

# Half Yearly Report December 2020



**THATTA CEMENT**  
COMPANY LIMITED

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## **Vision**

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

## **Mission**

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

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Khawaja Muhammad Salman Younis  
Mr. Muhammad Aslam Shaikh  
Ms. Naheed Memon  
Mr. Saleem Zamindar  
Mr. Noor Muhammad  
Mr. Agha Sher Shah  
Mr. Muhammad Jamshid Malik

Chairman  
Chief Executive  
Director  
Director  
Director  
Director  
Director

### AUDIT COMMITTEE

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

Chairman  
Member  
Member

### HR & REMUNERATION COMMITTEE

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

Chairman  
Member  
Member

### IT STEERING COMMITTEE

Mr. Khawaja Muhammad Salman Younis  
Mr. Muhammad Aslam Shaikh  
Mr. Fuad Zakaria Bhuri

Chairman  
Member  
Member

### CHIEF FINANCIAL OFFICER

Mr. Fuad Zakaria Bhuri

### REGISTERED OFFICE

Office No. 606-608A, Continental  
Trade Center, Block 8, Clifton,  
Karachi, Pakistan.  
UAN: 0092-21-111-842-82  
Fax no.: 0092-21-35303074-75  
Website: [www.thattacement.com](http://www.thattacement.com)  
E-mail: [info@thattacement.com](mailto:info@thattacement.com)

### COMPANY SECRETARY

Mr. Muhammad Abid Khan

### STATUTORY AUDITOR

M/s BDO Ebrahim & Co., Chartered Accountants

### FACTORY

Ghulamullah Road, Makli,  
District Thatta, Sindh 73160

### CORPORATE ADVISOR

M/s Sharjeel Ayub & Co., Chartered Accountants

### LEGAL ADVISOR

M/s Usmani & Iqbal

### SHARE REGISTRAR

THK Associates (Pvt) Limited  
Plot # 32-C, Jami Commercial  
Street 2, Phase-VII, DHA,  
Karachi, Pakistan.  
UAN: 021-111-000-322  
Fax: 021-35655595  
Website: [www.thk.com.pk](http://www.thk.com.pk)

### BANKERS - CONVENTIONAL

National Bank of Pakistan  
Sindh Bank Limited  
Summit Bank Limited

## **DIRECTORS' REVIEW**

The Board of Directors present herewith their review together with the un-audited condensed interim financial statements for the half year ended December 31, 2020.

## **OVERVIEW**

Production and dispatch statistics for the half year ended December 31, 2020 are as follows:

<b>Description</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>Variance</b>	
	<b>-----Metric Tons-----</b>			<b>%</b>
<b><u>Production</u></b>				
Clinker	<b>183,719</b>	<b>190,490</b>	(6,771)	(3.55)
Cement	<b>123,245</b>	<b>113,424</b>	9,821	8.66
<b><u>Dispatches</u></b>				
Clinker-Local	<b>36,216</b>	<b>31,588</b>	4,628	14.65
Clinker-Export	<b>16,200</b>	<b>46,888</b>	(30,688)	(65.45)
Cement-Local	<b>122,676</b>	<b>112,174</b>	10,502	9.36

During the period under review, local clinker and cement dispatches of your company picked up by 14.65% and 9.36% respectively as compared to corresponding period last year.

However, during the half year ended, the Company was able to achieve 67% overall clinker production capacity which brought about 183,719 tons of clinker against 69.47% capacity utilization with clinker production of 190,490 tons in the same period last year.

## **INDUSTRY REVIEW**

Cement Industry witnessed an unprecedented cement offtake during the period ended December 31, 2020 registering a growth of 15.62% in overall cement dispatches. Local sales volume remained at 23.60 million tons (2019: 20.37 million tons) during the period posted a growth of 15.84%, whereas exports reached at 5.02 million tons (2019: 4.38 million tons) showing an increase of 14.61%.

In the south region, local sales posted an increase of 13.93% in volumetric terms from 2.97 million tons to 3.38 million tons whereas export dispatches witnessed the growth of 28.66% from 2.96 million tons to 3.80 million tons as compared to the same period last year.

This upsurge in industry volumes is mainly due to resumption of construction activities after the COVID-19 lock down period, revival of various infrastructure projects under CPEC, introduction of low cost housing projects and announcement of business friendly initiatives by Government of Pakistan (GoP) particularly for construction industry.

## **SALES REVIEW**

During the period under review, local sales of the company in terms of volume increased by 10.52% as compared to corresponding period last year. The increase in dispatches resulted in growth of revenue from local sales by 8.82% as compared to corresponding period. However, overall revenue of the company is slightly decreased by 4.34% in value terms mainly due to decline in the export business. Your Company showed commendable performance and successfully maintained its market share in the South Region despite tough market conditions due to COVID-19 coupled with unprecedented monsoon rains in the province of Sindh during the period under review.

Moreover, Government's stimulus packages to spur the construction sector have improved the cement off take in domestic market and have accordingly halted the downward trend of cement prices allowing your Company to secure better margins on increasing sales volumes in the local market.

## FINANCIAL REVIEW

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

Particulars	December 31, 2020	December 31, 2019
	Rupees in thousands	
Sales – net	1,105,138	1,155,323
Gross profit	142,636	90,907
Selling and Distribution Cost	51,757	72,383
Finance Cost	9,424	25,684
Profit/(Loss) before taxation	66,616	(31,041)
Profit/(Loss) after taxation	70,722	(52,089)
Earning/(Loss) per share (Rupee)	0.71	(0.52)

Cost to Sales ratio has decreased to 87.09% during the period as compared to 92.13% in the corresponding period last year. The main reason of decrease in Cost to Sales ratio is due to management's focus on securing local sales business which yields higher margin as compared to export business. In addition to this, decline in Cost of Sales is due to decrease in per unit cost of power, coal and other input costs during the period under review as compared to corresponding period.

Selling and distribution cost decline by 28.49% mainly due to low exports of clinker as compared to corresponding period. Finance cost is also decreased due to efficient utilization of resources and reduction in discount rate from 13.25% to 7.00% as compared to corresponding period.

## FUTURE OUTLOOK

Infrastructure projects and the housing sector are the key drivers for consumption of cement. Going forward, consumption of cement from these two sectors is projected to increase considering various upcoming projects under CPEC including economic zones, hydro power projects and government's plans under Naya Pakistan Housing Scheme. Moreover, the Government of Pakistan has extended the fixed tax regime for construction industry till 31 December 2021.

State Bank of Pakistan (SBP) besides, reduction in discount rates, has also recently introduced finance facility for construction / acquisition of homes at reduced mark-up rates repayable in affordable monthly installments which shall further boost construction activities in the Country and spur demand of cement.

## PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the half year ended December 31, 2020 are as follows.

### Statement of Financial Position

	<b>December 2020</b>	<b>June 2020</b>
----- (Rupees in thousand) -----		
Property, plant and equipment	<b>4,222,352</b>	4,325,672
Stock-in-Trade	<b>428,295</b>	394,514
Trade Debts	<b>1,164,105</b>	937,558
Total Equity - Holding Company	<b>3,709,235</b>	3,609,010
Trade and Other payables	<b>614,834</b>	472,428

### Statement of Profit or Loss

	<b>December 2020</b>	<b>December 2019</b>
----- (Rupees in thousand) -----		
Sales - net	<b>1,337,709</b>	1,505,828
Gross Profit	<b>267,766</b>	298,839
Selling, Distribution cost & Administrative Expense	<b>101,781</b>	122,983
Profit before taxation	<b>118,411</b>	140,488
Profit after taxation	<b>117,979</b>	116,169
Earnings per share (in Rupees)	<b>1.01</b>	0.53

## 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



**Khawaja Muhammad Salman Younis**  
Chairman

Karachi: February 24, 2021



## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS

### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **THATTA CEMENT COMPANY LIMITED** ("the Company") as at December 31, 2020 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim unconsolidated financial statements based on our review.

