year in AGM(s) held on September 27, 2016, September 18, 2017 and October 15, 2018 respectively taking into account the requirements for funds by SC. The approval of said advance/loan facility is valid upto the holding of AGM of the Company to be held on October 21, 2019.

However, increasing trade debts of the Subsidiary Company as of June 30, 2019 which mainly represents receivable from HESCO indicates that there is a delay in payment of electricity bills by HESCO; hence SC may require financial support to honor its financial obligations and to meet its working capital requirements. This in turn enables SC to provide uninterrupted supply of electricity to TCCL for sustainable cement production. Therefore, it is proposed to seek renewal for advance/loan facility to SC to ensure availability of sufficient working capital to meet its financial obligations. Accordingly, a Statement of fact under section 134(3) of the Act is annexed to the annual report setting out all material facts along with justification concerning the aforesaid matter.

b. **Waste Heat Utilization Agreement[WHUA] with Thatta Power (Private) Limited, Subsidiary Company[SC]**

Waste Heat Recovery Project [WHRP] for generating 5 MW electricity by the Subsidiary Company is in the phase of test run. TCCL will provide waste heat released from Air Quenching Chamber & Suspension Pre-heater to the Subsidiary Company to produce super heated steam. For that purpose, TCCL executed a WHUA to provide waste heat to the SC. The said agreement was approved by the respective Board of Directors of TCCL and SC and shareholders in Annual General Meeting held on October 15, 2018.

c. **Service Level Agreement with Thatta Power (Private) Limited, Subsidiary Company[SC]**

TCCL is providing business support services to its SC to facilitate their day to day operations. For that purpose, a service level agreement is in place which specifies scope of services and related terms and conditions. The said agreement was approved by the respective Board of Directors of TCCL and SC.

d. **Power Purchase Agreement with Thatta Power (Private) Limited, Subsidiary Company [SC] for supply of electricity to TCCL.**

TCCL has entered into a Power Purchase Agreement [PPA] on December 12, 2011 with SC for supplying of electricity. SC started its commercial operation effective from December 12, 2012. The pricing mechanism for invoicing/billing against supply of electricity along with terms and conditions are mentioned in the said PPA. The PPA was executed in accordance with the New Captive Power Policy, 2009.

Corporate and Financial Reporting

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. All necessary steps are being taken to ensure good Corporate Governance.

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

c. The financial statements together with notes thereto have been drawn in conformity with the Companies Act, 2017. 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.

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

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

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

g. 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.

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

a.	Provident Fund	Rs.	9.850 million
b.	Gratuity Fund	Rs.	13.412 million

i. The value of investments as per audited accounts of retirement benefit plans of Thatta Cement Company Limited as at June 30, 2019 are as follows:

a.	Provident Fund	Rs.	91.26 million
b.	Gratuity Fund	Rs.	72.65 million

j. Key operating and financial statistics for the last six years have been given separately.

k. Detail statement of number of Board, Audit Committee and Human Resources & Remuneration Committee meetings held during the year and attendance by each director/member is annexed to this report separately as Annexure I as required under 227(2)(a) of the Companies Act, 2017.

l. Pattern of Shareholding of the Company in accordance with section 227(2)(f) of the Companies Act, 2017 is annexed to this report.

Code of Corporate Governance

a. The 'Statement of Compliance with the Code of Corporate Governance' is annexed to this report.

b. Mentioned below is the Composition of Board of Directors to be included in Annual Report under section 227 of the Companies Act, 2017:

Description	Number of directors
a) Male	6
b) Female	1

Composition

I. Independent Directors	4
II. Non-Executive	2
III. Executive Director	1

Remuneration of Directors

The remuneration of Directors is governed by the Articles of Association of the Company which requires that the remuneration of a Director to be paid to every Director for attending the Meeting of the Directors or a committee of directors shall from time to time be determined by the Board of Directors taking into account the competencies and efforts in the light of scope of their responsibilities.

Board Evaluation

As required under the Listed Companies Code of Corporate Governance Regulations 2017, an annual evaluation of performance of the Board, members of the Board and its Committees was carried out to ensure that Board's overall performance and effectiveness is measured against the objectives set for the company. For that purpose, Board has developed a mechanism for evaluation of Board's own performance, members of the Board and its Committees. Based on the evaluation, overall performance of the Board, members and Committees of the Board for the year under review is satisfactory.

External Auditors

The present auditors M/s Grant Thornton Anjum Rahman & Co, Chartered Accountants being eligible have offered themselves for re-appointment. As per recommendation of the Audit Committee, the Board recommends to the shareholders the appointment of M/s Grant Thornton Anjum Rahman & Co, Chartered Accountants as auditors of the Company for the year ending on June 30, 2020.

Future Outlook

Due to significant changes brought in taxation laws through Finance Act, 2019, particularly the condition of obtaining copy of Computerized National Identity Card (CNIC), the overall business activites are still showing signs of stagnancy. This situation has affected the cement sales as well which is falling down since the start of the current financial year as majority of the cement dealers are not registered. The matter is under negotiation by various trade bodies representing wholesalers and dealers with Federal Board of Revenue (FBR).

Rising inflation and hike in interest rates added fuel to the fire as it resulted in enhanced cost of production and increase in cost of funds required to manage working capital for the industry. Moreover, there is slowdown in major demand generated from large infrastructure projects which are financed through utilization of Public Sector Development Funds (PSDP) allocated by the Government of Pakistan.

In the backdrop of above factors, domestic sales will continue to remain challenging for the cement industry in short to medium term, however sales on the export front are expected to be stable.

Hence, Government of Pakistan (GoP) should step in more aggressively and take emergency policy measures particularly in its taxation policy in addition to revisiting its monetary policy to provide conducive business environment which lays down the foundation for revival of economic activity in the country. Additionally, GoP needs to allocate substantial funds towards PSDP including investment in mega water reservoirs/dams and low cost housing schemes to achieve estimated GDP growth rate of 3.29% in the year 2019-2020 which will ultimately be beneficial for the country as a whole and as well as for cement sector.

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 226(4) of the Companies Act, 2017 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, 2019.

Operating Results	2019	2018
Statement of Financial Position	----- Rupees in thousands -----	
Property, plant and equipment	4,403,521	3,395,307
Stock-in-Trade	370,977	504,039
Trade Debts	881,813	512,967
Paid-up Share Capital	997,181	997,181
Total Equity - Holding Company	3,639,915	3,361,736
Trade and Other payables	428,056	694,972
Short Term Borrowings	285,080	364,489
Statement of Profit or Loss		
Sales - net	4,134,378	3,793,875
Gross Profit	1,070,780	1,186,128
Selling, Distribution cost & Administrative Expense	338,721	198,501
Profit before taxation	646,927	885,089
Profit for the year	559,610	741,901
Earnings per share (in Rupees)	4.31	5.99

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 339.615 million; however, distribution of dividend to the shareholders of TPPL cannot 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 New Captive Power Policy (N-CPP) 2009. 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 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 its 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 Company had filed an appeal before the Supreme Court of Pakistan on October 28, 2015 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, which are pending for adjudication.

WASTE HEAT RECOVERY [WHR] PROJECT OF THATTA POWER (PRIVATE) LIMITED

The test run of Waste Heat Recovery [WHR] project is in progress. Moreover, commercial operation of the project is expected to commence in the first quarter of the ensuing financial year.

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.

Muhammad Taha Hamdani
Chief Executive Officer

Ms. Naheed Memon
Chairperson

Karachi: September 23, 2019

ANNEXURE I

Attendance of Directors in Board Meetings held during the year ended June 30, 2019:

Name of Directors	No. of Meetings	Meeting attended
Mr. Khawaja Muhammad Salman Younis	6	5
Mr. Muhammad Taha Hamdani	6	6
Mr. Shahid Aziz Siddiqui	6	5
Mr. Agha Sher Shah	6	5
Mr. Saleem Zamindar	6	6
Ms. Naheed Memon	6	6
Mr. Shahzad Sabir *	1	1
Mr. Noor Muhammad **	3	3
Mr. Attaullah A. Rasheed ***	1	1

* Elected as Director w.e.f October 15, 2018 and Resigned as Director on January 7, 2019
** Appointed as Director w.e.f February 4, 2019
*** Retired on October 15, 2018 i.e. on date of AGM.

Attendance of Members in Audit Committee Meetings held during the year ended June 30, 2019:

Name of Members	No. of Meetings	Meeting attended
Mr. Saleem Zamindar	4	4
Mr. Attaullah A. Rasheed *	1	1
Mr. Khawaja Muhammad Salman Younis	4	4
Mr. Shahid Aziz Siddiqui	4	3

* Retired on October 15, 2018 i.e. on date of AGM.

Attendance of Members in Human Resource & Remuneration Committee Meetings held during the year ended June 30, 2019:

Name of Members	No. of Meetings	Meeting attended
Mr. Agha Sher Shah	1	1
Mr. Muhammad Taha Hamdani	1	1
Ms. Naheed Memon	1	-

ذیلی کمپنی نے ہیسکو کے ساتھ 14 مئی 2011 کو پاور پرچیز ایگریمنٹ (پی پی اے) طے کیا تھا، اس معاہدے کی رو سے کمپنی نے ہیسکو کو معاہدے میں طے شدہ نرخوں پر بجلی فروخت کرنا تھی۔ یہ معاہدہ نیو کیپٹیو پاور پالیسی 2009 کی شقوں کی پاسداری کرتے ہوئے طے پایا۔ تاہم بعد ازاں نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا) کیجانب سے بجلی کے نرخ مقرر کرنے کیلئے ایک نیا فارمولہ پیش کیا گیا جس کے تحت بجلی فروخت کرنے کے نرخوں میں کمی کر دی گئی۔ نیپرا کی جانب سے این۔سی پی پیز کو کم نرخ دیئے جانے کا یہ فارمولہ بالخصوص ان حالات میں جبکہ صوبہ سندھ میں بجلی کا سخت بحران پایا جاتا ہے انتہائی نامناسب تھا۔ نیپرا کے اس آرڈر کو مد نظر رکھتے ہوئے، ہیسکو نے نوٹس دیا کہ وہ کمپنی کو خریدی گئی بجلی کے نرخ نئے فارمولے کے تحت ادا کریں گے۔ اس کے جواب میں ذیلی کمپنی کی جانب سے سندھ ہائی کورٹ کے روبرو ایک درخواست دائر کی گئی جس میں یہ مؤقف اپنایا گیا تھا کہ، ہیسکو ذیلی کمپنی کو پی پی اے کے مطابق ادئیگی کرنے میں ناکام رہی ہے۔ معزز عدالت کی جانب سے ٹی پی پی ایل کی درخواست کو خارج کرتے ہوئے، ہیسکو کو یہ ہدایت کی گئی کہ وہ ٹی پی پی ایل کو 2012-02-01 تک پی پی اے میں متعین نرخوں کے مطابق ادئیگیاں کرے اور اس تاریخ کے بعد سے ادئیگیاں نیپرا کی جانب سے پیش کئے گئے نئے فارمولے کے مطابق کی جائیں۔ امید کے برخلاف فیصلہ آنے اور قانونی ٹیم سے مشاورت کے بعد ذیلی کمپنی نے ہائی کورٹ کی جانب سے دیئے گئے فیصلے کے خلاف سپریم کورٹ آف پاکستان میں مورخہ 2015-10-28 کو ایک اپیل دائر کر دی گئی ہے۔ نتیجتاً، ہیسکو اور نیپرا کی جانب سے بھی سندھ ہائی کورٹ کی جانب سے دیئے گئے فیصلے کے خلاف سپریم کورٹ کے روبرو اپیلیں دائر کر دی گئی ہیں جو کہ عدالت عظمی کے سامنے زیر التواء ہیں۔

ویسٹ ہیٹ ریکوری (ڈبلیو ایچ آر) پروجیکٹ ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ

ویسٹ ہیٹ ریکوری (ڈبلیو ایچ آر) کا ٹیسٹ رن جاری ہے۔ مزید بر آں، امید ہے کہ اگلے مالی سال کی پہلی سہ ماہی میں یہ پروجیکٹ کمرشل پیمانے پر کام کرنا شروع کر دے گا۔

اظہار تشکر

ڈائریکٹرز تمام حصص داران، مالیاتی اداروں اور صارفین کے تہہ دل سے مشکور ہیں کہ ان کا تعاون، انکی حمایت اور انکی رہنمائی ہمیشہ ہمارے شامل حال رہی۔ ڈائریکٹرز کمپنی کے تمام ملازمین کی جانب سے انتھک محنت، اجتماعی کوششوں اور اخلاص کیلئے ان کے بے حد مشکور ہیں اور امید کرتے ہیں کہ آئندہ بھی ان کی جانب سے کمپنی کی ترقی اور مستقبل کے چیلنجز اور تقاضوں سے نمٹنے کیلئے اسی عزم وہمت کا مظاہرہ کیا جائے گا۔

محمد طحہ ہمدانی

چیف ایگزیکیٹیو

ناہید میمن

چیئرپرسن

کراچی: 23 ستمبر 2019

ان تمام حالات کی سنگینی کے پیش نظر مقامی سطح پر قلیل المیعاد اور درمیانی مدتی عرصے کیلئے سیمنٹ کی فروخت میں بھی مسائل پیش آتے رہیں گے تاہم سیمنٹ کی برآمدات کے سلسلے میں توقع کی جا سکتی ہے کہ اس میں توازن برقرار رہے گا۔

لہٰذا حکومت پاکستان (جی او پی) کو چاہیئے کہ اس سلسلے میں انتہائی جارحانہ اقدامات اٹھائے، بالخصوص ٹیکس پالیسی کے سلسلے میں اور سازگار کاروباری ماحول پیدا کرنے کیلئے اپنی مالیاتی پالیسی پر بھی نظر ثانی کرے جس کی بنیاد پر ملک کے اندر معاشی سرگرمیاں پروان چڑھتی ہیں۔ علاوہ ازیں، حکومت پاکستان کو چاہیئے کہ پی ایس ڈی پی کے ضمن میں بھی فنڈز مہیا کرے جن میں پانی کے بڑے ذخائر / ڈیموں کے منصوبے بھی شامل ہوں اور مالی سال 2019-2020 کے دوران جی ڈی پی کی نشوونما کو 3.29% کی سطح پر لانے کیلئے سستے گھروں کی تعمیرات کے منصوبے کا آغاز بھی کیا جائے۔ یہ منصوبہ بالعموم پورے ملک اور بالخصوص سیمنٹ کی صنعت کیلئے بہت فائدہ مند ثابت ہو گا۔

انتظامیہ کمپنی کو درپیش مشکلات سے مکمل طور پر آگاہ ہے اور ان مشکلات اور خطرات کے اثرات کو کم از کم کرنے کی غرض سے مستقل بنیادوں پر نا صرف حکمت عملی وضع کر رہی ہے بلکہ اس ضمن میں خاطر خواہ اقدامات بھی اٹھائے جا رہے ہیں تاکہ مستقبل کے خطرات سے نمٹنے کے علاوہ کمپنی کے کاروبار میں ترقی کو بھی برقرار رکھا جا سکے۔

گروپ کی کارکردگی

کمپنیز ایکٹ 2017 کے سیکشن (4) 226 کے تحت رپورٹ ہذا یعنی مالیاتی دستاویزات برائے سال 30 جون 2019 کے ساتھ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ (ہولڈنگ کمپنی) اور ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ (ذیلی کمپنی) کی مجموعی مالیاتی دستاویزات کو بھی منسلک کیا گیا ہے۔

Operating Results

Statement of Financial Position	2019	2018
	----- Rupees in thousands -----	
Property, plant and equipment	4,403,521	3,395,307
Stock-in-Trade	370,977	504,039
Trade Debts	881,813	512,967
Paid-up Share Capital	997,181	997,181
Total Equity - Holding Company	3,639,915	3,361,736
Trade and Other payables	428,056	694,972
Short Term Borrowings	285,080	364,489
Statement of Profit or Loss		
Sales - net	4,134,378	3,793,875
Gross Profit	1,070,780	1,186,128
Selling, Distribution cost & Administrative Expense	338,721	198,501
Profit before taxation	646,927	885,089
Profit for the year	559,610	741,901
Earnings per share (in Rupees)	4.31	5.99

ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ - کیپٹیو پاور پلانٹ

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ (ٹی سی ایل) کی ذیلی کمپنی ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ (ٹی پی پی ایل) نے 339.615 ملین روپے کا منافع بعد از ٹیکس کمایا ہے، تاہم اس سال حصص داران کو ڈیویڈنڈ نہیں دیئے جائیں گے جس کی وجہ ذیلی کمپنی کی جانب سے طے کئے جانے والے محدود تمویلی معاہدے ہیں جن کی وجہ سے یہ پابندی عائد ہے۔ لہٰذا حصص داران کو مستقبل میں منافع کی تقسیم کی جائے گی جس کا انحصار تمویلی معاہدوں کی شرائط پر ہو گا۔

تفصیلات	ڈائریکٹروں کی تعداد
الف۔ مرد	6
ب۔ خواتین	1
ساخت	
i۔ آزاد ڈائریکٹرز	4
ii۔ غیر انتظامی ڈائریکٹرز	2
iii۔ انتظامی دائریکٹرز	1

ڈائریکٹروں کا مشاہرہ

ڈائریکٹروں کے مشاہرے کا تعین کمپنی کے آرٹیکلز آف ایسوسی ایشن کے ذریعے کیا جاتا ہے جس کے تحت کسی بھی ڈائریکٹر کو ڈائریکٹروں کے اجلاس میں شرکت کیلئے یا ڈائریکٹروں کی کسی کمیٹی کے اجلاس میں شرکت کیلئے مشاہرہ ادا کیا جائے گا جس کا تعین بورڈ آف ڈائریکٹرز کی جانب سے ان کے دائرہ کار اور ذمہ داریوں کی روشنی میں ان کی قابلیت اور کاوشوں کی بنیاد پر کیا جائے گا۔

بورڈ کی کارکردگی کی جانچ

لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس، ریگولیشنز 2017 کے تحت کمپنی کے طے شدہ اہداف کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز اور اس کے ممبران اور بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ لیا گیا ہے۔ اس مقصد کیلئے بورڈ نے اپنی، اپنے ممبران اور کمیٹیوں کی کارکردگی کو پرکھنے کیلئے ایک نظام وضع کر رکھا ہے۔ سال رواں میں کی گئی اس جانچ کے مطابق بورڈ، اس کے ممبران اور کمیٹیوں کے ممبران کی کارکردگی اطمینان بخش ہے۔

بیرونی آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس نے اپنی اہلیت کی بنیاد پر ایک مرتبہ پھر تعیناتی کیلئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی کی سفارشات کی بنیاد پر بورڈ آف ڈائریکٹرز حصص داران کے سامنے یہ سفارش پیش کرتے ہیں کہ میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کو آنے والے مالی سال 30 جون 2020 کیلئے کمپنی میں بطور آڈیٹرز تعینات کر لیا جائے۔

مستقبل پر نظر

ٹیکس قوانین میں فنانس ایکٹ 2019 کے ذریعے بڑے پیمانے پر لائی جانے والی تبدیلیوں، بالخصوص قومی شناختی کارڈ کی نقل حاصل کرنے کی شرط کی وجہ سے مجموعی طور پر کاروباری سرگرمیاں سست روی کا شکار ہیں۔ ان حالات کا اثر سیمنٹ کی صنعت پر بھی پڑا ہے اور رواں مالی سال کے آغاز سے ہی سیمنٹ کی فروخت میں کمی آرہی ہے کیونکہ سیمنٹ کے ڈیلروں کی اکثریت غیر رجسٹرڈ شدہ ہے۔ اس معاملے پر مختلف ہول سیلرز اور ڈیلروں کی جانب سے فیڈرل بورڈ آف ریونیو (ایف بی آر) سے مذاکرات کئے جارہے ہیں۔

بڑھتی ہوئی مہنگائی اور شرح سود میں اضافے کی وجہ سے حالات میں مزید خرابی پیدا ہوئی ہے اور اس سے پیداواری لاگت میں بھی اضافہ ہوا ہے اور فنڈز کی لاگت میں اضافے کی وجہ سے صنعت میں ورکنگ کیپٹل کا بندوبست رکھنے کی اشد ضرورت رہتی ہے۔ مزید برآں، بڑے ترقیاتی منصوبے جنہیں حکومت پاکستان کے پبلک سیکٹر ڈیویلپمنٹ فنڈز سے رقم فراہم کی جاتی ہے، سست روی کا شکار ہیں اور نتیجتاً ان سے پیدا ہونے والی سیمنٹ کی طلب بھی سست روی کا شکار ہے۔

2۔ کمپنی کی جانب سے تمام کھاتوں کو باقاعدہ محفوظ کیا جاتا ہے۔

3۔ مالیاتی دستاویزات اور اس کے ساتھ منسلک نوٹس کی تیاری کے سلسلے میں کمپنیز ایکٹ 2017 اور پاکستان میں مستعمل انٹر نیشنل فنانشل رپورٹنگ اسٹینڈرڈز اور انٹر نیشنل اکاؤنٹنگ اسٹینڈرڈز کی مکمل پاسداری کی گئی ہے۔ اور اس ضمن میں کسی قسم کی کوئی قابل ذکر روگردانی نہیں کی گئی۔

4۔ مالیاتی دستاویزات کی تیاری میں مستقل بنیادوں پر اکاؤنٹنگ کی مناسب پالیسیوں پر عمل کیا جارہا ہے اور تمام محاسبی تخمینے قرین قیاس ہیں۔

5۔ کمپنی کے اندرونی کنٹرول سسٹم کو جامع اور مؤثر انداز سے نافذ کیا گیا ہے اور اسکی مستقل بنیادوں پر نگرانی اور اصلاح کی جاتی ہے۔

6۔ کمپنی ہمیشگی کی بنیاد پر اپنی کاروباری سرگرمیاں جاری رکھے ہوئے ہے اور اس سلسلے میں شک کی کوئی گنجائش موجود نہیں ہے کہ کمپنی اپنی کاروباری سرگرمیوں کو مستقل بنیاد پر آئندہ بھی جاری رکھے گی۔

7۔ کمپنی کے ذمے ٹیکسز، ڈیوٹیز، لیویز اور دیگر واجبات کے ضمن میں معمول کی کاروباری سرگرمیوں اور ان واجبات کے علاوہ اور کوئی واجبات نہیں ہیں جنھیں مالیاتی دستاویزات میں بیان کیا جاچکا ہے۔

8۔ کمپنی کی جانب سے اپنے مستقل ملازمین کیلئے ایک پراویڈنٹ فنڈ اور گریجویٹی فنڈ کا انتظام کیا گیا ہے۔ ذیل میں ان رقوم کو بیان کیا جارہا ہے جنہیں کمپنی کی جانب سے دستاویز برائے نفع ونقصان میں ظاہر کیا گیا ہے۔

پراویڈنٹ فنڈ	9.850 ملین روپے
گریجویٹی فنڈ	13.412 ملین روپے

9۔ آڈٹ شدہ اکاونٹس کے مطابق ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کے انویسٹمنٹ پلان برائے ریٹائرمنٹ بینفٹس کی قدر بتاریخ 30 جون 2019 درج ذیل ہے:

پراویڈنٹ فنڈ	91.26 ملین روپے
گریجویٹی فنڈ	72.65 ملین روپے

10۔ گزشتہ چھ سال سے متعلق تمام اہم کاروباری اور مالیاتی شماریات الگ سے فراہم کی گئی ہیں۔

11۔ دوران سال بورڈ، آڈٹ کمیٹی اور انسانی وسائل و ادائیگیوں کی کمیٹی کی جانب سے منعقد کی جانے والی میٹنگز کی تعداد اور ان میٹنگز میں شرکت کرنے والے ڈائریکٹروں کی حاضری سے متعلق ہر ڈائریکٹر کی فرداً فرداً تفصیل (ضمیمہ 1) جو کہ۔ کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت سالانہ رپورٹ کا حصہ بنایا گیا ہے

12- کمپنی کی ترتیب حصص داری کو کمپنیز ایکٹ 2017 کے سیکشن (f)(2) 227 کے تحت رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کی پاسداری

الف۔ دستاویز برائے کوڈ آف کارپوریٹ گورننس کی پاسداری (سی سی جی) کو بھی اس رپورٹ سے منسلک کیا گیا ہے۔

ب۔ کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت بورڈ آف ڈائریکٹرز کی درج ذیل ساخت کو سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے:

الف۔300 ملین روپے قرض / ایڈوانس کی سہولت کی تجدید برائے ٹھٹھ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی

ٹھٹھ سیمنٹ کمپنی لمیٹڈ (ٹی سی سی ایل) کی جانب سے اپنے سالانہ عام اجلاس منعقدہ 16 اکتوبر 2015 میں حصص داران سے ذیلی کمپنی کو اس کی مالیاتی ذمہ داریوں اور راس المال کی ضروریات سے نبرد آزما ہونے کیلئے قرض / ایڈوانس کی سہولت فراہم کرنے کی منظوری حاصل کی گئی تھی۔ ذیلی کمپنی کی مالیاتی ضروریات کو مد نظر رکھتے ہوئے قرض کی مزکورہ سہولت جاری رکھنے کے لئے بل ترتیب سالانہ عام اجلاس منعقدہ 27 ستمبر 2016 اور 18 ستمبر 2017 اور 15 اکتوبر 2018 میں بھی اس منظوری کی تجدید کی گئی تھی۔ اس قرض کے سلسلے میں حاصل کی گئی منظوری کمپنی کے آئندہ سالانہ عام اجلاس مؤرخہ 21 اکتوبر 2019 تک کارآمد رہے گی۔

