



**THATTA CEMENT**  
COMPANY LIMITED

**Half Yearly Report**  
**December 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](http://www.thattacement.com)  
E-mail: [info@thattacement.com](mailto: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](http://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 half year ended December 31, 2021.

### **OVERVIEW**

Production and dispatch statistics for the half year ended December 31, 2021 are as follows:

Description	December 31, 2021	December 31, 2020	Variance	
	-----Metric Tons-----			%
<b><u>Production</u></b>				
Clinker	121,964	183,719	(61,755)	(33.61)
Cement	203,550	123,245	80,305	65.16
<b><u>Dispatches</u></b>				
Clinker	4,987	52,416	(47,429)	(90.49)
Cement	205,186	122,676	82,510	67.26

During the period under review, your company showed exceptional increase in the cement dispatches. Cement dispatches of your company increased by 67.26% in comparison with corresponding period last year.

Moreover, during the period ended, the Company achieved 36.96% overall clinker production capacity by producing 121,964 tons of clinker against 55.67% capacity utilization with clinker production of 183,719 tons in the same period last year. The main reason of decline in the production of clinker was due to utilization of available stock of clinker. Moreover, the Company purchased clinker from local market at very attractive price to compensate the impact of sudden rise in coal prices in the international market coupled with deterioration in rupee-dollar parity during the period.

### **INDUSTRY REVIEW**

Cement Industry witnessed downward trend in cement exports and posted a decline of 4.06% in overall dispatches during the period under review. Local dispatches remained at 24.06 million tons (2020: 23.60 million tons) with a growth of merely 1.95%. Exports during the period remained severely affected showing a decline of 32.34 % and stood at 3.39 million tons (2020: 5.01 million tons).

In the southern region, local dispatches posted an increase of 15.38% in volumetric terms from 3.38 million tons to 3.90 million tons whereas export dispatches showed decline of 25% from 3.80 million tons to 2.85 million tons during the period under review.

The unpredictable trend of coal prices in the global markets have negative impact on the cement industry. In addition to this, other macro-economic factors such as rise in energy prices, high inflation coupled with rupee depreciation significantly 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 67.26 % as compared to corresponding period last year. The increase in local sales volumes resulted in growth of revenue from local sales by 58% as compared to corresponding period. Your Company showed overall improvement in sales performance as compared to corresponding period and successfully improved its market position in the South Region.

## FINANCIAL REVIEW

A comparison of the financial results of the Company's performance for the half year ended December 31, 2021 with the same period last year is as under:

Particulars	December 31, 2021	December 31, 2020
	Rupees in thousands	
Sales – net	1,606,993	1,105,138
Gross Profit	152,453	142,636
Selling and Distribution Cost	22,099	51,757
Finance Cost	9,138	9,424
Profit before taxation	60,411	66,616
Profit after Taxation	59,820	70,722
Earnings per share (Rupees)	0.60	0.71

Cost to Sales ratio increased to 90.51% during the period as compared to 87.09% in the corresponding period last year. The main reason of increase in coal prices in the international market along with continuous escalating dollar rate has resulted in increasing the cost of cement by considerable margin.

## FUTURE OUTLOOK

Cement industry severely affected due to volatility in coal prices in the global markets and consequently reduced the industry margins. we foresee that coal prices along with other economic factors such as continuous rise in energy prices, high inflation and depreciation of 'Pak Rupee' will continue to exert considerable pressure on cost of production of the cement industry in the future as well.

However, we are optimistic that these conditions will reverse and cement demand will again 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.

## PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the half year ended December 31, 2021 are as follows.

<b><u>Statement of Financial Position</u></b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
	<b>----(Rupees in thousands )---</b>	
Property, plant and equipment	4,094,369	4,150,781
Stock-in-Trade	369,813	431,528
Trade Debts	1,426,753	1,139,897
Total Equity - Holding Company	3,874,554	3,849,132
Trade and Other payables	622,627	593,986

<b><u>Statement of Profit or Loss</u></b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>----(Rupees in thousands )---</b>	
Sales - net	1,711,167	1,337,709
Gross Profit	215,003	267,766
Selling, Distribution cost & Administrative Expense	84,510	101,781
Profit before taxation	47,539	118,411
Profit after taxation	44,654	117,979
Earnings per share (in Rupees)	0.5	1.01

## ACKNOWLEDGEMENT

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the relentless efforts and dedicated services, team work, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and keep it abreast to face future developments and demands.



**Muhammad Aslam Shaikh**  
Chief Executive



**Khawaja Muhammad Salman Younis**  
Chairman

Karachi: February 28, 2022

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

### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **THATTA CEMENT COMPANY LIMITED** ("the Company") as at December 31, 2021 and the related condensed interim unconsolidated statement of profit or loss, the condensed interim unconsolidated statement of comprehensive income, the condensed interim unconsolidated statement of cash flows, the condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim unconsolidated financial statements based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements as at and for the six-month period ended December 31, 2021 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matters

The figures for the quarters ended December 31, 2021 and December 31, 2020 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: **28 FEB 2022**

