



THATTA CEMENT
COMPANY LIMITED

Nine Months Report
March 2022



**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

C-1, KDA Scheme 1, Karsaz,
Karachi, Pakistan.
UAN: 0092-21-111-842-82
Fax no.: 0092-21-34180774-75
Website: www.thattacement.com
E-mail: info@thattacement.com

FACTORY

Ghulamullah Road, Makli,
District Thatta, Sindh 73160

SHARE REGISTRAR

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

DIRECTORS' REVIEW

The Board of Directors present herewith their review together with the un-audited condensed interim financial statements for the nine months period ended March 31, 2022.

OVERVIEW

Production and dispatch statistics for the nine months period ended March 31, 2022 are as follows:

Description	March 31, 2022	March 31, 2021	Variance	
	-----Metric Tons-----			%
<u>Production</u>				
Clinker	262,108	244,631	17,477	7.14
Cement	358,296	207,244	151,052	72.88
<u>Dispatches</u>				
Clinker	4,987	62,087	(57,100)	(91.97)
Cement	359,723	207,889	151,834	73.04

During the period under review, your company showed remarkable performance in the cement dispatches. Cement dispatches of your company increased by 73.04% in comparison with corresponding period last year.

The Company achieved 52.95% overall clinker production capacity by producing 262,108 tons of clinker against 49.42% capacity utilization with clinker production of 244,631 tons in the same period last year. It is worth mentioning that during the March quarter (January 2022- March 2022), the Company achieved 84.94% (2021: 36.92%) capacity utilisation by producing 140,144 tons of clinker against 60,912 tons same period last year. Moreover, in addition to utilization of available stock, the Company purchased clinker from local market at very attractive price to meet the customers demand in local market and dilute the impact of sudden escalation in coal prices in the international market besides deterioration in rupee-dollar parity during the period.

INDUSTRY REVIEW

During the period under review, cement industry posted a decline of 5.85% in local and export dispatches. Local dispatches remained at 36.14 million tons (2021: 36.16 million tons) with a decline of merely 0.06%. Moreover, industry exhibited constantly declining trend in export dispatches throughout the period under review. Consequently, export dispatches posted a decline of 35% and stood at 4.64 million tons (2021: 7.14 million tons).

In the southern region, local dispatches posted an increase of 11.53% in volumetric terms from 5.55 million tons to 6.19 million tons whereas export dispatches showed a decline of 24.28% from 5.23 million tons to 3.96 million tons during the period under review.

The unpredictable upward trend in coal prices in international markets, rise in energy prices, high cost-push inflation coupled with rupee depreciation and political turmoil both local and international level have severely affect the industry performance during the period and thus adversely affecting the export business.

SALES REVIEW

During the period under review, local cement sales of the Company in terms of volume increased by 73.04% as compared to corresponding period last year. The increase in local sales volumes resulted in growth of revenue from local sales by 74.90% as compared to corresponding period. During the period under review, the company went the extra mile in serving its valued customers and explored new potential markets

segments that significantly contributed in sales volumes of the Company. Your Company showed overall improvement in sales performance as compared to corresponding period and successfully improved its market share in the South Region.

FINANCIAL REVIEW

A comparison of the financial results of the Company's performance for the nine months period ended March 31, 2022 with the same period last year is as under:

Particulars	March 31, 2022	March 31, 2021
	Rupees in thousands	
Sales – net	2,896,249	1,743,722
Gross Profit	236,303	250,867
Selling and Distribution Cost	40,308	65,816
Finance Cost	17,741	13,054
Profit before taxation	107,374	147,149
Profit after Taxation	88,865	128,495
Earnings per share (Rupees)	0.89	1.29

Cost to Sales ratio increased to 91.84% during the period as compared to 85.61% 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. Moreover, during the period under review, the Company purchased electricity from HESCO at high rates due to non-availability of gas to Thatta Power (Private) Limited, a wholly owned subsidiary of Thatta Cement Company Limited. Therefore, power and fuel cost of the Company substantially increased and consequently reduced the profits of the Company.

FUTURE OUTLOOK

Cement Industry severely affected due to considerable escalation in coal prices, continuous upsurge in power tariff on account of fuel charge adjustments, rupee devaluation, and overall cost-push inflation. In addition to economic factors, political crisis both at local and international levels created chaotic economic and business conditions that negatively affected overall economy of the Country. These factors exert significant pressure on the operational cost of the industry and consequently reduced the profit margins of the industry and the Company as well. Moreover, severe competition in local markets amongst industry players is also affecting the company's ability to pass on the impact higher input costs on to ultimate consumers. We are optimistic that these conditions will reverse in near future and cement demand will increase again.

Furthermore, we hope that new government set up will show its commitment to complete the construction work on 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 a part of CPEC projects and low-cost affordable houses. These construction activities will positively contribute not only in the industry volumes but also in the Company's volumes.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the nine months period ended March 31, 2022 are as follows.

	March 31, 2021	June 30, 2021
<u>Statement of Financial Position</u>		
----- (Rupees in thousands) ---		
Property, plant and equipment	4,053,406	4,150,781
Stock-in-Trade	372,220	431,528
Trade Debts	1,518,121	1,139,897
Total Equity - Holding Company	3,883,257	3,849,132
Trade and Other payables	668,961	593,986
	March 31, 2022	March 31, 2021
----- (Rupees in thousands) ---		
<u>Statement of Profit or Loss</u>		
Sales - net	3,000,424	2,038,508
Gross Profit	319,555	413,425
Selling, Distribution cost & Administrative Expense	130,407	141,463
Profit before taxation	61,791	200,944
Profit after taxation	41,116	176,505
Earnings per share (in Rupees)	0.59	1.59