### Scope of review

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

### Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements as at and for the six-month period ended December 31, 2020 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matters

The figures for the quarters ended December 31, 2020 and December 31, 2019 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The financial statements of the Company for the year ended June 30, 2020 were audited and condensed interim unconsolidated financial statements for the half year ended December 31, 2019 was reviewed by another firm of chartered accountants who through their audit report dated September 30, 2020, and review report dated February 24, 2020 expressed an unmodified opinion and conclusion thereon, respectively.

KARACHI  
DATED: **24 FEB 2021**



CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer



**CONDENSED INTERIM  
UNCONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2020**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	5	<b>1,972,954</b>	2,021,470
Long term investment in Subsidiary Company	6	<b>299,158</b>	299,158
Long term deposits		<b>1,096</b>	1,096
		<b>2,273,208</b>	2,321,724
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	7	<b>328,099</b>	339,360
Stock-in-trade	8	<b>435,754</b>	410,190
Trade debts	9	<b>274,279</b>	136,330
Advances		<b>5,251</b>	6,597
Trade deposits and prepayments		<b>7,315</b>	4,058
Other receivables & accrued mark-up		<b>16,604</b>	17,703
Taxation - net		<b>201,386</b>	218,673
Cash and bank balances	10	<b>133,735</b>	22,465
		<b>1,402,423</b>	1,155,376
<b>TOTAL ASSETS</b>		<b>3,675,631</b>	3,477,100
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		<b>2,000,000</b>	2,000,000
Share capital	11	<b>997,181</b>	997,181
Share premium		<b>99,718</b>	99,718
Accumulated profit		<b>1,438,402</b>	1,367,680
		<b>2,535,301</b>	2,464,579
<b>NON - CURRENT LIABILITIES</b>			
Long term deposits		<b>2,791</b>	2,791
Long term employee benefit		<b>17,034</b>	15,963
Deferred taxation		<b>263,931</b>	285,150
		<b>283,756</b>	303,904
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>537,786</b>	390,389
Unclaimed dividend		<b>2,006</b>	2,039
Accrued mark-up		<b>5,345</b>	9,645
Short term borrowings		<b>311,437</b>	306,544
		<b>856,574</b>	708,617
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,675,631</b>	3,477,100
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13		

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Note	Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		(Rupees in thousands)			
Sales - net	14	<b>1,105,138</b>	1,155,323	<b>659,179</b>	756,868
Cost of sales	15	<b>(962,502)</b>	(1,064,416)	<b>(536,089)</b>	(702,200)
<b>Gross profit</b>		<b>142,636</b>	90,907	<b>123,090</b>	54,668
Selling and distribution cost		<b>(51,757)</b>	(72,383)	<b>(42,483)</b>	(62,351)
Administrative expenses		<b>(46,859)</b>	(46,734)	<b>(25,121)</b>	(22,823)
		<b>44,020</b>	(28,210)	<b>55,486</b>	(30,506)
Other operating expenses		<b>(6,074)</b>	(630)	<b>(6,074)</b>	(143)
Impairment loss - trade debts		<b>(1,261)</b>	(540)	<b>(1,261)</b>	(540)
Other income		<b>39,355</b>	24,023	<b>27,640</b>	15,498
<b>Operating profit / (loss)</b>		<b>76,040</b>	(5,357)	<b>75,791</b>	(15,691)
Finance cost		<b>(9,424)</b>	(25,684)	<b>(4,124)</b>	(11,297)
<b>Profit / (loss) before taxation</b>		<b>66,616</b>	(31,041)	<b>71,667</b>	(26,988)
Taxation					
Current		<b>(17,110)</b>	(16,390)	<b>(10,245)</b>	(10,441)
Prior		<b>(3)</b>	-	<b>(3)</b>	-
Deferred		<b>21,219</b>	(4,658)	<b>16,899</b>	(3,160)
		<b>4,106</b>	(21,048)	<b>6,651</b>	(13,601)
<b>Profit / (loss) for the period</b>		<b>70,722</b>	(52,089)	<b>78,318</b>	(40,589)
<b>Earnings / (loss) per share - basic and diluted (Rupee)</b>	16	<b>0.71</b>	(0.52)	<b>0.79</b>	(0.41)

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousands)			
<b>Profit / (loss) for the period</b>	<b>70,722</b>	(52,089)	<b>78,318</b>	(40,589)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>70,722</b>	(52,089)	<b>78,318</b>	(40,589)

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

		Half year ended	
		December 31, 2020	December 31, 2019
Note		------(Rupees in thousands)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	<b>Profit / (loss) before taxation</b>	<b>66,616</b>	(31,041)
	<b>Adjustment for:</b>		
	Depreciation on property, plant and equipment	5.1 <b>55,562</b>	57,330
	Provision / (reversal) for slow moving & obsolete stores and impairment of major stores & spares	<b>1,854</b>	(136)
	Finance cost	<b>9,424</b>	25,684
	Provision for gratuity	<b>7,765</b>	7,966
	Provision for leave encashment	<b>1,641</b>	1,261
	Provision for loss allowance	<b>1,261</b>	540
	Property, plant and equipment written off	<b>-</b>	3
	Gain on disposal of property, plant and equipment	<b>(662)</b>	-
		<b>76,845</b>	92,648
	<b>Operating cash flows before working capital changes</b>	<b>143,461</b>	61,607
	<b>Decrease / (increase) in current assets</b>		
	Stores, spare parts and loose tools	<b>9,848</b>	125,686
	Stock-in-trade	<b>(25,564)</b>	(85,442)
	Trade debts	<b>(139,210)</b>	68,724
	Advances	<b>1,346</b>	969
	Trade deposits and prepayments	<b>(3,257)</b>	232
	Other receivable and accrued mark-up	<b>1,099</b>	(8,870)
		<b>(155,738)</b>	101,299
	<b>Increase / (decrease) in current liabilities</b>		
	Trade and other payables	<b>163,611</b>	(26,327)
	<b>Cash generated from operations</b>	<b>151,334</b>	136,579
	Finance cost paid	<b>(13,724)</b>	(23,356)
	Gratuity paid	<b>(23,979)</b>	-
	Leave encashment paid	<b>(570)</b>	(452)
	Income tax refund / (paid) - net	<b>175</b>	(12,569)
	Long term deposits	<b>-</b>	(1,400)
	<b>Net cash generated from operating activities</b>	<b>113,236</b>	98,802

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

		Half year ended	
		December 31, 2020	December 31, 2019
Note		----- (Rupees in thousands) -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Fixed capital expenditure	(7,488)	(23,807)
	Proceeds from sale of property, plant and equipment	662	-
	<b>Net cash used in investing activities</b>	<b>(6,826)</b>	<b>(23,807)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Repayment of long-term financing from banking companies	-	(87,817)
	Unclaimed dividend paid	(33)	(46)
	<b>Net cash used in financing activities</b>	<b>(33)</b>	<b>(87,863)</b>
	Net increase / (decrease) in cash and cash equivalents	106,377	(12,867)
	Cash and cash equivalents at the beginning of the period	(284,079)	(212,310)
	<b>Cash and cash equivalents at the end of the period</b>	<b>(177,702)</b>	<b>(225,177)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
	Cash and bank balances	10 133,735	44,149
	Short term borrowings	(311,437)	(269,326)
		<b>(177,702)</b>	<b>(225,177)</b>

