



THATTA CEMENT
COMPANY LIMITED

First Quarterly Report
September 2021



**Making
a Difference**

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Vision

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

Mission

To provide quality products to customers at competitive prices; and

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khawaja Muhammad Salman Younis	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

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

HR & REMUNERATION COMMITTEE

Ms. Naheed Memon	Chairperson
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

Office No. 606-608A, Continental
Trade Center, Block 8, Clifton,
Karachi, Pakistan.
UAN: 0092-21-111-842-82
Fax no.: 0092-21-35303074-75
Website: www.thattacement.com
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

DIRECTORS' REVIEW

The Board of Directors present herewith their review together with the un-audited condensed interim financial statements for the quarter ended September 30, 2021.

OVERVIEW

Production and dispatch statistics for the quarter ended September 30, 2021 are as follows:

Description	September 30, 2021	September 30, 2020	Variance	
	-----Metric Tons-----			%
<u>Production</u>				
Clinker	73,453	52,172	21,258	40.79
Cement	88,605	52,435	36,170	68.98
<u>Dispatches</u>				
Clinker	4,987	16,868	(11,881)	(70.44)
Cement	91,319	52,769	38,550	73.05

During the period under review, your company showed improved performance in the cement dispatches. Cement dispatches of your company increased by 72.69% in comparison with corresponding period last year.

Moreover, during the period ended, the Company achieved 53.46% overall clinker production capacity by producing 73,453 tons of clinker against 37.97% capacity utilization with clinker production of 52,172 tons in the same period last year.

INDUSTRY REVIEW

Cement Industry witnessed downward trend in cement exports and posted a decline of 5.51% in overall cement dispatches during the period under review. Local dispatches remained at 11.28 million tons (2020: 10.84 million tons) with a growth of merely 4.07%. Exports during the period remained severely affected showing a decline of 43.49% and stood at 1.55 million tons (2020: 2.74 million tons).

In the southern region, local dispatches posted an increase of 29.75% in volumetric terms from 1.38 million tons to 1.80 million tons whereas export dispatches showed decline of 45.22% from 2.11 million tons to 1.16 million tons during the period under review.

The continuous rise in coal prices in the global markets have severely affected the cement industry. In addition to this, other macro-economic factors such as rise in energy/gas prices and high inflation drastically increased the input cost hence making it difficult for Cement Industry in Pakistan to compete globally thus adversely affecting export sales.

SALES REVIEW

During the period under review, local cement sales of the Company in terms of volume increased by 73.05% as compared to corresponding period last year. The increase in local cement sales volumes resulted in growth of revenue from local sales by 56.12% as compared to corresponding period. Your Company showed overall

improvement in sales performance as compared to corresponding period and successfully retained its market share in the South Region.

FINANCIAL REVIEW

A comparison of the financial results of the Company's performance for the quarter ended September 30, 2021 with the same period last year is as under:

Particulars	September 30, 2021	September 30, 2020
	Rupees in thousands	
Sales – net	696,946	445,959
Gross Profit	82,088	19,546
Selling and Distribution Cost	8,164	9,274
Finance Cost	3,064	5,300
Profit/(Loss) before taxation	26,489	(5,051)
Profit/(Loss) for the quarter	19,292	(7,596)
Earnings/(Loss) per share (Rupees)	0.19	(0.08)

Cost to Sales ratio has decreased to 88.22% during the period as compared to 95.62% in the corresponding period last year. The main reason of decrease in Cost to Sales ratio is due to management's focus on efficient utilization of resources and securing local sales business at better margins. Reduction in cost to sales ratio is also due to adoption of cost controlling strategies, efficient means to minimize the fuel consumption and other costs during the period under review.

FUTURE OUTLOOK

The growing trend in coal prices in the global markets are detrimental to the county's cement industry. Its negative impact may further dent the cement companies' profitability in the short term. Other economic factors such as continuous rise in energy/gas prices, high inflation and depreciation of 'Pak Rupee' will also continue to significantly affect the cost of production of the cement industry.

However, we are optimistic that these conditions will settle down in the near future and cement demand will continue to increase due to on-going private and Government sector construction activities including but not limited to small and mega-capacity/multi-purpose water reservoirs/dams , construction of Special Economic Zones as part of CPEC projects/and low-cost affordable houses.

Meanwhile, we expect that Government would take short term monetary and fiscal measures to control macro-economic indicators of the economy and provide relief to the cement industry and construction sector at-large.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the quarter ended September 30, 2021 are as follows.

	September 30, 2021	June 30, 2021
<u>Statement of Financial Position</u>		
----- (Rupees in thousands) ---		
Property, plant and equipment	4,122,761	4,150,781
Stock-in-Trade	492,831	431,528
Trade Debts	1,296,503	1,139,897
Total Equity - Holding Company	3,842,333	3,849,132
Trade and Other payables	716,230	593,986
	September 30, 2021	September 30, 2020
----- (Rupees in thousands) ---		
<u>Statement of Profit or Loss</u>		
Sales - net	749,389	573,128
Gross Profit	119,451	71,886
Selling, Distribution cost & Administrative Expense	42,285	32,666
Profit before taxation	26,099	17,561
Profit after taxation	17,432	12,546
Earnings per share (in Rupees)	0.18	0.05