تاہم 30 جون 2019 تک ذیلی کمپنی کی تجارت کی مد میں قابل وصول رقم میں غیر معمولی اضافہ ہوا ہے جس کا بڑا حصہ ہیسکو سے قابل وصول رقم ہے اور جو اس بات کی نشاندہی کر رہا ہے کہ ہیسکو کی جانب سے بجلی کے بلوں کی ادائیگی میں تاخیر کی جا رہی ہے اس لئے ذیلی کمپنی کو اپنی مالیاتی ذمہ داریوں اور راس المال کی ضروریات پورا کرنے کیلئے مالیاتی امداد کی ضرورت پیش آسکتی ہے۔ اس مالیاتی امداد کے نتیجے میں ذیلی کمپنی ٹھٹھ سیمنٹ کمپنی لمیٹڈ کو بلا تعطل بجلی کی فراہمی جاری رکھ سکے گی اور ٹھٹھ سیمنٹ کمپنی لمیٹڈ سیمنٹ کی پیداوار کے عمل کو بلا تعتل جاری رکھ سکے گی۔ اسی لئے ذیلی کمپنی کی مالیاتی ذمہ داریوں اور راس المال کی ضروریات کو پورا کرنے کیلئے مجوزہ قرض کی سہولت کی تجدید کی تجویز دی جا رہی ہے۔ اسی مناسبت سے، سالانہ رپورٹ کے ساتھ کمپنیز ایکٹ 2017 کی زیر دفعہ (3)134 کے تحت ایک ضمیمہ بھی منسلک کیا گیا ہے جس میں مزکورہ بالاہ معاملے سے متعلق تمام اہم حقائق اور اس کے جواز کے حق میں دلائل پیش کئے گئے ہیں۔

ب۔ ٹھٹھ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی، کے ساتھ ویسٹ ہیٹ یوٹیلائزیشن ایگریمنٹ

ذیلی کمپنی کی جانب سے ویسٹ ہیٹ ریکوری پروجیکٹ کے تحت 5 میگاواٹ بجلی پیدا کرنے کا ایک منصوبہ ٹیسٹ رن کے مرحلے میں ہے۔ ٹھٹھ سیمنٹ کمپنی لمیٹڈ کی جانب سے ذیلی کمپنی کو ایئر کوئینچنگ چیمبر اور سسپنشن پری ہیٹر کے ذریعے ویسٹ ہیٹ فراہم کی جائے گی تاکہ سپر ہیٹڈ اسٹیم کے ذریعے ذیلی کمپنی مزکورہ بجلی پیدا کر سکے۔ اس مقصد کیلئے ٹھٹھ سیمنٹ کمپنی لمیٹڈ کی جانب سے ذیلی کمپنی کے ساتھ ویسٹ ہیٹ یوٹیلائزیشن ایگریمنٹ کیا گیا ہے تاکہ اسے ویسٹ ہیٹ مہیا کی جا سکے۔ مزکورہ معاہدے کے سلسلے میں ٹھٹھ سیمنٹ کمپنی لمیٹڈ اور ذیلی کمپنی کے بورڈ آف ڈائریکٹرز اور حصص داران سے عام سالانہ اجلاس منعقدہ 15 اکتوبر 2018 میں منظوری حاصل کی جا چکی ہے۔

ج۔ ٹھٹھ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی کے ساتھ سروس لیول ایگریمنٹ

ٹھٹھ سیمنٹ کمپنی لمیٹڈ کی جانب سے ذیلی کمپنی کو اپنے روز مرہ کے کاروباری معاملات چلانے کیلئے خدمات فراہم کی جاتی ہیں۔ ان خدمات کی فراہمی ایک سروس لیول ایگریمنٹ کے تحت ہوتی ہے جس میں ان خدمات کے دائرہ کار، معاوضہ اور شرائط وضوابط کو طے کیا گیا ہے۔ مزکورہ معاہدے کی منظوری ٹھٹھ سیمنٹ کمپنی لمیٹڈ اور ذیلی کمپنی کے بورڈ آف ڈائریکٹرز سے حاصل کی جا چکی ہے۔

د۔ ٹھٹھ سیمنٹ کمپنی لمیٹڈ کو بجلی کی فراہمی کیلئے ٹھٹھ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی کے ساتھ پاور پرچیز ایگریمنٹ

ٹھٹھ سیمنٹ کمپنی لمیٹڈ کی جانب سے بجلی کی فراہمی کیلئے ذیلی کمپنی کے ساتھ 12 دسمبر 2011 کو پاور پرچیز ایگریمنٹ کیا گیا تھا۔ ذیلی کمپنی کی جانب سے 12 دسمبر 2012 کو کمرشل بنیادوں پر بجلی کی پیداوار کا آغاز ہو چکا ہے۔ پاور پرچیز ایگریمنٹ کے اندر بجلی کی فراہمی کے سلسلے میں انوائسنگ / بلنگ اور دیگر شرائط وضوابط کو طے کیا گیا ہے۔ پاور پرچیز ایگریمنٹ کو نیو کیپٹیو پاور پالیسی 2009 کے تحت عمل میں لایا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ

1۔ ٹھٹھ سیمنٹ کمپنی لمیٹڈ کی جانب سے تیار کی جانے والی مالیاتی دستاویزات صحیح انداز سے کمپنی کے معاملات، کاروباری نتائج، نقد رقوم کی ترسیل اور حصص میں تبدیلی کی نمائندگی کرتی ہیں۔

کمپنی کے کاروبار کے ماحول پر اثرات

سیمنٹ کی پیداوار سے ماحول کو سب سے بڑا خطرہ کلنکر کی پیداوار کے دوران خارج ہونے والے انتہائی چھوٹے چھوٹے ذرات سے ہے جنہیں با آسانی بذریعہ سانس اندر لے جایا جاسکتا ہے اور جو ایک مستقل اور مہلک بیماری سیلیکوسس کا باعث بن سکتے ہیں۔

کمپنی کے پاس اعلیٰ تربیت یافتہ اور دل جمعی کے ساتھ کام کرنے والا ایسا اسٹاف موجود ہے جو کہ ایس ای پی اے اور ایس ای کیو ایس کے معیارات کی پاسداری کیلئے ہمہ وقت کوشش میں لگا رہتا ہے۔ کمپنی کے کاروبار کی وجہ سے ماحولیات کو پہنچنے والے نقصانات سے نمٹنے کیلئے کمپنی اقدامی حکمت عملی پر یقین رکھتے ہوئے ایسے طریقے اپنائے ہوئے ہے جس سے ان خطرات کو کم سے کم کیا جاسکے جیسا کہ کمپنی کی جانب سے گرد کو قابو میں رکھنے کی غرض سے ڈسٹ سائیکلون، بیگ ہاؤسز، نمی کے ذریعے گرد کو کنٹرول کرنے کا سسٹم اور الیکٹروسٹیٹک نمی سسٹم اور پرسنل پروٹیکٹیو سسٹم وغیرہ کی تنصیب کی گئی ہے اور اس کے ساتھ ساتھ کمپنی کے احاطے میں سانس کے ذریعے اندر سرائیت کر جانے والی گرد آر ایس پی ایم اور آر ایف ڈی کو قابو میں کرنے کیلئے اسپیڈ لمٹ کنٹرولز کا نفاذ کیا گیا ہے۔

اس کے علاوہ قابل استعمال ہوا، پینے کے صاف پانی اور شور کی شدت سے متعلق ایس ای پی اے ایکٹ 2014 کے تحت ماحولیات کیلئے قائم کئے جانے والے معیارات کی بھی مکمل پاسداری کی جاتی ہے۔ اس کے علاوہ ایس ای پی اے سے مصدقہ ماحولیاتی لیبارٹری کے ذریعے مانیٹرنگ اور تجزیات کا عمل بھی جاری رہتا ہے۔

مالی سال اختتامیہ 2018-2019 کے دوران ٹی سی سی ایل کی ذیلی کمپنی کی جانب سے ویسٹ ہیٹ ریکوری سسٹم کی تنصیب کی گئی ہے تاکہ گلوبل وارمنگ کے اثرات کو کم کرنے میں کمپنی کے موثر کردار کو یقینی بنایا جائے اور سیمنٹ کی پیداوار اور پاور جنریشن کے نتیجے میں ہونے والے کاربن کا اخراج بھی کم کیا جاسکے۔

کارپوریٹ معاشرتی ذمہ داری

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے آپکی کی کمپنی نے اپنی معاشرتی ذمہ داریوں کو ہمیشہ بطریق احسن نبھایا ہے۔ جس شہر میں کمپنی اپنے کاروباری افعال سرانجام دے رہی ہے وہاں کی مقامی آبادیوں کی فلاح و بہبود کیلئے کمپنی اقدامات اٹھاتی رہتی ہے۔ دوران سال رواں کمپنی کی جانب سے تعلیم اور صحت کے شعبوں میں خاطر خواہ رقوم خرچ کی گئی ہے۔ اس سلسلے میں معیاری اسٹاف کے ساتھ تمام تر سہولیات سے آراستہ سیلیکوسز تشخیصی وصحتی مرکز بھی قائم کیا گیا ہے۔

اندرونی مالیاتی نظم وضبط

مالیاتی دستاویزات کی منظوری کی تاریخ تک کمپنی کے ڈائریکٹروں کی جانب سے کمپنی کے اندرونی مالیاتی نظم وضبط کو مضبوط کرنے کیلئے ہر ممکن اقدامات اٹھائے گئے ہیں۔ ان اقدامات کا تعلق ہر اس اہم معاملے سے ہے جو کہ کمپنی کے مالیاتی امور، کاروباری افعال اور ضوابط کی پاسداری سے تعلق رکھتے ہیں اور کمپنی کے کاروبار پر اثر انداز ہوسکتے ہیں۔

متعلقہ پارٹیوں کے ساتھ معاملات

متعلقہ پارٹیوں سے کئے گئے لین دین کے تمام معاملات معمول کے مطابق ہیں اور اس سلسلے میں پاکستان اسٹاک ایکسچینج لمیٹڈ کے ضوابط کے مطابق آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز سے منظوری حاصل کرلی گئی تھی۔ مزید برآں، کمپنیز ایکٹ 2017 کے سیکشن 208 کے تقاضوں کو پورا کرنے کے لئے مندرجہ ذیل معلومات بھی شامل کردی گئی ہے۔

مالیاتی کارکردگی

کمپنی کی مالیاتی کارکردگی برائے مالی سال 30جون 2019 اور گزشتہ سال اسی عرصے کے دوران مالیاتی کارکردگی کا تقابلی جائزہ درج ذیل ہے:

Particulars	2019	2018
	----- Rupees in thousands -----	
Sales – net	3,468,411	2,842,538
Gross profit	671,967	756,004
Selling & Distribution Cost	220,258	70,256
Finance Cost	50,620	64,727
Profit before taxation	295,318	497,371
Profit for the year	213,522	356,860
Earnings per share (Rupees)	2.14	3.58

کمپنی کی فروخت کے مجموعی حجم میں کلنکر کی برآمدات کی وجہ سے مالی سال اختتامیہ 30جون 2019 کے دوران گزشتہ مالی سال کے مقابلے میں 22.01 فیصد کا اضافہ درج کیا گیا ہے۔ زیر نظر مالی سال کے دوران پیداواری لاگت میں بھی اضافہ ہوا جس کی وجہ کوئلے، پیکنگ میٹیریل اور دیگر خام مال کی قیمتوں میں اضافہ تھا جس میں روپے کی قدر میں ہونے والی کمی کے اثرات بھی شامل ہیں اور نتیجتاً گزشتہ مالی سال کے مقابلے میں رواں مالی سال کے دوران منافع کی شرح میں 26.60٪ فیصد سے 19.37٪ فیصد کی زبردست کمی واقع ہوئی ہے۔

گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران مال کی ترسیل و تقسیم کی لاگت میں 150.002 ملین روپے اضافہ درج کیا گیا ہے جس کی وجہ کلنکر کی برآمدات پر آنے والے برآمداتی اخراجات ہیں، جبکہ تمویلی لاگت میں 21.79٪ فیصد کی کمی واقع ہوئی ہے کیونکہ طویل المیعاد قرضوں کی ادائیگی کے بعد ان کے حجم میں کمی آئی ہے۔ اس طرح کمپنی کی جانب سے 213.522 ملین روپے بعد از ٹیکس منافع کمایا گیا ہے جو کہ گزشتہ کے منافع کی بنسبت 40.17٪ فیصد کم ہے۔

ڈیوڈنڈ

سال رواں کے منافع اور مستقبل کے چیلنجز کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز کی جانب سے مالی سال 30جون 2019 کیلئے نقد ڈیوڈنڈ نہ دینے کا اعلان کیا گیا ہے۔

کمپنی کو لاحق اہم خطرات و غیر یقینی صورتحال

سیمنٹ کی صنعت کے اہم شراکت داروں کی جانب سے پیداواری گنجائش میں اضافے کے منصوبے پایہ تکمیل کو پہنچ چکے ہیں جس کی وجہ سے طلب سے زیادہ سیمنٹ مارکیٹ میں موجود ہے۔ ان حالات کے پیش نظر سیمنٹ کے حجم اور قیمتوں کے اعتبار سے سیمنٹ کی صنعت میں سخت مسابقت کا ماحول پایا جاتا ہے اور آئندہ برسوں میں اس مسابقت میں مزید شدت پیدا ہونے کے خدشات ہیں۔ اس خطرے کو مد نظر رکھتے ہوئے آپ کی کمپنی کی جانب سے مستقل بنیادوں پر ایسی حکمت عملی وضع کی جارہی ہے اور ایسے اقدامات اٹھائے جارہے ہیں کہ آئندہ سالوں میں کاروبار کی نشوونما میں اضافے کیلئے اس خطرے سے نمٹا جا سکے۔

مزید برآں کمپنی کے فنانشل رسک مینجمنٹ اور اس سے متعلق پالیسیوں اور اہداف کو مالیاتی دستاویزات کے نوٹ نمبر 40 میں شامل کیا گیا ہے جس میں اس رسک کی نوعیت بمعہ مارکیٹ رسک، کریڈٹ رسک اور لیکیوڈیٹی رسک کو بھی واضح کیا گیا ہے۔

ڈائریکٹرز رپورٹ

آپکی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی آڈٹ شدہ مالیاتی دستاویزات برائے 30 جون 2019 اپنے جائزے اور آڈیٹرز کی رپورٹ کے ساتھ آپکی خدمت میں پیش کر رہے ہیں۔

مجموعی جائزہ

مالی سال اختتامیہ 30 جون 2019 کے دوران پیداوار اور فروخت کے اعدادوشمار ذیل میں پیش کئے جارہے ہیں:

Description	2019	2018	Variance	
	------------------------- Metric Tons	-------------------------		%
Production				
Clinker	470,245	405,885	64,360	15.85
Cement	366,649	393,748	(27,099)	(6.88)
GGBFS	260	7,952	(7,692)	(96.73)
Dispatches				
Cement	368,057	393,458	(25,401)	(6.46)
Clinker	188,890	15,046	173,844	1,155.42
GGBFS	260	7,952	(7,692)	(96.73)
Total	557,207	416,456	140,751	33.80

آپ کی کمپنی کی جانب سے زیر نظر مالی سال کے دوران کلنکر کی پیداوار 470،245 ٹن رہی ہے اور پیداواری صلاحیت کو 92·21 فیصد زیر استعمال لایا گیا جبکہ گزشتہ مالی سال کے دوران 79.59 فیصد پیداواری صلاحیت کو زیر استعمال لاتے ہوئے کلنکر کی پیداوار 405,885 ٹن درج کی گئی تھی۔

صنعتی جائزہ

مالی سال 2018-2019 کے دوران مقامی سطح پر سیمنٹ کی صنعت میں سیمنٹ کی ترسیل میں 1·95 فیصد کی کمی واقع ہوئی ہے جبکہ گزشتہ مالی سال کے دوران 15·42 فیصد کا زبردست اضافہ درج کیا گیا تھا۔ تاہم برآمدات میں 37·72 فیصد کا زبردست اضافہ درج کیا گیا ہے جبکہ گزشتہ مالی سال کے دوران برآمدات میں 1·77 فیصد کا اضافہ درج کیا گیا تھا۔ مزید برآں سیمنٹ کے بڑے صنعت کاروں کی جانب سے سیمنٹ کی پیدواری صلاحیت میں اضافے کی وجہ سے سیمنٹ کی ریٹیننشن پرائسز مالی سال اختتامیہ 30 جون 2019 کے اختتام پر دباؤ کا شکار رہی ہیں۔ جس کا نتیجہ یہ نکلا کہ سیمنٹ کی اہم کمپنیوں کی جانب سے گزشتہ سال کے مقابلے میں رواں سال کے دوران پیداواری صلاحیت کو 10 فیصد کم زیر استعمال لایا گیا۔

کمپنی کی فروخت کا جائزہ

مالی سال اختتامیہ 30 جون 2019 کے دوران سیمنٹ کی فروخت میں بلحاظ حجم 6·46 فیصد کی کمی واقع ہوئی ہے کیونکہ سیمنٹ کے وافر ذخائر کی موجودگی کی وجہ سے قیمتوں کے میدان میں سخت مسابقت کا ماحول پایا گیا۔ لہٰذا زیر نظر مالی سال کے دوران کمپنی کی جانب سے کلنکر کی برآمد شروع کر دی گئی اور اس سال کمپنی کی جانب سے بیرون ملک اپنے گاہکوں کو 157,369 ٹن کلنکر برآمد کیا گیا۔

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2019

Category No.	Categories of Shareholders	No. of shares held	Category wise no. of shareholders	Category wise shares held	Percentage %
1	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN		7	4,125	0.004
	- KHAWAJA MUHAMMAD SALMAN YOUNIS	125			
	- AGHA SHER SHAH	1,000			
	- SHAHID AZIZ SIDDIQUI	500			
	- MUHAMMAD TAHA HAMDANI	1,000			
	- SALEEM ZAMINDAR	500			
	- NAHEED MEMON	500			
	- NOOR MUHAMMAD	500			
2	EXECUTIVES	-	-	-	-
3	MUTUAL FUNDS		3	3,180,080	3.189
	- CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,368,580			
	- CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	308,500			
	- CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,503,000			
4	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		4	51,058,286	51.203
	- AL-MIFTAH HOLDINGS (PVT) LIMITED	14,895,118			
	- GOLDEN GLOBE HOLDING (PVT) LIMITED	8,479,090			
	- RISING STAR HOLDING (PVT) LIMITED	6,531,291			
	- SKY PAK HOLDING (PVT) LIMITED	21,152,787			
5	PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-	-
6	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARBAS AND PENSION FUNDS		4	11,927,935	11.962
7	General Public				
	- Local		2,548	26,309,593	26.384
	- Foreign		118	4,065,105	4.077
8	OTHERS		28	3,173,001	3.182
			2,712	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
SUMMIT BANK LIMITED	FALLS IN CATEGORY # 6	8,462,835	8.49%
SKY PAK HOLDING (PVT) LTD	FALLS IN CATEGORY # 4	21,152,787	21.21%
AL-MIFTAH HOLDING (PVT) LTD	FALLS IN CATEGORY # 4	14,895,118	14.94%
GOLDEN GLOBE HOLDING (PVT) LTD	FALLS IN CATEGORY # 4	8,479,090	8.50%
RISING STAR HOLDING (PVT) LTD	FALLS IN CATEGORY # 4	6,531,291	6.55%

Note:

In compliance with the requirement of clause 5.6.1 (d) of PSX Regulations the threshold for employees who shall be consider as 'executive' for the purposes of disclosing trades in the shares of the listed companies are those employees whose basic salary exceeds rupees twelve hundred thousand in a financial year.

PATTERN OF SHAREHOLDINGS CDC AND PHYSICAL

AS AT JUNE 30, 2019

No. of shareholders	Shareholdings		Total shares held
	From	To	
241	1	100	2,563
793	101	500	388,534
389	501	1,000	374,533
670	1,001	5,000	1,890,996
242	5,001	10,000	1,988,034
87	10,001	15,000	1,127,800
68	15,001	20,000	1,260,483
49	20,001	25,000	1,137,833
31	25,001	30,000	893,500
13	30,001	35,000	433,000
14	35,001	40,000	543,000
5	40,001	45,000	215,000
21	45,001	50,000	1,033,000
8	50,001	55,000	427,500
8	55,001	60,000	472,000
1	60,001	65,000	65,000
5	65,001	70,000	348,000
3	70,001	75,000	222,500
2	75,001	80,000	158,500
1	80,001	85,000	85,000
2	85,001	90,000	180,000
1	90,001	95,000	91,000
6	95,001	100,000	600,000
3	100,001	105,000	312,000
3	105,001	110,000	327,000
2	110,001	115,000	224,500
1	115,001	120,000	116,000
2	125,001	130,000	258,500
1	130,001	135,000	135,000
1	135,001	140,000	139,500
2	150,001	155,000	304,000
1	170,001	175,000	175,000
2	175,001	180,000	355,000
3	195,001	200,000	598,500
1	200,001	205,000	201,500
1	205,001	210,000	208,500
1	230,001	235,000	231,500
1	240,001	245,000	242,000
2	250,001	255,000	502,148
1	270,001	275,000	275,000

No. of shareholders	Shareholdings		Total shares held
	From	To	
1	285,001	290,000	285,500
1	305,001	310,000	308,500
1	310,001	315,000	313,500
1	325,001	330,000	328,000
1	385,001	390,000	390,000
1	400,001	405,000	405,000
1	405,001	410,000	408,500
1	420,001	425,000	424,000
1	495,001	500,000	500,000
1	525,001	530,000	527,000
1	600,001	605,000	605,000
1	775,001	780,000	780,000
1	995,001	1,000,000	1,000,000
1	1,365,001	1,370,000	1,368,580
1	1,500,001	1,505,000	1,503,000
1	1,935,001	1,940,000	1,940,000
1	2,385,001	2,390,000	2,388,000
1	3,370,001	3,375,000	3,375,000
1	4,800,001	4,805,000	4,804,000
1	6,530,001	6,535,000	6,531,291
1	8,460,001	8,465,000	8,462,835
1	8,475,001	8,480,000	8,479,090
1	14,895,001	14,900,000	14,895,118
1	21,150,001	21,155,000	21,152,787
2,712			99,718,125

KEY OPERATING AND FINANCIAL STATISTICS OF SIX YEARS

	2019	2018	2017	2016	2015	2014
	---Rupees in thousands---					
Summary of Statement of Financial Position						
Assets Employed						
Property, plant and equipment	2,086,685	2,199,535	2,055,402	2,173,000	2,149,869	1,415,559
Intangible assets	-	2,800	5,793	6,485	6,418	318
Long term deposits	1,096	1,096	1,096	1,096	1,096	1,006
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	299,158
Current assets	1,223,161	1,637,106	1,533,877	1,300,122	823,233	1,113,366
	3,610,100	4,139,695	3,895,326	3,944,629	3,559,115	2,969,513
Financed by						
Shareholders equity	2,618,906	2,556,790	2,440,620	2,074,969	1,673,500	1,349,257
Long term financing	-	87,817	319,750	1,026,684	1,215,380	484,652
Current portion of long term financing	87,817	231,933	231,933	231,933	69,398	24,586
	87,817	319,750	551,683	1,258,617	1,284,778	509,238
Long term deposits & deferred liabilities	315,909	305,347	289,105	204,469	152,392	151,195
Current liabilities	675,285	1,189,741	845,851	638,507	517,843	984,409
Current portion of long term financing	(87,817)	(231,933)	(231,933)	(231,933)	(69,398)	(24,586)
	587,468	957,808	613,918	406,574	448,445	959,823
Total funds invested	3,610,100	4,139,695	3,895,326	3,944,629	3,559,115	2,969,513
Summary of Statement of Profit or Loss						
Turnover	3,468,411	2,842,538	3,656,723	2,846,147	2,304,404	2,182,327
EBITDA	488,591	689,237	1,089,909	903,011	517,344	593,147
EBIT	345,938	562,098	943,029	791,004	473,468	544,656
% Change in Sales	22.02	(22.26)	28.48	23.51	5.59	(7.58)
% Change in EBITDA	(29.11)	(36.76)	20.70	74.55	(12.78)	51.44
% Change in EBIT	(38.46)	(40.39)	19.22	67.07	(13.07)	60.14
Gross Profit	671,967	756,004	1,163,029	913,844	645,901	682,015
Operating profit	349,465	563,202	913,686	728,181	512,899	544,789
Profit before tax	295,318	497,371	855,306	666,009	417,007	473,159
Profit for the Year	213,522	356,860	581,993	614,443	289,274	298,387
Accumulated Profit carried forward	1,522,007	1,459,891	1,343,721	913,548	431,766	252,358
Earnings per share (Rupees)	2.14	3.58	5.84	6.16	2.90	2.99

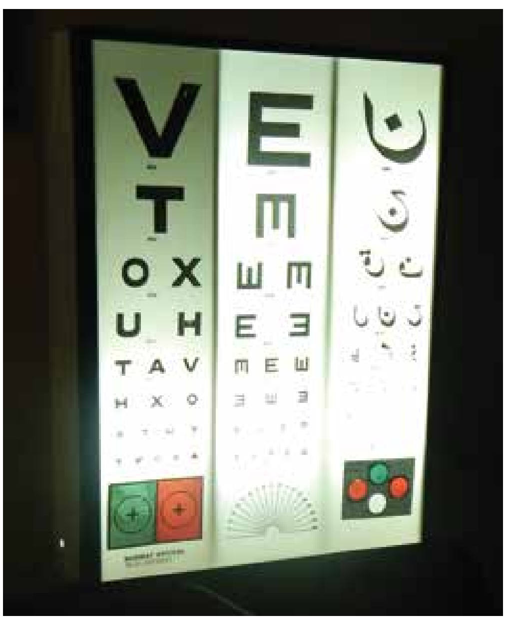
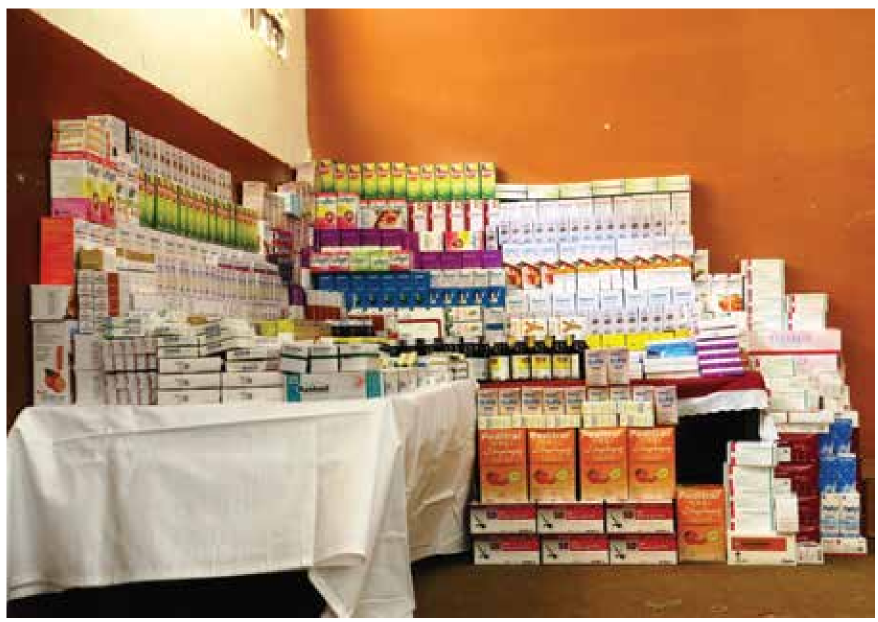
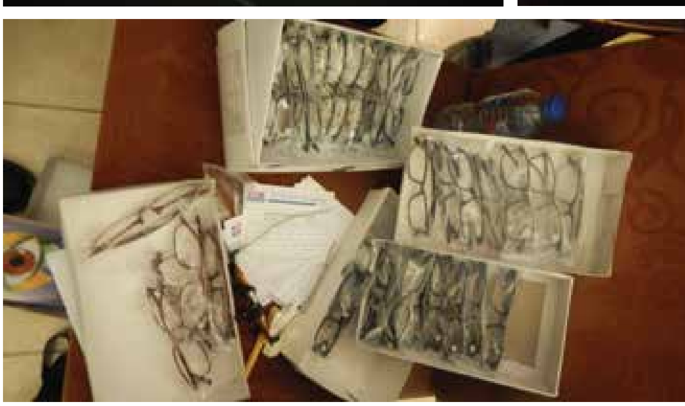
CORPORATE SOCIAL RESPONSIBILITY HEALTH, SAFETY & ENVIRONMENT, EMPLOYEES WELFARE, EDUCATION, WELL BEING & EMPOWERMENT OF SOCIETY

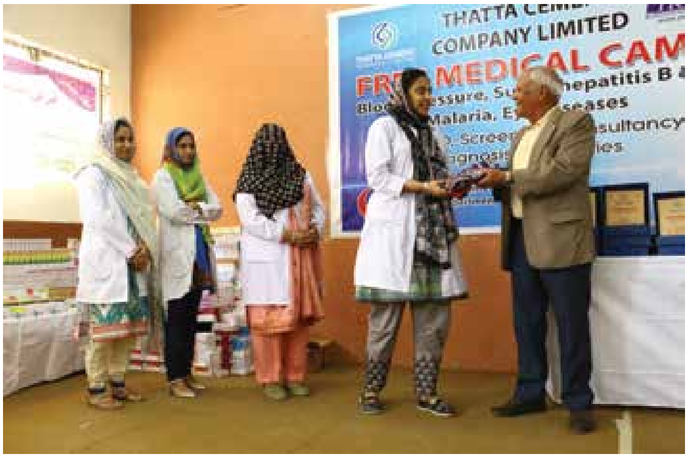
Thatta Cement Company Limited (TCCL) is one of the compliant organizations in Pakistan. The Company strive to establish benchmarks pertaining to business ethics including Corporate Social Responsibility, Health Safety & Environment, Employees Welfare, Education, Well Being and Empowerment of Society. Our market share of moral values is undeniably provides a road map to other organizations to meet socio-economic needs of society.

