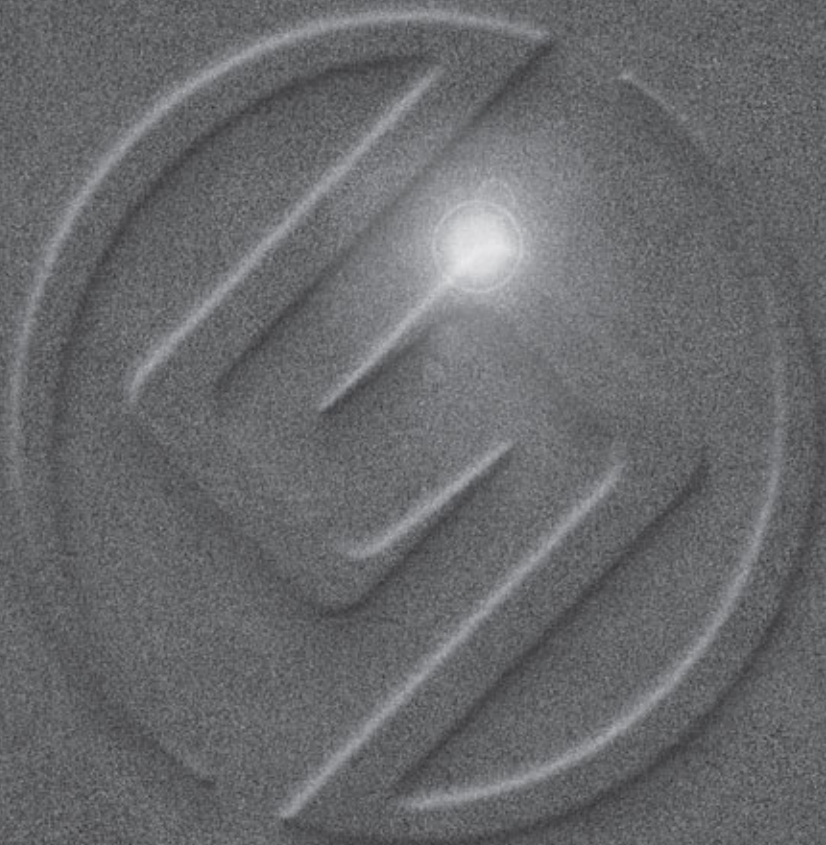


Nine Months Report

March 2020



THATTA CEMENT
COMPANY LIMITED

CONTENTS

Vision & Mission	2
Company Information	3
Directors' Review	4
Condensed Interim Unconsolidated Financial Statements	12
Condensed Interim Consolidated Financial Statements	28

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. Muhammad Jamshid Malik	Director
Mr. Muhammad Aslam Shaikh	Chief Executive

AUDIT COMMITTEE

Mr. Saleem Zamindar	Chairman
Mr. Khawaja Muhammad Salman Younis	Member
Mr. Noor Muhammad	Member

HR & REMUNERATION COMMITTEE

Mr. Agha Sher Shah	Chairman
Ms. Naheed Memon	Member
Mr. Muhammad Aslam Shaikh	Member

IT STEERING COMMITTEE

Mr. Khawaja Muhammad Salman Younis	Chairman
Mr. Muhammad Aslam Shaikh	Member
Mr. Fuad Bhuri	Member

CHIEF FINANCIAL OFFICER

Mr. Fuad Bhuri

COMPANY SECRETARY

Mr. Muhammad Abid Khan

STATUTORY AUDITOR

M/s Grant Thornton Anjum Rahman,
Chartered Accountants

CORPORATE ADVISOR

M/s Moore Shekha & Mufti, Chartered
Accountants

LEGAL ADVISOR

M/s Usmani & Iqbal

BANKERS - CONVENTIONAL

National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited
MCB 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

DIRECTORS' REVIEW

The Board of Directors present herewith their review together with the un-audited condensed interim financial statements for the nine months period ended March 31, 2020.

OVERVIEW

Production and dispatches statistics for the nine months period ended March 31, 2020 are as follows:

Description	March 31, 2020	March 31, 2019	Variance	
	-----Metric Tons-----			%
Production				
Clinker	231,168	329,774	(98,606)	(30)
Cement	168,042	293,842	(125,800)	(43)
GGBFS	-	260	(260)	(100)
Dispatches				
Cement-Local	167,550	293,600	(126,050)	(43)
Clinker-Local	31,588	17,917	13,672	76
Clinker-Export	46,650	157,369	(110,719)	(70)
GGBFS-Local	-	260	(260)	(100)

The clinker production of your Company during the period under review was 231,168 tons resulting in capacity utilization of 60.44% in comparison with the clinker production of 329,774 tons implying capacity utilization of 86.22% during the corresponding period of last year.

INDUSTRY REVIEW

Local cement sales in Southern region exhibited a decline of 26.84% in volumetric terms whereas exports registered a growth of 44.19% as compared to the corresponding period. Tax reforms by the Government, introduction of axle load policy, implementation of stiff 'Know Your Customer' procedures have adversely affected the economy and resulted in slow down of construction activities in the Country. This has in-turn resulted in reduced demand of Cement hence affected the Sales and Profitability of the entire sector.

Moreover, considering the gravity of the pandemic Coronavirus (COVID-19) the government of Pakistan announced lock-down in the country during the period under review. The outbreak of COVID-19 has brought most of the national infrastructure investment projects to a standstill, disrupted the normal pace of economic operations and affected all sectors of economy, including cement Industry. The epidemic and global lock-down situation caused the cement demand to almost stagnate, especially in the month of March, 2020. Which led to a significant decline in the sales of cement sector.

SALES REVIEW

Cement sales of the Company during the nine months period ended March 31, 2020 depicted decline of 42.93% in terms of volume. Introduction of large capacities in cement industry and decrease in overall demand of cement have resulted in stiff competition which has adversely affected both sales price and sales volume hence resulting in reduced sales revenue during the period.

Moreover, the outbreak of pandemic Coronavirus (COVID-19) resulted in strict lock-down

situation at both local and global levels. This also resulted in labour and logistics issues, stagnation in construction activities and even suspension of business operations of the Company. This situation coupled with other factors has adversely affected the production and revenues of the Company.

FINANCIAL REVIEW

A comparison of the financial results of the Company's performance for the nine months ended March 31, 2020 with the same period last year is as under:

Particulars	March 31, 2020	March 31, 2019
	---- Rupees in thousands ----	
Sales – net	1,537,447	2,896,625
Gross profit	99,011	557,499
Selling and Distribution Cost	83,176	208,772
Finance Cost	34,314	39,077
(Loss)/Profit before taxation	(58,459)	232,084
(Loss)/Profit for the period	(67,963)	164,039
(Loss)/Earning per share (Rupee)	(0.68)	1.65

Cost of sales ratio to sales has increased to 93.56% during the period as compared to 80.75% in the corresponding period last year. Increase is mainly attributable to fixed cost charged as period cost in accordance with International Financial Reporting Standards, due to lower production of clinker in relation to installed capacity during the nine months period ended on March 31, 2020. Moreover, there is rising trend in prices of `packing material, transportation charges and other input cost.

Distribution cost has declined by 60.15% during the period as compared to the corresponding period mainly due to decline in sales.

FUTURE OUTLOOK

Construction industry is a major economic driver for the economy. It provides jobs to millions of skilled and un-skilled workers and also supports more than 40 major allied industries of construction materials. Government has started taking initiatives and announced amnesty scheme for construction industry to revive construction activities in the country.

At present, the outbreak of pandemic Coronavirus (COVID-19) coupled with sudden closure of large industries, small and medium businesses, ports, airports and transport have almost jammed the wheel of the economy. The year ahead is perhaps the most formidable challenge the country has to face, and one that will require resilience, competence and discipline. Fortunately, the government has decided to open industries with low risk of spreading coronavirus which includes cement industry.

In addition to this, Government also slashed the key interest rate to 9% in order to stimulate the economic activity keeping in view the reduction in growth due to outbreak of pandemic Coronavirus (COVID-19). Considering the steps taken by the Government we are hopeful that in future economic slowdown currently facing the country would begin to reverse.

On the other hand, cement sales will continue to remain challenging going forward due to downward trend in selling prices, stiff competition and surplus capacities, upward trend in prices for input costs will remain to be the key barriers in the growth of the sector.

Nevertheless, the management is making its efforts to achieve sales targets through efficient utilization of existing resources and by exploring new avenues for sale of cement and clinker. Efforts are also being made to reduce the cost of doing business wherever possible and improve gross margins keeping in mind the health and safety of all stakeholders.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the nine months period ended March 31, 2020 is provided below.

	March 31, 2020	June 30, 2019
---- Rupees in thousands ----		
Statement of Financial Position		
Property, plant and equipment	4,371,267	4,403,521
Stock-in-Trade	412,352	370,977
Trade Debts	934,808	881,813
Total Equity - Holding Company	3,688,862	3,639,915
Trade and Other payables	543,654	428,056

	March 31, 2020	March 31, 2019
---- Rupees in thousands ----		
Statement of Profit or Loss		
Sales - net	2,078,256	3,339,172
Gross Profit	373,885	835,846
Selling, Distribution cost & Administrative Expense	151,726	300,977
Profit before taxation	135,182	479,063
Profit for the period	119,303	406,890
Earnings per share (in Rupees)	0.49	3.17

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

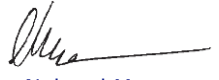
By the grace of Allah the Almighty, test run of Waste Heat Recovery [WHR] has been successfully completed and the project has started its commercial operations during the period under review. We hope this project will help us in generating revenues and better utilization of resources in time ahead.

