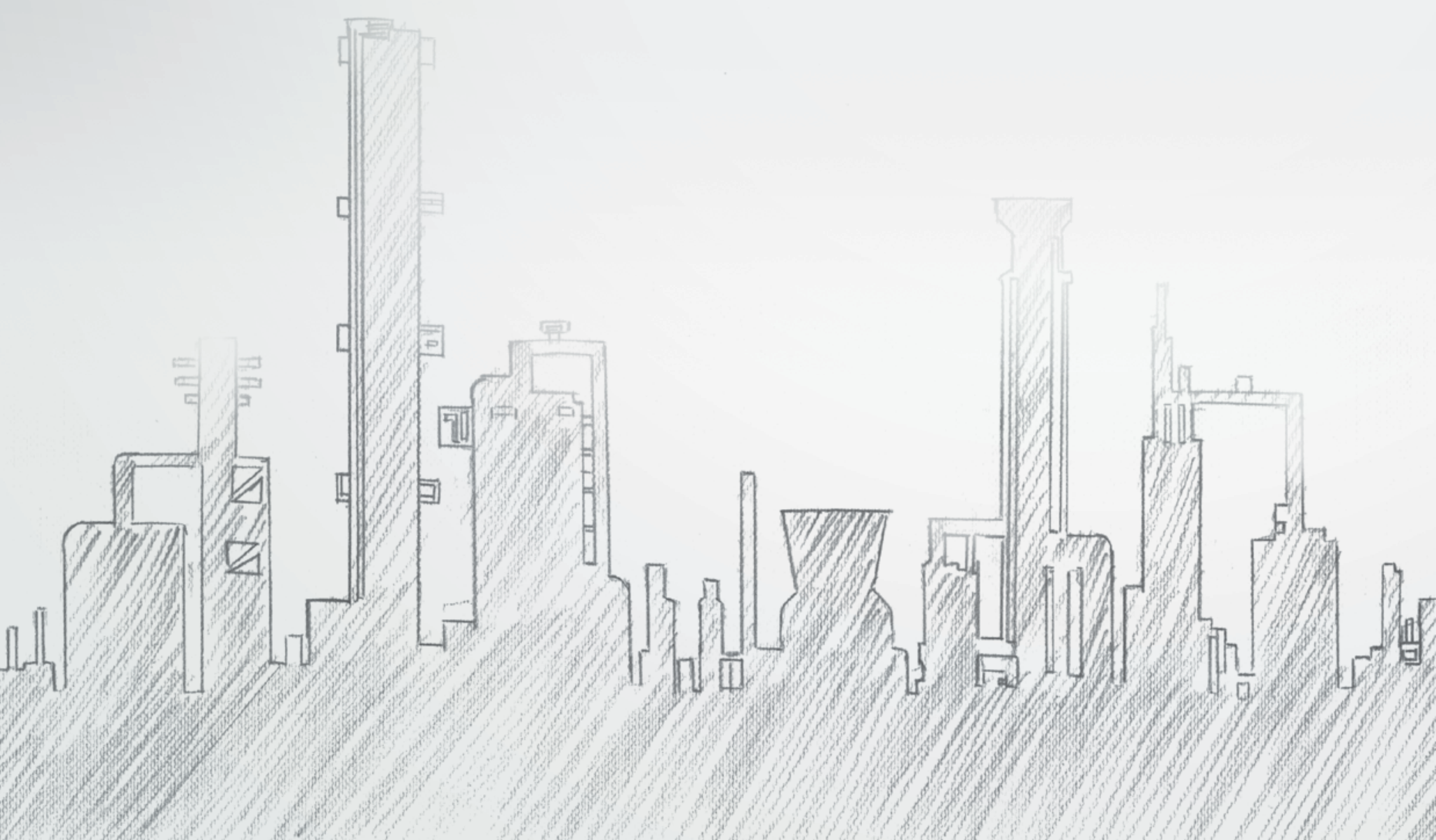
Annual Report
2022

THATTA CEMENT
COMPANY LIMITED



Content

Vision

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

Mission

To provide quality products to customers at competitive prices; and

To generate sufficient profit to add to the shareholder's value.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khawaja Muhammad Salman Younis	Chairman
Mr. Muhammad Aslam Shaikh	Chief Executive
Ms. Naheed Memon	Director
Mr. Noor Muhammad	Director
Mr. Saleem Zamindar	Director
Mr. Muhammad Jamshid Malik	Director
Mr. Kamran Munir Ansari	Director

AUDIT COMMITTEE

Ms. Naheed Memon	Chairperson
Mr. Khawaja Muhammad Salman Younis	Member
Mr. Saleem Zamindar	Member

HR & REMUNERATION COMMITTEE

Mr. Noor Muhammad	Chairman
Mr. Muhammad Aslam Shaikh	Member
Mr. Kamran Munir Ansari	Member

IT STEERING COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Fuad Zakaria Bhuri

COMPANY SECRETARY

Mr. Muhammad Abid Khan

STATUTORY AUDITOR

M/s BDO Ebrahim & Co., Chartered Accountants

CORPORATE ADVISOR

M/s Sharjeel Ayub & Co., Chartered Accountants

LEGAL ADVISOR

M/s Usmani & Iqbal

BANKERS - CONVENTIONAL

National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited

REGISTERED OFFICE

C-1, KDA Scheme 1,Karsaz
Karachi, Pakistan.
UAN: 0092-21-111-842-882
Fax no.: 0092-21-34180774-75
Website: www.thattacement.com
E-mail: info@thattacement.com

FACTORY

Ghulamullah Road, Makli,
District Thatta, Sindh 73160

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

REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF THE BOARD

It gives me great pleasure to place before you the Annual Report of Thatta Cement Company Limited for the year ended June 30, 2022.

Overall Business Performance

By the Grace of Allah Almighty, the Company showed better performance during the year despite of the tough market conditions coupled with significant challenges and uncertainties due to political instability and Russian-Ukraine war. Due to these factors, Pakistan's economy remained under pressure throughout the year. Other economic factors such as rise in energy prices in local and international markets, significant currency depreciation and a sudden hike in interest severely affected the industry as well as Company's performance.

The Company registered a decline in its gross profit margin from 15.84% in the year 2021 to 7.52% during the year under review. The Company posted profit after tax of Rs. 119.21 million as compared to profit after tax of Rs. 201.79 million last year. However, I appreciate role of the Chief Executive, who is proactively leading the Company in ever-changing and challenging economic environment and remained successful in achieving budgetary targets in terms of volumes and retention price. Our sales and Marketing team put extra efforts in identifying the needs of our valued customers and explored new markets for the company despite of severe competition in the cement industry.

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

Overall Board Performance

The company complies with the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the Composition, procedures and meetings of Board of Directors and its committees. Code of Corporate Governance requires an annual evaluation of Board of Directors and its committees. The purpose of this evaluation is to bring improvement in the overall governance of the Company, efficiencies in Board process, enhancement of role of individual directors and sound support of Board Committees facilitating in discharging its responsibilities to achieve the objectives set for the Company.

The Board has approved a formal process for its performance evaluation and adopted self-evaluation mechanism based on comprehensive questionnaire. The obligation to undertake annual evaluation process is assigned to the Human Resource Committee of the Board. Accordingly, the performance evaluation of the Board, its members and Committees of the Board for the year ended June 30, 2022 was conducted as per mechanism approved by the Board and I report that:

The overall performance of the Board, Members and Committees of the Board on the basis of approved criteria for the year was satisfactory.

The overall assessment as satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of company's objectives.

- Composition of the Board and meeting procedures.
- Vision and strategic direction
- Monitoring of Company's performance
- Overall roles and responsibilities
- Relationship among the Board and Management
- Composition and performance of Board Committees.

In the end, I would like to commend my fellow directors for their commitment and the contribution they make to our strategic deliberations. On behalf of the Board, I would also like to thank every one of our stakeholders for their valuable contribution for the success of the Company.

Khawaja Muhammad Salman Younis
Chairman
September 29, 2022

DIRECTORS' REPORT

The Directors of your Company are pleased to present herewith their report and the audited financial statements together with the auditors' report for the year ended June 30, 2022.

OVERVIEW

Production and dispatches for the year ended on June 30, 2022 are as follows:

Description	2022	2021	Variance	
	------- Metric Tons -------			%
Production				
Clinker	415,810	349,638	66,172	18.93%
Cement	502,659	301,006	201,653	66.99%
Dispatches				
Cement	504,496	301,045	203,451	67.58%
Clinker	4,987	69,565	(64,578)	(92.83%)
Total	509,483	370,610		

During the year 2021-22, there were great challenges and uncertainties, both on local and global fronts which negatively affected Pakistan's economy. Political instability within the Country along with Russian-Ukraine war at the global level severely damaged the key parameters of the economy. Under these circumstances, your Company showed a lot of adaptability and resilience during the year and showed remarkable growth of 67.58% in cement dispatches as compared to last year.

The Company achieved 63% overall clinker production capacity by producing 415,810 tons of clinker against 52.97% capacity utilization with clinker production of 349,638 tons in the same period last year. Due to proactive approach of management, the Company not only consumed the available stock of Clinker but purchased the same from local market at a very attractive price to meet the customers' demand in local market and diluted the impact of a sudden escalation in coal prices in the international market besides deterioration in rupee-dollar parity during the year.

Industry Review

During the year, the cement industry posted a decline of 7.86% in local and export dispatches. Local dispatches remained at 47.65 million tons (2021: 48.10 million tons) with a decline of merely 0.95%. Moreover, the industry exhibited a constantly declining trend in export dispatches throughout the year. Consequently, export dispatches posted a decline of 43.54% and stood at 5.26 million tons (2021: 9.31 million tons)

In the southern region, local dispatches posted an increase of 8.96% in volumetric terms from 7.53 million tons to 8.21 million tons whereas export dispatches showed a decline of 35.54% from 6.74 million tons to 4.35 million tons during the year.

Pakistan's economy remained encircled by various political and economic issues. The increasing political instability, rise in energy prices, significant currency depreciation and sudden hike in interest rates affected the industry's performance.

Sales Review

During the year, local cement dispatches of the Company in terms of volume increased by 67.56% as compared to last year. The increase in local sales volumes resulted in growth of revenue from local sales by 82.28% as compared to the corresponding year. During the year, the company went the extra mile in serving its valued customers and explored new potential market segments that significantly contributed in sales volumes of the Company. Your Company showed overall improvement in sales performance as compared to last year and successfully improved its market share in the South Region.

Financial Review

A comparison of key financial results of your Company's performance for the year ended June 30, 2022 with last year is as under:

Particulars	2022	2021
	------ Rupees in thousands ------	
Sales – net	4,263,894	2,427,313
Gross profit	320,621	384,661
Selling & Distribution Cost	58,620	77,419
Finance Cost	33,375	17,070
Profit/(Loss) before taxation	154,766	250,115
Profit/(Loss) for the year	119,294	201,793
Earnings/(Loss) per share (Rupees)	1.20	2.02

Cost to Sales ratio increased to 92.48% during the year as compared to 84.15% as compared to last year. The main reasons behind the increase in the cost of sales include increase in coal prices in the international market along with continuous escalating dollar rate. Moreover, during the year, the Company purchased electricity from HESCO at much higher rates due to non-availability of gas for up to 5 months to Thatta Power (Private) Limited, a subsidiary of Thatta Cement Company Limited. Therefore, the power and fuel cost of the Company substantially increased and consequently reduced the profits of the Company considerably.

Impact of Company's business on the environment

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

The Company has a dedicated and qualified staff to meet the statutory and regulatory compliances of SEPA and SEQS standards. Being proactive on the impact of company's business on the environment, the Company has installed de-dusting equipment such as dust cyclones, bag houses, dust suppression by damping down method, electrostatic precipitators, personal protective equipment and speed limit controls in Company's premises to overcome RSPM (respirable suspended particulate matter) and FRD (fugitive road dust).

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

The Subsidiary Company of TCCL installed Waste Heat Recovery System (WHRS) to ensure its active contribution in minimizing Global Warming Impacts and reducing the Carbon Emissions resulting from cement production and power generation.

In addition to above, Covid-19 pandemic is a global health crisis and the greatest challenge in recent times. The Company adopted the best practices and guidelines given by global health institutions and the Government of Pakistan to ensure safe operations.

Following were the major initiatives taken in this regard;

- Business Continuity Plan (BCP) related to Covid-19 is in place.
- Implementation of SOPs issued by the Government of Sindh.
- Employees were encouraged to work from home.
- Telecom / virtual meetings both at plant and Head office are being encouraged.

Corporate Social Responsibility

Being a responsible corporate citizen, the Company always strives to discharge its social responsibilities towards the society. The Company promotes and facilitates welfare of the local communities in the town where the Company operates. During the year, the Company has arranged various safety and health awareness sessions. Further, a well equipped Silicosis Diagnostic & health screening center with suitably qualified staff has been established.

Adequacy of internal financial controls

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

Related Party Transactions

All related party transactions entered into were reviewed and approved by the Audit Committee as well as the Board of Directors of the Company in compliance with the PSX Regulations of the Pakistan Stock Exchange Limited. Moreover, In terms of the requirement of section 208 of Companies Act, 2017[Act], following matters are included herein.

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

Thatta Cement Company Limited (TCCL) had sought approval from its shareholders in Annual General Meeting [AGM] held on October 16, 2015, to provide advance/loan facility to SC to honor its financial obligations and to meet its working capital requirements. Thereafter, approval for annual renewal of aforesaid facility is being sought for a period of one year in each AGM(s). The approval of said advance/loan facility is valid upto the holding of AGM of the Company to be held on October 27, 2022.

However, increasing trade debts of the Subsidiary Company as of June 30, 2022 which mainly represents receivable from HESCO indicates that there is a delay in payment of electricity bills by HESCO; hence SC may require financial support to honor its financial obligations and to meet its working capital requirements. This in turn enables SC to provide uninterrupted supply of electricity to TCCL for sustainable cement production. Therefore, it is proposed to seek renewal for advance/loan facility to SC to ensure availability of sufficient working capital to meet its financial obligations. Accordingly, a Statement of fact under section 134(3) of the Act is annexed to the annual report setting out all material facts along with justification concerning the aforesaid matter.

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

Waste Heat Recovery Project [WHRP] of Subsidiary Company for generating 5 MW electricity, started its operations in 2019. TCCL is providing waste heat released from Air Quenching Chamber & Suspension Pre-heater to the Subsidiary Company to produce super heated steam. For that purpose, TCCL executed a WHUA to provide waste heat to the SC.

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

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

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

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

Corporate and Financial Reporting

a. The financial statements, prepared by the management of Thatta Cement Company Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity. All necessary steps are being taken to ensure good Corporate Governance.

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

c. The financial statements together with notes thereto have been drawn in conformity with the Companies Act, 2017. International Financial Reporting Standards and International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and there has been no material departure therefrom.

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

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

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

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

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

a.	Provident Fund	Rs. 11.96 million
b.	Gratuity Fund	Rs. 14.05 million

i. The value of investments as per audited accounts of retirement benefit plans of Thatta Cement Company Limited as at June 30, 2022 are as follows:

a.	Provident Fund	Rs. 92.23 million
b.	Gratuity Fund	Rs. 96.95 million

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

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

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

Code of Corporate Governance

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

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

Description		Number of directors
1.	Male	6
2.	Female	1

Composition

1.	Independent Directors	4
2.	Non-Executive	2
3.	Executive Director	1
4.	Female Director	1

(c) The details of Board Sub-Committees is given on page 03 of annual report.

Remuneration/Fee of Directors

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

Detail of remuneration paid to the executive director (chief executive) of the Company is disclosed in Note 44 of the unconsolidated financial statements.

Board Evaluation

As required under the Listed Companies Code of Corporate Governance Regulations 2019, an annual evaluation of performance of the Board, members of the Board and its Committees was carried out to ensure that Board's overall performance and effectiveness is measured against the objectives set for the company. For that purpose, Board has developed a mechanism for evaluation of Board's own performance, members of the Board and its Committees. Based on the evaluation, overall performance of the Board, members and Committees of the Board for the year under review is satisfactory.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of Director's Report.

Default in Payments

There were no defaults in payment of any debts falling due during the current year.

External Auditors

The present auditors M/s BDO Ibrahim & Co, Chartered Accountants being eligible have offered themselves for re-appointment. As per recommendation of the Audit Committee, the Board recommends to the shareholders the appointment of M/s BDO Ibrahim & Co, Chartered Accountants as auditors of the Company for the year ending on June 30, 2023.

Future Outlook

Pakistan's economy severely affected due to political instability and recent floods across the country. These floods seriously damaged infrastructure systems such as dams, roads, railway tracks and other means of communication. Under these circumstances, we foresee a decline in the demand of cement in the immediate future. In addition to this, considerable escalation in coal prices, continuous upsurge in power tariff, rupee devaluation, and overall cost-push inflation will result in considerable increase in cost of doing business. Moreover, political crisis both at local and global levelsare creating chaotic economic and business conditions that are negatively affecting overall economy of the Country. These factors are continuously exerting a significant pressure on the operational cost of the industry and consequently will impact the profit margins of the industry and the Company as well.

Moreover, severe competition in local markets amongst industry players is also affecting the company's ability to pass on the impact of higher input costs on to consumers.

We expect that Pakistan's economy will be facing challenges during the current financial year due to the high Current Account Deficit, unprecedented inflation, and also the devastation of the recent flood. We are hopeful that the new Government will put the country's economy in the right direction. The approval provided by the Executive Board of the International Monetary Fund (IMF) to withdraw US$1.1 billion from the Extended Fund Facility (EFF) will provide the access to more loans and assistance from other friendly countries and lenders to overcome the spiraling economic and humanitarian crises.

We hope that the government of Pakistan will show its commitment for recovery of the economy from aforesaid crisis. We are optimistic that it will work day in and day out for the early recovery of the economy that will reflect not only in the cement volumes but also in the Company's performance.

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

Performance of the Group

In compliance with section 226(4) of the Companies Act, 2017 attached with this report are the consolidated financial statements of Thatta Cement Company Limited (the Holding Company) and Thatta Power (Private) Limited (the Subsidiary Company) for the / as at year ended June 30, 2022.

	2022	2021
	------ Rupees in thousands ------	
Statement of Financial Position		
Property, plant and equipment	4,032,532	4,150,781
Stock-in-Trade	565,731	431,528
Trade Debts	1,551,453	1,139,897
Paid-up Share Capital	997,181	997,181
Total Equity - Holding Company	3,904,720	3,849,132
Trade and Other payables	1,388,996	577,818
Short Term Borrowings	212,292	160,546
Statement of Profit or Loss		
Sales - net	4,393,830	2,788,221
Gross Profit	477,207	602,951
Selling, Distribution cost & Administrative Expense	180,059	180,135
Profit before taxation	124,209	322,299
Profit for the year	86,433	266,657
Earnings/(Loss) per share (in Rupees)	0.99	2.43

Thatta Power (Private) Limited – Captive Power Plant

Thatta Power (Private) Limited (TPPL), subsidiary of Thatta Cement Company Limited (TCCL) has earned a loss after tax of Rs 40.3 million; however, distribution of dividend to the shareholders of TPPL cannot be made this year, due to restricting covenants of financing agreements executed by the Subsidiary Company. Thus, distribution of profit to shareholders of the Subsidiary Company would be made in future subject to compliance of covenants of financing agreements.

The Subsidiary Company entered into a Power Purchase Agreement (PPA) with HESCO on May 14, 2011 to sell electricity at rates agreed in the said agreement. The agreement was executed in accordance with the New Captive Power Policy (N-CPP) 2009. Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order revising the tariff formula resulting in reduced tariff. This act of downward revising the tariff for N-CPPs was unwarranted especially where there is severe electricity shortage in the province of Sindh. In view of the said order, HESCO intimated to pay its dues for electricity purchased as per the revised tariff formula. In response, the Subsidiary Company filed a petition before the Honorable High Court of Sindh, against HESCO, on the grounds that HESCO failed to pay its dues to the Subsidiary Company as per PPA. The Honorable High Court of Sindh disposed off the petition filed by TPPL with the direction to HESCO to pay TPPL against purchase of electricity as per the rates stipulated in PPA until 01-02-2012 and thereafter on the rates determined by NEPRA. In view of the adverse order and according to the advice of the legal counsel the Company had filed an appeal before the Supreme Court of Pakistan on October 28, 2015 against the order passed by the High Court of Sindh. Consequently, HESCO & NEPRA have also filed appeals before the Supreme Court of Pakistan against the same order, which are pending for adjudication.

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: September 29, 2022

ANNEXURE I

Attendance of Directors in Board Meetings held during the year ended June 30, 2022

Name of Directors	No. of Meetings	Meeting attended
Mr. Khawaja Muhammad Salman Younis	5	5
Mr. Aslam Shaikh	5	5
Ms. Naheed Memon	5	5
Mr. Agha Sher Shah *	2	2
Mr. Saleem Zamindar	5	5
Mr. Noor Muhammad	5	5
Mr. Jamshid Malik	5	3
Mr. Kamran Munir Ansari **	3	3

Attendance of Members in Audit Committee Meetings held during the year ended June 30, 2022:

Name of Members	No. of Meetings	Meeting attended
Mr. Saleem Zamindar	4	4
Mr. Khawaja Muhammad Salman Younis	4	4
Mr. Noor Muhammad	4	4

Attendance of Members in Human Resource & Remuneration Committee held during the year ended June 30, 2022:

Name of Members	No. of Meetings	Meeting attended
Mr. Agha Sher Shah *	1	1
Mr. Aslam Shaikh	2	2
Ms. Naheed Memon	2	2
Mr. Kamran Munir Ansari **	1	1

*Mr. Agha Sher Shah retired at the 11th AGM.
**Mr. Kamran Munir Ansari elected as director.

ذیلی کمپنی نے ہیسکو کے ساتھ 14 مئی 2011 کو پاور پرچیز ایگریمنٹ (پی پی اے) طے کیا، اس معاہدے کی رو سے کمپنی نے ہیسکو کو معاہدے میں طے شدہ نرخوں پر بجلی فروخت کرنا تھی۔ یہ معاہدہ نیو کیپٹیو پاور پالیسی2009 کی شقوں کی پاسداری کرتے ہوئے طے پایا۔ تا ہم بعد ازاں نیشنل الیکٹر ک پاور ریگو لیٹری اتھارٹی (نیپرا) کیجانب سے بجلی کے نرخ مقرر کرنے کیلئے ایک نیا فارمولہ پیش کیا گیا جس کے تحت بجلی فروخت کرنے کے نرخوں میں کمی کر دی گئی۔ نیپرا کی جانب سے این – سی پی پیز کو کم نرخ دئیے جانے کا یہ فارمولہ با لخصوص ان حالات میں جبکہ صوبہ سندھ میں بجلی کا سخت بحران پایا جاتا ہے انتہائی نا مناسب تھا۔ نیپرا کے اس آرڈر کو مد نظر رکھتے ہوئے ہیسکو نے نوٹس دیا کہ وہ کمپنی کو خریدی گئی بجلی کے نرخ نئے فارمولے کے تحت ادا کریں گے۔ اس کے جواب میں ذیلی کمپنی کی جانب سے سندھ ہائی کورٹ کے روبرو ایک درخواست دائر کی گئی جس میں یہ مؤقف اپنا یا گیا تھا کہ ہیسکو ذیلی کمپنی کو پی پی اے کے مطابق ادئیگی کرنے میں ناکام رہی ہے۔ معزز عدالت کی جانب سے ٹی پی پی ایل کی در خواست کو خارج کرتے ہوئے ہیسکو کو یہ ہدایت کی گئی کہ وہ ٹی پی پی ایل کو 01-02-2012 تک پی پی اے میں متعین نرخوں کے مطابق ادئیگیاں کرے اور اس تاریخ کے بعد سے ادئیگیاں نیپرا کی جانب سے پیش کئے گئے نئے فارمولے کے مطابق کی جائیں۔ امید کے برخلاف فیصلہ آنے اور قانونی ٹیم سے مشا ورت کے بعد ذیلی کمپنی نے ہائی کورٹ کی جانب سے دئیے گئے فیصلے کے خلاف سپریم کورٹ آف پاکستان میں مورخہ 2015-10-28 کو ایک اپیل دائر کر دی گئی ہے۔ نتیجتاً ہیسکو اور نیپرا کی جانب سے بھی سندھ ہائی کورٹ کی جانب سے دئیے گئے فیصلے کے خلاف سپریم کورٹ کے روبرو اپیلیں دائر کردی گئی ہیں جو کہ عدالت عظمی کے سامنے زیر التواء ہیں۔

اظہار تشکر

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

محمد اسلم شیخ
چیف ایگزیکیٹیوآفیسر

خواجہ محمد سلمان یونس
چئیرمین

کراچی: 29 ستمبر 2022

مزکورہ مسائل سے نبرد آزما ہو نے کیلئے کمپنی کی انتظامیہ ہمہ وقت تیار ہے۔ انتظامیہ کی جانب سے مسلسل حکمت عملی مرتب کی جا رہی ہے اور رسک کو کم از کم کرنے کیلئے اقدامات اٹھائے جا رہے ہیں تا کہ مستقبل کے مسائل سے نمٹنے کے ساتھ ساتھ کاروبار کی شرح نمو میں بھی اضافہ کیا جا سکے۔

گروپ کی کارکردگی

کمپنیز ایکٹ 2017 کے سیکشن (4) 226 کے تحت رپورٹ ہذا یعنی مالیاتی دستاویزات برائے سال 30 جون 2022 کے ساتھ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ (ہولڈنگ کمپنی) اور ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ (ذیلی کمپنی) کی مجموعی ما لیاتی دستاویزات کو بھی منسلک کیا گیا ہے۔

	2022	2021
	------ Rupees in thousands ------	
Statement of Financial Position		
Property, plant and equipment	4,032,532	4,150,781
Stock-in-Trade	565,731	431,528
Trade Debts	1,551,453	1,139,897
Paid-up Share Capital	997,181	997,181
Total Equity - Holding Company	3,904,720	3,849,132
Trade and Other payables	1,388,996	577,818
Short Term Borrowings	212,292	160,546
Statement of Profit or Loss		
Sales - net	4,393,830	2,788,221
Gross Profit	477,207	602,951
Selling, Distribution cost & Administrative Expense	180,059	180,135
Profit before taxation	124,209	322,299
Profit for the year	86,433	266,657
Earnings/(Loss) per share (in Rupees)	0.99	2.43

ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ - کیپٹیو پاور پلانٹ

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ (ٹی سی سی ایل) کی ذیلی کمپنی ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ (ٹی پی پی ایل) نے 40.3 ملین روپے کانقصان بعد از ٹیکس کیا ہے، تا ہم اس سال حصص داران کو ڈیو ڈنڈ نہیں دیئے جائیں گے جس کی وجہ ذیلی کمپنی کی جانب سے طے کئے جانے والے محدود تمویلی معاہدے ہیں جن کی وجہ سے یہ پابندی عائد ہے۔ لہذا حصص داران کو مستقبل میں منافع کی تقسیم کی جائے گی جس کا انحصار تمویلی معاہدات کی شرائط پر ہو گا۔

کمپنی کے ایگزیکیٹیو ڈائریکٹر (چیف ایگزیکیٹیو) کو ادا کئے جانے والے مشاہرے کی تفصیلات کو غیر یکجا مالیاتی دستاویزات کے نوٹ نمبر 44 میں ملاحظہ کیا جا سکتا ہے۔

بورڈکی کارکردگی کی جانچ

لسٹڈ کمپنیز کوڈ آف کارپویٹ گورننس، ریگولیشنز 2019 کے تحت کمپنی کے طے شدہ اہداف کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز اوراس کے ممبران اور بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ لیا گیا ہے۔ اس مقصد کیلئے بورڈ نے اپنی، اپنے ممبران اور کمیٹیوں کی کارکردگی کو پرکھنے کیلئے ایک نظام وضع کر رکھا ہے۔ سال رواں میں کی گئی اس جانچ کے مطابق بورڈ،اس کے ممبران اور کمیٹیوں کے ممبران کی کارکردگی اطمینان بخش ہے۔

مابعد واقعات

مالیاتی سال کے اختتام سے لے کر ڈائریکٹرز رپورٹ کی تاریخ تک کمپنی کے معاملات میں ایسی کوئی خاطر خواہ تبدیلی واقع نہیں ہوئی ہے جس کا اثر کمپنی کی مالیاتی پوزیشن پر پڑتا ہو۔

نادھندگی

دوران سال کمپنی کی کسی بھی قسم کے قرض یا ادائیگیوں کے سلسلے میں نا دھندہ نہیں ہے۔

بیرونی آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرزبی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ ا کاؤنٹنٹس کی جانب سے اپنی اہلیت کی بنیاد پر ایک مرتبہ پھر اپنی خدمات کی پیشکش کی گئی ہے۔ آڈٹ کمیٹی کی سفارش کی بنیاد پر، بورڈ آف ڈائریکٹرز کی جانب سے حصص داران کو

تجویز پیش کی گئی ہے کہ مالی سالاختتامیہ 30جون 2023کیلئے میسرزبی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ ا کاؤنٹنٹس کو کمپنی کا بیرونی آڈیٹر تعینات کر لیا جائے۔