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: April 28, 2022

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2022**

THATTA CEMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	5	1,930,110	1,951,747
Intangible Assets	6	5,557	-
Long term investment in Subsidiary Company	7	299,158	299,158
Long term deposits		3,796	1,096
		<u>2,238,621</u>	<u>2,252,001</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	250,079	192,056
Stock-in-trade	9	368,503	436,440
Trade debts	10	518,788	192,284
Loan to the Subsidiary		75,090	70,000
Advances		55,638	6,052
Trade deposits and prepayments		23,039	26,784
Other receivables & accrued mark-up		19,950	2,104
Taxation - net		164,743	199,939
Cash and bank balances		80,669	317,412
		<u>1,556,499</u>	<u>1,443,071</u>
TOTAL ASSETS		<u><u>3,795,120</u></u>	<u><u>3,695,072</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	11	<u>2,000,000</u>	<u>2,000,000</u>
Share capital	11	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		<u>1,631,242</u>	<u>1,567,307</u>
		<u>2,728,141</u>	<u>2,664,206</u>
NON - CURRENT LIABILITIES			
Long term deposits		2,791	2,791
Long term employee benefit		16,127	15,113
Deferred taxation		<u>280,587</u>	<u>307,717</u>
		<u>299,505</u>	<u>325,621</u>
CURRENT LIABILITIES			
Trade and other payables	12	603,390	539,378
Unclaimed dividend		1,980	1,814
Accrued mark-up		5,016	3,507
Short term borrowings		<u>157,088</u>	<u>160,546</u>
		<u>767,474</u>	<u>705,245</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,795,120</u></u>	<u><u>3,695,072</u></u>
CONTINGENCIES AND COMMITMENTS			
	13		

The annexed notes from 1 to 22 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 NINE MONTHS ENDED MARCH 31, 2022

	Note	Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Rupees in thousands)			
Sales - net	14	2,896,249	1,743,722	1,289,256	638,584
Cost of sales	15	(2,659,946)	(1,492,855)	(1,205,406)	(530,353)
Gross profit		236,303	250,867	83,850	108,231
Selling and distribution cost		(40,308)	(65,816)	(18,209)	(14,059)
Administrative expenses		(85,971)	(71,462)	(26,967)	(24,603)
Other operating expenses		110,024	113,589	38,674	69,569
Impairment reversal / (loss) - trade debts		(40,817)	(11,936)	(4,329)	(5,862)
Other income		3,783	(1,261)	-	-
Operating profit		52,125	59,811	21,221	20,456
Finance cost		(125,115)	(160,203)	(55,566)	(84,163)
Profit before taxation		(17,741)	(13,054)	(8,603)	(3,630)
Taxation		107,374	147,149	46,963	80,533
Current		(36,685)	(30,374)	(16,317)	(13,264)
Prior		1,789	(3)	-	-
Deferred		16,387	11,723	(1,601)	(9,496)
Profit for the period		(18,509)	(18,654)	(17,918)	(22,760)
Earnings per share - basic and diluted (Rupees)	16	88,865	128,495	29,045	57,773
		0.89	1.29	0.29	0.58

The annexed notes from 1 to 22 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 NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- (Rupees in thousands) -----			
Profit for the period	88,865	128,495	29,045	57,773
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>88,865</u>	<u>128,495</u>	<u>29,045</u>	<u>57,773</u>

The annexed notes from 1 to 22 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 NINE MONTHS ENDED MARCH 31, 2022

		Nine months ended	
		March 31, 2022	March 31, 2021
Note		----- (Rupees in thousands) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit before taxation	107,374	147,149
	Adjustment for:		
	Depreciation	83,668	76,629
5.1	Amortization	293	-
	Provision for slow moving & obsolete stores and impairment of major stores & spares	4,588	1,854
	Finance cost	17,741	13,054
	Provision for gratuity	9,900	11,647
	Provision for leave encashment	2,042	2,187
	(Reversal) / provision for loss allowance	(3,783)	1,261
	Provision for Workers' Welfare Fund	2,236	-
	Provision for Workers' Profit Participation Fund	5,769	-
	Fixed assets written off	-	727
	Gain on disposal of property, plant and equipment	(1,390)	(662)
		121,064	106,697
	Operating cash flows before working capital changes	228,438	253,846
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	(62,837)	124,889
	Stock-in-trade	67,937	72,856
	Trade debts	(322,721)	(180,617)
	Loan to subsidiary	(5,090)	-
	Advances	(49,586)	512
	Trade deposits and prepayments	3,745	(1,113)
	Other receivable and accrued mark-up	(17,846)	(2,821)
		(386,398)	13,706
	Increase in current liabilities		
	Trade and other payables	80,522	186,858
	Cash (used in) / generated from operations	(77,438)	454,410
	Finance cost paid	(16,232)	(19,036)
	Gratuity paid	(16,168)	(34,795)
	Leave encashment paid	(1,028)	(1,516)
	Workers' Welfare Fund	(3,688)	-
	Workers' Profit Participation Fund	(14,559)	-
	Income tax (paid) / refund - net	(10,443)	(60)
	Net cash (used in) / generated from operating activities	(139,556)	399,003

THATTA CEMENT COMPANY LIMITED
 CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended	
	March 31, 2022	March 31, 2021
Note	----- (Rupees in thousands) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(61,911)	(31,113)
Proceeds from sale of property, plant and equipment	1,500	662
Addition in intangible assets	(5,850)	-
Long term deposit - assets	(2,700)	-
Net cash used in investing activities	(68,961)	(30,451)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(24,768)	(216)
Net cash used in financing activities	(24,768)	(216)
Net (decrease) / increase in cash and cash equivalents	(233,285)	368,336
Cash and cash equivalents at the beginning of the period	156,866	(284,079)
Cash and cash equivalents at the end of the period	(76,419)	84,257
CASH AND CASH EQUIVALENTS		
Cash and bank balances	80,669	393,519
Short term borrowings	(157,088)	(309,262)
	(76,419)	84,257

The annexed notes from 1 to 22 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



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THATTA CEMENT COMPANY LIMITED
 CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

	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 income for the period ended March 31, 2021				
Profit for the period	-	-	128,495	128,495
Other comprehensive income	-	-	-	-
	-	-	128,495	128,495
Balance as at March 31, 2021 (unaudited)	997,181	99,718	1,496,175	2,593,074
Balance as at July 1, 2021 (audited)	997,181	99,718	1,567,307	2,664,206
Total comprehensive income for the period ended March 31, 2022				
Profit for the period	-	-	88,865	88,865
Other comprehensive income	-	-	-	-
	-	-	88,865	88,865
Transactions with shareholders				
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	(24,930)	(24,930)
Balance as at March 31, 2022 (unaudited)	997,181	99,718	1,631,242	2,728,141

The annexed notes from 1 to 22 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 NINE MONTHS ENDED MARCH 31, 2022

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

The Company owns 62.43% shareholding of Thatta Power (Private) Limited (the Subsidiary Company). The principal business of the subsidiary is generation and sale 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 nine months period ended March 31, 2022 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 nine months period ended March 31, 2021.