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**



**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Share capital	Reserves		Total
		Share premium	Accumulated profit	
----- (Rupees in thousands) -----				
<b>Balance as at July 1, 2019 (audited)</b>	997,181	99,718	1,522,007	2,618,906
<b>Total comprehensive income for the period ended December 31, 2019</b>				
Loss for the period	-	-	(52,089)	(52,089)
Other comprehensive income	-	-	-	-
	-	-	(52,089)	(52,089)
<b>Balance as at December 31, 2019 (unaudited)</b>	997,181	99,718	1,469,918	2,566,817
<b>Balance as at July 1, 2020 (audited)</b>	<b>997,181</b>	<b>99,718</b>	<b>1,367,680</b>	<b>2,464,579</b>
<b>Total comprehensive income for the period ended December 31, 2020</b>				
Profit for the period	-	-	<b>70,722</b>	<b>70,722</b>
Other comprehensive income	-	-	-	-
	-	-	<b>70,722</b>	<b>70,722</b>
<b>Balance as at December 31, 2020 (unaudited)</b>	<b>997,181</b>	<b>99,718</b>	<b>1,438,402</b>	<b>2,535,301</b>

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

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**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 supply of electric power.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim unconsolidated financial statements are unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

These condensed interim unconsolidated financial statements for the half year ended December 31, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These condensed interim unconsolidated financial statements do not include all the statements and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2020 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

**2.3** The comparative unconsolidated statement of financial position presented in these condensed interim unconsolidated financial statements has been extracted from the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2020, whereas the comparative 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 are extracted from the unaudited condensed interim unconsolidated financial statements for the half year ended December 31, 2019.

**2.4 Basis of measurement**

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention unless stated otherwise.

These condensed interim unconsolidated financial statements have been prepared following accrual basis of accounting except for condensed interim unconsolidated statement of cash flows.

**2.5 Functional and presentation currency**

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

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

**3 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN**

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, 2020.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2020. The adoption of these new and amended standards did not have material impact on these condensed interim unconsolidated financial statements.

**4 ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim unconsolidated financial statements require management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2020.

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>1,907,712</b>	1,959,623
Major stores and spares	5.2	<b>61,057</b>	61,847
Capital work in progress	5.3	<b>4,185</b>	-
		<b>1,972,954</b>	2,021,470
<b>5.1 Operating fixed assets</b>			
Opening net book value (NBV)		<b>1,959,623</b>	2,039,815
Additions during the period / year at cost	5.1.1	<b>3,651</b>	7,459
		<b>1,963,274</b>	2,047,274
Depreciation charge for the period / year		<b>(55,562)</b>	(87,648)
Write off during the period / year		<b>-</b>	(3)
		<b>(55,562)</b>	(87,651)
Closing net book value (NBV)		<b>1,907,712</b>	1,959,623
<b>5.1.1 Detail of additions (at cost) during the period / year are as follows:</b>			
Plant and machinery		<b>2,125</b>	4,878
Laboratory equipment		<b>-</b>	1,437
Computers		<b>-</b>	1,144
Vehicles		<b>1,526</b>	-
		<b>3,651</b>	7,459
<b>5.2 Major stores and spares</b>			
Cost			
Opening balance		<b>100,766</b>	84,175
Additions during the period / year		<b>1,173</b>	24,050
Transferred during the period / year		<b>(1,521)</b>	(7,459)
Closing balance		<b>100,418</b>	100,766
Accumulated impairment			
Opening balance		<b>(38,919)</b>	(37,305)
Impairment charge for the period / year		<b>(442)</b>	(1,614)
Closing balance		<b>(39,361)</b>	(38,919)
Net book value		<b>61,057</b>	61,847

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>5.3 Capital work in progress</b>			
Solar panel project		<b>4,185</b>	-
<b>6 LONG TERM INVESTMENT IN SUBSIDIARY COMPANY</b>			
Thatta Power (Private) Limited (TPPL)	6.1 & 6.2	<b>299,158</b>	299,158
6.1	The Company owns 62.43% shareholding of TPPL as at December 31, 2020 (June 30, 2020: 62.43%). The principal business of the Subsidiary Company is generation and supply of electric power. As at December 31, 2020 TPPL has authorized and issued share capital of Rs. 500.00 million and Rs. 479.16 million divided into 50,000,000 and 47,915,830 ordinary shares respectively. Investment in subsidiary is accounted and carried on the basis of cost.		
6.2	Thatta Cement Company Limited has pledged its investment in shares of TPPL in favor of National Bank of Pakistan (NBP) as the security trustee against syndicate term finance facility extended by NBP and other syndicated banks of TPPL.		
<b>7 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Coal and other fuels	7.1	<b>162,192</b>	163,933
Stores and spare parts		<b>193,580</b>	201,678
Loose tools		<b>96</b>	105
		<b>355,868</b>	365,716
Provision for obsolete stores		<b>(3,864)</b>	(3,871)
Provision for slow moving stores and spares		<b>(23,905)</b>	(22,485)
		<b>(27,769)</b>	(26,356)
		<b>328,099</b>	339,360
7.1	This includes coal in transit amounting to Rs. 2.357 million (June 30, 2020: Rs. Nil).		
<b>8 STOCK-IN-TRADE</b>			
Raw material		<b>14,534</b>	18,587
Packing material		<b>27,347</b>	36,962
Work-in-process		<b>347,554</b>	303,363
Finished goods		<b>46,319</b>	51,278
		<b>435,754</b>	410,190
<b>9 TRADE DEBTS</b>			
Considered good			
Local - unsecured		<b>274,279</b>	136,330
Considered doubtful			
Local - unsecured		<b>76,368</b>	75,107
		<b>350,647</b>	211,437
Provision for doubtful debts		<b>(76,368)</b>	(75,107)
		<b>274,279</b>	136,330

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		(Rupees in thousands)	
10	CASH AND BANK BALANCES	Note	
	Cash in hand		2,575
	Cash at bank		
	Current account		10,199
	Profit and loss sharing (PLS) accounts		9,691
			19,890
			<b>133,735</b>
11	SHARE CAPITAL		
		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		Number of shares	
	<b>Authorised share capital</b>		
	<b>200,000,000</b>	200,000,000	Ordinary shares of Rs. 10/- each
		<b>2,000,000</b>	2,000,000
	<b>Issued, subscribed and paid-up capital</b>		
	<b>89,418,125</b>	89,418,125	Ordinary shares of Rs. 10/- each
			shares allotted for consideration
			paid in cash
	<b>10,300,000</b>	10,300,000	Ordinary shares of Rs. 10/- each
			shares allotted for consideration
			other than cash
	<b>99,718,125</b>	99,718,125	894,181
			<b>894,181</b>
			103,000
			<b>103,000</b>
			997,181
			<b>997,181</b>
12	TRADE AND OTHER PAYABLES		
	Trade creditors		38,287
	Accrued liabilities		123,162
	Bills payable		123,881
	Advances from customers		30,536
	Excise duty and sales tax payable		33,795
	Payable to Gratuity Fund		34,795
	Payable to Provident Fund		1,518
	Sindh Workers' Profit Participation Fund		-
	Sindh Workers' Welfare Fund		-
	Other liabilities	12.1	4,415
			537,786
			390,389

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

12.1 This includes income tax payable amounting to Rs. 0.499 million (June30, 2020: Nil) (including default surcharge and penalty) against demand raised by Deputy Commissioner Inland Revenue (DCIR) as a result of monitoring of income tax withholding for tax year 2018. The Company filed appeal before Commissioner Inland Revenue-Appeals (CIR-A) against the DCIR's order but the CIR-A confirmed the tax demand raised by DCIR.