UDIN # RR202110067gcaL0eFqT



**CHARTERED ACCOUNTANTS**  
Engagement Partner: Zulfikar Ali Causer



**CONDENSED INTERIM  
UNCONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2021**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	5	<b>1,951,259</b>	1,951,747
Long term investment in Subsidiary Company	6	<b>299,158</b>	299,158
Long term deposits		<b>1,096</b>	1,096
		<b>2,251,513</b>	2,252,001
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	7	<b>303,671</b>	192,056
Stock-in-trade	8	<b>366,700</b>	436,440
Trade debts	9	<b>398,937</b>	192,284
Loan to the Subsidiary	10	<b>50,000</b>	70,000
Advances		<b>4,221</b>	6,052
Trade deposits and prepayments		<b>35,285</b>	26,784
Other receivables & accrued mark-up		<b>33,631</b>	2,104
Taxation - net		<b>178,633</b>	199,939
Cash and bank balances	11	<b>79,522</b>	317,412
		<b>1,450,600</b>	1,443,071
<b>TOTAL ASSETS</b>		<b>3,702,113</b>	3,695,072
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	12	<b>2,000,000</b>	2,000,000
Share capital	12	<b>997,181</b>	997,181
Share premium		<b>99,718</b>	99,718
Accumulated profit		<b>1,602,197</b>	1,567,307
		<b>2,699,096</b>	2,664,206
<b>NON - CURRENT LIABILITIES</b>			
Long term deposits		<b>2,792</b>	2,791
Long term employee benefit		<b>15,647</b>	15,113
Deferred taxation		<b>278,986</b>	307,717
		<b>297,425</b>	325,621
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	<b>543,204</b>	539,378
Unclaimed dividend		<b>2,101</b>	1,814
Accrued mark-up		<b>3,200</b>	3,507
Short term borrowings		<b>157,087</b>	160,546
		<b>705,592</b>	705,245
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,702,113</b>	3,695,072
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		(Rupees in thousands)			
Sales - net	15	<b>1,606,993</b>	1,105,138	<b>910,047</b>	659,179
Cost of sales	16	<b>(1,454,540)</b>	(962,502)	<b>(839,682)</b>	(536,089)
<b>Gross profit</b>		<b>152,453</b>	142,636	<b>70,365</b>	123,090
Selling and distribution cost		<b>(22,099)</b>	(51,757)	<b>(13,935)</b>	(42,483)
Administrative expenses		<b>(59,004)</b>	(46,859)	<b>(27,172)</b>	(25,121)
		<b>71,350</b>	44,020	<b>29,258</b>	55,486
Other operating expenses		<b>(36,488)</b>	(6,074)	<b>(10,220)</b>	(6,074)
Impairment reversal/(loss)-trade debts		<b>3,783</b>	(1,261)	<b>3,783</b>	(1,261)
Other income		<b>30,904</b>	39,355	<b>17,175</b>	27,640
<b>Operating profit</b>		<b>69,549</b>	76,040	<b>39,996</b>	75,791
Finance cost		<b>(9,138)</b>	(9,424)	<b>(6,074)</b>	(4,124)
<b>Profit before taxation</b>		<b>60,411</b>	66,616	<b>33,922</b>	71,667
Taxation					
Current		<b>(20,368)</b>	(17,110)	<b>(11,512)</b>	(10,245)
Prior		<b>1,789</b>	(3)	<b>1,789</b>	(3)
Deferred		<b>17,988</b>	21,219	<b>16,329</b>	16,899
		<b>(591)</b>	4,106	<b>6,606</b>	6,651
<b>Profit for the period</b>		<b>59,820</b>	70,722	<b>40,528</b>	78,318
<b>Earnings per share - basic and diluted (Rupee)</b>	17	<b>0.60</b>	0.71	<b>0.41</b>	0.79

The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousands)			
<b>Profit for the period</b>	<b>59,820</b>	70,722	<b>40,528</b>	78,318
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>59,820</b>	70,722	<b>40,528</b>	78,318

The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Half year ended	
	December 31, 2021	December 31, 2020
Note	----- (Rupees in thousands) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>60,411</b>	66,616
<b>Adjustment for:</b>		
Depreciation on property, plant and equipment	5.1 <b>43,790</b>	55,562
Provision for slow moving & obsolete stores and impairment of major stores & spares	<b>4,588</b>	1,854
Finance cost	<b>9,138</b>	9,424
Provision for gratuity	<b>6,600</b>	7,765
Provision for leave encashment	<b>1,226</b>	1,641
(Reversal) / provision for loss allowance	<b>(3,783)</b>	1,261
Provision for Workers' Welfare Fund	<b>643</b>	-
Provision for Workers' Profit Participation Fund	<b>2,433</b>	-
Other reversals	<b>(1,403)</b>	-
Gain on disposal of property, plant and equipment	<b>-</b>	(662)
	<b>63,232</b>	76,845
<b>Operating cash flows before working capital changes</b>	<b>123,643</b>	143,461
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	<b>(116,429)</b>	9,848
Stock-in-trade	<b>69,740</b>	(25,564)
Trade debts	<b>(202,870)</b>	(139,210)
Loan to subsidiary	<b>20,000</b>	-
Advances	<b>1,831</b>	1,346
Trade deposits and prepayments	<b>(8,501)</b>	(3,257)
Other receivable and accrued mark-up	<b>(31,527)</b>	1,099
	<b>(267,756)</b>	(155,738)
<b>Increase in current liabilities</b>		
Trade and other payables	<b>28,565</b>	163,611
<b>Cash (used in) / generated from operations</b>	<b>(115,548)</b>	151,334
Finance cost paid	<b>(9,445)</b>	(13,724)
Gratuity paid	<b>(16,168)</b>	(23,979)
Leave encashment paid	<b>(692)</b>	(570)
Workers' Welfare Fund	<b>(3,426)</b>	-
Workers' Profit Participation Fund	<b>(13,418)</b>	-
Income tax (paid) / refund - net	<b>(8,016)</b>	175
<b>Net cash (used in) / generated from operating activities</b>	<b>(166,713)</b>	113,236

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

		Half year ended	
		December 31, 2021	December 31, 2020
Note		------(Rupees in thousands)-----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Fixed capital expenditure	(43,075)	(7,488)
	Proceeds from sale of property, plant and equipment	-	662
	<b>Net cash used in investing activities</b>	<b>(43,075)</b>	<b>(6,826)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Repayment of long-term financing from banking companies	-	-
	Dividend paid	(24,643)	(33)
	<b>Net cash used in financing activities</b>	<b>(24,643)</b>	<b>(33)</b>
	Net increase / (decrease) in cash and cash equivalents	(234,431)	106,377
	Cash and cash equivalents at the beginning of the period	156,866	(284,079)
	<b>Cash and cash equivalents at the end of the period</b>	<b>(77,565)</b>	<b>(177,702)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
	Cash and bank balances	79,522	133,735
11	Short term borrowings	(157,087)	(311,437)
		<b>(77,565)</b>	<b>(177,702)</b>

The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Share capital	Reserves		Total
		Share premium	Accumulated profit	
----- (Rupees in thousands) -----				
<b>Balance as at July 1, 2020 (audited)</b>	997,181	99,718	1,367,680	2,464,579
<b>Total comprehensive income for the period ended December 31, 2020</b>				
Profit for the period	-	-	70,722	70,722
Other comprehensive income	-	-	-	-
	-	-	70,722	70,722
<b>Balance as at December 31, 2020 (unaudited)</b>	997,181	99,718	1,438,402	2,535,301
<b>Balance as at July 1, 2021 (audited)</b>	<b>997,181</b>	<b>99,718</b>	<b>1,567,307</b>	<b>2,664,206</b>
<b>Total comprehensive income for the period ended December 31, 2021</b>				
Profit for the period	-	-	<b>59,820</b>	<b>59,820</b>
Other comprehensive income	-	-	-	-
	-	-	<b>59,820</b>	<b>59,820</b>
<b>Transactions with shareholders</b>				
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	<b>(24,930)</b>	<b>(24,930)</b>
<b>Balance as at December 31, 2021 (unaudited)</b>	<b>997,181</b>	<b>99,718</b>	<b>1,602,197</b>	<b>2,699,096</b>

The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

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**1 STATUS AND NATURE OF BUSINESS**

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

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

These condensed interim unconsolidated financial statements for the half year ended December 31, 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 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 half year ended December 31, 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 presented in Pakistani Rupee, which is the functional and presentation currency of the Company.



**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

**3 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN**

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

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2021. The adoption of these new and amended standards did not have material impact on these condensed interim unconsolidated financial statements.