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 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.

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

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.

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	1,820,877	1,859,849
	Major stores and spares	64,997	64,118
	Capital work in progress	44,236	27,780
		<u>1,930,110</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 period / year at cost	5.1.1 44,806	8,689
		<u>1,904,655</u>	<u>1,968,312</u>
	WDV of disposals during the period / year	(110)	-
	Fixed assets written off during the period / year	-	(727)
	Depreciation charge for the period / year	(83,668)	(107,736)
		<u>(83,778)</u>	<u>(108,463)</u>
	Closing net book value (NBV)	5.1.2 1,820,877	1,859,849
5.1.1	Detail of additions (at cost) during the period / year are as follows:		
	Plant and machinery	6,473	4,714
	Electrical installations	35,549	-
	Office equipment	301	-
	Laboratory equipment	-	820
	Vehicles	2,199	3,042
	Computers	284	113
		<u>44,806</u>	<u>8,689</u>
5.1.2	The M/s. Anderson Consulting (Pvt.) Ltd. has carried out the valuation of fixed assets of the Company dated September 27, 2020. As per valuation report, the Assessed Market Value of the fixed assets are Rs. 5,984 million approximately.		
5.2	Major stores and spares		
	Cost		
	Opening balance	106,259	100,766
	Additions during the period / year	14,548	11,001
	Transferred during the period / year	(13,895)	(5,508)
	Closing balance	<u>106,912</u>	<u>106,259</u>
	Accumulated impairment		
	Opening balance	(42,141)	(38,919)
	Reversal / (impairment) charge for the period / year	226	(3,222)
	Closing balance	<u>(41,915)</u>	<u>(42,141)</u>
	Net book value	<u>64,997</u>	<u>64,118</u>

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
5.3	Capital work in progress		
	Opening Balance	27,780	-
	Additions during the period / year	52,126	27,780
	Transfers during the period / year	(35,670)	-
	Closing Balance	<u>44,236</u>	<u>27,780</u>
6	INTANGIBLE ASSETS		
	Cost	16,315	10,465
	Amortization on intangibles		
	Opening balance	(10,465)	(10,465)
	Charge for the period / year	(293)	-
	Closing balance	<u>(10,758)</u>	<u>(10,465)</u>
	Net book value	<u>5,557</u>	<u>-</u>
7	LONG TERM INVESTMENT IN SUBSIDIARY COMPANY		
	Thatta Power (Private) Limited (TPPL)	7.1 & 7.2 <u>299,158</u>	<u>299,158</u>
7.1	The Company owns 62.43% shareholding of TPPL as at March 31, 2022 (June 30, 2021: 62.43%). The principal business of the Subsidiary Company is generation and supply of electric power. As at March 31, 2022 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 at cost.		
7.2	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.		
8	STORES, SPARE PARTS AND LOOSE TOOLS		
	Coal and other fuels	8.1 <u>85,814</u>	23,288
	Stores and spare parts	<u>200,136</u>	199,831
	Loose tools	<u>115</u>	109
		<u>286,065</u>	<u>223,228</u>
	Provision for obsolete stores	<u>(3,843)</u>	<u>(3,843)</u>
	Provision for slow moving stores and spares	<u>(32,143)</u>	<u>(27,329)</u>
		<u>(35,986)</u>	<u>(31,172)</u>
		<u>250,079</u>	<u>192,056</u>
8.1	This includes coal in transit amounting to Rs. Nil (June 30, 2021: Rs. 2.357 million).		
9	STOCK-IN-TRADE		
	Raw material	<u>10,338</u>	13,938
	Packing material	<u>49,502</u>	44,473
	Work-in-process	<u>254,044</u>	334,414
	Finished goods	<u>54,619</u>	43,615
		<u>368,503</u>	<u>436,440</u>

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
Note		(Rupees in thousands)	
10	TRADE DEBTS		
	Considered good		
	Local - unsecured	518,788	192,284
	Considered doubtful		
	Local - unsecured	75,107	78,890
		593,895	271,174
	Provision for doubtful debts	(75,107)	(78,890)
		518,788	192,284
11	SHARE CAPITAL		
		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Number of shares		
	Authorised 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 capital		
		89,418,125	89,418,125
	Ordinary shares of Rs. 10/- each shares allotted for consideration paid in cash	894,181	894,181
	Ordinary shares of Rs. 10/- each shares allotted for consideration other than cash	103,000	103,000
		99,718,125	99,718,125
12	TRADE AND OTHER PAYABLES		
	Trade creditors	172,208	60,644
	Accrued liabilities	139,723	147,889
	Bills payable	126,821	181,252
	Advances from customers	31,232	34,842
	Excise duty and sales tax payable	107,687	75,203
	Payable to Gratuity Fund	9,900	16,168
	Payable to Provident Fund	1,867	1,531
	Workers' Profit Participation Fund (WPPF)	5,769	14,559
	Workers' Welfare Fund (WWF)	2,236	3,688
	Other liabilities	5,947	3,602
		603,390	539,378

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

The status of contingencies is same as disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2021 except for the matters which are mentioned below:

13.1.1 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.

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.

13.1.2 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.

13.1.3 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

13.1.4 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.

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.

13.1.5 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated April 01, 2021 to the Company for the period July 01, 2015 to June 30, 2016 and disallowed input tax amounting to Rs. 122.97 million on some taxable purchases and services received by the Company for the purpose of business during the said period. In response to show cause notice, it was reminded to DCIR, through verbal and written communication, that annexures mentioned in the show cause notice are missing but the same was not provided to the Company by DCIR. In the absence of annexures, it was remained unable to respond to the observations raised by DCIR. However, the Learned DCIR has passed an assessment order no. 10/96/2020-2021 on June 30, 2021 disallowing input tax to the extent of Rs. 122.97 million. The Company filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. Based on appeal filed by the Company, CIR (A) Vide Order No. STA/28/LTO/2021 dated 28/02/2022 remanded the case back to DCIR for de-novo proceedings by eliminating the entire tax demand of Rs. 122.97 million.