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 Aslam Shaikh
Chief Executive



Naheed Memon
Chairperson

Karachi: April 27, 2020

31 مارچ 2020 کو ختم ہونے والی نو ماہی کے دوران گروپ کی مالیاتی پوزیشن اور کارکردگی کو ذیل میں پیش کیا جا رہا ہے:

Statement of Financial Position

	March 2020	June 2019
Property, plant and equipment	4,371,267	4,403,521
Stock-in-Trade	412,352	370,977
Trade Debts	934,808	881,813
Total Equity - Holding Company	3,688,862	3,639,915
Trade and Other payables	543,654	428,056

----(Rupees in thousand)---

Statement of Profit or Loss

	March 2020	March 2019
Sales - net	2,078,256	3,339,172
Gross Profit	373,885	835,846
Selling, Distribution cost & Administrative Expense	151,726	300,977
Profit before taxation	135,182	479,063
Profit for the period	119,303	406,890
Earnings per share (in Rupees)	0.49	3.17

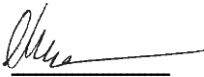
----(Rupees in thousand)---

ویسٹ ہیٹ ریکوری منصوبہ

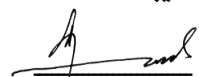
اللہ تعالیٰ کے فضل و کرم سے ویسٹ ہیٹ ریکوری (WHR) کا آزمائشی تجربہ کامیابی کے ساتھ کیا جا چکا ہے اور زیر نظر دورانیے میں ہی منصوبہ اپنے کمرشل آپریشنز کا آغاز بھی کر چکا ہے۔ ہم امید کرتے ہیں کہ یہ منصوبہ نہ صرف ہماری آمدن میں اضافے کا باعث بنے گا بلکہ اس کی وجہ سے ہم اپنے ذرائع پیداوار کو مزید موثر انداز میں چلانے کے قابل بھی ہونگے۔

اعتراف خدمات

ڈائریکٹرز کمپنی کے تمام حصص داران، مالیاتی اداروں اور اپنے صارفین کے بے حد مشکور ہیں کہ ان کا تعاون، حمایت اور رہنمائی ہمارے شامل حال رہے۔ ڈائریکٹرز کمپنی کے ملازمین کی جانب سے انتھک محنت، اجتماعی کوششوں اور اخلاص نیت کا احترام کرتے ہیں اور اس بات کی امید کرتے ہیں کہ مستقبل میں بھی کمپنی کو مزید مستحکم بنانے کیلئے ان کی جانب سے اسی جوش و جذبے کا اظہار کیا جائے گا اور ان کی کوششوں کے نتیجے میں کمپنی مستقبل میں پیش آنے والے چیلنجز سے نبرد آزما ہونے کیلئے تیار رہے گی۔



ناہید مین
چئیر پرسن



محمد اسلم شیخ
چیف ایگزیکٹو

کراچی: اپریل 2020، 27

مستقبل کا جائزہ

تعمیرات کی صنعت ملک کی معیشت کا اہم ستون ہے۔ اس صنعت کی وجہ سے لاکھوں ہنرمند اور غیر ہنرمند افراد کو روزگار فراہم ہوتا ہے اور تعمیرات سے منسلک تقریباً 40 سے زائد صنعتوں کا پھیلاؤ بھی اسی صنعت کے دم سے گھومتا ہے۔ حکومت کی جانب سے ملک میں تعمیراتی سرگرمیوں کو ایک مرتبہ پھر بحال کرنے کیلئے اقدامات اٹھائے جا رہے ہیں۔

موجودہ حالات میں کورونا وائرس (کووڈ-19) کی وبائی صورت اختیار کرنے کی وجہ سے بڑی بڑی صنعتوں، چھوٹے اور درمیانے درجے کے کاروبار، بندرگاہوں، ہوائی اڈوں اور دیگر ذرائع ترسیل کی اچانک بندش کے باعث معیشت کا پھیلاؤ مکمل طور پر جام ہو گیا ہے۔ آنے والے دن غالباً ملکی تاریخ کی سخت ترین آزمائش کے دن ثابت ہو سکتے ہیں اور ان مسائل سے نمٹنے کیلئے ہمیں سخت برداشت، انتہائی مہارت اور نظم و ضبط کی ضرورت ہوگی۔ یہ بات خوش آئند ہے کہ حکومت کی جانب سے ان صنعتی سیکٹرز کو کھولنے کی اجازت دی گئی ہے جن کی وجہ سے کورونا کی وبا پھیلنے کے خطرات کم ہیں اور ان میں سینٹ کی صنعت بھی شامل ہے۔

اس کے علاوہ حکومت کی جانب سے کورونا کی وبا اور اس کی وجہ معاشی شرح نمو میں آنے والی کمی کے باعث بنیادی شرح سود میں کمی کی گئی ہے اس شرح سود کو 9 فیصد تک لایا گیا ہے۔ حکومت کی جانب سے اٹھائے جانے والے ان اقدامات کے پیش نظر ہم امید کرتے ہیں کہ ملک کو موجودہ معاشی سست روی سے نکالنے میں بہت مدد ملے گی۔

دوسری جانب سینٹ کی فروخت مزید کچھ عرصے مسائل سے دوچار رہے گی جس کی وجہ قیمت فروخت میں کمی کارجمان، سخت مسابقتی ماحول اور اضافی پیداواری صلاحیت ہے۔ اس کے علاوہ خام مال کی لاگت میں اضافے کارجمان بھی اس صنعت کی نشوونما کیلئے مسائل پیدا کر سکتا ہے۔

تاہم موجودہ وسائل کو بہتر انداز سے بروئے کار لاتے ہوئے انتظامیہ کی جانب سے پوری کوشش کی جارہی ہے کہ فروخت کے اہداف کو حاصل کیا جاسکے اور سینٹ اور کلنکر کی فروخت کیلئے نئے مواقع تلاش کئے جائیں۔ اس کے علاوہ یہ کوششیں بھی کی جارہی ہیں کہ کاروباری لاگت میں جہاں تک ممکن ہو کی لائی جائے اور خام منافع کی شرح کو بہتر کیا جائے اور اس سلسلے میں تمام شرکت داروں کی صحت اور حفاظت کا بھی مکمل خیال کیا جائے۔

کمپنی کی فروخت کا جائزہ

زیر نظر نو ماہی میں 31 مارچ 2020 تک کمپنی کی فروخت میں بلحاظ حجم 42.93 فیصد کمی آئی ہے۔ مقامی سطح پر سینٹ فیکٹریوں کی پیداواری صلاحیتوں میں اضافے اور مجموعی طلب میں ہونے والی کمی کی وجہ سے سخت مسابقتی صورتحال پیدا ہوئی جس کی وجہ سے قیمت فروخت اور فروخت کا حجم دونوں ہی بری طرح متاثر ہوئے، جس کے نتیجے میں کمپنی کی آمدن از فروخت کمی کا شکار ہوئی۔

مزید برآں، Covid-19 کو رونا وائرس کی وبائی صورت اختیار کرنے کے بعد ملکی اور بین الاقوامی سطح پر لاک ڈاؤن کا نفاذ عمل میں لایا گیا۔ اس لاک ڈاؤن کی وجہ سے ایک جانب لیبر اور لاجسٹک کے مسائل نے جنم لیا تو دوسری جانب تعمیراتی عمل تقریباً منجمد ہو کر رہ گیا۔ حتیٰ کہ کمپنی کے تمام کاروباری افعال بھی جمود کا شکار ہو گئے۔ لاک ڈاؤن اور دیگر مسائل نے ملکر کمپنی کا پیداواری عمل بری طرح متاثر کیا ہے اور اس کے انتہائی منفی اثرات کمپنی کی آمدن پر بھی مرتب ہوئے ہیں۔

مالیاتی کارکردگی

31 مارچ 2020 کو ختم ہونے والی نو ماہی اور گزشتہ سال کی نو ماہی کا تقابلی جائزہ درج ذیل ہے:

Particulars	March 31, 2020	March 31, 2019
	Rupees in thousands	
Sales - net	1,537,447	2,896,625
Gross profit	99,011	557,499
Selling and Distribution Cost	83,176	208,772
Finance Cost	34,314	39,077
(Loss)/Profit before taxation	(58,459)	232,084
(Loss)/Profit for the period	(67,963)	164,039
(Loss)/Earning per share (Rupee)	(0.68)	1.65

لاگت برائے فروخت بلحاظ فروخت، جو گزشتہ مالی سال کے اسی عرصے کے دوران 80.75 فیصد تھی، اس سال بڑھ کر 93.56 فیصد ہو گئی ہے۔ لاگت میں ہونے والے اس اضافے کی وجہ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے عین مطابق معین لاگت کو بطور لاگت برائے دورانیہ درج کیا جانا اور 31 مارچ 2020 کو ختم ہونے والی نو ماہی کے دوران نصب شدہ پیداواری صلاحیت کے مقابلے میں کلنکر کی پیداواری کمی واقع ہونا ہے۔ علاوہ ازیں، پیکنگ میٹیریل، ٹرانسپورٹ کے اخراجات اور دیگر پیداواری لاگت میں بھی اضافے کا رجحان پایا گیا ہے۔

لاگت برائے ترسیل میں گزشتہ مالی سال کے اسی عرصے کے مقابلے میں 60.15 فیصد کمی درج کی گئی ہے جس کی بنیادی وجہ فروخت کے حجم میں آنے والی کمی ہے۔

ڈائریکٹرز کا تجزیہ

ٹھٹھہ سینٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2020 کو ختم ہونے والی نو ماہی کے غیر آڈٹ شدہ مالیاتی نتائج ذیل میں پیش خدمت ہیں۔

مجموعی جائزہ

31 مارچ 2020 کو ختم ہونے والی نو ماہی کے دوران پیداوار اور فروخت سے متعلق اعداد و شمار ذیل میں پیش کئے جا رہے ہیں:

Description	March 31, 2020	March 31, 2019	Variance	
	-----Metric Tons-----			
				%
Production				
Clinker	231,168	329,774	(98,606)	(29.90)
Cement	168,042	293,842	(125,800)	(42.81)
GBFS	-	260	(260)	(100)
Dispatches				
Cement-Local	167,550	293,600	(126,050)	(42.93)
Clinker-Local	31,588	17,917	13,672	76.30
Clinker-Export	46,650	157,369	(110,719)	(70.35)
GBFS-Local	-	260	(260)	(100)