**13 CONTINGENCIES AND COMMITMENTS**

**13.1 Contingencies**

13.1.1 The Deputy Commissioner Inland revenue (DCIR) has issued showcause notice dated September 05, 2019 to the Company for the Tax Year 2019 and disallowed input tax amounting to Rs. 24.2 million on some taxable purchases and services received by the Company for the purpose of business during the period from July 01, 2018 to June 30, 2019. In response to showcause notice, the Company attended hearings 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 disallowing input tax to the extent of Rs. 0.951 million. The Company has filed an appeal before Commissioner Inland Revenue – Appeals (CIR-A) against the said order. Based on appeal filed by the Company, the Commissioner (Appeals -1) dated December 07, 2020 has remanded back the above disallowances. In view of Company's tax consultant, favourable outcome of such appeal is anticipated; hence no provision is required to be made in these condensed interim unconsolidated financial statements.

13.1.2 Deputy Commissioner Inland Revenue (DCIR) issued a notice on January 31, 2020 under Section 177 of the Income Tax Ordinance, 2001 for the purpose of Income Tax audit of the Company for the Tax Year 2015. The Company attended hearings from time to time and provided supporting documents and explanations against the audit observations raised by DCIR. However, the learned DCIR passed an amended assessment order on April 28, 2020 and raised the tax demand of Rs. 0.6 million by disallowing certain admissible expenses including leave encashment, donation expense, salary expense and Tax credit u/s 65B. The Company has filed an appeal before Commissioner Inland Revenue - Appeal (CIR-A) against the disallowances. Based on the appeal filed, the Commissioner (Appeals-I) dated December 17, 2020 remanded back the disallowance made on account of donations while confirmed the remaining disallowance. Further, the management intends to file appeal before Appellate Tribunal Inland Revenue. In view of Company's tax consultant, favourable outcome of such appeal is anticipated; hence no provision is required to be made in these condensed interim unconsolidated financial statements.

13.1.3 The status of other contingencies are same as disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2020 except for the matters disclosed above and in note 26.1.2.

**13.2 Commitments**

13.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (June 30, 2020: Rs. 45 million).

13.2.2 Other outstanding guarantees given on behalf of the Company by banks amount to Rs. 3 million (June30, 2020: Rs. 3 million).

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

13.2.3 Operating lease commitments

0-1 year

<b>1,916</b>	<b>1,916</b>
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**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
------(Rupees in thousands)-----				
<b>14 SALES - NET</b>				
Gross Sales				
Local	<b>1,504,602</b>	1,450,033	<b>845,862</b>	833,967
Export	<b>88,170</b>	220,822	<b>88,170</b>	220,822
	<b>1,592,772</b>	1,670,855	<b>934,032</b>	1,054,789
Less:				
Federal excise duty	<b>(238,338)</b>	(288,107)	<b>(133,882)</b>	(166,701)
Sales tax	<b>(249,296)</b>	(227,425)	<b>(140,971)</b>	(131,220)
	<b>(487,634)</b>	(515,532)	<b>(274,853)</b>	(297,921)
	<b>1,105,138</b>	1,155,323	<b>659,179</b>	756,868
14.1 Company's revenue disaggregated by primary geographical markets is as follows:				
<b>Sale of cement and clinker</b>				
Primary geographical markets				
Within Pakistan	<b>1,016,968</b>	934,501	<b>571,009</b>	536,046
Outside Pakistan	<b>88,170</b>	220,822	<b>88,170</b>	220,822
	<b>1,105,138</b>	1,155,323	<b>659,179</b>	756,868
14.2 Company's revenue disaggregated by pattern / timing of revenue recognition is as follows.				
Timing of revenue recognition				
Goods transferred at a point in time	<b>1,105,138</b>	1,155,323	<b>659,179</b>	756,868
<b>15 COST OF SALES</b>				
Raw material consumed	<b>60,222</b>	69,913	<b>39,507</b>	42,052
Manufacturing expenses				
Fuel and power	<b>655,284</b>	797,437	<b>439,998</b>	471,745
Salaries, wages and other benefits	<b>142,705</b>	151,411	<b>78,032</b>	75,800
Depreciation	<b>54,213</b>	55,144	<b>35,766</b>	32,793
Packing material consumed	<b>48,347</b>	37,620	<b>26,339</b>	21,121
Stores, spare parts and loose tools consumed	<b>23,267</b>	32,012	<b>12,944</b>	20,820
Vehicle hire, running & maintenance	<b>5,450</b>	5,826	<b>2,750</b>	2,861
Repairs and maintenance	<b>5,054</b>	3,746	<b>2,263</b>	1,721
Insurance	<b>2,830</b>	2,586	<b>1,418</b>	1,293
Other production overheads	<b>1,372</b>	1,755	<b>473</b>	929
Communication	<b>797</b>	774	<b>401</b>	367
Entertainment	<b>339</b>	392	<b>183</b>	213
Provision / (reversal) for slow moving & obsolete stores and spares	<b>1,854</b>	(136)	<b>1,854</b>	(136)
	<b>941,512</b>	1,088,567	<b>602,421</b>	629,527
Cost of production	<b>1,001,734</b>	1,158,480	<b>641,928</b>	671,579

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- (Rupees in thousands) -----				
Work-in-process				
Opening balance	<b>303,363</b>	286,583	<b>243,465</b>	404,878
Closing balance	<b>(347,554)</b>	(368,178)	<b>(347,554)</b>	(368,178)
	<b>(44,191)</b>	(81,595)	<b>(104,089)</b>	36,700
Cost of goods manufactured	<b>957,543</b>	1,076,885	<b>537,839</b>	708,279
Finished goods				
Opening balance	<b>51,278</b>	36,002	<b>44,569</b>	42,392
Closing balance	<b>(46,319)</b>	(48,471)	<b>(46,319)</b>	(48,471)
	<b>4,959</b>	(12,469)	<b>(1,750)</b>	(6,079)
	<b>962,502</b>	1,064,416	<b>536,089</b>	702,200

**16 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED**

Profit / (loss) for the period	<b>70,722</b>	(52,089)	<b>78,318</b>	(40,589)
Weighted average number of ordinary shares	<b>99,718,125</b>	99,718,125	<b>99,718,125</b>	99,718,125
Basic earnings / (loss) per share (Rupee)	<b>0.71</b>	(0.52)	<b>0.79</b>	(0.41)

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

**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 is approved by the Board of Directors. Details of transactions during the period ended/outstanding balances as at December 31, 2020 with related parties are as follows:

**17.1 Transactions with related parties**

**Subsidiary Company**

**Thatta Power (Private) Limited**

Common shared expenses	<b>1,955</b>	2,014	<b>929</b>	942
Receipts for common shared expenses	<b>2,346</b>	1,991	<b>693</b>	994
(Purchase) / sale of store items - net	<b>(685)</b>	5	<b>(155)</b>	16
(Payment) / receipts of store items - net	<b>(645)</b>	705	<b>(305)</b>	761
Purchase of electricity (inclusive of GST)	<b>329,701</b>	414,731	<b>211,636</b>	241,343
Payment for electricity (inclusive of GST)	<b>331,542</b>	419,537	<b>181,847</b>	287,106
Management fee claimed (inclusive of SST)	<b>13,212</b>	12,011	<b>6,606</b>	6,005
Management fee received (inclusive of SST)	<b>14,614</b>	11,829	<b>4,404</b>	6,005
Sale of waste heat	<b>12,541</b>	7,508	<b>8,888</b>	7,508
Receipt for sale of waste heat	<b>16,826</b>	-	<b>1,833</b>	-
Receipt for sale of cement	-	380	-	380
Loan disbursed	<b>15,000</b>	53,000	<b>15,000</b>	-
Receipt on account of loan	<b>15,000</b>	53,000	<b>15,000</b>	-
Interest accrued on loan	<b>98</b>	886	<b>98</b>	-