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

13.1.6 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated February 24, 2022 for the tax period from July 01, 2021 to November 30, 2021. The DCIR disallowed input tax amounting to Rs. 140.4 million on some taxable purchases and services received by the Company for the purpose of business during the above mentioned period. In response to show cause notice, the Company submitted required information, documents, explanation with DCIR. However, DCIR has not yet issued any order against the said show cause notice.

13.1.7 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated March 25, 2022 for the tax period from July 01, 2020 to June 30, 2021. The DCIR disallowed input tax amounting to Rs. 5.72 million on some taxable purchases and services received by the Company for the purpose of business during the above mentioned period. In response to show cause notice, the Company submitted required information, documents, explanation with DCIR. However, DCIR has not yet issued any order against the said show cause notice.

13.2 Commitments

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

13.2.2 Performance guarantee in terms of CDRs given by a commercial bank to CMES Navy on behalf of the Company amounting to Rs. 255.652 million (June 30, 2021: Rs. 428.209 million).

13.2.3 Other outstanding guarantees given on behalf of the Company by banks amount to Rs. 39.24 million (June 30, 2021: Rs. 3 million).

13.2.4 Operating lease commitments

0-1 year

March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
(Rupees in thousands)	
2,700	2,047

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Note	Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
------(Rupees in thousands)-----					
14 SALES - NET					
Gross Sales					
Local		4,133,034	2,450,229	1,819,737	945,627
Export		707	88,170	-	-
		<u>4,133,741</u>	<u>2,538,399</u>	<u>1,819,737</u>	<u>945,627</u>
Less:					
Federal excise duty		(546,960)	(380,663)	(231,805)	(142,325)
Sales tax		(690,532)	(414,014)	(298,676)	(164,718)
		<u>(1,237,492)</u>	<u>(794,677)</u>	<u>(530,481)</u>	<u>(307,043)</u>
		<u>2,896,249</u>	<u>1,743,722</u>	<u>1,289,256</u>	<u>638,584</u>
14.1	Company's revenue disaggregated by primary geographical markets is as follows:				
Sale of cement and clinker					
Primary geographical markets					
Within Pakistan		2,895,542	1,655,552	1,289,256	638,584
Outside Pakistan		707	88,170	-	-
		<u>2,896,249</u>	<u>1,743,722</u>	<u>1,289,256</u>	<u>638,584</u>
14.2	Company's revenue disaggregated by pattern / timing of revenue recognition is as follows:				
Timing of revenue recognition					
Goods transferred at a point in time		<u>2,896,249</u>	<u>1,743,722</u>	<u>1,289,256</u>	<u>638,584</u>
15 COST OF SALES					
Raw material consumed		116,427	84,103	57,649	23,881
Clinker purchase		188,412	-	-	-
Manufacturing expenses					
Packing material consumed		179,049	86,946	81,267	38,599
Stores, spare parts & loose tools consumed		58,418	40,459	23,620	17,192
Fuel and power		1,668,680	900,829	902,762	245,545
Salaries, wages and other benefits		251,861	217,598	83,611	74,893
Insurance	15.1	18,110	4,253	6,357	1,423
Repairs and maintenance		5,274	6,362	1,145	1,308
Depreciation		82,027	74,634	39,328	20,421
Vehicle hire, running & maintenance		11,419	8,282	4,408	2,832
Communication		1,464	1,193	634	396
Entertainment		820	725	278	386
Provision for slow moving & obsolete stores and spares		4,588	1,854	-	-
Other production overheads		4,031	2,100	1,827	728
		<u>2,285,741</u>	<u>1,345,235</u>	<u>1,145,237</u>	<u>403,723</u>
Cost of production		<u>2,590,580</u>	<u>1,429,338</u>	<u>1,202,886</u>	<u>427,604</u>

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	------(Rupees in thousands)-----			
Work-in-process				
Opening balance	334,414	303,363	260,865	347,554
Closing balance	(254,044)	(251,549)	(254,044)	(251,549)
	80,370	51,814	6,821	96,005
Cost of goods manufactured	2,670,950	1,481,152	1,209,707	523,609
Finished goods				
Opening balance	43,615	51,278	50,318	46,319
Closing balance	(54,619)	(39,575)	(54,619)	(39,575)
	(11,004)	11,703	(4,301)	6,744
	2,659,946	1,492,855	1,205,406	530,353

15.1 As disclosed in note 5.1.2 to the annexed financial statements, the Company has incurred additional insurance expenditure due to revaluation of fixed assets.

16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period	88,865	128,495	29,045	57,773
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)	0.89	1.29	0.29	0.58

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

17 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprise of subsidiary company, associated undertakings, Directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for service level agreement for business support services with the Subsidiary Company for which the basis are approved by the Board of Directors. Details of transactions during the period ended/outstanding balances as at March 31, 2022 with related parties are as follows:

17.1 Transactions with related parties

Subsidiary Company

Thatta Power (Private) Limited				
Common shared expenses	3,035	2,850	948	895
Receipts for common shared expenses	-	2,346	-	-
(Purchase) / sale of store items - net	(1,597)	(1,288)	(10)	(603)
(Payment)/receipts on account of purchase/sale of store items - net	(1,774)	(713)	(22)	(68)
Purchase of electricity (inclusive of GST)	360,931	455,264	61,911	125,563
Payment for electricity (inclusive of GST)	394,841	461,597	26,459	130,055
Management fee claimed (inclusive of SST)	21,800	19,819	7,266	6,607
Management fee received (inclusive of SST)	-	14,614	-	-
Sale of waste heat	19,656	16,424	11,233	3,883
Receipt for sale of waste heat	-	16,826	-	-
Loan disbursed	40,000	15,000	40,000	-
Receipt on account of loan	34,910	15,000	14,910	-
Interest accrued on loan	5,508	98	2,284	-