رواں نو ماہی کے دوران کمپنی کی جانب سے کلنکر کی پیداوار 231,168 ٹن رہی جو کہ پیداواری گنجائش کا 60.44 فیصد ہے۔ جبکہ گزشتہ سال اسی عرصے کے دوران کلنکر کی پیداوار 329,774 ٹن تھی جو کہ پیداواری گنجائش کا 86.22 فیصد تھی۔

صنعتی جائزہ

گزشتہ مالی سال کے اسی عرصے کے مقابلے میں زیر نظر نو ماہی کے دوران ساؤتھر ریجن میں مقامی سطح پر سینٹ کی فروخت میں 26.84 فیصد کمی واقع ہوئی ہے جبکہ برآمدات میں 44.19 فیصد کا اضافہ درج کیا گیا ہے۔ حکومت کی جانب سے ٹیکس اصلاحات، ایکسل لوڈ پالیسی کا نفاذ اور "اپنے کسٹمر کو پہچانئے" کے نام سے سخت پالیسیوں کے نفاذ کی وجہ سے معیشت پر منفی اثرات مرتب ہوئے ہیں اور ان اثرات کی وجہ سے پاکستان میں تعمیرات کا عمل بری طرح متاثر ہوا ہے۔ اس سست روی کی وجہ سے سینٹ کی طلب میں بھی کمی آئی ہے جس کے نتیجے میں کمپنی کی فروخت اور منافع میں بھی کمی واقع ہوئی ہے۔

مزید برآں، کورونا وائرس کی وجہ سے عالمی سطح پر پھیلنے والی وباء کے خطرات کے پیش نظر زیر نظر عرصہ کے دوران حکومت پاکستان کی جانب سے پورے ملک میں لاک ڈاؤن کر دیا گیا۔ Covid-19 کی وبائی صورت سامنے آنے کے بعد ملکی سطح پر بنیادی ڈھانچوں کے تعمیراتی منصوبوں میں کمی جانے والی سرمایہ کاری بھی جمود کا شکار ہو گئی ہے، معیشت میں معمول کی سرگرمیاں بری طرح متاثر ہوئیں اور بشمول سینٹ سیکٹر معیشت کے تمام شعبے اس وباء سے بری طرح متاثر ہوئے۔ وبائی مرض کے پیش نظر عالمی سطح پر کئے جانے والے لاک ڈاؤن کی وجہ سے سینٹ کی طلب تقریباً منجمد ہو گئی ہے بالخصوص مارچ 2020 کے مہینے میں ان حالات کی وجہ سے سینٹ سیکٹر کی فروخت پر انتہائی منفی اثرات مرتب ہوئے

CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
PERIOD ENDED
MARCH 31, 2020

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

		(Un-audited)	(Audited)
		March 31, 2020	June 30, 2019
Note	---- Rupees in thousands ----		
ASSETS			
NON-CURRENT ASSETS			
	6	2,036,938	2,086,685
		299,158	299,158
		1,096	1,096
		2,337,192	2,386,939
CURRENT ASSETS			
	7	257,571	314,592
	8	431,528	389,192
	9	141,379	197,809
		4,532	5,673
		5,922	6,478
		17,526	18,921
		218,421	217,726
		27,035	72,770
		1,103,914	1,223,161
		3,441,106	3,610,100
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
	10	997,181	997,181
		99,718	99,718
		1,454,044	1,522,007
		2,550,943	2,618,906
NON-CURRENT LIABILITIES			
		2,892	4,297
		15,485	17,744
		283,200	293,868
		301,577	315,909
CURRENT LIABILITIES			
	11	424,052	292,087
		2,494	2,540
		8,462	7,761
		-	87,817
		153,578	285,080
		588,586	675,285
		3,441,106	3,610,100
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For the nine months period ended March 31, 2020

	Note	Nine Months ended March 31,		Quarter ended March 31,	
		2020	2019	2020	2019
		----- Rupees in thousands -----			
Sales - net	13	1,537,447	2,896,625	382,124	903,848
Cost of sales	14	(1,438,436)	(2,339,126)	(374,020)	(734,323)
Gross profit		99,011	557,499	8,104	169,525
Selling and distribution cost		(83,176)	(208,772)	(10,793)	(71,200)
Administrative expenses		(64,725)	(77,711)	(17,451)	(23,905)
		(147,901)	(286,483)	(28,244)	(95,105)
Operating (loss) / profit		(48,890)	271,016	(20,140)	74,420
Other operating expenses		(10,500)	(23,769)	(9,870)	(5,252)
Finance cost		(34,314)	(39,077)	(8,630)	(10,076)
		(44,814)	(62,846)	(18,500)	(15,328)
Other income		35,245	23,914	11,222	9,049
(Loss) / profit before taxation		(58,459)	232,084	(27,418)	68,141
Taxation	15	(9,504)	(68,045)	11,544	(23,118)
(Loss) / profit for the period		(67,963)	164,039	(15,874)	45,023
(Loss) / earnings per share - basic and diluted (Rupees)		(0.68)	1.65	(0.16)	0.45

The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the nine months period ended March 31, 2020

	Nine Months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
----- Rupees in thousands -----				
(Loss) / profit for the period	(67,963)	164,039	(15,874)	45,023
Other comprehensive income / (loss)				
<i>Items to be reclassified to unconsolidated statement of profit or loss in subsequent periods</i>	-	-	-	-
<i>Items not to be reclassified to unconsolidated statement of profit or loss in subsequent periods</i>	-	-	-	-
Total comprehensive (loss)/income for the period	(67,963)	164,039	(15,874)	45,023

The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine months period ended March 31, 2020

		Nine Months ended March 31,	
		2020	2019
Note		---- Rupees in thousands ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	(Loss) / profit before taxation	(58,459)	232,084
	Adjustment for:		
	Depreciation	74,132	100,538
	Amortization	-	2,100
	(Reversal) / provision for slow moving & obsolete stores and spares and impairment of major stores & Spares	(136)	1,953
	Finance cost	34,314	39,077
	Provision for gratuity	11,949	10,257
	Provision for leave encashment	1,765	2,347
	Property, plant and equipment written off	3	247
	(Gain)/loss on disposal of property, plant and equipments	(104)	20
		121,923	156,539
	Operating cash flows before working capital changes	63,464	388,623
	Working capital changes		
	Stores, spare parts and loose tools	56,819	82,634
	Stock-in-trade	(42,336)	382,431
	Trade debts	56,430	(83,459)
	Advances	1,141	592
	Trade deposits and short term prepayments	556	10,304
	Other receivables and accrued interest	1,395	47,069
	Trade and other payables excluding gratuity	120,016	(281,349)
		194,021	158,222
	Cash generated from operations	257,485	546,845
	Finance cost paid	(33,613)	(42,176)
	Gratuity paid	-	(19,984)
	Leave encashment paid	(4,024)	(467)
	Income tax paid	(20,867)	(73,208)
	Long term deposits - liabilities	(1,405)	(680)
	Net cash generated from operating activities	197,576	410,330

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine months period ended March 31, 2020

		Nine Months ended March 31,	
		2020	2019
Note		---- Rupees in thousands ----	
CASH FLOWS FROM INVESTING ACTIVITIES			
	Fixed capital expenditure	(24,051)	(30,876)
6	Proceeds from disposal of property, plant and equipment	104	124
	Net cash used in investing activities	(23,947)	(30,752)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Repayment of long term financing	(87,817)	(173,950)
	Unclaimed dividend paid	(46)	(142,295)
	Net cash used in financing activities	(87,863)	(316,245)
	Net increase in cash and cash equivalents	85,766	63,333
	Cash and cash equivalents at beginning of the period	(212,310)	(294,315)
	Cash and cash equivalents at end of the period	(126,543)	(230,982)
CASH AND CASH EQUIVALENTS			
	Cash and bank balances	27,035	68,569
	Short term borrowings	(153,578)	(299,551)
		(126,543)	(230,982)

The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended March 31, 2020

	Share capital	Reserve		Total shareholders' equity
		Capital	Revenue	
		Share premium	Accumulated profits	
----- Rupees in thousands -----				
Balance as at July 1, 2018 (audited)	997,181	99,718	1,459,891	2,556,790
<i>Transactions with owners recorded directly in equity</i>				
Final dividend @ Rs. 1.44 per share for the year ended June 30, 2018	-	-	(143,594)	(143,594)
<i>Total comprehensive income for the nine months period ended March 31, 2019</i>				
Profit for the period	-	-	164,039	164,039
Balance as at March 31, 2019 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>1,480,336</u>	<u>2,577,235</u>
Balance as at July 1, 2019 (audited)	997,181	99,718	1,522,007	2,618,906
<i>Total comprehensive income for the nine months period ended March 31, 2020</i>				
Loss for the period	-	-	(67,963)	(67,963)
Balance as at March 31, 2020 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>1,454,044</u>	<u>2,550,943</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



Chief Financial Officer



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended March 31, 2020

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.

The Company owns 62.43% shareholding of Thatta Power (Private) Limited (the Subsidiary Company). The principal business of the Subsidiary Company is generation and sale of electric power.

Nine Months ended March 31,	
2020	2019
----- Un-audited -----	
---- Rupees in thousands ----	

2 SUMMARY OF SIGNIFICANT TRANSACTION

2.1 Sales - net

1,537,447	2,896,625
-----------	-----------

During the period, the sales of the Company has decreased by Rs. 1,359.178 million as a consequence of lower demand of cement in the south region, on account of slow construction related activities which is in turn is due to overall economic slow-down in the Country and budget cuts by the Government since the start of current financial period and unstable political conditions.

2.2 Current maturity of long term financing

-	87,817
---	--------

During the period outstanding balance of syndicated term finance facility (STFF) has been repaid fully amounting to Rs. 87.817 million.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

These condensed interim unconsolidated financial statements for the nine months period ended March 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. The disclosures in these condensed interim unconsolidated financial statements do not include all of the information required in the annual audited unconsolidated financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company as at and for the year ended June 30, 2019.