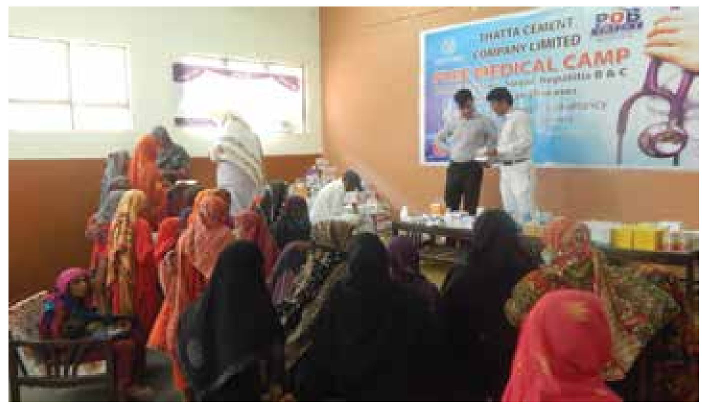
Being a responsible corporate citizen, TCCL invested a huge capital on Waste Heat Recovery System (WHRS) to minimize the impact of Global Warming and Reduce the Carbon Emissions by means of utilizing the emissions of Cement Plant and Power Generators to produce Renewable & Alternative Environment Friendly Energy up to 5MW. This waste heat recovery system is not only environment friendly; we also designed it with high consideration of Health & Safety requirements of Building Code of Pakistan – Fire Safety Provisions 2016. We equipped our WHR Plant with Water & AFFF type Riser System with other protective and preventive arrangements of Fire Safety.

TCCL is the only cement factory in Pakistan with highly qualified HSE Team. We have four (04) level 06 qualified HSE Professionals certified as GradIOSH. (i.e., IOSH Graduates). Despite of falling in the scope of Heavy Industry, our Total Recordable Injury Rate (TRIR) remained less than one during FY 2018-19. (i.e., 0.58 LTI/100 employees/year). Considering the employer's responsibilities regarding Occupational Safety & Health at Workplace defined by ILO C-155 & R-164 of 1981, we are practically implementing SEPA Act 2014, SEQS Rules 2014, Sindh Factories Act 2015 Chapter 03: Health & Safety, Building Code of Pakistan – Fire Safety Provisions 2016, SEQ Standards 2016, Sindh OSH Act 2017 and ISO 45001:2018. Our 80 plus employees have completed IOSH Course Work. 100 plus employees have completed HABC Course Work in disciplines of Fire Safety, COSHH, First Aid & Risk Assessment. During FY 2018-19, our 237 employees have been directly trained by Rtd. Commandant Federal Civil Defence regarding First Aid and CPR.


During the same Financial Year, TCCL organized a Free Medical Camp in March 2019 and provided Free of Cost health facility including Consultancy, Diagnosis, Medicines and Surgeries to the patients of Blood Pressure, Diabetes, Hepatitis B & C, Malaria and Eye Disease. Total 786 patients from all neighboring villages have been treated. 36 cases of Cataract Surgeries diagnosed, TCCL provided free of cost arrangements to all Cataract patients for Free of Cost Cataract Surgeries from POB Trust Hospital Karachi. Also we arranged Eye Sight testing and issued glasses to the villagers for better vision.



TCCL is also running an in-house Silicosis Diagnostic Center equipped with X-Ray Machine, Spirometers, Peak Flow Meters, Finger Pulse Oximeters and Nebulizers to diagnose Oxygen Saturation, Lungs Functional/Breathing Capacity, symptoms of plural masses, etc. TCCL has 24 hours working Pharmacy with a wide range of Medicines which includes Syrups of Chest Disease, ARI, Bronchial Asthma, Cough, Chest Congestion, Cystic Fibrosis, and other Respiratory illnesses. The setup is established with appointment of a Qualified X-Ray Technician, male and female MBBS Qualified Registered Medical Practitioners (RMPs) and four (04) qualified dispensers and 01 female staff nurse. The Company's Chief Medical Officer is MBBS, RMP and Qualified in Chest Disease from T.B. Sanatorium (Govt of Sindh - Hospital) – Kotri. Fortunately all Medical & Paramedic staff of TCCL is also trained on First Aid, Basic Life Support and CPR from Federal Civil Defence Training School Karachi.

It is pertinent to mention here that in compliance with Chapter (III) – Section (25) – Clause (I) of Sindh Factories Act 2015, TCCL carries out the Bi-annual health screening of all workers through certifying surgeon of Labor Department (Govt. of Sind), and not a single case of silicosis has been diagnosed in our employees so far. In recognition of our occupational health compliances, Certifying Surgeon issued Appreciation Letter to TCCL. 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 the Company had invested a huge capital and incurring substantial amount in maintaining 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.

Moreover, as required in SEPA Act 2014 - Part (V): Prohibitions & Enforcement - Section 11 (2) & (3), TCCL is ensuring the compliance with Environmental Quality Standards for ambient Air, Drinking Water, Noise and all other parameters. Monitoring and Analysis is also implemented through SEPA Certified Environmental Laboratory as prescribed in the Rules 2014. We are complying SEQS Rules 2014 - Category (C) - Schedule (V) and Category (A) - Schedule (II). Every year we sign a Work Order for forthcoming Financial Year with an Environmental Laboratory to carryout independent analysis of our Emissions and Effluents after obtaining evidence of effective SEPA Certificate, subject to the conditions laid down in Regulation 09 of the Sindh Environmental Quality Standards (Certification of Environmental Laboratories) Regulations, 2014.

The vision and contribution of TCCL for education is not limited to a particular establishment. TCCL is not only sponsoring Educational Institutions, also we are running Model Terbiat School under CSR Program to spread education in neighboring villages. TCCL evaluate training needs of employees on annual basis under organization development program, allocate a sufficient amount to fulfill the identified development needs of employees and spend adequately on both in-house and outdoor/external learning opportunities of employees. In this respect, TCCL has contributed towards the industry of Pakistan by means of nurturing highly qualified and competent resources as a contribution towards Human Capital Development. During FY 2018-19, we have succesfully achieved our quality objective of minimum 12 plus hours training to each individual employee of TCCL by means of crossing the mile stone of 2700 Man Hours Training.

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". In recent board exams, MTS secured distinctive position in district education board. TCCL allocates reasonable amount to provide quality education to neighboring villages. In this respect the contribution of Thatta Cement in nurturing good moral values at corporate level is undeniably incredible. 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. In recent financial year2018-19, , TCCL provided direct monetary support of millions of rupees to Thatta Cement Education Board besides other facilities of free of cost utilities and maintenance of Model Terbiat School.

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 a compliant tax payer and highly responsible corporate citizen which encourage 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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Thatta Cement Company Limited will be held at Beach Luxury Hotel, M. T. Khan Road, Karachi on October 21, 2019 at 11:00 a.m. to transact the following business:

A. Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 15, 2018.

2. To receive, consider and adopt Annual Audited Unconsolidated and Consolidated Financial Statements of the Company together with the Directors' and the Auditors' reports thereon for the year ended June 30, 2019.

3. To appoint external auditors of the Company for the year ending on June 30, 2020 and fix their remuneration.

B. Special Business

4. Investment (Loan/advance) under section 199 of the Companies Act, 2017

   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 advance/loan facility to Thatta Power(Private) Limited, the Subsidiary Company, to the extent of total amount of Rs. 300 million as approved/renewed by the shareholders in the Annual General Meeting held on October 15, 2018, be and is hereby extended further for a period of one year till the holding of next Annual General Meeting to be held on or before October 28, 2020, to meet the requirements of Regulation 5(7) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 dated December 6, 2017.

   FURTHER RESOLVED that the Chief Executive Officer 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 and advances) of the Company's funds as above as and when required at the time of investment.

   The statement as required under section 134(3) of the Companies Act, 2017 is being sent to the members with the notice.

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

Karachi : September 30, 2019

By Order of the Board

Muhammad Abid Khan
Company Secretary

Notes:

1. The Share Transfer Books of the Company for Ordinary Shares will remain closed from October 14, 2019 to October 21, 2019 (both days inclusive) for determination of entitlement of shareholders 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 October 11, 2019 by the Company's Share Registrar i.e. M/s THK Associates (Pvt) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi-75400, will be treated as being in time 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, alongwith 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 Tax/Zakat/dividend certificate. 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, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi-75400

3. The Company shall provide video conference facility to its members for attending the general meeting at places other than the town in which the general meeting is scheduled after considering the geographical dispersal of its members provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 7 days prior to date of the meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

   The Company will intimate members regarding venue of the video-link facility at least five days before the date of the general meeting along with complete information necessary to enable them to access the facility.

   In this regard, please fill the following form and submit to the Registered Office of the Company 7 days before holding of the general meeting.

   I/We ________________of __________________being a member of Thatta Cement Company Limited, holder of _________________ Ordinary shares as per Registrar Folio No _____________ hereby opt for video conference facility at________________________.

   ____
   Signature of Member

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, 2019 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, approval was obtained from shareholders in the Annual General Meeting held on September 27, 2016 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.

   In addition to above, in terms of SRO No 787(I)/2014 dated September 8, 2014, shareholders can also opt to obtain annual Statement of Financial Position and Statement of Profit or Loss, Auditor's Report and Directors Report etc. alongwith the notice of Annual General Meeting through email. For this purpose, we hereby provide you an opportunity to send us your written consent 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, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi-75400.

6. For any query/problem/information, shareholders may contact the Company and/or Company's Share Registrar M/s THK Associates (Pvt) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi-75400.

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

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Material facts concerning special business at the Annual General Meeting are given below:
Investment (Loan/Advance) under section 199 of the Companies Act, 2017

In terms of Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 dated December 6, 2017, every listed company which has obtained approval of shareholders, under section 199 of the Companies Act, 2017 in Annual General Meeting of the Company, has to provide the status of decision taken by shareholders including any change in terms and conditions of that investment /loan/advance. The Company in its preceding Annual General Meeting held on October 15, 2018 had sought extension in time for providing loan/advance facility to its associated company/undertaking under section 199 of the Companies Act, 2017 for a period of one year till the holding of next Annual General Meeting. Therefore, approval for extension in time for a further period of one year is required to be obtained from shareholders in Annual General Meeting to be held on October 21, 2019. Accordingly, approval is hereby sought from shareholders, in terms of Regulation No. 5(7) of aforesaid Regulations, following information is given below:

Description	Information required
Name of Subsidiary Company	Thatta Power (Private) Limited
Total Investment approved	Rs. 300 million
Amount of Investment made to date	Rs. Nil as at June 30, 2019 (Rs. Nil as on June 30, 2018)
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time.	Approval for loan/advance facility to the Subsidiary Company for an aggregate amount of Rs. 300 million was initially obtained from the shareholders in the Annual General Meeting held on October 16, 2015 based on estimated requirements of funds by the Subsidiary Company. The said facility was renewed for a further period of one year in the last Annual General Meeting held on October 15, 2018. Subsequent to resumption of power supply to HESCO since January 2017, HESCO is paying monthly invoice on the basis of tariff determined by NEPRA. Hence, the requirements for utilization of funds from holding company reduced to 'Nil' as at June 30, 2019. However, increasing trade debts of subsidiary company as of June 30, 2019 which mainly represents receivable from HESCO indicates that there is a delay in recovery of electricity bills issued to HESCO which may require financial support to the Subsidiary Company to honor its financial obligations and to meet its working capital requirements and in turn enable it to provide uninterrupted supply of electricity to its Holding Company for sustainable cement production. Therefore, renewal of loan / advance facility for the Subsidiary Company is essential for its continued business operations on the terms and conditions renewed by the shareholders in their preceding Annual General Meeting and on the same terms and conditions as per the agreement between Thatta Cement Company Limited and Thatta Power (Private) Limited. 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

Description	Information required
	stand lapse after such period as provided in regulation no. 6 of the aforesaid Regulations. In view of aforesaid reasons, it is therefore proposed to extend the time for a further period of one year till the holding of next Annual General Meeting due to be held on or before October 28, 2020.
Material change in financial statements of associated company or undertaking since the resolution passed for making investment in said company or undertaking.	Receivable from HESCO increased to Rs 684.384 million as of June 30, 2019 (Rs 423.4 million : June 30, 2018)

This statement is annexed to the Notice of the Annual General Meeting of the Company to be held on October 21, 2019 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 134(3) and 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 dated December 6, 2017. The directors have no additional interest except to the extent of their shareholding in the Company.

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Karachi 75530

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Thatta Cement Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Thatta Cement Company Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Place: Karachi
Date: 23 SEP 2019

Chartered Accountants
Member of Grant Thornton International Ltd

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Statement of Compliance with Listed Companies [Code of Corporate Governance] Regulations, 2017

For the year ended June 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following details:

   a. Male: six
   b. Female: one

2. The composition of board is as follows:

Independent Directors:	four
Other Non-Executive Directors:	two
Executive Director:	one

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

4. 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.

5. 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.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ['Act'] and these Regulations.

7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. As per the requirement of Regulation no. 20 of the CCG, 2017, seven directors on Board of the Company have completed Director's Training to meet the requirement of aforesaid Regulation.

10. The appointment, remuneration and terms and conditions of employment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit have been duly approved by the Board.

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

12. The board has formed following Committees as required under CCG, 2017 which comprises of members given below:

	Name of Members	Audit Committee
1.	Mr. Saleem Zamindar	Chairman of Committee
2.	Mr. Shahid Aziz Siddiqui	Member
3.	Mr. Khawaja Muhammad Salman Younis	Member

	Name of Members	Human Resource & Remuneration Committee
1.	Mr. Agha Sher Shah	Chairman of Committee
2.	Ms. Naheed Memon	Member
3.	Muhammad Taha Hamdani	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the Board's Committees are as follows:

Name of Committee	Number of Meetings held from July 1, 2018 to June 30, 2019
Audit Committee	Four
Human Resource & Remuneration Commmittee	One

15. The Board has developed a Board Evaluation Framework for annual evaluation of Board, Committees and its members to meet the requirement of CCG, 2017 and has also carried its evaluation on the basis of such framework. The overall result of evaluation has been termed as "Effective Board" based on scoring criteria provided in the said framework.

16. 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.

17. 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 and registered with Audit Oversight Board 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.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all other requirements of the Regulations have been complied with.

Taha Hamdani

Muhammad Taha Hamdani
Chief Executive Officer

Ms. Naheed Memon
Chairperson

Karachi: September 23, 2019

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THATTA CEMENT COMPANY LIMITED

GRANT THORNTON ANJUM RAHMAN
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Report on the audit of the unconsolidated financial statements

Opinion

We have audited the annexed unconsolidated financial statements of **Thatta Cement Company Limited** (the Company), which comprise the unconsolidated statement of financial position as at **June 30, 2019**, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2019 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the Code) as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matters
Existence and valuation of inventories Refer **Notes 9 & 10** to the financial statements, stores, spare parts and loose tools and stock-in-trade which includes limestone, coal, slag, gypsum, iron ore, shale and clinker which are stored in purpose built shed and stockpiles. Since the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volume by using an angle of repose and the bulk density. Due to the significance of the stock balances and related estimations involved, this is considered a key audit matter.	Our audit procedures to assess the existence and valuation of inventories, amongst others, included the following: • Obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the stock; • Attended the physical inventory count performed by the Company; and • Assessed the reasonableness of management's measurement of stockpiles during the physical count at year end and reviewed the conversion to the unit of volume.
Gratuity obligation valuation As described in **Note 4.10** (accounting policies) and **Note 22.2.1** (payable to gratuity fund) to the financial statements, the Company operates an approved defined benefit plan. The Company recorded a net retirement obligation amounting to Rs. 21.22 million (2018: Rs. 19.98 million). The gratuity valuation is dependent on market conditions and assumptions made. The risk specifically relates to the following key assumptions: discount rate, inflation expectations and other assumptions. The setting of these assumptions is complex and requires the exercise of significant actuarial assumptions.	Our audit procedures to assess the valuation of gratuity obligation, amongst others, included the following: • Obtained a detailed understanding and evaluated the design and implementation of controls that the Company has established in relation to the book keeping process; • Reviewed the data provided to actuary and results derived to obtain sufficient and appropriate audit evidence over the assumptions and valuation; • Evaluated the qualification of actuary; and • Reviewed the key actuarial assumptions used, both financial and demographic, and considered the methodology used to derive these assumptions.

Key audit matters	How our audit addressed the key audit matters
Contingencies Refer **Note 25.1** to the financial statements, various tax and legal matters are pending adjudication at various levels with the taxation authorities and other legal forums. These contingencies require the management of the Company to make judgments and estimates in relation to the interpretation of tax laws and other regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. Therefore the contingencies are considered as key audit matter.	Our audit procedures to assess the contingencies, amongst others, included the following: • Evaluated the design and implementation of controls in respect of litigation and regulatory procedures; • Reviewed the related available correspondence with the relevant tax authority and legal advisor. We also reviewed the orders passed by the Courts of competent jurisdiction from time to time to understand and ascertain the nature and status of the case; • Obtained and evaluated the confirmation from the Company's legal advisor; and • Assessed the appropriateness of the related disclosures in the Company's financial statements.
Revenue Refer **Notes 3.1, 4.15 & 26** to the financial statements. The Company is engaged in the production and sale of cement and clinker. The Company recognized revenue from the sales of cement and clinker of Rs. 3.47 billion during the year. The International Financial Reporting Standard 15 "Revenue from Contracts with Customers" (IFRS 15) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2019. As part of the first time adoption and transition to the requirements, the management performed an analysis to identify differences between the previous and the current applicable standard and as a result certain amendments relating to presentation and disclosures were made in the accompanying financial statements. We considered revenue as a key audit matter keeping in view of the amendments and various new disclosures prepared and presented in the financial statements and identifying revenue as one	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtained an understanding of the process relating to recognition of revenue and testing the design and implementation of key internal controls over recording of revenue; • Compared a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • Compared, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; • Compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation;

Key audit matters	How our audit addressed the key audit matters
of the key performance indicators of the Company which gives rise to an inherent risk that it could be subject to misstatement to meet expectations or targets	• Obtained an impact assessment of IFRS 15 'Revenue from Contracts with Customers' from the management which has become applicable during the year and reviewed the said assessment for its appropriateness; and • Reviewed the adequacy of disclosure as required under applicable financial reporting framework.
Adoption of IFRS 9 'Financial Instruments' Refer **Notes 3.1, 4.4, 4.16 & 40** to the financial statements. IFRS 9 'Financial Instruments' is effective for the Company for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We considered this as key audit matter due to the significant judgments made by management regarding the matter.	Our audit procedures included the following: • Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's financial statements; • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. Reviewed the working of management for expected credit losses; and • We reviewed and assessed the impact and disclosures made in the financial statements with regard to the effect of adoption of IFRS 9.

Information other than the unconsolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2019, but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Board of Directors for the unconsolidated financial statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the unconsolidated financial statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb.**

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Karachi

Date: 2 3 SEP 2019

Chartered Accountants
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UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,086,685	2,199,535
Intangible assets	6	-	2,800
Long term investment in Subsidiary	7	299,158	299,158
Long term deposits	8	1,096	1,096
Total non-current assets		2,386,939	2,502,589
CURRENT ASSETS			
Stores, spare parts and loose tools	9	314,592	610,702
Stock-in-trade	10	389,192	528,727
Trade debts	11	197,809	90,984
Advances	12	5,673	5,846
Trade deposits and short term prepayments	13	6,478	19,361
Other receivables and accrued interest	14	18,921	100,907
Taxation - net	15	217,726	210,405
Cash and bank balances	16	72,770	70,174
Total current assets		1,223,161	1,637,106
Total assets		3,610,100	4,139,695
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	17	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,522,007	1,459,891
Total shareholders' equity		2,618,906	2,556,790
NON-CURRENT LIABILITIES			
Long term financing	18	-	87,817
Long term deposits	19	4,297	3,477
Long term employee benefit	20	17,744	15,884
Deferred taxation	21	293,868	285,986
Total non-current liabilities		315,909	393,164
CURRENT LIABILITIES			
Trade and other payables	22	292,087	584,084
Unclaimed dividend		2,540	1,351
Accrued mark-up	23	7,761	7,884
Current maturity of long term financing	18	87,817	231,933
Short term borrowings	24	285,080	364,489
Total current liabilities		675,285	1,189,741
Total equity and liabilities		3,610,100	4,139,695
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
Sales - net	26	3,468,411	2,842,538
Cost of sales	27	(2,796,444)	(2,086,534)
Gross profit		671,967	756,004
Selling and distribution cost	28	(220,258)	(70,256)
Administrative expenses	29	(102,244)	(122,546)
		(322,502)	(192,802)
Operating profit		349,465	563,202
Other operating expenses	30	(34,633)	(52,335)
Finance cost	31	(50,620)	(64,727)
		(85,253)	(117,062)
Other income	32	31,106	51,231
Profit before taxation		295,318	497,371
Taxation	33	(81,796)	(140,511)
Profit for the year		213,522	356,860
Earnings per share - basic and diluted (Rupees)	34	2.14	3.58

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
Profit for the year		213,522	356,860
Other comprehensive income			
Items to be reclassified to unconsolidated statement of profit or loss in subsequent years		-	-
Items not to be reclassified to unconsolidated statement of profit or loss in subsequent years			
Remeasurement of defined benefit liability	22.2.4	(7,812)	(6,353)
Total comprehensive income for the year		205,710	350,507

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		295,318	497,371
Adjustment for:			
Depreciation	5.2	139,853	124,146
Amortization	6	2,800	2,993
Provision / (reversal) for slow moving & obsolete stores and impairment of major stores & spares	5.5 & 9.2	4,733	(5,317)
Finance cost	31	50,620	64,727
Provision for gratuity	22.2.4	13,412	13,631
Provision for leave encashment		3,518	2,281
Provision for loss allowance	29	2,182	-
Property, plant and equipment written off	29	249	528
Loss / (Gain) on disposal of property, plant and equipment	30	20	(4,405)
		217,387	198,584
Operating cash flows before working capital changes		512,705	695,955
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		297,136	(125,110)
Stock-in-trade		139,535	(166,054)
Trade debts		(109,007)	45,639
Loan / advance to the Subsidiary		-	125,000
Advances		173	5,751
Trade deposits and short term prepayments		12,883	(13,254)
Other receivables and accrued interest		81,986	64,762
		422,706	(63,266)
(Decrease) / increase in current liabilities			
Trade and other payables excluding gratuity payable		(293,237)	158,997
Cash generated from operations		642,174	791,686
Finance cost paid		(50,743)	(59,653)
Gratuity paid to fund	22.2.4	(19,984)	(14,326)
Leave encashment paid		(1,658)	(4,096)
Income tax paid - net		(81,235)	(193,070)
		(153,620)	(271,145)
Net cash generated from operating activities		488,554	520,541

UNCONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(33,154)	(267,641)
Proceeds from disposal of property, plant and equipment		123	6,709
Net cash used in investing activities		(33,031)	(260,932)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(231,933)	(231,933)
Dividend paid		(142,405)	(233,618)
Long term deposits - liabilities		820	643
Net cash used in financing activities		(373,518)	(464,908)
Net increase / (decrease) in cash and cash equivalents		82,005	(205,299)
Cash and cash equivalents at beginning of the year	35	(294,315)	(89,016)
Cash and cash equivalents at end of the year	35	(212,310)	(294,315)

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2019

	Issued, subscribed and paid-up share capital	Share premium	Accumulated profit	Total
	Rupees in thousands			
Balance as at July 1, 2017	997,181	99,718	1,343,721	2,440,620
Transactions with owners recorded directly in equity				
Final dividend @ Rs. 2.35 per share for the year ended June 30, 2017	-	-	(234,337)	(234,337)
Total comprehensive income for the year				
Profit for the year	-	-	356,860	356,860
Other comprehensive income				
Remeasurement of defined benefit liability	-	-	(6,353)	(6,353)
	-	-	350,507	350,507
Balance as at June 30, 2018	997,181	99,718	1,459,891	2,556,790
Balance as at July 1, 2018	997,181	99,718	1,459,891	2,556,790
Transactions with owners recorded directly in equity				
Final dividend @ Rs. 1.44 per share for the year ended June 30, 2018	-	-	(143,594)	(143,594)
Total comprehensive income for the year				
Profit for the year	-	-	213,522	213,522
Other comprehensive income				
Remeasurement of defined benefit liability	-	-	(7,812)	(7,812)
	-	-	205,710	205,710
Balance as at June 30, 2019	997,181	99,718	1,522,007	2,618,906

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

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 comprises of 233 acres and 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 the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case the requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

These unconsolidated financial statements are being submitted to the shareholders as required under section 223 of the Companies Act, 2017 and the Pakistan Stock Exchange Regulations.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under historical cost convention except as otherwise disclosed in the respective accounting policy notes.