**4 ESTIMATES AND JUDGEMENTS**

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

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

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>1,857,746</b>	1,859,849
Major stores and spares	5.2	<b>68,804</b>	64,118
Capital work in progress	5.3	<b>24,709</b>	27,780
		<b>1,951,259</b>	1,951,747
<b>5.1 Operating fixed assets</b>			
Opening net book value (NBV)		<b>1,859,849</b>	1,959,623
Additions during the period / year at cost	5.1.1	<b>41,687</b>	8,689
		<b>1,901,536</b>	1,968,312
Depreciation charge for the period / year		<b>(43,790)</b>	(107,736)
Adjustments (NBV)		-	(727)
Write off during the period / year		-	-
		<b>(43,790)</b>	(108,463)
Closing net book value (NBV)		<b>1,857,746</b>	1,859,849
<b>5.1.1 Detail of additions (at cost) during the period / year are as follows:</b>			
Plant and machinery		<b>3,354</b>	4,714
Electrical installations		<b>35,549</b>	-
Laboratory equipment		-	820
Office equipments		<b>301</b>	-
Computers		<b>284</b>	113
Vehicles		<b>2,199</b>	3,042
		<b>41,687</b>	8,689

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	Note	(Rupees in thousands)	
<b>5.2 Major stores and spares</b>			
Cost			
Opening balance		<b>106,259</b>	100,766
Additions during the period / year		<b>10,641</b>	11,001
Transferred during the period / year		<b>(6,181)</b>	(5,508)
Closing balance		<b>110,719</b>	106,259
Accumulated impairment			
Opening balance		<b>(42,141)</b>	(38,919)
Reversal / (impairment) charge for the period / year		<b>226</b>	(3,222)
Closing balance		<b>(41,915)</b>	(42,141)
Net book value		<b>68,804</b>	64,118
<b>5.3 Capital work in progress</b>			
Solar panel project	5.3.1	<b>24,709</b>	27,780
<b>5.3.1 Movement of capital work in progress:</b>			
Opening Balance		<b>27,780</b>	-
Additions during the period / year		<b>32,478</b>	27,780
Transfers during the period / year		<b>(35,549)</b>	-
Closing Balance		<b>24,709</b>	27,780
<b>6 LONG TERM INVESTMENT IN SUBSIDIARY COMPANY</b>			
Thatta Power (Private) Limited (TPPL)	6.1 & 6.2	<b>299,158</b>	299,158
6.1	The Company owns 62.43% shareholding of TPPL as at December 31, 2021 (June 30, 2021: 62.43%). The principal business of the Subsidiary Company is generation and supply of electric power. As at December 31, 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 is accounted and carried at cost.		
6.2	Thatta Cement Company Limited has pledged its investment in shares of TPPL in favor of National Bank of Pakistan (NBP) as the security trustee against syndicate term finance facility extended by NBP and other syndicated banks of TPPL.		
<b>7 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Coal and other fuels	7.1	<b>116,196</b>	23,288
Stores and spare parts		<b>223,386</b>	199,831
Loose tools		<b>75</b>	109
		<b>339,657</b>	223,228
Provision for obsolete stores		<b>(3,843)</b>	(3,843)
Provision for slow moving stores and spares		<b>(32,143)</b>	(27,329)
		<b>(35,986)</b>	(31,172)
		<b>303,671</b>	192,056
7.1	This includes coal in transit amounting to Rs. Nil (June 30, 2021: Rs. 2.357 million).		

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		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
<b>8</b>	<b>STOCK-IN-TRADE</b>		
	Raw material	13,749	13,938
	Packing material	41,768	44,473
	Work-in-process	260,865	334,414
	Finished goods	50,318	43,615
		<b>366,700</b>	<b>436,440</b>
<b>9</b>	<b>TRADE DEBTS</b>		
	Considered good		
	Local - unsecured	398,937	192,284
	Considered doubtful		
	Local - unsecured	75,107	78,890
		<b>474,044</b>	271,174
	Provision for doubtful debts	9.1 (75,107)	(78,890)
		<b>398,937</b>	<b>192,284</b>
<b>9.1</b>	<b>Allowance for expected credit losses</b>		
	Balance at beginning of the period / year	78,890	75,107
	(Reversal) / allowance for expected credit losses	(3,783)	3,783
	Balance at end of the period / year	<b>75,107</b>	<b>78,890</b>
<b>10</b>	<b>LOAN TO SUBSIDIARY</b>		
	Loan to Thatta Power (Private) Limited	10.1 50,000	70,000
<b>10.1</b>	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. This will in turn ensure uninterrupted supply of electricity to the Company and hence, maintaining sustainable cement production. The Company sought approval from its shareholders in Annual General Meeting held on October 15, 2021, to provide loan facility aggregating to Rs. 300 million. The loan facility carries markup at the rate of 3 months KIBOR plus 2.62% per annum payable on quarterly basis. As the Company owns majority shares of the Subsidiary Company, the loan was extended without any collateral security.		
<b>11</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	2,742	2,475
	Cash at bank		
	Current account	85,300	246,476
	Profit and loss sharing (PLS) accounts	(8,520)	68,461
		<b>76,780</b>	314,937
		<b>79,522</b>	<b>317,412</b>

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**12 SHARE CAPITAL**

December 31, 2021 (Un-audited)	June 30, 2021 (Audited)		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
Number of shares			(Rupees in thousands)	
<b>Authorised share capital</b>				
<b>200,000,000</b>	200,000,000	Ordinary shares of Rs. 10/- each	<b>2,000,000</b>	2,000,000
<b>Issued, subscribed and paid-up capital</b>				
		Note		
<b>89,418,125</b>	89,418,125	Ordinary shares of Rs. 10/- each shares allotted for consideration paid in cash	<b>894,181</b>	894,181
<b>10,300,000</b>	10,300,000	Ordinary shares of Rs. 10/- each shares allotted for consideration other than cash	<b>103,000</b>	103,000
<b>99,718,125</b>	99,718,125		<b>997,181</b>	997,181

**13 TRADE AND OTHER PAYABLES**

Trade creditors	<b>68,552</b>	60,644
Accrued liabilities	<b>86,284</b>	147,889
Bills payable	<b>241,869</b>	181,252
Advances from customers	<b>22,234</b>	34,842
Excise duty and sales tax payable	<b>111,123</b>	75,203
Payable to Gratuity Fund	<b>6,600</b>	16,168
Payable to Provident Fund	-	1,531
Sindh Workers' Profit Participation Fund	<b>2,433</b>	14,559
Sindh Workers' Welfare Fund	<b>643</b>	3,688
Other liabilities	<b>3,466</b>	3,602
	<b>543,204</b>	539,378

**14 CONTINGENCIES AND COMMITMENTS**

**14.1 Contingencies**

- 14.1.1 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.