These condensed interim unconsolidated financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the Pakistan Stock Exchange Regulations.

These condensed interim unconsolidated financial statements comprise of the condensed interim unconsolidated statement of financial position as at March 31, 2020 and condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity for the nine months period ended March 31, 2020.

3.2 Use of estimates and judgments

The preparation of these condensed interim 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 condensed interim 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 annual audited unconsolidated financial statements as at and for the year ended June 30, 2019.

3.3 Basis of measurement

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

3.4 Functional and presentation currency

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

3.5 General

The figures have been rounded off to the nearest thousand of Rupees.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in preparation of the annual audited unconsolidated financial statements as at and for the year ended June 30, 2019, except for the adoption of new and amended standards as set out below:

4.1 Standards and amendments to published approved accounting standards which are effective during the nine months period ended March 31, 2020.

IFRS 9 "Financial Instruments"

SECP through S.R.O 985(I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) model shall not be applicable till June 30, 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.

Following are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2019.

Standard or Interpretation

IASB effective date
(Annual periods beginning
on or after)

IFRS 16 'Leases'

July 1, 2019

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance lease is removed.

Management has assessed the impact of IFRS 16 and concluded that there is no significant impact on these unconsolidated condensed interim financial statements.

4.2 Standards and amendments to published approved accounting standards that are not yet effective during the nine months period ended March 31, 2020.

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

4.3 Standards, interpretations and amendments to published approved accounting standards that are effective but are not relevant.

The following new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the company financial statements and hence not been detailed here.

IFRIC 23 - 'Uncertainty over income tax treatment' clarifies how the recognition and measurement requirements of IAS 12 "Income Taxes" are applied when there is uncertainty over tax treatment. The IFRIC applies to all aspects of Income Tax accounting, when there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax base of assets or liabilities, tax losses, credits and tax rate.

5 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to variety of financial risks: market risk (including currency risk, fair value of interest rate risk, cash flow risk, interest rate risks and price risks), credit risks and liquidity risks. These condensed interim financial statements include all financial risks management information and disclosures required in the current financial statements and should read in conjunction with the Company's annual financial statements for the year ended June 30, 2019.

There has been no change in the risk management disclosures or any risk management policies since the year ended June 30, 2019.

		(Un-audited)	(Audited)
		March 31, 2020	June 30, 2019
	Note	---- Rupees in thousands ----	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,973,001	2,039,815
Major stores and spares	6.2	63,937	46,870
		<u>2,036,938</u>	<u>2,086,685</u>
6.1 Operating fixed assets			
Written Down Value (WDV) - opening		2,039,815	1,971,885
Additions during the period / year - at cost			
- Plant and machinery		4,878	206,276
- Electrical installations		-	417
- Quarry equipment		-	439
- Office & other equipment		-	207
- Laboratory equipments		1,299	836
- Computer equipments		1,144	-
		7,321	208,175
WDV of disposals during the period / year		-	(142)
Fixed assets written off during the period / year		(3)	(249)
Depreciation charge for the period / year		(74,132)	(139,853)
		(74,135)	(140,244)
WDV - closing		<u>1,973,001</u>	<u>2,039,815</u>
6.2 Major stores and spares			
Cost			
Opening balance		84,175	86,644
Additions during the period / year		24,051	12,217
Transferred to operating fixed assets		(7,321)	(14,686)
Closing balance		100,905	84,175
Accumulated impairment			
Opening balance		(37,305)	(31,546)
Reversal / (charge) for the period / year		337	(5,759)
Closing balance		(36,968)	(37,305)
Net book value		<u>63,937</u>	<u>46,870</u>
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Coal and other fuels		76,637	128,020
Stores & spare parts		207,874	213,314
Loose tools		105	101
		284,616	341,435
Provision for obsolete stores	7.1	(4,965)	(5,231)
Provision for slow moving stores and spares		(22,080)	(21,612)
		(27,045)	(26,843)
		<u>257,571</u>	<u>314,592</u>

7.1 It includes reversal of obsolete stores of Rs. 0.2663 million (June 30, 2019: Nil) as at the date of condensed interim unconsolidated statement of financial position.

		(Un-audited)	(Audited)
		March 31, 2020	June 30, 2019
	Note	---- Rupees in thousands ----	
8	STOCK-IN-TRADE		
	Raw material	18,459	20,399
	Packing material	39,274	46,208
	Work-in-process	328,491	286,583
	Finished goods	45,304	36,002
		<u>431,528</u>	<u>389,192</u>
9	TRADE DEBTS		
	Considered good		
	Local - unsecured	141,379	197,809
	Considered doubtful		
	Cement stockiest	60,801	60,801
	Excessive rebate allowed	6,101	6,101
	Controller Military Accounts	5,126	5,126
	Other customers	2,183	2,182
	Provision as per IFRS 09	540	-
		74,751	74,210
	Provision for doubtful debts	(74,751)	(74,210)
		<u>141,379</u>	<u>197,809</u>
10	SHARE CAPITAL		
		(Un-audited)	(Audited)
		March 31, 2020	June 30, 2019
		--- Number of shares ---	
		(Un-audited)	(Audited)
		March 31, 2020	June 30, 2019
		---- Rupees in thousands ----	
10.1	Authorized share capital		
		<u>200,000,000</u>	<u>200,000,000</u>
	Ordinary shares of Rs. 10/- each	<u>2,000,000</u>	<u>2,000,000</u>
10.2	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
		<u>99,718,125</u>	<u>99,718,125</u>
		<u>997,181</u>	<u>997,181</u>
11	TRADE AND OTHER PAYABLES		
	Bills payable	151,860	6,728
	Accrued liabilities	147,831	145,596
	Excise duty and sales tax payable	33,737	29,452
	Payable to Gratuity Fund	33,173	21,224
	Trade creditors	30,129	32,944
	Advances from customers	23,812	31,724
	Other liabilities	2,304	575
	Workers' Welfare Fund (WWF)	1,206	7,946
	Workers' Profit Participation Fund (WPPF)	-	15,898
		<u>424,052</u>	<u>292,087</u>
11.1	It includes Rs. 94.102 million (June 30, 2019: Rs. 79.43 million) payable to the Subsidiary Company, in respect of purchase of electric power.		

12 CONTINGENCIES AND COMMITMENTS**12.1 Contingencies**

The status of contingencies is same as disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2019 except for the matters which are mentioned below:

- 12.1.1** During the period, Order in Original (ONO) issued by Deputy Commissioner Inland Revenue (DCIR) 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), who deleted the disallowance of input tax amounting to Rs. 7.086 million while confirmed the disallowance amounting to Rs. 0.011 million.

- 12.1.2** During the period, an amendment made under section 65 (B) of the Income Tax Ordinance, 2001 through Finance Act 2019, whereby the percentage of tax credit on investment in plant and machinery has been reduced from 10% to 5% for the tax year 2019, which is subject to adjustment against refund or may required to be paid along with the return of income. Company filed petition in High Court against this amendment and obtained stay order as the likely impact of amendment made in 65 (B) would be Rs. 10.398 million. The management is confident that the Company has an arguable case on merits. Hence no provision is required to be made in these condensed interim unconsolidated financial statements, since till the next date, no adverse action may be taken against the Company in respect of this case.

- 12.1.3** During the year 2019, show cause notice u/s 122(5A) of the ITO 2001, dated February 15, 2019 was received from Additional Commissioner Inland Revenue (ACIR) Zone II, LTU containing observations relating to self assessment order u/s 120 of ITO, 2001 for tax year 2017. The Company explained the observations and attended hearings from time to time. Learned ACIR passed order-in-original dated July 02, 2019. The impugned order is erroneous with respect to computation of liability. Fuel adjustment of Rs. 3.678 million is added to the income for the year, reduction of b/f tax credit u/s 65B of ITO 2001 relating to tax year 2016 and disallowance of WPPF contribution resulting in tax payable for the year amounting to Rs. 34.094 million.

However, the management of the Company has filed appeal against the impugned order before Commissioner Inland Revenue Appeals. The CIR Appeals annulled the assessment order vide its order no. 18 dated September 09, 2019. The ACIR issued notice dated November 21, 2019 to pass appeal effects order which was responded by the management. Appeal effect order is not passed till February 12, 2020

- 12.1.4** Assistant Commissioner Inland Revenue (ACIR) had 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. The Commissioner (Appeals-II) Karachi passed order-in-appeal no 35 dated October 16, 2018 where the Holding Company was granted relief in respect of disallowance on account of leave encashment of Rs. 2.694 million, contribution to gratuity fund of Rs. 11.438 million, incentive and commission of Rs. 4.760 million, expenses paid in cash of Rs. 2.257 million and entertainment of Rs. 0.54 million. The CIR-A maintained the disallowance of tax credit under section 65 B of the Ordinance and claim of contribution to WPPF on payment basis, against which the management of the Company has filed appeal before Appellate Tribunal Inland Revenue which is pending for hearing.

Meanwhile the management of the Company applied for rectification of order-in-original u/s 221 of ITO, 2001, to have assessment giving effects of order-in-appeal, on November 14, 2018 then May 24, 2019 and on August 06, 2019. Orders giving appeal effects were passed on January 18, 2019 and June 30, 2019. However, the management again applied for rectification of order on July 26, 2019 in respect to consider SWWF, tax deducted under FTR and tax credit u/s 168 not considered to full extent.

- 12.1.5** The Deputy Commissioner Inland Revenue (DCIR) has issued show-cause notice to the company amounting to Rs. 24.2 million regarding inadmissibility of input Sales Tax for the period from July 2018 to June 2019. The Company attended hearings fixed from time to time and provide documents, explanations and supporting evidences. However, the learned DCIR has passed an order-in-original (ONO) on February 13, 2020 creating demand of Rs. 0.951 million in relation to inadmissibility of input tax claim on purchases, services received, etc. for tax period from July 2018 to June 2019 under Sales Tax Act, 1990.