مستقبل پر نظر

سیاسی عدم استحکام اور پورے ملک میں حالیہ سیلابوں کی وجہ سے پاکستانی معیشت کو بہت نقصان پہنچا ہے۔ ان سیلابوں نے بڑے پیمانے پر انفرااسٹرکچر کو تباہ کیا ہے جس میں ڈیم، سڑکیں، ریلوے لائینیں اور دیگر ذرائع مواصلات بھی شامل ہیں۔ ان حالات میں ہم دیکھ سکتے ہیں کہ آنے والے دنوں میں سیمنٹ کی طلب میں کمی واقع ہو گی۔ علاوہ ازیں، کوئلے کی قیمتوں میں بے تحاشہ اضافہ، توانائی کی روز بروز بڑھتی ہوئی قیمتیں، روپے کی تیزی سے گرتی ہوئی قدر اور پیداواری لاگت میں اضافے کے باعث افراط زر کی شرح میں اضافہ وہ عوامل ہیں جن کی وجہ سے آئندہ کاروبار کی لاگت میں بھی اضافہ ہو گا۔ مزید برآں، ملک کے اندر اور عالمی سطح پر سیاسی عدم استحکام اور انتشار کی وجہ سے معاشی اور کاروباری انتشار کی صورتحال پیدا ہو چکی ہے جس کے منفی اثرات مجموعی طور پر ملک کی معیشت کو بری طرح متاثر کر رہے ہیں۔ ان تمام عوامل کی وجہ سے صنعت کی کاروباری لاگت میں بہت اضافہ ہو رہا ہے جس کے باعث پوری صنعت کے ساتھ ساتھ آپ کمپنی کی منفعت بھی متاثر ہو گی۔ اس کے علاوہ مقامی طور پر مختلف کاروباری مسابقت کاروں کی وجہ سے بھی آپ کی کمپنی کو مشکلات پیش آ رہی ہیں کہ پیداواری لاگت میں ہونے والے اضافے کو صارفین تک منتقل کیا جا سکے۔

اس بات کے قوی خدشات ہیں کہ کرنٹ اکاؤنٹ خسارے، بے مثال افراط زر، اور اس حالیہ سیلابی صورتحال سے مچنے والی تباہی کے بعد رواں مالی سال مسائل سے بھرپور ہو گا۔ ہم امید کرتے ہیں کہ نئی حکومت ملک کی معیشت کو صحیح سمت میں گامزن کرپائے گی۔ امید ہے کہ انٹرنیشنل مانیٹری فنڈ(آئی ایم ایف) کے ایگزیکیٹیو بورڈ کی جانب سے پاکستان کو اضافی فنڈ کی مد میں 1.1ارب ڈالر جاری کئے جانے کی منظوری کے بعد اب مزید قرضوں کے حصول اور دوست ممالک اور دیگر قرض خواہوں سے امداد کے امکانات روشن ہو جائیں گے اور اس طرح بڑھتے ہوئے معاشی اور انسانی بحران سے بنرد آزما ہو نے میں مدد مل سکے گی۔

ہم امید کرتے ہیں کہ حکومت پاکستان کی جانب سے معیشت کی بحالی کیلئے اپنے وعدے پورے کئے جائیں گے اور ملک کو موجودہ معاشی بحران سے نکالا جائے گا۔ ہم امید کرتے ہیں کہ معیشت کی بحالی کیلئے حکومت کی جانب سے دن رات ایک کردی جائے گی جس کے اثرات نا صرف سیمنٹ کی بڑھتی ہوئی طلب کی صورت میں سامنے آئیں گے بلکہ کمپنی کی کارکردگی پر بھی اس کے مثبت اثرات مرتب ہو نگے۔

ذ۔ کمپنی کے ذمے ٹیکسوں، ڈیوٹیز، لیویز اور دیگر واجبات کے ضمن میں معمول کی کاروباری سر گرمیوں اور ان واجبات کے علاوہ اور کوئی واجبات نہیں ہیں جنہیں ما لیاتی دستاویزات میں بیان کیا جا چکا ہے۔

ح۔ کمپنی کی جانب سے اپنے مستقل ملازمین کیلئے ایک پراویڈنٹ فنڈ اور گریجویٹی فنڈ کا انتظام کیا گیا ہے۔ ذیل میں ان رقوم کو بیان کیا جا رہا ہے جنہیں کمپنی کی جانب سے دستاویز برائے نفع و نقصان میں ظاہر کیا گیا ہے۔

پراویڈنٹ فنڈ **11.96**ملین روپے
گریجویٹی فنڈ **14.05**ملین روپے

ط۔آڈٹ شدہ اکا ونٹس کے مطابق ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کے انویسٹمنٹ پلان برائے ریٹائرمنٹ بینفٹس کی قدر بتاریخ 30 جون 2022 درج ذیل ہے:

پراویڈنٹ فنڈ **92٠23** ملین روپے
گریجویٹی فنڈ **96.95** ملین روپے

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

ک۔ دوران سال بورڈ، آڈٹ کمیٹی اور انسانی وسائل و ادائیگیوں کی کمیٹی کی جانب سے منعقد کی جانے والی میٹنگز کی تعداد اور ان میٹنگز میں شرکت کرنے والے ڈائریکٹروں کی حاضری سے متعلق ہر ڈائریکٹر کی فرداً فرداً تفصیل (ضمیمہ 1) جو کہ کمپنیز ایکٹ2017 کے سیکشن 227 کے تحت سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

ل۔ کمپنی کی ترتیب حصص داری کو کمپنیز ایکٹ 2017 کےسیکشن 277(2)(f) کے تحت رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کی پاسداری

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

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

الف ۔ مرد	6
ب ۔ خواتین	1

ساخت

1۔ غیر جانبدار ڈائریکٹر	4
2۔ غیر انتظامی ڈائریکٹر	2
3۔ انتظامی ڈائریکٹر	1
4۔ خاتون ڈائریکٹر	1

ج۔ بورڈ کی ذیلی کمیٹیوں سے متعلق تفصیلات صفحہ نمبر 03 پر ملاحظہ کی جا سکتی ہیں۔

ڈائریکٹروں کا مشاہرہ

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

تا ہم 30 جون 2022 تک ذیلی کمپنی کے تجارتی قرضوں میں اضافہ ہوا ہے جس کی وجہ تجارت کی مد میں قابل وصول رقم میں میں اضا فہ ہے جس کا بڑا حصہ ہیسکو سے قابل وصول رقم ہے اور جو اس بات کی نشاندہی کر رہا ہے کہ ہیسکو کی جانب سے بجلی کے بلوں کی ادائیگی میں تا خیر کی جا رہی ہے اس لئے ذیلی کمپنی کو اپنی مالیاتی ذمہ داریوں اور ورکنگ کیپٹل کی ضروریات پورا کرنے کیلئے مالیاتی امداد کی ضرورت پیش آسکتی ہے۔ اس مالیاتی امداد کے نتیجے میں ذیلی کمپنی ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کو بلا تعطل بجلی کی فراہمی جاری رکھ سکے گی اور ٹھٹھہ سیمنٹ کمپنی لمیٹڈ سیمنٹ کی پیداوار کے عمل کو بلا تعطل جاری رکھ سکے گی۔ اسی لئے ذیلی کمپنی کی مالیاتی ذمہ داریوں اور ورکنگ کیپٹل کی ضروریات کو پورا کرنے کیلئے مجوزہ قرض کی سہولت کی تجدید کی تجویز دی جا رہی ہے۔ اسی مناسبت سے، سالانہ رپورٹ کے ساتھ کمپنییز ا یکٹ 2017کی زیر دفعہ (3)134 کے تحت ایک ضمیمہ بھی منسلک کیا گیا ہے جس میں مزکورہ بالاہ معاملے سے متعلق تمام اہم حقائق اور اس کے جواز کے حق میں دلائل پیش کئے گئے ہیں۔

ب۔ ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی، کے ساتھ ویسٹ ہیٹ یو ٹیلائزیشن ایگریمنٹ

ذیلی کمپنی کی جانب سے ویسٹ ہیٹ ریکوری پروجیکٹ کے تحت 5میگا واٹ بجلی پیدا کرنے کے منصوبے نے کمرشل آپریشنز کا آغاز کے2019میں کیا۔ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے ذیلی کمپنی کو ائیر کوئینچنگ چیمبر اور سسپنشن پری ہیٹر کے ذریعے ویسٹ ہیٹ فراہم کر رہی ہے تا کہ سپر ہیٹڈ اسٹیم کے ذریعے ذیلی کمپنی مزکورہ بجلی پیدا کر سکے۔ اس مقصد کیلئے ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے ذیلی کمپنی کے ساتھ ویسٹ ہیٹ یو ٹیلائزیشن ایگریمنٹ پر عمل کیا جا رہا ہے تا کہ ذیلی کمپنی کو ویسٹ ہیٹ مہیا کی جا سکے۔

ج۔ ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی(ایس سی)، کے ساتھ سروس لیول ایگریمنٹ

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

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

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے بجلی کی فراہمی کیلئے ذیلی کمپنی کے ساتھ 12دسمبر2011 کو پاور پرچیز ایگریمنٹ کیا گیا تھا۔ ذیلی کمپنی کی جانب سے 12دسمبر2012 کو کمرشل بنیادوں پر بجلی کی پیداوار کا آغاز ہو چکا ہے۔ پاور پرچیز ایگریمنٹ کے اندر بجلی کی فراہمی کے سلسلے میں انوائسنگ/بلنگ اور دیگر شرائط و ضوابط کو طے کیا گیا ہے۔ پاور پرچیز ایگریمنٹ کو نیو کیپٹیو پاور پالیسی 2009 کے تحت عمل میں لایا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ

الف۔ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے تیار کی جانے والی مالیاتی دستاویزات صحیح انداز سے کمپنی کے معاملات، کاروباری نتائج، نقد رقوم کی ترسیل اور سرمایہ پر مبنی حصص میں تبدیلی کی نمائندگی کرتی ہیں۔ کارپوریٹ گورننس کے سنہرے اصولوں کی پاسداری کیلئے تمام ضروری اقدامات اٹھائے جا رہے ہیں۔

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

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

د۔ مالیاتی دستاویزات کی تیاری میں مستقل بنیادوں پر اکا ؤنٹنگ کی مناسب پالیسیوں پر عمل کیا جا رہا ہے اور تمام محاسبی تخمینے قرین قیاس ہیں۔

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

و۔ کمپنی ہمیشگی کی بنیاد پر اپنی کاروباری سر گر میاں جاری رکھے ہوئے ہے اور اس سلسلے میں شک کی کوئی گنجائش موجود نہیں ہے کہ کمپنی اپنی کاروباری سر گر میوں کو ہمیشگی کی بنیاد پر آئندہ بھی جاری رکھے گی۔

اس کے علاوہ قابل استعمال ہوا، پینے کے صاف پانی اور شور کی شدت سے متعلق ایس ای پی اے ایکٹ2014 کے تحت ماحولیات کیلئے قائم کئے جانے والے معیارات کی بھی مکمل پاسداری کی جاتی ہے۔ ایس ای پی اے سے مصدقہ ماحولیاتی لیبارٹری کے ذریعے مانیٹرنگ اور تجزیات کا عمل بھی جاری رہتا ہے۔

ٹی سی سی ایل کی ایک ذیلی کمپنی کی جانب سے ویسٹ ہیٹ ریکوری سسٹم (ڈبلیو ایچ آر ایس) کی تنصیب کی گئی ہے تا کہ اس بات کو یقینی بنایا جا سکے کہ گلوبل وارمنگ میں اپنی جانب سے کم از کم حصہ ملایا جائے اور سیمنٹ پلانٹ اور پاور جنریشن سے کاربن کا اخراج بھی کم از کم ہو۔

مزکورہ بالاہ کے علاوہ، کووڈ -19 ایک عالمی وباء بیاور حالیہ دنوں میں دنیا کو صحت سے متعلق درپیش سب سے بڑا چیلنج ہے۔ کمپنی کی جانب سے کاروباری افعال کو محفوظ انداز سے چلانے کیلئے صحت کے عالمی اداروں اور حکومت پاکستان کی جانب سے جاری کی جانے والی ہدایات پر سختی سے عمل کیا جا رہا ہے۔

اس سلسلے میں بنیادی طور پر درج ذیل اقدامات اٹھائے گئے ہیں:

- کووڈ-19 کی موجودگی میں کاروباری افعال جاری رکھنے کا منصوبہ(بی سی پی)۔
- حکومت سندھ کی جانب سے جاری کردی ایس او پیزپر عمل۔
- ملازمین کے گھر سے کام کرنے کی حوصلہ افزائی کرنا۔
- پلانٹ اور ہیڈآفس پر ٹیلی کام کے ذریعے فاصلاتی اجلاس کا انعقاد۔

کارپوریٹ معاشرتی ذمہ داری

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے آپکی کی کمپنی نے اپنی معاشرتی ذمہ داریوں کو ہمیشہ بطریق احسن نبھایا ہے۔ جس شہر میں کمپنی اپنے کاروباری افعال سر انجام دے رہی ہے وہا ں کی مقامی کمیو نٹیوں کی فلاح و بہبود کیلئے کمپنی اقدامات اٹھاتی رہتی ہے۔ دوران سا ل رواں کمپنی کی جانب سے صحت اور حفاظت کے ضمن میں شعور بیدار کرنے کیلئے اجلاس منعقد کئے گئے۔ اس سلسلے میں معیاری اسٹاف کے ساتھ تما م تر سہولیات سے آراستہ سیلیکوسز تشخیصی و صحتی مرکز بھی قائم کیا گیا ہے۔

اندرونی مالیاتی نظم و ضبط

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

متعلقہ پارٹیوں کے ساتھ معاملات

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

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

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ (ٹی سی سی ایل) کی جانب سے اپنے سالانہ عام اجلاس منعقدہ 16اکتوبر2015 میں حصص داران سے ذیلی کمپنی کو اس کی مالیاتی ذمہ داریوں اوورکنگ کیپٹل کی ضروریات سے نبرد آزما ہونے کیلئے قرض /ایڈوانس کی سہولت فراہم کرنے کی منظوری حاصل کی گئی تھی۔ بعد ازاں ذیلی کمپنی کی مالیاتی ضروریات کو مد نظر رکھتے ہوئے قرض کی مزکورہ سہولت جاری رکھنے کے لئے ہر سالانہ اجلاس عام میں اس منظوری کی تجدیدکی گئی ہے۔ اس قرض کے سلسلے میں حاصل کی گئی منظوری کمپنی کے آئندہ سالانہ عام اجلاس مؤرخہ 27 اکتوبر 2022 تک کارآمد رہے گی۔

فروخت کا جائزہ

زیر نظر مالی سال کے دوران گزشتہ مالی سال کے مقابلے میں مقامی سطح پر سیمنٹ کی فروخت میں بلحاظ حجم ٪ 67.56 کا اضافہ ریکارڈ کیا گیا ہے۔ مقامی سطح پر سیمنٹ کی فروخت میں ہونے والے اضافے کے باعث مقامی طور پر گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران آمدن از فروخت میں٪ 82.28اضافہ ریکارڈ کیا گیا۔ دوران سال اپنے صارفین کی

خدمت کیلئے کمپنی کی جانب سے اضافی اقدامات بھی اٹھائے گئے اور کمپنی کی جانب سے نئی مارکیٹ تلاش کی گئی جس کے خاطر خواہ مثبت اثرات کمپنی کی فروخت پر مرتب ہوئے۔ مجموعی طور پر آپ کی کمپنی کی جانب سے فروخت کے سلسلے میں گزشتہ مالی سال کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا گیا اور جنوبی ریجن میں کمپنی نے بڑی کامیابی کے ساتھ اپنے مارکیٹ شئیر میں اضافہ کیا۔

مالیاتی کار کردگی

کمپنی کی مالیاتی کارکردگی برائے مالی سال 30 جون 2022 کی اہم جھلکیاں گزشتہ سال اسی عرصے کے دوران مالیاتی کارکردگی کے مد مقابل ذیل میں پیش کی جارہی ہے:

Particulars	2022	2021
	------ Rupees in thousands ------	
Sales – net	4,263,894	2,427,313
Gross profit	320,621	384,661
Selling & Distribution Cost	58,620	77,419
Finance Cost	33,375	17,070
Profit/(Loss) before taxation	154,766	250,115
Profit/(Loss) for the year	119,294	201,793
Earnings/(Loss) per share (Rupees)	1.20	2.02

فروخت کے تناسب سے لاگت برائے فروخت میں اضافے کے بعد % 92.48 ریکارڈ کی گئی ہے جبکہ گزشتہ مالی سال کے دوران یہ تناسب ٪84.15 تھا۔ لاگت میں یہ اضافہ دراصل لاگت برائے فروخت میں اضافے کی وجہ سے ہوا جس کی وجہ عالمی سطح پر کوئلے کی قیمت میں زبردست اضافہ اور روپے کی تیزی کے ساتھ گرتی ہوئی قدر تھی۔ مزید براں، دوران سال، 5ماہ تک ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ، جو کہ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی ایک ذیلی کمپنی ہے، کو گیس کی فراہمی بند ہونے کی وجہ سے کمپنی کوHESCOسے مہنگے داموں بجلی خریدنا پڑی۔ لہذا توانائی اور ایندھن کی مد میں کمپنی کی لاگت میں بے حد اضافہ ہوا جس کا لازمی نتیجہ کمپنی کے منافع میں واضح کمی کی صورت میں سامنے آیا۔

کمپنی کے کاروبار کے ماحول پر اثرات

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

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

ڈائریکٹرز رپورٹ

آپکی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی آڈٹ شدہ مالیاتی دستاویزات برائے 30 جون 2022 اپنے جائزے اور آڈیٹر کی رپورٹ کے ساتھ آپکی خدمت میں پیش کررہے ہیں۔

جائزہ

مالی سال اختتامیہ30جون2022 کے دوران پیداوار اور فروخت کے اعدادوشمار ذیل میں پیش کئے جا رہے ہیں:

Description	2022	2021	Variance	
	Metric Tons			%
Production				
Clinker	415,810	349,638	66,172	18.93%
Cement	502,659	301,006	201,653	66.99%
Dispatches				
Cement	504,496	301,045	203,451	67.58%
Clinker	4,987	69,565	(64,578)	(92.83%)
Total	509,483	370,610		

مالی سال22-2021 مقامی اور عالمی سطح پر مسائل اور غیر یقینی صورتحال سے بھرپور سال تھاجس نے پاکستان کی معیشت پر بڑے منفی اثرات مرتب کئے ہیں۔ ملک کے اندر سیاسی عدم استحکام اور عالمی منظر نامے پر روس اور یوکرائن کی جنگ کی وجہ سے معاشی اشاریئے بری طرح متاثر ہوئے ہیں۔ ان حالات میں آپ کی کمپنی کی جانب سے برداشت اور حالات سے بنرد آزما ہونے کی صلاحیت کا بھرپور مظاہرہ کیا گیااور ان صلاحیتوں کے ساتھ آپ کی کمپنی کی جانب سے گزشتہ مالی سال کے مقابلے میں سیمنٹ کی ترسیل کے ضمن میں% 67.58شرح نمو تک کا ہدف حاصل کیا گیا۔

آ پ کی کمپنی کی جانب سے زیر نظر مالی سال کے دوران کلنکر کی پیداوار 415,810 ٹن رہی ہے اور پیداواری صلاحیت کو ٪63زیر استعمال لایا گیا جبکہ گزشتہ مالی سال کے دوران %52.97پیداواری صلاحیت کو زیر استعمال لاتے ہوئے کلنکر کی پیداوار 349,638 ٹن درج کی گئی تھی۔مینجمنٹ کی جانب سے اقدامی حکمت عملی اپنانے کی وجہ سے کمپنی نہ صرف کلنکر کا موجودہ ذخیرہ استعمال کرنے میں کامیاب رہی بلکہ مناسب قیمت پر مزید کلنکر مقامی مارکیٹ سے بھی خریدا گیا تا کہ مقامی سطح پر صارفین کی طلب کو پورا کیا جا سکے، اس طرح عالمی مارکیٹ میں کوئلے کی قیمت میں اچانک ہونے والے اضافے اور دوران سال ڈالر کے مقابلے میں روپے کی تیزی کے ساتھ گرتی ہوئی قدرکے منفی اثرات کو بھی زائل کیا گیا۔

صنعتی جائزہ

زیر نظر مالی سال کے دوران مقامی اور برآمدات کی سطح پر سیمنٹ کی صنعت میں سیمنٹ کی ترسیل میں ٪7.8کمی واقع ہوئی ہے۔ مقامی سطح پر سیمنٹ کی ترسیل 47.65ملین ٹن رہی (2021: 48.10ملین ٹن) جس میں محض% 0.95کی کمی واقع ہوئی۔علاوہ ازیں، سارا سال پوری صنعت کی جانب سے برآمدات کی ترسیل میں مستقل منفی رجحان ریکارڈ کیا گیا۔ نتیجتاً برآمدات کی ترسیل میں% 43.54 کمی واقع ہوئی اور ترسیل کا حجم 5.26ملین ٹن رہا(2021:9.31ملین ٹن)۔

زیر نظر مالی سال کے دوران جنوبی ریجن میں مقامی سطح پر مال کی ترسیل میں ٪8.96 کا اضافہ کیا گیا ہے جو کہ حجم کے لحاظ سے 7.53سے بڑھ کر 8.21 ملین ٹن ہو گیا۔ جبکہ برآمدات کی ترسیل میں% 35.54کی کمی واقع ہوئی ہے جو بلحاظ حجم 6.74ملین ٹن سے کم ہو کر4.35ملین ٹن ہوگئی۔

پاکستان کی معیشت مختلف سیاسی اور معاشی مسائل کے گرداب میں پھنسی رہی۔ بڑھتے ہوئے سیاسی بحران، توانائی کی قیمتوں میں اضافے، روپے کی تیزی سے گرتی ہوئی قدر اور شرح سود میں اچانک بے حد اضافے کی وجہ سے صنعت پر انتہائی منفی اثرات مرتب ہوئے۔

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COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDINGS AS AT JUNE 30, 2022

Category No.	Categories of Shareholders	Category wise no. of shareholders	Category wise shares held	Percentage %
1	Directors, Chief Executive Officer and their spouse and minor children	7	441,625	0.443
2	Associated Companies, undertakings and related parties	4	51,058,286	51.20
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	11,837,835	11.87
5	Insurance Companies	1	100	0.00
6	Modarbas and Mutual Funds	2	1,581,580	1.59
7	General Public (a) Local (b) Foreign	 2,026 141	 24,971,178 4,301,020	 25.04 4.31
8	Others	33	5,526,501	5.54
	TOTAL	2,216	99,718,125	100.00

SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE COMPANY

TOTAL PAID UP SHARE CAPITAL OF THE COMPANY	99,718,125 Shares
10% OF THE PAID UP CAPITAL OF THE COMPANY	9,971,813 Shares

NAME OF SHAREHOLDER	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE
Sky Pak Holding (Private) Limited	Falls in Category # 2	21,152,787	21.21%
Al-Miftah Holding (Private) Limited	Falls in Category # 2	14,895,118	14.94%

PATTERN OF SHAREHOLDINGS - CDC AND PHYSICAL AS AT JUNE 30, 2022

No. of shareholders	Shareholdings		Total shares held
	From	To	
242	1	100	2,880
687	101	500	332,667
310	501	1000	298,902
536	1001	5000	1,583,273
176	5001	10000	1,449,286
55	10001	15000	740,000
37	15001	20000	702,000
26	20001	25000	622,000
12	25001	30000	346,500
5	30001	35000	171,500
17	35001	40000	664,916
13	45001	50000	645,500
6	50001	55000	317,000
7	55001	60000	415,500
1	60001	65000	65,000
1	65001	70000	68,500
3	70001	75000	224,000
4	75001	80000	315,500
3	80001	85000	255,000
3	85001	90000	265,000
9	95001	100000	900,000
2	100001	105000	210,000
1	115001	120000	116,500
2	120001	125000	250,000
1	125001	130000	129,500
1	130001	135000	130,500
2	145001	150000	300,000
2	170001	175000	350,000
1	180001	185000	180,500
5	195001	200000	999,000
1	200001	205000	201,500
2	205001	210000	413,500
2	215001	220000	440,000
2	225001	230000	457,500
1	235001	240000	240,000
2	245001	250000	500,000

No. of shareholders	Shareholdings		Total shares held
	From	To	
1	250001	255000	250,500
1	265001	270000	268,000
1	270001	275000	274,000
1	275001	280000	278,000
1	280001	285000	281,500
1	285001	290000	285,500
1	310001	315000	312,500
1	325001	330000	328,000
2	340001	345000	683,000
1	345001	350000	350,000
1	390001	395000	393,000
1	395001	400000	400,000
1	450001	455000	453,580
1	515001	520000	519,500
1	555001	560000	560,000
1	595001	600000	600,000
1	645001	650000	648,500
1	740001	745000	743,000
1	845001	850000	848,000
1	995001	1000000	1,000,000
1	1005001	1010000	1,010,000
1	1010001	1015000	1,013,000
1	1045001	1050000	1,050,000
1	1110001	1115000	1,111,000
1	1125001	1130000	1,128,000
1	1475001	1480000	1,480,000
1	1495001	1500000	1,500,000
1	1855001	1860000	1,860,000
1	1885001	1890000	1,890,000
1	3370001	3375000	3,375,000
1	6530001	6535000	6,531,291
1	8460001	8465000	8,462,835
1	8475001	8480000	8,479,090
1	14895001	14900000	14,895,118
1	21150001	21155000	21,152,787
2,216			99,718,125

KEY OPERATING AND FINANCIAL STATISTICS OF SIX YEARS

	2022	2021	2020	2019	2018	2017
	------------Rupees in thousands------------					
Summary of Statement of Financial Position						
Assets Employed						
Property, plant and equipment	1,920,063	1,951,747	2,021,470	2,086,685	2,199,535	2,055,402
Right-of-use-assets	42,184	-	-	-	-	-
Intangible assets	5,265	-	-	-	2,800	5,793
Long term deposits	3,796	1,096	1,096	1,096	1,096	1,096
Long term investment - Available for sale	-	-	-	-	-	-
Long term investment in subsidiary	299,158	299,158	299,158	299,158	299,158	299,158
Current assets	2,362,505	1,443,071	1,155,376	1,223,161	1,637,106	1,533,877
	4,632,971	3,695,072	3,477,100	3,610,100	4,139,695	3,895,326
Financed by						
Shareholders equity	2,740,309	2,664,206	2,464,579	2,618,906	2,556,790	2,440,620
Long term financing	-	-	-	-	87,817	319,750
Current portion of long term financing	-	-	-	87,817	231,933	231,933
			-	87,817	319,750	551,683
Long term deposits & deferred liabilities	335,465	325,621	303,904	315,909	305,347	289,105
Current liabilities	1,557,197	705,245	708,617	675,285	1,189,741	845,851
Current portion of long term financing	-	-	-	(87,817)	(231,933)	(231,933)
	1,557,197	705,245	708,617	587,468	957,808	613,918
Total funds invested	4,632,971	3,695,072	3,477,100	3,610,100	4,139,695	3,895,326
Summary of Statement of Profit or Loss						
Turnover	4,263,894	2,427,313	1,755,227	3,468,411	2,842,538	3,656,723
EBITDA	315,717	374,921	(9,133)	488,591	689,237	1,089,909
EBIT	188,141	267,185	(96,781)	345,938	562,098	943,029
% Change in Sales	75.66	38.29	49.39	22.02	(22.26)	28.48
% Change in EBITDA	(15.79)	4,205.12	101.87	(29.11)	(36.76)	20.70
% Change in EBIT	(29.58)	376.07	127.98	(38.46)	(40.39)	19.22
Gross Profit	320,621	384,661	52,100	671,967	756,004	1,163,029
Operating profit/(Loss)	145,631	209,695	(122,952)	349,465	563,202	913,686
Profit / (loss) before tax	154,766	250,115	(140,934)	295,318	497,371	855,306
Profit / (loss) after tax	119,294	201,793	(158,018)	213,522	356,860	581,993
Accumulated Profit carried forward	1,643,410	1,567,307	1,367,680	1,522,007	1,459,891	1,343,721
Earnings / (loss) per share (Rupees)	1.20	2.02	(1.58)	2.14	3.58	5.84

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Thatta Cement Company Limited will be held on Thursday, October 27, 2022 at 11:00 a.m. through video link facility via Zoom managed from the Company's head office at Karachi, to transact the following business.

A. Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 15, 2021.

2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2022 together with the Directors' and the Auditors' reports thereon.

3. To appoint external auditors of the Company for the year ending on June 30, 2023 and fix their remuneration. The present auditors, M/s BDO Ebrahim & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

B. Special Business

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

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

RESOLVED that the time period for providing advance/loan facility to Thatta Power(Private) Limited, the Subsidiary Company, to the extent of total amount of Rs 300 million as approved/renewed by the shareholders in the Annual General Meeting held on October 15, 2021, be and is hereby extended further for a period of one year till the holding of next Annual General Meeting to be held on or before October 27, 2023, to meet the requirements of Regulation 5(7) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 dated December 6, 2017.

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

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

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

By Order of the Board

Muhammad Abid Khan
Company Secretary

Karachi : October 06, 2022

Notes:

1. Participation of Shareholders through Online Facility

In pursuance of SECP's Circular No. 05 dated March 17, 2020, Circular No. 10 dated April 01, 2020, Circular No. 33 dated November 05, 2020, Circular No. 04 of 2021 dated February 15, 2021 and Circular No. 06 of 2021 dated March 03, 2021 respectively pertaining to Regulatory Relief to dilute the impact of Corona Virus (COVID 19) on Corporate Sector, Companies have been advised to modify their usual planning for annual general meetings for the well-being of the shareholders and avoid large gatherings by the provision of video link facilities.

In the light of SECP's directives, the Company intends to convene its AGM virtually via video link facility managed from the Registered Office of the Company, situated at C-1, KDA Scheme 1, Karsaz. The decision of convening AGM electronically has been taken in light of limited space at the Company's head office to accommodate the large number of shareholders and for ensuring the safety and well-being of the shareholders of the Company. Therefore, the Company has made adequate arrangements for the members to participate seamlessly via video link.

In order to participate in the AGM proceedings via video link, shareholders are required to send their Name, Folio Number, Cell No. and number of shares held in their name with subject "Registration for Thatta Cement Company Limited AGM" along with a valid copy of CNIC (both sides) at corporate.affairs@thattacement.com. Video link and login credentials will be shared with only those shareholders whose emails, containing all the required particulars, are received by close of office on October 23, 2022.