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- (Rupees in thousands) -----				
<b>Key management personnel</b>				
Salaries and benefits	<b>26,086</b>	35,156	<b>14,907</b>	18,634
<b>Other related parties</b>				
Contribution to Gratuity Fund	<b>23,979</b>	-	<b>18,979</b>	-
Contribution to Provident Fund	<b>4,795</b>	5,070	<b>2,366</b>	2,521
Education expense - Model tarbiat school	<b>2,225</b>	1,552	<b>554</b>	429
			<b>December 31, 2020</b> (Un-audited)	<b>June 30, 2020</b> (Audited)
(Rupees in thousands)				

**17.2 Balances with related parties**

**Subsidiary Company**

**Thatta Power (Private) Limited**

Payable against purchase of electricity (inclusive of GST)	<b>73,536</b>	75,377
Receivable against management fee (inclusive of SST)	<b>6,606</b>	8,008
Receivable against common shared expenses	<b>929</b>	1,320
Receivable against sale of store items - net	<b>21</b>	61
Receivable against waste heat recovery plant	<b>8,888</b>	13,173
Accrued mark-up on loan	<b>98</b>	-

**Other related parties**

Payable to Gratuity Fund	<b>19,769</b>	35,983
Payable to Provident Fund	<b>791</b>	754

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

**18 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS**

The carrying values of all financial assets and liabilities reflected in the condensed interim unconsolidated financial statements approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

**19 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

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**20 NUMBER OF EMPLOYEES**

The number of employees as at period ended December 31, 2020 was 497 (June 30, 2020: 497 ) and average number of employees during the period was 500 (June 30, 2020: 503).

**21 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial statements.

**22 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim unconsolidated financial statements have been authorized for issue on February 24, 2021 by the Board of Directors of the Company.

**23 GENERAL**

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**CONDENSED INTERIM  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2020**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	5	<b>4,222,352</b>	4,325,672
Long term deposits		<b>1,096</b>	1,096
		<b>4,223,448</b>	4,326,768
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	6	<b>367,386</b>	379,551
Stock-in-trade	7	<b>428,295</b>	394,514
Trade debts	8	<b>1,164,105</b>	937,558
Short term investment - Held to maturity		<b>306,000</b>	306,000
Advances		<b>36,005</b>	37,275
Trade deposits and prepayments		<b>12,443</b>	6,563
Other receivables & accrued mark-up		<b>17,142</b>	24,683
Taxation - net		<b>248,912</b>	267,120
Cash and bank balances	9	<b>145,808</b>	60,599
		<b>2,726,096</b>	2,413,863
<b>TOTAL ASSETS</b>		<b>6,949,544</b>	6,740,631
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		<b>2,000,000</b>	2,000,000
Share capital	10	<b>997,181</b>	997,181
Share premium		<b>99,718</b>	99,718
Accumulated profit		<b>2,612,336</b>	2,512,111
Equity attributable to the owners of the Holding Company		<b>3,709,235</b>	3,609,010
Non-controlling interests		<b>887,812</b>	870,058
		<b>4,597,047</b>	4,479,068
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		<b>922,269</b>	1,045,078
Long term deposits		<b>2,791</b>	2,791
Long term employee benefit		<b>17,034</b>	15,963
Deferred taxation		<b>263,931</b>	285,150
		<b>1,206,025</b>	1,348,982
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	<b>614,834</b>	472,428
Unclaimed dividend		<b>2,006</b>	2,039
Accrued mark-up		<b>30,362</b>	43,578
Current maturity of long term financing		<b>187,833</b>	87,992
Short term borrowings		<b>311,437</b>	306,544
		<b>1,146,472</b>	912,581
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,949,544</b>	6,740,631
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**



**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Note	Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		(Rupees in thousands)			
Sales - net	13	<b>1,337,709</b>	1,505,828	<b>764,581</b>	1,001,792
Cost of sales	14	<b>(1,069,943)</b>	(1,206,989)	<b>(568,701)</b>	(794,600)
<b>Gross profit</b>		<b>267,766</b>	298,839	<b>195,880</b>	207,192
Selling and distribution cost		<b>(51,757)</b>	(72,383)	<b>(42,483)</b>	(62,351)
Administrative expenses		<b>(50,024)</b>	(50,060)	<b>(26,632)</b>	(23,957)
		<b>165,985</b>	176,396	<b>126,765</b>	120,884
Other operating expenses		<b>(6,096)</b>	(656)	<b>(6,092)</b>	(143)
Impairment loss - trade debts		<b>(1,261)</b>	(540)	<b>(1,261)</b>	(540)
Other income		<b>33,028</b>	20,861	<b>18,129</b>	11,155
<b>Operating profit</b>		<b>191,656</b>	196,061	<b>137,541</b>	131,356
Finance cost		<b>(73,245)</b>	(55,573)	<b>(36,691)</b>	(35,835)
<b>Profit before taxation</b>		<b>118,411</b>	140,488	<b>100,850</b>	95,521
Taxation					
Current		<b>(21,648)</b>	(19,661)	<b>(12,313)</b>	(12,240)
Prior		<b>(3)</b>	-	<b>(3)</b>	-
Deferred		<b>21,219</b>	(4,658)	<b>16,899</b>	(3,160)
		<b>(432)</b>	(24,319)	<b>4,583</b>	(15,400)
<b>Profit for the period</b>		<b>117,979</b>	116,169	<b>105,433</b>	80,121
<b>Profit for the period attributable to:</b>					
Equity holders of the Holding Company		<b>100,225</b>	52,954	<b>95,246</b>	34,770
Non-controlling interests		<b>17,754</b>	63,215	<b>10,187</b>	45,351
		<b>117,979</b>	116,169	<b>105,433</b>	80,121
<b>Earnings per share - basic and diluted (Rupees)</b>	15	<b>1.01</b>	0.53	<b>0.96</b>	0.35

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees in thousands) -----			
<b>Profit for the period</b>	<b>117,979</b>	116,169	<b>105,433</b>	80,121
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>117,979</b>	116,169	<b>105,433</b>	80,121
<b>Total comprehensive income for the period attributable to:</b>				
Equity holders of the Holding Company	<b>100,225</b>	52,954	<b>95,246</b>	34,770
Non-controlling interests	<b>17,754</b>	63,215	<b>10,187</b>	45,351
	<b>117,979</b>	116,169	<b>105,433</b>	80,121

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Half year ended	
	December 31, 2020	December 31, 2019
Note	----- (Rupees in thousands) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>118,411</b>	140,488
<b>Adjustment for:</b>		
Depreciation	5.1 <b>116,257</b>	98,487
Provision / (reversal) for slow moving & obsolete stores and impairment of major stores & spares	<b>2,055</b>	(136)
Finance cost	<b>73,245</b>	55,573
Provision for gratuity	<b>7,765</b>	7,966
Provision for leave encashment	<b>1,641</b>	1,261
Provision for loss allowance	<b>1,261</b>	540
Property, plant and equipment written off	-	3
Gain on disposal of property, plant and equipment	<b>(662)</b>	-
	<b>201,562</b>	163,694
<b>Operating cash flows before working capital changes</b>	<b>319,973</b>	304,182
<b>Decrease / (increase) in current assets</b>		
Stores, spare parts and loose tools	<b>10,552</b>	117,262
Stock-in-trade	<b>(33,781)</b>	(74,363)
Trade debts	<b>(227,808)</b>	(66,230)
Advances	<b>1,270</b>	10,377
Trade deposits and prepayments	<b>(5,880)</b>	(3,190)
Other receivable and accrued mark-up	<b>7,541</b>	33,323
	<b>(248,106)</b>	17,179
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	<b>158,620</b>	(45,616)
<b>Cash generated from operations</b>	<b>230,487</b>	275,745
Finance cost paid	<b>(84,050)</b>	(47,956)
Gratuity paid	<b>(23,979)</b>	-
Leave encashment paid	<b>(570)</b>	(452)
Income tax refund / (paid) - net	<b>(3,442)</b>	(16,067)
Long term deposits	-	(1,400)
<b>Net cash generated from operating activities</b>	<b>118,446</b>	209,870