The Company has filed an appeal before Commissioner Inland Revenue- Appeals (CIR-A) against the order passed by DCIR which is pending for hearing.

- 12.1.6** The learned DCIR has issued an ONO as a result of monitoring of withholding taxes for tax year 2018 raising a demand of Rs. 0.499 million (including default surcharge and penalty) on the grounds that company has not deducted applicable withholding taxes while making payments and certain expenses and hence made default under section 161/205/182 of the Income Tax Ordinance. The Company has filed an appeal before Commissioner Inland Revenue–Appeals (CIR-A) against the order passed by DCIR which is pending for hearing.

12.1.7 The Commissioner Inland Revenue (CIR) has initiated proceedings against the company in relation to income tax audit under section 177 of Income Tax Ordinance, 2001 for the tax year 2015. The notice for request of documents / information was received on February 07, 2020. The Company's tax consultant attended hearings fixed in the case from time to time and provided documents and explanations requested by the DCIR. Show cause notice u/s 122(9) of the Income Tax Ordinance, 2001 has been issued on April 06, 2020, however, due to lockdown situation in Sindh due to COVID-19 we applied for extension of 15 days in compliance date which was April 13, 2020.

12.1.8 The Company's tax consultant is confident that merits of these cases are in Company's favor and it is expected that the favorable outcome will follow.

(Un-audited)	(Audited)
March 31, 2020	June 30, 2019
---- Rupees in thousands ----	

12.2 Commitments

Commitments in respect of revenue & capital expenditure	-	96,895
Guarantees given by banks on behalf of the Company	51,000	48,000

Nine Months ended March 31,		Quarter ended March 31,	
2020	2019	2020	2019
----- Un-audited -----			
----- Rupees in thousands -----			

13 SALES - NET

Gross sales	- Local	2,036,753	2,981,225	586,720	819,644
	- Export	220,822	784,738	-	278,037
		<u>2,257,575</u>	<u>3,765,963</u>	<u>586,720</u>	<u>1,097,681</u>
Less	- Federal Excise Duty	398,276	424,642	110,169	93,380
	- Sales tax	321,852	444,696	94,427	100,453
		<u>720,128</u>	<u>869,338</u>	<u>204,596</u>	<u>193,833</u>
		<u>1,537,447</u>	<u>2,896,625</u>	<u>382,124</u>	<u>903,848</u>

13.1 Company's revenue disaggregated by primary geographical markets is as follows:

Sale of cement and clinker

Primary geographical markets

Within Pakistan	1,316,625	2,111,887	382,124	625,811
Outside Pakistan	220,822	784,738	-	278,037
	<u>1,537,447</u>	<u>2,896,625</u>	<u>382,124</u>	<u>903,848</u>

13.2 Company's revenue disaggregated by pattern/timing of revenue recognition is as follows:

Timing of revenue recognition

Goods transferred at a point in time	1,537,447	2,896,625	382,124	903,848
--------------------------------------	-----------	-----------	---------	---------

Nine Months Report : March 2020

	Nine Months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
----- Un-audited -----				
----- Rupees in thousands -----				
14 COST OF SALES				
Raw material consumed	88,484	145,092	18,571	49,870
Manufacturing expenses				
Fuel and power	993,634	1,285,450	196,197	489,776
Salaries, wages and other benefits	213,243	230,460	61,832	76,991
Depreciation	70,849	97,456	15,705	36,377
Packing material consumed	55,384	118,839	17,764	40,362
Stores, spare parts and loose tools consumed	44,321	43,588	12,309	17,242
Vehicle hire, running & maintenance	8,557	8,929	2,731	3,026
Repairs and maintenance	5,546	12,222	1,800	5,677
Other production overheads	4,089	3,527	2,334	1,383
Insurance	3,879	10,938	1,293	3,641
Communication	1,285	1,599	511	498
Entertainment	511	919	119	230
(Reversal) / provision for slow moving & obsolete stores and spares	(136)	1,953	-	-
	<u>1,401,162</u>	<u>1,815,880</u>	<u>312,595</u>	<u>675,203</u>
Cost of production	<u>1,489,646</u>	<u>1,960,972</u>	<u>331,166</u>	<u>725,073</u>
Work-in-process				
Opening balance	286,583	408,198	368,178	39,739
Closing balance	(328,491)	(25,867)	(328,491)	(25,867)
	<u>(41,908)</u>	<u>382,331</u>	<u>39,687</u>	<u>13,872</u>
Cost of goods manufactured	<u>1,447,738</u>	<u>2,343,303</u>	<u>370,853</u>	<u>738,945</u>
Finished goods				
Opening balance	36,002	42,946	48,471	42,501
Closing balance	(45,304)	(47,123)	(45,304)	(47,123)
	<u>(9,302)</u>	<u>(4,177)</u>	<u>3,167</u>	<u>(4,622)</u>
	<u>1,438,436</u>	<u>2,339,126</u>	<u>374,020</u>	<u>734,323</u>
15 TAXATION				
Current tax	(20,172)	(62,136)	(3,782)	(18,672)
Deferred tax	10,668	(5,909)	15,326	(4,446)
	<u>(9,504)</u>	<u>(68,045)</u>	<u>11,544</u>	<u>(23,118)</u>
16 EARNINGS PER SHARE - BASIC AND DILUTED				
(Loss) / Profit for the period (Rupees in thousands)	<u>(67,963)</u>	<u>164,039</u>	<u>(15,874)</u>	<u>45,023</u>
Weighted average number of ordinary shares	<u>99,718,125</u>	<u>99,718,125</u>	<u>99,718,125</u>	<u>99,718,125</u>
(Loss) / earnings per share - basic and diluted (Rupees)	<u>(0.68)</u>	<u>1.65</u>	<u>(0.16)</u>	<u>0.45</u>

17 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprise of Subsidiary Company, 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 the defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity fund) is in accordance with the actuarial advice. Details of transactions during the period ended/outstanding balances as at March 31, 2020 with related parties are as follows:

	Nine Months ended March 31,	
	2020	2019
	----- Un-audited -----	
	---- Rupees in thousands ----	
17.1 Transactions with related parties		
17.1.1 Subsidiary Company		
Thatta Power (Private) Limited		
- Common shared expenses	2,847	2,637
- Receipts on account of common shared expenses	2,881	2,728
- Purchase of store items (inclusive of GST) - net	139	12,413
- Receipts on account of sale of store items - net	712	12,295
- Purchase of electricity (inclusive of GST)	528,810	613,827
- Payment on account of electric power (inclusive of GST)	514,139	623,139
- Management fee claimed (inclusive of SST)	18,017	16,380
- Management fee received (inclusive of SST)	17,835	16,214
- Sale of cement	-	10,332
- Receipt on account of sale of cement	380	11,265
- Loan/advance to the Subsidiary Company	58,000	-
- Receipt on account of loan/advance to the Subsidiary Company	58,000	-
- Interest accrued on loan/advance to the Subsidiary Company	899	-
- Receipts on account of interest on loan/advance to the Subsidiary Company	899	-
- Sale of waste heat (inclusive of GST)	11,656	-
17.1.2 During the period, Company contracted with Thatta Power (Private) Limited (Subsidiary) for sale of Waste Heat. This recovery plant started its operation in October 2019 and the Company earned Rs. 9.962 million from this project.		
17.1.3 Key management personnel		
- Salaries and benefits	47,814	60,013
- Sale of vehicle	-	102
17.1.4 Other related parties		
- Contribution to employees' Gratuity Fund	11,949	19,984
- Contribution to employees' Provident Fund	7,319	7,472
- Education expenses - Model Terbiat School	2,142	4,693
	(Un-audited)	(Audited)
	March 31, 2020	June 30, 2019
	---- Rupees in thousands ----	
17.2 Balances with related parties		
17.2.1 Subsidiary Company		
Thatta Power (Private) Limited		
- Payable against purchase of electricity (inclusive of GST)	94,102	79,431
- Receivable against management fee (inclusive of SST)	2,002	1,820
- Receivable against common shared expenses	288	322
- (Payable) / receivable against sale of store items - net	(178)	673
- Receivable against sale of cement	-	380
- Receivable against waste heat (inclusive of GST)	11,656	-
17.2.2 Other related party		
- Payable to Gratuity Fund	33,173	21,224

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

18 FAIR VALUE MEASUREMENTS

All assets and liabilities for which fair value is measured or disclosed in the condensed interim unconsolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Fair value measurement using quoted prices (unadjusted) in active markets for identical assets or
- Level 2 - Fair value measurement using inputs other than quoted prices included with in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of all other assets and liabilities is estimated to approximate their carrying value.

19 OPERATING SEGMENTS

- 19.1** These condensed interim unconsolidated financial statements have been prepared on the basis of single reportable segment.
- 19.2** Revenue from cement segment represents 100% (March 31, 2019: 100%) of the total revenue of the Company.
- 19.3** 85.64% (March 31, 2019: 72.91%) sales of the Company relates to customers in Pakistan.
- 19.4** All non-current assets of the Company as at March 31, 2020 are located in Pakistan.

20 CORRESPONDING FIGURES

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

21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorized for issue on April 27, 2020 by the Board of Directors of the Company.