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: October 28, 2021

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2021**

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at September 30, 2021

		(Un-audited)	(Audited)
		September 30,	June 30,
		2021	2021
	Note	----- Rupees in thousands -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,952,260	1,951,747
Long term investment in the Subsidiary	6	299,158	299,158
Long term deposits		1,096	1,096
		<u>2,252,514</u>	<u>2,252,001</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	7	333,476	192,056
Stock-in-trade	8	488,186	436,440
Trade debts	9	308,457	192,284
Loan to the Subsidiary		70,000	70,000
Advances		61,018	6,052
Deposits and prepayments		40,968	26,784
Other receivables and accrued mark-up		3,844	2,104
Taxation - net		195,378	199,939
Cash and bank balances		42,563	317,412
		<u>1,543,890</u>	<u>1,443,071</u>
TOTAL ASSETS		<u>3,796,404</u>	<u>3,695,072</u>
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized capital		2,000,000	2,000,000
Share capital	10	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,561,669	1,567,307
		<u>2,658,568</u>	<u>2,664,206</u>
NON-CURRENT LIABILITIES			
Long term deposits		2,791	2,791
Long term employee benefit		15,277	15,113
Deferred taxation		306,058	307,717
		<u>324,126</u>	<u>325,621</u>
CURRENT LIABILITIES			
Trade and other payables	11	648,187	539,378
Dividend payable		26,740	1,814
Accrued mark-up		2,988	3,507
Short term borrowings		135,795	160,546
		<u>813,710</u>	<u>705,245</u>
TOTAL EQUITY AND LIABILITIES		<u>3,796,404</u>	<u>3,695,072</u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)
For the quarter ended September 30, 2021

	Note	Quarter ended	
		September 30,	
		2021	2020
		----- Rupees in thousands -----	
Sales - net	13	696,946	445,959
Cost of sales	14	(614,858)	(426,413)
Gross profit		82,088	19,546
Selling and distribution cost		(8,164)	(9,274)
Administrative expenses		(31,832)	(21,738)
		42,092	(11,466)
Other operating expenses		(26,268)	-
Other income		13,729	11,715
Operating profit		29,553	249
Finance cost		(3,064)	(5,300)
Profit / (loss) before taxation		26,489	(5,051)
Taxation			
Current		(8,856)	(2,545)
Deferred		1,659	-
		(7,197)	(2,545)
Profit / (loss) for the quarter		19,292	(7,596)
Earnings / (loss) per share - basic and diluted (Rupee)	15	0.19	(0.08)

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Comprehensive
Income (Un-audited)

For the quarter ended September 30, 2021

	Quarter ended	
	September 30,	
	2021	2020
	----- Rupees in thousands -----	
Profit / (loss) for the quarter	19,292	(7,596)
Other comprehensive income / (loss)	-	-
Total comprehensive profit / (loss) for the quarter	19,292	(7,596)

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2021

	Quarter ended	
	September 30,	
	2021	2020
	----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	26,489	(5,051)
Adjustment for:		
Depreciation	24,216	19,156
Finance cost	3,064	5,300
Provision for gratuity	3,300	3,883
Provision for leave encashment	613	820
Gain on disposal of property, plant and equipment	-	(7)
	31,193	29,152
Operating cash flows before working capital changes	57,682	24,101
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(141,420)	107,848
Stock-in-trade	(51,746)	67,163
Trade debts	(116,173)	(42,314)
Advances	(54,966)	3
Trade deposits and prepayments	(14,184)	(1,333)
Other receivables and accrued mark-up	(1,740)	(309)
	(380,229)	131,058
<i>Increase in current liabilities</i>		
Trade and other payables	105,509	5,731
Cash generated from operations	(217,038)	160,890
Finance cost paid	(3,583)	(8,305)
Gratuity paid	-	(5,000)
Leave encashment paid	(449)	(171)
Income tax paid - net	(4,295)	8,379
Net cash (used in) / generated from operating activities	(225,365)	155,793
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(24,729)	(1,860)
Proceeds from disposal of property, plant & equipment	-	7
Net cash used in investing activities	(24,729)	(1,853)

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2021

	Quarter ended	
	September 30,	
	2021	2020
----- Rupees in thousands -----		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend claimed	(4)	(33)
Net cash used in financing activities	(4)	(33)
Net (decrease) / increase in cash and cash equivalents	(250,098)	153,907
Cash and cash equivalents at beginning of the quarter	156,866	(284,079)
Cash and cash equivalents at end of the quarter	(93,232)	(130,172)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	42,563	55,862
Short term borrowings	(135,795)	(186,034)
	(93,232)	(130,172)

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)
For the quarter ended September 30, 2021

	Share capital	Reserves		Total
		Share premium	Accumulated profit	
----- Rupees in thousands -----				
Balance as at July 1, 2020 (audited)	997,181	99,718	1,367,680	2,464,579
Total comprehensive loss for the quarter ended September 30, 2020				
Loss for the quarter	-	-	(7,596)	(7,596)
Balance as at September 30, 2020 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>1,360,084</u>	<u>2,456,983</u>
Balance as at July 1, 2021 (audited)	997,181	99,718	1,567,307	2,664,206
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	(24,930)	(24,930)
Total comprehensive profit for the quarter ended September 30, 2021				
Profit for the quarter	-	-	19,292	19,292
Balance as at September 30, 2021 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>1,561,669</u>	<u>2,658,568</u>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2021

1 STATUS AND NATURE OF BUSINESS

Thatta Cement Company Limited (the Company) was incorporated in Pakistan in 1980 as a public limited Company. The shares of the Company are quoted at the Pakistan Stock Exchange. The Company's main business activity is manufacturing and marketing of cement. The registered office of the Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi. The production facility of the Company comprises of 233 acres and is located at Ghulamullah Road, Makli, District Thatta, Sindh.