2.3 Financial year

The Company's financial year starts from July 1 and ends at June 30.

2.4 Functional and presentation currency

These unconsolidated financial statements have been prepared & presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2.5 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, 2018.

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

a) Useful lives and residual values of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipments (note 4.1 & 5.1). 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 effect on the depreciation charge and impairment.

b) Intangible assets

The Company's management determines the estimated useful lives and related amortization charge for its intangibles (note 4.3 & 6). 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) Impairment of assets

The Company reviews its provision for loss allowance at each reporting date to assess whether provision should be recorded in the unconsolidated statement of profit or loss (note 4.4 & 11). 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) Net realizable value of 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 (note 4.6, 4.7 & 9). 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 statement of profit or loss of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sale.

e) Provision for taxation

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 (note 4.11, 21 & 33). 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 (note 25).

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 (note 4.9, 20 & 22.1). Change in these assumptions in future years may affect the liability under the schemes in those years.

h) Impairment of 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 (note 4.5 & 7). 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 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
- IFRS 15 'Revenue from Contracts with Customers'	July 1, 2018

IFRS 15 ‘Revenue from Contracts with Customers’ and the related ‘Clarifications to IFRS 15 Revenue from Contracts with Customers’ (hereinafter referred to as ‘IFRS 15’) replace IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’, and several revenue-related Interpretations. IFRS 15 provides a single, principle-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Company has adopted IFRS 15 by applying the modified retrospective approach for transition.

This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to opening balance of accumulated profit in the period of initial application. Comparative/prior period figures would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard by an adjustment to the opening balance of accumulated profit in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported as per previous accounting policy.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
- IFRS 9 'Financial Instruments'	July 1, 2018

IFRS 9 "Financial Instruments" (IFRS 9) replaced IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 introduced new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement of financial assets and liabilities and impairment of financial assets. Under this approach, cumulative impact, if any, would be recognized in the opening accumulated profits i.e. July 1, 2018 and comparatives need not to be restated. Adoption of this standard has no significant impact on the financial assets and liabilities of the Company and consequently no adjustment has been made in opening accumulated profits.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

Classification of financial assets and financial liabilities

IFRS 9 categorises financial assets into three principal classification categories:

Financial asset measured at amortized cost, financial asset at fair value through other comprehensive income "FVOCI" and financial asset at fair value through profit or loss "FVPL". This supersede IAS 39 categories of held to maturity investment, loans and other receivables, available for sale financial assets and financial liabilities measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and cash flow charachteristics. The carrying amounts for all financial assets and financial liabilities at July 1, 2018 have not been impacted by the initial application of IFRS 9.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	January 1, 2018

Adoption of the above standard has no significant effect on the amounts for the year ended June 30, 2019.

- Changes in Companies Act, 2017 - fourth schedule

During the year, via S.R.O. 961 (I)/2019, SECP have demanded certain disclosure requirements for listed companies by making changes in fourth schedule to the Companies Act, 2017. The changes have been applied in these unconsolidated financial statements.

3.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

3.3 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	IASB effective date (Annual periods beginning on or after)
IFRS 16 'Leases'	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 1, 2019
IAS 28 'Long-term Interests in Associates and Joint Ventures' (Amendments to IAS 28)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 1, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

3.4 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 14 - Regulatory Deferral Accounts	January 1, 2016

4 SUMMARY OF 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 except for IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments'.

4.1 Property, plant and equipment

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 up to 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 reporting 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 statement of profit or loss 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 equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised in unconsolidated statement of profit or loss.

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 statement of profit or loss 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 reporting 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 of assets

Financial assets

The Company recognize an allowance for expected credit loss on all financial assets carried at amortized cost irrespective whether a loss event has occurred. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets (deposits, other receivables and cash and bank balances) i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the statement of unconsolidated profit or loss.

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 statement of profit or loss, 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 statement of profit or loss. 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 statement of profit or loss.

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 statement of profit or loss. 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 statement of profit or loss.

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 date of unconsolidated statement of financial positions.

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 up to the date of unconsolidated statement of financial position.

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 Cash and cash equivalents

Cash and cash equivalents in local currency are carried in the unconsolidated statement of financial position at cost and cash in foreign currencies are stated at the exchange rate prevailing at the reporting date. For the purposes of the unconsolidated statement of cash flow, cash and cash equivalents comprises of cash in hand, with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.9 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 date of unconsolidated statement of financial position 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.

4.10 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 statement of profit or loss.

4.11 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 years 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.

4.12 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.

4.13 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 date of statement of financial position and adjusted to reflect the best estimate.

4.14 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices except for Business Support Services for which the pricing mechanism is subject to approval of the Board of Directors.

4.15 Revenue recognition

Revenue is recognized when control of a promised goods passes to a customer. It is measured at the fair value of the consideration received or receivable, sales tax and other duties collected on behalf of third parties are not taken into account.

Company primarily generates revenue from sale of cement for which the control passes to the customer at a specific point in time.

The revenue is recorded on the basis of the consideration defined in the contract with the customer, including variable consideration such as discount, volume rebates or other contractual price reductions; if any.

Interest and rental / other income is recognized on accrual basis.

4.16 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 statement of profit or loss.

4.17 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position 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 liabilities are also offset.

4.18 Segment reporting

Segment results that are reported to the Company's 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.

4.19 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 date of unconsolidated statement of financial position. All exchange differences are taken into unconsolidated statement of profit or loss.

4.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the unconsolidated 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.

4.21 Dividends and appropriations

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

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		----- Rupees in thousands -----	
Operating fixed assets	5.1	2,039,815	1,971,885
Capital work-in-progress	5.4	-	172,552
Major stores and spares	5.5	46,870	55,098
		2,086,685	2,199,535

5.1 Operating fixed assets

	2019											
	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at June 30, 2019
	As at July 1, 2018	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2019		As at July 1, 2018	Charge for the year (Note 5.2)	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2019	
	---------------- Rupees in thousands ----------------						---------------- Rupees in thousands ----------------					
Freehold land	6,186	-	-	-	6,186	-	-	-	-	-	-	6,186
Leasehold improvements	2,585	-	-	-	2,585	20%	2,585	-	-	-	2,585	-
Quarries and improvements	11,963	-	-	-	11,963	5%	11,819	9	-	-	11,828	135
Factory building on freehold land	246,642	-	-	-	246,642	10%	211,304	5,559	-	-	216,863	29,779
Electrical installations	58,848	417	-	-	59,265	5%	18,049	2,552	-	-	20,601	38,664
Housing colonies	74,096	-	-	-	74,096	5%	58,261	990	-	-	59,251	14,845
Office building on freehold land	22,281	-	-	-	22,281	5%	18,883	212	-	-	19,095	3,186
Plant and machinery	3,219,867	206,276	-	(279)	3,425,864	UoP	1,418,116	113,182	-	(34)	1,531,264	1,894,600
Quarry equipments	18,857	439	-	-	19,296	20%	18,689	226	-	-	18,915	381
Railway sidings	14,905	-	-	-	14,905	10%	13,875	172	-	-	14,047	858
Vehicles	66,515	-	(1,340)	-	65,175	10% & 20%	45,876	9,720	(1,238)	-	54,358	10,817
Furniture and fixtures	11,030	-	-	-	11,030	10%	7,720	551	-	-	8,271	2,759
Office & other equipments	18,549	207	(211)	(7)	18,538	10%	6,759	1,754	(171)	(4)	8,338	10,200
Medical equipments	629	-	-	-	629	10%	626	1	-	-	627	2
Laboratory equipments	69,496	836	-	-	70,332	10%	38,158	4,771	-	-	42,929	27,403
Computers	20,668	-	-	(22)	20,646	30%	20,512	154	-	(21)	20,645	1
	3,863,117	208,175	(1,551)	(308)	4,069,433		1,891,232	139,853	(1,409)	(59)	2,029,618	2,039,815

	2018											
	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at June 30, 2018
	As at July 1, 2017	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2018		As at July 1, 2017	Charge for the year (Note 5.2)	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2018	
	---------------- Rupees in thousands ----------------						---------------- Rupees in thousands ----------------					
Freehold land	6,186	-	-	-	6,186	-	-	-	-	-	-	6,186
Leasehold improvements	2,585	-	-	-	2,585	20%	2,338	247	-	-	2,585	-
Quarries and improvements	11,963	-	-	-	11,963	5%	11,810	9	-	-	11,819	144
Factory building on freehold land	246,642	-	-	-	246,642	10%	205,745	5,559	-	-	211,304	35,338
Electrical installations	58,848	-	-	-	58,848	5%	15,509	2,540	-	-	18,049	40,799
Housing colonies	74,096	-	-	-	74,096	5%	57,271	990	-	-	58,261	15,835
Office building on freehold land	22,281	-	-	-	22,281	5%	18,671	212	-	-	18,883	3,398
Plant and machinery	3,139,338	81,186	(140)	(517)	3,219,867	UoP	1,322,992	95,156	(13)	(19)	1,418,116	1,801,751
Quarry equipments	18,857	-	-	-	18,857	20%	18,522	167	-	-	18,689	168
Railway sidings	14,905	-	-	-	14,905	10%	13,703	172	-	-	13,875	1,030
Vehicles	72,845	4,178	(10,508)	-	66,515	10% & 20%	44,142	10,066	(8,332)	-	45,876	20,639
Furniture and fixtures	11,134	-	-	(104)	11,030	10%	7,268	551	-	(99)	7,720	3,310
Office & other equipments	17,621	1,007	(12)	(67)	18,549	10%	5,136	1,696	(11)	(62)	6,759	11,790
Medical equipments	629	-	-	-	629	10%	625	1	-	-	626	3
Laboratory equipments	65,700	3,796	-	-	69,496	10%	33,616	4,542	-	-	38,158	31,338
Computers	21,093	-	(318)	(107)	20,668	30%	18,679	2,238	(318)	(87)	20,512	156
	3,784,723	90,167	(10,978)	(795)	3,863,117		1,776,027	124,146	(8,674)	(267)	1,891,232	1,971,885

5.1.1 This represents certain items of operating fixed assets that have been written off as they are no longer usable and are in unserviceable condition (refer note 29).

5.2 Allocation of depreciation

	Note	2019	2018
		----- Rupees in thousands -----	
The depreciation charge for the year has been allocated as under:			
Cost of sales	27	135,637	118,520
Selling and distribution cost	28	773	1,366
Administrative expenses	29	3,443	4,260
		139,853	124,146

5.3 The details of operating fixed assets having book value of above Rs. 500,000/- disposed off are as follows:

Particulars	Cost	Written Down Value	Sale proceeds	Gain
	----- Rupees in thousands -----			
June 30, 2019	-	-	-	-
June 30, 2018	7,398	1,503	6,025	4,522

5.4 Capital work-in-progress

	Cost as at July 1, 2018	Capital expenditure incurred	Transferred to operating fixed assets and store & spares	Cost as at June 30, 2019
	----- Rupees in thousands -----			
Plant and Machinery	172,552	18,001	(190,553)	-
June 30, 2019	172,552	18,001	(190,553)	-
June 30, 2018	-	218,808	(46,256)	172,552

5.5 Major stores and spares

	2019	2018
	----- Rupees in thousands -----	
Cost		
Opening balance	86,644	81,722
Additions during the year	12,217	134,431
Transferred to operating fixed assets and capital work-in-progress	(14,686)	(129,509)
Closing balance	84,175	86,644
Accumulated impairment		
Opening balance	(31,546)	(35,016)
(Charge) / reversal for the year	(5,759)	3,470
Closing balance	(37,305)	(31,546)
Net book value	46,870	55,098

6 INTANGIBLE ASSETS

The Company's intangible assets comprise of computer softwares and club membership fee.

	Note	2019	2018
		----- Rupees in thousands -----	
Cost		10,465	10,465
Amortization			
Opening balance		(7,665)	(4,672)
Charge for the year	29	(2,800)	(2,993)
Closing balance		(10,465)	(7,665)
Net book vlaue	6.1	-	2,800
		-	2,800
Amortization rate per annum		20-33%	20-33%

6.1 The net book value pertains to computer software is Rs. Nil (2018: Rs. 2.5 million) and club membership fee is Rs. Nil (2018: Rs. 0.3 million).

7 LONG TERM INVESTMENT IN SUBSIDIARY

	Note	2019	2018
		----- Rupees in thousands -----	
Thatta Power (Private) Limited (TPPL)	7.1 & 7.2	299,158	299,158

7.1 The Company owns 62.43% shareholding of TPPL as at June 30, 2019 (2018: 62.43%). The principal business of the Subsidiary is generation, supply and transmission of electrical power. As at June 30, 2019 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 favor of National Bank of Pakistan (NBP) as the security trustee against syndicate term finance facility extended by NBP and other syndicate banks to TPPL.

8 LONG TERM DEPOSITS

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

9 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2019	2018
		----- Rupees in thousands -----	
Coal and other fuels		128,020	401,915
Stores & spare parts		213,314	236,381
Loose tools		101	275
	9.1	341,435	638,571
Provision for obsolete stores		(5,231)	(5,114)
Provision for slow moving stores and spares		(21,612)	(22,755)
	9.2	(26,843)	(27,869)
		314,592	610,702

9.1 This includes stores in transit of Rs. Nil (2018: Rs. 66.952 million) as on date of unconsolidated statement of financial position.

			Note	2019	2018
				----- Rupees in thousands -----	
9.2	Movement in provision				
	Opening balance			(27,869)	(29,716)
	Reversal during the year			1,026	1,847
	Closing balance			(26,843)	(27,869)
10	STOCK-IN-TRADE				
	Raw material		27.1	20,399	46,972
	Packing material		27.2	46,208	30,611
	Work-in-process		27	286,583	408,198
	Finished goods		27	36,002	42,946
				389,192	528,727
11	TRADE DEBTS				
	Considered good				
	Local - unsecured			197,809	90,984
	Considered doubtful				
	Cement stockiest		11.1	60,801	60,801
	Excessive rebate allowed		11.1	6,101	6,101
	Controller Military Accounts			5,126	5,126
	Other custtomers			2,182	-
				74,210	72,028
	Provision for loss allowance			(74,210)	(72,028)
				197,809	90,984

11.1 This includes balances outstanding for more than ten 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. Provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

11.2 The maximum balance outstanding from the Subsidiary at any month end during the year amounting to Rs. 3.743 million (2018: Nil).

			Note	2019	2018
				----- Rupees in thousands -----	
12	ADVANCES				
	Considered good - unsecured				
	- to vendors			5,473	5,617
	- others			200	229
				5,673	5,846
13	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS				
	Trade deposits - considered good		13.1	1,534	1,346
	Short term prepayments			4,944	18,015
				6,478	19,361

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

14 OTHER RECEIVABLES AND ACCRUED INTEREST	Note	2019	2018
		----- Rupees in thousands -----	
Interest receivable from banks		2,309	857
Deposit with Commissioner Workmen's Compensation		14,915	14,915
Receivable against disposal of shares		-	40,799
Sales tax refundable		-	40,937
Others		1,697	3,399
		18,921	100,907
15 TAXATION - NET	15.1	217,726	210,405

15.1 It mainly includes an amount of Rs. 207.411 million representing tax refundable for the tax year 2015, 2016, 2017 & 2018.

16 CASH AND BANK BALANCES	Note	2019	2018
		----- Rupees in thousands -----	
Cash in hand		2,481	1,220
Balances with banks			
- in current accounts	16.1	2,689	1,571
- in profit and loss sharing (PLS) accounts	16.1,16.2 & 16.3	67,600	67,383
		70,289	68,954
		72,770	70,174

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

16.2 As at June 30, 2019, the mark-up rates on PLS accounts ranges from 3% to 6.5% (2018: 2.5% to 3%) per annum.

16.3 This includes Rs. 62.794 million (2018: Rs. 65.982 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. These funds are to be used in accordance with the conditions mentioned in said financing agreement.

17 SHARE CAPITAL

2019	2018		2019	2018
--- 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 fully 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

17.1 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

		Note	2019	2018
18	LONG TERM FINANCING		----- Rupees in thousands -----	
	Loan from banking companies - secured			
	Syndicated term finance facility (STFF)	18.1	87,817	319,750
	Less : Current maturity		(87,817)	(231,933)
			-	87,817

18.1 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 mark-up at rates ranging between 8.89% to 14.92% (2018: 8.14% to 8.41%) per annum payable quarterly. 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. 231.933 million has been paid against 4 quarterly installments. 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 approval of the majority members of the syndicated term finance facility before declaration of any dividend.

		Note	2019	2018
19	LONG TERM DEPOSITS		----- Rupees in thousands -----	
	Dealers	19.1	2,110	2,110
	Suppliers and contractors	19.2	2,187	1,367
			4,297	3,477

19.1 Theses relates to dealers against whom recovery proceedings are in process with National Accountability Bureau (NAB) and are adjustable against the amount owed by them to the Company (refer note: 11.1).

19.2 These represent interest free security deposits, received from dealers, suppliers & contractors. These are kept in a separate bank account and repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

20 LONG TERM EMPLOYEE BENEFIT

This represents accrual for encashment of eligible earned leave balances in respect of permanent employees. Principal actuarial assumptions used for determining leave encashment liability are same as are used for Gratuity actuarial valuation as disclosed in note 22.2.

		Note	2019	2018
			----- Rupees in thousands -----	
20.1	The amount recognised as liability in the unconsolidated statement of financial position is as follows:			
	Present value of defined benefit obligation	20.2	17,744	15,723
	Payables		-	161
	Closing net liability		17,744	15,884

20.2	Movement in present value of defined benefit obligation	Note	2019	2018
			----- Rupees in thousands -----	
	Opening balance		15,723	17,604
	Current service cost	20.3	1,203	1,092
	Interest cost	20.3	1,348	1,203
	Benefits paid & payable		(1,497)	(4,162)
	Remeasurement loss due to change in experience adjustments	20.3	967	(14)
	Present value of defined benefit obligation		17,744	15,723

20.3 The amount recognised in unconsolidated statement of profit or loss is as follows:

	Note	2019	2018
Current service cost	20.2	1,203	1,092
Gains/losses arising on present value of defined benefit obligation	20.2	967	(14)
Interest cost on defined benefit obligation	20.2	1,348	1,203
	20.4	3,518	2,281

20.4 Movement in liabilities

	Note	2019	2018
Opening net liability		15,884	17,699
Charge for the year	20.3	3,518	2,281
Benefits paid		(1,658)	(4,096)
Closing net liability		17,744	15,884

21 DEFERRED TAXATION

	Note	2019	2018
Taxable temporary differences arising in respect of			
Accelerated tax depreciation		333,992	325,419
Deductible temporary differences arising in respect of			
Other provisions - for loss allowance and stores		(40,124)	(39,433)
	21.1	293,868	285,986

21.1 Movement of Deferred Tax

	Deductible temporary differences	Taxable temporary differences	Total
	-------------- Rupees in thousands --------------		
2019			
Opening deferred tax	(39,433)	325,419	285,986
Deferred tax liability	-	8,573	8,573
Deferred tax asset	(691)	-	(691)
Deferred tax expense	(691)	8,573	7,882
Closing deferred tax	(40,124)	333,992	293,868
2018			
Opening deferred tax	(41,028)	309,600	268,572
Deferred tax liability	-	15,819	15,819
Deferred tax asset	1,595	-	1,595
Deferred tax expense	1,595	15,819	17,414
Closing deferred tax	(39,433)	325,419	285,986

22	TRADE AND OTHER PAYABLES	Note	2019	2018
			----- Rupees in thousands -----	
	Trade creditors		32,944	37,693
	Accrued liabilities	22.1	145,596	193,246
	Bills payable		6,728	216,986
	Advances from customers		31,724	63,820
	Contractors retention money		-	2,469
	Excise duty and sales tax payable		29,452	-
	Payable to Gratuity Fund	22.2.1	21,224	19,984
	Workers' Profit Participation Fund (WPPF)	22.4	15,898	26,650
	Workers' Welfare Fund (WWF)		7,946	10,176
	Other liabilities		575	13,060
			292,087	584,084

22.1 It includes Rs. 79.431 million (2018: Rs. 69.430 million) payable to Thatta Power (Private) Limited, the Subsidiary Company, in respect of purchase of electricity.

22.2 Payable to gratuity fund

Principal actuarial assumptions used in the actuarial valuation of the Fund carried out under Projected Unit Credit (PUC) Actuarial Cost Method as at June 30, 2019 are as follows:

- Discount rate used for year end obligation is 14.25 % per annum (2018: 9.00% per annum).

- Discount rate used for interest cost in unconsolidated statement of profit or loss is 9.00 % per annum (2018: 7.75% per annum).

- Expected rate of increase in salary level at 13.25% per annum (2018: 8.00% per annum).

- Mortality rate used is SLIC 2001-2005 (2018: SLIC 2001-2005).

		Note	2019	2018
			----- Rupees in thousands -----	
22.2.1	**The amount recognised as liability in the uncosolidated statement of financial position is as follows:**			
	Present value of defined benefit obligation	22.2.2	93,877	79,230
	Fair value of plan assets	22.2.3	(72,653)	(59,246)
	Closing net liability		21,224	19,984

		Note	2019	2018
22.2.2	**Movement in present value of defined benefit obligation**			
	Opening net liability		79,230	84,760
	Current service cost		12,522	13,149
	Interest cost		6,765	5,566
	Benefits paid & payable		(8,109)	(25,878)
	Remeasurement loss due to change in experience adjustments	22.2.6	3,469	1,633
	Closing net liability		93,877	79,230

		Note	2019	2018
22.2.3	**Movement in the fair value of plan assets**			
	Opening fair value of plan assets		59,246	70,434
	Expected return / interest income on plan assets	22.2.7	5,875	5,084
	Employer contribution		19,984	14,326
	Reversal of benefits due but not paid in last year		-	-
	Benefits paid		(7,915)	(23,996)
	Benefit due but not paid		(194)	(1,882)
	Return on plan assets excluding interest income	22.2.7	(4,343)	(4,720)
	Closing fair value of plan assets	22.2.9	72,653	59,246

		Note	2019	2018
22.2.4	**Movement in liabilities**			
	Opening net liability		19,984	14,326
	Charge for the year	22.2.11	13,412	13,631
	Employer contribution		(19,984)	(14,326)
	Remeasurements chargeable in other comprehensive income	22.2.6	7,812	6,353
	Closing net liability		21,224	19,984

		Note	2019	2018
22.2.5	**The amount recognised in unconsolidated statement of profit or loss is as follows:**			
	Current service cost		12,522	13,149
	Interest cost		6,765	5,566
	Expected return / interest income on plan assets		(5,875)	(5,084)
			13,412	13,631

		Note	2019	2018
22.2.6	**The amount recognised in unconsolidated statement of other comprehensive income is as follows:**			
	Remeasurement loss due to changes in assumption and experience adjustments	22.2.2	3,469	1,633
	Return on plan assets excluding interest income	22.2.3	4,343	4,720
			7,812	6,353

22.2.7 Return on plan assets is as follows:	Note	2019	2018
		----- Rupees in thousands -----	
Expected return / interest income on plan assets	22.2.3	5,875	5,084
Return on plan assets excluding interest income	22.2.3	(4,343)	(4,720)
		1,532	364

22.2.8 Analysis of present value of defined benefit obligation and fair value of plan assets

	2019	2018	2017	2016	2015
	----- Rupees in thousands -----				
Present value of defined benefit obligation	(93,877)	(79,230)	(84,760)	(69,270)	(55,881)
Fair value of plan assets	72,653	59,246	70,434	54,805	44,619
Deficit	(21,224)	(19,984)	(14,326)	(14,465)	(11,262)

22.2.9 Disaggregation of fair value of plan assets	Note	2019	2018
		----- Rupees in thousands -----	
The fair value of the plan assets at reporting date for each category is as follows:			
Cash and cash equivalents (adjusted for current liabilities)		1,083	(1,418)
Mutual Funds		26,570	22,164
Certificate of Islamic investments		45,000	38,500
	22.2.3	72,653	59,246

22.2.10 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 -----			
2019	88,660	99,805	99,960	88,430
2018	74,875	84,203	84,336	74,677

22.2.11 The charge for the year has been allocated as follows:	Note	2019	2018
		----- Rupees in thousands -----	
Cost of sales	27	9,785	9,330
Selling and distribution cost	28	866	893
Administrative expenses	29	2,761	3,408
	22.2.5	13,412	13,631

		Note	2019	2018
			----- Rupees in thousands -----	
22.3	The following information is based on the audited financial statements of the Provident Fund:			
	Size of the Fund - Total assets		92,996	83,519
	Cost of investments made		95,344	82,782
	Percentage of investments made		98%	96%
	Fair value of investments	22.3.1	91,259	79,946

22.3.1 Fair value of investment is held by Provident Fund

	2019		2018	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	4,035	4%	1,181	1%
Term deposits	55,152	60%	46,998	59%
Mutual funds	32,072	36%	31,767	40%
	91,259	100%	79,946	100%

22.3.2 The investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

		Note	2019	2018
			----- Rupees in thousands -----	
22.4	Workers' Profit Participation Fund (WPPF)			
	Opening balance		26,650	45,347
	Allocation for the year	30	15,898	26,650
	Interest on opening balance	31	741	1,620
			43,289	73,617
	Payments made during the year		(27,391)	(46,967)
	Closing balance		15,898	26,650
23	ACCRUED MARK-UP			
	Syndicated term finance facility		467	935
	Short term borrowings		7,294	6,949
			7,761	7,884
24	SHORT TERM BORROWINGS			
	Short-term running finance (secured)	24.1	285,080	364,489

24.1 The aggregate running finance facilities available from banks as at June 30, 2019 amounted to Rs. 600 million (2018: Rs. 650 million) out of which Rs. 314.92 million (2018: Rs. 285.511 million) remained unutilized at the year end. The facilities aggregating to Rs. 400 million are secured by way of first pari passu charge over current assets & ranking charge on fixed assets with 25% margin. The remaining facilities aggregating to Rs. 200 million are secured by way of first pari passu hypothecation charge over all plant & machinery and ranking hypothecation charges over all current assets with 25% margin. These facilities are renewable annually and carry mark-up at 3-months KIBOR plus 1.5% - 3% p.a (2018: 3-months KIBOR plus 1.5% - 3% p.a).