**THATTA CEMENT COMPANY LIMITED**  
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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. In view of Company's tax consultant, favorable outcome of such appeal is anticipated.

- 14.1.2 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. In view of Company's tax consultant, favorable outcome of such appeal is anticipated.
- 14.1.3 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.
- 14.1.4 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 March 28, 2022.

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 condensed interim unconsolidated financial statements.

- 14.1.5 The status of other contingencies are same as disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2021 except for the matters disclosed above.

**14.2 Commitments**

- 14.2.1 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).
- 14.2.2 Performance guarantee in terms of CDRs given by a commercial bank to CMES Navy on behalf of the Company amounting to Rs. 348.225 million (June 30, 2021: Rs. 428.209 million).
- 14.2.3 Other outstanding guarantees given on behalf of the Company by banks amount to Rs. 39.24 million (June 30, 2021: Rs. 3 million).

December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
(Rupees in thousands)	

- 14.2.4 Operating lease commitments

0-1 year

<b>2,108</b>	1,916
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**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
------(Rupees in thousands)-----				
<b>15 SALES - NET</b>				
Gross Sales				
Local	<b>2,313,297</b>	1,504,602	<b>1,298,410</b>	845,862
Export	<b>707</b>	88,170	-	88,170
	<b>2,314,004</b>	1,592,772	<b>1,298,410</b>	934,032
Less:				
Federal excise duty	<b>(315,155)</b>	(238,338)	<b>(170,802)</b>	(133,882)
Sales tax	<b>(391,856)</b>	(249,296)	<b>(217,561)</b>	(140,971)
	<b>(707,011)</b>	(487,634)	<b>(388,363)</b>	(274,853)
	<b>1,606,993</b>	1,105,138	<b>910,047</b>	659,179
<b>15.1</b> Company's revenue disaggregated by primary geographical markets is as follows:				
<b>Sale of cement and clinker</b>				
Primary geographical markets				
Within Pakistan	<b>1,606,286</b>	1,016,968	<b>910,047</b>	571,009
Outside Pakistan	<b>707</b>	88,170	-	88,170
	<b>1,606,993</b>	1,105,138	<b>910,047</b>	659,179
<b>15.2</b> Company's revenue disaggregated by pattern / timing of revenue recognition is as follows.				
Timing of revenue recognition				
Goods transferred at a point in time	<b>1,606,993</b>	1,105,138	<b>910,047</b>	659,179
<b>16 COST OF SALES</b>				
Raw material consumed	<b>58,778</b>	60,222	<b>26,708</b>	39,507
Clinker purchase	<b>188,412</b>	-	<b>188,412</b>	-
Manufacturing expenses				
Fuel and power	<b>765,918</b>	655,284	<b>341,244</b>	439,998
Salaries, wages and other benefits	<b>168,250</b>	142,705	<b>73,927</b>	78,032
Depreciation	<b>42,699</b>	54,213	<b>19,029</b>	35,766
Packing material consumed	<b>97,782</b>	48,347	<b>53,864</b>	26,339
Stores, spare parts and loose tools consumed	<b>34,798</b>	23,267	<b>27,020</b>	12,944
Vehicle hire, running & maintenance	<b>7,011</b>	5,450	<b>3,605</b>	2,750
Repairs and maintenance	<b>4,129</b>	5,054	<b>2,426</b>	2,263
Insurance	<b>11,753</b>	2,830	<b>6,365</b>	1,418
Other production overheads	<b>2,204</b>	1,372	<b>345</b>	473
Communication	<b>830</b>	797	<b>414</b>	401
Entertainment	<b>542</b>	339	<b>272</b>	183
Provision / (reversal) for slow moving & obsolete stores and spares	<b>4,588</b>	1,854	<b>4,588</b>	1,854
	<b>1,140,504</b>	941,512	<b>518,270</b>	602,421
Cost of production	<b>1,387,694</b>	1,001,734	<b>733,390</b>	641,928

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
------(Rupees in thousands)-----				
Work-in-process				
Opening balance	<b>334,414</b>	303,363	<b>379,980</b>	243,465
Closing balance	<b>(260,865)</b>	(347,554)	<b>(260,865)</b>	(347,554)
	<b>73,549</b>	(44,191)	<b>119,115</b>	(104,089)
Cost of goods manufactured	<b>1,461,243</b>	957,543	<b>852,505</b>	537,839
Finished goods				
Opening balance	<b>43,615</b>	51,278	<b>37,495</b>	44,569
Closing balance	<b>(50,318)</b>	(46,319)	<b>(50,318)</b>	(46,319)
	<b>(6,703)</b>	4,959	<b>(12,823)</b>	(1,750)
	<b>1,454,540</b>	962,502	<b>839,682</b>	536,089

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

Profit for the period	<b>59,820</b>	70,722	<b>40,528</b>	78,318
Weighted average number of ordinary shares	<b>99,718,125</b>	99,718,125	<b>99,718,125</b>	99,718,125
Basic earnings per share (Rupee)	<b>0.60</b>	0.71	<b>0.41</b>	0.79

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

**18 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 period ended/outstanding balances as at December 31, 2021 with related parties are as follows:

**18.1 Transactions with related parties**

**Subsidiary Company**

**Thatta Power (Private) Limited**

Common shared expenses	<b>2,087</b>	1,955	<b>1,019</b>	929
Receipts for common shared expenses	-	2,346	-	693
(Purchase) / sale of store items - net	<b>(1,587)</b>	(685)	<b>(30)</b>	(155)
(Payment) / receipts of store items - net	<b>(1,752)</b>	(645)	<b>(1,689)</b>	(305)
Purchase of electricity (incl. of GST)	<b>299,020</b>	329,701	<b>130,506</b>	211,636
Payment for electricity (incl. of GST)	<b>368,382</b>	331,542	<b>191,417</b>	181,847
Management fee claimed (incl. of SST)	<b>14,534</b>	13,212	<b>7,258</b>	6,606
Management fee received (incl. of SST)	-	14,614	-	4,404
Sale of waste heat	<b>8,423</b>	12,541	<b>2,898</b>	8,888
Receipt for sale of waste heat	-	16,826	-	1,833
Loan disbursed	-	15,000	-	15,000
Receipt on account of loan	<b>20,000</b>	15,000	<b>20,000</b>	15,000
Interest accrued on loan	<b>3,224</b>	98	<b>1,447</b>	98