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

These condensed interim unconsolidated financial statements for the quarter ended September 30, 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

2.2 These condensed interim unconsolidated financial statements do not include all the statements and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2021 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2.3 The comparative unconsolidated statement of financial position presented in these condensed interim unconsolidated financial statements has been extracted from the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2021, whereas the comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial statements for the quarter ended September 30, 2020.

2.4 Basis of measurement

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

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

2.5 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in preparation of the annual audited unconsolidated financial statements as at and for the year ended June 30, 2021.

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2021

4 ESTIMATES AND JUDGEMENTS

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

The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2021.

		(Unaudited) September 30, 2021	(Audited) June 30, 2021
	Note	----- Rupees in thousands -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,872,603	1,859,849
Major stores and spares	5.2	65,838	64,118
Capital work in progress	5.3	13,819	27,780
		<u>1,952,260</u>	<u>1,951,747</u>
5.1 Operating fixed assets			
Opening net book value (NBV)		1,859,849	1,959,623
Additions during the quarter / year at cost	5.1.1	36,970	8,689
		<u>1,896,819</u>	<u>1,968,312</u>
Fixed assets written off during the quarter / year		-	(727)
Depreciation charge for the quarter / year		(24,216)	(107,736)
		<u>(24,216)</u>	<u>(108,463)</u>
Closing net book value (NBV)		<u>1,872,603</u>	<u>1,859,849</u>
5.1.1 Detail of additions (at cost) during the quarter / year are as follows:			
Plant and machinery		1,120	4,714
Electrical installations		35,549	-
Office equipment		301	-
Laboratory equipment		-	820
Vehicles		-	3,042
Computers		-	113
		<u>36,970</u>	<u>8,689</u>
5.2 Major stores and spares			
Cost			
Opening balance		106,259	100,766
Additions during the quarter / year		4,310	11,001
Transferred during the quarter / year		(2,590)	(5,508)
Closing balance		<u>107,979</u>	<u>106,259</u>
Accumulated impairment			
Opening balance		(42,141)	(38,919)
Impairment charge for the quarter / year		-	(3,222)
Closing balance		<u>(42,141)</u>	<u>(42,141)</u>
Net book value		<u>65,838</u>	<u>64,118</u>
5.3 Capital work-in-progress			
Solar panel project		13,819	27,780
6 LONG TERM INVESTMENT IN SUBSIDIARY COMPANY			
Thatta Power (Private) Limited (TPPL)	6.1 & 6.2	<u>299,158</u>	<u>299,158</u>

Thatta Cement Company Limited

Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the quarter ended September 30, 2021

6.1 The Company owns 62.43% shareholding of TPPL as at September 30, 2021 (June 30, 2021: 62.43%). The principal business of the Subsidiary Company is generation and sale of electric power. As at September 30, 2021 TPPL has authorized and issued share capital of Rs. 500.00 million and Rs. 479.16 million divided into 50,000,000 and 47,915,830 ordinary shares respectively. Investment in Subsidiary Company is accounted and carried on the basis of cost.

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

	(Un-audited)	(Audited)
	September 30,	June 30,
	2021	2021
	----- Rupees in thousands -----	
7 STORES, SPARE PARTS AND LOOSE TOOLS		
Coal and other fuels	149,232	23,288
Stores & spare parts	215,346	199,831
Loose tools	70	109
	364,648	223,228
Provision for obsolete stores	(3,843)	(3,843)
Provision for slow moving stores and spares	(27,329)	(27,329)
	(31,172)	(31,172)
	333,476	192,056
8 STOCK-IN-TRADE		
Raw material	15,389	13,938
Packing material	55,322	44,473
Work-in-process	379,980	334,414
Finished goods	37,495	43,615
	488,186	436,440
9 TRADE DEBTS		
Considered good		
Local - unsecured	308,457	192,284
Considered doubtful		
Local - unsecured	78,890	78,890
	387,347	271,174
Allowance for expected credit losses	(78,890)	(78,890)
	308,457	192,284
10 SHARE CAPITAL		
	(Un-audited)	(Audited)
	September 30,	June 30,
	2021	2021
	--- Number of shares ---	
Authorized share capital		
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each
	2,000,000	2,000,000
Issued, subscribed and paid-up share capital		
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each
		- shares allotted for consideration fully paid in cash
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each
		- shares allotted for consideration other than cash
99,718,125	99,718,125	894,181
		103,000
	997,181	997,181

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2021

	September 30, 2021	June 30, 2021
----- Rupees in thousands -----		
11 TRADE AND OTHER PAYABLES		
Trade creditors	69,952	60,644
Accrued liabilities	115,323	147,889
Bills payable	308,461	181,252
Contract liability	59,060	34,842
Contractors retention money	-	-
Excise duty and sales tax payable	53,339	75,203
Payable to Gratuity Fund	19,468	16,168
Payable to Provident Fund	1,878	1,531
Workers' Profit Participation Fund	15,979	14,559
Workers' Welfare Fund	4,170	3,688
Other liabilities	557	3,602
	648,187	539,378

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

The status of contingencies as disclosed in annual audited unconsolidated financial statements for the year ended June 30, 2021 are same as at September 30, 2021. The status of further matters are mentioned below:

12.1.1 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 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 Learned 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 management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. In view of Company's tax consultant, favorable outcome of such appeal will be anticipated.