Shareholders can also send their comments / suggestions on corporate.affairs@thattacement.com for the agenda items proposed to be conducted at the AGM in the same manner as it is being discussed in the AGM, and later shall be made part of the minutes of the meeting.

The purpose of the aforementioned arrangements is to ensure maximum participation of the shareholders in the AGM through an online facility. Shareholders are also requested to consolidate their attendance through proxies so that the quorum requirement may also be fulfilled.

2. Closure of Share Transfer Books

The Share Transfer Books of the Company shall remain closed from October 20, 2022 to October 27, 2022 (both days inclusive). Transfers received in order at our Share Registrar/Transfer Agent M/s THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi, 75500 at the close of business on October 18, 2022 shall be treated in time for the purpose of Annual General Meeting and payment of cash dividend, if approved by shareholders.

3. Participation in General Meeting

A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy must be received at the registered office of the Company duly stamped and signed not later than 48 hours before the time for holding the meeting. A member cannot appoint more than one proxy. Copy of the member's Computerized National Identity Card (CNIC) must be attached with the form. For any other relevant aspects, contents of section 137 of Companies Act, 2017 will apply.

CDC Account Holders will further have to follow the undermentioned guidelines, as laid down in Circular No. 1 of 2000 of SECP dated January 26, 2000.

➢ For Attending the Meeting

- In case of Individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his / her identity by verifying his / her original CNIC or passport details for the purpose of attending the meeting

- Members registered on Central Depository Company (CDC) are also requested to verify their particulars, ID Number and account number in Central Depository System (CDS).

- In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be verified.

➢ For appointing the proxies

- In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the Proxy Form as per the above requirement.

- Proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the Form.

- Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

- The Proxy shall verify his/her original CNIC or original passport at the time of meeting.

- In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with Proxy Form to the Company.

4. Deposit of physical shares into CDC Account

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission.

The Shareholders having physical shareholding are encouraged to open CDC-account with any of the brokers or Investor Account Directly with CDC to place their physical shares into scrip form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

5. Transmission of annual audited financial statements through CD/DVD

The Company has circulated annual financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request. Request form is available on the website of the Company, i.e. www.thattacement.com.

6. Availability of audited financial statements on company's website

The audited financial statements of the Company for the year ended June 30, 2022 has been made available on the Company's Website www.thattacement.com in addition to annual and quarterly financial statements of prior years.

7. Transmission of annual reports through e-mail

The SECP vide SRO 787(I)/2014 dated September 08, 2014 has been provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the standard form placed on the Company's website www.thattacement.com . The Company shall, however, additionally provide hard copies of the annual report to such members, on request, free of cost.

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

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

Investment (Loan/Advance) under section 199 of the Companies Act, 2017

In terms of Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 dated December 6, 2017, every listed company which has obtained approval of shareholders, under section 199 of the Companies Act, 2017 in Annual General Meeting of the Company, has to provide the status of decision taken by shareholders including any change in terms and conditions of that investment /loan/advance. The Company in its preceding Annual General Meeting held on October 15, 2021 had sought extension in time for providing loan/advance facility to its associated company/undertaking under section 199 of the Companies Act, 2017 for a period of one year till the holding of next Annual General Meeting. Therefore, approval for extension in time for a further period of one year is required to be obtained from shareholders in Annual General Meeting to be held on October 27, 2022. Accordingly, approval is hereby sought from shareholders, in terms of Regulation No. 5(7) of aforesaid Regulations, following information is given below:

Description	Information required
Name of Subsidiary Company	Thatta Power (Private) Limited
Total Investment approved	Rs 300 million
Amount of Investment made to date	Rs 95.80 million as at June 30, 2022 (Rs 70.00 million as on June 30, 2021)
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time.	Approval for loan/advance facility to the Subsidiary Company for an aggregate amount of Rs 300 million was initially obtained from the shareholders in the Annual General Meeting held on October 16, 2015 based on estimated requirements of funds by the Subsidiary Company. The said facility was renewed for a further period of one year in the last Annual General Meeting held on October 15, 2021. However, increasing trade debts of subsidiary company as of June 30, 2022 which mainly represents receivable from HESCO indicates that there is a delay in recovery of electricity bills issued to HESCO which may require financial support to the Subsidiary Company to honor its financial obligations and to meet its working capital requirements and in turn enable it to provide uninterrupted supply of electricity to its Holding Company for sustainable cement production.

Description	Information required
	Therefore, renewal of loan / advance facility for the Subsidiary Company is essential for its continued business operations on the terms and conditions renewed by the shareholders in their preceding Annual General Meeting and on the same terms and conditions as per the agreement between Thatta Cement Company Limited and Thatta Power (Private) Limited. Unless specifically authorized by members in general meeting, the special resolution authorizing investment in associated undertaking shall be valid for a period of twelve months and shall stand lapse after such period as provided in regulation no. 6 of the aforesaid Regulations. In view of aforesaid reasons, it is therefore proposed to extend the time for a further period of one year till the holding of next Annual General Meeting due to be held on or before October 27, 2023.
Material change in financial statements of associated company or undertaking since the resolution passed for making investment in said company or undertaking.	Receivable from HESCO increased to Rs.1,027 million as of June 30, 2022 (Rs. 947.68 million: June 30, 2021).

This statement is annexed to the Notice of the Annual General Meeting of the Company to be held on October 27, 2022 at which a special business is to be transacted and the purpose of this statement is to set out all the material facts concerning such special business in terms of sections 134(3) and 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 dated December 6, 2017. The directors have no additional interest except to the extent of their shareholding in the Company.

BDO

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Pakistan

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THATTA CEMENT COMPANY LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Thatta Cement Company Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

KARACHI

DATED: 29 SEP 2022

CHARTERED ACCOUNTANTS
Engagement Partner: Tariq Feroz Khan

UDIN: CR202210166vlywadHCn

Statement of Compliance with Listed Companies [Code of Corporate Governance] Regulations, 2019

For the year ended June 30, 2022

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

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

   a. Male: six
   b. Female: one

2. The composition of the board is as follows:

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

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

4. The Company has prepared a 'Code of Conduct 'and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

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

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

9. The Board has arranged Directors' Training program for the following:

   Mr. Khawaja Muhammad Salman Younis – Chairman
   Mr. Muhammad Aslam Shaikh - Chief Executive
   Ms. Naheed Memon - Director
   Mr. Saleem Zamindar - Director
   Mr. Noor Muhammad - Director

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The board has formed following Committees as required under CCG, 2019 which comprises of members given below:

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

	Name of Members	Human Resource and Remuneration Committee
1.	Ms. Naheed Memon	Chairperson of Committee
2.	Mr. Muhammad Aslam Shaikh	Member
3.	Mr. Kamran Munir Ansari	Member

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

14. The frequency of meetings of the committee were as per following:

Name of Committee	Number of Meetings held during year from July 1, 2021 to June 30, 2022
Audit Committee	Four
Human Resource and Remuneration Committee	Two

15. The Board has outsourced the internal audit function and also appointed a Head of Internal Audit who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Muhammad Aslam Shaikh
Chief Executive Officer

Khawaja Muhammad Salman Younis
Chairman

Karachi: September 29, 2022

BDO

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Pakistan

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

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **THATTA CEMENT COMPANY LIMITED** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	Contingencies	
	As disclosed in note 31 to the unconsolidated financial statements. The Company has contingent liabilities and tax litigations in respect of income and sales tax matters, which are pending adjudication at different levels with the taxation authorities and other legal forums. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities and tax related litigations, a key audit matter.	We undertook number of procedures to verify the appropriateness of contingencies in the financial statements. This included, among others: • We discussed the progress of each case and the Company's estimate of the cost to be incurred; • We reviewed the key elements of the basis used by management while challenging reasonableness of the cost estimates; • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Checked orders by relevant authority on previous lawsuits / cases which are being disclosed in the financial statements; • Obtained legal advice on the above cases with the legal advisors to assess expected outcome and any estimate of outflow. • Made an assessment of likelihood of occurrence of such events and impact on the financial statements.
2.	Existence and valuation of stock-in-trade	
	As disclosed in note 12 to the unconsolidated financial statements, 'stock-in-trade' which includes limestone, coal, slag, gypsum, iron ore, shale and clinker are stored in the factory in the form of stockpiles. Since the weighing of these inventories is not practicable, the management assessed the reasonableness of the quantities in hand at the year-end by obtaining measurements of the stockpiles	Our audit procedures to assess the existence and valuation of stock-in-trade, amongst others, included the following: • Obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the stock in trade;

BDO Ebrahim & Co. Chartered Accountants

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S. No	Key audit matters	How the matter was addressed in our audit
	and converting these measurements to unit of volume by using an angle of repose and the bulk density. Due to the significance of the stock balances and related estimates involved, this is considered a key audit matter.	• Attended the physical inventory count performed by the Company; • Assessed the reasonableness of management's measurement of stockpiles verified during the physical count at year end and reviewed the conversion to the unit of volume; • Tested the calculations of per unit cost of finished goods and assess the appropriateness of management's basis for the allocation of cost and production overheads and compared it with prior period to assess reasonableness; • Evaluated the appropriateness of the basis for identification of slow moving and obsolete stock, including accuracy of the provision made there against as assessed by the management, on a test basis; and • Tested the net realizable value and valuation methods in accordance with applicable financial reporting standards.
3.	**Revenue**	
	The Company's total revenue is amounting to Rs. 4,263.894 million, which is generated from sales of cement and clinker revenue which reflect an increase of 76% from the previous year, representing a significant element of the financial statements as disclosed in note 32. Revenue is generated from the sale of cement and clinker. Revenue from contracts with customers is recognized when control of goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtained and understanding of process relating to recognition of revenue and testing the design and implementation of key internal controls over recording of revenue; • We tested the design and operating effectiveness of key controls in relation to the recognition of revenue, with particular focus on controls over the agreed prices and performance obligation;

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S. No	Key audit matters	How the matter was addressed in our audit
	The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer. As such, revenue recognition is not an area of significant risk for our audit but does require significant time and resource to audit due to its magnitude. The risk of material misstatement was considered significant due to high control risk on completeness and accuracy of revenue and high inherent risk of fraud on recognition of revenue. In view of the significance of revenue and high assessed risk of material misstatement revenue is considered as key audit matter.	• Compared a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • Compared, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue has been recognized in the appropriate financial period; • Compared the details of a sample of journal entries posted to revenue accounts during the year, meeting with the relevant underlying documentation; • Reviewed the adequacy of disclosure as required under applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 2 9 SEP 2022

UDIN: AR202210166lyMGkKNDg

BDO Ebrahim & Co.

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,920,063	1,951,747
Right-of-use-assets	7	42,184	-
Intangibles	8	5,265	-
Long term investment in subsidiary	9	299,158	299,158
Long term deposits	10	3,796	1,096
		2,270,466	2,252,001
CURRENT ASSETS			
Stores, spare parts and loose tools	11	263,932	192,056
Stock-in-trade	12	563,203	436,440
Trade debts	13	524,147	192,284
Loan to the subsidiary	14	95,846	70,000
Advances	15	48,446	6,052
Deposits and prepayments	16	5,326	26,784
Short term investment	17	473,715	-
Other receivables and accrued mark-up	18	12,060	2,104
Taxation-net	19	147,648	199,939
Cash and bank balances	20	228,182	317,412
		2,362,505	1,443,071
TOTAL ASSETS		4,632,971	3,695,072
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	21	2,000,000	2,000,000
Issued, subscribed and paid-up capital	21	997,181	997,181
Capital reserve	22	99,718	99,718
Revenue reserve	22	1,643,410	1,567,307
		2,740,309	2,664,206
NON CURRENT LIABILITIES			
Lease liability	23	35,726	-
Long term deposits	24	2,791	2,791
Employee benefits	25	18,589	15,113
Deferred taxation	26	278,359	307,717
		335,465	325,621
CURRENT LIABILITIES			
Current maturity of lease liability	23	6,493	-
Gratuity fund payable	25	32,314	16,168
Trade and other payables	27	1,297,388	523,210
Unclaimed dividend	28	1,972	1,814
Accrued mark-up	29	6,738	3,507
Short term borrowings	30	212,292	160,546
		1,557,197	705,245
TOTAL EQUITY AND LIABILITIES		4,632,971	3,695,072
CONTINGENCIES AND COMMITMENTS	31		

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
Sales - net	32	4,263,894	2,427,313
Cost of sales	33	(3,943,273)	(2,042,652)
Gross profit		320,621	384,661
Selling and distribution expenses	34	(58,620)	(77,419)
Administrative expenses	35	(116,370)	(97,547)
		145,631	209,695
Other operating expenses	36	(12,103)	(20,469)
Expected credit loss allowance		-	(3,783)
Other income	37	54,613	81,742
Operating profit		188,141	267,185
Finance cost	38	(33,375)	(17,070)
Profit before taxation		154,766	250,115
Taxation			
Current		55,876	49,343
Prior		(1,789)	3
Deferred		(18,615)	(1,024)
	39	(35,472)	(48,322)
Profit for the year		119,294	201,793
Earnings per share - basic and diluted (Rupees)	40	1.20	2.02

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
Profit for the year		119,294	201,793
Other comprehensive income:		-	-
Items that will not be subsequently reclassified to profit or loss:			
Loss on remeasurement of defined benefit liability	25.9.4	(18,261)	(2,166)
Total comprehensive income for the year		101,033	199,627

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		154,766	250,115
Adjustment for:			
Depreciation on property, plant and equipment	6	126,991	107,736
Depreciation on right-of-use-assets	35	3,013	-
Amortization on intangibles	35	585	-
Provision for obselete and slow moving of major stores and spares	33	307	3,222
Provision for obselete and slow moving stores and spares	33	13,542	4,816
Finance cost	38	33,375	17,070
Provision for gratuity	25.9.5	14,055	14,001
Provision for leave encashment	25.5	5,077	1,165
Provision for loss allowance		(3,783)	3,783
Property, plant and equipment written off	6	-	727
Workers' Welfare Fund	36	3,760	3,688
Workers' Profit Participation Fund	36	8,343	14,559
Gain on sale of property, plant and equipment	37	(1,390)	(662)
		203,875	170,105
Operating cash flows before working capital changes		358,641	420,220
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(85,418)	142,488
Stock-in-trade		(126,763)	(26,250)
Trade debts		(328,080)	(59,737)
Advances		(42,394)	545
Deposits and prepayments		21,458	(7,811)
Other receivable and accrued mark-up		(9,956)	684
		(571,153)	49,919
Increase in current liabilities			
Trade and other payables		780,322	149,369
Cash generated from operations		567,810	619,508
Finance cost paid		(30,129)	(23,208)
Gratuity paid	25.9.3	(16,168)	(34,795)
Lease rentals paid		(2,979)	-
Leave encashment paid		(1,601)	(2,015)
Workers' Welfare Fund paid		(3,688)	-
Workers' Profit Participation Fund paid	27.4	(14,559)	-
Income tax paid- net		(12,550)	(7,020)
Net cash flows from operating activities		486,136	552,470

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in capital expenditure		(95,725)	(41,962)
Addition in intangible assets		(5,850)	-
Short term investment		(473,715)	-
Loan to subsidiary		(25,846)	(70,000)
Long term deposit - assets		(2,700)	-
Proceeds from sale of property, plant and equipment		1,500	662
Net cash used in investing activities		(602,336)	(111,300)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(24,776)	(225)
Net cash used in financing activities		(24,776)	(225)
Net (decrease) / increase in cash and cash equivalents		(140,976)	440,945
Cash and cash equivalents at the beginning of the year		156,866	(284,079)
Cash and cash equivalents at the end of the year	41	15,890	156,866

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Issued, subscribed and paid-up capital	Reserves				Total
		Capital reserve	Revenue reserves		Sub total	
		Share Premium	Acturial loss on remeasurement of defined benefit liability	Accumulated profit		
	---------- Rupees in thousands ----------					
Balance as at July 1, 2020	997,181	99,718	-	1,367,680	1,467,398	2,464,579
Total comprehensive income for the year						
Profit for the year	-	-	-	201,793	201,793	201,793
Other comprehensive loss for the year	-	-	(2,166)	-	(2,166)	(2,166)
	-	-	(2,166)	201,793	199,627	199,627
Balance as at June 30, 2021	997,181	99,718	(2,166)	1,569,473	1,667,025	2,664,206
Balance as at July 1, 2021	997,181	99,718	(2,166)	1,569,473	1,667,025	2,664,206
Transaction with owners						
Final cash dividend of Rs. 025 per share for the year ended June 30, 2021	-	-	-	(24,930)	(24,930)	(24,930)
Total comprehensive income for the year						
Profit for the year	-	-	-	119,294	119,294	119,294
Other comprehensive loss for the year	-	-	(18,261)	-	(18,261)	(18,261)
	-	-	(18,261)	119,294	101,033	101,033
Balance as at June 30, 2022	997,181	99,718	(20,427)	1,663,837	1,743,128	2,740,309

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

1 STATUS AND NATURE OF BUSINESS

1.1 Thatta Cement Company Limited ("the Company") was incorporated in Pakistan in 1980 as a public limited company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange. The Company's main business activity is manufacturing and marketing of cement.

1.2 The Company owns 62.43% shareholding of Thatta Power (Private) Limited (the Subsidiary Company). Thatta Power (Private) Limited has only class of shares and all shares have equal voting rights. The principal business of the Subsidiary Company is generation and supply of electric power.

1.3 These financial statements represent standalone financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any. The consolidated financial statements of the Company and its subsidiary has been presented separately. Details of investment held by the Company in the Subsidiary Company has been given in note 9.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at C-1, KDA Scheme 1, Karsaz, Karachi, Pakistan. The production facility of the Company comprises of 233 acres and is located at Ghulamullah Road, Makli, District Thatta, Sindh, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act , 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost basis, except as disclosed in the relevant accounting policies in note 5 to the unconsolidated financial statements.

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

3.3 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with the accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are evaluated at each reporting date 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.

Judgments and estimates made by management that are significant to the unconsolidated financial statements are as follows:

- depreciation method, useful lives and residual values of property, plant and equipment (notes 5.1 and 6.1);
- depreciation method, useful lives and residual values of right-of-use asset (notes 5.1 and 7);
- amortisation method, useful lives and residual values of intangibles (notes 5.2);
- provision of slow moving and obsolete stores, spares and loose tools (notes 5.5, and 11);
- allowance for expected credit losses (notes 5.18.1 and 13);
- taxation (notes 5.11 and 19);
- employee benefit obligations (notes 5.9 and 25);
- contingencies (notes 5.15 and 31.1);

3.4 Functional and presentation currency

Items included in the unconsolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pakistani Rupees ('Rupees' or 'Rs.'), which is the Company’s functional and presentation currency.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or do not have material impact on the financial statements other than certain additional disclosures.

	Effective date (Annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or do not have material impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards; and
IFRS 17	Insurance Contracts.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

5.1 Property, plant and equipment

a) Operating fixed assets

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

Depreciation on property, plant and equipment

Depreciation is charged using straight line method on all assets except on plant and machinery (other than utilities within plant and machinery) on which depreciation is charged by applying 'Units of Production (UoP) method'. Depreciation on addition is charged from the month when the asset is available for use and no depreciation is charged in the month of disposal when the asset is classified as 'held for sale' in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate at each reporting date.

Subsequent costs

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

Disposal

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

b) Capital work-in-progress (CWIP)

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

c) Right-of-use asset and lease liabilities

The right-of-use asset is initially measured at the amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the date of commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the future lease payments over the lease term, discounted using the specific incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest rate method.

It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

5.2 Intangible assets

a) Acquired

These are stated at cost less accumulated amortization and impairment losses, if any.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding one year, are recognized as an intangible asset. Direct costs include the purchase cost of software (license fee) and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

Computer software and license cost treated as intangible assets are amortised from the date the software is put to use on a straight-line basis over the expected life of asset.

b) Internally generated

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses, if any. These are amortized using the straight-line basis over the useful life of asset. Amortization on addition is charged from the month following the month in which the asset is available for use and on disposals upto the month preceding the month of disposal.

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the year in which it is incurred.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

a) completion of the intangible asset is technically feasible so that it will be available for use or sale;
b) the Company intends to complete the intangible asset and use or sell it;
c) the Company has the ability to use or sell the intangible asset;
d) the intangible asset will generate probable future economic benefits. Among other things this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or if it is to be used internally, the asset will be used in generating such benefits;
e) there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f) the expenditure attributable to the intangible asset during its development can be measured reliably.

5.3 Impairment of non-financial assets

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

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

5.4 Investment in subsidiary

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

5.5 Stores, spare parts and loose tools

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

Provision of slow moving stores is made when the stores items are above seven years and not utilised. Such asset is subsequently used, the provision is reversed.

Provision for dead stores is made when stores items are not expected to be used.

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

5.6 Stock-in-trade

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

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

5.7 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method. The Company is required to recognize allowance for doubtful debts on all financial assets carried at amortized cost in accordance with Expected Credit Loss (ECL) requiring to recognize the loss irrespective whether the loss event has occurred. Allowances are written off when considered irrecoverable. Due to short term nature, trade and other receivables are not discounted.

5.8 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balance with banks. Cash and cash equivalents also include bank overdrafts / short term financing that are repayable on demand and form an integral part of the Company's cash management.

5.9 Employees benefits

The Company's employees benefits comprise of provident fund, gratuity scheme and leave encashment for eligible employees.

5.9.1 Employee retirement benefits

a) Defined benefit plan

The Company operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the Trust Deed.

The liability recognized in respect of gratuity is the present value of the Company's obligations under the scheme at the date of unconsolidated statement of financial position less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

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

b) Defined contribution plan

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

c) Leave encashment

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

5.10 Borrowings and finance cost

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

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

5.11 Taxation

a) Current

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

b) Deferred

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

5.12 IFRIC23: "Uncertainty over income tax treatments"

The company has adopted IFRIC-23 - Uncertainty over income tax treatment which clarifies how the recognition and measurement requirement of IAS-12- Income taxes are applied when there is uncertainty over income tax treatment. IFRIC-23 explains how the recognition and measurement of deferred and current income tax assets and liabilities when there is uncertainty over tax treatment .

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over income tax that will be accepted by tax authorities . IFRIC-23 applies to all aspect of income tax accounting, when there is a uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

While there are new disclosure requirements, entities are reminded of the general requirement to provide information about judgment and estimates made in preparing the unconsolidated financial statement.

The Company is already in compliance with the requirement of IFRIC-23

5.13 Trade and other payables

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

5.14 Provisions

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

5.15 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.16 Transactions with related parties

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

5.17 Revenue recognition

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

The Company primarily generates revenue from sale of cement and recognized when control passes to the customer at a specific point in time.

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

Interest, rentals and other incomes are recognised on accrual basis.

5.18 Financial assets and liabilities

5.18.1 Financial assets

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in unconsolidated statement of profit or loss.

Impairment

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

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

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

5.18.2 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in unconsolidated statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in unconsolidated statement of profit or loss.

5.19 Offsetting of financial assets and financial liabilities

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

5.20 Segment reporting

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

5.21 Foreign currency transactions

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistan Rupees using the exchange rates prevailing on the reporting date. All exchange differences are taken into unconsolidated statement of profit or loss.

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5.22 Earnings per share

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

5.23 Dividends and appropriations

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

	Note	2022	2021
		------ Rupees in thousands ------	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,791,462	1,859,848
Major stores and spares	6.2	65,871	64,118
Capital work in progress	6.3	62,730	27,780
		1,920,063	1,951,747

6.1 Operating fixed assets

Description	Freehold land	Leasehold improvements	Quarries and improvements	Factory building on freehold land	Electrical and gas installations	Housing colonies	Office building on freehold land	Plant and machinery	Quarry equipments	Railway sidings	Vehicles	Furniture and fixtures	Office equipments	Medical equipment	Laboratory equipment	Computer equipments	Total
	------ Rupees in thousands ------																
Year ended June 30, 2022																	
Net carrying value basis																	
Opening net book value	6,186	-	117	18,661	33,544	12,865	2,762	1,751,621	205	514	5,075	1,653	6,348	-	19,715	583	1,859,848
Additions	-	6,459	-	-	38,250	-	-	6,609	-	-	2,199	252	1,902	-	-	3,044	58,715
Deletions-NBV	-	-	-		-	-	-	-	-	-	-	-	110	-	-	-	110
Adjustments- NBV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	108	9	5,559	3,772	990	212	105,681	88	172	2,582	495	1,745	-	5,069	509	126,991
Closing net book value	6,186	6,351	108	13,102	68,022	11,875	2,550	1,652,549	117	342	4,692	1,410	6,395	-	14,646	3,118	1,791,462
Gross carrying value basis																	
Cost/revalue	6,186	9,044	11,963	246,642	97,515	74,096	22,281	3,441,674	19,296	14,905	69,340	11,275	19,962	629	72,589	24,721	4,142,118
Accumulated depreciation	-	2,693	11,855	233,540	29,493	62,221	19,731	1,789,125	19,179	14,563	64,649	9,865	13,567	629	57,943	21,603	2,350,656
Net book value	6,186	6,351	108	13,102	68,022	11,875	2,550	1,652,549	117	342	4,691	1,410	6,395	-	14,646	3,118	1,791,462
Year ended June 30, 2021																	
Net carrying value basis																	
Opening net book value	6,186	-	126	24,220	36,104	13,855	2,974	1,834,336	293	686	5,483	2,204	8,439	1	23,886	830	1,959,623
Additions during the year	-	-	-	-	-	-	-	4,714	-	-	3,042	-	-	-	820	113	8,688
Deletions- NBV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments- NBV	-	-	-	-	-	-	-	391	-	-	-		336	-	-	-	727
Depreciation charge	-	-	9	5,559	2,560	990	212	87,038	88	172	3,450	551	1,755	1	4,991	360	107,736
Closing net book value	6,186	-	117	18,661	33,544	12,865	2,762	1,751,621	205	514	5,075	1,652	6,348	-	19,715	583	1,859,848
Gross carrying value basis																	
Cost/revalue	6,186	2,585	11,963	246,642	59,265	74,096	22,281	3,435,065	19,296	14,905	67,142	11,023	18,170	629	72,589	21,677	4,083,514
Accumulated depreciation	-	2,585	11,846	227,981	25,721	61,231	19,519	1,683,444	19,091	14,391	62,067	9,370	11,822	629	52,874	21,094	2,223,665
Net book value	6,186	-	117	18,661	33,544	12,865	2,762	1,751,621	205	514	5,075	1,653	6,348	-	19,715	583	1,859,848
6.1.1 Depreciation rates Per anuum	-	20%	5%	10%	4%/5%	5%	5%	*Uop	20%	10%	20%	10%	10%	10%	10%	30%	

6.1.2 The adjustment represents write off of certain items of operating fixed assets that have been taken out from active use as they are no longer usable and are in unserviceable condition.

	Note	2022	2021
		------ Rupees in thousands ------	

6.1.3 Allocation of depreciation

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

	Note	2022	2021
Cost of sales	33	124,632	105,104
Selling and distribution expense	34	500	788
Administrative expenses	35	1,859	1,844
		126,991	107,736

* uop = units of production

6.1.4 The immoveable property of the Company comprises of 233 acres of land is located at Ghulamullah Road, Makli, District Thatta, Sindh.

6.1.4 Significant operating fixed assets of Cement production lines and power generation units, other than disclosed in note 6.1, inter alia, also includes following.

Crusher
Raw mill
Coal mill
Kiln
Slag mill
Cement mill
Packing Plant

6.2 Major stores and spares

	Note	2022	2021
		------ Rupees in thousands ------	
Net carrying value basis			
Net carrying value as at July 01,		106,259	100,766
Additions during the year		18,048	11,001
Transferred during the year		(15,988)	(5,508)
		108,319	106,259
Impairment charge for the year		(42,448)	(42,141)
Net carrying value as at June 30,		65,871	64,118
6.2.1 Balance as at July 01,		(42,141)	(38,919)
Impairment charge for the year	33	(307)	(3,222)
Balance as at June 30,		(42,448)	(42,141)
Gross carrying value basis			
Cost		108,319	106,259
Accumulated impairment		(42,448)	(42,141)
Net carrying value		65,871	64,118

6.3 Capital work in progress

Description	Solar panel project (536 KWH)	Solar Panel System (1 MWH)	Karsaz Head office -	Makli Shed Extension -	Cement Silo -	Total
	---------- (Rupees in thousands) ----------					
Balance as at July 01, 2021	27,780	-	-	-	-	27,780
Capital expenditures incurred during the year	7,769	54,873	9,915	565	7,292	80,414
Tranferred to property, plant, and equipment	(35,549)	-	(9,915)	-	-	(45,464)
Balance as at June 30, 2022	-	54,873	-	565	7,292	62,730
Balance as at July 01, 2020						
Capital expenditures incurred during the year	27,780	-	-	-	-	27,780
Tranferred to property, plant, and equipment	-	-	-	-	-	-
Balance as at June 30, 2021	27,780	-	-	-	-	27,780

7 Right-of-use Asset

The carrying amount of right-of-use assets recognised and the movement during the year are as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Net carrying value basis			
Balance as at July 01,		-	-
Addition during the year		45,197	-
Depreciation charged	7.2	(3,013)	-
Balance as at June 30,		42,184	-
Gross carrying value basis			
Cost		45,197	-
Accumulated amortisation		(3,013)	-
Net book value		42,184	-
Depreciation rate per annum		20%	-

7.1 The Company has entered into a lease agreement during the year for an office building used as head office. The Company intends to use the office for the next five years. Accordingly, Company has account the right-of-use asset on five years.

7.2 Depreciation charged on right-of-use assets has been allocated to administrative expenses amounting to Rs. 3.013 million (2021: nil).