**THATTA CEMENT COMPANY LIMITED**  
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**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
------(Rupees in thousands)-----				
<b>Key management personnel</b>				
Salaries and benefits	<b>30,612</b>	26,086	<b>15,769</b>	14,907
<b>Other related parties</b>				
Contribution to Gratuity Fund	<b>16,168</b>	23,979	<b>16,168</b>	18,979
Contribution to Provident Fund	<b>6,360</b>	4,795	<b>3,740</b>	2,366
Education expense - Model tarbiat school	<b>2,121</b>	2,225	<b>1,024</b>	554
			December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
			(Rupees in thousands)	
<b>18.2 Balances with related parties</b>				
<b>Subsidiary Company</b>				
<b>Thatta Power (Private) Limited</b>				
Payable against purchase of electricity (inclusive of GST)			<b>11,548</b>	80,910
Receivable against management fee (inclusive of SST)			<b>21,140</b>	6,607
Receivable against common shared expenses			<b>3,191</b>	1,104
Receivable against sale of store items - net			<b>147</b>	(19)
Loan/advance to the Subsidiary Company			<b>50,000</b>	70,000
Receivable against waste heat recovery plant			<b>15,393</b>	6,970
Accrued mark-up on loan			<b>3,650</b>	427
<b>Other related parties</b>				
Payable to Gratuity Fund			<b>6,600</b>	16,168
Payable to Provident Fund			<b>-</b>	766

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

**19 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2021.

**20 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS**

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

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

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

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

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

**21 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 reporting period.



**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

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**22 NUMBER OF EMPLOYEES**

The number of employees as at the end of reporting period was 499 (June 30, 2021: 497 ) and average number of employees during the reporting period was 500 (June 30, 2021: 503).

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

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

**24 DATE OF AUTHORIZATION FOR ISSUE**


These condensed interim unconsolidated financial statements have been authorized for issue on February 28, 2022 by the Board of Directors of the Company.

**25 GENERAL**

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



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**CONDENSED INTERIM  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2021**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	5	<b>4,094,369</b>	4,150,781
Long term deposits		<b>1,096</b>	1,096
		<b>4,095,465</b>	4,151,877
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	6	<b>338,454</b>	230,504
Stock-in-trade	7	<b>369,813</b>	431,528
Trade debts	8	<b>1,426,753</b>	1,139,897
Short term investment		-	306,000
Advances		<b>49,367</b>	32,694
Deposits and prepayments		<b>237,207</b>	28,059
Other receivables and accrued mark-up		<b>8,809</b>	2,039
Taxation - net		<b>224,848</b>	247,332
Cash and bank balances		<b>135,577</b>	333,949
		<b>2,790,828</b>	2,752,002
		<b>6,886,293</b>	6,903,879
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		<b>2,000,000</b>	2,000,000
Share capital	9	<b>997,181</b>	997,181
Share premium		<b>99,718</b>	99,718
Accumulated profit		<b>2,777,655</b>	2,752,233
Equity attributable to the owners of the Holding Company		<b>3,874,554</b>	3,849,132
Non-controlling interests		<b>888,729</b>	894,427
		<b>4,763,283</b>	4,743,559
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		<b>676,651</b>	799,461
Long term deposits		<b>2,792</b>	2,791
Long term employee benefit		<b>15,647</b>	15,113
Deferred taxation		<b>278,986</b>	307,717
		<b>974,076</b>	1,125,082
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	<b>622,627</b>	593,986
Dividend payable		<b>2,101</b>	1,814
Accrued mark-up		<b>54,063</b>	28,448
Current maturity of long term financing		<b>313,056</b>	250,444
Short term borrowings		<b>157,087</b>	160,546
		<b>1,148,934</b>	1,035,238
		<b>6,886,293</b>	6,903,879
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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 PERIOD ENDED DECEMBER 31, 2021**

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		(Rupees in thousands)			
Sales - net	12	1,711,167	1,337,709	961,778	764,581
Cost of sales	13	(1,496,164)	(1,069,943)	(866,226)	(568,701)
<b>Gross profit</b>		<b>215,003</b>	267,766	<b>95,552</b>	195,880
Selling and distribution cost		(22,099)	(51,757)	(13,935)	(42,483)
Administrative expenses		(62,411)	(50,024)	(28,290)	(26,632)
		<b>130,493</b>	165,985	<b>53,327</b>	126,765
Other operating expenses		(36,488)	(6,096)	(10,220)	(6,092)
Impairment reversal / (loss) - trade debts		3,783	(1,261)	3,783	(1,261)
Other income		15,821	33,028	9,289	18,129
<b>Operating profit</b>		<b>113,609</b>	191,656	<b>56,179</b>	137,541
Finance cost		(66,070)	(73,245)	(34,739)	(36,691)
<b>Profit before taxation</b>		<b>47,539</b>	118,411	<b>21,440</b>	100,850
Taxation					
Current		(22,662)	(21,648)	(12,336)	(12,313)
Prior		1,789	(3)	1,789	(3)
Deferred		17,988	21,219	16,329	16,899
		(2,885)	(432)	5,782	4,583
<b>Profit for the period</b>		<b>44,654</b>	117,979	<b>27,222</b>	105,433
<b>Profit for the period attributable to:</b>					
Equity holders of the Holding Company		50,352	100,225	32,221	95,246
Non-controlling interests		(5,698)	17,754	(4,999)	10,187
		<b>44,654</b>	117,979	<b>27,222</b>	105,433
<b>Earnings per share - basic and diluted (Rupees)</b>	14	<b>0.50</b>	1.01	<b>0.32</b>	0.96

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 PERIOD ENDED DECEMBER 31, 2021**

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees in thousands) -----			
<b>Profit for the period</b>	<b>44,654</b>	117,979	<b>27,222</b>	105,433
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>44,654</b>	117,979	<b>27,222</b>	105,433
<b>Total comprehensive income for the period attributable to:</b>				
Equity holders of the Holding Company	<b>50,352</b>	100,225	<b>32,221</b>	95,246
Non-controlling interests	<b>(5,698)</b>	17,754	<b>(4,999)</b>	10,187
	<b>44,654</b>	117,979	<b>27,222</b>	105,433

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 PERIOD ENDED DECEMBER 31, 2021**