Chief Financial Officer



Chief Executive



Director


CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
PERIOD ENDED
MARCH 31, 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

		(Un-audited)	(Audited)
		March 31, 2020	June 30, 2019
Note		---- Rupees in thousands ----	
ASSETS			
NON-CURRENT ASSETS			
	6	4,371,267	4,403,521
Property, plant and equipment			
Long term deposits		1,096	1,096
Total non-current assets		4,372,363	4,404,617
CURRENT ASSETS			
	7	302,586	350,758
Stores, spare parts and loose tools			
	8	412,352	370,977
Stock-in-trade			
	9	934,808	881,813
Trade debts			
Short term investment - Held to maturity		306,000	306,000
Advances		39,978	47,465
Trade deposits and short term prepayments		9,932	7,677
Other receivables and accrued interest		30,822	72,246
Taxation - net		266,929	268,595
Cash and bank balances		84,290	119,234
Total current assets		2,387,697	2,424,765
Total assets		6,760,060	6,829,382
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
	10	997,181	997,181
Share capital			
Share premium		99,718	99,718
Accumulated profit		2,591,963	2,543,016
Attributable to the owners of the Holding Company		3,688,862	3,639,915
Non-controlling interests		866,139	795,783
Total equity		4,555,001	4,435,698
NON-CURRENT LIABILITIES			
		891,258	1,003,022
Long term financing			
Long term deposits		2,892	4,297
Long term employee benefit		15,485	17,744
Deferred taxation		283,200	293,868
Total non-current liabilities		1,192,835	1,318,931
CURRENT LIABILITIES			
	11	543,654	428,056
Trade and other payables			
Unclaimed dividend		2,494	2,540
Accrued mark-up		48,521	44,513
Current maturity of long term financing		263,977	314,564
Short term borrowings		153,578	285,080
Total current liabilities		1,012,224	1,074,753
Total equity and liabilities		6,760,060	6,829,382
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes from 1to 21form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For the nine months period ended March 31, 2020

	Note	Nine Months ended March 31,		Quarter ended March 31,	
		2020	2019	2020	2019
----- Rupees in thousands -----					
Sales - net	13	2,078,256	3,339,172	572,428	1,005,789
Cost of sales	14	(1,704,371)	(2,503,326)	(497,382)	(759,020)
Gross profit		373,885	835,846	75,046	246,769
Selling and distribution cost		(83,176)	(208,772)	(10,793)	(71,200)
Administrative expenses		(68,550)	(92,205)	(17,950)	(35,632)
		(151,726)	(300,977)	(28,743)	(106,832)
Operating profit		222,159	534,869	46,303	139,937
Other operating expenses		(10,526)	(23,769)	(9,870)	(5,252)
Finance cost		(112,874)	(63,187)	(57,301)	(18,105)
		(123,400)	(86,956)	(67,171)	(23,357)
Other income		36,423	31,150	15,562	14,911
(Loss) / profit before taxation		135,182	479,063	(5,306)	131,491
Taxation	15	(15,879)	(72,173)	8,440	(25,517)
Profit for the period		119,303	406,890	3,134	105,974
Profit for the period attributable to:					
- Equity holders of the Holding Company		48,947	315,651	(4,007)	83,075
- Non-controlling interests		70,356	91,239	7,141	22,899
		119,303	406,890	3,134	105,974
(Loss)/earnings per share - basic and diluted (Rupees)	16	0.49	3.17	(0.04)	0.83

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the nine months period ended March 31, 2020

	Nine Months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
----- Rupees in thousands -----				
Profit for the period	119,303	406,890	3,134	105,974
Other comprehensive income				
<i>Items to be reclassified to consolidated statement of profit or loss in subsequent periods</i>	-	-	-	-
<i>Items not to be reclassified to consolidated statement of profit or loss in subsequent periods</i>	-	-	-	-
Total comprehensive income for the period	119,303	406,890	3,134	105,974
Total comprehensive income for the period attributable to:				
- Equity holders of the Holding Company	48,947	315,651	(4,007)	83,075
- Non-controlling interests	70,356	91,239	7,141	22,899
	119,303	406,890	3,134	105,974

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine months period ended March 31, 2020

		Nine Months ended March 31,	
		2020	2019
Note	---- Rupees in thousands ----		
CASH FLOWS FROM OPERATING ACTIVITIES			
		135,182	479,063
		Profit before taxation	
		Adjustment for:	
		145,304	138,018
	6.1	-	2,100
		(136)	1,953
		112,874	63,187
		11,949	10,257
		1,765	2,347
		3	11,517
		(104)	20
		271,655	229,399
		Operating cash flows before working capital changes	
		406,837	708,462
		Working capital changes	
		47,970	74,053
		(41,375)	360,299
		(52,995)	(153,765)
		7,487	(34,756)
		(2,255)	14,137
		41,424	(11,052)
		103,649	(210,742)
		103,905	38,174
		Cash generated from operations	
		510,742	746,636
		(108,866)	(66,416)
		-	(19,984)
		(4,024)	(467)
		(24,881)	(125,008)
		(1,405)	(680)
		371,566	534,081
		Net cash generated from operating activities	

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine months period ended March 31, 2020

	Nine Months ended March 31,	
	2020	2019
---- Rupees in thousands ----		
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(111,105)	(1,068,658)
Proceeds from disposal of property, plant and equipment	104	124
Proceeds from maturity of short term investment	306,000	306,000
Short term investment	(306,000)	(306,000)
Net cash used in investing activities	(111,001)	(1,068,534)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	-	1,126,995
Repayment of long term financing	(163,961)	(250,094)
Unclaimed dividend paid	(46)	(142,295)
Net cash (used in) / generated from financing activities	(164,007)	734,606
Net increase in cash and cash equivalents	96,558	200,153
Cash and cash equivalents at beginning of the period	(165,846)	(216,611)
Cash and cash equivalents at end of the period	(69,288)	(16,458)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	84,290	283,093
Short term borrowings	(153,578)	(299,551)
	(69,288)	(16,458)

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended March 31, 2020

	Equity attributable to the owners of the Holding Company					
	Share capital	Reserves		Total Shareholders' equity	Non-controlling interests	Total shareholders' equity
		Capital	Revenue			
	Share premium	Accumulated profits				
----- Rupees in thousands -----						
Balance as at July 1, 2018 (audited)	997,181	99,718	2,264,837	3,361,736	665,758	4,027,494
<i>Transactions with owners recorded directly in equity</i>						
Final dividend @ Rs. 1.44 per share for the year ended June 30, 2018	-	-	(143,594)	(143,594)	-	(143,594)
<i>Total comprehensive income for the nine months period ended March 31, 2019</i>						
Profit for the period	-	-	315,651	315,651	91,239	406,890
Balance as at March 31, 2019 (un-audited)	997,181	99,718	2,436,894	3,533,793	756,997	4,290,790
Balance as at July 1, 2019 (audited)	997,181	99,718	2,543,016	3,639,915	795,783	4,435,698
<i>Total comprehensive income for the nine months period ended March 31, 2020</i>						
Profit for the period	-	-	48,947	48,947	70,356	119,303
Balance as at March 31, 2020 (un-audited)	997,181	99,718	2,591,963	3,688,862	866,139	4,555,001

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Financial Officer



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended March 31, 2020

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 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 March 31, 2020 (June 30, 2019: 62.43%). The principal business activity of the Subsidiary Company is generation and sale of electric power. As at March 31, 2020 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (June 30, 2019: 50,000,000) ordinary shares and 47,915,830 (June 30, 2019: 47,915,830) ordinary shares respectively. The registered office and generation facility of the Subsidiary Company comprises of 3 acres and is situated at Ghulamullah Road, Makli, District Thatta, Sindh.

Nine Months ended March 31,	
2020	2019
----- Un-audited -----	
---- Rupees in thousands ----	

2 SUMMARY OF SIGNIFICANT TRANSACTION

2.1 Sales - net

1,537,447	2,896,625
-----------	-----------

During the period, the sales of the Holding Company has decreased by Rs. 1,359.178 million as a consequence of lower demand of cement in the south region, on account of slow construction related activities which is in turn is due to overall economic slow-down in the Country and budget cuts by the Government since the start of current financial period and unstable political conditions.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim consolidated financial statements for the nine months ended March 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. The disclosures in these condensed interim consolidated financial statements do not include all of the information required in the annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended June 30, 2019.

These condensed interim consolidated financial statements are unaudited and are being submitted to the shareholders as required under section 228 and 237 of the Companies Act, 2017 and the Pakistan Stock Exchange Regulations.

These condensed interim consolidated financial statements comprises of the condensed interim consolidated statement of financial position as at March 31, 2020 and condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the nine months ended March 31, 2020.

3.2 Basis of consolidation

These condensed interim consolidated financial statements includes the condensed interim financial statements of the Holding Company and the Subsidiary Company.

The condensed interim financial statements of the Subsidiary Company are included in the condensed interim consolidated financial statements from the date on which more than 50% voting rights are transferred to the Holding Company or power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Upon loss of control, the Holding Company derecognises the assets and liabilities of the Subsidiary Company, any non-controlling interests and other components of equity related to the Subsidiary Company. Any surplus or deficit arising on the loss of control is recognised in profit and loss.

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 condensed interim consolidated financial statements. Intra-group balances and transactions are eliminated.

3.3 Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with approved accounting standards requires 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 condensed interim 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 annual audited consolidated financial statements as at and for the year ended June 30, 2019.

3.4 Basis of measurement

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

3.5 Functional and presentation currency

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

3.6 General

The figures have been rounded off to the nearest thousand of Rupees.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of the annual audited consolidated financial statements as at and for the year ended June 30, 2019, except for the adoption of new and amended standards as set out below:

4.1 Standards and amendments to published approved accounting standards which are effective during the nine months period ended March 31, 2020.

IFRS 9 "Financial Instruments"

SECP through S.R.O 985(I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) model shall not be applicable till June 30, 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.

Following are certain new standards and amendments to approved accounting standards which are mandatory for the Group's annual accounting period which began on July 1, 2019.

Standard or Interpretation

IASB effective date
(Annual periods beginning on or after)

IFRS 16 'Leases'

July 1, 2019

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance lease is removed.

Management has assessed the impact of IFRS 16 and concluded that there is no significant impact on these consolidated condensed interim financial statements.

4.2 Standards and amendments to published approved accounting standards that are not yet effective during the nine months period ended March 31, 2020.

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

4.3 Standards, interpretations and amendments to published approved accounting standards that are effective but are not relevant.

The following new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the company financial statements and hence not been detailed here.

IFRIC 23 - 'Uncertainty over income tax treatment' clarifies how the recognition and measurement requirements of IAS 12 "Income Taxes" are applied when there is uncertainty over tax treatment. The IFRIC applies to all aspects of Income Tax accounting, when there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax base of assets or liabilities, tax losses, credits and tax rate.