	Note	2022	2021
		------ Rupees in thousands ------	
8 INTANGIBLES			
Movement during the year is as follows:			
ERP Software			
Net carrying value basis			
Opening net book value (NBV)		-	-
Addition during the year		5,850	-
Amortization		(585)	-
Closing net book value (NBV)		5,265	-
Gross carrying value basis			
Cost		5,850	-
Accumulated amortization		(585)	-
Net book value		5,265	-
Amortization rate per annum		20%	-

8.1 During the year the Company has purchased ERP software from Yousuf Adil Chartered Accounts. Amortization charged on ERP software has been allocated to administrative expenses (note 35) amounting to Rs. 0.585 million (2021: nil).

	Note	2022	2021
		------ Rupees in thousands ------	
9 LONG TERM INVESTMENT IN SUBSIDIARY			
Investment at cost:			
Thatta Power (Private) Limited	9.1 & 9.2 & 9.3	299,158	299,158

9.1 Unquoted

	2022	2021
Thatta Power (Private) Limited (TPPL)		
Total Number of shares ordinary shares	47,915,830	47,915,830
Number of ordinary share Company hold	29,915,810	29,915,810
Company's holding percentage	62.43%	62.43%

9.2 The principal business of the Subsidiary Company is generation and sale of electric power. At June 30, 2022, TPPL has authorized and issued share capital of Rs.500 million (2021: Rs.500 million).

9.3 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, Sindh Bank Limited, and Summit Bank Limited to TPPL.

	Note	2022	2021
		------ Rupees in thousands ------	
10 LONG TERM DEPOSITS			
Long term deposits	10.1	3,796	1,096

10.1 Long term deposits are given in the normal course of business and do not carry any interest or mark-up. Deposits are carried at nominal value as impact of amortization is not material in respect of these Financial Statements.

	Note	2022	2021
		------ Rupees in thousands ------	
11 STORES, SPARE PARTS AND LOOSE TOOLS			
Coal and other fuels		96,606	23,288
Stores and spare parts		211,933	199,831
Loose tools		107	109
		308,646	223,228
Provision for obsolete stores		(3,843)	(3,843)
Provision for slow moving stores and spares		(40,871)	(27,329)
	11.1	(44,714)	(31,172)
		263,932	192,056
11.1 Movement in provision			
Balance as at July 01,		(31,172)	(26,356)
Provision recognized during the year	33	(13,542)	(4,816)
Balance as at June 30,		(44,714)	(31,172)
12 STOCK-IN-TRADE			
Raw material	33.1	14,957	13,938
Packing material	33.2	73,526	44,473
Work-in-process	33	415,295	334,414
Finished goods	33	59,425	43,615
		563,203	436,440
13 TRADE DEBTS			
Considered good			
Local - unsecured	13.1	525,044	192,284
Considered doubtful			
Local - unsecured	13.2	74,210	78,890
		599,254	271,174
Allowance for expected credit losses	13.3	(75,107)	(78,890)
		524,147	192,284

13.1 The aging of local unsecured balances at the reporting date is as follows:

	2022	2021
Within 30 days	102,412	95,178
Past due from 31 to 60 days	85,644	38,592
Past due from 61 to 90 days	183,424	26,446
Past due for more than 180 days	153,564	32,068
Past due for more than 360 days	74,210	78,890
	599,254	271,174

13.2 This includes balances amounting to Rs. 74.210 million (2021: Rs. 74.210 million) outstanding for more than ten years. Management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company whose services had been terminated, when the Company was operating under State Cement Corporation of Pakistan (SCCP). Accordingly, Management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs.2.276 million in preceding years. The Company is continuously following with NAB officials for early realization of amount owed to the Company and has also written letters in this regard for which reply has not yet been received, therefore, provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

	Note	2022	2021
		------ Rupees in thousands ------	
13.3 Allowance for expected credit losses			
Balance as at July 01,		78,890	75,107
Allowance for expected credit losses		-	3,783
Reversal for expected credit losses		(3,783)	-
Balance as at June 30,		75,107	78,890
14 LOAN TO SUBSIDIARY			
Loan to Thatta Power (Private) Limited	14.1 & 14.2	95,846	70,000

14.1 Loan is extended to Thatta Power (Private) Limited (TPPL), the Subsidiary Company, to honour its financial obligations including working capital requirements which will ensure smooth business operations of the Subsidiary Company. In return TPPL ensure uninterrupted supply of electricity to the Company in order to maintain sustainable production of cement. The loan facility carries markup at the rate of 3 months KIBOR plus 2.62% (2021: 3 months KIBOR plus 2.62%) per annum payable on quarterly basis. The loan was extended on October 15, 2021 without any collateral security. The maximum balance outstanding at any month end during the year amounting to Rs.117.589 million (2021: RS. 70 million).

14.2 The Company had sought approval from its shareholders in Annual General Meeting held on October 15, 2021 to provide loan facility aggregating to Rs. 300 million at KIBOR+2.62% to the Subsidiary Company to honor its financial obligations and to meet its working capital requirements.

	Note	2022	2021
		------ Rupees in thousands ------	
15 ADVANCES			
Considered good - unsecured			
To vendors	15.1	48,175	5,920
Others		271	132
		48,446	6,052

	Note	2022	2021
		------ Rupees in thousands ------	
15.1 Movement during the year are as follows,			
Balance as at July 01,		5,919	6,405
Advance received during the year		101,015	1,959,506
		106,934	1,965,911
Charged to profit or loss		(58,759)	(1,959,992)
Balance as at June 30,		48,175	5,919

16 DEPOSITS AND PREPAYMENTS

	Note	2022	2021
Deposits	16.1	1,933	10,185
Deposit with Commissioner Workmen's Compensation		-	14,915
Prepayments	16.2	3,393	1,684
		5,326	26,784

16.1 This includes earnest money amount to Rs. 0.3 million (2021: 0.4 million) and others, given in the normal course of business. These do not carry any interest or mark-up.

	Note	2022	2021
16.2 Movement during the year are as follows;		------ Rupees in thousands ------	
Balance as at July 01,		1,684	2,324
Addition during the year		46,345	19,258
Advance utilized during the year		(44,636)	(19,898)
Balance as at June 30,		3,393	1,684

17 SHORT TERM INVESTMENT

	Note	2022	2021
Investment in Term Deposit Receipt (TDR)		473,715	-

17.1 At June 30, 2022, the Company holds term deposit receipt carrying profit rate of 14.5% (2021: nil) per annum and will mature by June 30, 2023.

	Note	2022	2021
		------ Rupees in thousands ------	
18 OTHER RECEIVABLES AND ACCRUED MARKUP			
Interest receivable from the Subsidiary	18.1	9,288	427
Others		2,772	1,677
		12,060	2,104

18.1 The maximum balance receivable at any of the month during the year amounting to Rs.9.288 million (2021: Rs. 0.4270 million).

		Note	2022	2021
			------ Rupees in thousands ------	
19	**TAXATION - NET**			
	Advance Income Tax		12,539	17,107
	Provision		(55,876)	(25,750)
	Income tax refundable	19.1	190,985	208,582
			147,648	199,939

19.1 This includes an amount of Rs. 190.985 million (2021: 208.582 million) representing tax refundable for the tax years 2015, 2016, 2017, 2018, 2019, 2020 and 2021.

		Note	2022	2021
			------ Rupees in thousands ------	
20	**CASH AND BANK BALANCES**			
	Cash in hand		3,104	2,475
	Cash at bank			
	Current account	20.1	3,040	246,476
	Profit and loss sharing (PLS) accounts	20.2	222,038	68,461
			225,078	314,937
			228,182	317,412

20.1 This includes unpaid dividend amounting to Rs. 1.972 million (2021: 1.814 million) kept in a separate bank account.

20.2 During the year, the profit rates on PLS accounts ranges from 6% to 13% (2021: 6% to 6.5%) per annum.

21 SHARE CAPITAL

2022	2021		2022	2021
------ Number of Shares ------			------ Rupees in thousands ------	
Authorized share capital				
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000	2,000,000
Issued, subscribed and paid-up share capital				
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each shares allotted for consideration paid in cash	894,181	894,181
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each shares allotted for consideration other than cash	103,000	103,000
99,718,125	99,718,125		997,181	997,181

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

		Note	2022	2021
			------ Rupees in thousands ------	
22	**RESERVES**			
	Capital Reserve			
	Share premium	22.1	99,718	99,718
	Revenue Reserve			
	Unappropriated profit		1,663,837	1,569,473
	Acturial gain on remeasurement of defined benefit liability		(20,427)	(2,166)
			1,743,128	1,667,025

22.1 This reserve can be utilised by the Company only for the purpose specified in section 81 of the Companies Act, 2017

		Note	2022	2021
			------ Rupees in thousands ------	
23	**LEASE LIABILITY**			
	Balance as at July 01,			
	Addition during the year		45,197	-
			45,197	-
	Repayments during the year		(2,978)	-
	Balance as at June 30,		42,219	-
	Less: Current portion of lease liability		(6,493)	-
	Non current portion of lease liability		35,726	-
24	**LONG TERM DEPOSITS**			
	Dealers	24.1	2,110	2,110
	Suppliers and contractors	24.2	681	681
			2,791	2,791

24.1 These relate to dealers against whom recovery proceedings are in process with National Accountability Bureau (NAB) and are adjustable against the amount owed by them to the Company (refer note 13.2).

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

		Note	2022	2021
			------ Rupees in thousands ------	
25	**EMPLOYEE BENEFITS**			
	Leave encashment	25.1	18,589	15,113
	Gratuity fund payable	25.2	32,314	16,168
			50,903	31,281
	Current liabiality:			
	Gratuity fund payable		(32,314)	(16,168)
			18,589	15,113

25.1 This represents accrual for encashment of eligible earned leave balances in respect of permanent employees. Principal actuarial assumptions used for determining leave encashment liability are same as are used for gratuity actuarial valuation as disclosed in note 25.4.

25.2 The Company operates an approved funded gratuity scheme covering all permanent employees. Principal actuarial assumptions used for determining gratuity fund liability are disclosed in note 27.6.

25.3 The amount recognized as liability in the unconsolidated statement of financial position as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Present value of defined benefit obligation	25.4	18,589	14,804
Benefits due but not paid (payables)		-	309
Closing net liability		18,589	15,113

25.4 Movement in present value of defined benefit obligation

	Note	2022	2021
Balance as at July 01,		14,804	15,792
Current service cost	25.5	1,520	1,071
Interest cost	25.5	1,416	1,251
Benefits due but not paid (payables)		(9)	(309)
Benefits paid		(1,283)	(1,844)
Remeasurement gain due to change in experience adjustments	25.5	2,141	(1,157)
Balance as at June 30,		18,589	14,804

25.5 The amount recognized in unconsolidated statement of profit or loss is as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Current service cost	25.4	1,520	1,071
Gain / (Loss) arising on present value of defined benefit obligation	25.4	2,141	(1,157)
Interest cost on defined benefit obligation	25.4	1,416	1,251
	25.6	5,077	1,165

25.6 Movement in liabilities

	Note	2022	2021
Balance as at July 01, (net liability)		15,113	15,963
Charge for the year	25.5	5,077	1,165
Benefits paid		(1,601)	(2,015)
Balance as at June 30, (net liability)		18,589	15,113

25.7 Sensitivity analysis (+ 100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	---------- Rupees in thousands ----------			
2022	17,258	20,141	20,117	17,258
2021	13,754	16,034	16,014	16,754

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

	Note	2022	2021
		------ Rupees in thousands ------	
Cost of sales		3,407	780
Selling and distribution expense		233	53
Administrative expenses		1,437	332
		5,077	1,165

25.9 Payable to Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the gratuity fund (the scheme) carried out under Projected Unit Credit (PUC) Actuarial Cost Method as at June 30, 2022 are as follows:

Discount rate used for year end obligation is 13.25 % per annum (2021: 10% per annum).

Discount rate used for interest cost in unconsolidated statement of profit or loss charge is 10% per annum (2021: 8.5 % per annum)

Expected rate of increase in salary level at 12.25 %per annum (2021: 9% per annum).

Mortality rate used is SLIC 2001-2005 (2021: SLIC 2001-2005).

25.9.1 The amount recognized in the unconsolidated statement of financial position is as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Present value of defined benefit obligation	25.9.2	129,263	100,019
Fair value of plan assets	25.9.3	(96,949)	(83,851)
Closing net liability		32,314	16,168

25.9.2 Movement in present value of defined benefit obligation

	Note	2022	2021
Balance as at July 01, (net liability)		100,019	90,172
Current service cost		13,323	12,621
Interest cost		9,582	7,174
Benefits paid		(6,859)	(9,269)
Benefits due but not paid		(1,529)	(2,309)
Remeasurement loss due to change in experience adjustments	25.9.6	14,727	1,630
Balance as at June 30, (net liability)		129,263	100,019

	Note	2022	2021
		------ Rupees in thousands ------	
25.9.3 Movement in the fair value of plan assets			
Balance as at July 01,		83,851	55,377
Expected return / interest income on plan assets	25.9.7	8,851	5,792
Contribution		16,168	34,795
Benefits paid		(6,859)	(9,269)
Benefit due but not paid		(1,529)	(2,309)
Return on plan assets excluding interest income	25.9.6	(3,533)	(536)
Balance as at June 30,	25.9.9	96,949	83,851
25.9.4 Movement in liabilities			
Balance as at July 01, (net liability)		16,168	34,796
Charge for the year	25.9.5	14,055	14,001
Remeasurements chargeable in other comprehensive income		18,261	2,166
Contribution		(16,168)	(34,795)
Balance as at June 30, (net liability)		32,316	16,168
25.9.5 The amount recognized in unconsolidated statement of profit or loss is as follows:			
Current service cost		13,323	12,621
Interest cost		9,583	7,172
Expected return / interest income on plan assets		(8,851)	(5,792)
	25.9.4	14,055	14,001

25.9.6 The amount recognized in unconsolidated statement of other comprehensive income is as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Remeasurement loss due to changes in assumption and experience adjustments	25.9.2	14,727	1,630
Return on plan assets excluding interest income	25.9.3	3,533	536
		18,260	2,166
25.9.7 Return on plan assets is as follows:			
Expected return / interest income on plan assets	25.9.3	8,851	5,792
Return on plan assets excluding interest income	25.9.3	(3,533)	(536)
		5,318	5,256

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

	2022	2021	2020	2019	2018
	Rupees in thousands				
Present value of defined benefit obligation	(129,263)	(100,019)	(90,172)	(93,877)	(79,230)
Fair value of plan assets	96,948	83,851	55,377	72,654	59,246
Deficit	(32,315)	(16,168)	(34,795)	(21,223)	(19,984)

25.9.9 Disaggregation of fair value of plan assets

The fair value of the plan assets at the reporting date for each category is as follows:

	Note	2022	2021
		Rupees in thousands	
Cash and cash equivalents (adjusted for current liabilities)		54,028	(1,178)
Mutual Islamic funds		43,071	45,029
Certificate of Islamic investments		(150)	40,000
	25.9.3	96,949	83,851

25.9.10 Sensitivity analysis (+ 100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	Rupees in thousands			
2022	122,178	137,329	137,538	121,867
2021	94,513	106,303	106,468	942,267

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

	Note	2022	2021
		Rupees in thousands	
Cost of sales	33	10,056	10,025
Selling and distribution cost	34	584	737
Administrative expenses	35	3,415	3,239
		14,055	14,001

25.10 The following information is based on the audited financial statements of the Provident fund:

	Note	2022	2021
Size of the Fund - total assets		92,295	95,487
Cost of investments made		94,576	94,478
Percentage of investments made		102%	99%
Fair value of investments	25.10.1	92,036	95,317

25.10.1 Fair value of investment is held by provident fund

	2022		2021	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	2,037	2%	5,647	6%
Term deposit	40,493	44%	38,127	40%
Mutual funds	49,506	54%	51,543	54%
	92,036	100%	95,317	100%

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

26 DEFERRED TAXATION

	Note	2022	2021
		------ Rupees in thousands ------	
Taxable temporary differences arising in respect of			
Accelerated tax depreciation		347,314	351,855
Deductible temporary differences arising in respect of			
Other provisions - for doubtful debts and stores		(47,058)	(44,138)
Minimum tax	26.1	(21,897)	-
	26.2	278,359	307,717

26.1 The utilization of the deferred tax asset is depended on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

26.2 Movement in deferred tax

	Opening balance	Charge / (adjustment) to profit or loss for the year	Closing balance
	------ Rupees in thousands ------		
2022			
Deferred tax liabilities			
Accelerated tax depreciation	351,855	(4,541)	347,314
Deferred tax asset			
Other provisions - for doubtful debts and stores	(44,138)	(2,920)	(47,058)
Minimum tax	-	(21,897)	(21,897)
	307,717	(29,358)	278,359
2021			
Deferred tax liabilities			
Accelerated tax depreciation	349,349	2,506	351,855
Deferred tax asset			
Other provisions - for doubtful debts and stores	(40,608)	(3,530)	(44,138)
Minimum tax	(23,591)	23,591	-
	285,150	22,567	307,717

	Note	2022	2021
		------ Rupees in thousands ------	
27 TRADE AND OTHER PAYABLES			
Trade creditors		429,156	60,644
Accrued liabilities	27.1	120,823	147,889
Bills payable		-	181,252
Contract liability	27.2	711,660	34,842
Excise duty and sales tax payable	27.3	19,565	75,203
Payable to Provident Fund	25.10.1	-	1,531
Workers' Profit Participation Fund	27.4	8,343	14,559
Workers' Welfare Fund	27.5	3,760	3,688
Other liabilities		4,081	3,602
		1,297,388	523,210

27.1 This includes amount of Rs. 49.661 million (2021: 66.249 million) payable to the Subsidiary Company.

The maximum balance outstanding at any of the month end during the year amounting to Rs. 57.602 million (2021: Rs. 73.353 million).

	Note	2022	2021
		------ Rupees in thousands ------	
27.2 Contract liability			
Balance as at July 01		34,842	34,540
Advance received		1,269,606	648,511
		1,304,448	683,051
Charged to profit or loss		(592,788)	(648,209)
Balance as at June 30		711,660	34,842
27.3 Excise duty and sales tax payable			
Balance as at July 01		75,203	33,795
Allocation for the year		1,111,394	887,936
		1,186,597	921,731
Payments made during the year		(1,167,032)	(846,528)
Balance as at June 30		19,565	75,203
27.4 Workers' Profit Participation Fund (WPPF)			
Balance as at July 01		14,559	-
Charge for the year	36	8,343	14,559
Interest on opening balance		333	-
		23,235	14,559
Payments made during the year		(14,892)	-
Balance as at June 30		8,343	14,559

		Note	2022	2021
			------ Rupees in thousands ------	
27.5	Workers' Welfare Fund			
	Balance as at July 01		3,688	-
	Allocation for the year		3,760	3,688
			7,448	3,688
	Payments made during the year		(3,688)	-
	Balance as at June 30		3,760	3,688
28	Unclaimed dividend		1,972	1,814

Includes unclaimed dividend amounting to Rs. 1.735 million (2021: Rs. 0.921 million) outstanding for more than 3 years from the date of declaration. Such unclaimed dividend is payable to the Federal Government as per the Companies Act, 2017 subject to fulfilment / clarification on certain pre-conditions specified in the Companies Act, 2017.

		Note	2022	2021
			------ Rupees in thousands ------	
29	ACCRUED MARK-UP			
	Short term borrowing		6,738	3,507
30	SHORT TERM BORROWINGS			
	Short-term running finance (secured)	30.1	212,292	160,546

30.1 The aggregate running finance facilities available from banks as at June 30, 2022 amounting to Rs. 400 million (2021: Rs. 500 million) out of which Rs. 255.728 million (2021: Rs. 189.603 million) remained unutilized at the year end. The facilities aggregating to Rs. 300 million are secured by way of first pari passu charge over current assets and ranking charge on fixed assets with 25% margin. The remaining facilities aggregating to Rs. 100 million are secured by way of first pari passu hypothecation charge over all plant and machinery and ranking hypothecation charges over all current assets with 25% margin. These facilities are renewable annually and carry mark-up at 3-months KIBOR plus ranging from 1.5% - 3% p.a (2021: 3-months KIBOR plus 1.25% - 3% p.a).

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 In the year 2013-14, the Additional Commissioner Inland Revenue - (ACIR) issued assessment order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances and additions in taxable income thereby raising a tax demand of Rs. 2.787 million in respect of Tax Year 2008. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

31.1.2 In respect of tax periods from July 2012 to December 2014, an Order in Original (ONO) has been issued by an Officer of Sales Tax in 2014-15 against the Company raising a demand of Rs. 244.274 million which is mainly based on comparison of industry average for fuel and power consumption with that of the Company and thereby presuming the production quantities which in the view of tax authorities have not been subject to Sales Tax and Federal Excise Duty. Accordingly, the Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by Officer of Sales Tax, however CIR-A decided the case against the Company. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A.

Moreover, recovery proceedings were also initiated by tax authorities in the matter for an aggregate demand amount of Rs 488.548 million including 100% penalty on the principal amount as aforesaid. Therefore, the Company filed a stay application against the said aggregate demand before Sindh High Court. The Sindh High Court has allowed ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect. During 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Company. During 2018, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by Appellate Tribunal Inland Revenue in favor of the Company. The matter is pending for adjudication. In view of Company's legal counsel, the case is sound in law; however, an outcome cannot be predicted with any degree of certainty. Hence, no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

31.1.3 During 2018, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Company in respect of tax periods from July 2013 to August 2017 raising a demand of Rs. 56.632 million by disallowing certain input tax claimed by the Company in its sales tax returns for the aforesaid tax periods. The Company has filed an appeal on March 28, 2018 against the ONO passed by DCIR before Commissioner Inland Revenue - Appeals (CIR-A). The appeal has been decided in favor of the Company.

The Commissioner Inland Revenue has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) in favor of the Company. The matter is pending for adjudication. The Company is confident based on its legal opinion that decision will come in its favour, hence no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

31.1.4 During 2018, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001 (the Ordinance) in respect of tax year 2017 raising a tax demand of Rs. 94.670 million including default surcharge and penalty aggregating to Rs 15.208 million on the ground that Company has not deducted applicable withholding taxes while making payments for purchases and certain expenses and hence, made default under section 161/205 of the Ordinance. The Company has filed an appeal on May 4, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by DCIR. The CIR-A has passed an order in favor of the Company. However, Commissioner Inland Revenue has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue - Appeals (CIR-A) passed in favor of the Company. The Company is confident based on its legal opinion that decision will come in its favour, hence no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

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

31.1.6 Deputy Commissioner Inland Revenue (DCIR) issued an order-in-original (ONO) dated June 28, 2019 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 and penalty) by disallowing certain input tax claimed by the Company in its sales tax return for the aforesaid tax period.

The Company filed an appeal before Commissioner Inland Revenue-Appeals (CIR-A) against ONO issued by DCIR. While deciding appeal, CIR-A has deleted the disallowances of input tax amounting to Rs. 7.086 million and confirmed disallowance amounting to Rs. 0.011 million. The Department has filed an appeal against the CIR-A's Order before the Appellate Tribunal Inland Revenue Karachi. The case is not yet fixed for hearing. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

31.1.7 Showcause notice u/s 122 (5A) of the Income Tax Ordinance, 2001 dated February 15, 2019 was issued by Additional Commissioner Inland Revenue (ACIR) Zone II, LTU containing observations relating to self-assessment order u/s 120 of the Income Tax Ordinance, 2001 for the tax year 2017. The Company explained observations and attended hearings from time to time. However, learned ACIR passed Amended Assessment Order dated July 02, 2019 raising a demand of 34.094 million by disallowing certain expenses and tax credits. Such disallowances include fuel adjustment of Rs. 3.678 million, reduction in b/f tax credit u/s 65B of Income Tax Ordinance, 2001 (the Ordinance) relating to tax year 2016 and disallowance of WPPF contribution. Management of the Company has filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). The CIR-Appeals annulled the assessment order vide his order no. 18 dated September 06, 2019.

On November 21, 2019, ACIR issued notice to the company for further clarification/explanation regarding fuel adjustment, WPPF and WWF to pass the appeal effect order. The management of the Company provided the required clarification/explanation, however, appeal effect order has not yet been passed by ACIR.

31.1.8 On September 05, 2019, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Company in respect of Sales tax audit for the tax period from July 2018 to December 2019 raising a demand of Rs. 0.150 million including default surcharge and penalty by disallowing certain input tax amounting to Rs. 0.143 million claimed by the Company in its sales tax returns for the aforesaid tax period. The Company filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A) against the said order. Based on the appeal by the Company, CIR(A) vide his order STA/402/LTO/2021/26 dated June 17, 2021 remanded back the case to DCIR. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.9 The Deputy Commissioner Inland revenue (DCIR) has issued showcause notice dated September 05, 2019 to the Company for the Periods July 2018 to June 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 said period. 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. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.10 Deputy Commissioner Inland Revenue (DCIR) issued showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance), 2001 dated April 22, 2021 to conduct the audit of Income tax affairs of company under section 177 of Income Tax Ordinance, 2001 (the Ordinance), for the Tax Year 2019. The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 22, 2021 by raising a tax demand of Rs. 516.55 million by making certain allowances and additions to the taxable income as reported in the income tax return of that year. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). Hearings in the case were attended from time to time and the case is reserved for order. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.11 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 24, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) to conduct the audit of income tax affairs under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2020. The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 24, 2021 by raising a tax demand of Rs. 46.43 million by making certain allowances and additions to the taxable income as reported in the income tax return of that year. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). Hearings of the case were attended from time to time and the case is reserved for order. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.12 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 26, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) Zone II, LTU to conduct the audit of income tax affairs of company under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2017.

The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 28, 2021 by making certain allowances and additions amounting to the taxable income as reported in the income tax return of the said year. Resultantly, tax refunds of the Company for the said year have been reduced by 5.15 million. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.13 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 26, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) Zone II, LTU to conduct the audit of income tax affairs of company under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2018. The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 28, 2021 by making certain allowances and additions amounting to the taxable income as reported in the income tax return of the said year. Resultantly, tax refunds of the Company for the said year have been reduced by 4.75 million. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). Hearings of the case were attended from time to time and the case is reserved for order. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.14 The Deputy Commissioner Inland Revenue (DCIR) has issued Assessment Order dated June 30, 2021 for the period July 01, 2015 to June 30, 2016 raising an aggregate sales tax demand for Rs. 122.97 million by disallowing certain input tax claimed by the Company in its sales tax return for the said tax period . The Company filed appeal against such Assessment Orders before Commissioner Inland Revenue (CIR-A) against the said order. Based on the appeal by the Company, CIR(A) vide his order STA/28/LTO/2021/45 dated February 28, 2022 remanded back the case to DCIR for de-novo proceedings by eliminating the entire tax demand of Rs. 122.97 million. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.15 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice dated May 18, 2021 regarding Sales Tax Audit of the Company u/s 25 and 46 of the Sales Tax Act, 1990 and Federal Excise Act, 2005 respectively for the tax period from July 01, 2016 to June 30, 2017. The DCIR disallowed input tax amounting to Rs. 93.28 million on some taxable purchases and services received by the Company for the purpose of business during the period from July 01, 2016 to June 30, 2017. In response to show cause notice, the Company attended hearings from time to time and provide documents, explanations and supporting evidences.

However, the DCIR has passed an assessment order no. 13/51/2021-2022 on September 02, 2021 disallowing input tax to the extent of Rs. 5.41million. The Company filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. CIR(A) vide his order no. STA/172/LTO/2022/13 dated July 22, 2022 decided the case against the Company by confirming disallowance of input tax and default surcharge on advance from customers amounting to Rs. 5.04 million. The Company intends to file an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.16 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice dated May 18, 2021 regarding Sales Tax Audit of the Company u/s 25 and 46 of the Sales Tax Act, 1990 and Federal Excise Act, 2005 respectively for the tax period from July 01, 2018 to June 30, 2019. DCIR disallowed input tax amounting to Rs. 62.11 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 show cause notice, the Company attended hearings from time to time and provide documents, explanations and supporting evidences.

However, the DCIR has passed an assessment order no. 14/51/2021-2022 on September 02, 2021 disallowing input tax to the extent of Rs. 11.52 million. The Company filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. Hearings of the case were attended from time to time and the case is reserved for order. In view of Company's tax consultant, favorable outcome of such appeal is anticipated.

Hence no provision is required to be made in these unconsolidated financial statements.

31.1.17 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated May 18, 2021 regarding Sales Tax Audit of the Company u/s 25 and 46 of Sales Tax Act, 1990 and Federal Excise Act, 2005 respectively for the tax period from July 01, 2019 to June 30, 2020. DCIR disallowed input tax amounting to Rs. 107.07 million on some taxable purchases and services received by the Company for the purpose of business during the period from July 01, 2019 to June 30, 2020. In response to show cause notice, the Company attended hearings from time to time and provide documents, explanations and supporting evidences. However, the Learned DCIR has passed an assessment order no. 15/51/2021- 2022 on September 02, 2021 disallowing input tax to the extent of Rs. 20.60 million. The management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. Hearings of the case were attended from time to time and the case is reserved for order. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.18 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated February 24, 2022 for the tax period from July 01, 2021 to November 30, 2021. The DCIR disallowed input tax amounting to Rs. 140.4 million on some taxable purchases and services received by the Company for the purpose of business during the above mentioned period. In response to show cause notice, the Company submitted required information, documents, explanation with DCIR. However, the Learned DCIR has passed an assessment order no. 47 of 2022 on April 04, 2022 disallowing input tax to the extent of Rs. 24.98 million including default surcharge. The management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR which is pending for hearing. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.19 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated March 25, 2022 for the tax period from July 01, 2020 to June 30, 2021. The DCIR disallowed input tax amounting to Rs. 5.72 million on some taxable purchases and services received by the Company for the purpose of business during the above mentioned period. In response to show cause notice, the Company submitted required information, documents, explanation with DCIR. However, the Learned DCIR has passed an assessment order no. 49/124 of 2022 on May 09, 2022 disallowing input tax to the extent of Rs. 6.01 million including penalty. The management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR which is pending for hearing. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.20 During the year, Deputy Commissioner Inland Revenue - (DCIR) notice under section 122(2) of the Income Tax Ordinance, 2001 for the Tax Year 2021 relating to adjustment of tax payable of said year amounting to Rs. 2.29 million from previous tax years available refunds. The Company responded the notice along with the legal justification of doing so, however, the learned DCIR was not agreed with the with the explanations and passed rectification of assessment order by creating tax demand of Rs. 2.29 million. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the order. The Company is confident based on its legal opinion that decision will come in its favour, hence no provision has been recorded in financial statements for the period ended June 30,2022.