	Half year ended	
	December 31, 2021	December 31, 2020
Note	----- (Rupees in thousands) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>47,539</b>	118,411
<b>Adjustment for:</b>		
Depreciation	5.1 <b>99,714</b>	116,257
Provision for slow moving & obsolete stores and impairment of major stores & spares	<b>5,721</b>	2,055
Finance cost	<b>66,070</b>	73,245
Provision for gratuity	<b>6,600</b>	7,765
Provision for leave encashment	<b>1,226</b>	1,641
(Reversal) / provision for loss allowance	<b>(3,783)</b>	1,261
Provision for Workers' Welfare Fund	<b>643</b>	-
Provision for Workers' Profit Participation Fund	<b>2,433</b>	-
Other reversals	<b>(1,403)</b>	-
Gain on disposal of property, plant and equipment	<b>-</b>	(662)
	<b>177,221</b>	201,562
<b>Operating cash flows before working capital changes</b>	<b>224,760</b>	319,973
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	<b>(113,896)</b>	10,552
Stock-in-trade	<b>61,715</b>	(33,781)
Trade debts	<b>(283,073)</b>	(227,808)
Advances	<b>(16,673)</b>	1,270
Trade deposits and prepayments	<b>(209,148)</b>	(5,880)
Other receivable and accrued mark-up	<b>(6,770)</b>	7,541
	<b>(567,845)</b>	(248,106)
<b>Increase in current liabilities</b>		
Trade and other payables	<b>53,379</b>	158,620
<b>Cash generated from operations</b>	<b>(289,706)</b>	230,487
Finance cost paid	<b>(38,042)</b>	(84,050)
Gratuity paid	<b>(16,168)</b>	(23,979)
Leave encashment paid	<b>(692)</b>	(570)
Workers' Welfare Fund	<b>(3,426)</b>	-
Workers' Profit Participation Fund	<b>(13,418)</b>	-
Income tax paid - net	<b>(9,132)</b>	(3,442)
<b>Net cash (used in)/generated from operating activities</b>	<b>(370,584)</b>	118,446



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**THATTA CEMENT COMPANY LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Half year ended	
	December 31, 2021	December 31, 2020
Note	----- (Rupees in thousands) -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	<b>(43,075)</b>	(13,379)
Proceeds from disposal of property, plant & equipment	-	662
<b>Net cash used in investing activities</b>	<b>(43,075)</b>	(12,717)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from encashment of short term investment	<b>306,000</b>	-
Repayment of long term financing	<b>(62,611)</b>	(25,380)
Dividend paid	<b>(24,643)</b>	(33)
<b>Net cash used in financing activities</b>	<b>218,746</b>	(25,413)
Net increase / (decrease) in cash and cash equivalents	<b>(194,913)</b>	80,316
Cash and cash equivalents at beginning of the period	<b>173,403</b>	(245,945)
<b>Cash and cash equivalents at end of the period</b>	<b>(21,510)</b>	(165,629)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>135,577</b>	145,808
Short term borrowings	<b>(157,087)</b>	(311,437)
	<b>(21,510)</b>	(165,629)

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 PERIOD ENDED DECEMBER 31, 2021**

	Attributable to the owners of the Holding Company			Total	Non-controlling interests	Total shareholders' equity
	Share capital	Reserves				
		Share premium	Accumulated profits			
----- Rupees in thousands -----						
<b>Balance as at July 1, 2020 (audited)</b>	997,181	99,718	2,512,111	3,609,010	870,058	4,479,068
<i>Total comprehensive income for the period ended December 31, 2020</i>						
Profit for the period	-	-	100,225	100,225	17,754	117,979
<b>Balance as at December 31, 2020 (un-audited)</b>	<u>997,181</u>	<u>99,718</u>	<u>2,612,336</u>	<u>3,709,235</u>	<u>887,812</u>	<u>4,597,047</u>
<b>Balance as at July 1, 2021 (audited)</b>	<b>997,181</b>	<b>99,718</b>	<b>2,752,233</b>	<b>3,849,132</b>	<b>894,427</b>	<b>4,743,559</b>
<i>Total comprehensive income for the period ended December 31, 2021</i>						
Profit / (loss) for the period	-	-	50,352	50,352	(5,698)	44,654
<i>Transactions with shareholders</i>						
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	(24,930)	(24,930)	-	(24,930)
<b>Balance as at December 31, 2021 (un-audited)</b>	<u>997,181</u>	<u>99,718</u>	<u>2,777,655</u>	<u>3,874,554</u>	<u>888,729</u>	<u>4,763,283</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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

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**1 THE GROUP AND ITS OPERATIONS**

- 1.1** The Group consists of Thatta Cement Company Limited (TCCL) and Thatta Power (Private) Limited (TPPL) (together referred as "the Group").
- 1.2** Thatta Cement Company Limited (the Holding Company) was incorporated in Pakistan in 1980 as a public limited company. The shares of the Holding Company are quoted at the Pakistan Stock Exchange. The Holding Company's main business activity is manufacturing and marketing of cement. The registered office of the Holding Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi. The production facility of the Holding Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.
- 1.3** Thatta Power (Private) Limited (the Subsidiary Company) is a 62.43% owned subsidiary of the Holding Company as at December 31, 2021 (June 30, 2021: 62.43%). The principal business activity of the Subsidiary Company is generation and supply of electric power. As at December 31, 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 half year ended December 31, 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 period ended December 31, 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.

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

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.

**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.

**5 PROPERTY, PLANT AND EQUIPMENT**

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
Operating fixed assets	5.1	<b>3,997,912</b>	4,055,939
Major stores and spares	5.2	<b>71,748</b>	67,062
Capital work in progress	5.3	<b>24,709</b>	27,780
		<b>4,094,369</b>	4,150,781

**5.1 Operating fixed assets**

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
Opening net book value (NBV)		<b>4,055,939</b>	4,260,881
Additions during the period at cost	5.1.1	<b>41,687</b>	19,078
		<b>4,097,626</b>	4,279,959
Fixed assets written off during the period		-	(727)
Depreciation charge for the period		<b>(99,714)</b>	(223,293)
		<b>(99,714)</b>	(224,020)
Closing net book value (NBV)		<b>3,997,912</b>	4,055,939

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
<b>5.1.1</b>	Detail of additions (at cost) during the period are as follows:		
	Plant and machinery	3,354	15,103
	Electrical installations	35,549	-
	Office equipment	301	-
	Laboratory equipment	-	820
	Vehicles	2,199	3,042
	Computer	284	113
		<b>41,687</b>	<b>19,078</b>
<b>5.2</b>	<b>Major stores and spares</b>		
	Cost		
	Opening balance	109,203	103,710
	Additions during the period	10,641	11,001
	Transferred during the period	(6,181)	(5,508)
	Closing balance	113,663	109,203
	Accumulated impairment		
	Opening balance	(42,141)	(38,919)
	Reversal / (impairment) charge for the period	226	(3,222)
	Closing balance	(41,915)	(42,141)
	Net book value	71,748	67,062
<b>5.3</b>	<b>Capital work in progress</b>		
	Solar panel project	24,709	27,780
<b>6</b>	<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>		
	Coal and other fuels	116,196	23,288
	Stores & spare parts	261,503	240,481
	Loose tools	75	109
		<b>377,774</b>	<b>263,878</b>
	Provision for obsolete stores	(3,843)	(3,843)
	Provision for slow moving stores and spares	(35,477)	(29,531)
		<b>(39,320)</b>	<b>(33,374)</b>
		<b>338,454</b>	<b>230,504</b>
<b>7</b>	<b>STOCK-IN-TRADE</b>		
	Raw material	13,749	13,938
	Packing material	41,768	44,473
	Work-in-process	263,697	329,838
	Finished goods	50,599	43,279
		<b>369,813</b>	<b>431,528</b>