12.1.2 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 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 Learned 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 management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. In view of Company's tax consultant, favorable outcome of such appeal will be anticipated.

Thatta Cement Company Limited

Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the quarter ended September 30, 2021

12.1.3 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. In view of Company's tax consultant, favorable outcome of such appeal will be anticipated.

12.1.4 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 adjourned till the next hearing which is fixed on November 08, 2021.

In the view of Company's legal consultant, favourable outcome of the petition is anticipated. Hence no provision of excess royalty amount resulted due to revision in rates has been recorded by the Company in these unconsolidated financial statements.

12.2 Commitments

12.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (June 30, 2021: Rs. 45 million).

12.2.2 Performance guarantee in terms of CDRs given by a commercial bank to CMES Navy on behalf of the Company amounting to Rs. 386.561 million (June 30, 2021: Rs. 428.209 million).

12.2.3 Other outstanding guarantees given on behalf of the Company by banks amount to Rs. 3 million (June 30, 2021: Rs. 3 million).

12.2.4 Operating lease commitments (0-1 year)

(Un-audited)	(Audited)
September 30,	June 30,
2021	2021
----- Rupees in thousands -----	
2,047	1,916

Thatta Cement Company Limited

Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the quarter ended September 30, 2021

		Quarter ended	
		September 30,	
		2021	2020
		----- Rupees in thousands -----	
13	SALES - NET		
	Gross sales		
	Local	1,014,887	658,740
	Export	707	-
		1,015,594	658,740
	Less:		
	Federal Excise Duty	(144,353)	(104,456)
	Sales tax	(174,295)	(108,325)
		(318,648)	(212,781)
		696,946	445,959
14	COST OF SALES		
	Raw material consumed	32,070	20,715
	Packing material consumed	43,918	22,008
	Stores, spare parts and loose tools consumed	22,607	10,323
	Fuel and power	424,674	215,286
	Salaries, wages and other benefits	94,323	64,673
	Insurance	5,388	1,412
	Repairs and maintenance	1,703	2,791
	Depreciation	23,670	18,447
	Vehicle hire, running & maintenance	3,406	2,700
	Communication	416	396
	Entertainment	270	156
	Other production overheads	1,859	899
	Cost of production	654,304	359,806
	Work-in-process		
	Opening balance	334,414	303,363
	Closing balance	(379,980)	(243,465)
		(45,566)	59,898
	Cost of goods manufactured	608,738	419,704
	Finished goods		
	Opening balance	43,615	51,278
	Closing balance	(37,495)	(44,569)
		6,120	6,709
		614,858	426,413
15	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit/(loss) for the quarter (Rupees in thousands)	19,292	(7,596)
	Weighted average number of ordinary shares	99,718,125	99,718,125
	Earnings/(loss) per share - basic and diluted (Rupees)	0.19	(0.08)

Thatta Cement Company Limited

Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the quarter ended September 30, 2021

16 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprise of subsidiary company, associated undertakings, Directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for service level agreement for business support services with the Subsidiary Company for which the basis are approved by the Board of Directors. Details of transactions during the quarter ended/outstanding balances as at September 30, 2021 with related parties are as follows:

	Quarter ended	
	September 30,	
	2021	2020
----- Rupees in thousands -----		
16.1 Transactions with related parties		
16.1.1 Subsidiary Company		
Thatta Power (Private) Limited		
Common shared expenses	1,068	1,026
Receipts on account of common shared expenses	-	1,653
Purchase of store items - net	(1,617)	(530)
Payment on account of purchase of store items - net	(63)	(340)
Purchase of electricity (inclusive of GST)	168,514	118,065
Payment on account of electricity (inclusive of GST)	176,965	149,695
Management fee claimed	7,267	6,606
Management fee received	-	10,210
Sale of waste heat	5,525	3,653
Receipt on account of sale of waste heat	-	14,993
Interest accrued on loan	1,777	-
16.1.2 Key management personnel		
Salaries and benefits	14,843	11,719
16.1.3 Other related parties		
Contribution to employees' Gratuity Fund	-	5,000
Contribution to employees' Provident Fund	2,620	2,429
Education expenses - Model Terbiat School	1,097	1,671
	(Un-audited)	(Audited)
	September 30,	June 30,
	2021	2021
----- Rupees in thousands -----		
16.2 Balances with related parties		
16.2.1 Subsidiary Company		
Thatta Power (Private) Limited		
Payable against purchase of electricity (inclusive of GST)	72,460	80,910
Receivable against management fee (inclusive of SST)	13,874	6,607
Receivable against common shared expenses	2,172	1,104
Payable against purchase of store items - net	(1,571)	(19)
Receivable against loan disbursed	70,000	70,000
Receivable against accrued markup on loan	2,203	427
Receivable against sale of waste heat (inclusive of GST)	12,495	6,970
16.2.2 Other related parties		
Payable to Gratuity Fund	19,468	16,168
Payable to Provident Fund	939	766

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2021

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

17 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

18 CORRESPONDING FIGURES

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

19 NUMBER OF EMPLOYEES

The number of employees as at September 30, 2021 was 496 (June 30, 2021: 497) and average number of employees during the period was 499 (June 30, 2021: 503).