31.1.21 On June 30, 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001(the Ordinance) in respect of tax year 2016 raising a tax demand of Rs. 55.17 million including default surcharge and penalty on the ground that Company has not deducted/collected applicable withholding taxes on payment of salaries and tax deductions under section 236G and 236H and hence, made default under section 161/205 of the 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. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.22 On September 06, 2021, the Company has filed a Constitutional Petition (CP) No. 5382 before the Honorable High Court of Sindh (SHC) against arbitrary increase in the royalty rates through impugned notification No. T.O/M&MDD/15-3/2021 dated June 30, 2021 issued by Ministry of Mines and Minerals Development Department, Government of Sindh. The Company's legal consultants attended the hearing and presented his point of view before the Honourable High Court of Sindh. However, the Court proceedings have been completed and the case is reserved for judgment.

The Company is confident based on its legal opinion that decision will come in its favour, Hence no provision of excess royalty amount resulted due to revision in rates has been recorded by the Company in these unconsolidated financial statements as at June 30, 2022.

31.1.23 An ex-employee of the Company had filed CP # 86/2013 on May 21, 2013 for recovery of Rs. 2.10 million out of which an amount of Rs. 0.248 million has been claimed on account of 60 days gratuity and numerous other false and fabricated claims of short payments of Rs. 1.86 million. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.24 Ex-workers of Labor Contractor had filed applications against the Company before the Labor Court at Hyderabad for reinstatement of their services which were not maintainable therefore, dismissed by the Court. The decision has been challenged vide Appeal no. Hyd-25/2016, Hyd-26/2016, Hyd-27/2016 and Hyd-28/2016 before the Sindh Labor Appellate Tribunal in Karachi. During 2018, Sindh Labor Appellate Tribunal has disposed of the appeals filed by ex-workers of contractor by awarding them the compensation instead of reinstatement of their services. The Company has challenged the said decision on January 5, 2018 before the High Court of Sindh, Hyderabad. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.25 During 2000, two cement dealers had filed Suit no. 150/2001 & 151/2001 against the Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Company in lieu of outstanding dues from these dealers. The matter is pending for adjudication. In view of the Company's legal counsel, no unfavorable outcome can be estimated.

31.1.26 In the year 2018, an ex-employee of the Company filed a Suit no. 1272/2018 against the Company for recovery of outstanding balance in provident fund and other dues amounting to Rs. 50 million in the High Court of Sindh. The outstanding provident fund and other dues were settled in 1999 and the claim of such dues is false and fabricated. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.2 Commitments

31.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounting to Rs. 45 million (2021: Rs. 45 million).

31.2.2 Irrevocable letter of credit under revenue expenditure as at reporting date is Rs. 10.825 million.

31.2.3 Other outstanding guarantees given on behalf of the Company by banks amounting to Rs. 73.68 million (2021: Rs. 3 million).

32 SALES - NET

	2022	2021
	------ Rupees in thousands ------	
Gross Sales		
Local	6,010,984	3,462,583
Export	707	88,170
	6,011,691	3,550,753
Less:		
Federal excise duty	(764,120)	(531,615)
Sales tax	(983,677)	(591,825)
	(1,747,797)	(1,123,440)
	4,263,894	2,427,313

		Note	2022	2021
			------ Rupees in thousands ------	
33	COST OF SALES			
	Raw material	33.1	366,226	122,038
	Packing material	33.2	259,956	131,017
	Stores, spare parts and loose tools		82,849	54,735
	Fuel and power		2,788,699	1,317,832
	Salaries, wages and other benefits	33.3	348,589	295,664
	Insurance		24,781	5,678
	Repairs and maintenance		6,170	8,440
	Depreciation on property, plant and equipment	6	124,632	105,104
	Vehicle hire, running and maintenance		15,617	11,243
	Communication		1,896	1,579
	Entertainment		1,499	1,223
	Provision for slow moving of major stores and spares	6.2	307	3,222
	Provision for obsolete and slow moving of stores and spares	11.1	13,542	4,816
	Other production overheads		5,201	3,449
	Cost of production		4,039,964	2,066,040
	Work-in-process			
	Balance as at July 01,		334,414	303,363
	Balance as at June 30,	12	(415,295)	(334,414)
			(80,881)	(31,051)
	Cost of goods manufactured		3,959,083	2,034,989
	Finished goods			
	Balance as at July 01,		43,615	51,278
	Balance as at June 30,	12	(59,425)	(43,615)
			(15,810)	7,663
			3,943,273	2,042,652

33.1 Raw material consumed

	Note	2022	2021
Balance as at July 01,		13,938	18,587
Purchases		367,245	117,389
		381,183	135,976
Balance as at June 30,	12	(14,957)	(13,938)
Consumption	33.1.2	366,226	122,038

33.1.1 It includes clinker purchased locally by the company amounting to Rs. 188.412 million (2021: nil).

33.1.2 It includes royalty amounting to Rs. 7.704 million (2021: Rs. 6.215 million) relating to Lime Stone and Clay Shale, payable to Director General Mines and Mineral Development, Government of Sindh.

		Note	2022	2021
			------ Rupees in thousands ------	
33.2	Packing material consumed			
	Balance as at July 01,		44,473	36,962
	Purchases		289,009	138,528
			333,482	175,490
	Balance as at June 30,	12	(73,526)	(44,473)
	Consumption		259,956	131,017

33.3 This includes employees' retirement benefits amounting to Rs. 19.449 million (2021: Rs. 19.440 million).

		Note	2022	2021
			------ Rupees in thousands ------	
34	SELLING AND DISTRIBUTION EXPENSES			
	Salaries, wages and other benefits	34.1	14,346	14,525
	Vehicle running expenses		1,285	1,250
	Travelling and conveyance		1,402	627
	Communication		310	298
	Printing and stationery		489	553
	Entertainment		386	215
	Repair and maintenance		570	460
	Rent, rates and taxes		1,898	2,504
	Utilities		317	292
	Advertisements		178	171
	Sales promotion expenses		123	531
	Freight charges - local sale		18,837	14,967
	Export logistics and related charges		3	31,438
	Commission		-	179
	Depreciation on property, plant and equipment	6	500	788
	Marking fee expense		3,077	1,505
	Loading and others		14,310	6,859
	Miscellaneous		589	257
			58,620	77,419

34.1 This includes employees' retirement benefit amounting to Rs. 1.169 million (2021: Rs. 1.442 million).

35 ADMINISTRATIVE EXPENSES

	Note	2022	2021
		------ Rupees in thousands ------	
Salaries, wages and other benefits	35.1	67,623	56,391
Director's fees		5,450	4,900
Vehicle running expenses		4,837	3,697
Travelling and conveyance		168	130
Advertisements		365	322
Communication, postage, telegram		1,479	1,296
Printing and stationery		1,190	541
Rent, rates and taxes		3,825	4,753
Entertainment		841	565
Legal and professional charges		4,615	3,498
Insurance		1,700	1,656
Repairs and maintenance		2,692	3,377
Utilities		2,054	1,877
Fees and subscription		3,167	2,993
Corporate expenses		1,080	776
Charity and donation	35.2	289	75
Auditors' remuneration	35.3	1,256	1,115
Other auditors' remuneration	35.4	1,691	1,812
Depreciation on property, plant and equipment	6.1.3	1,859	1,844
Depreciation on right-of-use-assets	7.2	3,013	-
Amortisation of intangibles	8.1	585	-
Education expenses		4,126	4,152
Property, plant and equipment written off	6.1	-	727
Miscellaneous		2,465	1,050
		116,370	97,547

35.1 This includes employees' retirement benefit amounting to Rs. 6.860 million (2021: Rs. 6.547 million).

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

	2022	2021
	------ Rupees in thousands ------	
35.3 Auditor's remuneration		
Annual audit fee	894	769
Half yearly review fee	136	125
Audit fee for consolidated financial statements	41	38
Fee for Code of Corporate Governance and other services	41	38
Out of pocket expenses	144	145
	1,256	1,115
35.4 Other auditor's remuneration		
Cost audit fee	216	200
Internal audit fee	1,320	1,492
Out of pocket expenses	155	120
	1,691	1,812

		Note	2022	2021
			------ Rupees in thousands ------	
36	**OTHER OPERATING EXPENSES**			
	Workers' Welfare Fund (WWF)		3,760	3,688
	Workers' Profit Participation Fund (WPPF)	27	8,343	14,559
	Others		-	2,222
			12,103	20,469
37	**OTHER INCOME**			
	Income from financial assets			
	Income on bank deposit accounts	37.1	12,772	6,181
	Interest earned from Subsidiary Company		8,862	525
			21,634	6,706
	Income from non-financial assets			
	Management fee	37.2	25,723	23,385
	Waste heat recovery		28,692	19,995
	Rental income		2,141	1,894
	Gain on sale of property, plant and equipment		1,390	662
	Scrap sales		1,012	4,621
	Exchange (loss) / gain		(32,488)	15,052
	Others	37.3	6,509	9,427
			32,979	75,036
			54,613	81,742

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

37.2 This represents management fee charge to the Subsidiary Company of Rs. 25.72 million (2021: Rs. 23.39 million) for business support services. Service fee charged during the year is amounting to Rs.2.14 million plus applicable taxes, if any per month payable in arrears, are subject to increase of 10% per annum with mutual consent of both the parties.

37.3 This includes reversal of expected credit loss allowance of Rs. 3.783 million (2021: nil).

		Note	2022	2021
			------ Rupees in thousands ------	
38	**FINANCE COST**			
	Mark-up on short term borrowings		27,917	16,350
	Mark-up on Workers' Profit Participation Fund		333	-
	Bank charges and commission		3,497	720
	Mark-up on leased assets		1,628	-
			33,375	17,070
39	**TAXATION**			
	Current		55,876	49,343
	Prior		(1,789)	3
	Deferred		(18,615)	(1,024)
		39.1	35,472	48,322

39.1 Relationship between tax expense and accounting profit

	2022	2021
	------ Rupees in thousands ------	
Profit before tax	154,766	250,115
Tax at 29%	44,882	72,533
Tax effect of		
Admissible / inadmissible expenses in determining taxable income - net	8,560	2,094
Income charged at different rates	7	1,155
Change in the ratio of income assessed under NTR and FTR	(6)	6,618
Unused tax losses and tax credits	-	(33,057)
Prior year tax charge	(1,789)	3
Minimum Tax u/s 113	590	-
Tax effect on taxable temporary differences - net	(18,615)	(1,024)
Super Tax @1%	1,843	-
	35,472	48,322

Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2022	2021
	%	
Alternative corporate tax	17	17
Corporate tax rate	29	29
Super tax	1	-
Minimum tax rate	1.25	1.25
Average effective rate	22.92%	19.32%

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

The Company filed a Constitutional Petition (CP) before the Honourable Sindh High Court (SHC) challenging the vires of Section 5A of the Income Tax Ordinance, 2001. The Honourable Sindh High Courts while deciding the petition declares that Section 5A ultra vires of Constitution and is hereby struck down. However, FBR has filed in the Supreme Court of Pakistan against the decision of Sindh High Court.

In the view of Company's legal consultant, favourable outcome is anticipated. Hence no provision for the tax liability in this respect has been recorded by the Company in these unconsolidated financial statements.

39.3 During previous year, amendment made under section 65B of the Income Tax Ordinance, 2001 through the 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 the refund or may required to be paid with the Return of Income. The Company filed a petition in the high court against the amendment and obtained stay order as the likely impact of the amendment in 65B would be Rs. 10.398 million. The management is confident that the Company has an arguable case on merits. Hence, no provision has been recorded in the unconsolidated financial statements. To date, no adverse action shall be taken against the Company in respect of this case.

40 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

40.1 Basic earnings per share

	2022	2021
Profit for the year (Rupees in thousands)	119,294	201,793
Weighted average number of ordinary shares	99,718,125	99,718,125
Earnings per share - basic and diluted (Rupees) per share	1.20	2.02

40.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

41 CASH AND CASH EQUIVALENTS

	Note	2022	2021
		------ Rupees in thousands ------	
Cash and bank balances	20	228,182	317,412
Short term running finance	30	(212,292)	(160,546)
		15,890	156,866

42 CAPACITY AND ACTUAL PRODUCTION

	Note	2022	2021
Production capacity - clinker (tons)	42.1	660,000	548,400
Actual production - clinker (tons)	42.1	415,810	349,638
Production capacity - cement (tons)	42.2	693,000	575,820
Actual production - cement (tons)	42.2	502,659	301,006

42.1 The production capacity utilization of clinker during the year has remained at 63.00% (2021: 63.76%).

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

43 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprises of associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for Service Level Agreement for business support services with the Subsidiary Company for which the basis are approved by the Board of Directors. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Detail of transactions during the year ended June 30, 2022 and outstanding balances as at June 30, 2022 with related parties are as follows:

43.1 Transactions with related parties are summarized as follows:

Related Party	Nature of transactions	2022	2021
		------ Rupees in thousands ------	
Thatta Power (Private) Limited			
	Common shared expenses	4,180	3,951
	Receipts on account of common shared expenses	1,468	4,167
	Sales / (purchase) of store items (inclusive of GST) - net	(1,837)	(1,401)
	(Receipt) / payment on account of purchase of store items -net	2,012	1,321
	Purchase of electricity (inclusive of GST)	577,855	654,536
	Payment on account of electricity (inclusive of GST)	545,209	649,003
	Management fee claimed (inclusive of SST)	29,067	26,425
	Management fee received (inclusive of SST)	9,029	27,826
	Loan to the Subsidiary	82,499	85,000
	Receipts on account of loan to the Subsidiary	56,653	15,000
	Receipts on account of sale of cement	-	-
	Markup earned on loan/advance to the Subsidiary	8,861	525
	Receipts on account of markup on loan/advance to the Subsidiary	-	98
	Sale of waste heat (inclusive of GST)	33,569	23,394
	Receipts on account of sale of waste heat (inclusive of GST)	7,261	29,597
Staff retirement benefits			
	Markup on account of payable to Gratuity Fund	-	-
	Contribution to Employees' Gratuity Fund	16,168	35,983
	Contribution to Employees' Provident Fund	11,964	9,478
Other related parties			
	Education expenses - Model Terbiat School	4,126	3,928

43.2 Year end balances

Related Party	Nature of transactions	2022	2021
		------ Rupees in thousands ------	
Thatta Power (Private) Limited			
	Payable against purchase of electricity (inclusive of GST)	113,556	80,910
	Receivable against management fee (inclusive of SST)	26,645	6,607
	Receivable against common shared expenses	3,816	1,104
	(Payable) / receivable against sale/purchase of store items-net	156	(19)
	Receivable against loan to the Subsidiary	95,846	70,000
	Receivable against sale of waste heat (inclusive of GST)	33,278	6,970
	Accrued mark-up on loan	9,288	427
Staff retirement benefits			
	Payable to Gratuity Fund	32,316	16,168
	Payable to Provident Fund	-	766

43.3 All transactions with related parties have been carried out on commercial terms and conditions.

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

44 REMUNERATION OF CHIEF EXECUTIVE , DIRECTORS AND EXECUTIVES

The aggregate amounts charged during the year in the financial statements for remuneration, including all benefits to Chief Executive and Executives of the Company were as follows:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	---------------- Rupees in thousands ----------------			
Managerial remuneration	13,212	30,443	10,200	27,820
Leave fare assistance	1,101	2,333	850	2,023
Bonus	-	-	1,030	2,713
Retirement benefits	2,153	4,657	1,616	3,974
Other benefits	-	-	88	352
Total	16,466	37,433	13,784	36,882
Number of person(s)	1	9	1	10

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

44.2 An aggregate amount of Rs. 5.450 million (2021: Rs. 4.900 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and Human Resource and Remuneration Committee meeting fee.

45 OPERATING SEGMENTS

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

45.2 Revenue from sale of cement and clinker represents 100% (2021: 100%) of the total revenue of the Company.

45.3 99.99% (2021: 97.52%) sales of the Company relates to customers in Pakistan.

45.4 All non-current assets of the Company at June 30, 2022 are located in Pakistan.

46 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

Taken as a whole the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Company are as under:

	Note	2022	2021
		------ Rupees in thousands ------	
Financial assets			
Long term deposits	10	3,796	1,096
Trade debts	13	524,147	192,284
Loan to the Subsidiary	14	95,846	70,000
Trade deposits	16	1,933	25,100
Short term investment	17	473,715	-
Other receivables and accrued mark-up	18	12,060	2,104
Cash and bank balances	20	228,182	317,412
		1,339,679	607,996
Financial liabilities			
Lease liability	23	42,219	-
Long term deposits	24	2,791	2,791
Trade and other payables	27	586,374	411,086
Unclaimed dividend	28	1,972	1,814
Accrued mark-up	29	6,738	3,507
Short term borrowings	30	212,292	160,546
		852,386	579,744

46.1 Financial risk management objectives

The Company has exposure to the following risks:

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

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

a) Credit risk

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

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

	2022		2021	
	Rupees in thousands	%	Rupees in thousands	%
Banks	225,078	17%	314,937	52%
Others	1,112,126	83%	290,584	48%
	1,337,204	100%	605,521	100%

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

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

		2022	2021
	Note	------ Rupees in thousands ------	
Long term deposits	10	3,796	1,096
Trade debts	13	524,147	192,284
Loan to the subsidiary	14	95,846	70,000
Trade deposits	16	1,933	25,100
Short term investment	17	473,715	
Other receivables and accrued interest	18	12,060	2,104
Bank balances	20	225,078	314,937
		1,336,575	605,521

Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates. As at June 30, 2022 trade debts of Rs. 35.657 million (2021: Rs. 32.074 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	2022	2021
	------ Rupees in thousands ------	
Not past due		
- within 30 days	219,421	80,273
- 31 to 90 days	269,069	79,937
- 91 to 180 days	32,591	8,664
- over 180 days	3,066	23,410
	524,147	192,284

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies is as follows:

		Ratings	
Name of Banks	Rating agency	Short-term	Long-term
National Bank of Pakistan	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Al Baraka Islamic Bank Limited	PACRA	A-1	A+
Silk Bank Limited	JCR-VIS	A-	A-2
Summit Bank Limited	JCR-VIS	N/A	N/A
Faysal Bank Limited	PACRA	A1+	AA

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

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 13.2. The aging analysis of these impaired trade debts is as follows:

	2022	2021
Below ten years	3,079	6,862
Over ten years	72,028	72,028
	75,107	78,890

b) Liquidity risk management

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

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

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

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

Maturity analysis for financial liabilities

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

		2022				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Note	Rupees in thousands				
Non-derivative						
Financial liabilities						
Long term deposits	24	2,791	(2,791)	-	-	(2,791)
Trade and other payables	27	585,728	(585,728)	(585,728)		
Short term borrowing	30	212,292	(212,292)	(106,146)	(106,146)	-
Accrued mark up	29	6,738	(6,738)	(6,738)	-	-
Lease liability	23	42,219	(42,219)	(3,247)	(3,247)	(35,726)
		849,768	(849,768)	(701,859)	(109,393)	(38,517)

		2021				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Note	------------------------ Rupees in thousands ------------------------				
Non-derivative						
Financial liabilities						
Long term deposits	24	2,791	(2,791)	-	-	(2,791)
Trade and other payables	27	504,536	(504,536)	(504,536)		
Short term borrowing	30	160,546	(160,546)	(80,273)	(80,273)	-
Accrued mark up	29	3,507	(3,507)	(3,507)	-	-
		671,380	(671,380)	(588,316)	(80,273)	(2,791)

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

c) Market risk

Market risk is the risk that changes in market interest rates, foreign exchange rates and other prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

d) Interest / mark-up rate risk management

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

	Carrying amount	
	2022	2021
Variable rate instruments	------ Rupees in thousands ------	
Financial assets	317,884	138,461
Financial liabilities	212,292	160,546

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

Financial assets

If interest rate had fluctuated by 100 basis points with all other variables held constant, profit / (loss) before tax for the year would have been Rs. 3.18 million (2021: Rs 1.38 million) higher / lower, mainly as a result of higher / lower interest income from these financial assets.

Financial liabilities

If interest rate had fluctuated by 100 basis points with all other variables held constant, profit before tax for the year would have been Rs. 2.545 million (2021: Rs. 1.61 million) higher / lower, mainly as a result of higher / lower interest expense on these financial liabilities.

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

		2022				
		Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
	Note	---------------------- (Rupees in thousands) ----------------------				
Assets						
Bank balance in PLS accounts	20	6% to 13%	222,038	-	-	222,038
Loan to the Subsidiary	14	14.57% to 10.07%	95,846			95,846
Total assets			317,884	-	-	317,884
Liabilities						
Short term borrowings	30	9.2% to 13.45%	(106,146)	(106,146)	-	(212,292)
Lease liability		12.11%	(3,247)	(3,247)	(35,726)	(42,219)
Total liabilities			(109,393)	(109,393)	(35,726)	(254,511)
On-balance sheet gap			208,491	(109,393)	(35,726)	63,373
Total interest risk sensitivity gap			208,491	99,099	63,373	63,373

		2021				
		Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
	Note	---------------------- (Rupees in thousands) ----------------------				
Assets						
Bank balance in PLS accounts	20	3% to 6.5%	68,461	-	-	68,461
Loan to the Subsidiary	14	9.92% to 10.1%	70,000			70,000
Total assets			138,461	-	-	138,461
Liabilities						
Short term borrowings	30	8.92% to 13.99%	(80,273)	(80,273)	-	(160,546)
Total liabilities			(80,273)	(80,273)	-	(160,546)
On-balance sheet gap			58,188	(80,273)	-	(22,085)
Total interest risk sensitivity gap			58,188	(22,085)	(22,085)	(22,085)

e) Foreign exchange risk management

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

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

	2022		2021	
	Rupees	US $	Rupees	US $
	------------ in thousands ------------			
Trade and other payables	-	-	181,252	1,149

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

	2022	2021	2022	2021
	Average rate		Balance sheet date rate	
US Dollar to PKR	204.59	160.61	206.00	157.75

Sensitivity analysis

A 10% weakening /strengthening of Rupee against US Dollar at the reporting date would have increased / decreased equity and unconsolidated statement of profit or loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2021.

	2022	2021
	------ Rupees in thousands ------	
Effects of US Dollars gain	-	9,063

f) Fair value of financial instruments

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

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

g) Fair value hierarchy

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

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

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

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

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

h) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

	2022	2021
	------ Rupees in thousands ------	
Debt to equity ratio	0.08	0.06
Debt to asset ratio	0.05	0.04
Current ratio	1.52	2.05
Quick Ratio	0.99	1.16

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. The Company finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

i) Operational risk

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

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

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

47 NUMBER OF EMPLOYEES

The total number of employees at the year end were 501 (2021: 497) and average number of employees during the year were 497 (2021: 499).

48 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 29, 2022 have proposed final cash dividend Rs. Nil per share (2021: Rs. 0.25 per Share) in respect of year ended June 30, 2022.

49 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on September 29 by the Board of Directors of the Company.

50 GENERAL

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

50.2 Amounts have been rounded off to the nearest thousands of Rupees.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **THATTA CEMENT COMPANY LIMITED** (the Holding Company) and its subsidiary namely **THATTA POWER (PRIVATE) LIMITED** (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of the profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion the consolidated financial statement gives a true and fair view of the consolidated financial positon of the group as at June 30, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 13.2 to the annexed consolidated financial statements, which describes the dispute with Hyderabad Electric Supply Company regarding recoverability of trade debts. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

BDO

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	**Contingencies**	
	As disclosed in note 31.1 to the annexed consolidated financial statements. The Group has contingent liabilities and tax litigations in respect of income and sales tax matters, which are pending adjudication at different levels with the taxation authorities and other legal forums. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities and tax related litigations, as key audit matter.	We undertook number of procedures to verify the appropriateness of contingencies in the consolidated financial statements. This included, among others: • We discussed the progress of each case and the Group's estimate of the cost to be incurred; • We reviewed the key elements of the basis used by management while challenging reasonableness of the cost estimates; • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Checked orders by relevant authority on previous lawsuits / cases which are being disclosed in the consolidated financial statements; and • Obtained legal advice on the above cases with the legal advisors to assess expected outcome and any estimate of outflow. • Made an assessment of likelihood of occurrence of such events and impact on the consolidated financial statements.
2.	**Existence and valuation of stock-in-trade**	
	As disclosed in note 12 to the annexed consolidated financial statements, 'stock-in-trade' of the Holding Company includes limestone, coal, slag, gypsum, iron ore, shale and clinker are stored in the factory in the form of stockpiles. Since the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volume by using an angle of repose and the bulk density. Due to the significance of the stock balances and related estimates involved, this is considered as key audit matter.	Our audit procedures to assess the existence and valuation of stock-in-trade of the Holding Company, amongst others, included the following: • Obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the stock of the Holding Company; • Attended the physical inventory count performed by the Holding Company;

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BDO Ebrahim & Co. Chartered Accountants

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S. No	Key audit matters	How the matter was addressed in our audit
		• Assessed the reasonableness of management's measurement of stockpiles during the physical count at year end and reviewed the conversion to the unit of volume by the Holding Company; • Tested the calculations of per unit cost of finished goods and assess the appropriateness of management's basis for the allocation of cost and production overheads and compared it with prior period to assess reasonableness; • Evaluated the appropriateness of the basis for identification of slow moving and obsolete stock, including accuracy of the provision made there against as assessed by the management, on a test basis by the Holding Company; and • Tested the net realizable value and valuation methods in accordance with applicable financial reporting standards by the Holding Company.
3.	**Revenue**	
	The Group's total revenue is amounting to Rs. 4,393.830 million, which is generated from sales of cement and clinker by Holding Company and sale of electricity by the Subsidiary Company revenue which reflect an increase of 58% from the previous year, representing a significant element of the consolidated financial statements as disclosed in note 32. Revenue is generated from the sale of cement and clinker by the Holding Company and from the sale of electricity by the Subsidiary Company. Revenue from contracts with customers is recognized when control of goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtained and understanding of process relating to recognition of revenue and testing the design and implementation of key internal controls over recording of revenue; • We tested the design and operating effectiveness of key controls in relation to the recognition of revenue, with particular focus on controls over the agreed prices and performance obligation; • Compared a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;

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S. No	Key audit matters	How the matter was addressed in our audit
	As such, revenue recognition is an area of significant risk for our audit and does require significant time and resource to audit due to its magnitude. The risk of material misstatement was considered significant due to high control risk on completeness and accuracy of revenue and high inherent risk of fraud on recognition of revenue. In view of the significance of revenue and high assessed risk of material misstatement revenue is considered as key audit matter.	• Compared, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue has been recognized in the appropriate financial period; • Compared the details of a sample of journal entries posted to revenue accounts during the year, meeting with the relevant underlying documentation; • Reviewed the adequacy of disclosure as required under applicable financial reporting framework.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

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

The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 2 9 SEP 2022

UDIN: AR202210166V49AUtufE

BDO Ebrahim & Co.