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	------(Rupees in thousands)-----			
Key management personnel				
Salaries and benefits	45,660	38,621	15,048	12,535
Other related parties				
Contribution to Gratuity Fund	16,168	34,795	-	10,816
Contribution to Provident Fund	8,214	7,155	1,854	2,360
Education expense - Model tarbiat school	3,245	2,955	1,124	730
			March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
			(Rupees in thousands)	
17.2 Balances with related parties				
Subsidiary Company				
Thatta Power (Private) Limited				
Payable against purchase of electricity (inclusive of GST)			47,000	80,910
Receivable against management fee (inclusive of SST)			28,407	6,607
Receivable against common shared expenses			4,139	1,104
Receivable / (payable) against sale of store items - net			158	(19)
Loan/advance to the Subsidiary Company			75,090	70,000
Receivable against accrued interest on loan			5,935	427
Receivable against sale of waste heat (inclusive of GST)			26,626	6,970
Other related parties				
Payable to Gratuity Fund			9,900	16,168
Payable to Provident Fund			934	766

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

18 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS

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

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

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

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

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

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

19 CORRESPONDING FIGURES

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

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022

20 NUMBER OF EMPLOYEES

The number of employees as at period ended March 31, 2022 was 493 (June 30, 2021: 497) and average number of employees during the period was 496 (June 30, 2021: 499).

21 DATE OF AUTHORIZATION FOR ISSUE

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

22 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 NINE MONTHS ENDED
MARCH 31, 2022**

THATTA CEMENT COMPANY LIMITED
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 2022

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	5	4,053,406	4,150,781
Intangible Assets	6	5,557	-
Long term deposits		3,796	1,096
		<u>4,062,759</u>	<u>4,151,877</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	7	289,124	230,504
Stock-in-trade	8	372,220	431,528
Trade debts	9	1,518,121	1,139,897
Short term investment		-	306,000
Advances		98,159	32,694
Deposits and prepayments		227,414	28,059
Other receivables and accrued mark-up		5,532	2,039
Taxation - net		211,349	247,332
Cash and bank balances		89,652	333,949
		<u>2,811,571</u>	<u>2,752,002</u>
TOTAL ASSETS		<u>6,874,330</u>	<u>6,903,879</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	10	<u>2,000,000</u>	<u>2,000,000</u>
Share capital	10	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		2,786,358	2,752,233
Equity attributable to the owners of the Holding Company		3,883,257	3,849,132
Non-controlling interests		876,488	894,427
		<u>4,759,745</u>	<u>4,743,559</u>
NON - CURRENT LIABILITIES			
Long term financing		615,247	799,461
Long term deposits		2,791	2,791
Long term employee benefit		16,127	15,113
Deferred taxation		280,587	307,717
		<u>914,752</u>	<u>1,125,082</u>
CURRENT LIABILITIES			
Trade and other payables	11	668,961	593,986
Unclaimed dividend		1,980	1,814
Accrued mark-up		58,748	28,448
Current maturity of long term financing		313,056	250,444
Short term borrowings		157,088	160,546
		<u>1,199,833</u>	<u>1,035,238</u>
TOTAL EQUITY AND LIABILITIES		<u>6,874,330</u>	<u>6,903,879</u>
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes from 1 to 22 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 NINE MONTHS ENDED MARCH 31, 2022

	Note	Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Rupees in thousands)			
Sales - net	13	3,000,424	2,038,508	1,289,257	700,799
Cost of sales	14	(2,680,869)	(1,625,083)	(1,184,705)	(555,140)
Gross profit		319,555	413,425	104,552	145,659
Selling and distribution cost		(40,308)	(65,816)	(18,209)	(14,059)
Administrative expenses		(90,099)	(75,647)	(27,688)	(25,623)
		189,148	271,962	58,655	105,977
Other operating expenses		(40,817)	(11,988)	(4,329)	(5,892)
Impairment reversal / (loss) - trade debts		3,783	(1,261)	-	-
Other income		18,573	49,321	2,752	16,293
Operating profit		170,687	308,034	57,078	116,378
Finance cost		(108,896)	(107,090)	(42,826)	(33,845)
Profit before taxation		61,791	200,944	14,252	82,533
Taxation					
Current		(38,851)	(36,159)	(16,189)	(14,511)
Prior		1,789	(3)	-	-
Deferred		16,387	11,723	(1,601)	(9,496)
		(20,675)	(24,439)	(17,790)	(24,007)
Profit/(loss) for the period		41,116	176,505	(3,538)	58,526
Profit/(loss) for the period attributable to:					
Equity holders of the Holding Company		59,055	158,468	8,703	58,243
Non-controlling interests		(17,939)	18,037	(12,241)	283
		41,116	176,505	(3,538)	58,526
Earnings per share - basic and diluted (Rupees)	15	0.59	1.59	0.09	0.58

The annexed notes from 1 to 22 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 NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousands)			
Profit/(loss) for the period	41,116	176,505	(3,538)	58,526
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	<u>41,116</u>	<u>176,505</u>	<u>(3,538)</u>	<u>58,526</u>
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the Holding Company	59,055	158,468	8,703	58,243
Non-controlling interests	(17,939)	18,037	(12,241)	283
	<u>41,116</u>	<u>176,505</u>	<u>(3,538)</u>	<u>58,526</u>

The annexed notes from 1 to 22 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 NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended	
	March 31, 2022	March 31, 2021
Note	----- (Rupees in thousands) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	61,791	200,944
Adjustment for:		
Depreciation	5.1 159,406	164,287
Amortization	293	-
Provision for slow moving & obsolete stores and impairment of major stores & spares	5,721	2,054
Finance cost	108,896	107,090
Provision for gratuity	9,900	11,647
Provision for leave encashment	2,042	2,187
(Reversal) / provision for loss allowance	(3,783)	1,261
Provision for Workers' Welfare Fund	2,236	-
Provision for Workers' Profit Participation Fund	5,769	-
Fixed assets written off	-	727
Gain on disposal of property, plant and equipment	(1,390)	(662)
	289,090	288,591
Operating cash flows before working capital changes	350,881	489,535
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(64,566)	125,481
Stock-in-trade	59,308	60,961
Trade debts	(374,441)	(300,099)
Advances	(65,465)	2,970
Trade deposits and prepayments	(199,355)	(3,596)
Other receivable and accrued mark-up	(3,493)	(40)
	(648,012)	(114,323)
Increase in current liabilities		
Trade and other payables	91,485	188,521
Cash (used in)/generated from operations	(205,646)	563,733
Finance cost paid	(74,976)	(118,973)
Gratuity paid	(16,168)	(34,795)
Leave encashment paid	(1,028)	(1,516)
Workers' Welfare Fund	(3,688)	-
Workers' Profit Participation Fund	(14,559)	-
Income tax paid - net	(11,822)	(4,012)
Net cash (used in)/generated from operating activities	(327,887)	404,437