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Half year ended	
	December 31, 2020	December 31, 2019
Note	----- (Rupees in thousands) -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(13,379)	(110,848)
Proceeds from disposal of property, plant and equipment	662	-
Proceeds from maturity of short term investment	306,000	306,000
Short term investment	(306,000)	(306,000)
<b>Net cash used in investing activities</b>	<b>(12,717)</b>	<b>(110,848)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(25,380)	(136,970)
Unclaimed dividend paid	(33)	(46)
<b>Net cash used in financing activities</b>	<b>(25,413)</b>	<b>(137,016)</b>
Net increase / (decrease) in cash and cash equivalents	80,316	(37,994)
Cash and cash equivalents at beginning of the period	(245,945)	(165,846)
<b>Cash and cash equivalents at end of the period</b>	<b>(165,629)</b>	<b>(203,840)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	9 145,808	65,486
Short term borrowings	(311,437)	(269,326)
	<b>(165,629)</b>	<b>(203,840)</b>

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Attributable to the owners of the Holding Company			Total	Non-controlling interests	Total shareholders' equity
	Share capital	Reserves				
		Share premium	Accumulated profits			
----- Rupees in thousands -----						
<b>Balance as at July 1, 2019 (audited)</b>	997,181	99,718	2,543,016	3,639,915	795,783	4,435,698
<i>Total comprehensive income for the period ended December 31, 2019</i>						
Profit for the period	-	-	52,954	52,954	63,215	116,169
<b>Balance as at December 31, 2019 (un-audited)</b>	<u>997,181</u>	<u>99,718</u>	<u>2,595,970</u>	<u>3,692,869</u>	<u>858,998</u>	<u>4,551,867</u>
<b>Balance as at July 1, 2020 (audited)</b>	<b>997,181</b>	<b>99,718</b>	<b>2,512,111</b>	<b>3,609,010</b>	<b>870,058</b>	<b>4,479,068</b>
<i>Total comprehensive income for the period ended December 31, 2020</i>						
Profit for the period	-	-	100,225	100,225	17,754	117,979
<b>Balance as at December 31, 2020 (un-audited)</b>	<u>997,181</u>	<u>99,718</u>	<u>2,612,336</u>	<u>3,709,235</u>	<u>887,812</u>	<u>4,597,047</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

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**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 December 31, 2020 (June 30, 2020: 62.43%). The principal business activity of the Subsidiary Company is generation and supply of electric power. As at December 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, 2020: 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.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim consolidated financial statements for the half year ended December 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, 2020.

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 comprise of the condensed interim consolidated statement of financial position as at December 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 period ended December 31, 2020.

**2.2 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 statement of profit or loss.



**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

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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.

**2.3 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, 2020.

**2.4 Basis of measurement**

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention unless stated otherwise.

These condensed interim consolidated financial statements have been prepared following accrual basis of accounting except for statement of cash flows.

**2.5 Functional and presentation currency**

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

**3 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 unconsolidated financial statements as at and for the year ended June 30, 2020.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2020. The adoption of these new and amended standards did not have material impact on these condensed interim consolidated financial statements.

**4 ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim consolidated financial statements require management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2020.

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	5.1	<b>4,154,166</b>	4,260,881
Major stores and spares	5.2	<b>64,001</b>	64,791
Capital work in progress	5.3	<b>4,185</b>	-
		<b>4,222,352</b>	<b>4,325,672</b>
<b>5.1</b>	<b>Operating fixed assets</b>		
Opening net book value (NBV)		<b>4,260,881</b>	3,265,338
Additions during the period / year at cost	5.1.1	<b>9,542</b>	1,182,230
		<b>4,270,423</b>	<b>4,447,568</b>
Depreciation charge for the period / year		<b>(116,257)</b>	(186,684)
Write off during the period / year		-	(3)
		<b>(116,257)</b>	<b>(186,687)</b>
Closing net book value (NBV)		<b>4,154,166</b>	<b>4,260,881</b>
<b>5.1.1</b>	Detail of additions (at cost) during the period / year are as follows:		
Factory building on freehold land		-	147,738
Plant and machinery		<b>8,016</b>	1,031,911
Laboratory equipment		-	1,437
Computers		-	1,144
Vehicles		<b>1,526</b>	-
		<b>9,542</b>	<b>1,182,230</b>
<b>5.2</b>	<b>Major stores and spares</b>		
Cost			
Opening balance		<b>103,710</b>	87,119
Additions during the period / year		<b>1,173</b>	24,050
Transferred during the period / year		<b>(1,521)</b>	(7,459)
Closing balance		<b>103,362</b>	103,710
Accumulated impairment			
Opening balance		<b>(38,919)</b>	(37,305)
Impairment charge for the period / year		<b>(442)</b>	(1,614)
Closing balance		<b>(39,361)</b>	(38,919)
Net book value		<b>64,001</b>	64,791
<b>5.3</b>	<b>Capital work in progress</b>		
Solar panel project		<b>4,185</b>	-

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>6</b>	<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Coal and other fuels	6.1	<b>179,826</b>	163,933
Stores & spare parts		<b>217,425</b>	243,859
Loose tools		<b>96</b>	107
		<b>397,347</b>	407,899
Provision for obsolete stores		<b>(3,864)</b>	(3,871)
Provision for slow moving stores and spares		<b>(26,097)</b>	(24,477)
		<b>(29,961)</b>	(28,348)
		<b>367,386</b>	379,551
<b>6.1</b>	This includes coal in transit amounting to Rs. 2.357 million (June 30, 2020: Rs. Nil).		
<b>7</b>	<b>STOCK-IN-TRADE</b>		
Raw material		<b>14,534</b>	18,587
Packing material		<b>27,347</b>	36,962
Work-in-process		<b>340,571</b>	288,870
Finished goods		<b>45,843</b>	50,095
		<b>428,295</b>	394,514
<b>8</b>	<b>TRADE DEBTS</b>		
Considered good			
Local - unsecured		<b>1,164,105</b>	937,558
Considered doubtful			
Local - unsecured		<b>76,368</b>	75,107
		<b>1,240,473</b>	1,012,665
Provision for doubtful debts		<b>(76,368)</b>	(75,107)
		<b>1,164,105</b>	937,558
<b>9</b>	<b>CASH AND BANK BALANCES</b>		
Cash in hand		<b>3,159</b>	3,221
Cash at bank			
Current account		<b>15,085</b>	21,198
Profit and loss sharing (PLS) accounts		<b>127,564</b>	36,180
		<b>142,649</b>	57,378
		<b>145,808</b>	60,599

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

**10 SHARE CAPITAL**

December 31, 2020 (Un-audited)	June 30, 2019 (Audited)		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
--- Number of shares ---		Note	(Rupees in thousands)	
<b>Authorized share capital</b>				
<b>200,000,000</b>	200,000,000	Ordinary shares of Rs. 10/- each	<b>2,000,000</b>	2,000,000
<b>Issued, subscribed and paid-up share capital</b>				
<b>89,418,125</b>	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration fully paid in cash	<b>894,181</b>	894,181
<b>10,300,000</b>	10,300,000	Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	<b>103,000</b>	103,000
<b>99,718,125</b>	99,718,125		<b>997,181</b>	997,181