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	4,032,532	4,150,781
Right-of-use assets	8	42,184	-
Intangibles	9	5,265	-
Long term deposits	10	3,796	1,096
		4,083,777	4,151,877
CURRENT ASSETS			
Stores, spare parts and loose tools	11	298,188	230,504
Stock-in-trade	12	565,731	431,528
Trade debts	13	1,551,453	1,139,897
Advances	14	84,788	32,694
Deposits and prepayments	15	6,164	28,059
Short term investment	16	673,715	306,000
Other receivables and accrued mark-up	17	3,016	2,039
Taxation-net	18	194,584	247,332
Cash and bank balances	19	237,515	333,949
		3,615,154	2,752,002
TOTAL ASSETS		7,698,931	6,903,879
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	20	2,000,000	2,000,000
Issued, subscribed and paid-up capital	20	997,181	997,181
Capital reserve	21	99,718	99,718
Revenue reserve	21	2,807,821	2,752,233
Equity attributable to the owners of the Holding Company		3,904,720	3,849,132
Non-controlling interests		882,081	894,427
Total equity		4,786,801	4,743,559
NON CURRENT LIABILITIES			
Long term financing	22	553,843	799,461
Lease liability	23	35,726	-
Long term deposits	24	2,791	2,791
Employee benefits	25	18,589	15,113
Deferred taxation	26	278,359	307,717
		889,308	1,125,082
CURRENT LIABILITIES			
Current maturity of lease liability	23	6,493	-
Gratuity fund payable	25	32,315	16,168
Trade and other payables	27	1,388,996	577,818
Unclaimed dividend	28	1,972	1,814
Accrued mark-up	29	67,698	28,448
Current maturity of long term financing	22	313,056	250,444
Short term borrowings	30	212,292	160,546
		2,022,822	1,035,238
TOTAL EQUITY AND LIABILITIES		7,698,931	6,903,879
CONTINGENCIES AND COMMITMENTS	31		

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
Sales - net	32	4,393,830	2,788,221
Cost of sales	33	(3,916,623)	(2,185,270)
Gross profit		477,207	602,951
Selling and distribution expenses	34	(58,620)	(77,419)
Administrative expenses	35	(121,439)	(102,716)
		297,148	422,816
Other operating expenses	36	(44,512)	(20,505)
Expected credit loss allowance		-	(3,783)
Other income	37	31,794	64,519
Operating profit		284,430	463,047
Finance cost	38	(160,221)	(140,748)
Profit before taxation		124,209	322,299
Taxation			
Current		58,082	56,663
Prior		(1,691)	3
Deferred		(18,615)	(1,024)
	39	(37,776)	(55,642)
Profit for the year		86,433	266,657
Profit / (loss) for the year attributable to:			
- Equity holders of the Holding Company		98,779	242,288
- Non-controlling interests		(12,346)	24,369
		86,433	266,657
Earnings per share - basic and diluted (Rupees)	40	0.99	2.43

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
Profit for the year		86,433	266,657
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Loss on remeasurement of defined benefit liability	25.9.4	(18,262)	(2,166)
Total comprehensive income for the year		68,172	264,491
Total comprehensive income for the year attributable to:			
- Equity holders of the Holding Company		80,518	240,122
- Non-controlling interests		(12,346)	24,369
		68,172	264,491

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		124,209	322,299
Adjustment for:			
Depreciation on property, plant and equipment	7	230,635	223,293
Depreciation on right-of-use-assets	35	3,013	-
Amortization on intangibles	35	585	-
Provision for obsolete and slow moving of major stores and spares	33	307	3,222
Provision for obsolete and slow moving stores and spares	33	15,220	5,026
Finance cost	38	160,221	140,748
Provision for gratuity	25.9.5	14,055	14,001
Provision for leave encashment	25.5	5,077	1,165
Provision for loss allowance		(3,783)	3,783
Property, plant and equipment written off	7	-	727
Workers' Welfare Fund	36	3,760	3,688
Workers' Profit Participation Fund	36	8,343	14,559
Gain on sale of property, plant and equipment	37	(1,390)	(662)
		436,043	409,550
Operating cash flows before working capital changes		560,252	731,849
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(82,903)	144,021
Stock-in-trade		(134,203)	(37,014)
Trade debts		(407,773)	(206,122)
Advances		(52,094)	4,581
Deposits and prepayments		21,895	(6,581)
Other receivable and accrued mark-up		(977)	7,729
		(656,055)	(93,386)
Increase in current liabilities			
Trade and other payables		817,322	121,938
Cash generated from operations		721,519	760,401
Finance cost paid		(116,141)	(151,051)
Gratuity paid	25.9.3	(16,168)	(34,795)
Lease rentals paid		(2,979)	-
Leave encashment paid		(1,601)	(2,015)
Workers' Welfare Fund paid		(3,688)	-
Workers' Profit Participation Fund paid		(14,559)	-
Income tax paid- net		(14,386)	(13,286)
Net cash flows from operating activities		551,997	559,254

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
		------ Rupees in thousands ------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in capital expenditure		(112,803)	(52,351)
Addition in intangible assets		(5,850)	-
Short term investment		(367,715)	-
Long term deposit - assets		(2,700)	-
Proceeds from sale of property, plant and equipment		1,500	662
Net cash used in investing activities		(487,568)	(51,689)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing from banking companies		(187,833)	(87,992)
Dividend paid		(24,776)	(225)
Net cash used in financing activities		(212,609)	(88,217)
Net (decrease) / increase in cash and cash equivalents		(148,180)	419,348
Cash and cash equivalents at the beginning of the year		173,403	(245,945)
Cash and cash equivalents at the end of the year	41	25,223	173,403

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Issued, subscribed and paid-up capital	Reserves				Non-Controlling Interest	Total
		Capital reserve	Revenue reserves		Sub total		
		Share Premium	Acturial loss on remeasurement of defined benefit liability	Accumulated profit			
	------- Rupees in thousands -------						
Balance as at July 1, 2020	997,181	99,718	-	2,512,111	2,611,829	870,058	4,479,068
Total comprehensive income for the year							
Profit for the year	-	-	-	242,288	242,288	24,369	266,657
Other comprehensive loss for the year	-	-	(2,166)	-	(2,166)	-	(2,166)
	-	-	(2,166)	242,288	240,122	24,369	264,491
Balance as at June 30, 2021	997,181	99,718	(2,166)	2,754,399	2,851,951	894,427	4,743,559
Balance as at July 1, 2021	997,181	99,718	(2,166)	2,754,399	2,851,951	894,427	4,743,559
Transaction with owners							
Final cash dividend of Rs. 025 per share for the year ended June 30, 2021	-	-	-	(24,930)	(24,930)	-	(24,930)
Total comprehensive income for the year							
Profit for the year	-	-	-	98,779	98,779	(12,346)	86,433
Other comprehensive loss for the year	-	-	(18,261)	-	(18,261)	-	(18,261)
	-	-	(18,261)	98,779	80,518	(12,346)	68,172
Balance as at June 30, 2022	997,181	99,718	(20,427)	2,828,248	2,907,538	882,081	4,786,801

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER CHIEF EXECUTIVE DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

1 STATUS AND NATURE OF BUSINESS

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

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

Holding Company
Thatta Cement Company Limited

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 C-1, KDA Scheme 1, Karsaz, Karachi, Pakistan. The production facility of the Holding Company comprises of 233 acres and located at Ghulamullah Road, Makli, District Thatta, Sindh.

Subsidiary Company
Thatta Power (Private) Limited

Thatta Power (Private) Limited (the Subsidiary Company) is a 62.43% owned subsidiary of the Holding Company as at June 30, 2022 (2021: 62.43%). The principal business of the Subsidiary Company is generation and sale of electric power. As at June 30, 2022, the Subsidiary Company has authorized and issued, subscribed and paid up capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (2021: 50,000,000) ordinary shares and 47,915,830 (2021: 47,915,830) ordinary shares respectively. The registered office and generation facility of the Subsidiary Company is situated at Ghulamullah Road, Makli, District Thatta, Sindh, which comprises of 3 acres.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act , 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except as disclosed in the relevant accounting policies in note 6 to the consolidated financial statements.

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

3.3 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are evaluated at each reporting date and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

Judgments and estimates made by management that are significant to the consolidated financial statements are as follows:

- depreciation method, useful lives and residual values of property, plant and equipment (notes 6.1 and 7.1);
- depreciation method, useful lives and residual values of right-of-use asset (notes 6.1 and 8);
- amortisation method, useful lives and residual values of intangibles (notes 6.2);
- provision of slow moving and obsolete stores, spares and loose tools (notes 6.5, and 11);
- allowance for expected credit losses (notes 6.20.1 and 13);
- taxation (notes 6.13 and 18);
- employee benefit obligations (notes 6.11 and 25);
- contingencies (notes 6.17 and 31.1);

3.4 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial statements are presented in Pakistani Rupees ('Rupees' or 'Rs.'), which is the Group’s functional and presentation currency.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Group's operations or do not have material impact on the financial statements other than certain additional disclosures.

	Effective date (Annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or do not have material impact on the Company's financial statements other than certain additional disclosures.

	Effective date (Annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards; and
IFRS 17 Insurance Contracts.

5 BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statement of the Holding Company and the Subsidiary Company.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

The Subsidiary is being consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiary have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of the Subsidiary Company is less than hundred percent and therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit or loss, and reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss.

The assets, liabilities, income and expenses of Subsidiary Company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the Subsidiary Company Shareholder's equity in these consolidated financial statement.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

6.1 Property, plant and equipment

a) Operating fixed assets

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

Depreciation on property, plant and equipment

Depreciation is charged using straight line method on all assets except on plant and machinery (other than utilities within plant and machinery) on which depreciation is charged by applying 'Units of Production (UoP) method'. Depreciation on addition is charged from the month when the asset is available for use and no depreciation is charged in the month of disposal when the asset is classified as 'held for sale' in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognised, whichever is earlier. Assets' residual values and useful lives are reviewed, and adjusted, if appropriate at each reporting date.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. Normal maintenance and repairs are charged to consolidated statement of profit or loss as and when incurred whereas major renewals and improvements are capitalised if criteria is met.

Disposal

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

b) Capital work-in-progress (CWIP)

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

c) Right-of-use asset and lease liabilities

The right-of-use asset is initially measured at the amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the future lease payments over the lease term, discounted using the specific incremental borrowing rate. Subsequently, lease liabilities are measured at amortised cost using the effective interest rate method.

It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

6.2 Intangible assets

a) Acquired

These are stated at cost less accumulated amortisation and impairment losses, if any.

Costs associated with maintaining computer software programme are recognised as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software (license fee) and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

Computer software and license cost treated as intangible assets are amortised from the date the software is put to use on a straight-line basis over the expected life of asset.

b) Internally generated

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses, if any. These are amortised using the straight-line basis over the useful life of asset. Amortisation on addition is charged from the month following the month in which the asset is available for use and on disposals upto the month preceding the month of disposal.

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the year in which it is incurred.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

a) completion of the intangible asset is technically feasible so that it will be available for use or sale;
b) the Group intends to complete the intangible asset and use or sell it;
c) the Group has the ability to use or sell the intangible asset;
d) the intangible asset will generate probable future economic benefits. Among other things this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or if it is to be used internally, the asset will be used in generating such benefits;
e) there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f) the expenditure attributable to the intangible asset during its development can be measured reliably.

6.3 Impairment of non-financial assets

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

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

6.4 Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition. Changes in the Company's interest in a subsidiary , except those part of the initial acquisition transaction, that do not result in a loss of control are accounted for as equity transactions.

6.5 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss account as a bargain purchase gain.

6.6 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Holding Company.

6.7 Stores, spare parts and loose tools

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

Provision of slow moving stores is made when the stores items are above seven years and not utilised. Such asset is subsequently used, the provision is reversed.

Provision for dead stores is made when stores items are not expected to be used.

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

6.8 Stock-in-trade

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

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

6.9 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. The Group is required to recognise allowance for doubtful debts on all financial assets carried at amortised cost in accordance with Expected Credit Loss (ECL) requiring to recognise the loss irrespective whether the loss event has occurred. Allowances are written off when considered irrecoverable. Due to short term nature, trade and other receivables are not discounted.

6.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balance with banks. Cash and cash equivalents also include bank overdrafts / short term financing that are repayable on demand and form an integral part of the Group's cash management.

6.11 Employees benefits

The Group's employees benefits comprise of provident fund, gratuity scheme and leave encashment for eligible employees.

6.11.1 Employee retirement benefits

a) Defined benefit plan

The Group operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the Trust Deed.

The liability recognised in respect of gratuity is the present value of the Group's obligations under the scheme at the date of consolidated statement of financial position less the fair value of plan assets, together with adjustment for unrecognised actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

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

b) Defined contribution plan

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

c) Leave encashment

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

6.12 Borrowings and finance cost

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

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

6.13 Taxation

a) Current

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

b) Deferred

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

6.14 IFRIC 23: "Uncertainty over income tax treatments"

The Group has adopted IFRIC-23 - Uncertainty over income tax treatment which clarifies how the recognition and measurement requirement of IAS-12- Income taxes are applied when there is uncertainty over income tax treatment. IFRIC-23 explains how the recognition and measurement of deferred and current income tax assets and liabilities when there is uncertainty over tax treatment .

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over income tax that will be accepted by tax authorities . IFRIC-23 applies to all aspect of income tax accounting, when there is a uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

While there are new disclosure requirements, entities are reminded of the general requirement to provide information about judgment and estimates made in preparing the unconsolidated financial statement.

The Group is already in compliance with the requirement of IFRIC-23

6.15 Trade and other payables

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

6.16 Provisions

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

6.17 Contingencies

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

6.18 Revenue recognition

Thatta Cement Company Limited

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

The Company primarily generates revenue from sale of cement and recognised when control passes to the customer at a specific point in time.

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

Interest, rentals and other incomes are recognised on accrual basis.

Thatta Power (Private) Limited

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

6.19 Financial assets and liabilities

6.19.1 Financial assets

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in consolidated statement of profit or loss.

Impairment

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

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

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

6.19.2 Financial liabilities

Financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in consolidated statement of profit or loss. Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in consolidated statement of profit or loss.

6.19.3 Offsetting of financial assets and financial liabilities

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

6.19.4 Segment reporting

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

6.19.5 Foreign currency transactions

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistan Rupees using the exchange rates prevailing on the reporting date. All exchange differences are taken into consolidated statement of profit or loss.

6.19.6 Earnings per share

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

6.19.7 Dividends and appropriations

Dividends and reserve appropriations are recognised in the period in which these are approved.

	Note	2022	2021
		------ Rupees in thousands ------	
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	3,900,987	4,055,939
Major stores and spares	7.2	68,815	67,062
Capital work in progress	7.3	62,730	27,780
		4,032,532	4,150,781

7.1 Operating fixed assets

Description	Freehold land	Leasehold improvements	Quarries and improvements	Factory building on freehold land	Electrical and gas installations	Housing colonies	Office building on freehold land	Cooling towers	Plant and machinery	Quarry equipments	Railway sidings	Vehicles	Furniture and fixtures	Office equipments	Medical equipment	Laboratory equipment	Computer equipments	Total
	------ Rupees in thousands ------																	
Year ended June 30, 2022																		
Net carrying value basis																		
Opening net book value	6,422	-	117	315,883	33,544	12,865	2,762	29,404	3,620,644	205	514	5,075	1,740	6,466	-	19,715	583	4,055,939
Additions	-	6,459	-	-	38,250	-	-	-	23,584	-	-	2,199	252	2,005	-	-	3,044	75,793
Deletions-NBV	-	-	-		-	-	-	-	-	-	-	-	-	110	-	-	-	110
Depreciation charge	-	108	9	21,153	3,772	990	212	5,126	188,482	88	172	2,582	553	1,810	-	5,069	509	230,635
Closing net book value	6,422	6,351	108	294,730	68,022	11,875	2,550	24,278	3,455,746	117	342	4,692	1,439	6,551	-	14,646	3,118	3,900,987
Gross carrying value basis																		
Cost/revalue	6,422	9,044	11,963	636,481	97,515	74,096	22,281	73,235	5,683,014	19,296	14,905	69,340	11,853	20,702	629	72,589	24,833	6,848,198
Accumulated depreciation	-	2,693	11,855	341,751	29,493	62,221	19,731	48,957	2,227,268	19,179	14,563	64,648	10,414	14,151	629	57,943	21,715	2,947,211
Net book value	6,422	6,351	108	294,730	68,022	11,875	2,550	24,278	3,455,746	117	342	4,692	1,439	6,551	-	14,646	3,118	3,900,987
Year ended June 30, 2021																		
Net carrying value basis																		
Opening net book value	6,422	-	126	337,036	36,104	13,855	2,974	34,530	3,787,685	293	686	5,483	2,349	8,621	1	23,886	830	4,260,881
Additions during the year	-	-	-	-	-	-	-	-	15,103	-	-	3,042	-	-	-	820	113	19,078
Deletions- NBV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments- NBV	-	-	-	-	-	-	-	-	391	-	-	-		336	-	-	-	727
Depreciation charge	-	-	9	21,153	2,560	990	212	5,126	181,753	88	172	3,450	609	1,819	1	4,991	360	223,293
Closing net book value	6,422	-	117	315,883	33,544	12,865	2,762	29,404	3,620,644	205	514	5,075	1,740	6,466	-	19,715	583	4,055,939
Gross carrying value basis																		
Cost/revalue	6,422	2,585	11,963	636,481	59,265	74,096	22,281	73,235	5,659,430	19,296	14,905	67,142	11,601	18,807	629	72,589	21,789	6,772,516
Accumulated depreciation	-	2,585	11,846	320,598	25,721	61,231	19,519	43,831	2,038,786	19,091	14,391	62,067	9,861	12,341	629	52,874	21,206	2,716,577
Net book value	6,422	-	117	315,883	33,544	12,865	2,762	29,404	3,620,644	205	514	5,075	1,740	6,466	-	19,715	583	4,055,939
7.1.1 Depreciation rates Per alum	-	20%	5%	10%	4%-5%	5%	5%	7%	*Uop	20%	10%	20%	10%	10%	10%	10%	30%	

7.1.2 The adjustment represents write off of certain items of operating fixed assets that have been taken out from active use as they are no longer usable and are in unserviceable condition.

7.1.3 Allocation of depreciation

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

	Note	2022	2021
		------ Rupees in thousands ------	
Cost of sales	33	228,276	220,661
Selling and distribution expense	34	500	788
Administrative expenses	35	1,859	1,844
		230,635	223,293

* uop = units of production

7.1.4 The immoveable property of the Company comprises of 233 acres of land is located at Ghulamullah Road, Makli, District Thatta, Sindh.

7.1.5 Significant operating fixed assets of Cement production lines and power generation units, other than disclosed in note 7.1, inter alia, also includes following.

Crusher
Raw mill
Coal mill
Kiln
Slag mill
Cement mill
Packing Plant

7.2 Major stores and spares

	Note	2022	2021
		------ Rupees in thousands ------	
Net carrying value basis			
Net carrying value as at July 01,		109,203	103,710
Additions during the year		18,048	11,001
Transferred during the year		(15,988)	(5,508)
		111,263	109,203
Impairment charge for the year		(42,448)	(42,141)
Net carrying value as at June 30,		68,815	67,062

7.2.1 Accumulated impairment

	2022	2021
Balance as at July 01,	(42,141)	(38,919)
Impairment charge for the year	(307)	(3,222)
Balance as at June 30,	(42,448)	(42,141)
Gross carrying value basis		
Cost	111,263	109,203
Accumulated impairment	(42,448)	(42,141)
Net carrying value	68,815	67,062

7.3 Capital work in progress

Description	Solar panel project (536 KWH)	Solar Panel System (1 MWH)	Karsaz Head office -	Makli Shed Extension -	Cement Silo -	Total
	------ (Rupees in thousands) ------					
Balance as at July 01, 2021	27,780	-	-	-	-	27,780
Capital expenditures incurred during the year	7,769	54,873	9,915	565	7,292	80,414
Tranferred to property, plant, and equipment	(35,549)	-	(9,915)	-	-	(45,464)
Balance as at June 30, 2022	-	54,873	-	565	7,292	62,730
Balance as at July 01, 2020						
Capital expenditures incurred during the year	27,780	-	-	-	-	27,780
Tranferred to property, plant, and equipment	-	-	-	-	-	-
Balance as at June 30, 2021	27,780	-	-	-	-	27,780

8 Right-of-use Asset

The carrying amount of right-of-use assets recognised and the movement during the year are as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Net carrying value basis			
Balance as at July 01,		-	-
Addition during the year		45,197	-
Depreciation charged	8.2	(3,013)	-
Balance as at June 30,		42,184	-
Gross carrying value basis			
Cost		45,197	-
Accumulated amortisation		(3,013)	-
Net book value		42,184	-
Depreciation rate per annum		20%	-

8.1 The Holding Company has entered into a lease agreement during the year for an office building used as head office. The Holding Company intends to use the office for the next five years. Accordingly, Holding Company has account the right-of-use assets on five years.

8.2 Depreciation charged on right-of-use assets has been allocated to administrative expenses amounting to Rs. 3.013 million (2021: nil).

	Note	2022	2021
		------ Rupees in thousands ------	

9 INTANGIBLES

Movement during the year is as follows:

	Note	2022	2021
ERP Software			
Net carrying value basis			
Opening net book value (NBV)		-	-
Addition during the year		5,850	-
Amortization		(585)	-
Closing net book value (NBV)		5,265	-
Gross carrying value basis			
Cost		5,850	-
Accumulated amortization		(585)	-
Net book value		5,265	-
Amortization rate per annum		20%	-

9.1 During the year the Holding Company has purchased ERP software. Amortization charged on ERP software has been allocated to administrative expenses (note 35) amounting to Rs. 0.585 million (2021: nil).

	Note	2022	2021
		------ Rupees in thousands ------	

10 LONG TERM DEPOSITS

	Note	2022	2021
Long term deposits	10.1	3,796	1,096

10.1 Long term deposits are given in the normal course of business and do not carry any interest or mark-up. Deposits are carried at nominal value as impact of amortisation is not material in respect of these Financial Statements.

	Note	2022	2021
		------ Rupees in thousands ------	

11 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2022	2021
Coal and other fuels		96,606	23,288
Stores and spare parts		250,068	240,481
Loose tools		107	109
		346,781	263,878
Provision for obsolete stores		(3,843)	(3,843)
Provision for slow moving stores and spares		(44,750)	(29,531)
	11.1	(48,593)	(33,374)
		298,188	230,504

11.1 Movement in provision

	Note	2022	2021
Balance as at July 01,		(33,374)	(28,348)
Provision recognized during the year	33	(15,219)	(5,026)
Balance as at June 30,		(48,593)	(33,374)

		Note	2022	2021
			------ Rupees in thousands ------	
12	STOCK-IN-TRADE			
	Raw material	33.1	14,957	13,938
	Packing material	33.2	73,526	44,473
	Work-in-process	33	417,628	329,838
	Finished goods	33	59,620	43,279
			565,731	431,528
13	TRADE DEBTS			
	Considered good			
	Local - unsecured	13.1 & 13.2	1,552,350	1,139,897
	Considered doubtful			
	Local - unsecured	13.3	74,210	78,890
			1,626,560	1,218,787
	Allowance for expected credit losses	13.5	(75,107)	(78,890)
			1,551,453	1,139,897
13.1	The aging of local unsecured balances at the reporting date is as follows:			
	Within 30 days		117,217	118,690
	Past due from 31 to 60 days		100,979	67,569
	Past due from 61 to 90 days		183,424	38,989
	Past due for more than 180 days		157,470	101,399
	Past due for more than 360 days		1,067,470	892,140
			1,626,560	1,218,787

13.2 These include Rs. 997.165 million (2021: Rs. 937.850 million) which are disputed with Hyderabad Electric Supply Company ('HESCO') on grounds of tariff differential amount and subsequent deductions / adjustments made at the time of payment to the Subsidiary Company by the HESCO. In respect of which both parties i.e. the Subsidiary Company and HESCO are under litigation. The brief details of the matter are as under;

The Honorable High Court of Sindh has disposed the petition filed by the Subsidiary Company with the direction to HESCO to pay Thatta Power (Private) Limited (TPPL) against purchase of electricity as per the rates stipulated in Power Purchase Agreement (PPA) until 01-02-2012 and thereafter on the reduced rates determined by NEPRA. In view of the adverse order and according to the advice of the legal counsel the Subsidiary Company has filed an appeal before the Supreme Court of Pakistan against the order passed by the High Court of Sindh. Consequently, HESCO and NEPRA have also filed appeals before the Supreme Court of Pakistan against the same order, which are pending for adjudication.

Moreover, the Subsidiary Company has resumed power supply to HESCO from January, 2017 and generating monthly invoice for supply of electricity as per tariff stipulated in PPA, whereas HESCO is paying the monthly invoice on the basis of tariff determined by NEPRA and as at year end the Subsidiary Company is liable to pay/get adjusted Rs. nil (2021: Rs. 54.315) million from the subsequent invoices of the Subsidiary Company.

Moreover, after the promulgation of the Sindh New Captive Power Plants Subsidy Act 2017, the Government of Sindh is providing tariff differential support i.e. difference between tariff as per PPA and tariff determined by NEPRA, to the captive power plants and the Subsidiary Company has accordingly received total subsidy of Rs. 269.741 million. The Subsidiary Company has not received tariff differential subsidy after March 2018.

However, as the matter is pending before the Supreme Court and the legal advisor expects a successful outcome of the case. Therefore, the management strongly feels that under the terms of the PPA, the above amount of Rs 902.666 million is likely to be recovered by the Company. Further, Receivable from HESCO are secured to the extent of Rs.286.71 million (2021: Rs.286.71 million) against Stand by Letter of Credit (SBLC) issued by National Bank Of Pakistan.

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

13.4 This includes balances amounting to Rs. 74.210 million (2021: Rs. 74.210 million) outstanding for more than ten years. Management contends that the amount recoverable from cement stockist were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company whose services had been terminated, when the Company was operating under State Cement Corporation of Pakistan (SCCP). Accordingly, Management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs.2.276 million in preceding years. The Company is continuously following with NAB officials for early realization of amount owed to the Company and has also written letters in this regard for which reply has not yet been received, therefore, provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

		Note	2022	2021
			------ Rupees in thousands ------	
13.5	Allowance for expected credit losses			
	Balance as at July 01,		78,890	75,107
	Allowance for expected credit losses		-	3,783
	Reversal for expected credit losses		(3,783)	-
	Balance as at June 30,		75,107	78,890
14	ADVANCES			
	Considered good - unsecured			
	To vendors	14.1 & 14.2	84,517	32,562
	Others		271	132
			84,788	32,694

	Note	2022	2021
		------ Rupees in thousands ------	

14.1 Movement during the year are as follows,

Balance as at July 01,		32,562	35,696
Advance received during the year		106,215	1,963,231
		138,777	1,998,927
Charged to profit or loss		(54,260)	(1,966,365)
Balance as at June 30,		84,517	32,562

14.2 The Subsidiary Company has applied for exemption against deduction of advance tax amounting to Rs. 26.203 million on import of plant & machinery for Waste Heat Recovery Project before the Commissioner Inland Revenue, which was rejected by the CIR. Thereafter the Subsidiary Company filed a revision application on the order passed by CIR, which was also rejected by the Chief Commissioner Inland Revenue. Subsequently, the Subsidiary Company filed a Constitutional Petition D-8047 of 2018 before the Honorable High Court of Sindh. The Honorable High Court of Sindh has passed an interim Order on September 21, 2018 with the direction to deposit pay order amounting to Rs. 26.203 million as security and instruct collector of Customs to release the consignment of the Subsidiary Company. The case is pending for further adjudication. Therefore, this balance of Rs. 26.203 million (2021: Rs. 26.203 million) is treated as advance payment by the Subsidiary Company as it believes that the same will be recovered.

	Note	2022	2021
		------ Rupees in thousands ------	

15 DEPOSITS AND PREPAYMENTS

Deposits	15.1	1,933	10,185
Deposit with Commissioner Workmen's Compensation		-	14,915
Prepayments	15.2	4,231	2,959
		6,164	28,059

15.1 This includes earnest money amount to Rs. 0.3 million (2021: 0.4 million) and others, given in the normal course of business. These do not carry any interest or mark-up.

	Note	2022	2021
		------ Rupees in thousands ------	

15.2 Movement during the year are as follows;

Balance as at July 01,		2,959	4,829
Addition during the year		73,967	42,712
Advance utilized during the year		(72,695)	(44,582)
Balance as at June 30,		4,231	2,959

16 SHORT TERM INVESTMENT

Investment in Term Deposit Receipt (TDR)	16.1	673,715	306,000

16.1 The term deposit is placed for a period of one year at the rate of ranging from 6% to 14.5% (2021: 8.50% to 11%) per annum and the term deposits of Subsidiary Company has been pledged against the bank guarantee issued to Sui Southern Gas Company Limited by National Bank of Pakistan on behalf of Subsidiary Company.

		Note	2022	2021
			------ Rupees in thousands ------	
17	OTHER RECEIVABLES AND ACCRUED MARKUP			
	Interest receivable from banks		244	359
	Others		2,772	1,680
			3,016	2,039
18	TAXATION - NET			
	Advance Income Tax		12,539	17,107
	Provision		(55,876)	(33,070)
	Income tax refundable	18.1	237,921	263,295
			194,584	247,332

18.1 This includes an amount of Rs. 190.985 million (2021: 263.295 million) representing tax refundable for the tax years 2015, 2016, 2017, 2018, 2019, 2020 and 2021.

		Note	2022	2021
			------ Rupees in thousands ------	
19	CASH AND BANK BALANCES			
	Cash in hand		3,456	3,005
	Cash at bank			
	Current account	19.1	3,041	253,083
	Profit and loss sharing (PLS) accounts	19.2	231,018	77,861
		19.3	234,059	330,944
			237,515	333,949

19.1 This includes unpaid dividend by Holding Company amounting to Rs. 1.972 million (2021: 1.814 million) kept in a separate bank account.

19.2 During the year, the profit rates on PLS accounts ranges from 5.5% to 13% (2021: 6% to 6.5%) per annum.

19.3 It includes restricted funds of Rs. 1.8 Million (2021: Rs. 15.8 Million) maintained by the Subsidiary Company in various project accounts at National Bank of Pakistan as a covenant of syndicated term finance agreement. The funds are to be used strictly in accordance with the terms of financing agreements.

20 SHARE CAPITAL

2022	2021		2022	2021
------ Number of Shares ------			------ Rupees in thousands ------	
Authorized share capital				
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000	2,000,000
Issued, subscribed and paid-up share capital				
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each shares allotted for consideration paid in cash	894,181	894,181
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each shares allotted for consideration other than cash	103,000	103,000
99,718,125	99,718,125		997,181	997,181

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

21 RESERVES

	Note	2022	2021
		------ Rupees in thousands ------	
Capital Reserve			
Share premium	21.1	99,718	99,718
Revenue Reserve			
Unappropriated profit		2,828,249	2,754,399
Actuarial gain on remeasurement of defined benefit liability		(20,427)	(2,166)
		2,907,539	2,851,951

21.1 This reserve can be utilised by the Group only for the purpose specified in section 81 of the Companies Act, 2017

22 LONG TERM FINANCING

	Note	2022	2021
		------ Rupees in thousands ------	
Loan from banking companies - secured			
Syndicated term finance facility II		866,899	1,049,905
		866,899	1,049,905
Less: Current maturity		(313,056)	(250,444)
		553,843	799,461

22.1 This syndicated term finance facility-II obtained by Subsidiary Company from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited and Summit Bank Limited. The facility carried a floating mark-up linked to 3 months KIBOR as base rate plus 2.5% on annualized basis. The tenure of financing was 6 years including grace period of 18 months and the facility was payable in 18 equal quarterly installments of Rs. 62.61 million started from April 2020.

The syndicated term finance facility provided by the syndicate of banks is secured by first joint pari passu charge by way of hypothecation on all present and future moveable and immoveable fixed assets (other than land and Building), mortgage over all present and future immoveable assets including land and building, first joint pari passu hypothecation charge on current assets, lien over import documents, assignment over receivables and insurance policies and pledge of Subsidiary Company's shares owned by the Holding Company.