5 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to variety of financial risks: market risk (including currency risk, fair value of interest rate risk, cash flow risk, interest rate risks and price risks), credit risks and liquidity risks. These condensed interim financial statements include all financial risks management information and disclosures required in the current financial statements and should read in conjunction with the Company's annual financial statements for the year ended June 30, 2019.

	(Un-audited)	(Audited)
	March 31, 2020	June 30, 2019
Note	---- Rupees in thousands ----	
6.1	4,304,386	3,265,338
	-	1,088,369
6.2	66,881	49,814
	<u>4,371,267</u>	<u>4,403,521</u>

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	4,304,386	3,265,338
Capital work-in-progress		-	1,088,369
Major stores and spares	6.2	66,881	49,814
		<u>4,371,267</u>	<u>4,403,521</u>

	(Un-audited)	(Audited)
	March 31, 2020	June 30, 2019
	---- Rupees in thousands ----	
6.1 Operating fixed assets		
Written Down Value (WDV) - opening	3,265,338	3,123,053
Additions during the period / year - at cost		
- Plant and machinery	1,059,318	347,184
- Building on freehold land	122,594	-
- Electrical installations	-	417
- Quarry equipment	-	439
- Office & other equipment	-	207
- Laboratory equipments	1,299	-
- Computer equipments	1,144	836
	<u>1,184,355</u>	<u>349,083</u>
WDV of disposals during the period / year	-	(142)
Fixed assets written off during the period / year	(3)	(11,519)
Depreciation charge for the period / year	(145,304)	(195,136)
	<u>(145,307)</u>	<u>(206,797)</u>
WDV - closing	<u>4,304,386</u>	<u>3,265,338</u>
6.2 Major stores and spares		
Cost		
Opening balance	87,119	89,588
Additions during the period / year	112,716	153,125
Transferred to operating fixed assets	(95,986)	(155,594)
Closing balance	<u>103,849</u>	<u>87,119</u>
Accumulated impairment		
Opening balance	(37,305)	(31,546)
Reversal / (charge) for the period / year	337	(5,759)
Closing balance	<u>(36,968)</u>	<u>(37,305)</u>
Net book value	<u>66,881</u>	<u>49,814</u>
7 STORES, SPARE PARTS AND LOOSE TOOLS		
Coal and other fuels	76,637	128,020
Stores & spare parts	252,882	249,471
Loose tools	112	110
	<u>329,631</u>	<u>377,601</u>
Provision for obsolete stores	(4,965)	(5,231)
Provision for slow moving stores and spares	(22,080)	(21,612)
	<u>(27,045)</u>	<u>(26,843)</u>
	<u>302,586</u>	<u>350,758</u>
8 STOCK-IN-TRADE		
Raw material	18,459	20,399
Packing material	39,274	46,208
Work-in-process	310,584	269,597
Finished goods	44,035	34,773
	<u>412,352</u>	<u>370,977</u>
9 TRADE DEBTS		
Considered good		
Local - unsecured	934,808	881,813
Considered doubtful		
Cement stockiest	60,801	60,801
Excessive rebate allowed	6,101	6,101
Controller Military Accounts	5,126	5,126
Other customers	2,183	2,182
Provision as per IFRS 09	540	-
	<u>74,751</u>	<u>74,210</u>
Provision for doubtful debts	(74,751)	(74,210)
	<u>934,808</u>	<u>881,813</u>

10 SHARE CAPITAL

(Un-audited)	(Audited)		(Un-audited)	(Audited)
March 31, 2020	June 30, 2019		March 31, 2020	June 30, 2019
--- Number of shares ---			---- Rupees in thousands ----	

10.1 Authorized share capital

200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000	2,000,000
-------------	-------------	----------------------------------	-----------	-----------

10.2 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
<u>99,718,125</u>	<u>99,718,125</u>		<u>997,181</u>	<u>997,181</u>

11 TRADE AND OTHER PAYABLES

Accrued liabilities	187,433	165,516
Bills payable	151,860	6,728
Trade creditors	49,124	87,811
Excise duty and sales tax payable	39,820	29,452
Workers' Profit Participation Fund (WPPF)	39,656	55,554
Payable to Gratuity Fund	33,173	21,224
Advances from customers	23,812	31,724
Workers' Welfare Fund (WWF)	16,275	23,015
Other liabilities	2,501	964
Contractors retention money	-	6,068
	<u>543,654</u>	<u>428,056</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

The status of contingencies is same as disclosed in the annual audited consolidated financial statements for the year ended June 30, 2019 except for the matters which are mentioned below:

12.1.1 During the period, the Holding Company has filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A) against the Order in Original (ONO) issued by Deputy Commissioner Inland Revenue (DCIR) 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. While deciding the appeal, CIR-A has passed the appellate order in favour of the Holding Company.

The Holding Company has filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A), who deleted the disallowance of input tax amounting to Rs. 7.086 million while confirmed the disallowance amounting to Rs. 0.011 million.

12.1.2 During the period, an amendment made under section 65(B) of the Income Tax Ordinance, 2001 through Finance Act 2019, whereby the percentage of tax credit on investment in plant and machinery has been reduced from 10% to 5% for the tax year 2019, which is subject to adjustment against refund or may required to be paid along with the return of income. Holding Company filed petition in High Court against this amendment and obtained stay order as the likely impact of amendment made in 65(B) would be Rs. 10.398 million. The management is confident that the Holding Company has an arguable case on merits. Hence no provision is required to be made in these condensed interim consolidated financial statements, since till the next date, no adverse action may be taken against the Holding Company in respect of this case.

- 12.1.3 During the year 2019, show cause notice u/s 122(5A) of the ITO 2001, dated February 15, 2019 was received from Additional Commissioner Inland Revenue (ACIR) Zone II, LTU containing observations relating to self assessment order u/s 120 of ITO, 2001 for tax year 2017. The Holding Company explained the observations and attended hearings from time to time. Learned ACIR passed order-in-original dated July 02, 2019. The impugned order is erroneous with respect to computation of liability. Fuel adjustment of Rs. 3.678 million is added to the income for the year, reduction of b/f tax credit u/s 65B of ITO 2001 relating to tax year 2016 and disallowance of WPPF contribution resulting in tax payable for the year amounting to Rs. 34.094 million.

However, the management of the Holding Company has filed appeal against the impugned order before Commissioner Inland Revenue Appeals. The CIR Appeals annulled the assessment order vide its order no. 18 dated September 09, 2019. The ACIR issued notice dated November 21, 2019 to pass appeal effects order which was responded by the management. Appeal effect order is not passed till February 12, 2020.

- 12.1.4 Assistant Commissioner Inland Revenue (ACIR) had 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. The Commissioner (Appeals-II) Karachi passed order-in-appeal no 35 dated October 16, 2018 where the Holding Company was granted relief in respect of disallowance on account of leave encashment of Rs. 2.694 million, contribution to gratuity fund of Rs. 11.438 million, incentive and commission of Rs. 4.760 million, expenses paid in cash of Rs. 2.257 million and entertainment of Rs. 0.54 million. The CIR-A maintained the disallowance of tax credit under section 65 B of the Ordinance and claim of contribution to WPPF on payment basis, against which the management of the Company has filed appeal before Appellate Tribunal Inland Revenue which is pending for hearing.

Meanwhile the management of the Holding Company applied for rectification of order-in-original u/s 221 of ITO, 2001, to have assessment giving effects of order-in-appeal, on November 14, 2018 then May 24, 2019 and on August 06, 2019. Orders giving appeal effects were passed on January 18, 2019 and June 30, 2019. However, the management again applied for rectification of order on July 26, 2019 in respect to consider SWWF, tax deducted under FTR and tax credit u/s 168 not considered to full extent.

- 12.1.5 The Deputy Commissioner Inland Revenue (DCIR) has issued show-cause notice to the Holding Company amounting to Rs. 24.2 million regarding inadmissibility of input Sales Tax for the period from July 2018 to June 2019. The Holding Company attended hearings fixed from time to time and provide documents, explanations and supporting evidences. The learned DCIR has passed an order-in-original (ONO) on February 13, 2020 creating demand of Rs. 0.951 million in relation to inadmissibility of input tax claim on purchases, services received, etc. for tax period from July 2018 to June 2019 under Sales Tax Act, 1990.

The Holding Company has filed an appeal before Commissioner Inland Revenue- Appeals (CIR-A) against the order passed by DCIR which is pending for hearing.

- 12.1.6 The learned DCIR has issued an ONO as a result of monitoring of withholding taxes for tax year 2018 raising a demand of Rs 0.499 million (including default surcharge and penalty) on the grounds that Holding Company has not deducted applicable withholding taxes while making payments and certain expenses and hence made default under section 161/205/182 of the Income Tax Ordinance. The Holding Company has filed an appeal before Commissioner Inland Revenue- Appeals (CIR-A) against the order passed by DCIR which is pending for hearing.

- 12.1.7 The Commissioner Inland Revenue (CIR) has initiated proceedings against the company in relation to income tax audit under section 177 of Income Tax Ordinance, 2001 for the tax year 2015. The notice for request of documents / information was received on February 07, 2020. The Holding Company's tax consultant attended hearings fixed in the case from time to time and provided documents and explanations requested by the DCIR. Show cause notice u/s 122(9) of the Income Tax Ordinance, 2001 has been issued on April 06, 2020, however, due to lockdown situation in Sindh due to COVID-19 we applied for extension of 15 days in

- 12.1.8 During the period the Deputy Commissioner Inland Revenue (DCIR) has disallowed the input sales tax claimed by the Subsidiary Company during the period from July 2018 to February 2019 and raised a demand of Rs. 23.6 million. The Subsidiary Company has filed an appeal against the order passed by DCIR before CIR-Appeals through its consultant, the hearing of the case was held on December 2, 2019. The CIR-Appeal has passed an order on January 01, 2020 and set-aside the order passed by DCIR for fresh adjudication.