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorized for issue on October 28, 2021 by the Board of Directors of the Company.

21 GENERAL

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2021**

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Financial Position
As at September 30, 2021

		(Un-audited)	(Audited)
		September 30,	June 30,
		2021	2021
Note	---- Rupees in thousands ----		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,122,761	4,150,781
Long term deposits		1,096	1,096
		4,123,857	4,151,877
CURRENT ASSETS			
Stores, spare parts and loose tools	6	367,272	230,504
Stock-in-trade	7	492,831	431,528
Trade debts	8	1,296,503	1,139,897
Short term investment		306,000	306,000
Advances		96,074	32,694
Deposits and prepayments		41,663	28,059
Other receivables and accrued mark-up		6,708	2,039
Taxation - net		241,358	247,332
Cash and bank balances		72,435	333,949
		2,920,844	2,752,002
TOTAL ASSETS		7,044,701	6,903,879
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	9	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		2,745,434	2,752,233
Equity attributable to the owners of the Holding Company		3,842,333	3,849,132
Non-controlling interests		893,728	894,427
		4,736,061	4,743,559
NON-CURRENT LIABILITIES			
Long term financing		738,056	799,461
Long term deposits		2,791	2,791
Long term employee benefit		15,277	15,113
Deferred taxation		306,058	307,717
		1,062,182	1,125,082
CURRENT LIABILITIES			
Trade and other payables	10	716,230	593,986
Dividend payable		26,740	1,814
Accrued mark-up		54,637	28,448
Current maturity of long term financing		313,056	250,444
Short term borrowings		135,795	160,546
		1,246,458	1,035,238
TOTAL EQUITY AND LIABILITIES		7,044,701	6,903,879

CONTINGENCIES AND COMMITMENTS

11

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Profit or Loss (Un-audited)
For the quarter ended September 30, 2021

	Note	Quarter ended	
		2021	2020
		---- Rupees in thousands ----	
Sales - net	12	749,389	573,128
Cost of sales	13	(629,938)	(501,242)
Gross profit		119,451	71,886
Selling and distribution cost		(8,164)	(9,274)
Administrative expenses		(34,121)	(23,392)
		77,166	39,220
Other operating expenses		(26,268)	(4)
Other income		6,532	14,899
Operating profit		57,430	54,115
Finance cost		(31,331)	(36,554)
Profit / (loss) before taxation		26,099	17,561
Taxation			
Current		(10,326)	(5,015)
Deferred		1,659	-
		(8,667)	(5,015)
Profit for the quarter		17,432	12,546
Profit for the quarter attributable to:			
Equity holders of the Holding Company		18,131	4,979
Non-controlling interests		(699)	7,567
		17,432	12,546
Earnings per share - basic and diluted (Rupee)	14	0.18	0.05

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)
For the quarter ended September 30, 2021

	Quarter ended	
	September 30,	
	2021	2020
	---- Rupees in thousands ----	
Profit for the quarter	17,432	12,546
Other comprehensive income / (loss)	-	-
Total comprehensive income for the quarter	17,432	12,546
Total comprehensive income for the period attributable to:		
Equity holders of the Holding Company	18,131	4,979
Non-controlling interests	(699)	7,567
	17,432	12,546

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2021

	Quarter ended	
	September 30,	
	2021	2020
	---- Rupees in thousands ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,099	17,561
Adjustment for:		
Depreciation	52,749	48,895
Finance cost	31,331	36,554
Provision for gratuity	3,300	3,883
Provision for leave encashment	613	820
Gain on disposal of property, plant and equipment	-	(7)
	87,993	90,145
Operating cash flows before working capital changes	114,092	107,706
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(136,767)	109,003
Stock-in-trade	(61,303)	53,518
Trade debts	(156,606)	(104,567)
Advances	(63,380)	452
Trade deposits and prepayments	(13,604)	(2,037)
Other receivables and accrued mark-up	(4,669)	(6,622)
	(436,329)	49,747
<i>Increase in current liabilities</i>		
Trade and other payables	118,943	8,912
Cash generated from operations	(203,294)	166,365
Finance cost paid	(3,935)	(47,396)
Gratuity paid	-	(5,000)
Leave encashment paid	(449)	(171)
Income tax paid - net	(4,352)	7,986
Net cash (used in)/generated from operating activities	(212,030)	121,784
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(24,729)	(1,860)
Proceeds from disposal of property, plant & equipment	-	7
Net cash used in investing activities	(24,729)	(1,853)

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2021

	Quarter ended	
	September 30,	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend claimed	(4)	(33)
Net cash used in financing activities	(4)	(33)
Net (decrease) / increase in cash and cash equivalents	(236,763)	119,898
Cash and cash equivalents at beginning of the quarter	173,403	(245,945)
Cash and cash equivalents at end of the quarter	(63,360)	(126,047)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	72,435	59,987
Short term borrowings	(135,795)	(186,034)
	(63,360)	(126,047)

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)
For the quarter ended September 30, 2021