22.2 This syndicated term finance facility-II obtained by Subsidiary Company from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited and Summit Bank Limited. The facility carried a floating mark-up linked to 3 months KIBOR as base rate plus 2.5% on annualized basis. The tenure of financing was 6 years including grace period of 18 months and the facility was payable in 18 equal quarterly installments of Rs. 62.61 million.

However, the Subsidiary Company has been granted deferment of principal installment for further one year under State Bank's Banking Policy and Regulatory Department (BPRD) circular letter no. 13 of 2020 by member banks of this syndicate facility-II. As per the revised terms the 1st installment of principal was repayable from April 2021 and the Subsidiary Company has repaid the first principal. There are no other changes in the terms of revised agreement.

The syndicated term finance facility-II provided by the syndicate of banks is secured by first joint pari passu charge by way of hypothecation on all present and future moveable and immoveable fixed assets (other than land and Building), mortgage over all present and future immoveable assets including land and building, first joint pari passu hypothecation charge on current assets.

	Note	2022	2021
		------ Rupees in thousands ------	
23 LEASE LIABILITY			
Balance as at July 01,		-	-
Addition during the year		45,197	-
		45,197	-
Repayments during the year		(2,978)	-
Balance as at June 30,		42,219	-
Less: Current portion of lease liability		(6,493)	-
Non current portion of lease liability		35,726	-
24 LONG TERM DEPOSITS			
Dealers	24.1	2,110	2,110
Suppliers and contractors	24.2	681	681
		2,791	2,791

24.1 These relate to dealers against whom recovery proceedings are in process with National Accountability Bureau (NAB) and are adjustable against the amount owed by them to the Company (refer note 13.2).

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

	Note	2022	2021
		------ Rupees in thousands ------	

25 EMPLOYEE BENEFITS

	Note	2022	2021
Leave encashment	25.1	18,589	15,113
Gratuity fund payable	25.2	32,315	16,168
		50,904	31,281
Current liability:			
Gratuity fund payable		(32,315)	(16,168)
		18,589	15,113

25.1 This represents accrual for encashment of eligible earned leave balances in respect of permanent employees. Principal actuarial assumptions used for determining leave encashment liability are same as are used for gratuity actuarial valuation as disclosed in note 25.4.

25.2 The Group operates an approved funded gratuity scheme covering all permanent employees. Principal actuarial assumptions used for determining gratuity fund liability are disclosed in note 25.9.

25.3 The amount recognized as liability in the consolidated statement of financial position is as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Present value of defined benefit obligation	25.4	18,589	14,804
Benefits due but not paid (payables)		-	309
Closing net liability		18,589	15,113

25.4 Movement in present value of defined benefit obligation

	Note	2022	2021
Balance as at July 01,		14,804	15,792
Current service cost	25.5	1,520	1,071
Interest cost	25.5	1,416	1,251
Benefits due but not paid (payables)		(9)	(309)
Benefits paid		(1,283)	(1,844)
Remeasurement gain due to change in experience adjustments	25.5	2,141	(1,157)
Balance as at June 30,		18,589	14,804

25.5 The amount recognized in consolidated statement of profit or loss is as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Current service cost	25.4	1,520	1,071
Gain / (Loss) arising on present value of defined benefit obligation	25.4	2,141	(1,157)
Interest cost on defined benefit obligation	25.4	1,416	1,251
	25.6	5,077	1,165

	Note	2022	2021
		------ Rupees in thousands ------	

25.6 Movement in liabilities

	Note	2022	2021
Balance as at July 01, (net liability)		15,113	15,963
Charge for the year	25.5	5,077	1,165
Benefits paid		(1,601)	(2,015)
Balance as at June 30, (net liability)		18,589	15,113

25.7 Sensitivity analysis (± 100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	--------------------- Rupees in thousands ---------------------			
2022	17,258	20,141	20,117	17,258
2021	13,754	16,034	16,014	16,754

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

	Note	2022	2021
		------ Rupees in thousands ------	
Cost of sales		3,407	780
Selling and distribution expense		233	53
Administrative expenses		1,437	332
		5,077	1,165

25.9 Payable to Gratuity Fund

Principal actuarial assumptions used in the actuarial valuation of the gratuity fund (the scheme) carried out under Projected Unit Credit (PUC) Actuarial Cost Method as at June 30, 2022 are as follows:

Discount rate used for year end obligation is 13.25 % per annum (2021: 10% per annum).

Discount rate used for interest cost in unconsolidated statement of profit or loss charge is 10% per annum (2021: 8.5 % per annum)

Expected rate of increase in salary level at 12.25 %per annum (2021: 9% per annum).

Mortality rate used is SLIC 2001-2005 (2021: SLIC 2001-2005).

25.9.1 The amount recognized in the consolidated statement of financial position is as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Present value of defined benefit obligation	25.9.2	129,263	100,019
Fair value of plan assets	25.9.3	(96,948)	(83,851)
Closing net liability		32,315	16,168

	Note	2022	2021
		------ Rupees in thousands ------	
25.9.2 Movement in present value of defined benefit obligation			
Balance as at July 01, (net liability)		100,019	90,172
Current service cost		13,323	12,621
Interest cost		9,582	7,174
Benefits paid		(6,859)	(9,269)
Benefits due but not paid		(1,529)	(2,309)
Remeasurement loss due to change in experience adjustments	25.9.6	14,727	1,630
Balance as at June 30, (net liability)		129,263	100,019
25.9.3 Movement in the fair value of plan assets			
Balance as at July 01,		83,850	55,377
Expected return / interest income on plan assets	25.9.7	8,851	5,792
Contribution		16,168	34,795
Benefits paid		(6,859)	(9,269)
Benefit due but not paid		(1,529)	(2,309)
Return on plan assets excluding interest income	25.9.6	(3,533)	(536)
Balance as at June 30,	25.9.9	96,948	83,850
25.9.4 Movement in liabilities			
Balance as at July 01, (net liability)		16,168	34,795
Charge for the year	25.9.5	14,055	14,001
Remeasurement chargeable in other comprehensive income		18,261	2,166
Contribution		(16,168)	(34,795)
Balance as at June 30, (net liability)		32,316	16,168
25.9.5 The amount recognized in consolidated statement of profit or loss is as follows:			
Current service cost		13,323	12,621
Interest cost		9,583	7,172
Expected return / interest income on plan assets		(8,851)	(5,792)
	25.9.4	14,055	14,001
25.9.6 The amount recognized in consolidated statement of other comprehensive income is as follows:			
Remeasurement loss due to changes in assumption and experience adjustments	25.9.2	14,727	1,630
Return on plan assets excluding interest income	25.9.3	3,533	536
		18,260	2,166
25.9.7 Return on plan assets is as follows:			
Expected return / interest income on plan assets	25.9.3	8,851	5,792
Return on plan assets excluding interest income	25.9.3	(3,533)	(536)
		5,318	5,256

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

	2022	2021	2020	2019	2018
	Rupees in thousands				
Present value of defined benefit obligation	(129,263)	(100,019)	(90,172)	(93,877)	(79,230)
Fair value of plan assets	96,948	83,851	55,377	72,654	59,246
Deficit	(32,315)	(16,168)	(34,795)	(21,223)	(19,984)

25.9.9 Disaggregation of fair value of plan assets

The fair value of the plan assets at the reporting date for each category is as follows:

	Note	2022	2021
		Rupees in thousands	
Cash and cash equivalents (adjusted for current liabilities)		54,027	(1,178)
Mutual Islamic funds		43,071	45,029
Certificate of Islamic investments		(150)	40,000
	25.9.3	96,948	83,851

25.9.10 Sensitivity analysis (± 100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	Rupees in thousands			
2022	122,178	137,329	137,538	121,867
2021	94,513	106,303	106,468	942,267

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

	Note	2022	2021
		Rupees in thousands	
Cost of sales	33	10,056	10,025
Selling and distribution expense	34	584	737
Administrative expenses	35	3,415	3,239
		14,055	14,001

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

	Note	2022	2021
		------ Rupees in thousands ------	

26 DEFERRED TAXATION

	Note	2022	2021
Taxable temporary differences arising in respect of			
Accelerated tax depreciation		347,314	351,855
Deductible temporary differences arising in respect of			
Other provisions - for doubtful debts and stores		(47,058)	(44,138)
Minimum tax	26.1	(21,897)	-
	26.2	278,359	307,717

26.1 The utilization of the deferred tax asset is depended on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

26.2 Movement in deferred tax

	Opening balance	Charge / (adjustment) to profit or loss for the year	Closing balance
	------ Rupees in thousands ------		
2022			
Deferred tax liabilities			
Accelerated tax depreciation	351,855	(4,541)	347,314
Deferred tax asset			
Other provisions - for doubtful debts and stores	(44,138)	(2,920)	(47,058)
Minimum tax	-	(21,897)	(21,897)
	307,717	(29,358)	278,359
2021			
Deferred tax liabilities			
Accelerated tax depreciation	349,349	2,506	351,855
Deferred tax asset			
Other provisions - for doubtful debts and stores	(40,608)	(3,530)	(44,138)
Minimum tax	(23,591)	23,591	-
	285,150	22,567	307,717

27 TRADE AND OTHER PAYABLES

	Note	2022	2021
		------ Rupees in thousands ------	
Trade creditors		505,494	72,026
Accrued liabilities		67,909	125,338
Bills payable		-	181,252
Contract liability	27.1	711,660	34,842
Excise duty and sales tax payable	27.2	19,565	75,203
Payable to Provident Fund	25.10.1	-	1,531
Workers' Profit Participation Fund	27.3	47,999	54,215
Workers' Welfare Fund	27.4	18,829	18,757
Sales tax payable		9,693	6,677
Other liabilities		7,847	7,977
		1,388,996	577,818

		Note	2022	2021
			------ Rupees in thousands ------	
27.1	**Contract liability**			
	Balance as at July 01,		34,842	34,540
	Advance received		1,269,606	648,511
			1,304,448	683,051
	Charged to profit or loss		(592,788)	(648,209)
	Balance as at June 30,		711,660	34,842
27.2	**Excise duty and sales tax payable**			
	Balance as at July 01,		75,203	33,795
	Allocation for the year		1,111,394	887,936
			1,186,597	921,731
	Payments made during the year		(1,167,032)	(846,528)
	Balance as at June 30,		19,565	75,203
27.3	**Workers' Profit Participation Fund (WPPF)**			
	Balance as at July 01,		54,215	39,656
	Charge for the year	36	8,343	14,559
	Interest on opening balance		333	-
			62,891	54,215
	Payments made during the year		(14,892)	-
	Balance as at June 30,		47,999	54,215
27.4	**Workers' Welfare Fund**			
	Balance as at July 01,		18,757	15,069
	Allocation for the year		3,760	3,688
			22,517	18,757
	Payments made during the year		(3,688)	-
	Balance as at June 30,		18,829	18,757
28	**Unclaimed dividend**		1,972	1,814

Includes unclaimed dividend amounting to Rs. 1.735 million (2021: Rs. 0.921 million) outstanding for more than 3 years from the date of declaration. Such unclaimed dividend is payable to the Federal Government as per the Companies Act, 2017 subject to fulfilment / clarification on certain pre-conditions specified in the Companies Act, 2017.

		Note	2022	2021
			------ Rupees in thousands ------	
29	**ACCRUED MARK-UP**			
	Syndicated term finance facility		60,960	25,368
	Short term borrowing		6,738	3,080
			67,698	28,448
30	**SHORT TERM BORROWINGS**			
	Short-term running finance (secured)	30.1	212,292	160,546

30.1 The aggregate running finance facilities available from banks to the Holding Company as at June 30, 2022 amounting to Rs. 400 million (2021: Rs. 500 million) out of which Rs. 255.728 million (2021: Rs. 189.603 million) remained unutilized at the year end. The facilities aggregating to Rs. 300 million are secured by way of first pari passu charge over current assets and ranking charge on fixed assets with 25% margin. The remaining facilities aggregating to Rs. 100 million are secured by way of first pari passu hypothecation charge over all plant and machinery and ranking hypothecation charges over all current assets with 25% margin. These facilities are renewable annually and carry mark-up at 3-months KIBOR plus ranging from 1.5% - 3% per annum (2021: 3-months KIBOR plus 1.25% - 3% per annum).

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

Holding Company

31.1.1 In the year 2013-14, the Additional Commissioner Inland Revenue - (ACIR) issued assessment order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances and additions in taxable income thereby raising a tax demand of Rs. 2.787 million in respect of Tax Year 2008. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A). The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.2 In respect of tax periods from July 2012 to December 2014, an Order in Original (ONO) has been issued by an Officer of Sales Tax in 2014-15 against the Company raising a demand of Rs. 244.274 million which is mainly based on comparison of industry average for fuel and power consumption with that of the Company and thereby presuming the production quantities which in the view of tax authorities have not been subject to Sales Tax and Federal Excise Duty. Accordingly, the Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by Officer of Sales Tax, however CIR-A decided the case against the Company. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A.

Moreover, recovery proceedings were also initiated by tax authorities in the matter for an aggregate demand amount of Rs 488.548 million including 100% penalty on the principal amount as aforesaid. Therefore, the Company filed a stay application against the said aggregate demand before Sindh High Court. The Sindh High Court has allowed ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect. During 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Company. During 2018, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by Appellate Tribunal Inland Revenue in favor of the Company. The matter is pending for adjudication. In view of Company's legal counsel, the case is sound in law; however, an outcome cannot be predicted with any degree of certainty. Hence, no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

31.1.3 During 2018, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Company in respect of tax periods from July 2013 to August 2017 raising a demand of Rs. 56.632 million by disallowing certain input tax claimed by the Company in its sales tax returns for the aforesaid tax periods. The Company has filed an appeal on March 28, 2018 against the ONO passed by DCIR before Commissioner Inland Revenue - Appeals (CIR-A). The appeal has been decided in favor of the Company. The Commissioner Inland Revenue has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) in favor of the Company. The matter is pending for adjudication. The Company is confident based on its legal opinion that decision will come in its favour, hence no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

31.1.4 During 2018, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001 (the Ordinance) in respect of tax year 2017 raising a tax demand of Rs. 94.670 million including default surcharge and penalty aggregating to Rs 15.208 million on the ground that Company has not deducted applicable withholding taxes while making payments for purchases and certain expenses and hence, made default under section 161/205 of the Ordinance. The Company has filed an appeal on May 4, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by DCIR. The CIR-A has passed an order in favor of the Company. However, Commissioner Inland Revenue has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue - Appeals (CIR-A) passed in favor of the Company. The Company is confident based on its legal opinion that decision will come in its favour, hence no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

31.1.5 During 2019, Assistant Commissioner Inland Revenue (ACIR) has passed an order under section 122(1) of the Income Tax Ordinance, 2001 (the Ordinance) in relation to tax audit conducted under section 177 of the Ordinance, in respect of tax year 2016. Through the said order, ACIR has disallowed deduction of certain expenses, deductible allowance of WPPF and tax credit claimed under section 65B of the Ordinance amounting to Rs 28.497 million, Rs 35.768 million and Rs 16.915 million respectively. The Company has filed an appeal on September 13, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by ACIR. While deciding the appeal, CIR-A has allowed deduction of Rs 28.497 million whereas deduction allowance of WPPF and tax credit under section 65B were upheld by CIR-A. Therefore, the Company has filed an appeal on November 12, 2018 before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A on the said disallowances which is pending for hearing. In view of Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these unconsolidated financial statements. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

31.1.6 Deputy Commissioner Inland Revenue (DCIR) issued an order-in-original (ONO) dated June 28, 2019 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 and penalty) by disallowing certain input tax claimed by the Company in its sales tax return for the aforesaid tax period. The Company filed an appeal before Commissioner Inland Revenue-Appeals (CIR-A) against ONO issued by DCIR. While deciding appeal, CIR-A has deleted the disallowances of input tax amounting to Rs. 7.086 million and confirmed disallowance amounting to Rs. 0.011 million. The Department has filed an appeal against the CIR-A's Order before the Appellate Tribunal Inland Revenue Karachi. The case is not yet fixed for hearing. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in unconsolidated financial statements for the year ended June 30, 2022.

31.1.7 Showcause notice u/s 122 (5A) of the Income Tax Ordinance, 2001 dated February 15, 2019 was issued by Additional Commissioner Inland Revenue (ACIR) Zone II, LTU containing observations relating to self-assessment order u/s 120 of the Income Tax Ordinance, 2001 for the tax year 2017. The Company explained observations and attended hearings from time to time. However, learned ACIR passed Amended Assessment Order dated July 02, 2019 raising a demand of 34.094 million by disallowing certain expenses and tax credits. Such disallowances include fuel adjustment of Rs. 3.678 million, reduction in broad forward f tax credit u/s 65B of Income Tax Ordinance, 2001 (the Ordinance) relating to tax year 2016 and disallowance of Workers Profit Participation Fund contribution. Management of the Company has filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). The CIR-Appeals annulled the assessment order vide his order no. 18 dated September 06, 2019.

On November 21, 2019, ACIR issued notice to the company for further clarification / explanation regarding fuel adjustment, WPPF and WWF to pass the appeal effect order. The management of the Company provided the required clarification/explanation, however, appeal effect order has not yet been passed by ACIR.

31.1.8 On September 05, 2019, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Company in respect of Sales tax audit for the tax period from July 2018 to December 2019 raising a demand of Rs. 0.150 million including default surcharge and penalty by disallowing certain input tax amounting to Rs. 0.143 million claimed by the Company in its sales tax returns for the aforesaid tax period. The Company filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A) against the said order. Based on the appeal by the Company, CIR(A) vide his order STA/402/LTO/2021/26 dated June 17, 2021 remanded back the case to DCIR. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.9 The Deputy Commissioner Inland revenue (DCIR) has issued showcause notice dated September 05, 2019 to the Company for the Periods July 2018 to June 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 said period. 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. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.10 Deputy Commissioner Inland Revenue (DCIR) issued showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance), 2001 dated April 22, 2021 to conduct the audit of Income tax affairs of company under section 177 of Income Tax Ordinance, 2001 (the Ordinance), for the Tax Year 2019. The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 22, 2021 by raising a tax demand of Rs. 516.55 million by making certain allowances and additions to the taxable income as reported in the income tax return of that year. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). Hearings in the case were attended from time to time and the case is reserved for order. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.11 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 24, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) to conduct the audit of income tax affairs under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2020. The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 24, 2021 by raising a tax demand of Rs. 46.43 million by making certain allowances and additions to the taxable income as reported in the income tax return of that year. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). Hearings of the case were attended from time to time and the case is reserved for order. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.12 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 26, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) Zone II, LTU to conduct the audit of income tax affairs of company under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2017.

The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 28, 2021 by making certain allowances and additions amounting to the taxable income as reported in the income tax return of the said year. Resultantly, tax refunds of the Company for the said year have been reduced by 5.15 million. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.13 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 26, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) Zone II, LTU to conduct the audit of income tax affairs of company under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2018. The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 28, 2021 by making certain allowances and additions amounting to the taxable income as reported in the income tax return of the said year. Resultantly, tax refunds of the Company for the said year have been reduced by 4.75 million. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). Hearings of the case were attended from time to time and the case is reserved for order. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.14 The Deputy Commissioner Inland Revenue (DCIR) has issued Assessment Order dated June 30, 2021 for the period July 01, 2015 to June 30, 2016 raising an aggregate sales tax demand for Rs. 122.97 million by disallowing certain input tax claimed by the Company in its sales tax return for the said tax period . The Company filed appeal against such Assessment Orders before Commissioner Inland Revenue (CIR-A) against the said order. Based on the appeal by the Company, CIR(A) vide his order STA/28/LTO/2021/45 dated February 28, 2022 remanded back the case to DCIR for de-novo proceedings by eliminating the entire tax demand of Rs. 122.97 million. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.15 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice dated May 18, 2021 regarding Sales Tax Audit of the Company u/s 25 and 46 of the Sales Tax Act, 1990 and Federal Excise Act, 2005 respectively for the tax period from July 01, 2016 to June 30, 2017. The DCIR disallowed input tax amounting to Rs. 93.28 million on some taxable purchases and services received by the Company for the purpose of business during the period from July 01, 2016 to June 30, 2017. In response to show cause notice, the Company attended hearings from time to time and provide documents, explanations and supporting evidences.

However, the DCIR has passed an assessment order no. 13/51/2021-2022 on September 02, 2021 disallowing input tax to the extent of Rs. 5.41million. The Company filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. CIR(A) vide his order no. STA/172/LTO/2022/13 dated July 22, 2022 decided the case against the Company by confirming disallowance of input tax and default surcharge on advance from customers amounting to Rs. 5.04 million. The Company intends to file an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.16 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice dated May 18, 2021 regarding Sales Tax Audit of the Company u/s 25 and 46 of the Sales Tax Act, 1990 and Federal Excise Act, 2005 respectively for the tax period from July 01, 2018 to June 30, 2019. DCIR disallowed input tax amounting to Rs. 62.11 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 show cause notice, the Company attended hearings from time to time and provide documents, explanations and supporting evidences.

However, the DCIR has passed an assessment order no. 14/51/2021-2022 on September 02, 2021 disallowing input tax to the extent of Rs. 11.52 million. The Company filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. Hearings of the case were attended from time to time and the case is reserved for order. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.17 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated May 18, 2021 regarding Sales Tax Audit of the Company u/s 25 and 46 of Sales Tax Act, 1990 and Federal Excise Act, 2005 respectively for the tax period from July 01, 2019 to June 30, 2020. DCIR disallowed input tax amounting to Rs. 107.07 million on some taxable purchases and services received by the Company for the purpose of business during the period from July 01, 2019 to June 30, 2020. In response to show cause notice, the Company attended hearings from time to time and provide documents, explanations and supporting evidences. However, the Learned DCIR has passed an assessment order no. 15/51/2021- 2022 on September 02, 2021 disallowing input tax to the extent of Rs. 20.60 million. The management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. Hearings of the case were attended from time to time and the case is reserved for order. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.18 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated February 24, 2022 for the tax period from July 01, 2021 to November 30, 2021. The DCIR disallowed input tax amounting to Rs. 140.4 million on some taxable purchases and services received by the Company for the purpose of business during the above mentioned period. In response to show cause notice, the Company submitted required information, documents, explanation with DCIR. However, the Learned DCIR has passed an assessment order no. 47 of 2022 on April 04, 2022 disallowing input tax to the extent of Rs. 24.98 million including default surcharge. The management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR which is pending for hearing. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.19 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated March 25, 2022 for the tax period from July 01, 2020 to June 30, 2021. The DCIR disallowed input tax amounting to Rs. 5.72 million on some taxable purchases and services received by the Company for the purpose of business during the above mentioned period. In response to show cause notice, the Company submitted required information, documents, explanation with DCIR. However, the Learned DCIR has passed an assessment order no. 49/124 of 2022 on May 09, 2022 disallowing input tax to the extent of Rs. 6.01 million including penalty. The management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR which is pending for hearing. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.20 During the year, Deputy Commissioner Inland Revenue - (DCIR) notice under section 122(2) of the Income Tax Ordinance, 2001 for the Tax Year 2021 relating to adjustment of tax payable of said year amounting to Rs. 2.29 million from previous tax years available refunds. The Company responded the notice along with the legal justification of doing so, however, the learned DCIR was not agreed with the with the explanations and passed rectification of assessment order by creating tax demand of Rs. 2.29 million. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the order. The Company is confident based on its legal opinion that decision will come in its favour, hence no provision has been recorded in financial statements for the period ended June 30,2022.

31.1.21 On June 30, 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001(the Ordinance) in respect of tax year 2016 raising a tax demand of Rs. 55.17 million including default surcharge and penalty on the ground that Company has not deducted/collected applicable withholding taxes on payment of salaries and tax deductions under section 236G and 236H and hence, made default under section 161/205 of the 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. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.22 On September 06, 2021, the Company has filed a Constitutional Petition (CP) No. 5382 before the Honorable High Court of Sindh (SHC) against arbitrary increase in the royalty rates through impugned notification No. T.O/M&MDD/15-3/2021 dated June 30, 2021 issued by Ministry of Mines and Minerals Development Department, Government of Sindh. The Company's legal consultants attended the hearing and presented his point of view before the Honorable High Court of Sindh. However, the Court proceedings have been completed and the case is reserved for judgment.

The Company is confident based on its legal opinion that decision will come in its favour, Hence no provision of excess royalty amount resulted due to revision in rates has been recorded by the Company in these unconsolidated financial statements as at June 30, 2022.

31.1.23 An ex-employee of the Company had filed CP # 86/2013 on May 21, 2013 for recovery of Rs. 2.10 million out of which an amount of Rs. 0.248 million has been claimed on account of 60 days gratuity and numerous other false and fabricated claims of short payments of Rs. 1.86 million. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.24 Ex-workers of Labor Contractor had filed applications against the Company before the Labor Court at Hyderabad for reinstatement of their services which were not maintainable therefore, dismissed by the Court. The decision has been challenged vide Appeal no. Hyd-25/2016, Hyd-26/2016, Hyd-27/2016 and Hyd-28/2016 before the Sindh Labor Appellate Tribunal in Karachi. During 2018, Sindh Labor Appellate Tribunal has disposed of the appeals filed by ex-workers of contractor by awarding them the compensation instead of reinstatement of their services. The Company has challenged the said decision on January 5, 2018 before the High Court of Sindh, Hyderabad. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.25 During 2000, two cement dealers had filed Suit no. 150/2001 & 151/2001 against the Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Company in lieu of outstanding dues from these dealers. The matter is pending for adjudication. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022. .

31.1.26 In the year 2018, an ex-employee of the Company filed a Suit no. 1272/2018 against the Company for recovery of outstanding balance in provident fund and other dues amounting to Rs. 50 million in the High Court of Sindh. The outstanding provident fund and other dues were settled in 1999 and the claim of such dues is false and fabricated. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

Subsidiary Company

31.1.27 The Subsidiary Company entered into Power Purchase Agreement (PPA) with Hyderabad Electric Supply Company Limited (HESCO) on May 14, 2011 to sell electricity at rates agreed in the said agreement. The agreement was executed in accordance with the Policy Framework for New - Captive Power Producers (N-CPPs).

Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order (dated January 9, 2013) revising the tariff formula resulting in reduced tariff. In view of the said order, HESCO intimated to pay its dues for electricity purchased as per the revised tariff formula. In response, the Company filed a petition # 132 before the Honorable High Court of Sindh on February 8,2013, against HESCO, on the grounds that HESCO failed to pay the dues to the Company as per PPA. The Honorable High Court of Sindh disposed off the petition filed by the Company with the direction to HESCO to pay TPPL against purchase of electricity as per the rates stipulated in PPA until 01-02-2012 and thereafter on the rates determined by NEPRA.

In view of the adverse order and according to the advice of the legal counsel the Company had filed CA No. 1133/2015 in CP No. 476-K/2015 before the Supreme Court of Pakistan on October 28, 2015 against the order passed by the High Court of Sindh. Consequently, HESCO & NEPRA have also filed appeals before the Supreme Court of Pakistan against the same order, which are pending for adjudication. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.28 Sales Tax audit for the tax period June 2012 to Aug 2013 was initiated by FBR and an adverse order was issued amounting to Rs. 10.645 Million. Basis of the order were very weak and the management has filed an appeal before Commissioner Inland Revenue – Appeals (CIR- A) on June 29, 2015. The hearing of the case was held on October 3, 2015 and a favorable order was passed by CIR-A on December 7,2015, thereby allowing input sales tax claimed by the Company to the extent of Rs. 10.513 million and upheld the Sales Tax demand of Rs. 0.132 million, which was according paid by the Company. Subsequently FBR has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR-A, which is pending for adjudication. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.29 As per clause 132 of Second Schedule of the Income Tax Ordinance, 2001, business income of Thatta Power Private Ltd (TPPL) is exempt from Income Tax . On that basis the Company had filed income tax return for the tax year 2013 while claiming exemption from business income and paid income tax on interest income. This exemption was challenged by Commissioner Inland Revenue, Hyderabad and subsequently tax demand was raised amounting to Rs. 154 million rejecting the basic income tax exemption and also increased the Company’s taxable income based on certain unreasonable grounds.

The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR). Moreover, tax department also issued a show cause notice (dated March 4, 2015) for the Tax Year 2014 rejecting the claim of income tax exemption on the same basis. The Company filed a petition before the Honorable High Court of Sindh in respect of the show cause notice issued by FBR and High Court of Sindh granted the stay in respect of show cause notice issued by FBR to refrain tax department to issue assessment order and initiate recovery proceedings there against.

Subsequently the High Court of Sindh has vacated the stay of demand with effect from November 11, 2015 and has ordered the Appellate Tribunal Inland Revenue (ATIR) to decide the case within two months from the date of the order. The hearing of the appeal was held on September 21, 2016 and the ATIR issued an order on January 7, 2017 and set-aside the appeal of the Company for exemption under clause 132 of Second Schedule of the Income Tax Ordinance, 2001, while accepting the Company’s argument in principle.