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

THATTA CEMENT COMPANY LIMITED
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
 (UN-AUDI TED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended	
	March 31, 2022	March 31, 2021
Note	----- (Rupees in thousands) -----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(61,911)	(41,502)
Proceeds from disposal of property, plant & equipment	1,500	662
Addition in intangible assets	(5,850)	-
Long term deposit - assets	(2,700)	-
Net cash used in investing activities	(68,961)	(40,840)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from encashment of short term investment	306,000	-
Repayment of long term financing	(125,223)	(25,380)
Dividend paid	(24,768)	(216)
Net cash generated from/(used in) financing activities	156,009	(25,596)
Net (decrease) / increase in cash and cash equivalents	(240,839)	338,001
Cash and cash equivalents at beginning of the period	173,403	(245,945)
Cash and cash equivalents at end of the period	(67,436)	92,056
CASH AND CASH EQUIVALENTS		
Cash and bank balances	89,652	401,318
Short term borrowings	(157,088)	(309,262)
	(67,436)	92,056

The annexed notes from 1 to 22 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 NINE MONTHS ENDED MARCH 31, 2022

	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 -----						
Balance as at July 1, 2020 (audited)	997,181	99,718	2,512,111	3,609,010	870,058	4,479,068
Total comprehensive income for the period ended March 31, 2021						
Profit for the period	-	-	158,468	158,468	18,037	176,505
Balance as at March 31, 2021 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>2,670,579</u>	<u>3,767,478</u>	<u>888,095</u>	<u>4,655,573</u>
Balance as at July 1, 2021 (audited)	997,181	99,718	2,752,233	3,849,132	894,427	4,743,559
Total comprehensive income for the period ended March 31, 2022						
Profit / (loss) for the period	-	-	59,055	59,055	(17,939)	41,116
Transactions with shareholders						
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	(24,930)	(24,930)	-	(24,930)
Balance as at March 31, 2022 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>2,786,358</u>	<u>3,883,257</u>	<u>876,488</u>	<u>4,759,745</u>

The annexed notes from 1 to 22 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 NINE MONTHS ENDED MARCH 31, 2022

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 C-1, KDA Scheme 1, Karsaz, Karachi, Pakistan. 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 March 31, 2022 (June 30, 2021: 62.43%). The principal business activity of the Subsidiary Company is generation and supply of electric power. As at March 31, 2022 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 nine months period ended March 31, 2022 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 nine months period ended March 31, 2022.

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.

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

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.

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)	
	Note	(Rupees in thousands)		
5	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	5.1	3,941,229	4,055,939
	Major stores and spares	5.2	67,941	67,062
	Capital work in progress	5.3	44,236	27,780
			<u>4,053,406</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 period at cost	5.1.1	44,806	19,078
			<u>4,100,745</u>	<u>4,279,959</u>
	WDV of disposals during the period / year		(110)	-
	Fixed assets written off during the period / year		-	(727)
	Depreciation charge for the period / year		(159,406)	(223,293)
			<u>(159,516)</u>	<u>(224,020)</u>
	Closing net book value (NBV)		<u>3,941,229</u>	<u>4,055,939</u>
5.1.1	Detail of additions (at cost) during the period are as follows:			
	Plant and machinery		6,473	15,103
	Electrical installations		35,549	-
	Office equipment		301	-
	Laboratory equipment		-	820
	Vehicles		2,199	3,042
	Computer		284	113
			<u>44,806</u>	<u>19,078</u>

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
5.2	Major stores and spares		
	Cost		
	Opening balance	109,203	103,710
	Additions during the period	14,548	11,001
	Transferred during the period	(13,895)	(5,508)
	Closing balance	109,856	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	67,941	67,062
5.3	Capital work in progress		
	Opening Balance	27,780	-
	Additions during the period / year	52,126	27,780
	Transfers during the period / year	(35,670)	-
	Closing Balance	44,236	27,780
6	INTANGIBLE ASSETS		
	Cost	16,315	10,465
	Amortization on intangibles		
	Opening balance	(10,465)	(10,465)
	Charge for the period / year	(293)	-
	Closing balance	(10,758)	(10,465)
	Net book value	5,557	-
7	STORES, SPARE PARTS AND LOOSE TOOLS		
	Coal and other fuels	85,814	23,288
	Stores & spare parts	242,515	240,481
	Loose tools	115	109
		328,444	263,878
	Provision for obsolete stores	(3,843)	(3,843)
	Provision for slow moving stores and spares	(35,477)	(29,531)
		(39,320)	(33,374)
		289,124	230,504
8	STOCK-IN-TRADE		
	Raw material	10,338	13,938
	Packing material	49,502	44,473
	Work-in-process	257,365	329,838
	Finished goods	55,015	43,279
		372,220	431,528

THATTA CEMENT COMPANY LIMITED
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2022

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		(Rupees in thousands)	
		Note	
9	TRADE DEBTS		
	Considered good		
	Local - unsecured	9.1	1,518,121
	Considered doubtful		
	Local - unsecured		75,107
			<u>1,593,228</u>
	Provision for doubtful debts		<u>(75,107)</u>
			<u>1,518,121</u>
9.1	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.		
10	SHARE CAPITAL		
		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	--- Number of shares ---		
	Authorized share capital		
	<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10/- each
			<u>2,000,000</u>
	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
	<u>99,718,125</u>	<u>99,718,125</u>	<u>997,181</u>
11	TRADE AND OTHER PAYABLES		
	Trade creditors		175,567
	Accrued liabilities		72,026
	Bills payable		144,254
	Advances from customers		126,821
	Excise duty and sales tax payable		181,252
	Payable to Gratuity Fund		31,232
	Payable to Provident Fund		107,687
	Workers' Profit Participation Fund (WPPF)		81,880
	Workers' Welfare Fund (WWF)		9,900
	Other liabilities		16,168
			1,867
			45,425
			54,215
			17,305
			18,757
			8,903
			<u>7,977</u>
			<u>668,961</u>
			<u>593,986</u>

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

The status of contingencies is same as disclosed in the annual audited consolidated financial statements for the year ended June 30, 2021 except for the matters which 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 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.
- 12.1.2 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.
- 12.1.3 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.
- 12.1.4 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.