	Equity attributable to owners of the Holding Company			Total	Non-controlling interests	Total equity
	Share capital	Share premium	Accumulated profit			
----- Rupees in thousands -----						
Balance as at July 1, 2020 (audited)	997,181	99,718	2,512,111	3,609,010	870,058	4,479,068
Total comprehensive profit for the quarter ended September 30, 2020						
Profit for the quarter	-	-	4,979	4,979	7,567	12,546
Balance as at September 30, 2020 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>2,517,090</u>	<u>3,613,989</u>	<u>877,625</u>	<u>4,491,614</u>
Balance as at July 1, 2021 (audited)	997,181	99,718	2,752,233	3,849,132	894,427	4,743,559
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	(24,930)	(24,930)	-	(24,930)
Total comprehensive profit for the quarter ended September 30, 2021						
Profit for the quarter	-	-	18,131	18,131	(699)	17,432
Balance as at September 30, 2021 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>2,745,434</u>	<u>3,842,333</u>	<u>893,728</u>	<u>4,736,061</u>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited

Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the quarter ended September 30, 2021

1 THE GROUP AND ITS OPERATIONS

- 1.1 The Group consists of Thatta Cement Company Limited (TCCL) and Thatta Power (Private) Limited (TPPL) (together referred as "the Group").
- 1.2 Thatta Cement Company Limited (the Holding Company) was incorporated in Pakistan in 1980 as a public limited company. The shares of the Holding Company are quoted at the Pakistan Stock Exchange. The Holding Company's main business activity is manufacturing and marketing of cement. The registered office of the Holding Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi. The production facility of the Holding Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.
- 1.3 Thatta Power (Private) Limited (the Subsidiary Company) is a 62.43% owned subsidiary of the Holding Company as at September 30, 2021 (June 30, 2021: 62.43%). The principal business activity of the Subsidiary Company is generation and supply of electric power. As at September 30, 2021 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (June 30, 2021: 50,000,000) ordinary shares and 47,915,830 (June 30, 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim consolidated financial statements for the quarter ended September 30, 2021 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. The disclosures in these condensed interim consolidated financial statements do not include all of the information required in the annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group as at and for the year ended June 30, 2021.

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

These condensed interim consolidated financial statements comprise of the condensed interim consolidated statement of financial position as at June 30, 2021 and condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the quarter ended September 30, 2021.

2.2 Basis of consolidation

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

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

The financial statements of the Subsidiary Company are prepared for the same reporting period as of the Holding Company, using accounting policies that are generally consistent with those of the Holding Company.

The assets and liabilities of the Subsidiary Company have been consolidated on a line-by-line basis. The carrying value of investment held by the Holding Company is eliminated against the Subsidiary Company's shareholders' equity in the condensed interim consolidated financial statements. Intra-group balances and transactions are eliminated.

2.3 Functional and presentation currency

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

Thatta Cement Company Limited

Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the quarter ended September 30, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of the annual audited consolidated financial statements as at and for the year ended June 30, 2021.

4 ESTIMATES AND JUDGEMENTS

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

The significant judgments made by management in applying the group's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2021.

		(Un-audited)	(Audited)
		September 30,	June 30,
		2021	2021
	Note	---- Rupees in thousands ----	
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1	4,040,160	4,055,939
Major stores and spares	5.2	68,782	67,062
Capital work in progress	5.3	13,819	27,780
		<u>4,122,761</u>	<u>4,150,781</u>
5.1	Operating fixed assets		
Opening net book value (NBV)		4,055,939	4,260,881
Additions during the quarter / year at cost	5.1.1	36,970	19,078
		<u>4,092,909</u>	<u>4,279,959</u>
Fixed assets written off during the quarter / year		-	(727)
Depreciation charge for the quarter / year		(52,749)	(223,293)
		<u>(52,749)</u>	<u>(224,020)</u>
Closing net book value (NBV)		<u>4,040,160</u>	<u>4,055,939</u>
5.1.1	Detail of additions (at cost) during the quarter / year are as follows:		
Plant and machinery		1,120	15,103
Electrical installations		35,549	-
Office equipment		301	-
Laboratory equipment		-	820
Vehicles		-	3,042
Computer		-	113
		<u>36,970</u>	<u>19,078</u>
5.2	Major stores and spares		
Cost			
Opening balance		109,203	103,710
Additions during the quarter / year		4,310	11,001
Transferred during the quarter / year		(2,590)	(5,508)
Closing balance		<u>110,923</u>	<u>109,203</u>
Accumulated impairment			
Opening balance		(42,141)	(38,919)
Impairment charge for the quarter / year		-	(3,222)
Closing balance		<u>(42,141)</u>	<u>(42,141)</u>
Net book value		<u>68,782</u>	<u>67,062</u>
5.3	Capital work-in-progress		
Solar panel project		<u>13,819</u>	<u>27,780</u>

Thatta Cement Company Limited

Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the quarter ended September 30, 2021

		(Un-audited)	(Audited)
		September 30,	June 30,
		2021	2021
	Note	---- Rupees in thousands ----	
6 STORES, SPARE PARTS AND LOOSE TOOLS			
Coal and other fuels		149,232	23,288
Stores & spare parts		251,343	240,481
Loose tools		70	109
		400,645	263,878
Provision for obsolete stores		(3,843)	(3,843)
Provision for slow moving stores and spares		(29,530)	(29,531)
		(33,373)	(33,374)
		367,272	230,504
7 STOCK-IN-TRADE			
Raw material		15,389	13,938
Packing material		55,322	44,473
Work-in-process		384,387	329,838
Finished goods		37,733	43,279
		492,831	431,528
8 TRADE DEBTS			
Considered good			
Local - unsecured	8.1	1,296,503	1,139,897
Considered doubtful			
Local - unsecured		78,890	78,890
		1,375,393	1,218,787
Allowance for expected credit losses		(78,890)	(78,890)
		1,296,503	1,139,897

8.1 It includes receivable from HESCO by the Subsidiary Company is secured against Standby Letter of Credit (SBL) issued by National Bank of Pakistan to the extent of Rs. 286.71 million.