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 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 was passed by the CIR(A). Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) on February 19, 2016 against the said order relating to certain add backs/disallowances, 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.

25.1.2 During the year 2013-14, the Additional Commissioner Inland Revenue - (ACIR) issued assessment order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances and additions in taxable income thereby raising a tax demand of Rs. 2.787 million in respect of Tax Year 2008. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A). 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.

25.1.3 The Deputy Commissioner Inland Revenue (DCIR) has issued 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. During the year ended June 30, 2016, 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, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.4 In respect of tax periods from July 2012 to December 2014, an Order in Original (ONO) was 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 the 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. 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 against the said aggregate demand before the High Court of Sindh. The High Court of Sindh has allowed ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect. During the year ended June 30, 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Company. During the year ended June 30, 2018, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by Appellate Tribunal Inland Revenue in favor of the Company. The matter is pending for adjudication. In view of the Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.

25.1.5 During the year ended June 30, 2018, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Company in respect of tax periods from July 2013 to August 2017 raising a demand of Rs. 56.632 million by disallowing certain input tax claimed by the Company in its sales tax returns for the aforesaid tax periods. The Company has filed an appeal on March 28, 2018 against the ONO passed by DCIR before Commissioner Inland Revenue - Appeals (CIR-A). The appeal has been decided in favor of the Company. The Commissioner Inland Revenue has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) in favor of the Company. The matter is pending for adjudication. In view of Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.6 During the year ended June 30, 2018, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001(the Ordinance) in respect of tax year 2017 raising a tax demand of Rs. 94.670 million including default surcharge and penalty aggregating to Rs. 15.208 million on the ground that Company has not deducted applicable withholding taxes while making payments for purchases & certain expenses and hence made default under section 161/205 of the Ordinance. The Company has filed an appeal on May 4, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by DCIR. The CIR-A has passed the order in favor of the Company. However, Commissioner Inland Revenue, Zone II, Large Taxpayer Unit, Karachi has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue - Appeals (CIR-A) passed in favor of the Company. In view of the Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.7 During the year ended June 30, 2019, Assistant Commissioner Inland Revenue (ACIR) has passed an order under section 122(1) of the Income Tax Ordinance, 2001(the Ordinance) in relation to tax audit conducted under section 177 of the Ordinance, in respect of tax year 2016. Through the said order, ACIR has disallowed deduction of certain expenses, deductible allowance of WPPF and tax credit claimed under section 65B of the Ordinance amounting to Rs. 28.497 million, Rs. 35.768 million and Rs. 16.915 million respectively. The Company has filed an appeal on September 13, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by ACIR. While deciding the appeal, CIR-A has allowed deduction of Rs. 28.497 million whereas deduction allowance of WPPF and tax credit under section 65B were upheld by CIR-A. Therefore, the Company has filed an appeal on November 12, 2018 before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A on the said disallowances which is pending for hearing. In view of the Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.8 During the year ended June 30, 2019, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Company in respect of Sales tax audit for the tax period from July 2017 to June 2018 raising a demand of Rs. 7.452 million (including default surcharge & penalty) by disallowing certain input tax claimed by the Company in its sales tax returns for the aforesaid tax period. The Company has filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A) against the said order. In view of the Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.9 Subsequent to the year end, the Additional Commissioner Inland Revenue (ADCIR) passed an order under section 122(1) of the Income Tax Ordinance, 2001(Ordinance) in relation to amended assessment under section 122 5(A) of the Ordinance, in respect of tax year 2017. Through the said order, ADCIR has erroneously added back reversal of fuel expenses for Rs. 3.678 million in taxable income and not considered payment of WWF made with the return of income tax. The Company has filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A) against the said order. In view of the Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.10 Certain ex-employees of the Company contested the Company's gratuity policy of 30 days and filed a Suit against the Company demanding 60 days gratuity as applicable to the employees of former holding company having an impact of Rs. 14.9 million. The said Suit has been decided in favor of the applicants. However, the Company challenged the said order vide C.P. no. 591/2013, before the Sindh High Court at Hyderabad and later on filed Labor Appeal No. 04/2014, before the Sindh Labor 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 Labor Appellate Tribunal, Karachi. The Tribunal also dismissed the appeal and hence C.P. no. D - 2636 has been filed on November 2, 2015 before the High Court of Sindh at Hyderabad wherein stay has been granted by the High Court. The matter is pending for disposal. In view of the Company's legal counsel, no definite outcome can be anticipated but the Company has a good case.

25.1.11 An ex-employee of the Company had filed CP # 86/2013 on May 21, 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. In view of the Company's legal counsel, the Company has a good case whereas no definite outcome can be estimated.

25.1.12 Ex-workers of Labor Contractor had filed applications against the Company before the Labor Court at Hyderabad for reinstatement of their services which were not maintainable therefore, dismissed by the Court. The decision has been challenged vide Appeal no. Hyd-25/2016, Hyd-26/2016, Hyd-27/2016 and Hyd-28/2016 before the Sindh Labor Appellate Tribunal in Karachi. During the year ended June 30, 2018, Sindh Labor Appellate Tribunal has disposed of the appeals filed by ex-workers of contractor by awarding them the compensation instead of reinstatement of their services. The Company has challenged the said decision on January 5, 2018 before the High Court of Sindh, Hyderabad. In view of the Company's legal counsel, the Company has a good case whereas no definite outcome can be estimated.

25.1.13 During the year ended June 30, 2017, an ex-employee of the Company had filed a Suit no. 51/2017 on July 5, 2017 for recovery of damages, salaries and mesne profit amounting to Rs. 197 million in the High Court of Sindh. The said ex-employee was dismissed from the Company's service on November 1, 1999 due to involvement in serious acts of misconduct. The said person has challenged the dismissal before different forums including High Court of Sindh, Federal Services Tribunal and the Supreme Court of Pakistan and lost all the cases. In view of the Company's legal counsel, this litigation will also lead to the same fate as detailed above.

25.1.14 Two cement dealers had filed Suit no. 150/2001 & 151/2001 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 matter is pending for adjudication. In view of the Company's legal counsel, no unfavorable outcome can be estimated.

25.2 Commitments

25.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (2018: Rs. 45 million).

25.2.2 Other outstanding guarantees given on behalf of the Company by banks amount to Rs. 3.00 million (2018: Rs. 15.784 million).

25.2.3 Irrevocable letter of credit under revenue & capital expenditure as on June 30, 2019 were Rs. 64.196 million (2018: Nil) & Rs. 32.699 million (2018: Rs. 4.502 million) respectively.

26 SALES - NET

		Note	2019	2018
			----- Rupees in thousands -----	
Gross Sales	- Local		3,906,289	4,005,754
	- Export		784,738	-
			4,691,027	4,005,754
Less:	- Federal Excise Duty		599,368	519,271
	- Sales tax		623,248	643,945
			1,222,616	1,163,216
		26.1 & 26.2	3,468,411	2,842,538

		Note	2019	2018
			----- Rupees in thousands -----	
26.1	The Company's revenue disaggregated by primary geographical markets is as follows.			
	Sale of cement and clinker			
	Primary geographical markets			
	Pakistan		2,683,673	2,842,538
	Bangladesh		784,738	-
			3,468,411	2,842,538
26.2	Company's revenue disaggregated by pattern / timing of revenue recognition is as follows.			
	Timing of revenue recognition			
	Goods transferred at a point in time		3,468,411	2,842,538
27	COST OF SALES			
	Raw material consumed	27.1	193,461	185,191
	Manufacturing expenses			
	Packing material consumed	27.2	150,193	128,636
	Stores, spare parts and loose tools consumed		71,093	102,647
	Fuel and power		1,775,188	1,389,934
	Salaries, wages and other benefits	27.3	284,857	318,910
	Insurance		14,576	16,512
	Repairs and maintenance		16,227	15,363
	Depreciation	5.2	135,637	118,520
	Vehicle hire, running & maintenance		11,956	10,622
	Communication		2,294	1,901
	Entertainment		1,544	2,329
	Provision / (reversal) for slow moving & obsolete stores and impairment of major stores & spares	5.5 & 9.2	4,733	(5,317)
	Other production overheads		6,126	4,813
			2,474,424	2,104,870
	Cost of production		2,667,885	2,290,061
	Work-in-process			
	Opening balance		408,198	211,163
	Closing balance	10	(286,583)	(408,198)
			121,615	(197,035)
	Cost of goods manufactured		2,789,500	2,093,026
	Finished goods			
	Opening balance		42,946	36,454
	Closing balance	10	(36,002)	(42,946)
			6,944	(6,492)
			2,796,444	2,086,534

27.1 Raw material consumed	Note	2019	2018
		----- Rupees in thousands -----	
Opening balance		46,972	87,604
Purchases		166,888	144,559
		213,860	232,163
Closing balance	10	(20,399)	(46,972)
	27.1.1	193,461	185,191

27.1.1 It includes royalty amounting to Rs. 8.599 million (2018: Rs. 7.593 million) relating to Lime Stone and Clay Shale, payable to Director General Mines & Mineral Development, Government of Sindh.

27.2 Packing material consumed	Note	2019	2018
		----- Rupees in thousands -----	
Opening balance		30,611	27,452
Purchases		165,790	131,795
		196,401	159,247
Closing balance	10	(46,208)	(30,611)
		150,193	128,636

27.3 This includes employees' retirement benefits amounting to Rs. 19.495 million (2018: Rs. 17.239 million).

28 SELLING AND DISTRIBUTION COST	Note	2019	2018
		----- Rupees in thousands -----	
Salaries, wages and other benefits	28.1	17,646	24,987
Vehicle running expenses		1,391	1,143
Travelling and conveyance		647	306
Communication		313	333
Printing and stationery		74	240
Entertainment		215	194
Repair and maintenance		270	238
Rent, rates and taxes		2,203	1,894
Utilities		260	285
Advertisements		24	139
Sales promotion expenses		1,555	1,969
Freight charges - local sale		11,555	1,808
Export logistics and related charges		156,307	-
Commission		13,385	26,412
Depreciation	5.2	773	1,366
Marking fee		1,879	2,032
Miscellaneous		11,761	6,910
		220,258	70,256

28.1 This includes employees' retirement benefit amounting to Rs. 1.602 million (2018: Rs. 1.595 million).

29 ADMINISTRATIVE EXPENSES	Note	2019	2018
		----- Rupees in thousands -----	
Salaries, wages and other benefits	29.1	53,875	74,804
Board, Audit and HR Committee meeting fees		4,600	4,950
Vehicle running expenses		2,721	2,772
Travelling and conveyance		79	523
Balance carried forward		61,275	83,049

	Note	2019	2018
		----- Rupees in thousands -----	
Balance brought forward		61,275	83,049
Advertisements		353	372
Communication, postage, telegram		1,306	1,967
Printing and stationery		1,879	2,285
Rent, rates and taxes		3,492	2,897
Entertainment		625	815
Legal and professional charges		4,735	4,649
Insurance		358	380
Repairs and maintenance		3,665	3,906
Utilities		1,726	1,856
Fees and subscription		2,187	1,870
Corporate expenses		1,283	916
Charity and donation	29.2	1,311	1,604
Auditors' remuneration	29.3	1,160	1,139
Other auditors' remuneration	29.4	1,317	1,307
Depreciation		3,443	4,260
Amortization		2,800	2,993
Education expenses		6,584	5,505
Fixed assets written off	5.1.1	249	528
Loss allowance		2,182	-
Miscellaneous		314	248
		102,244	122,546

29.1 This includes employees' retirement benefit amounting to Rs. 5.683 million (2018: Rs. 6.637 million).

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

29.3 Auditor's remuneration

	Note	2019	2018
		----- Rupees in thousands -----	
Annual audit fee		867	873
Half yearly review fee		77	74
Audit fee for consolidated financial statements		38	36
Fee for Code of Corporate Governance & other services		38	36
Out of pocket expenses		140	120
		1,160	1,139

29.4 Other auditor's remuneration

		2019	2018
Internal audit fee		1,197	1,187
Out of pocket expenses		120	120
		1,317	1,307

30 OTHER OPERATING EXPENSES

	Note	2019	2018
Workers' Welfare Fund (WWF)		6,740	8,970
Workers' Profit Participation Fund (WPPF)	22.4	15,898	26,650
Loss on disposal of property, plant & equipment		20	-
Exchange loss		11,975	16,715
		34,633	52,335

31 FINANCE COST

	Note	2019	2018
		----- Rupees in thousands -----	
Mark-up on long term financing		24,134	37,568
Mark-up on short term borrowings		25,076	24,949
Mark-up on Workers' Profit Participation Fund	22.4	741	1,620
Bank charges and commission		669	590
		50,620	64,727

32 OTHER INCOME

	Note	2019	2018
Income from financial assets			
Income on bank deposit accounts	32.1	4,926	2,550
Markup earned on loan / advance to the Subsidiary		-	7,247
		4,926	9,797
Income from non-financial assets			
Management fee	32.2	19,326	17,569
Scrap sales		4,755	14,631
Rental income		1,481	2,243
Gain on disposal of property, plant & equipment		-	4,405
Gain on sale of store items		176	-
Others		442	2,586
		26,180	41,434
		31,106	51,231

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

32.2 This represents management fee income of Rs. 19.33 million (2018: Rs. 17.57 million) for Business Support Services provided to Thatta Power (Private) Limited, which is a Subsidiary Company.

33 TAXATION

	Note	2019	2018
		----- Rupees in thousands -----	
Current		73,914	123,356
Prior year		-	(259)
Deferred	21.1	7,882	17,414
		81,796	140,511

33.1 Relationship between tax expense and accounting profit

	2019	2018
Profit before tax	295,318	497,371
Tax at 29% / 30%	85,642	149,211
Tax effect of		
- admissible / inadmissible expenses in determining taxable income - net	1,209	(17,357)
- income charged at different rates	7,860	-
Tax Credit under section 65B	(20,797)	(8,498)
Charge of prior year's tax expense	-	(259)
Tax effect on taxable temporary differences - net	7,882	17,414
	81,796	140,511

33.2 The returns of income have been filed upto and including Tax Year 2018 (corresponding to financial year ended June 30, 2018) while income tax assessments have been finalized upto and including Tax Year 2015 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.

33.3 As per section 5A of the Income Tax Ordinance, 2001, in case a public company which does not distributes 20% of its after tax profit for the year within six months of the end of the tax year through cash, a tax at the rate of 5 percent of its accounting profit before tax shall be imposed. The Company has earned a profit after tax of Rs. 213.522 million for the year ended June 30, 2019, however, keeping in view the lower profitability and foreseeing the challenging conditions faced by cement sector in the year ahead, the Board of directors has not recommended any dividend for the year ended June 30, 2019 (refer note 42).

Subsequent to the year end, the Company has filed a Constitutional Petition (CP) before the Sindh High Court (SHC) challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and SHC accepted the CP and granted stay against the aforementioned section. In view of Company's legal consultant, favorable outcome is anticipated; hence no provision for tax liability in this respect has been recorded by the Company in these unconsolidated financial statements.

34 EARNINGS PER SHARE - BASIC AND DILUTED

34.1 Basic earnings per share

	2019	2018
	----- Rupees in thousands -----	
Profit for the year	213,522	356,860
	--------- Number ---------	
Weighted average number of ordinary shares	99,718,125	99,718,125
	--------- Rupees ---------	
Earnings per share - basic and diluted	2.14	3.58

34.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

35 CASH AND CASH EQUIVALENTS

	Note	2019	2018
		----- Rupees in thousands -----	
Cash and bank balances	16	72,770	70,174
Short term borrowings	24	(285,080)	(364,489)
		(212,310)	(294,315)

36 CAPACITY AND ACTUAL PRODUCTION

	Note	2019	2018
Production capacity - clinker (tons)	36.1	510,000	510,000
Actual production - clinker (tons)	36.1	470,245	405,885
Actual production - cement (tons)	36.2	366,649	393,748

36.1 The production capacity utilization of clinker during the year has remained at 92.21% (2018: 79.59%).

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

37 RELATED PARTY TRANSACTIONS AND BALANCES

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 the 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, 2019 with related parties are as follows:

37.1 Transaction with related parties

		Note	2019	2018
			----- Rupees in thousands -----	
37.1.1	Subsidiary Company			
	- Thatta Power (Private) Limited			
	Common shared expenses		3,607	3,581
	Receipts on account of common shared expenses		3,643	3,552
	Sales / purchase of store items (inclusive of GST) - net		13,523	834
	Receipts / payment on account of purchase of store items - net		13,820	132
	Purchase of electricity (inclusive of GST)		836,925	707,215
	Payment on account of electricity (inclusive of GST)		826,924	695,346
	Management fee claimed (inclusive of SST)		21,839	19,853
	Management fee received (inclusive of SST)		21,673	19,703
	Loan / advance to the Subsidiary		-	85,000
	Receipts on account of loan / advance to the Subsidiary		-	210,000
	Sale of cement		10,778	1,476
	Receipts on account of sale of cement		11,824	50
	Markup earned on loan / advance to the Subsidiary	32	-	7,247
	Receipts on account of markup on loan / advance to the Subsidiary		-	10,198
37.1.2	Key management personnel			
	Salaries and benefits	38	67,281	92,589
	Sale of vehicle		102	664
37.1.3	Other related parties			
	Contribution to Employees' Gratuity Fund	22.2.4	19,984	14,326
	Contribution to Employees' Provident Fund		9,850	9,511
	Education expenses - Model Terbiat School	29	6,312	5,231

37.2 Balances with related parties

		2019	2018
37.2.1	Subsidiary Company		
	- Thatta Power (Private) Limited		
	Payable against purchase of electricity (inclusive of GST)	79,431	69,430
	Receivable against management fee (inclusive of SST)	1,820	1,654
	Receivable against common shared expenses	322	358
	Receivable against sale of store items - net	673	970
	Receivable against sale of cement	380	1,426

37.2.2 Other related parties	Note	2019	2018
		----- Rupees in thousands -----	
Payable to Gratuity Fund	22.2.1	21,224	19,984

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

38 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:

	2019		2018		
	Chief Executive	Executives	Chief Executive	Executive Director	Executives
	----- Rupees in thousands -----				
Managerial remuneration	12,000	42,537	13,967	5,760	37,047
LFA	303	885	131	393	2,273
Bonus	606	2,148	3,225	2,705	16,966
Retirement benefits	1,966	6,439	2,129	999	6,353
Other benefits	157	240	322	35	284
	15,032	52,249	19,774	9,892	62,923
Number of person(s)	1	13	2	1	11

38.1 The Chief Executive, Executive Director and Executives are provided with free use of Company maintained car and other benefits in accordance with their entitlement as per rules of the Company.

38.2 An aggregate amount of Rs. 4.60 million (2018: Rs. 4.95 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and HR & Remuneration Committee meeting fees.

39 OPERATING SEGMENTS

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

39.2 Revenue from sale of cement and clinker represents 100% (2018: 100%) of the total revenue of the Company.

39.3 77.37% (2018: 100%) sales of the Company relates to customers in Pakistan.

39.4 All non-current assets of the Company at June 30, 2019 are located in Pakistan.

40 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:

Financial assets	Note	2019	2018
		----- Rupees in thousands -----	
At amortized cost			
Long term deposits	8	1,096	1,096
Trade debts	11	197,809	90,984
Trade deposits	13	1,534	1,346
Other receivables and accrued interest	14	18,921	59,970
Cash and bank balances	16	72,770	70,174
		292,130	223,570
Financial liabilities			
At amortized cost			
Long term financing	18	-	319,750
Long term deposits	19	4,297	3,477
Trade and other payables	22	207,067	483,438
Accrued mark-up	23	7,761	7,884
Short term borrowings	24	285,080	364,489
		504,205	1,179,038

40.1 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 effected by change in economic, 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:

	2019		2018	
	Rupees in thousands	%	Rupees in thousands	%
Banks	70,289	24%	68,954	26%
Others	219,360	76%	194,333	74%
	289,649	100%	263,287	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 for loss allowance 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.

The maximum exposure to credit risk at the reporting date is:	Note	2019	2018
		----- Rupees in thousands -----	
Long term deposits	8	1,096	1,096
Trade debts	11	197,809	90,984
Trade deposits	13	1,534	1,346
Other receivables and accrued interest	14	18,921	100,907
Bank balances	16	70,289	68,954
		289,649	263,287

40.1.1 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, 2019 trade debts of Rs. 22.622 million (2018: Rs. 10.699 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:

Not past due	Note	2019	2018
		----- Rupees in thousands -----	
- within 30 days		120,202	32,075
- 31 to 90 days		54,985	48,717
- 91 to 180 days		18,845	8,076
- over 180 days		3,777	2,116
	11	197,809	90,984

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

Rating			
A1 +		65,463	66,163
A1		9	2,760
A2		-	31
A-		31	-
Other		4,786	-
	16	70,289	68,954

Due to Company's long standing relationship with these counterparties and after giving due consideration to their strong financial standing except where there is contractual obligation to maintain certain balance, 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 11. The aging analysis of these impaired trade debts is as follows:

	2019	2018
	----- Rupees in thousands -----	
Below ten years	2,182	-
Over ten years	72,028	72,028
	74,210	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.

40.1.2 Maturity analysis for financial liabilities

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

		2019				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
Non-derivative liabilities	Note	---------- Rupees in thousands ----------				
Long term financing (including current maturity)	18	87,817	(92,277)	(92,277)	-	-
Long term deposits	19	4,297	(4,297)	-	-	(4,297)
Trade and other payables	22	260,363	(260,363)	(260,363)	-	-
Short term borrowings	24	285,080	(285,080)	(142,540)	(142,540)	-
Accrued mark-up	23	7,761	(7,761)	(7,761)	-	-
		645,318	(649,778)	(502,941)	(142,540)	(4,297)

		2018				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
Non-derivative liabilities	Note	---------- Rupees in thousands ----------				
Long term financing (including current maturity)	18	319,750	(429,739)	(128,367)	(122,961)	(178,411)
Long term deposits	19	3,477	(3,477)	-	-	(3,477)
Trade and other payables	22	520,264	(520,264)	(520,264)	-	-
Short term borrowings	24	364,489	(364,489)	(182,245)	(182,244)	-
Accrued mark-up	23	7,884	(7,884)	(7,884)	-	-
		1,215,864	(1,325,853)	(838,760)	(305,205)	(181,888)

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 on risk.

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, where interest rate risk 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 as follows:

	Carrying amount	
	2019	2018
	----- Rupees in thousands -----	
Variable rate instruments		
Financial assets	67,600	67,383
Financial liabilities	372,897	684,239

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 uncosolidated statement of profit or loss.

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. 0.68 million (2018: Rs. 0.67 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. 3.73 million (2018: Rs. 6.842 million) higher / lower, mainly as a result of higher / lower interest expense on 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	2019				
		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	16	3% to 6.5%	67,600	-	-	67,600
Total assets			67,600	-	-	67,600
Liabilities						
Short term borrowings	24	8.92% to 13.99%	(142,540)	(142,540)	-	(285,080)
Long term financing	18	8.89% to 14.92%	(92,277)	-	-	(92,277)
Total liabilities			(234,817)	(142,540)	-	(377,357)
On-balance sheet gap			(167,217)	(142,540)	-	(309,757)
Total interest risk sensitivity gap			(167,217)	(309,757)	(309,757)	(309,757)

	Note	2018				
		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	16	2.5 % to 3 %	5	1,401	65,977	67,383
Total assets			5	1,401	65,977	67,383
Liabilities						
Short term borrowings	24	8.14% to 8.50%	(182,245)	(182,244)	-	(364,489)
Long term financing	18	8.14% to 8.41%	(128,367)	(122,961)	(178,411)	(429,739)
Total liabilities			(310,612)	(305,205)	(178,411)	(794,228)
On-balance sheet gap			(310,607)	(303,804)	(112,434)	(726,845)
Total interest risk sensitivity gap			(310,607)	(614,410)	(726,844)	(726,844)

e) Foreign exchange risk management

Foreign exchange risk is the risk that the value of financial asset or 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:

	2019		2018	
	Rupees	US $	Rupees	US $
	in thousands			
Trade and other payables	6,728	41	216,986	1,787
	6,728	41	216,986	1,787

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

	2019	2018	2019	2018
	Average Rate		Rate as on June 30	
US Dollar to PKR	136.39	109.88	163.24	121.45

Sensitivity analysis

A five percent strengthening / weakening of Rupee against US Dollar on June 30th would have increased / decreased equity and unconsolidated statement of profit or loss 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 2018.