Moreover, tax consultant suggested to file a Miscellaneous Application (MA) before the ATIR requesting to decide the matter instead of set-aside the appeal. The hearing was held on April 27, 2017 and a favorable order was passed by ATIR on May 4, 2017 (ATIR has rejected Department's appeal, filed against CIR's order No. 96 dated January 28, 2015, challenging CIR(A)'s decision of setting aside certain issues and deleting tax demand raised, on the ground that the said appeal has already been discharged by the Honorable ATIR), thereby allowing the Company to claim exemption under clause 132 of Second Schedule of the Income Tax Ordinance, 2001. Thereafter, Commissioner Inland Revenue has filed an appeal I.T.R.A No. 303 of 2017 titled as Commissioner Inland Revenue vs. Thatta Power Private Ltd. against the order passed by ATIR in the High Court of Sindh which is pending for adjudication. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.30 The Deputy Commissioner Inland Revenue (DCIR) has disallowed the input sales tax on services claimed by the Company and raised a demand of Rs. 2.77 million. The Company had filed an appeal against the order passed by DCIR before CIR-Appeals. A favorable order was passed by CIR-A, thereby allowing input sales tax claimed by the Company. Subsequently, CIR has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR-A, which is pending for adjudication. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.31 On January 29th, 2021, The Additional Commissioner Inland Revenue (ADCIR) passed order u/s 122(5A) of the Income Tax Ordinance, 2001 (the ‘Ordinance’) wherein exemption from charge of tax claimed on the entire Income of the company in accordance with clause (132) of Part I of Second Schedule to the Ordinance was rejected thereby resulting in tax demand amounting to Rs 81,155,442/=. The management of the Company filed an appeal before Commissioner (Appeal) CIR-A, who vide his order dated August 08, 2021 annulled the ADCIR's order in its entirety. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.32 During the year, the Deputy Commissioner Inland Revenue (DCIR) issued Show Cause Notice no. 464 (SCN) dated March 12, 2021 in respect of the Sales tax period from July 2016 to June 2017. Hearings fixed in the case from time to time were attended by the management. On July 27, 2021 the DCIR concluded the proceedings and disallowed input tax credit amounting to Rs 332,759 and levied penalty of Rs 16,637. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.33 During the period, the Deputy Commissioner Inland Revenue (DCIR) issued Show Cause Notice (SCN) dated March 02, 2021 in respect of the Sales tax period from March 2019 to June 2019. Hearings fixed in the case from time to time were attended by the management. On June 25, 2021, the DCIR concluded the proceedings and disallowed input tax credit amounting to Rs 701,800 and levied penalty of Rs 35,090. The management of the Company filed application for rectification u/s 57 of the Sales tax Act, 1990 as input tax disallowed by the learned DCIR is treated as allowed in the proceedings for the tax period July 2016 to June 2017 as mentioned above. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.34 During the year, the Company has filed an Appeal No. 253/2019 against Assistant Commissioner Sindh Revenue Board (SRB) before the Commissioner Appeals, Sindh Revenue Board, Karachi. In the said appeal the Company has challenged No. 716/2019 dated 15.10.2019 alleging non-payment of Sindh Workers Participation Fund (SWPF) for the accounting year ended 30th June, 2013 claiming an amount of Principal of Rs. 9,135,000 and Penalties Rs. 2,24,000. However, the legal advisors of the Company believes that the Company has strong grounds that the order passed by the Assistant Commissioner (AC), Sindh Revenue Board without jurisdiction, the Sindh Companies Profits (Workers' Participation) Act, 2015 (Sindh Act No. XVIII of 2016) cannot be applicable retrospectively as the AC wrongly relied upon the judgment dated 12.02.2018 in CP. No. D-1313 of 2013 of the Hon’ble High Court of Sindh. The Company is confident based on its legal opinion that decision will come in its favour hence, no provision has been recorded in financial statements for the year ended June 30, 2022.

31.1.35 I.T.R.A No. 303 of 2017 titled as Commissioner Inland Revenue vs. Thatta Power Private Ltd. Is pending in the Honorable High Court of Sindh . In this case the Company is defending the appeal filed by the Commissioner Inland Revenue against Company and challenged the order dated 03-05-2017 passed by the Appellate Tribunal inland Revenue for the tax year 2013 on various issues.

31.2 Commitments

Holding Company

31.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Group amounting to Rs. 45 million (2021: Rs. 45 million).

31.2.2 Irrevocable letter of credit under revenue expenditure as at reporting date is Rs. 10.825 million. (2021: nil).

31.2.3 Other outstanding guarantees given on behalf of the Company by banks amounting to Rs. 73.68 million (2021: Rs. 3 million).

		Note	2022	2021
			------ Rupees in thousands ------	
	Subsidiary Company			
31.2.4	Guarantee issued by a bank on behalf of the Subsidiary Company		200,000	306,000
32	**SALES - NET**			
	Gross Sales			
	Local		6,163,009	3,884,845
	Export		707	88,170
			6,163,716	3,973,015
	Less:			
	Federal excise duty		(764,120)	(531,615)
	Sales tax		(1,005,766)	(653,179)
			(1,769,886)	(1,184,794)
			4,393,830	2,788,221

33 COST OF SALES

	Note	2022	2021
		------ Rupees in thousands ------	
Raw material	33.1	366,226	122,038
Packing material	33.2	259,956	131,017
Stores, spare parts and loose tools		111,454	83,526
Fuel and power		2,600,351	1,291,301
Salaries, wages and other benefits	33.3	348,589	295,664
Insurance		36,810	17,175
Repairs and maintenance		29,352	32,298
Depreciation on property, plant and equipment	7	228,276	220,661
Vehicle hire, running and maintenance		15,618	11,243
Communication		1,895	1,579
Entertainment		1,499	1,223
Provision for slow moving of major stores and spares	7.2	307	3,222
Provision for obsolete and slow moving of stores and spares	11.1	15,220	5,026
Other production overheads		5,201	3,449
Cost of production		4,020,754	2,221,443
Work-in-process			
Balance as at July 01,		329,838	288,870
Balance as at June 30,	12	(417,628)	(329,838)
		(87,790)	(40,968)
Cost of goods manufactured		3,932,963	2,180,475
Finished goods			
Balance as at July 01,		43,279	50,095
Balance as at June 30,	12	(59,620)	(43,279)
		(16,341)	6,816
		3,916,623	2,187,291

33.1 Raw material consumed

	Note	2022	2021
Balance as at July 01,		13,938	18,587
Purchases		367,245	117,389
		381,183	135,976
Balance as at June 30,	12	(14,957)	(13,938)
Consumption	33.1.2	366,226	122,038

33.1.1 It includes clinker purchased locally by the Holding company amounting to Rs. 188.412 million (2021: nil).

33.1.2 It includes royalty amounting to Rs. 7.704 million (2021: Rs. 6.215 million) relating to Lime Stone and Clay Shale, payable to Director General Mines and Mineral Development, Government of Sindh.

		Note	2022	2021
			------ Rupees in thousands ------	
33.2	Packing material consumed			
	Balance as at July 01,		44,473	36,962
	Purchases		289,009	138,528
			333,482	175,490
	Balance as at June 30,	12	(73,526)	(44,473)
	Consumption		259,956	131,017

33.3 This includes employees' retirement benefits amounting to Rs. 19.449 million (2021: Rs. 19.440 million).

		Note	2022	2021
			------ Rupees in thousands ------	
34	SELLING AND DISTRIBUTION EXPENSES			
	Salaries, wages and other benefits	34.1	14,346	14,525
	Vehicle running expenses		1,285	1,250
	Travelling and conveyance		1,402	627
	Communication		310	298
	Printing and stationery		489	553
	Entertainment		386	215
	Repair and maintenance		570	460
	Rent, rates and taxes		1,898	2,504
	Utilities		317	292
	Advertisements		178	171
	Sales promotion expenses		123	531
	Freight charges - local sale		18,837	14,967
	Export logistics and related charges		3	31,438
	Commission		-	179
	Depreciation on property, plant and equipment	7	500	788
	Marking fee expense		3,077	1,505
	Loading and others		14,310	6,859
	Miscellaneous		589	257
			58,620	77,419

34.1 This includes employees' retirement benefit amounting to Rs. 1.169 million (2021: Rs. 1.442 million).

	Note	2022	2021
		------ Rupees in thousands ------	

35 ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries, wages and other benefits	35.1	67,623	56,391
Director's fees		5,450	4,900
Vehicle running expenses		4,837	3,697
Travelling and conveyance		168	130
Advertisements		365	322
Communication, postage, telegram		1,479	1,296
Printing and stationery		1,190	541
Rent, rates and taxes		4,525	5,453
Entertainment		923	631
Legal and professional charges		6,163	5,593
Insurance		1,700	1,656
Repairs and maintenance		2,830	3,434
Utilities		2,054	1,877
Fees and subscription		4,418	4,208
Corporate expenses		1,080	776
Charity and donation	35.2	289	75
Auditors' remuneration	35.3	1,643	1,439
Other auditors' remuneration	35.4	2,276	2,415
Depreciation on property, plant and equipment	7.1.3	1,859	1,844
Depreciation on right-of-use-assets	8.2	3,013	-
Amortisation of intangibles	9.1	585	-
Education expenses		4,126	4,152
Property, plant and equipment written off	7.1	-	727
Miscellaneous		2,844	1,159
		121,439	102,716

35.1 This includes employees' retirement benefit amounting to Rs. 6.860 million (2021: Rs. 6.547 million).

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

	2022	2021
	------ Rupees in thousands ------	

35.3 Auditor's remuneration

	2022	2021
Annual audit fee	1,250	1,093
Half yearly review fee	136	125
Audit fee for consolidated financial statements	41	38
Fee for Code of Corporate Governance and other services	41	38
Out of pocket expenses	174	145
	1,643	1,439

35.4 Other auditor's remuneration

	2022	2021
Cost audit fee	216	200
Internal audit fee	1,800	2,030
Out of pocket expenses	260	185
	2,276	2,415

		Note	2022	2021
			------ Rupees in thousands ------	
36	OTHER OPERATING EXPENSES			
	Workers' Welfare Fund (WWF)		3,760	3,688
	Workers' Profit Participation Fund (WPPF)	27	8,343	14,559
	Exchange loss		32,409	36
	Others		-	2,222
			44,512	20,505
37	OTHER INCOME			
	Income from financial assets			
	Income on bank deposit accounts	37.1	20,378	32,221
	Income from non-financial assets			
	Rental income		648	570
	Gain on sale of property, plant and equipment		1,390	662
	Scrap sales		2,869	6,587
	Exchange gain		-	15,052
	Others	37.2	6,509	9,427
			11,416	32,298
			31,794	64,519

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

37.2 This includes reversal of expected credit loss allowance of Rs. 3.783 million (2021: nil).

		Note	2022	2021
			------ Rupees in thousands ------	
38	FINANCE COST			
	Mark-up on long term financing		117,031	111,364
	Mark-up on short term borrowings		27,917	16,350
	Mark-up on Workers' Profit Participation Fund		333	-
	Bank charges and commission		8,484	8,207
	Amortization of transaction cost		4,827	4,827
	Mark-up on leased assets		1,628	-
			160,221	140,748
39	TAXATION			
	Current		58,082	56,663
	Prior		(1,691)	3
	Deferred		(18,615)	(1,024)
		39.1	37,776	55,642

	2022	2021
	------ Rupees in thousands ------	
39.1 Relationship between tax expense and accounting profit		
Profit before tax	124,209	338,496
Tax at 29%	36,021	98,164
Tax effect of		
Admissible / inadmissible expenses in determining taxable income - net	19,725	(11,473)
Income charged at different rates	7	1,155
Change in the ratio of income assessed under NTR and FTR	(6)	6,618
Unused tax losses and tax credits	-	(33,057)
Prior year tax charge	(1,789)	3
Minimum Tax u/s 113	590	-
Tax effect on taxable temporary differences - net	(18,615)	(1,024)
Super Tax @1%	1,843	-
	37,776	60,386

Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2022	2021
	%	
Alternative corporate tax	17	17
Corporate tax rate	29	29
Super tax	1	-
Minimum tax rate	1.25	1.25
Average effective rate	30.41%	18.74%

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

The Holding Company filed a Constitutional Petition (CP) before the Honorable Sindh High Court (SHC) challenging the vires of Section 5A of the Income Tax Ordinance, 2001. The Honorable Sindh High Courts while deciding the petition declares that Section 5A ultra vires of Constitution and is hereby struck down. However, FBR has filed in the Supreme Court of Pakistan against the decision of Sindh High Court.

In the view of Holding Company's legal consultant, favourable outcome is anticipated. Hence no provision for the tax liability in this respect has been recorded by the Holding Company in these consolidated financial statements.

39.3 During previous year, amendment made under section 65B of the Income Tax Ordinance, 2001 through the 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 the refund or may required to be paid with the Return of Income. The Holding Company filed a petition in the high court against the amendment and obtained stay order as the likely impact of the amendment in 65B would be Rs. 10.398 million. The management is confident that the Holding Company has an arguable case on merits. Hence, no provision has been recorded in the unconsolidated financial statements. To date, no adverse action shall be taken against the Holding Company in respect of this case.

40 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

40.1 Basic earnings per share

	2022	2021
Profit for the year (Rupees in thousands)	98,779	242,288
Weighted average number of ordinary shares	99,718,125	99,718,125
Earnings per share - basic and diluted (Rupees) per share	0.99	2.43

40.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

41 CASH AND CASH EQUIVALENTS

	Note	2022	2021
		------ Rupees in thousands ------	
Cash and bank balances	19	237,515	333,949
Short term running finance	30	(212,292)	(160,546)
		25,223	173,403

42 CAPACITY AND ACTUAL PRODUCTION

42.1 Thatta Cement Company Limited

	Note	2022	2021
Production capacity - clinker (tons)	42.1.1	660,000	548,400
Actual production - clinker (tons)	42.1.1	415,810	349,638
Production capacity - cement (tons)	42.1.2	693,000	575,820
Actual production - cement (tons)	42.1.2	502,659	301,006

42.1.1 The production capacity utilization of clinker during the year has remained at 63.00% (2021: 63.76%).

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

42.2 Thatta Power (Private) Limited

	Note	2022	2021
		------ Rupees in thousands ------	
Installed Capacity-kWh		202,356,000	237,422,280
Total output-kWh		30,468,400	63,285,400
Load factor		15.06%	26.66%

42.2.1 Installed capacity has been computed on the basis of 8,760 hours (2021: 8,760 hours).

43 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprises 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 except for Service Level Agreement for business support services with the Subsidiary Company for which the basis are approved by the Board of Directors.

Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Detail of transactions during the year ended June 30, 2022 and outstanding balances as at June 30, 2022 with related parties are as follows:

43.1 Transactions with related parties are summarized as follows:

Related Party	Nature of transactions	2022	2021
		------ Rupees in thousands ------	
Staff retirement benefits			
	Markup on account of payable to Gratuity Fund		
	Contribution to Employees' Gratuity Fund	16,168	35,983
	Contribution to Employees' Provident Fund	11,964	9,478
Other related parties			
	Education expenses - Model Terbiat School	4,126	3,928

43.2 Year end balances

Related Party	Nature of transactions	2022	2021
		------ Rupees in thousands ------	
Staff retirement benefits			
	Payable to Gratuity Fund	32,316	16,168
	Payable to Provident Fund	-	766

43.3 All transactions with related parties have been carried out on commercial terms and conditions.

43.4 There are no transactions with key management personnel other than under their terms of employment and as further disclosed under note 43.

44 REMUNERATION OF CHIEF EXECUTIVE , DIRECTORS AND EXECUTIVES

The aggregate amounts charged during the year in the financial statements for remuneration, including all benefits to Chief Executive and Executives of the Company were as follows:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	---------------- Rupees in thousands ----------------			
Managerial remuneration	13,212	30,443	10,200	27,820
Leave fare assistance	1,101	2,333	850	2,023
Bonus	-	-	1,030	2,713
Retirement benefits	2,153	4,657	1,616	3,974
Other benefits	-	-	88	352
Total	16,466	37,433	13,784	36,882
Number of person(s)	1	9	1	10

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

44.2 An aggregate amount of Rs. 5.450 million (2021: Rs. 4.900 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and Human Resource and Remuneration Committee meeting fee.

45 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.

45.1 Year ended June 30, 2022

	Cement	Power	Intra group adjustment	Consolidated
	------------------------ Rupees in thousands ------------------------			
Year ended June 30, 2022				
Revenues				
Sales - net	4,263,894	623,829	(493,893)	4,393,830
Cost of sales	(3,943,273)	(504,868)	531,518	(3,916,623)
Gross profit	320,621	118,961	37,625	477,207
Selling and distribution cost	(58,620)	-	-	(58,620)
Administrative expenses	(116,370)	(30,792)	25,723	(121,439)
	145,631	88,169	63,348	297,148
Other operating expenses	(12,103)		-	(12,103)
Impairment loss - trade debts	-	-	-	-
Other income	54,613	9,542	(64,769)	(614)
	188,141	97,711	(1,421)	284,430
Finance cost	(33,375)	(135,707)	8,861	(160,221)
Segment results	154,766	(37,996)	7,440	124,209
Unallocated expenditures	-	-	-	-
Profit/(loss) before taxation	154,766	(37,996)	7,440	124,209
Taxation	(35,472)	(2,304)	-	(37,776)
Profit/(loss) for the year	119,294	(40,300)	7,440	86,433
Year ended June 30, 2021				
Revenues				
Sales - net	2,427,313	920,340	(559,432)	2,788,221
Cost of sales	(2,042,652)	(734,132)	591,514	(2,185,270)
Gross profit	384,661	186,208	32,082	602,951
Selling and distribution cost	(77,419)	-	-	(77,419)
Administrative expenses	(97,547)	(28,554)	23,385	(102,716)
	209,695	157,654	55,467	422,816
Other operating expenses	(20,469)	(36)	-	(20,505)
Impairment loss - trade debts	(3,783)	-	-	(3,783)
Other income	81,742	28,006	(45,229)	64,519
	267,185	185,624	10,238	463,047
Finance cost	(17,070)	(124,203)	525	(140,748)
Segment results	250,115	61,421	10,763	322,299
Unallocated expenditures	-	-	-	-
Profit/(loss) before taxation	250,115	61,421	10,763	322,299
Taxation	(48,322)	(7,320)	-	(55,642)
Profit/(loss) for the year	201,793	54,101	10,763	266,657

45.2 Year ended June 30, 2022

Other information

	Cement	Power	Intra group adjustment	Consolidated
	---------- Rupees in thousands ----------			
Segment assets	4,632,971	3,582,882	(516,922)	7,698,931
Unallocated corporate assets	-	-	-	-
Total assets	4,632,971	3,582,882	(516,922)	7,698,931
Segment liabilities	1,892,662	1,238,155	(218,688)	2,912,129
Unallocated corporate liabilities	-	-	-	-
Total liabilities	1,892,662	1,238,155	(218,688)	2,912,129
Capital expenditure	95,725	17,078	-	112,803
Depreciation	126,991	103,644	-	230,635
Non-cash expenses other than depreciation	12,459	1,677	-	14,136
Year ended June 30, 2021				
Segment assets	3,695,072	3,665,880	(457,073)	6,903,879
Unallocated corporate assets	-	-	-	-
Total assets	3,695,072	3,665,880	(457,073)	6,903,879
Segment liabilities	1,030,866	1,280,853	(151,399)	2,160,320
Unallocated corporate liabilities	-	-	-	-
Total liabilities	1,030,866	1,280,853	(151,399)	2,160,320
Capital expenditure	41,962	10,389	-	52,351
Depreciation	107,736	115,557	-	223,293
Non-cash expenses other than depreciation	8,765	210	-	8,975

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

	Note	2022	2021
		------ Rupees in thousands ------	
45.3.1 Operating revenues			
Total revenue of reportable segments		4,887,723	3,347,653
Elimination of intra group revenue		(493,893)	(559,432)
Consolidated revenue		4,393,830	2,788,221
45.3.2 Profit or loss			
Total profit / (loss) before taxation of reportable segments		116,770	311,536
Adjustment of unrealized profit		7,440	10,763
Consolidated profit before taxation		124,210	322,299
45.3.3 Assets			
Total assets of reportable segments		8,215,853	7,360,952
Elimination of intra group balances		(515,319)	(455,470)
Reclassification for consolidation purposes		(1,603)	(1,603)
Consolidated assets		7,698,931	6,903,879

40.3.4 Liabilities

	Note	2022	2021
		------ Rupees in thousands ------	
Total liabilities of reportable segments			
Elimination of intra group balances		3,130,817	2,311,719
Consolidated liabilities		(218,688)	(151,399)
		2,912,129	2,160,320

45.4 Geographical segment analysis

	Local	Export
Year ended June 30, 2022		
Revenue	4,393,123	707
Total Assets	7,698,931	-
Net Assets	4,786,802	-
	16,878,856	707
Year ended June 30, 2021		
Revenue	2,700,051	88,170
Total Assets	6,903,879	-
Net Assets	4,743,559	-
	14,347,489	88,170

45.5 Information about major customers

Major customers for cement segment are various individual dealers, builders & developers whereas major customer for power segment is Hyderabad Electric Supply Company limited.

46 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

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

	Note	2022	2021
		------ Rupees in thousands ------	
Financial assets			
Long term deposits	10	3,796	1,096
Trade debts	13	1,551,453	1,139,897
Trade deposits	15	1,933	306,000
Short term investment	16	673,715	25,100
Other receivables and accrued mark-up	17	3,016	2,039
Cash and bank balances	19	237,515	330,944
		2,471,428	1,805,076
Financial liabilities			
Long term financing (including current maturity)		866,899	1,049,905
Lease liability	23	42,219	-
Long term deposits	24	2,791	2,791
Trade and other payables	27	590,942	410,969
Unclaimed dividend	28	1,972	1,814
Accrued mark-up	29	67,698	28,448
Short term borrowings	30	212,292	160,546
		1,784,813	1,654,473

46.1 Financial risk management objectives

The Group has exposure to the following risks:

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

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

a) Credit risk

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

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

	2022		2021	
	Rupees in thousands	%	Rupees in thousands	%
Banks	234,059	9%	330,944	18%
Others	2,234,894	91%	1,474,132	82%
	2,468,953	100%	1,805,076	100%

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

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

	Note	2022	2021
		------ Rupees in thousands ------	
Long term deposits	10	3,796	1,096
Trade debts	13	1,551,453	1,139,897
Trade deposits	15	1,933	25,100
Short term investment	16	673,715	306,000
Other receivables and accrued interest	17	3,016	2,039
Bank balances	19	234,059	330,944
		2,467,972	1,805,076

Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates. As at June 30, 2022 trade debts of Rs. 1,224.940 million (2021: Rs. 934.676 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	Note	2022	2021
		------ Rupees in thousands ------	
Not past due			
- within 30 days		117,217	103,784
- 31 to 90 days		284,404	101,436
Not past due			
- 91 to 180 days		157,470	8,664
- over 180 days		992,362	926,012
		1,551,453	1,139,897

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The credit quality of cash at bank (in Current, profit or loss share account and deposit accounts) as per credit rating agencies is as follows:

		Ratings	
Name of Banks	Rating agency	Short-term	Long-term
National Bank of Pakistan	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Al Baraka Islamic Bank Limited	PACRA	A	A+
Silk Bank Limited	JCR-VIS	A	A-2
Summit Bank Limited	JCR-VIS	Negative	Negative
Faysal Bank Limited	PACRA	A1+	AA+

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

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 13.2. The aging analysis of these impaired trade debts is as follows:

	2022	2021
Below ten years	3,079	6,862
Over ten years	72,028	72,028
	75,107	78,890

b) Liquidity risk management

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

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

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

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

Maturity analysis for financial liabilities

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

	Note	2022 Carrying amount	2022 Contractual cash flows	2022 Six months or less	2022 Six to twelve months	2022 More than one year
		------------------------ Rupees in thousands ------------------------				
Non-derivative Financial liabilities						
Long term financing	22	866,899	(866,899)	(156,528)	(156,528)	(553,843)
Long term deposits	24	2,791	(2,791)	-	-	(2,791)
Trade and other payables	27	677,336	(677,336)	(677,336)		
Short term borrowing	30	212,292	(212,292)	(106,146)	(106,146)	-
Accrued mark up	29	67,698	(67,698)	(67,698)	-	-
Lease liability	23	42,219	(42,219)	(3,247)	(3,247)	(35,726)
		1,869,235	(1,869,235)	(1,010,955)	(265,921)	(592,360)

	Note	2021 Carrying amount	2021 Contractual cash flows	2021 Six months or less	2021 Six to twelve months	2021 More than one year
		------------------------ Rupees in thousands ------------------------				
Non-derivative Financial liabilities						
Long term financing	22	1,049,905	(1,500,743)	(125,222)	(125,222)	(1,250,299)
Long term deposits	24	2,791	(2,791)	-	-	(2,791)
Trade and other payables	27	559,144	(559,144)	(559,144)		
Short term borrowing	30	160,546	(160,546)	(80,273)	(80,273)	-
Accrued mark up	29	28,448	(28,448)	(28,448)	-	-
		1,800,834	(2,251,672)	(793,087)	(205,495)	(1,253,090)

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

c) Market risk

Market risk is the risk that changes in market interest rates, foreign exchange rates and other prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

d) Interest / mark-up rate risk management

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

	Carrying amount 2022	Carrying amount 2021
	------ Rupees in thousands ------	
Fixed rate instruments		
Financial assets	673,715	306,000
Variable rate instruments		
Financial assets	231,018	77,861
Financial liabilities	1,079,191	1,210,451

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

Financial assets

If interest rate had fluctuated by 100 basis points with all other variables held constant, profit / (loss) before tax for the year would have been Rs. 2.31 million (2021: Rs 0.78 million) higher / lower, mainly as a result of higher / lower interest income from these financial assets.

Financial liabilities

If interest rate had fluctuated by 100 basis points with all other variables held constant, profit before tax for the year would have been Rs. 10.79 million (2021: Rs. 12.1 million) higher / lower, mainly as a result of higher / lower interest expense on these financial liabilities.

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

	Note	2022 Mark-up / return (%)	Less than 6 months	6 months to 1 year	More than 1 year	Total
			----------------------- (Rupees in thousands)			-----------------------
Assets						
Bank balance in profit or loss share accounts	19	5.5% to 13%	231,018	-	-	231,018
Short term investment	16	6% to 14.5%	-	673,715	-	673,715
Total assets			231,018	673,715	-	904,733
Liabilities						
Short term borrowings	30	9.2% to 13.45%	(106,146)	(106,146)	-	(212,292)
Lease liability	23	12.11%	(3,247)	(3,247)	(35,726)	(42,219)
Long term financing	22		(156,528)	(156,528)	(1,187,687)	(1,500,743)
Total liabilities			(265,921)	(265,921)	(1,223,413)	(1,755,254)
On-balance sheet gap			(34,903)	407,794	(1,223,413)	(850,521)
Total interest risk sensitivity gap			(34,903)	372,892	(850,521)	(850,521)

	Note	2021 Mark-up / return (%)	2021 Less than 6 months	2021 6 months to 1 year	2021 More than 1 year	2021 Total
		----------------------- (Rupees in thousands) -----------------------				
Assets						
Bank balance in profit or loss share accounts	19	3% to 6.5%	77,861	-	-	68,461
Short term investment	16	6% to 11%	-	306,000	-	306,000
Total assets			77,861	306,000	-	374,461
Liabilities						
Short term borrowings	30	8.92% to 13.99%	(80,273)	(80,273)	-	(160,546)
Long term financing	22		(125,222)	(125,222)	(1,250,299)	(1,500,743)
Total liabilities			(205,495)	(205,495)	(1,250,299)	(1,661,289)
On-balance sheet gap			(127,634)	100,505	(1,250,299)	(1,286,828)
Total interest risk sensitivity gap			(127,634)	(27,129)	(1,277,428)	(1,277,428)

e) Foreign exchange risk management

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

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

	2022 Rupees	2022 US $	2021 Rupees	2021 US $
	------------ in thousands ------------			
Trade and other payables	-	-	181,252	1,149

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

	Average rate 2022	Average rate 2021	Balance sheet date rate 2022	Balance sheet date rate 2021
US Dollar to PKR	204.59	160.61	206.00	157.75

Sensitivity analysis

A 10% weakening / strengthening of rupee against US dollar at the reporting date would have increased / decreased equity and consolidated statement of profit or loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2021.

	2022	2021
	------ Rupees in thousands ------	
Effects of US Dollars gain	-	9,063

f) Fair value of financial instruments

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

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

g) Fair value hierarchy

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

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

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

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

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

h) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

The Group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

	2022	2021
	------ Rupees in thousands ------	
Debt to equity ratio	0.24	0.26
Debt to asset ratio	0.15	0.18
Current ratio	1.79	2.66
Quick Ratio	1.36	2.02

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. The Group finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

i) Operational risk

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

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

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

47 NUMBER OF EMPLOYEES

The total number of employees at the year end were 501 (2021: 497) and average number of employees during the year were 497 (2021: 499).

48 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 29, 2022 have proposed final cash dividend Rs. Nil per share (2021: Rs. 0.25 per Share) in respect of year ended June 30, 2022.

49 DATE OF AUTHORIZATION

These consolidated financial statements were authorised for issue on September 29, 2022 by the Board of Directors of the Group.

50 GENERAL

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

50.2 Amounts have been rounded off to the nearest thousands of Rupees.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

FORM OF PROXY

The Secretary
Thatta Cement Company Ltd.
C-1, KDA Scheme 1, Karsaz,
Karachi, Pakistan.

Please quote:
No. of shares held. ____________
Folio No. ____________

I / We ____

of ____

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

____________________ or failing him/her ____________________

____________________ of ____________________

as proxy in my / our behalf at the Annual General Meeting of the Company to be held on Thursday, October 27, 2022 at 11:00 a.m. through video link facility via Zoom managed from the Company's head office at Karachi, and at any adjournment thereof.

As witness my hand this ____________ day of ____________________ 2022 ________

signed by ____

in the presence of ____

Signature

Rupee five revenue stamp

____
Signature of witness

____
Signature of witness

Important:

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

2. A Proxy should also be a shareholder of the Company

پراکسی فارم

میں / ہم--------------------کے---

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

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

-------------------یا--------------------کے---

کو کمپنی کے سالانہ اجلاس عام جو 27 اکتوبر 2022 کو 11:00 بجے دن منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط----------------بروز-------------تاریخ----------/----------2022

گواہان:

دستخط:----------------------------
نام:----------------------------------
پتہ:----------------------------------
CNIC / پاسپورٹ نمبر------------------

دستخط:----------------------------
نام:----------------------------------
پتہ:----------------------------------
CNIC / پاسپورٹ نمبر------------------

دستخط شئیر ہولڈرز

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

دستخط:------------------------------

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

THATTA CEMENT
COMPANY LIMITED

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Karachi, Pakistan.
www.thattacement.com

Factory
Ghulamullah Road, Makli,
District Thatta, Sindh