9 SHARE CAPITAL

	(Un-audited)	(Audited)		
	September 30,	June 30,		
	2021	2021		
	--- Number of shares ---			
Authorized share capital	200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000
Issued, subscribed and paid-up share capital	89,418,125	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration fully paid in cash	894,181
	10,300,000	10,300,000	Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	103,000
	99,718,125	99,718,125		997,181

Thatta Cement Company Limited

Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the quarter ended September 30, 2021

	(Un-audited)	(Audited)
	September 30,	June 30,
	2021	2021
	---- Rupees in thousands ----	
10 TRADE AND OTHER PAYABLES		
Trade creditors	88,564	72,026
Accrued liabilities	105,556	125,338
Bills payable	308,461	181,252
Contract liability	59,060	34,842
Contractors retention money	-	-
Excise duty and sales tax payable	54,929	81,880
Payable to Gratuity Fund	19,468	16,168
Payable to Provident Fund	1,878	1,531
Workers' Profit Participation Fund (WPPF)	55,635	54,215
Workers' Welfare Fund (WWF)	19,239	18,757
Other liabilities	3,440	7,977
	716,230	593,986

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

The status of contingencies as disclosed in annual audited consolidated financial statements for the year ended June 30, 2021 are same as at September 30, 2021. The status of further matters are mentioned below:

11.1.1 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated May 18, 2021 regarding Sales Tax Audit of the Holding 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 Holding Company for the purpose of business during the period from July 01, 2016 to June 30, 2017. In response to show cause notice, the Holding Company attended hearings from time to time and provide documents, explanations and supporting evidences. However, the Learned 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 management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. In view of Holding Company's tax consultant, favorable outcome of such appeal will be anticipated.

11.1.2 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated May 18, 2021 regarding Sales Tax Audit of the Holding 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 Holding Company for the purpose of business during the period from July 01, 2018 to June 30, 2019. In response to show cause notice, the Holding Company attended hearings from time to time and provide documents, explanations and supporting evidences. However, the Learned 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 management filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. In view of Holding Company's tax consultant, favorable outcome of such appeal will be anticipated.

Thatta Cement Company Limited

Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the quarter ended September 30, 2021

11.1.3 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated May 18, 2021 regarding Sales Tax Audit of the Holding 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 Holding Company for the purpose of business during the period from July 01, 2019 to June 30, 2020. In response to show cause notice, the Holding 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. In view of Holding Company's tax consultant, favorable outcome of such appeal will be anticipated.

11.1.4 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 Holding 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 adjourned till the next hearing which is fixed on November 08, 2021.

In the view of Holding Company's legal consultant, favourable outcome of the petition is anticipated. Hence no provision of excess royalty amount resulted due to revision in rates has been recorded by the Holding Company in these consolidated financial statements.

11.2 Commitments

11.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Holding Company amounts to Rs. 45 million (June 30, 2021: Rs. 45 million).

11.2.2 Performance guarantee in terms of CDRs given by a commercial bank to CMES Navy on behalf of the Holding Company amounting to Rs. 386.561 million (June 30, 2021: Rs. 428.209 million).

11.2.3 Other outstanding guarantees given on behalf of the Group by banks amount to Rs. 309 million (June 30, 2021: Rs. 309 million).

11.2.4 Operating lease commitment (0-1 year)

(Un-audited)	(Audited)
September 30,	June 30,
2021	2021
---- Rupees in thousands ----	
2,047	1,916

		Quarter ended	
		September 30,	
		2021	2020
----- Rupees in thousands -----			
12	SALES - NET		
	Gross sales		
	Local	1,076,245	807,527
	Export	707	-
		1,076,952	807,527
	Less:		
	Federal Excise Duty	(144,353)	(104,456)
	Sales tax	(183,210)	(129,943)
		(327,563)	(234,399)
		749,389	573,128
13	COST OF SALES		
	Raw material consumed	32,070	20,715
	Packing material consumed	43,918	22,008
	Stores, spare parts and loose tools consumed	38,979	15,096
	Fuel and power	395,572	260,352
	Salaries, wages and other benefits	94,323	64,673
	Insurance	8,293	4,466
	Repairs, operations and maintenance	7,540	8,634
	Depreciation	52,203	48,185
	Vehicle hire, running & maintenance	3,406	2,700
	Communication	416	396
	Entertainment	270	156
	Other production overheads	1,951	899
	Cost of production	678,941	448,280
	Work-in-process		
	Opening balance	329,838	288,870
	Closing balance	(384,387)	(241,600)
		(54,549)	47,270
	Cost of goods manufactured	624,392	495,550
	Finished goods		
	Opening balance	43,279	50,095
	Closing balance	(37,733)	(44,403)
		5,546	5,692
		629,938	501,242

		Quarter ended	
		September 30,	
		2021	2020
		----- Rupees in thousands -----	
14	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the quarter attributable to the equity holders of the Holding Company (Rupees in thousands)	18,131	4,979
	Weighted average number of ordinary shares	99,718,125	99,718,125
	Earnings per share - basic and diluted (Rupees)	0.18	0.05