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
<b>8</b>	<b>TRADE DEBTS</b>		
Considered good			
Local - unsecured	8.1	<b>1,426,753</b>	1,139,897
Considered doubtful			
Local - unsecured		<b>75,107</b>	78,890
		<b>1,501,860</b>	1,218,787
Provision for doubtful debts		<b>(75,107)</b>	(78,890)
		<b>1,426,753</b>	1,139,897

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

**9** **SHARE CAPITAL**

December 31, 2021 (Un-audited)	June 30, 2021 (Audited)		
--- Number of shares ---			
<b>Authorized share capital</b>			
<b>200,000,000</b>	200,000,000	Ordinary shares of Rs. 10/- each	<b>2,000,000</b> 2,000,000
<b>Issued, subscribed and paid-up share capital</b>			
<b>89,418,125</b>	89,418,125	Ordinary shares of Rs. 10/- each - shares allotted for consideration fully paid in cash	<b>894,181</b> 894,181
<b>10,300,000</b>	10,300,000	Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	<b>103,000</b> 103,000
<b>99,718,125</b>	99,718,125		<b>997,181</b> 997,181

**10** **TRADE AND OTHER PAYABLES**

Trade creditors	<b>71,869</b>	72,026
Accrued liabilities	<b>105,111</b>	125,338
Bills payable	<b>241,869</b>	181,252
Advances from customers	<b>22,234</b>	34,842
Excise duty and sales tax payable	<b>111,123</b>	81,880
Payable to Gratuity Fund	<b>6,600</b>	16,168
Payable to Provident Fund	-	1,531
Workers' Profit Participation Fund (WPPF)	<b>42,089</b>	54,215
Workers' Welfare Fund (WWF)	<b>15,712</b>	18,757
Other liabilities	<b>6,020</b>	7,977
	<b>622,627</b>	593,986

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

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**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 December 31, 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.
- 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 Holding 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 March 28, 2022.

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 condensed interim consolidated financial statements.

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

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**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. 348.225 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. 239.24 million (June 30, 2021: Rs. 309 million).

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	-- Rupees in thousands --	
11.2.4 Operating lease commitments	<b>2,108</b>	<u>2,047</u>

**THATTA CEMENT COMPANY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- (Rupees in thousands) -----				
<b>12 SALES - NET</b>				
Gross Sales				
Local	2,435,181	1,776,710	1,358,936	969,183
Export	707	88,170	-	88,170
	<u>2,435,888</u>	<u>1,864,880</u>	<u>1,358,936</u>	<u>1,057,353</u>
Less:				
Federal excise duty	(315,155)	(238,338)	(170,802)	(133,882)
Sales tax	(409,566)	(288,833)	(226,356)	(158,890)
	<u>(724,721)</u>	<u>(527,171)</u>	<u>(397,158)</u>	<u>(292,772)</u>
	<u>1,711,167</u>	<u>1,337,709</u>	<u>961,778</u>	<u>764,581</u>
<b>12.1</b> Group's revenue disaggregated by primary geographical markets is as follows:				
<b>Sale of cement and clinker</b>				
Primary geographical markets				
Within Pakistan	1,606,286	1,016,968	910,047	571,009
Outside Pakistan	707	88,170	-	88,170
Sale of electric power				
Within Pakistan	104,174	232,571	51,731	105,402
	<u>1,711,167</u>	<u>1,337,709</u>	<u>961,778</u>	<u>764,581</u>
<b>12.2</b> Group's revenue disaggregated by pattern/timing of revenue recognition is as follows:				
Timing of revenue recognition				
Goods / electric power transferred at a point in time	<u>1,711,167</u>	<u>1,337,709</u>	<u>961,778</u>	<u>764,581</u>
<b>13 COST OF SALES</b>				
Raw material consumed	58,778	60,222	26,708	39,507
Clinker purchase	188,412	-	188,412	-
Manufacturing expenses				
Fuel and power	720,926	679,469	325,354	419,117
Salaries, wages and other benefits	168,250	142,705	73,927	78,032
Depreciation	98,623	114,908	46,420	66,723
Stores, spare parts and loose tools consumed	97,782	48,347	53,864	26,339
Packing material consumed	54,615	36,393	15,636	21,297
Repairs, operations and maintenance	7,011	5,450	3,605	2,750
Insurance	15,751	16,698	8,211	8,064
Vehicle hire, running & maintenance	17,734	8,452	9,441	3,986
Other production overheads	2,368	1,557	417	658
Communication	830	797	414	401
Entertainment	542	339	272	183
Provision for slow moving & obsolete stores and spares	5,721	2,055	5,721	2,055
	<u>1,190,153</u>	<u>1,057,170</u>	<u>543,282</u>	<u>629,605</u>
Cost of production	<u>1,437,343</u>	<u>1,117,392</u>	<u>758,402</u>	<u>669,112</u>
Work-in-process				
Opening balance	329,838	288,870	384,387	241,600
Closing balance	(263,697)	(340,571)	(263,697)	(340,571)
	<u>66,141</u>	<u>(51,701)</u>	<u>120,690</u>	<u>(98,971)</u>
Cost of goods manufactured	<u>1,503,484</u>	<u>1,065,691</u>	<u>879,092</u>	<u>570,141</u>

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	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousands)			
Finished goods				
Opening balance	43,279	50,095	37,733	44,403
Closing balance	(50,599)	(45,843)	(50,599)	(45,843)
	(7,320)	4,252	(12,866)	(1,440)
	<u>1,496,164</u>	<u>1,069,943</u>	<u>866,226</u>	<u>568,701</u>

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

Profit for the period attributable to the owners of the Holding Company	50,352	100,225	32,221	95,246
Weighted average number of ordinary shares	99,718,125	99,718,125	99,718,125	99,718,125
Earnings per share - basic and diluted (Rupees)	0.50	1.01	0.32	0.96

**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 period ended / outstanding balances as at December 31, 2021 with related parties are as follows:

**15.1 Transactions with related parties**

**15.1.1 Key management personnel**

Salaries and benefits	30,612	26,086	15,769	14,907
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**Other related parties**

Contribution to Gratuity Fund	16,168	23,979	16,168	18,979
Contribution to Provident Fund	6,360	4,795	3,740	2,366
Education expense - Model tarbiat school	2,121	2,225	1,024	554

December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
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-- Rupees in thousands --