	2019	2018
	----- Rupees in thousands -----	
Effects of US Dollars gain / loss	336	10,849

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 at 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 that 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.

As at 30 June 2019, there were no financial instruments which were measured at fair values in the financial statements.

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 operation behavior. 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.

41 NUMBER OF EMPLOYEES

The total number of employees as at year end were 511 (2018: 530) and average number of employees were 517 (2018: 531).

42 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in their meeting held on September 23, 2019 have proposed final cash dividend of Rs. Nil per share (2018: Rs. 1.44 per share) in respect of year ended June 30, 2019.

43 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on September 23, 2019 by the Board of Directors of the Company.

44 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THATTA CEMENT COMPANY LIMITED

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Report on the audit of the consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of **Thatta Cement Company Limited** and Thatta Power Private Limited (the Group), which comprise the consolidated statement of financial position as at **June 30, 2019**, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the Code) as adopted by the Institute of Chartered Accountants of Pakistan, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matters
Existence and valuation of inventories Refer **Notes 8 & 9** to the consolidated financial statements, stores, spare parts and loose tools and stock-in-trade which includes limestone, coal, slag, gypsum, iron ore, shale and clinker which are stored in purpose built shed and stockpiles. Since the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volume by using an angle of repose and the bulk density. Due to the significance of the stock balances and related estimations involved, this is considered a key audit matter.	Our audit procedures to assess the existence and valuation of inventories, amongst others, included the following: • Obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the stock; • Attended the physical inventory count performed by the Holding Company; and • Assessed the reasonableness of management's measurement of stockpiles during the physical count at year end and reviewed the conversion to the unit of volume.
Gratuity obligation valuation As described in **Note 4.9** (accounting policies) and **Note 22.1.1** (payable to gratuity fund) to the consolidated financial statements, the Group operates an approved defined benefit plan. The Group recorded a net retirement obligation amounting to Rs. 21.22 million (2018: Rs. 19.98 million). The gratuity valuation is dependent on market conditions and assumptions made. The risk specifically relates to the following key assumptions: discount rate, inflation expectations and other assumptions. The setting of these assumptions is complex and requires the exercise of significant actuarial assumptions.	Our audit procedures to assess the valuation of gratuity obligation, amongst others, included the following: • Obtained a detailed understanding and evaluated the design and implementation of controls that the Holding Company has established in relation to the book keeping process; • Reviewed the data provided to actuary and results derived to obtain sufficient and appropriate audit evidence over the assumptions and valuation; • Evaluated the qualification of actuary; and • Reviewed the key actuarial assumptions used, both financial and demographic, and considered the methodology used to derive these assumptions.

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Key audit matters	How our audit addressed the key audit matters
Contingencies Refer **Note 25.1** to the consolidated financial statements, various tax and legal matters are pending adjudication at various levels with the taxation authorities and other legal forums. These contingencies require the management of the Group to make judgments and estimates in relation to the interpretation of tax laws and other regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the consolidated financial statements. Therefore the contingencies are considered as key audit matter.	Our audit procedures to assess the contingencies, amongst others, included the following: • Evaluated the design and implementation of controls in respect of litigation and regulatory procedures; • Reviewed the related available correspondence with the relevant tax authority and legal advisor. We also reviewed the orders passed by the Courts of competent jurisdiction from time to time to understand and ascertain the nature and status of the case; • Obtained and evaluated the confirmation from the Holding Company's legal advisor; and • Assessed the appropriateness of the related disclosures in the Group's financial statements.
Revenue Refer **Notes 3.1, 4.15 & 26** to the consolidated financial statements. The Holding Company is engaged in the production and sale of cement and clinker. The Group recognized revenue from the sales of cement and clinker of Rs. 4.13 billion during the year. The International Financial Reporting Standard 15 "Revenue from Contracts with Customers" (IFRS 15) became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2019. As part of the first time adoption and transition to the requirements, the management performed an analysis to identify differences between the previous and the current applicable standard and as a result certain amendments relating to presentation and disclosures were made in the accompanying consolidated financial statements. We considered revenue as a key audit matter keeping in view of the amendments and various new disclosures prepared and presented in the consolidated financial statements and identifying revenue as one of the key performance indicators	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtained an understanding of the process relating to recognition of revenue and testing the design and implementation of key internal controls over recording of revenue; • Compared a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • Compared, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; • Compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation;

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Key audit matters	How our audit addressed the key audit matters
of the Group which gives rise to an inherent risk that it could be subject to misstatement to meet expectations or targets	• Obtained an impact assessment of IFRS 15 'Revenue from Contracts with Customers' from the management which has become applicable during the year and reviewed the said assessment for its appropriateness; and • Reviewed the adequacy of disclosure as required under applicable financial reporting framework.
Adoption of IFRS 9 'Financial Instruments' Refer **Notes 3.1, 4.4, 4.16 & 40** to the consolidated financial statements. IFRS 9 'Financial Instruments' is effective for the Group for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We considered this as key audit matter due to the significant judgments made by management regarding the matter.	Our audit procedures included the following: • Considered the management's process to assess the impact of adoption of IFRS 9 on the Holding Company's financial statements; • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Group. Reviewed the working of management for expected credit losses; and • We reviewed and assessed the impact and disclosures made in the consolidated financial statements with regard to the effect of adoption of IFRS 9.

Information other than the consolidated financial statements and auditor's report thereon

The management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2019, but does not include the consolidated financial statements and our auditor's report thereon.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb.**

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Karachi

Date: 2 [illegible] SEP 2019

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,403,521	3,395,307
Intangible assets	6	-	2,800
Long term deposits	7	1,096	1,096
Total non-current assets		4,404,617	3,399,203
CURRENT ASSETS			
Stores, spare parts and loose tools	8	350,758	660,012
Stock-in-trade	9	370,977	504,039
Trade debts	10	881,813	512,967
Short term investment	11	306,000	306,000
Advances	12	47,465	52,241
Trade deposits and short term prepayments	13	7,677	26,683
Other receivables and accrued interest	14	72,246	105,726
Taxation - net	15	268,595	237,414
Cash and bank balances	16	119,234	147,878
Total current assets		2,424,765	2,552,960
Total assets		6,829,382	5,952,163
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	17	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		2,543,016	2,264,837
Equity attributable to the owners of the Holding Company		3,639,915	3,361,736
Non-controlling interests		795,783	665,758
Total equity		4,435,698	4,027,494
NON-CURRENT LIABILITIES			
Long term financing	18	1,003,022	214,724
Long term deposits	19	4,297	3,477
Long term employee benefit	20	17,744	15,884
Deferred taxation	21	293,868	285,986
Total non-current liabilities		1,318,931	520,071
CURRENT LIABILITIES			
Trade and other payables	22	428,056	694,972
Unclaimed dividend		2,540	1,351
Accrued mark-up	23	44,513	10,328
Current maturity of long term financing	18	314,564	333,458
Short term borrowings	24	285,080	364,489
Total current liabilities		1,074,753	1,404,598
Total equity and liabilities		6,829,382	5,952,163
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
Sales - net	26	4,134,378	3,793,875
Cost of sales	27	(3,063,598)	(2,607,747)
Gross profit		1,070,780	1,186,128
Selling and distribution cost	28	(220,258)	(70,256)
Administrative expenses	29	(118,463)	(128,245)
		(338,721)	(198,501)
Operating profit		732,059	987,627
Other operating expenses	30	(45,079)	(52,335)
Finance cost	31	(80,478)	(97,168)
		(125,557)	(149,503)
Other income	32	40,425	46,965
Profit before taxation		646,927	885,089
Taxation	33	(87,317)	(143,188)
Profit for the year		559,610	741,901
Profit for the year attributable to:			
- Equity holders of the Holding Company		429,585	597,241
- Non-controlling interests		130,025	144,660
		559,610	741,901
Earnings per share - basic and diluted (Rupees)	34	4.31	5.99

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
Profit for the year		559,610	741,901
Other comprehensive income			
Items to be reclassified to consolidated statement of profit or loss in subsequent years		-	-
Items not to be reclassified to consolidated statement of profit or loss in subsequent years			
Remeasurement of defined benefit liability	22.1.6	(7,812)	(6,353)
Total comprehensive income for the year		551,798	735,548
Total comprehensive income for the year attributable to:			
- Equity holders of the Holding Company		421,773	590,888
- Non-controlling interests		130,025	144,660
		551,798	735,548

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		646,927	885,089
Adjustment for:			
Depreciation	5.2	195,136	171,561
Amortization	6	2,800	2,993
Provision / (reversal) for slow moving & obsolete stores and impairment of major stores & spares	27	4,733	(5,317)
Finance cost	31	80,478	97,168
Provision for gratuity	22.1.5	13,412	13,631
Provision for leave encashment	20.3	3,518	2,281
Provision for loss allowance	29	2,182	-
Fixed assets written off	29	11,519	528
Loss/(gain) on disposal of property, plant and equipment	30 & 32	20	(4,405)
		313,798	278,440
Operating cash flows before working capital changes		960,725	1,163,529
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		310,280	(145,024)
Stock-in-trade		133,062	(150,069)
Trade debts		(371,028)	(108,533)
Advances		4,776	(16,667)
Trade deposits and short term prepayments		19,006	(19,377)
Other receivables and accrued interest		33,480	60,548
		129,576	(379,122)
Increase / (decrease) in current liabilities			
Trade and other payables excluding gratuity		(268,156)	205,679
Cash generated from operations		822,145	990,086
Finance cost paid		(80,802)	(92,948)
Gratuity paid to fund	22.1.4	(19,984)	(14,326)
Leave encashment paid	20.4	(1,658)	(4,096)
Income tax paid - net		(110,616)	(198,783)
		(213,060)	(310,153)
Net cash generated from operating activities		609,085	679,933

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	Note	2019	2018
		----- Rupees in thousands -----	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,186,262)	(300,251)
Proceeds from disposal of property, plant and equipment		123	6,709
Proceeds from maturity of short term investment		306,000	306,000
Short term investment		(306,000)	(306,000)
Net cash used in investing activities		(1,186,139)	(293,542)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(333,459)	(333,458)
Long term financing obtained		1,102,863	-
Dividend paid		(142,405)	(233,618)
Long term deposits - liabilities		820	643
Net cash generated from / (used in) financing activities		627,819	(566,433)
Net increase / (decrease) in cash and cash equivalents		50,765	(180,042)
Cash and cash equivalents at beginning of the year	35	(216,611)	(36,569)
Cash and cash equivalents at end of the year	35	(165,846)	(216,611)

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Equity attributable to owners of the Holding Company					
	Issued, subscribed and paid-up share capital	Share premium	Accumulated profit	Total	Non-controlling interests	Total equity
	------------------- Rupees in thousands -------------------					
Balance as at July 1, 2017	997,181	99,718	1,908,286	3,005,185	521,098	3,526,283
Transactions with owners recorded directly in equity						
Final dividend @ Rs. 2.35 per share for the year ended June 30, 2017	-	-	(234,337)	(234,337)	-	(234,337)
Total comprehensive income for the year						
Profit for the year	-	-	597,241	597,241	144,660	741,901
Other comprehensive income						
Remeasurement of defined benefit liability	-	-	(6,353)	(6,353)	-	(6,353)
	-	-	590,888	590,888	144,660	735,548
Balance as at June 30, 2018	997,181	99,718	2,264,837	3,361,736	665,758	4,027,494
Balance as at July 1, 2018	997,181	99,718	2,264,837	3,361,736	665,758	4,027,494
Transactions with owners recorded directly in equity						
Final dividend @ Rs. 1.44 per share for the year ended June 30, 2018	-	-	(143,594)	(143,594)	-	(143,594)
Total comprehensive income for the year						
Profit for the year	-	-	429,585	429,585	130,025	559,610
Other comprehensive income						
Remeasurement of defined benefit liability	-	-	(7,812)	(7,812)	-	(7,812)
	-	-	421,773	421,773	130,025	551,798
Balance as at June 30, 2019	997,181	99,718	2,543,016	3,639,915	795,783	4,435,698

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

1 THE GROUP AND ITS OPERATIONS

1.1 The Group consists of Thatta Cement Company Limited (TCCL) and Thatta Power (Private) Limited (TPPL), (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 comprises of 233 acres and 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, 2019 (2018: 62.43%). The principal business of the Subsidiary Company is generation and sale of electrical power. As at June 30, 2019, the Subsidiary Company has authorized and issued, subscribed and paid up capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (2018: 50,000,000) ordinary shares and 47,915,830 (2018: 47,915,830) ordinary shares respectively. The registered office and generation facility of the Subsidiary Company is situated at Ghulamullah Road, Makli, District Thatta, Sindh, which comprises of 3 acres.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case the requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

These consolidated financial statements are being submitted to the shareholders as required under section 228 of the Companies Act, 2017 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 consolidated statement of profit or loss.

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 the 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 Company'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 as otherwise disclosed in the respective accounting policy notes.

2.4 Financial year

The Group's financial year starts from July 1 and ends at June 30.

2.5 Functional and presentation currency

These consolidated financial statements have been prepared and presented in Pakistani Rupee, which is the Group's functional and presentation currency.

2.6 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, 2018.

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

a) Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipments (note 4.1 & 5.1). 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 equipment with a corresponding affect on the depreciation charge and impairment.

b) Intangible assets

The Group's management determines the estimated useful lives and related amortization charge for its intangibles (note 4.3 & 6). 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) Impairment of assets

The Group reviews its provision for loss allowance at each reporting date to assess whether provision should be recorded in the consolidated statement of profit or loss (note 4.4 & 10). 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) Net realizable value of Stock-in-trade and stores & 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 (note 4.6, 4.7 & 8). Any change in the estimates in future years might affect the carrying amounts of stock-in-trade, stores and spares and corresponding effect in consolidated statement of profit or loss of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sale.

e) Provision for taxation

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 (note 4.11, 21 & 33). 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 (note 25).

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 (note 4.9, 20 & 22.1). Change in these assumptions in future years may affect the liability under the schemes in those years.

h) Impairment of 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 (note 4.5 & 11). 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 Standards, amendments and interpretations to the published standards that are relevant to the Group and adopted in the current year

The Group has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 15 'Revenue from Contracts with Customers'	July 1, 2018

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. IFRS 15 provides a single, principle-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Group has adopted IFRS 15 by applying the modified retrospective approach for transition.

This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to opening balance of accumulated profit in the period of initial application. Comparative / prior period figures would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Group and therefore, the cumulative effect of initially applying this standard by an adjustment to the opening balance of accumulated profit in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported as per previous accounting policy.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
- IFRS 9 'Financial Instruments'	July 1, 2018

IFRS 9 "Financial Instruments" (IFRS 9) replaced IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 introduced new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Group has adopted the standard using the modified retrospective approach for classification, measurement of financial assets and liabilities and impairment of financial assets. Under this approach, cumulative impact, if any, would be recognized in the opening accumulated profits i.e. July 1, 2018 and comparatives need not to be restated. Adoption of this standard has no significant impact on the financial assets and liabilities of the Group and consequently no adjustment has been made in opening accumulated profits.

However, for Subsidiary Company the Securities and Exchange Commission of Pakistan (SECP) has notified vide its SRO No. 985(I)/2019 that in respect of Companies holding financial assets due from the Goverenment of Pakistan, the requirements contained in IFRS 9 (Financial Instruments) with respect to the application of "Expected Credit Losses method" shall not be applicable till 30th June, 2021, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. Therefore, the receivables from HESCO have not been tested under the impairment requirements of IFRS 9.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

Classification of financial assets and financial liabilities

IFRS 9 categorises financial assets into three principal classification categories:

Financial asset measured at amortized cost, financial asset at fair value through other comprehensive income "FVOCI" and financial asset at fair value through profit or loss "FVPL". This supersede IAS 39 categories of held to maturity investment, loans and other receivables, available for sale financial assets and financial liabilities measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and cash flow characteristics. The carrying amounts for all financial assets and financial liabilities at July 1, 2018 have not been impacted by the initial application of IFRS 9.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	January 1, 2018

Adoption of the above standard has no significant effect on the amounts for the year ended June 30, 2019.

- Changes in Companies Act, 2017 - fourth schedule

During the year, via S.R.O. 961 (I)/2019, SECP have demanded certain disclosure requirements for listed companies by making changes in fourth schedule to the Companies Act, 2017. The changes have been applied in these consolidated financial statements.

3.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2018 are considered not to be relevant nor to have any significant effect on the Group's financial reporting and operations and are therefore not presented here.

3.3 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 published standards and interpretations will be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	IASB effective date "(Annual periods beginning on or after)"
IFRS 16 'Leases'	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 1, 2019
IAS 28 'Long-term Interests in Associates and Joint Ventures' (Amendments to IAS 28)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 1, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application.

3.4 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 14 - Regulatory Deferral Accounts	January 1, 2016

4 SUMMARY OF 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 except for IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments'.

4.1 Property, plant and equipment

Property, plant and equipment (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 up to 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 reporting 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 statement of profit or loss 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 equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipments and is recognized in consolidated statement of profit or loss.

4.1.1 Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less impairment loss, 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 statement of profit or loss 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 reporting 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 of assets

Financial assets

The Group recognize an allowance for expected credit loss on all financial assets carried at amortized cost irrespective whether a loss event has occurred. For trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets (deposits, other receivables and cash and bank balances) i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

The Group measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the statement of consolidated statement of profit or loss.

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 statement of profit or loss, 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 statement of profit or loss. 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 statement of profit or loss.

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 obsolete and slow moving stores and spares. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on the date of consolidated statement of financial position.

Provision for obsolete 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 up to the date of consolidated statement of financial position.

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 Cash and cash equivalents

Cash and cash equivalents in local currency are carried in the consolidated statement of financial position at cost and cash in foreign currencies are stated at the exchange rate prevailing at the reporting date. For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand, cash with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.9 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 date of consolidated statement of financial position 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 Holding 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.

4.10 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 statement of profit or loss.

4.11 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 income 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 statement of profit or loss 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.

4.12 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.

4.13 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 date of statement of financial position and adjusted to reflect the best estimate.

4.14 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices.

4.15 Revenue recognition

Thatta Cement Company Limited

Revenue is recognized when control of a promised goods passes to a customer. It is measured at the fair value of the consideration received or receivable, sales tax and other duties collected on behalf of third parties are not taken into account.

Company primarily generates revenue from sale of cement for which the control passes to the customer at a specific point in time.

The revenue is recorded on the basis of the consideration defined in the contract with the customer, including variable consideration such as discount, volume rebates or other contractual price reductions; if any.

Interest and rental / other income is recognized on accrual basis.

Thatta Power (Private) Limited

The Company has entered into Power Purchase agreements with its customers for supply of electricity. The transmission of electricity is considered single performance obligation. The Company recognises revenue at point of time when control of electricity is transferred to customer. Control is considered to be transferred when the electricity is directly transmitted in the customer terminals.

4.16 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 consolidated statement of profit or loss.

4.17 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the consolidated statement of financial position 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.

4.18 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. Unallocated items, if any, mainly comprises of corporate assets, head office expenses and tax assets and liabilities.

4.19 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 date of consolidated statement of financial position. All exchange differences are taken into consolidated statement of profit or loss.

4.20 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the consolidated 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 consolidated 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.

4.21 Dividends and appropriations

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

	Note	2019	2018
		----- Rupees in thousands -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,265,338	3,123,053
Capital work-in-progress	5.4	1,088,369	214,212
Major stores and spares	5.5	49,814	58,042
		4,403,521	3,395,307

5.1 Operating fixed assets

	2019											
	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at June 30, 2019
	As at July 1, 2018	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2019		As at July 1, 2018	Charge for the year (Note 5.2)	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2019	
	--------------- Rupees in thousands ---------------						--------------- Rupees in thousands ---------------					
Freehold land	6,422	-	-	-	6,422	-	-	-	-	-	-	6,422
Leasehold improvements	2,585	-	-	-	2,585	20%	2,585	-	-	-	2,585	-
Quarries and improvements	11,963	-	-	-	11,963	5%	11,819	9	-	-	11,828	135
Factory building on freehold land	488,743	-	-	-	488,743	10% & 4%	265,019	15,243	-	-	280,262	208,481
Electrical installations	58,848	417	-	-	59,265	5%	18,049	2,552	-	-	20,601	38,664
Housing colonies	74,096	-	-	-	74,096	5%	58,261	990	-	-	59,251	14,845
Office building on freehold land	22,281	-	-	-	22,281	5%	18,883	212	-	-	19,095	3,186
Cooling towers	73,235	-	-	-	73,235	7%	28,453	5,126	-	-	33,579	39,656
Plant and machinery	4,277,796	347,184	-	(12,173)	4,612,807	UoP & RH	1,558,852	153,533	-	(658)	1,711,727	2,901,080
Quarry equipments	18,857	439	-	-	19,296	20%	18,689	226	-	-	18,915	381
Railway sidings	14,905	-	-	-	14,905	10%	13,875	172	-	-	14,047	858
Vehicles	66,515	-	(1,340)	-	65,175	10% & 20%	45,876	9,720	(1,238)	-	54,358	10,817
Furniture and fixtures	11,608	-	-	-	11,608	10%	8,031	615	-	-	8,646	2,962
Office & other equipments	19,186	207	(211)	(7)	19,175	10%	7,092	1,812	(171)	(4)	8,729	10,446
Medical equipments	629	-	-	-	629	10%	626	1	-	-	627	2
Laboratory equipments	69,496	836	-	-	70,332	10%	38,158	4,771	-	-	42,929	27,403
Computers	20,874	-	-	(22)	20,852	30%	20,718	154	-	(21)	20,851	1
	5,238,039	349,083	(1,551)	(12,202)	5,573,369		2,114,986	195,136	(1,409)	(683)	2,308,031	3,265,338

	2018											
	COST					Depreciation rate per annum	ACCUMULATED DEPRECIATION					Net book value as at June 30, 2018
	As at July 1, 2017	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2018		As at July 1, 2017	Charge for the year (Note 5.2)	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2018	
	--------------- Rupees in thousands ---------------						--------------- Rupees in thousands ---------------					
Freehold land	6,422	-	-	-	6,422	-	-	-	-	-	-	6,422
Leasehold improvements	2,585	-	-	-	2,585	20%	2,338	247	-	-	2,585	-
Quarries and improvements	11,963	-	-	-	11,963	5%	11,810	9	-	-	11,819	144
Factory building on freehold land	488,743	-	-	-	488,743	10% & 4%	249,776	15,243	-	-	265,019	223,724
Electrical installations	58,848	-	-	-	58,848	5%	15,509	2,540	-	-	18,049	40,799
Housing colonies	74,096	-	-	-	74,096	5%	57,271	990	-	-	58,261	15,835
Office building on freehold land	22,281	-	-	-	22,281	5%	18,671	212	-	-	18,883	3,398
Cooling towers	73,235	-	-	-	73,235	7%	23,327	5,126	-	-	28,453	44,782
Plant and machinery	4,189,137	89,316	(140)	(517)	4,277,796	UoP & RH	1,431,245	127,639	(13)	(19)	1,558,852	2,718,944
Quarry equipments	18,857	-	-	-	18,857	20%	18,522	167	-	-	18,689	168
Railway sidings	14,905	-	-	-	14,905	10%	13,703	172	-	-	13,875	1,030
Vehicles	72,845	4,178	(10,508)	-	66,515	10% & 20%	44,142	10,066	(8,332)	-	45,876	20,639
Furniture and fixtures	11,712	-	-	(104)	11,608	10%	7,521	609	-	(99)	8,031	3,577
Office & other equipments	18,258	1,007	(12)	(67)	19,186	10%	5,405	1,760	(11)	(62)	7,092	12,094
Medical equipments	629	-	-	-	629	10%	625	1	-	-	626	3
Laboratory equipments	65,700	3,796	-	-	69,496	10%	33,616	4,542	-	-	38,158	31,338
Computers	21,299	-	(318)	(107)	20,874	30%	18,885	2,238	(318)	(87)	20,718	156
	5,151,515	98,297	(10,978)	(795)	5,238,039		1,952,366	171,561	(8,674)	(267)	2,114,986	3,123,053

5.1.1 This represents certain items of operating fixed assets that have been written off as they are no longer usable and are in unserviceable condition (refer note 29).

5.2 Allocation of depreciation

	Note	2019	2018
		----- Rupees in thousands -----	
The depreciation charge for the year has been allocated as under:			
Cost of sales	27	190,920	165,935
Selling and distribution cost	28	773	1,366
Administrative expenses	29	3,443	4,260
		195,136	171,561

5.3 The details of operating fixed assets having book value of above Rs. 500,000/- disposed off are as follows:

Particulars	Cost	Written Down Value	Sale proceeds	Gain
	---------- Rupees in thousands ----------			
June 30, 2019	-	-	-	-
June 30, 2018	7,398	1,503	6,025	4,522

5.4 Capital work-in-progress

	Note	Cost as at July 1, 2018	Capital expenditure incurred	Transferred to operating fixed assets	Cost as at June 30, 2019
		---------- Rupees in thousands ----------			
Plant and machinery		172,552	18,001	(190,553)	-
Waste heat recovery project	5.4.1	41,660	1,046,709	-	1,088,369
June 30, 2019		214,212	1,064,710	(190,553)	1,088,369
June 30, 2018		17,180	243,288	(46,256)	214,212

5.4.1 During the year 2018, the Subsidiary Company started the installation of Waste Heat Recovery Project, which utilizes waste heat from the power plant and cement plant to produce super heated steam which in turn would be used for power generation. The Waste Heat Recovery (WHR) for Power Generation comprises of installation of nine waste heat boilers, a steam turbine and a generator. The project is at final stage and commencement is expected by the end of September 2019.