15 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprise of associated undertakings, directors of the Group, key management personnel and staff retirement funds. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Further, contribution to the defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity fund) is in accordance with the actuarial advice. Details of transactions during the quarter ended / outstanding balances as at September 30, 2021 with related parties are as follows:

		Quarter ended	
		September 30,	
		2021	2020
		----- Rupees in thousands -----	
15.1	Transactions with related parties		
15.1.1	Key management personnel		
	Salaries and benefits	14,843	11,719
15.1.2	Other related parties		
	Contribution to employees' Gratuity Fund	-	5,000
	Contribution to employees' Provident Fund	2,620	2,429
	Education expenses - Model Terbiat School	1,097	1,671
		(Un-audited)	(Audited)
		September 30,	June 30,
		2021	2021
		---- Rupees in thousands ----	
15.2	Balances with related parties		
15.2.1	Other related parties		
	Payable to Gratuity Fund	19,468	16,168
	Payable to Provident Fund	939	766

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

16 OPERATING SEGMENTS

For management purposes the Group is organized into following major business segments.

Cement Engaged in manufacturing and marketing of cement.
Power Engaged in generation and supply of electric power.

16.1 Revenues	Cement		Power		Intra group adjustment		Consolidated	
	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020
Un-audited								
Rupees in thousands								
Sales - net	696,946	445,959	196,472	228,079	(144,029)	(100,910)	749,389	573,128
Cost of sales	(614,858)	(426,413)	(173,735)	(189,682)	158,655	114,853	(629,938)	(501,242)
Gross profit	82,088	19,546	22,737	38,397	14,626	13,943	119,451	71,886
Selling and distribution cost	(8,164)	(9,274)	-	-	-	-	(8,164)	(9,274)
Administrative expenses	(31,832)	(21,738)	(8,720)	(7,500)	6,431	5,846	(34,121)	(23,392)
	42,092	(11,466)	14,017	30,897	21,057	19,789	77,166	39,220
Other operating expenses	(26,268)	-	-	(4)	-	-	(26,268)	(4)
Other income	13,729	11,715	6,506	9,328	(13,703)	(6,144)	6,532	14,899
Operating profit	29,553	249	20,523	40,221	7,354	13,645	57,430	54,115
Finance cost	(3,064)	(5,300)	(30,470)	(31,254)	2,203	-	(31,331)	(36,554)
Segment results	26,489	(5,051)	(9,947)	8,967	9,557	13,645	26,099	17,561
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit / (loss) before taxation	26,489	(5,051)	(9,947)	8,967	9,557	13,645	26,099	17,561
Taxation								
Current	(8,856)	(2,545)	(1,470)	(2,470)	-	-	(10,326)	(5,015.0)
Deferred	1,659	-	-	-	-	-	1,659	-
	(7,197)	(2,545)	(1,470)	(2,470)	-	-	(8,667)	(5,015)
Profit / (loss) for the period	19,292	(7,596)	(11,417)	6,497	9,557	13,645	17,432	12,546

16.2 Other information	Cement		Power		Intra group adjustment		Consolidated	
	September 2021	June 2021	September 2021	June 2021	September 2021	June 2021	September 2021	June 2021
Un-audited								
Rupees in thousands								
Segment assets	3,796,404	3,695,072	3,689,075	3,665,880	(440,778)	(457,073)	7,044,701	6,903,879
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,796,404	3,695,072	3,689,075	3,665,880	(440,778)	(457,073)	7,044,701	6,903,879
Segment liabilities	1,137,836	1,030,866	1,315,465	1,280,853	(144,661)	(151,399)	2,308,640	2,160,320
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,137,836	1,030,866	1,315,465	1,280,853	(144,661)	(151,399)	2,308,640	2,160,320
Capital expenditure	24,729	41,962	-	10,389	-	-	24,729	52,351
Depreciation	24,216	107,736	28,533	115,557	-	-	52,749	223,293
Non-cash expenses other than depreciation	-	8,765	-	210	-	-	-	8,975

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

	Consolidated	
	September 30, 2021	September 30, 2020
-- Rupees in thousands --		
16.3.1 Operating revenues		
Total revenue of reportable segments	893,418	674,038
Elimination of intra group revenue	(144,029)	(100,910)
Consolidated revenue	749,389	573,128
16.3.2 Profit or loss		
Total profit before tax of reportable segments	16,542	3,916
Adjustment of unrealized profit and intra group transactions	9,557	13,645
Consolidated profit before taxation	26,099	17,561

16.3.3 Assets

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

16.3.4 Liabilities

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

16.5 Information about major customers

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

17 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

18 CORRESPONDING FIGURES

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

19 NUMBER OF EMPLOYEES

The number of employees as at September 30, 2021 was 496 (June 30, 2021: 497) and average number of employees during the period was 499 (June 30, 2021: 503).

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on October 28, 2021 by the Board of Directors of the Holding Company.

21 GENERAL

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

Consolidated	
(Un-audited)	(Audited)
September 30,	June 30,
2021	2021
-- Rupees in thousands --	
7,485,479	7,360,952
(439,175)	(455,470)
(1,603)	(1,603)
7,044,701	6,903,879
2,453,301	2,311,719
(144,661)	(151,399)
2,308,640	2,160,320



CHIEF FINANCIAL OFFICER



CHIEF FINANCIAL OFFICER



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