**15.2 Balances with related parties**

**15.2.1 Other related parties**

Payable to Gratuity Fund	6,600	16,168
Payable to Provident Fund	-	766

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



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**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	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	<b>1,606,993</b>	1,105,138	<b>359,747</b>	514,367	<b>(255,573)</b>	(281,796)	<b>1,711,167</b>	1,337,709
Cost of sales	<b>(1,454,540)</b>	(962,502)	<b>(313,149)</b>	(408,802)	<b>271,525</b>	301,361	<b>(1,496,164)</b>	(1,069,943)
<b>Gross profit</b>	<b>152,453</b>	142,636	<b>46,598</b>	105,565	<b>15,952</b>	19,565	<b>215,003</b>	267,766
Selling and distribution cost	<b>(22,099)</b>	(51,757)	-	-	-	-	<b>(22,099)</b>	(51,757)
Administrative expenses	<b>(59,004)</b>	(46,859)	<b>(16,269)</b>	(14,857)	<b>12,862</b>	11,692	<b>(62,411)</b>	(50,024)
	<b>71,350</b>	44,020	<b>30,329</b>	90,708	<b>28,814</b>	31,257	<b>130,493</b>	165,985
Other operating expenses	<b>(36,488)</b>	(6,074)	-	(22)	-	-	<b>(36,488)</b>	(6,096)
Impairment loss - trade debts	<b>3,783</b>	(1,261)	-	-	-	-	<b>3,783</b>	(1,261)
Other income	<b>30,904</b>	39,355	<b>9,357</b>	16,811	<b>(24,440)</b>	(23,138)	<b>15,821</b>	33,028
<b>Operating profit/(loss)</b>	<b>69,549</b>	76,040	<b>39,686</b>	107,497	<b>4,374</b>	8,119	<b>113,609</b>	191,656
Finance cost	<b>(9,138)</b>	(9,424)	<b>(60,582)</b>	(63,919)	<b>3,650</b>	98	<b>(66,070)</b>	(73,245)
Segment results	<b>60,411</b>	66,616	<b>(20,896)</b>	43,578	<b>8,024</b>	8,217	<b>47,539</b>	118,411
Unallocated expenditures	-	-	-	-	-	-	-	-
<b>Profit/(loss) before tax</b>	<b>60,411</b>	66,616	<b>(20,896)</b>	43,578	<b>8,024</b>	8,217	<b>47,539</b>	118,411
Taxation	<b>(591)</b>	4,106	<b>(2,294)</b>	(4,538)	-	-	<b>(2,885)</b>	(432)
<b>Profit/(loss) for the period</b>	<b>59,820</b>	70,722	<b>(23,190)</b>	39,040	<b>8,024</b>	8,217	<b>44,654</b>	117,979

**16.2 Other information**

	Cement		Power		Intra group adjustment		Consolidated	
	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
----- Rupees in thousands -----								
Segment assets	<b>3,702,113</b>	3,695,072	<b>3,575,348</b>	3,665,880	<b>(391,168)</b>	(457,073)	<b>6,886,293</b>	6,903,879
Unallocated corporate assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>3,702,113</b>	3,695,072	<b>3,575,348</b>	3,665,880	<b>(391,168)</b>	(457,073)	<b>6,886,293</b>	6,903,879
Segment liabilities	<b>1,003,017</b>	1,030,866	<b>1,213,511</b>	1,280,853	<b>(93,518)</b>	(151,399)	<b>2,123,010</b>	2,160,320
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,003,017</b>	1,030,866	<b>1,213,511</b>	1,280,853	<b>(93,518)</b>	(151,399)	<b>2,123,010</b>	2,160,320
Capital expenditure	<b>43,075</b>	41,962	-	10,389	-	-	<b>43,075</b>	52,351
Depreciation	<b>43,790</b>	107,736	<b>28,533</b>	115,557	-	-	<b>72,323</b>	223,293
Non-cash expenses other than depreciation	<b>4,588</b>	8,765	<b>1,133</b>	210	-	-	<b>5,721</b>	8,975

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

		Consolidated	
		December 31, 2021 (Un-audited)	December 31, 2020 (Un-audited)
-- Rupees in thousands --			
<b>16.3.1 Operating revenues</b>			
	Total revenue of reportable segments	<b>1,966,740</b>	1,619,505
	Elimination of intra group revenue	<b>(255,573)</b>	(281,796)
	Consolidated revenue	<b>1,711,167</b>	1,337,709
<b>16.3.2 Profit and loss</b>			
	Total profit before tax of reportable segments	<b>39,515</b>	110,194
	Adjustment of unrealized profit and intra group transactions	<b>8,024</b>	8,217
	Consolidated profit before taxation	<b>47,539</b>	118,411
		Consolidated	
		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
-- Rupees in thousands --			
<b>16.3.3 Assets</b>			
	Total assets of reportable segments	<b>7,277,461</b>	7,360,952
	Elimination of intra group balances and unrealised profit	<b>(389,565)</b>	(455,470)
	Reclassification for consolidation purposes	<b>(1,603)</b>	(1,603)
	Consolidated assets	<b>6,886,293</b>	6,903,879
<b>16.3.4 Liabilities</b>			
	Total liabilities of reportable segments	<b>2,216,528</b>	2,311,719
	Elimination of intra group balances	<b>(93,518)</b>	(151,399)
	Consolidated liabilities	<b>2,123,010</b>	2,160,320

**16.4 Information about major customers**

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

**17 FAIR VALUE MEASUREMENTS**

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

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

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

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

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

**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 December 31, 2021 was 499 (June 30, 2021: 497 ) and average number of employees during the period was 500 (June 30, 2021: 503).

**20 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim consolidated financial statements have been authorized for issue on February 28, 2022 by the Board of Directors of the Company.

**21 GENERAL**

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



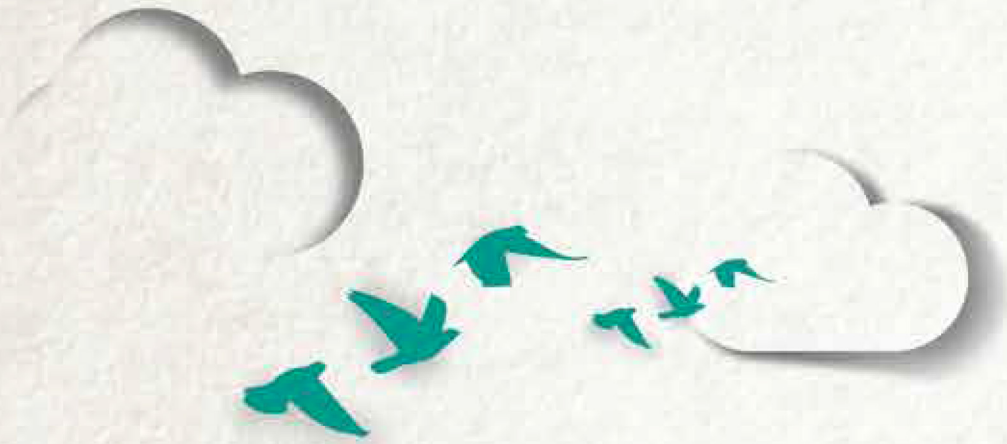
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