- 12.1.9 During the period Assistant Commissioner Sindh Revenue Board, has passed an order against the Subsidiary Company and raised demand amounting to Rs.11.15 million against Sindh Workers Participation Fund (SWPF) for the Accounting year ended 30th June, 2013. The Subsidiary Company has filed an appeal against the order passed by Assistant Commissioner before Commissioner Appeals through its consultant. The hearing of the case is pending for adjudication.

- 12.1.10 The Group's tax consultants are confident that merits of these cases are in our favor and it is expected that the favorable outcome will follow.

	(Un-audited)	(Audited)
	March 31, 2020	June 30, 2019
	---- Rupees in thousands ----	
12.2 Commitments		
Commitments in respect of revenue & capital expenditure	5,304	111,204
Guarantees given by banks on behalf of the Group	357,000	354,000
Commitment under deferred payment letter of credit	-	50,466

	Nine Months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	----- Un-audited -----			
	----- Rupees in thousands -----			
13 SALES - NET				
Gross Sales				
- Local	2,669,499	3,499,004	809,375	938,914
- Export	220,822	784,738	-	278,037
	2,890,321	4,283,742	809,375	1,216,951
Less:				
- Federal Excise Duty	398,276	424,642	110,169	93,380
- Sales tax	413,789	519,928	126,778	117,782
	812,065	944,570	236,947	211,162
	2,078,256	3,339,172	572,428	1,005,789

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

Sale of cement and clinker

Primary geographical markets

Within Pakistan	1,316,625	2,111,887	382,124	625,811
Outside Pakistan	220,822	784,738	-	278,037
	1,537,447	2,896,625	382,124	903,848

Sale of electric power

Pakistan	540,809	442,547	190,304	101,941
----------	---------	---------	---------	---------

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

Timing of revenue recognition

Goods / electric power transferred at a point in time	2,078,256	3,339,172	572,428	1,005,789
-------------------------------------------------------	-----------	-----------	---------	-----------

14 COST OF SALES

Raw material consumed	88,484	145,092	18,571	49,870
Manufacturing expenses				
Fuel and power	1,142,121	1,368,437	286,900	483,676
Salaries, wages and other benefits	213,243	230,460	61,832	76,991
Depreciation	142,021	134,936	45,720	48,952
Stores, spare parts and loose tools consumed	75,033	85,253	21,147	28,404
Packing material consumed	55,384	118,839	17,764	40,362
Repairs, operations and maintenance	13,360	31,890	3,262	12,321
Insurance	10,039	15,362	3,696	4,923
Vehicle hire, running & maintenance	8,557	8,929	2,731	3,026
Other production overheads	4,718	3,634	2,393	1,410
Communication	1,285	1,599	511	498
Entertainment	511	919	119	230
(Reversal) / provision for slow moving & obsolete stores and spares	(136)	1,953	-	-
	1,666,136	2,002,211	446,075	700,793
Cost of production	1,754,620	2,147,303	464,646	750,663

	Nine Months ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	----- Un-audited -----			
	----- Rupees in thousands -----			
Work-in-process				
Opening balance	269,597	384,911	340,724	37,605
Closing balance	(310,584)	(24,650)	(310,584)	(24,650)
	(40,987)	360,261	30,140	12,955
Cost of goods manufactured	1,713,633	2,507,564	494,786	763,618
Finished goods				
Opening balance	34,773	41,545	46,631	41,185
Closing balance	(44,035)	(45,783)	(44,035)	(45,783)
	(9,262)	(4,238)	2,596	(4,598)
	1,704,371	2,503,326	497,382	759,020
15 TAXATION				
Current tax	(26,547)	66,264	(6,886)	21,071
Deferred tax	10,668	5,909	15,326	4,446
	(15,879)	72,173	8,440	25,517
16 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period attributable to the owners of the Holding Company (Rupees in thousands)	48,947	315,651	(4,007)	83,075
Weighted average number of ordinary shares	99,718,125	99,718,125	99,718,125	99,718,125
Earnings per share - basic and diluted (Rupees)	0.49	3.17	(0.04)	0.83
17 RELATED PARTY TRANSACTIONS & BALANCES				

Related parties comprise of associated undertakings, 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 the defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity fund) is in accordance with the actuarial advice. Details of transactions during the period ended / outstanding balances as at March 31, 2020 with related parties are as follows:

	Nine Months ended March 31,	
	2020	2019
	----- Un-audited -----	
	----- Rupees in thousands -----	
17.1 Transactions with related parties		
17.1.1 Key management personnel		
- Salaries and benefits	47,814	60,013
- Sale of vehicle	-	102
17.1.2 Other related parties		
- Contribution to employees' Gratuity Fund	11,949	19,984
- Contribution to employees' Provident Fund	7,319	7,472
- Education expenses - Model Terbiat School	2,142	4,693
17.2.1 Other related parties		
Payable to Gratuity Fund	33,173	21,224
17.3 There are no transactions with key management personnel other than under their terms of employment.		

18 FAIR VALUE MEASUREMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Fair value measurement using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Fair value measurement using inputs other than quoted prices included with in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of all other assets and liabilities is estimated to approximate their carrying value.

19 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.

19.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	March 2020	March 2019	March 2020	March 2019	March 2020	March 2019	March 2020	March 2019
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	1,537,447	2,896,625	992,783	967,185	(451,974)	(524,638)	2,078,256	3,339,172
Cost of sales	(1,438,436)	(2,339,126)	(727,811)	(711,709)	461,876	547,509	(1,704,371)	(2,503,326)
Gross profit	99,011	557,499	264,972	255,476	9,902	22,871	373,885	835,846
Selling and distribution cost	(83,176)	(208,772)	-	-	-	-	(83,176)	(208,772)
Administrative expenses	(64,725)	(77,711)	(19,769)	(28,989)	15,944	14,495	(68,550)	(92,205)
	(147,901)	(286,483)	(19,769)	(28,989)	15,944	14,495	(151,726)	(300,977)
Operating profit	(48,890)	271,016	245,203	226,487	25,846	37,366	222,159	534,869
Other operating expenses	(10,500)	(23,769)	(26)	-	-	-	(10,526)	(23,769)
Finance cost	(34,314)	(39,077)	(79,459)	(24,110)	899	-	(112,874)	(63,187)
	(44,814)	(62,846)	(79,485)	(24,110)	899	-	(123,400)	(86,956)
Other income	35,245	23,914	28,884	22,470	(27,706)	(15,234)	36,423	31,150
Segment results	(58,459)	232,084	194,602	224,847	(961)	22,132	135,182	479,063
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before tax	(58,459)	232,084	194,602	224,847	(961)	22,132	135,182	479,063
Taxation	(9,504)	(68,045)	(6,375)	(4,128)	-	-	(15,879)	(72,173)
Profit for the period	(67,963)	164,039	188,227	220,719	(961)	22,132	119,303	406,890

19.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	March 2020	June 2019	March 2020	June 2019	March 2020	June 2019	March 2020	June 2019
----- Un-audited -----								
----- Rupees in thousands -----								
Segment assets	3,441,106	3,610,100	3,732,993	3,618,069	(414,039)	(398,787)	6,760,060	6,829,382
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,441,106	3,610,100	3,732,993	3,618,069	(414,039)	(398,787)	6,760,060	6,829,382
Segment liabilities	890,163	991,194	1,408,998	1,482,301	(94,102)	(79,811)	2,205,059	2,393,684
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	890,163	991,194	1,408,998	1,482,301	(94,102)	(79,811)	2,205,059	2,393,684
Capital expenditure	24,051	33,154	87,054	1,153,108	-	-	111,105	1,186,262
Depreciation	74,132	139,853	71,172	55,283	-	-	145,304	195,136

19.3 Reconciliation of reportable segment revenues, profit and loss, assets and liabilities:

19.3.1 Operating revenues

Total revenue of reportable segments
Elimination of intra group revenue
Consolidated revenue

Consolidated	
Nine Months ended March 31,	
2020	2019
----- Un-audited -----	
---- Rupees in thousands ----	
2,530,230	3,863,810
(451,974)	(524,638)
<u>2,078,256</u>	<u>3,339,172</u>

19.3.2 Profit and loss

Total profit before tax of reportable segments
Adjustment of unrealized profit and intra group transactions
Consolidated profit before taxation

136,143	456,931
(961)	22,132
<u>135,182</u>	<u>479,063</u>

19.3.3 Assets

Total assets of reportable segments
Elimination of intra group balances and unrealized profit
Reclassification for consolidation purposes
Consolidated assets

Consolidated	
(Un-audited)	(Audited)
March 31, 2020	June 30, 2019
---- Rupees in thousands ----	
7,174,099	7,228,170
(412,436)	(397,184)
(1,603)	(1,603)
<u>6,760,060</u>	<u>6,829,382</u>

19.3.4 Liabilities

Total liabilities of reportable segments
Elimination of intra group balances
Consolidated liabilities

2,299,161	2,473,495
(94,102)	(79,811)
<u>2,205,059</u>	<u>2,393,684</u>

19.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	----- (Un-audited) -----		(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2020	March 31, 2019	March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2019
----- Rupees in thousands -----						
Pakistan	1,857,434	2,554,434	6,760,060	6,829,382	4,555,001	4,435,698
Export	220,822	784,738	-	-	-	-
	<u>2,078,256</u>	<u>3,339,172</u>	<u>6,760,060</u>	<u>6,829,382</u>	<u>4,555,001</u>	<u>4,435,698</u>

19.5 Information about major customers

Major customers for cement segment are various individual dealers, builders, developers & manufacturers of building material whereas major customer for power segment is Hyderabad Electric Supply Company Limited (HESCO).

20 CORRESPONDING FIGURES

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

21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on April 27, 2020 by the Board of Directors of the Company.



Chief Financial Officer



Chief Executive



Director



THATTA CEMENT
COMPANY LIMITED

Head Office
Office # 606 - 608A, 6th Floor,
Continental Trade Center, Block 8, Clifton, Karachi
www.thattacement.com

Factory
Ghulamullah Road, Makli,
District Thatta, Sindh