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 NINE MONTHS ENDED MARCH 31, 2022

- 12.1.5 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated April 01, 2021 to the Holding Company for the period July 01, 2015 to June 30, 2016 and disallowed input tax amounting to Rs. 122.97 million on some taxable purchases and services received by the Holding Company for the purpose of business during the said period. In response to show cause notice, it was reminded to DCIR, through verbal and written communication, that annexures mentioned in the show cause notice are missing but the same was not provided to the Holding Company by DCIR. In the absence of annexures, it was remained unable to respond to the observations raised by DCIR. However, the Learned DCIR has passed an assessment order no. 10/96/2020-2021 on June 30, 2021 disallowing input tax to the extent of Rs. 122.97 million. The Holding Company filed an appeal with Commissioner Inland Revenue - Appeal (CIR-A) against the order of DCIR. Based on appeal filed by the Company, CIR (A) Vide Order No. STA/28/LTO/2021 dated 28/02/2022 remanded the case back to DCIR for de-novo proceedings by eliminating the entire tax demand of Rs. 122.97 million.
- 12.1.6 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated February 24, 2022 to the Holding Company for the tax period from July 01, 2021 to November 30, 2021. The DCIR disallowed input tax amounting to Rs. 140.4 million on some taxable purchases and services received by the Holding Company for the purpose of business during the above mentioned period. In response to show cause notice, the Holding Company submitted required information, documents, explanation with DCIR. However, DCIR has not yet issued any order against the said show cause notice.
- 12.1.7 The Deputy Commissioner Inland Revenue (DCIR) issued show cause notice dated March 25, 2022 to the Holding Company for the tax period from July 01, 2020 to June 30, 2021. The DCIR disallowed input tax amounting to Rs. 5.72 million on some taxable purchases and services received by the Holding Company for the purpose of business during the above mentioned period. In response to show cause notice, the Holding Company submitted required information, documents, explanation with DCIR. However, DCIR has not yet issued any order against the said show cause notice.

12.2 Commitments

- 12.2.1 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).
- 12.2.2 Performance guarantee in terms of CDRs given by a commercial bank to CMES Navy on behalf of the Holding Company amounting to Rs. 255.652 million (June 30, 2021: Rs. 428.209 million).
- 12.2.3 Other outstanding guarantees given on behalf of the Group by banks amount to Rs. 239.24 million (June 30, 2021: Rs. 309 million).

March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
-- Rupees in thousands --	

12.2.4 Operating lease commitments

0-1 year	2,700	2,047
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THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousands)			
13 SALES - NET				
Gross Sales				
Local	4,254,919	2,795,129	1,819,738	1,018,419
Export	707	88,170	-	-
	<u>4,255,626</u>	<u>2,883,299</u>	<u>1,819,738</u>	<u>1,018,419</u>
Less:				
Federal excise duty	(546,960)	(380,663)	(231,805)	(142,325)
Sales tax	(708,242)	(464,128)	(298,676)	(175,295)
	<u>#####</u>	<u>(844,791)</u>	<u>(530,481)</u>	<u>(317,620)</u>
	<u>3,000,424</u>	<u>2,038,508</u>	<u>1,289,257</u>	<u>700,799</u>
13.1 Group's revenue disaggregated by primary geographical markets is as follows:				
Primary geographical markets				
Sale of cement and clinker				
Within Pakistan	2,895,542	1,655,552	1,289,257	638,584
Outside Pakistan	707	88,170	-	-
Sale of electric power				
Within Pakistan	104,175	294,786	-	62,215
	<u>3,000,424</u>	<u>2,038,508</u>	<u>1,289,257</u>	<u>700,799</u>
13.2 Group's revenue disaggregated by pattern/timing of revenue recognition is as follows:				
Timing of revenue recognition				
Goods / electric power transferred at a point in time	<u>3,000,424</u>	<u>2,038,508</u>	<u>1,289,257</u>	<u>700,799</u>
14 COST OF SALES				
Raw material consumed	116,427	84,103	57,649	23,881
Clinker purchase	188,412	-	-	-
Manufacturing expenses				
Fuel and power	1,571,120	911,126	850,194	231,657
Salaries, wages and other benefits	251,861	217,598	83,611	74,893
Depreciation	157,766	162,292	59,143	47,384
Packing material consumed	179,049	86,946	81,267	38,599
Stores, spare parts and loose tools consumed	82,166	59,818	27,551	23,425
Vehicle hire, running & maintenance	11,419	8,282	(6,315)	2,832
Repairs, operations and maintenance	22,578	24,175	15,567	7,477
Insurance	27,100	12,796	11,349	4,344
Other production overheads	4,229	2,352	1,861	2,352
Communication	1,464	1,193	634	396
Entertainment	820	725	278	386
Provision for slow moving & obsolete stores and spares	5,721	2,055	-	-
	<u>2,315,293</u>	<u>1,489,358</u>	<u>1,125,140</u>	<u>433,745</u>
Cost of production	<u>2,620,132</u>	<u>1,573,461</u>	<u>1,182,789</u>	<u>457,626</u>
Work-in-process				
Opening balance	329,838	288,870	263,697	340,571
Closing balance	(257,365)	(248,054)	(257,365)	(248,054)
	<u>72,473</u>	<u>40,816</u>	<u>6,332</u>	<u>92,517</u>
Cost of goods manufactured	<u>2,692,605</u>	<u>1,614,277</u>	<u>1,189,121</u>	<u>550,143</u>