**11 TRADE AND OTHER PAYABLES**

Accrued liabilities		<b>106,453</b>	125,144
Bills payable		<b>260,242</b>	123,881
Trade creditors		<b>53,264</b>	38,792
Excise duty and sales tax payable		<b>52,345</b>	39,678
Sindh Workers' Profit Participation Fund		<b>43,316</b>	39,656
Payable to Gratuity Fund		<b>18,581</b>	34,795
Advances from customers		<b>50,455</b>	30,536
Sindh Workers' Welfare Fund		<b>16,984</b>	15,069
Other liabilities	11.1	<b>9,355</b>	14,605
Contractors retention money		<b>2,257</b>	8,754
Payable to Provident Fund		<b>1,582</b>	1,518
		<b>614,834</b>	472,428

- 11.1 This includes income tax payable amounting to Rs. 0.499 million (June30, 2020: Nil) (including default surcharge and penalty) against demand raised by Deputy Commissioner Inland Revenue (DCIR) as a result of monitoring of income tax withholding for tax year 2018. The Holding Company filed appeal before Commissioner Inland Revenue-Appeals (CIR-A) against the DCIR's order but the CIR-A confirmed the tax demand raised by DCIR.

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

**12 CONTINGENCIES AND COMMITMENTS**

**12.1 Contingencies**

- 12.1.1 The Deputy Commissioner Inland revenue (DCIR) has issued showcause notice dated September 05, 2019 to the Holding Company for the Tax Year 2019 and disallowed input tax amounting to Rs. 24.2 million on some taxable purchases and services received by the Holding Company for the purpose of business during the period from July 01, 2018 to June 30, 2019. In response to showcause notice, the Holding Company attended hearings 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 disallowing input tax to the extent of Rs. 0.951 million. The Holding Company has filed an appeal before Commissioner Inland Revenue – Appeals (CIR-A) against the said order. Based on appeal filed by the Holding Company, the Commissioner (Appeals -1) dated December 07, 2020 has remanded back the above disallowances. In view of Holding Company's tax consultant, favourable outcome of such appeal is anticipated; hence no provision is required to be made in these condensed interim consolidated financial statements.
- 12.1.2 Deputy Commissioner Inland Revenue (DCIR) issued a notice on January 31, 2020 under Section 177 of the Income Tax Ordinance, 2001 for the purpose of Income Tax audit of the Holding Company for the Tax Year 2015. The Holding Company attended hearings from time to time and provided supporting documents and explanations against the audit observations raised by DCIR. However, the learned DCIR passed an amended assessment order on April 28, 2020 and raised the tax demand of Rs. 0.6 million by disallowing certain admissible expenses including leave encashment, donation expense, salary expense and Tax credit u/s 65B. The Holding Company has filed an appeal before Commissioner Inland Revenue - Appeal (CIR-A) against the disallowances. Based on the appeal filed, the Commissioner (Appeals-I) dated December 17, 2020 remanded back the disallowance made on account of donations while confirmed the remaining disallowance. Further, the management intends to file appeal before Appellate Tribunal Inland Revenue. In view of Holding Company's tax consultant, favourable outcome of such appeal is anticipated; hence no provision is required to be made in these condensed interim consolidated financial statements.
- 12.1.3 The status of other contingencies are same as disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2020 except for the matters disclosed above and in note 26.1.2.

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

**12.2 Commitments**

Operating lease commitments	<b>1,916</b>	1,916
Guarantees given by banks on behalf of the Group	<b>354,000</b>	354,000

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- (Rupees in thousands) -----				
<b>13 SALES - NET</b>				
Gross Sales				
Local	<b>1,776,710</b>	1,860,124	<b>969,183</b>	1,120,528
Export	<b>88,170</b>	220,822	<b>88,170</b>	220,822
	<b>1,864,880</b>	2,080,946	<b>1,057,353</b>	1,341,350
Less:				
Federal excise duty	<b>(238,338)</b>	(288,107)	<b>(133,882)</b>	(166,701)
Sales tax	<b>(288,833)</b>	(287,011)	<b>(158,890)</b>	(172,857)
	<b>(527,171)</b>	(575,118)	<b>(292,772)</b>	(339,558)
	<b>1,337,709</b>	1,505,828	<b>764,581</b>	1,001,792
<b>13.1</b> Group's revenue disaggregated by primary geographical markets is as follows:				
<b>Sale of cement and clinker</b>				
Primary geographical markets				
Within Pakistan	<b>1,016,968</b>	934,501	<b>571,009</b>	536,046
Outside Pakistan	<b>88,170</b>	220,822	<b>88,170</b>	220,822
	<b>1,105,138</b>	1,155,323	<b>659,179</b>	756,868
Sale of electric power				
Within Pakistan	<b>232,571</b>	350,505	<b>105,402</b>	244,924
<b>13.2</b> 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	<b>1,337,709</b>	1,505,828	<b>764,581</b>	1,001,792
<b>14 COST OF SALES</b>				
Raw material consumed	<b>60,222</b>	69,913	<b>39,507</b>	42,052
Manufacturing expenses				
Fuel and power	<b>679,469</b>	855,221	<b>419,117</b>	520,825
Salaries, wages and other benefits	<b>142,705</b>	151,411	<b>78,032</b>	75,800
Depreciation	<b>114,908</b>	96,301	<b>66,723</b>	60,558
Stores, spare parts and loose tools consumed	<b>36,393</b>	53,886	<b>21,297</b>	36,459
Packing material consumed	<b>48,347</b>	37,620	<b>26,339</b>	21,121
Repairs, operations and maintenance	<b>16,698</b>	10,098	<b>8,064</b>	2,157
Insurance	<b>8,452</b>	6,343	<b>3,986</b>	3,608
Vehicle hire, running & maintenance	<b>5,450</b>	5,826	<b>2,750</b>	2,861
Other production overheads	<b>1,557</b>	2,325	<b>658</b>	1,217
Communication	<b>797</b>	774	<b>401</b>	367
Entertainment	<b>339</b>	392	<b>183</b>	213
(Reversal) / provision for slow moving & obsolete stores and spares	<b>2,055</b>	(136)	<b>2,055</b>	(136)
	<b>1,057,170</b>	1,220,061	<b>629,605</b>	725,050
Cost of production	<b>1,117,392</b>	1,289,974	<b>669,112</b>	767,102
Work-in-process				
Opening balance	<b>288,870</b>	269,597	<b>241,600</b>	374,085
Closing balance	<b>(340,571)</b>	(340,724)	<b>(340,571)</b>	(340,724)
	<b>(51,701)</b>	(71,127)	<b>(98,971)</b>	33,361
Cost of goods manufactured	<b>1,065,691</b>	1,218,847	<b>570,141</b>	800,463

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	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees in thousands) -----			
Finished goods				
Opening balance	<b>50,095</b>	34,773	<b>44,403</b>	40,768
Closing balance	<b>(45,843)</b>	(46,631)	<b>(45,843)</b>	(46,631)
	<b>4,252</b>	(11,858)	<b>(1,440)</b>	(5,863)
	<b>1,069,943</b>	1,206,989	<b>568,701</b>	794,600

**15 EARNINGS PER SHARE - BASIC AND DILUTED**

Profit for the period attributable to the owners of the Holding Company	<b>100,225</b>	52,954	<b>95,246</b>	34,770
Weighted average number of ordinary shares	<b>99,718,125</b>	99,718,125	<b>99,718,125</b>	99,718,125
Earnings per share - basic and diluted (Rupees)	<b>1.01</b>	0.53	<b>0.96</b>	0.35

**16 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 December 31, 2020 with related parties are as follows:

**16.1 Transactions with related parties**

<b>Key management personnel</b>				
Salaries and benefits	<b>26,086</b>	35,156	<b>14,907</b>	18,634
<b>Other related parties</b>				
Contribution to Gratuity Fund	<b>23,979</b>	-	<b>18,979</b>	-
Contribution to Provident Fund	<b>4,795</b>	5,070	<b>2,366</b>	2,521
Education expense - Model tarbiat school	<b>2,225</b>	1,552	<b>554</b>	429
			<b>December 31, 2020 (Un-audited)</b>	<b>June 30, 2020 (Audited)</b>
			-- Rupees in thousands --	

**16.2 Balances with related parties**

<b>Other related parties</b>				
Payable to Gratuity Fund			<b>19,769</b>	35,983
Payable to Provident Fund			<b>791</b>	754

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

**17 FAIR VALUE MEASUREMENTS**

The carrying values of all financial assets and liabilities reflected in the condensed interim consolidated financial statements approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

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**18 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 supply of electric power.