5.5 Major stores and spares

	2019	2018
	----- Rupees in thousands -----	
Cost		
Opening balance	89,588	84,666
Additions during the year	12,217	134,431
Transferred to operating fixed assets and capital work-in-progress	(14,686)	(129,509)
Closing balance	87,119	89,588
Accumulated impairment		
Opening balance	(31,546)	(35,016)
(Charge) / reversal for the year	(5,759)	3,470
Closing balance	(37,305)	(31,546)
Net book value	49,814	58,042

	Note	2019	2018
		----- Rupees in thousands -----	

6 INTANGIBLE ASSETS

The Group's intangible assets comprise of computer softwares and club membership fee.

	Note	2019	2018
Cost		10,675	10,675
Additions during the year		-	-
Closing balance		10,675	10,675
Accumulated amortization			
Opening balance		(7,875)	(4,882)
Charge for the year	29	(2,800)	(2,993)
Closing balance		(10,675)	(7,875)
Net book value	6.1	-	2,800
Amortization rate per annum		20-33%	20-33%

6.1 The net book value pertains to computer software is Rs. Nil (2018: Rs. 2.5 million) and club membership fee is Rs. Nil (2018: Rs. 0.3 million)

7 LONG TERM DEPOSITS

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

8 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2019	2018
		----- Rupees in thousands -----	
Coal and other fuels		128,020	401,915
Stores & spare parts		249,471	285,678
Loose tools		110	288
	8.1	377,601	687,881
Provision for obsolete stores		(5,231)	(5,114)
Provision for slow moving stores and spares		(21,612)	(22,755)
	8.2	(26,843)	(27,869)
		350,758	660,012

8.1 This includes stores in transit of Rs. Nil (2018: Rs. 66.952 million) as at the date of consolidated statement of financial position.

8.2 Movement in provision

	2019	2018
	----- Rupees in thousands -----	
Opening balance	(27,869)	(29,716)
Reversal during the year	1,026	1,847
Closing balance	(26,843)	(27,869)

9	STOCK-IN-TRADE	Note	2019	2018
			----- Rupees in thousands -----	
	Raw material	27.1	20,399	46,972
	Packing material	27.2	46,208	30,611
	Work-in-process	27	269,597	384,911
	Finished goods	27	34,773	41,545
			370,977	504,039

10	TRADE DEBTS	Note	2019	2018
	Considered good			
	Local - unsecured	10.1 & 10.2	881,813	512,967
	Considered doubtful			
	Cement stockiest	10.3	60,801	60,801
	Excessive rebate allowed	10.3	6,101	6,101
	Controller military accounts		5,126	5,126
	Other customers		2,182	-
			74,210	72,028
	Provision for loss allowance		(74,210)	(72,028)
			881,813	512,967

10.1 This includes amount receivable amounting to Rs. 684.384 million pertaining to Subsidiary Company from HESCO against supply of electric power. As disclosed in note 25.1.15, the High Court of Sindh has 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 Power Purchase Agreement (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 and NEPRA have also filed appeals before the Supreme Court of Pakistan against the same order, which are pending for adjudication. However, the Subsidiary Company has resumed power supply to HESCO from January, 2017 and generating monthly invoice for supply of electricity as per tariff stipulated in PPA, whereas HESCO is paying the monthly invoice on the basis of tariff determined by NEPRA. Moreover, after the promulgation of the Sindh New Captive Power Plants Subsidy Bill 2017, the Government of Sindh is providing tariff differential support i.e. difference between tariff as per PPA and tariff determined by NEPRA, to the captive power plants. The Company has not received tariff differential subsidy after March 2018. Further, the Company made an interim arrangement/ agreement with HESCO about the discputed amounts as metioned above, that the excess payments made by HESCO in the earliet periods will be reimbursed to the HESCO by the Subsidiary Company and accordingly HESCO is deducting Rs. 6.7 million from the invoices raised by the Subsidiary Company and as at 30 June 2019 the Subsidiary Company committed further to pay HESCO Rs. 203.681 million in respect of excess payment adjustments.

10.2 Receivable from HESCO is secured against Standby Letter of Credit (SBLC) issued by National Bank of Pakistan to the extent Rs. 286.71 million (2018: Rs. 286.71 million). The management is confident that amount receivable from HESCO will be recovered and hence provision for loss allowance is not required.

10.3 This includes balances outstanding for more than ten 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). 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 the preceding years. Provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

11	SHORT TERM INVESTMENT	Note	2019	2018
			----- Rupees in thousands -----	
	At amortized cost			
	Term deposit with National Bank of Pakistan	11.1	306,000	306,000

11.1 The term deposit is placed for a period of one year under interest / mark-up arrangement at the rate of 8.50% (2018: 5.90%) 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 the Subsidiary Company.

12	ADVANCES	Note	2019	2018
			----- Rupees in thousands -----	
	Considered good-unsecured			
	- to vendors		43,469	22,287
	- margin against Letter of Credit		3,796	29,725
	- others		200	229
			47,465	52,241
13	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Trade deposits - considered good	13.1	1,534	1,346
	Short term prepayments		6,143	25,337
			7,677	26,683

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

14	OTHER RECEIVABLES AND ACCRUED INTEREST	Note	2019	2018
			----- Rupees in thousands -----	
	Interest receivable from banks		7,298	2,205
	Deposit with Commissioner Workmen's Compensation		14,915	14,915
	Receivable against disposal of shares		-	40,799
	Sales tax refundable		48,336	40,937
	Others		1,697	6,870
			72,246	105,726
15	TAXATION - NET	15.1	268,595	237,414

15.1 It mainly includes an amount of Rs. 207.411 million representing tax refundable of the Holding Company for the tax year 2015, 2016, 2017 & 2018 and an amount of Rs. 27.008 million representing tax refundable of the Subsidiary Company upto the Tax Year 2018.

16 CASH AND BANK BALANCES

	Note	2019	2018
		----- Rupees in thousands -----	
Cash in hand		3,136	1,233
Balances with banks			
- in current accounts	16.1	38,538	9,689
- in profit and loss sharing (PLS) accounts	16.1 & 16.2	77,560	136,956
	16.3	116,098	146,645
		119,234	147,878

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

16.2 As at June 30, 2019, the mark-up rates on PLS accounts ranges from 3% to 8% (2018: 2.5% to 5%) per annum.

16.3 This includes Rs. 85.694 million (2018: Rs. 135.132 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 the Holding Company and the Subsidiary Company. These funds are to be used in accordance with the conditions mentioned in said financing agreements.

17 SHARE CAPITAL

2019	2018		2019	2018
--- 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 fully 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

17.1 The Holding Company has only one class of ordinary shares which carries no right to fixed income. The shareholders of the Holding Company are entitled to receive dividend as declared from time to time and are entitled to one vote per share at general meetings of the Holding Company. All shares rank equally with regard to the Holding Company's residual assets.

18 LONG TERM FINANCING

	Note	2019	2018
		----- Rupees in thousands -----	
Loan from Banking companies - secured			
- Syndicated term finance facility (STFF) - TCCL	18.1	87,817	319,750
- Syndicated term finance facility (STFF) - TPPL	18.2 & 18.3	126,906	228,432
- Syndicated term finance facility - II (STFF - II) - TPPL	18.4 & 18.5	1,102,863	-
		1,317,586	548,182
Less: Current maturity		(314,564)	(333,458)
		1,003,022	214,724

18.1 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 mark-up at rates ranging between 8.89% to 14.92% (2018: 8.14% to 8.41%) per annum payable quarterly. 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. 231.933 million has been paid against 4 quarterly installments. 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 Holding Company has to seek approval of the majority members of the syndicated term finance facility before declaration of any dividend.

18.2 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 mark-up at rates ranging between 9.42% to 13.75% (2018: 9.12% to 9.14%) per annum payable quarterly. 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 of the entire facility i.e. Rs. 710.675 million was on November 21, 2012. Unless the entire amount of loan has been repaid, the Subsidiary Company has to seek approval of the majority members of the syndicated term finance facility before declaration of any dividend.

18.3 The syndicated term finance facility provided by the syndicate of banks as explained in note 18.2 is 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 and insurance policies and pledge of the Subsidiary Company's shares owned by the Holding Company.

18.4 This syndicated term finance facility-II has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited and Summit Bank Limited. The facility carries mark-up at rates ranging between 9.46% to 13.01% (2018: Nil) per annum payable quarterly. The tenure of financing is 6 years including grace period of 18 months and the facility is payable in 18 equal quarterly installments of Rs. 62.61 million each.

18.5 The syndicated term finance facility-II provided by the syndicate of banks as explained in note 18.4 is 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.

19 LONG TERM DEPOSITS

	Note	2019	2018
		----- Rupees in thousands -----	
Dealers	19.1	2,110	2,110
Suppliers and contractors	19.2	2,187	1,367
		4,297	3,477

19.1 These relates to dealers against whom recovery proceedings are in process with National Accountability Bureau (NAB) and is adjustable against the amount owed by them to the Holding Company (refer note 10.3).

19.2 These represent interest free security deposits received from dealers, suppliers & contractors. These are kept in a separate bank account and repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

20 LONG TERM EMPLOYEE BENEFIT

This represents accrual for encashment of eligible earned leave balances in respect of permanent employees. Principal actuarial assumptions used for determining leave encashment liability are same as are used for Gratuity actuarial valuation as disclosed in note 22.1.

		Note	2019	2018
			----- Rupees in thousands -----	
20.1	The amount recognised as liability in the consolidated statement of financial position is as follows:			
	Present value of defined benefit obligation	20.2	17,744	15,723
	Payables		-	161
	Closing net liability		17,744	15,884
20.2	Movement in present value of defined benefit obligation			
	Opening balance		15,723	17,604
	Current service cost	20.3	1,203	1,092
	Interest cost	20.3	1,348	1,203
	Benefits paid & payable		(1,497)	(4,162)
	Remeasurement loss due to change in experience adjustments	20.3	967	(14)
	Present value of defined benefit obligation		17,744	15,723
20.3	The amount recognised in consolidated statement of profit or loss is as follows:			
	Current service cost	20.2	1,203	1,092
	Gains / losses arising on present value of defined benefit obligation	20.2	967	(14)
	Interest cost on defined benefit obligation	20.2	1,348	1,203
		20.4	3,518	2,281
20.4	Movement in liabilities			
	Opening net liability		15,884	17,699
	Charge for the year	20.3	3,518	2,281
	Benefits paid		(1,658)	(4,096)
	Closing net liability		17,744	15,884
21	DEFERRED TAXATION			
	Taxable temporary differences arising in respect of			
	Accelerated tax depreciation		333,992	325,419
	Deductible temporary differences arising in respect of			
	Other provisions - for loss allowance and Stores, spare parts and loose tools		(40,124)	(39,433)
		21.1	293,868	285,986

21.1 Movement in deferred tax

	Deductible temporary differences	Taxable temporary differences	Total
	----------------- Rupees in thousands	-----------------	
2019			
Opening deferred tax	(39,433)	325,419	285,986
Deferred tax liability	-	8,573	8,573
Deferred tax asset	(691)	-	(691)
Deferred tax expense	(691)	8,573	7,882
Closing deferred tax	(40,124)	333,992	293,868
2018			
Opening deferred tax	(41,028)	309,600	268,572
Deferred tax liability	-	15,819	15,819
Deferred tax asset	1,595	-	1,595
Deferred tax expense	1,595	15,819	17,414
Closing deferred tax	(39,433)	325,419	285,986

22 TRADE AND OTHER PAYABLES

	Note	2019	2018
		----- Rupees in thousands	-----
Trade creditors		87,811	40,376
Accrued liabilities		165,516	234,374
Bills payable		6,728	216,986
Advances from customers		31,724	63,820
Contractors retention money		6,068	2,469
Excise duty and sales tax payable		29,452	5,586
Payable to Gratuity Fund	22.1.1	21,224	19,984
Workers' Profit Participation Fund (WPPF)	22.3 & 22.4	55,554	66,306
Workers' Welfare Fund (WWF)	22.4	23,015	25,245
Other liabilities		964	19,826
		428,056	694,972

22.1 Payable to Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the Fund carried out under Projected Unit Credit (PUC) Actuarial Cost Method as at June 30, 2019 are as follows:

- Discount rate used for year end obligation is 14.25 % per annum (2018: 9.00% per annum).

- Discount rate used for interest cost in consolidated statement of profit or loss is 9.00% per annum (2018: 7.75% per annum).

- Expected rate of increase in salary level at 13.25% per annum (2018: 8.00% per annum).

- Mortality rate used is SLIC 2001-2005 (2018: SLIC 2001-2005).

	Note	2019	2018
		----- Rupees in thousands -----	

22.1.1 The amount recognised as liability in the consolidated statement of financial position is as follows:

	Note	2019	2018
Present value of defined benefit obligations	22.1.2	93,877	79,230
Fair value of plan assets	22.1.3	(72,653)	(59,246)
Closing net liability		21,224	19,984

22.1.2 Movement in present value of defined benefit obligations

	Note	2019	2018
Opening net liability		79,230	84,760
Current service cost		12,522	13,149
Interest cost		6,765	5,566
Benefits paid & payable		(8,109)	(25,878)
Remeasurement loss due to change in experience adjustments	22.1.6	3,469	1,633
Closing net liability		93,877	79,230

22.1.3 Movement in the fair value of plan assets

	Note	2019	2018
Opening fair value of plan assets		59,246	70,434
Expected return / interest income on plan assets	22.1.7	5,875	5,084
Employer contribution		19,984	14,326
Benefits paid		(7,915)	(23,996)
Benefit due but not paid		(194)	(1,882)
Return on plan assets excluding interest income	22.1.7	(4,343)	(4,720)
Closing fair value of plan assets	22.1.9	72,653	59,246

22.1.4 Movement in liabilities

	Note	2019	2018
Opening net liability		19,984	14,326
Charge for the year	22.1.5	13,412	13,631
Employer contribution		(19,984)	(14,326)
Remeasurements chargeable in other comprehensive income	22.1.6	7,812	6,353
Closing net liability		21,224	19,984

22.1.5 The amount recognised in consolidated statement of profit or loss is as follows:

	Note	2019	2018
Current service cost		12,522	13,149
Interest cost		6,765	5,566
Expected return / interest income on plan assets		(5,875)	(5,084)
		13,412	13,631

22.1.6 The amount recognised in consolidated statement of other comprehensive income is as follows:

	Note	2019	2018
Remeasurement loss due to change in assumption and experience adjustments		3,469	1,633
Return on plan assets excluding interest income		4,343	4,720
		7,812	6,353

		Note	2019	2018
			----- Rupees in thousands -----	
22.1.7	**Return on plan assets is as follows:**			
	Expected return / interest income on plan assets	22.1.3	5,875	5,084
	Return on plan assets excluding interest income	22.1.3	(4,343)	(4,720)
			1,532	364

22.1.8 **Analysis of present value of defined benefit obligation and fair value of plan assets:**

	2019	2018	2017	2016	2015
	----- Rupees in thousands -----				
Present value of defined benefit obligation	(93,877)	(79,230)	(84,760)	(69,270)	(55,881)
Fair value of plan assets	72,653	59,246	70,434	54,805	44,619
Deficit	(21,224)	(19,984)	(14,326)	(14,465)	(11,262)

22.1.9 **Disaggregation of fair value of plan assets:**

The fair value of the plan assets at the date of consolidated statement of financial position for each category is as follows:

	Note	2019	2018
		----- Rupees in thousands -----	
Cash and cash equivalents (adjusted for current liabilities)		1,083	(1,418)
Mutual Funds		26,570	22,164
Certificate of Islamic Investments		45,000	38,500
	22.1.3	72,653	59,246

22.1.10 **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 -----			
2019	88,660	99,805	99,960	88,430
2018	74,875	84,203	84,336	74,677

		Note	2019	2018
			----- Rupees in thousands -----	
22.1.11	**The charge for the year has been allocated as follows:**			
	Cost of sales	27	9,785	9,330
	Selling and distribution cost	28	866	893
	Administrative expenses	29	2,761	3,408
		22.1.5	13,412	13,631

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

		2019	2018
Size of the Fund - Total assets		92,996	83,519
Cost of investments made		95,344	82,782
Percentage of investments made		98%	96%
Fair value of investments	22.2.1	91,259	79,946

22.2.1 Fair value of investment held by Provident Fund	2019		2018	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	4,035	4%	1,181	1%
Term deposits	55,152	60%	46,998	59%
Mutual funds	32,072	36%	31,767	40%
	91,259	100%	79,946	100%

22.2.2 The investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

22.3 Workers' Profit Participation Fund (WPPF)	Note	2019	2018
		----- Rupees in thousands -----	
Opening balance		66,306	85,003
Allocation for the year	30	15,898	26,650
Interest on opening balance	31	741	1,620
		82,945	113,273
Payments made during the year		(27,391)	(46,967)
Closing balance		55,554	66,306

22.4 The Subsidiary Company obtained an opinion from its legal counsel regarding the applicability of welfare laws and other related matters and according to the opinion of the legal counsel no provision has been made for WPPF & WWF in the consolidated financial statements for the year ended June 30, 2019.

23 ACCRUED MARK-UP	Note	2019	2018
		----- Rupees in thousands -----	
Syndicated term finance facility		37,219	3,379
Short term borrowing		7,294	6,949
		44,513	10,328

24 SHORT TERM BORROWINGS

Short-term running finance (secured)	24.1	285,080	364,489

24.1 The aggregate running finance facilities available from banks to the Holding Company as at June 30, 2019 amounted to Rs. 600 million (2018: Rs. 650 million) out of which Rs. 314.92 million (2018: Rs. 285.511 million) remained unutilized at the year end. The facilities aggregating to Rs. 400 million are secured by way of first pari passu charge over current assets & ranking charge on fixed assets with 25% margin. The remaining facilities aggregating to Rs. 200 million are secured by way of first pari passu hypothecation charge over all plant & machinery and ranking hypothecation charges over all current assets with 25% margin. These facilities are renewable annually and carry mark-up at 3-months KIBOR plus 1.5% - 3% p.a (2018: 3-months KIBOR plus 1.5% - 3% p.a).

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 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 was passed by the CIR-A. Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) on February 19, 2016 against the said order relating to certain add backs / disallowances 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.

25.1.2 During the year 2013-14, the Additional Comissioner Inland Revenue - (ACIR) issued assessment order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances and additions in taxable income thereby raising a tax demand of Rs. 2.787 million in respect of Tax Year 2008. The Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A). 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.

25.1.3 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 Holding Company in its sales tax return for tax period from July 2012 to February 2015. The Holding 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 Holding Company. During the year ended June 30, 2016, 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 are anticipated; hence no provision is required to be made in these consolidated financial statements.

25.1.4 In respect of tax periods from July 2012 to December 2014, an Order in Original (ONO) was 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 the 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. 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 against the said aggregate demand before the High Court of Sindh. The High Court of Sindh has allowed ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect. During the year ended June 30, 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. During the year ended June 30, 2018, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by Appellate Tribunal Inland Revenue in favour of the Holding Company. The matter is pending for adjudication. In view of the Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainity.

25.1.5 During the year ended June 30, 2018, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Holding Company in respect of tax periods from July 2013 to August 2017 raising a demand of Rs. 56.632 million by disallowing certain input tax claimed by the Holding Company in its sales tax returns for the aforesaid tax period. The Holding Company has filed an appeal on March 28, 2018 against the ONO passed by DCIR before Commissioner Inland Revenue - Appeals (CIR-A). The appeal has been decided in favor of the Holding Company. The Commissioner Inland Revenue has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) in favour of the Holding Company. The matter is pending for adjudication. In view of Holding Company's tax consultant, favourable outcome of such appeals are anticipated; hence no provision is required to be made in these consolidated financial statements.

25.1.6 During the year ended June 30, 2018, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001(the Ordinance) in respect of tax year 2017 raising a tax demand of Rs. 94.670 million including default surcharge and penalty aggregating to Rs. 15.208 million on the ground that Holding Company has not deducted applicable withholding taxes while making payments for purchases & certain expenses and hence made default under section 161/205 of the Ordinance. The Holding Company has filed an appeal on May 4, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by DCIR. The CIR-A has passed the order in favor of the Holding Company. However, Commissioner Inland Revenue, Zone II, Large Taxpayer Unit, Karachi has filed an appeal with the Apellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue - Appeals (CIR-A) passed in favor of the Holding Company. In view of the Holding Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these consolidated financial statements.

25.1.7 During the year ended June 30, 2019, Assistant Commissioner Inland Revenue (ACIR) passed an order under section 122(1) of the Income Tax Ordinance, 2001(the Ordinance) in relation to tax audit conducted under section 177 of the Ordinance, in respect of tax year 2016. Through the said order, ACIR has disallowed deduction of certain expenses, deductible allowance of WPPF and tax credit claimed under section 65B of the Ordinance amounting to Rs. 28.497 million, Rs. 35.768 million and Rs. 16.915 million respectively. The Holding Company has filed an appeal on September 13, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by ACIR. While deciding the appeal, CIR-A has allowed deduction of Rs. 28.497 million whereas deduction allowance of WPPF and tax credit under section 65B were upheld by CIR-A. Therefore, the Holding Company has filed an appeal on November 12, 2018 before the Apellate Tribunal Inland Revenue (ATIR) against the order of CIR-A on the said disallowances which is pending for hearing. In view of the Holding Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these consolidated financial statements.

25.1.8 During the year ended June 30, 2019, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Holding Company in respect of Sales tax audit for the tax period from July 2017 to June 2018 raising a demand of Rs. 7.452 million (including default surcharge & penalty) by disallowing certain input tax claimed by the Holding Company in its sales tax returns for the aforesaid tax period. The Holding Company has filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A) against the said order. In view of the Holding Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these consolidated financial statements.

25.1.9 Subsequent to the year end, the Additional Commissioner Inland Revenue (ADCIR) passed an order under section 122(1) of the Income Tax Ordinance, 2001(Ordinance) in relation to amended assessment under section 122 5(A) of the Ordinance, in respect of tax year 2017. Through the said order, ADIR has errorneouly added back reversal of fuel expenses for Rs. 3.678 million in taxable income and not considered payment of WWF made with the return of income tax. The Holding Company has filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A) against the said order. In view of the Holding Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these consolidated financial statements.

25.1.10 Certain ex-employees of the Holding Company contested the Company's gratuity policy of 30 days and filed a Suit against the Holding Company demanding 60 days gratuity as 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 challenged the said order vide C.P. no. 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. The Tribunal also dismissed the appeal and hence C.P. no. D - 2636 has been filed on November 2, 2015 before the High Court of Sindh at Hyderabad wherein stay has been granted by the High Court. 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 a good case.

25.1.11 An ex-employee of the former holding company had filed CP # 86/2013 on May 21, 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. In view of the Holding Company's legal counsel, the Holding Company has a good case whereas no definite outcome can be estimated.

25.1.12 Ex-workers of Labour Contractor had filed applications against the Holding Company before the Labour Court at Hyderabad for reinstatement of their services which were not maintainable therefore, dismissed by the Court. The decision has been challenged vide Appeal no. Hyd-25/2016, Hyd-26/2016, Hyd-27/2016 and Hyd-28/2016 before the Sindh Labour Appellate Tribunal in Karachi. During the year ended June 30, 2018, Sindh Labour Appellate Tribunal has disposed of the appeals filed by ex-workers of contractor by awarding them the compensation instead of reinstatement of their services. The Holding Company has challenged the said decision on January 5, 2018 before the High Court of Sindh, Hyderabad. In view of the Holding Company's legal counsel, the Holding Company has a good case whereas no definite outcome can be estimated.

25.1.13 During the year ended June 30, 2017, an ex-employee of the Holding Company had filed a Suit no. 51/2017 for recovery of damages, salaries and mesne profit of Rs. 197 million in the High Court of Sindh. The said ex- employee was dismissed from the Holding Company's service on November 1, 1999 due to involvement in serious acts of misconduct. The said person has challenged the dismissal before different forums including High Court of Sindh, Federal Services Tribunal and the Supreme Court of Pakistan and lost all the cases. In view of the Holding Company's legal counsel, this litigation will also lead to the same fate as detailed above.

25.1.14 Two cement dealers had filed Suit no. 150/2001 & 151/2001 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 matter is pending for adjudication. In view of the Holding Company's legal counsel, no unfavourable outcome can be estimated.

25.1.15 The Subsidiary Company entered into Power Purchase Agreement (PPA) with Hyderabad Electric Supply Company Limited (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 High Court of Sindh against HESCO on the grounds that HESCO failed to pay the dues to the Subsidiary Company as per PPA. The High Court of Sindh disposed off the petition filed by the Subsidiary Company with the direction to HESCO to pay the Subsidiary Company 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 on October 28, 2015 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, which are pending for adjudication.

25.1.16 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 Subsidiary Company has filed an appeal before ATIR against the adverse order of CIR-A. 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. The Subsidiary Company filed a petition before the Honorable High Court of Sindh in respect of show cause notice issued by FBR and High Court of Sindh granted the stay in respect of show cause notice issued by FBR to refrain tax department to issue assessment order and initiate recovery proceedings there against. Subsequently, the High Court of Sindh has vacated the stay of demand and ordered the Appellate Tribunal Inland Revenue (ATIR) to decide the case within two months from the date of the order. The ATIR has issued an order set aside the appeal of the Subsidiary Company for exemption under clause (132) of Second Schedule of the Income Tax Ordinance, 2001, while accepting the Subsidiary Company's argument in principle. Moreover, tax consultant suggested to file a Miscellaneous Application (MA) before the ATIR requesting to decide the matter in favour of the Subsidiary Company instead of set aside the appeal.

The hearing of the appeal was held and a favorable order was passed by ATIR, thereby allowing the Subsidiary Company to claim exemption under clause 132 of Second Schedule of the Income Tax Ordinance, 2001. Thereafter. Commissioner Inland Revenue has filed an appeal on August 29, 2017 against the order passed by ATIR in the High Court of Sindh which is pending for adjudication.