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees in thousands)			
Finished goods				
Opening balance	43,279	50,095	50,599	45,843
Closing balance	(55,015)	(39,289)	(55,015)	(39,289)
	<u>(11,736)</u>	<u>10,806</u>	<u>(4,416)</u>	<u>6,554</u>
	<u>2,680,869</u>	<u>1,625,083</u>	<u>1,184,705</u>	<u>556,697</u>

15 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period attributable to the owners of the Holding Company	59,055	158,468	8,703	58,243
Weighted average number of ordinary shares	#####	99,718,125	#####	99,718,125
Earnings per share - basic and diluted (Rupees)	0.59	1.59	0.09	0.58

16 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprise of associated undertakings, directors of the Group, key management personnel and staff retirement funds. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Further, contribution to the defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity fund) is in accordance with the actuarial advice. Details of transactions during the period ended / outstanding balances as at March 31, 2022 with related parties are as follows:

16.1 Transactions with related parties

16.1.1 Key management personnel				
Salaries and benefits	45,660	38,621	15,048	12,535
16.1.2 Other related parties				
Contribution to Gratuity Fund	16,168	34,795	-	10,816
Contribution to Provident Fund	8,214	7,155	1,854	2,360
Education expense - Model tarbiat school	3,245	2,955	1,124	730
			March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
			-- Rupees in thousands --	

16.2 Balances with related parties

16.2.1 Other related parties				
Payable to Gratuity Fund			9,900	16,168
Payable to Provident Fund			934	766

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

THATTA CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDI TED)
FOR THE NINE MONTHS ENDED MARCH 31, 2022

17 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.

17.1 Revenues	Cement		Power		Intra group adjustment		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	2,896,249	1,743,722	412,663	683,901	(308,488)	(389,115)	3,000,424	2,038,508
Cost of sales	(2,659,946)	(1,492,855)	(355,951)	(548,252)	335,028	416,024	(2,680,869)	(1,625,083)
Gross profit	236,303	250,867	56,712	135,649	26,540	26,909	319,555	413,425
Selling and distribution cost	(40,308)	(65,816)	-	-	-	-	(40,308)	(65,816)
Administrative expenses	(85,971)	(71,462)	(23,420)	(21,723)	19,292	17,538	(90,099)	(75,647)
	110,024	113,589	33,292	113,926	45,832	44,447	189,148	271,962
Other operating expenses	(40,817)	(11,936)	-	(52)	-	-	(40,817)	(11,988)
Impairment reversal/(loss) - trade debts	3,783	(1,261)	-	-	-	-	3,783	(1,261)
Other income	52,125	59,811	9,159	22,160	(42,711)	(32,650)	18,573	49,321
Operating profit	125,115	160,203	42,451	136,034	3,121	11,797	170,687	308,034
Finance cost	(17,741)	(13,054)	(96,663)	(94,134)	5,508	98	(108,896)	(107,090)
Segment results	107,374	147,149	(54,212)	41,900	8,629	11,895	61,791	200,944
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit/(loss) before tax	107,374	147,149	(54,212)	41,900	8,629	11,895	61,791	200,944
Taxation	(18,509)	(18,654)	(2,166)	(5,785)	-	-	(20,675)	(24,439)
Profit/(loss) for the period	88,865	128,495	(56,378)	36,115	8,629	11,895	41,116	176,505

17.2 Other information	Cement		Power		Intra group adjustment		Consolidated	
	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)	March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
----- Rupees in thousands -----								
Segment assets	3,795,120	3,695,072	3,516,633	3,665,880	(437,423)	(457,073)	6,874,330	6,903,879
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,795,120	3,695,072	3,516,633	3,665,880	(437,423)	(457,073)	6,874,330	6,903,879
Segment liabilities	1,066,979	1,030,866	1,187,985	1,280,853	(140,379)	(151,399)	2,114,585	2,160,320
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,066,979	1,030,866	1,187,985	1,280,853	(140,379)	(151,399)	2,114,585	2,160,320
Capital expenditure	61,911	41,962	-	10,389	-	-	61,911	52,351
Depreciation	83,668	107,736	75,738	115,557	-	-	159,406	223,293
Non-cash expenses other than depreciation	3,198	8,765	1,133	210	-	-	4,331	8,975

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 FOR THE NINE MONTHS ENDED MARCH 31, 2022

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

		Consolidated	
		March 31, 2022 (Un-audited)	March 31, 2021 (Un-audited)
		-- Rupees in thousands --	
17.3.1	Operating revenues		
	Total revenue of reportable segments	3,308,912	2,427,623
	Elimination of intra group revenue	(308,488)	(389,115)
	Consolidated revenue	<u>3,000,424</u>	<u>2,038,508</u>
17.3.2	Profit and loss		
	Total profit before tax of reportable segments	53,162	189,049
	Adjustment of unrealized profit and intra group transactions	8,629	11,895
	Consolidated profit before taxation	<u>61,791</u>	<u>200,944</u>
		Consolidated	
		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
		-- Rupees in thousands --	
17.3.3	Assets		
	Total assets of reportable segments	7,311,753	7,360,952
	Elimination of intra group balances and unrealised profit	(435,820)	(455,470)
	Reclassification for consolidation purposes	(1,603)	(1,603)
	Consolidated assets	<u>6,874,330</u>	<u>6,903,879</u>
17.3.4	Liabilities		
	Total liabilities of reportable segments	2,254,964	2,311,719
	Elimination of intra group balances	(140,379)	(151,399)
	Consolidated liabilities	<u>2,114,585</u>	<u>2,160,320</u>

17.4 **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).

18 **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.

19 **CORRESPONDING FIGURES**

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

20 **NUMBER OF EMPLOYEES**

The number of employees as at March 31, 2022 was 493 (June 30, 2021: 497) and average number of employees during the period was 496 (June 30, 2021: 499).

21 **DATE OF AUTHORIZATION FOR ISSUE**

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

22 **GENERAL**

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



Head Office

C-1, KDA Scheme 1, Karsaz, Karachi, Pakistan.

Factory

Ghulamullah Road, Makli,
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