**18.1 Revenues**

	Cement		Power		Intra group adjustment		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	<b>1,105,138</b>	1,155,323	<b>514,367</b>	704,976	<b>(281,796)</b>	(354,471)	<b>1,337,709</b>	1,505,828
Cost of sales	<b>(962,502)</b>	(1,064,416)	<b>(408,802)</b>	(494,073)	<b>301,361</b>	351,500	<b>(1,069,943)</b>	(1,206,989)
<b>Gross profit</b>	<b>142,636</b>	90,907	<b>105,565</b>	210,903	<b>19,565</b>	(2,971)	<b>267,766</b>	298,839
Selling and distribution cost	<b>(51,757)</b>	(72,383)	-	-	-	-	<b>(51,757)</b>	(72,383)
Administrative expenses	<b>(46,859)</b>	(46,734)	<b>(14,857)</b>	(13,955)	<b>11,692</b>	10,629	<b>(50,024)</b>	(50,060)
	<b>44,020</b>	(28,210)	<b>90,708</b>	196,948	<b>31,257</b>	7,658	<b>165,985</b>	176,396
Other operating expenses	<b>(6,074)</b>	(630)	<b>(22)</b>	(26)	-	-	<b>(6,096)</b>	(656)
Impairment loss - trade debts	<b>(1,261)</b>	(540)	-	-	-	-	<b>(1,261)</b>	(540)
Other income	<b>39,355</b>	24,023	<b>16,811</b>	16,461	<b>(23,138)</b>	(19,623)	<b>33,028</b>	20,861
<b>Operating profit/(loss)</b>	<b>76,040</b>	(5,357)	<b>107,497</b>	213,383	<b>8,119</b>	(11,965)	<b>191,656</b>	196,061
Finance cost	<b>(9,424)</b>	(25,684)	<b>(63,919)</b>	(30,775)	<b>98</b>	886	<b>(73,245)</b>	(55,573)
Segment results	<b>66,616</b>	(31,041)	<b>43,578</b>	182,608	<b>8,217</b>	(11,079)	<b>118,411</b>	140,488
Unallocated expenditures	-	-	-	-	-	-	-	-
<b>Profit/(loss) before tax</b>	<b>66,616</b>	(31,041)	<b>43,578</b>	182,608	<b>8,217</b>	(11,079)	<b>118,411</b>	140,488
Taxation	<b>4,106</b>	(21,048)	<b>(4,538)</b>	(3,271)	-	-	<b>(432)</b>	(24,319)
<b>Profit/(loss) for the period</b>	<b>70,722</b>	(52,089)	<b>39,040</b>	179,337	<b>8,217</b>	(11,079)	<b>117,979</b>	116,169

**18.2 Other information**

	Cement		Power		Intra group adjustment		Consolidated	
	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
----- Rupees in thousands -----								
Segment assets	<b>3,675,631</b>	3,477,100	<b>3,655,768</b>	3,655,345	<b>(381,855)</b>	(391,814)	<b>6,949,544</b>	6,740,631
Unallocated corporate assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>3,675,631</b>	3,477,100	<b>3,655,768</b>	3,655,345	<b>(381,855)</b>	(391,814)	<b>6,949,544</b>	6,740,631
Segment liabilities	<b>1,140,330</b>	1,012,521	<b>1,285,801</b>	1,324,419	<b>(73,634)</b>	(75,377)	<b>2,352,497</b>	2,261,563
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,140,330</b>	1,012,521	<b>1,285,801</b>	1,324,419	<b>(73,634)</b>	(75,377)	<b>2,352,497</b>	2,261,563
Capital expenditure	<b>7,488</b>	24,050	<b>5,891</b>	95,775	-	-	<b>13,379</b>	119,825
Depreciation	<b>55,562</b>	87,648	<b>60,695</b>	99,036	-	-	<b>116,257</b>	186,684
Non-cash expenses other than depreciation	<b>1,854</b>	1,130	<b>201</b>	1,992	-	-	<b>2,055</b>	3,122



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

		Consolidated	
		December 31, 2020 (Un-audited)	December 31, 2019 (Un-audited)
-- Rupees in thousands --			
<b>18.3.1 Operating revenues</b>			
	Total revenue of reportable segments	<b>1,619,505</b>	1,860,299
	Elimination of intra group revenue	<b>(281,796)</b>	(354,471)
	Consolidated revenue	<b>1,337,709</b>	1,505,828
<b>18.3.2 Profit and loss</b>			
	Total profit before tax of reportable segments	<b>110,194</b>	151,567
	Adjustment of unrealized profit and intra group transactions	<b>8,217</b>	(11,079)
	Consolidated profit before taxation	<b>118,411</b>	140,488
		Consolidated	
		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
-- Rupees in thousands --			
<b>18.3.3 Assets</b>			
	Total assets of reportable segments	<b>7,331,399</b>	7,132,445
	Elimination of intra group balances and unrealised profit	<b>(380,252)</b>	(390,211)
	Reclassification for consolidation purposes	<b>(1,603)</b>	(1,603)
	Consolidated assets	<b>6,949,544</b>	6,740,631
<b>18.3.4 Liabilities</b>			
	Total liabilities of reportable segments	<b>2,426,131</b>	2,336,940
	Elimination of intra group balances	<b>(73,634)</b>	(75,377)
	Consolidated liabilities	<b>2,352,497</b>	2,261,563

Revenue		Total Assets		Net Assets	
December 31, 2020 (Un-audited)	December 31, 2019 (Un-audited)	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
----- Rupees in thousands -----					

<b>18.4 Geographical segment analysis</b>					
	Local	<b>1,249,539</b>	1,285,006	<b>6,949,544</b>	6,740,631
	Export	<b>88,170</b>	220,822	-	-
		<b>1,337,709</b>	1,505,828	<b>6,949,544</b>	6,740,631
				<b>4,597,047</b>	4,479,068
				-	-
				<b>4,597,047</b>	4,479,068

**18.5 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).

**19 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

The shareholders of the Holding Company has approved the final cash dividend of Rs. 1.44 per share i.e. 14.40% amounting to Rs. 143.594 million in the Annual General Meeting held on October 15, 2018.

**20 NUMBER OF EMPLOYEES**

The number of employees as at period ended December 31, 2020 was 497 (June 30, 2020: 497 ) and average number of employees during the period was 500 (June 30, 2020: 503).

**21 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

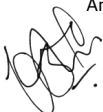
On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Groups's financial statements.

**22 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim consolidated financial statements have been authorized for issue on February 24, 2021 by the Board of Directors of the Company.

**23 GENERAL**

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



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