25.1.17 Sales tax audit of the Subsidiary Company for the tax period June 2012 to August 2013 was initiated by FBR and an adverse order was issued raising a demand of Rs. 10.645 million by disallowing certain input sales tax claimed. An appeal was filed against the order before CIR-Appeals who has passed the favorable order thereby allowing input sales tax claimed by the Subsidiary Company to the extent of Rs. 10.513 million. Subsequently, FBR has filed an appeal on March 2, 2016 before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR-A, which is pending for adjudication.

25.1.18 The Deputy Commissioner Inland Revenue(DCIR) has disallowed the input sales tax on services claimed by the Subsidary Company and raised a demand of Rs. 2.77 million. The Subsidiary Company had filed an appeal against the order passed by DCIR before CIR-Appeals. The hearing of the case was held and a favorable order was passed by CIR-A thereby allowing input sales tax claimed by the Subsidiary Company. Subsequently, on August 27,2018 CIR has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR-A, which is pending for adjudication.

25.2 Commitments

25.2.1 Guarantees given by commercial banks to Sui Southern Gas Company Limited on behalf of the Group amount to Rs. 351 million (2018: Rs. 351 million).

25.2.2 Other outstanding guarantees given on behalf of the Group by banks amount to Rs. 3.00 million (2018: Rs. 15.784 million).

25.2.3 Irrevocable letter of credit under revenue & capital expenditure as on June 30, 2019 were Rs. 64.196 million (2018: Nil) & Rs. 47.008 million (2018: Rs. 883.206 million) respectively.

25.2.4 Commitment in respect of capital expenditure under deferred payment letter of credit were Rs. 50.466 million (2018: Nil).

26 SALES - NET

		Note	2019	2018
			----- Rupees in thousands -----	
Gross Sales	- Local		4,685,470	5,118,818
	- Export		784,738	-
			5,470,208	5,118,818
Less:	- Federal Excise Duty		599,368	519,271
	- Sales tax		736,462	805,672
			1,335,830	1,324,943
		26.1 & 26.2	4,134,378	3,793,875

26.1 The Group's revenue disaggregated by primary geographical markets is as follows:

Sale of cement, clinker and electric power

	2019	2018
Primary geographical markets		
Sale of cement and clinker		
Pakistan	2,683,673	2,842,538
Bangladesh	784,738	-
Sale of electric power		
Pakistan	665,967	951,337
	4,134,378	3,793,875

	Note	2019	2018
		----- Rupees in thousands -----	

26.2 The Group's revenue disaggregated by pattern / timing of revenue recognition is as follows:

	Note	2019	2018
Timing of revenue recognition			
Goods / electric power transferred at a point in time		4,134,378	3,793,875

27 COST OF SALES

	Note	2019	2018
Raw material consumed	27.1	193,461	185,191
Manufacturing expenses			
Packing material consumed	27.2	150,193	128,636
Stores, spare parts and loose tools consumed		109,534	181,975
Fuel and power		1,923,502	1,736,523
Salaries, wages and other benefits	27.3	284,857	318,910
Insurance		20,471	23,496
Repairs, operations and maintenance		41,714	40,194
Depreciation	5.2	190,920	165,935
Vehicle hire, running and maintenance		11,956	10,622
Communication		2,294	1,901
Entertainment		1,544	2,329
Provision / (reversal) for slow moving & obsolete stores and impairment of major stores & spares	5.5 & 8.2	4,733	(5,317)
Other production overheads		6,333	4,894
		2,748,051	2,610,098
Cost of production		2,941,512	2,795,289
Work-in-process			
Opening balance		384,911	203,356
Closing balance	9	(269,597)	(384,911)
		115,314	(181,555)
Cost of goods manufactured		3,056,826	2,613,734
Finished goods			
Opening balance		41,545	35,558
Closing balance	9	(34,773)	(41,545)
		6,772	(5,987)
		3,063,598	2,607,747

27.1 Raw material consumed

	Note	2019	2018
Opening balance		46,972	87,604
Purchases		166,888	144,559
		213,860	232,163
Closing balance	9	(20,399)	(46,972)
	27.1.1	193,461	185,191

27.1.1 It includes royalty amounting to Rs. 8.599 million (2018: Rs. 7.593 million) relating to Lime Stone and Clay Shale, payable to Director General Mines & Mineral Development, Government of Sindh.

		Note	2019	2018
			----- Rupees in thousands -----	
27.2	Packing material consumed			
	Opening balance		30,611	27,452
	Purchases		165,790	131,795
			196,401	159,247
	Closing balance	9	(46,208)	(30,611)
			150,193	128,636

27.3 This includes employees' retirement benefits amounting to Rs. 19.495 million (2018: Rs. 17.239 million).

		Note	2019	2018
			----- Rupees in thousands -----	
28	SELLING AND DISTRIBUTION COST			
	Salaries, wages and other benefits	28.1	17,646	24,987
	Vehicle running expenses		1,391	1,143
	Travelling and conveyance		647	306
	Communication		313	333
	Printing and stationery		74	240
	Entertainment		215	194
	Repair and maintenance		270	238
	Rent, rates and taxes		2,203	1,894
	Utilities		260	285
	Advertisements		24	139
	Sales promotion expense		1,555	1,969
	Freight charges - local sale		11,555	1,808
	Export logistics and related charges		156,307	-
	Commission		13,385	26,412
	Depreciation	5.2	773	1,366
	Marking fee		1,879	2,032
	Miscellaneous		11,761	6,910
			220,258	70,256

28.1 This includes employees' retirement benefit amounting to Rs. 1.602 million (2018: Rs. 1.595 million).

		Note	2019	2018
29	ADMINISTRATIVE EXPENSES			
	Salaries, wages and other benefits	29.1	53,875	74,804
	Board, Audit and HR Committee meeting fees		4,600	4,950
	Vehicle running expenses		2,721	2,772
	Travelling and conveyance		79	523
	Advertisements		353	1,981
	Communication, postage, telegram		1,306	1,967
	Printing and stationery		1,879	2,285
	Rent, rates and taxes		4,192	3,597
	Entertainment		1,752	879
	Legal and professional charges		5,880	6,443
	Insurance		358	380
	Repairs and maintenance		3,800	4,064
	Utilities		1,726	1,856
	Fees and subscription		2,996	2,656
	Balance carried forward		85,517	109,157

	Note	2019	2018
		----- Rupees in thousands -----	
Balance brought forward		85,517	109,157
Corporate expenses		1,283	916
Charity and donation	29.2	1,311	1,604
Auditors' remuneration	29.3	1,494	1,314
Other auditors' remuneration	29.4	1,780	1,675
Depreciation	5.2	3,443	4,260
Amortization	6	2,800	2,993
Education expenses		6,584	5,505
Fixed assets written off	5.1.1	11,519	528
Loss allownce		2,182	-
Miscellaneous		550	293
		118,463	128,245

29.1 This includes employees' retirement benefit amounting to Rs. 5.683 million (2018: Rs. 6.637 million).

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

29.3 Auditor's remuneration

	2019	2018
Annual audit fee	1,175	1,038
Half yearly review fee	77	74
Audit fee for consolidated financial statements	38	36
Fee for other services	38	36
Out of pocket expenses	166	130
	1,494	1,314

29.4 Other auditors' remuneration

	2019	2018
Cost audit fee	-	(130)
	-	(130)
Internal audit fee	1,577	1,567
Out of pocket expenses	203	238
	1,780	1,805
	1,780	1,675

30 OTHER OPERATING EXPENSES

	Note	2019	2018
Workers' Welfare Fund (WWF)		6,740	8,970
Workers' Profit Participation Fund (WPPF)	22.3	15,898	26,650
Loss on disposal of property, plant & equipment		20	-
Exchange loss		22,421	16,715
		45,079	52,335

31 FINANCE COST

	Note	2019	2018
Mark-up on long term financing		45,667	63,479
Mark-up on short term borrowings		25,076	24,949
Mark-up on WPPF	22.3	741	1,620
Bank charges and commission		8,994	7,120
		80,478	97,168

32 OTHER INCOME

	Note	2019	2018
		----- Rupees in thousands -----	
Income from financial assets			
Interest on term deposit / bank accounts	32.1	33,236	22,766
		33,236	22,766
Income from non-financial assets			
Scrap sales		6,076	15,951
Rental income		495	1,257
Gain on disposal of property, plant & equipment		-	4,405
Gain on sale of store items		176	-
Others		442	2,586
		7,189	24,199
		40,425	46,965

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

33 TAXATION

	Note	2019	2018
		----- Rupees in thousands -----	
Current		79,435	126,074
Prior year		-	(300)
Deferred	21.1	7,882	17,414
		87,317	143,188

33.1 Relationship between tax expense and accounting profit:

	2019	2018
Profit before tax	646,927	885,089
Tax at 29% / 30%	187,609	265,526
Tax effect of		
- admissible / inadmissible expenses in determining taxable income - net	1,209	(17,357)
- unrealized profit	(1,878)	4,797
- income charged at different rates	7,860	-
Exempt income	(94,568)	(118,393)
Tax Credit under section 65B	(20,797)	(8,498)
Prior year's tax reversal	-	(300)
Tax effect on taxable temporary differences - net	7,882	17,414
	87,317	143,188

33.2 The returns of income of the Holding Company have been filed upto and including Tax Year 2018 (corresponding to financial year ended June 30, 2018) while income tax assessments have been finalized upto and including Tax Year 2015 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 return of income of the Subsidiary Company have been filed upto and including Tax Year 2018 (corresponding to financial year ended June 30, 2018). 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.

33.3 As per section 5A of the Income Tax Ordinance, 2001, in case a public company which does not distributes 20% of its after tax profit for the year within six months of the end of the tax year through cash, a tax at the rate of 5 percent of its accounting profit before tax shall be imposed. The Holding Company has earned a profit after tax of Rs. 213.522 million for the year ended June 30, 2019, however, keeping in view the lower profitability and foreseeing the challenging conditions faced by cement sector in the year ahead, the Board of directors has not recommended any dividend for the year ended June 30, 2019. (refer note 42)

Subsequent to the year end, the Holding Company has filed a Constitutional Petition (CP) before the Sindh High Court (SHC) challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and SHC accepted the CP and granted stay against the aforementioned section. In view of Holding Company's legal consultant, favorable outcome is anticipated; hence no provision for tax liability in this respect has been recorded by the Holding Company in these consolidated financial statements.

34 EARNINGS PER SHARE - BASIC AND DILUTED

34.1 Basic earnings per share

	2019	2018
	----- Rupees in thousands -----	
Profit for the year attributable to the owners of the Holding Company	429,585	597,241
	---------- Number ----------	
Weighted average number of ordinary shares	99,718,125	99,718,125
	---------- Rupees ----------	
Earnings per share - basic and diluted	4.31	5.99

34.2 Diluted earning per share

Diluted earnings per share has not been presented as the Holding Company did not have any convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

35 CASH AND CASH EQUIVALENTS

	Note	2019	2018
		----- Rupees in thousands -----	
Cash and bank balances	16	119,234	147,878
Short term borrowings	24	(285,080)	(364,489)
		(165,846)	(216,611)

36 CAPACITY AND ACTUAL PRODUCTION

36.1 Thatta Cement Company Limited

		2019	2018
Production capacity - clinker (tons)	36.1.1	510,000	510,000
Actual production - clinker (tons)	36.1.1	470,245	405,885
Actual production - cement (tons)	36.1.2	366,649	393,748

36.1.1 The production capacity utilization of clinker during the year has remained at 92.21% (2018: 79.59%).

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

36.2 Thatta Power (Private) Limited

	2019	2018
Installed capacity - kWh	202,356,000	202,356,000
Total output - kWh	99,103,622	127,187,300
Load factor	48.97%	62.85%

36.2.1 Installed capacity has been computed on the basis of 8,760 hours (2018: 8,760 hours).

37 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise 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 the 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, 2019 with related parties are as follows:

	Note	2019	2018
		----- Rupees in thousands -----	
37.1 Transactions with related parties			
37.1.1 Key management personnel			
Salaries and benefits	38	67,281	92,589
Sale of vehicle		102	664
37.1.2 Other related parties			
Contribution to employees' Gratuity Fund	22.1.4	19,984	14,326
Contribution to employees' Provident Fund		9,850	9,511
Education expenses - Model Terbiat School	29	6,312	5,231
37.2 Balances with related parties			
37.2.1 Other related parties			
Payable to Gratuity Fund	22.1.4	21,224	19,984

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

38 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:

	2019		2018		
	Chief Executive	Executives	Chief Executive	Executive Director	Executives
	----- Rupees in thousands -----				
Managerial remuneration	12,000	42,537	13,967	5,760	37,047
LFA	303	885	131	393	2,273
Bonus	606	2,148	3,225	2,705	16,966
Retirement benefits	1,966	6,439	2,129	999	6,353
Other benefits	157	240	322	35	284
	15,032	52,249	19,774	9,892	62,923
Number of person(s)	1	13	2	1	11

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

38.2 An aggregate amount of Rs. 4.60 million (2018: Rs. 4.95 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and HR & Remuneration Committee meeting fees.

39 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 and sale of electric power.

39.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
	------ Rupees in thousands ------							
Sales - net	3,468,411	2,842,538	1,381,288	1,555,794	(715,321)	(604,457)	4,134,378	3,793,875
Cost of sales	(2,796,444)	(2,086,534)	(989,934)	(1,110,671)	722,780	589,458	(3,063,598)	(2,607,747)
Gross profit	671,967	756,004	391,354	445,123	7,459	(14,999)	1,070,780	1,186,128
Selling and distribution cost	(220,258)	(70,256)	-	-	-	-	(220,258)	(70,256)
Administrative expenses	(102,244)	(122,546)	(35,545)	(23,268)	19,326	17,569	(118,463)	(128,245)
	(322,502)	(192,802)	(35,545)	(23,268)	19,326	17,569	(338,721)	(198,501)
Operating profit	349,465	563,202	355,809	421,855	26,785	2,570	732,059	987,627
Other operating expenses	(34,633)	(52,335)	(10,446)	-	-	-	(45,079)	(52,335)
Finance cost	(50,620)	(64,727)	(29,858)	(39,688)	-	7,247	(80,478)	(97,168)
	(85,253)	(117,062)	(40,304)	(39,688)	-	7,247	(125,557)	(149,503)
Other income	31,106	51,231	29,631	21,536	(20,312)	(25,802)	40,425	46,965
Segment results	295,318	497,371	345,136	403,703	6,473	(15,985)	646,927	885,089
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before taxation	295,318	497,371	345,136	403,703	6,473	(15,985)	646,927	885,089
Taxation	(81,796)	(140,511)	(5,521)	(2,677)	-	-	(87,317)	(143,188)
Profit for the year	213,522	356,860	339,615	401,026	6,473	(15,985)	559,610	741,901

39.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
	------ Rupees in thousands ------							
Segment assets	3,610,100	4,139,695	3,618,069	2,208,773	(398,787)	(396,305)	6,829,382	5,952,163
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,610,100	4,139,695	3,618,069	2,208,773	(398,787)	(396,305)	6,829,382	5,952,163
Segment liabilities	991,194	1,582,905	1,482,301	412,620	(79,811)	(70,856)	2,393,684	1,924,669
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	991,194	1,582,905	1,482,301	412,620	(79,811)	(70,856)	2,393,684	1,924,669
Capital expenditure	33,154	267,641	1,153,108	32,610	-	-	1,186,262	300,251
Depreciation	139,853	124,146	55,283	47,415	-	-	195,136	171,561
Non-cash expenses other than depreciation	7,782	(1,796)	-	-	-	-	7,782	(1,796)

39.3 Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

39.3.1 Operating revenues

	Consolidated	
	2019	2018
	----- Rupees in thousands -----	
Total revenue of reportable segments	4,849,699	4,398,332
Elimination of intra group revenue	(715,321)	(604,457)
Consolidated revenue	4,134,378	3,793,875

		Consolidated	
		2019	2018
		----- Rupees in thousands -----	
39.3.2	**Profit or loss**		
	Total profit before taxation of reportable segments	640,454	901,074
	Adjustment of unrealized profit	6,473	(15,985)
	Consolidated profit before taxation	646,927	885,089
39.3.3	**Assets**		
	Total assets of reportable segments	7,228,169	6,348,468
	Elimination of intra group balances	(397,184)	(394,702)
	Reclassification for consolidation purposes	(1,603)	(1,603)
	Consolidated assets	6,829,382	5,952,163
39.3.4	**Liabilities**		
	Total liabilities of reportable segments	2,473,495	1,995,525
	Elimination of intra group balances	(79,811)	(70,856)
	Consolidated liabilities	2,393,684	1,924,669

	Revenue		Total Assets		Net Assets	
	2019	2018	2019	2018	2019	2018
	----- Rupees in thousands -----					
39.4 Geographical segment analysis						
Local	3,349,640	3,793,875	6,829,382	5,952,163	4,435,698	4,027,494
Export	784,738	-	-	-	-	-
	4,134,378	3,793,875	6,829,382	5,952,163	4,435,698	4,027,494

39.5 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).

40 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:

Financial assets	Note	2019	2018
		----- Rupees in thousands -----	
At amortized cost			
Long term deposits	7	1,096	1,096
Trade debts	10	881,813	512,967
Short term investments	11	306,000	306,000
Trade deposits	13	1,534	1,346
Other receivables and accrued interest	14	23,910	64,789
Cash and bank balances	16	119,234	147,878
		1,333,587	1,034,076

Financial liabilities	Note	2019	2018
		----- Rupees in thousands -----	
At amortized cost			
Long term financing	18	1,317,586	548,182
Long term deposits	19	4,297	3,477
Trade and other payables	22	288,311	534,015
Accrued mark-up	23	44,513	10,328
Short term borrowings	24	285,080	364,489
		1,939,787	1,460,491

40.1 Financial instruments and related disclosures

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.

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 effected 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:

	2019		2018	
	Rupees in thousands	%	Rupees in thousands	%
Banks	422,098	32%	452,645	42%
Others	908,353	68%	621,135	58%
	1,330,451	100%	1,073,780	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 for loss allowance against those balances considered doubtful. Cash is held only with banks with high quality credit worthiness. There is no significant risk exposure to deposits and other receivables.

The maximum exposure to credit risk at the reporting date is:

	Note	2019	2018
		----- Rupees in thousands -----	
Long term deposits	7	1,096	1,096
Trade debts	10	881,813	512,967
Short term investments	11	306,000	306,000
Trade deposits	13	1,534	1,346
Other receivables and accrued interest	14	23,910	105,726
Bank balances	16	116,098	146,645
		1,330,451	1,073,780

40.1.1 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, 2019 trade debts of Rs. 657.09 million (2018: Rs. 340.062 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, 2019, trade debts includes Rs. 684.384 million receivable from HESCO. 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 the Power Purchase Agreement (PPA). The aging analysis of these trade debts is as follows:

	Note	2019	2018
		----- Rupees in thousands -----	
- within 30 days		169,419	124,695
- 31 to 90 days		384,759	378,080
- 91 to 180 days		22,897	8,076
- over 180 days		304,738	2,116
	10	881,813	512,967

The credit quality of cash at bank (in Current, Profit & loss saving and deposit accounts) as per credit rating agencies are as follows:

	Note	2019	2018
		----- Rupees in thousands -----	
Rating - Bank balances			
A1 +		88,544	143,828
A1		29	2,786
A2		-	31
A-		31	-
Others		27,494	-
	16	116,098	146,645
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 except where there is contractual obligation to maintain certain balance, 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 10. The aging analysis of these impaired trade debts is as follows:

	2019	2018
	----- Rupees in thousands -----	
Below ten years	2,182	-
Over ten years	72,028	72,028
	74,210	72,028

b) Liquidity risk and 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 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.

40.1.2 Maturity analysis for financial liabilities

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

	2019				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
Non-derivative Liabilities	-- Rupees in thousands --				
Long term financing (including current maturity)	1,317,586	(1,930,921)	(243,558)	(209,695)	(1,477,668)
Long term deposits	4,297	(4,297)	-	-	(4,297)
Trade and other payables	288,311	(288,311)	(288,311)	-	-
Short term borrowings	285,080	(285,080)	(142,540)	(142,540)	-
Accrued mark-up	44,513	(44,513)	(44,513)	-	-
	1,939,787	(2,553,122)	(718,922)	(352,235)	(1,481,965)

	2018				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
Non-derivative Liabilities	-- Rupees in thousands --				
Long term financing (including current maturity)	548,182	(686,874)	(190,035)	(181,939)	(314,900)
Long term deposits	3,477	(3,477)	-	-	(3,477)
Trade and other payables	539,601	(539,601)	(539,601)	-	-
Short term borrowings	364,489	(364,489)	(182,245)	(182,244)	-
Accrued mark-up	10,328	(10,328)	(10,328)	-	-
	1,466,077	(1,604,769)	(922,209)	(364,183)	(318,377)

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.

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 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 on risk.

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 Group has long term financing and short term borrowings at variable rates. The Group is exposed to interest / mark-up rates risk on long term financing, where interest rate risk is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the reporting date the interest rate profile of the Group's interest bearing financial instruments is as follows:

	Carrying amount	
	2019	2018
	----- Rupees in thousands -----	
Fixed rate instruments		
Financial assets	306,000	306,000
Variable rate instruments		
Financial assets	77,560	136,956
Financial liabilities	1,602,666	912,671

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 statement of profit or loss.

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. 0.78 million (2018: Rs 1.37 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. 16.027 million (2018: Rs. 9.127 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:

		2019				
		Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
	Note		Rupees in thousands			
Assets						
Short term investment	11	8.50%	-	306,000	-	306,000
Bank balance in PLS accounts	16	3% to 8%	-	-	77,560	77,560
Total assets			-	306,000	77,560	383,560
Liabilities						
Short term running finance	24	8.92% to 13.99%	(142,540)	(142,540)	-	(285,080)
Long term financing	18	8.89% to 14.92	(243,558)	(209,695)	(1,477,668)	(1,930,921)
Total liabilities			(386,098)	(352,235)	(1,477,668)	(2,216,001)
On-balance sheet gap			(386,098)	(46,235)	(1,400,108)	(1,832,441)
Total interest risk sensitivity gap			(386,098)	(432,333)	(1,832,441)	(1,832,441)

		2018				
		Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
	Note		Rupees in thousands			
Assets						
Short term investment	11	5.9%	-	306,000	-	306,000
Bank balance in PLS accounts	16	2.5% to 5%	-	-	136,956	136,956
Total assets			-	306,000	136,956	442,956
Liabilities						
Short term running finance	24	8.14% to 8.50%	(182,245)	(182,244)	-	(364,489)
Long term financing	18	8.14% to 9.14%	(190,035)	(181,939)	(314,900)	(686,874)
Total liabilities			(372,280)	(364,183)	(314,900)	(1,051,363)
On-balance sheet gap			(372,280)	(58,183)	(177,944)	(608,407)
Total interest risk sensitivity gap			(372,280)	(430,463)	(608,407)	(608,407)

e) **Foreign exchange risk management**

Foreign exchange risk is the risk that the value of financial asset or 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:

	2019		2018	
	Rupees	US $	Rupees	US $
	------------------------------------ in thousands ------------------------------------			
Trade and other payables	6,728	41	216,986	1,787
	6,728	41	216,986	1,787

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

	2019	2018	2019	2018
	Average Rate		Rate as on June 30	
US Dollar to PKR	136.39	109.88	163.24	121.45

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 statement of profit or loss 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 2018.

	2019	2018
	----- Rupees in thousands -----	
Effects of US Dollars gain / loss	336	10,849

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 knowledgable willing parties at 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 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 that 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.

As at 30 June 2019, there were no financial instruments which were measured at fair values in the consolidated financial statements.

h) 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.

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 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 operation 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.

41 NUMBER OF EMPLOYEES

The total number of employees as at year end were 511 (2018: 530) and average number of employees were 517 (2018: 531).

42 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in their meeting held on September 23, 2019 have proposed final cash dividend of Rs. Nil per share (2018: Rs. 1.44 per share) in respect of year ended June 30, 2019.

43 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on September 23, 2019 by the Board of Directors of the Holding Company.

44 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

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 _______________, holding Computerized National Identity Card (CNIC)/-Passport No.__________________ and being a member of Thatta Cement Company Limited, hereby appoint__________________________________ of _________________________, holding CNIC/Passport No.________________________________, or failing him/her hereby appoint_________________________________of _______________________________________, holding CNIC/Passport No.___________________, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Monday, October 21, 2019, at 11:00 am and at any adjournment thereof.

As witness my/our hand/seal this _________________day of ______, 2019

Witnesses:

1. Signature ____________________________
   Name ____________________________
   Address ____________________________
   CNIC/Passport No. ____________________________

2. Signature ____________________________
   Name ____________________________
   Address ____________________________
   CNIC/Passport No. ____________________________

____
Signature

Rupee five
revenue
stamp

Important:

1. This Form of Proxy duly completed must be deposited at our Registered Office, not later than 48 hours before the time of holding the meeting.
2. A Proxy must be a member of the Company.

پراکسی فارم

میں / ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کے۔۔۔

ٹھٹھہ سیمنٹ کمپنی لمٹیڈ کے رکن اور عام شئیر کے حامل کی حثیت کے ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔(شئیرز کی تعداد)

رجسٹر کا فولیو نمبر۔۔۔۔۔۔۔۔۔۔۔اور / یا سی ڈی سی فولیو کا آئی ڈی نمبر۔۔۔۔۔۔اور زیلی اکاونٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کے

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کو کمپنی کے سالانہ اجلاس عام جو 21 اکتوبر 2019 کو 11:00 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۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔بروز۔۔۔۔۔۔۔۔۔۔۔۔تاریخ۔۔۔۔۔۔۔۔۔۔۔/۔۔۔۔۔۔۔۔۔۔2019

گواہان:

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نام:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

CNIC / پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نام:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

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دستخط شئیر ہولڈرز

دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل موصول ہو جانا چاہیئے، نمائندے کو کمپنی کا رکن ہونا ضروری ہے۔
سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

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