

Nine Months Report March 2021



THATTA CEMENT
COMPANY LIMITED

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Vision

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

Mission

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

COMPANY INFORMATION

BOARD OF DIRECTORS

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

Chairman
Chief Executive
Director
Director
Director
Director
Director

AUDIT COMMITTEE

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

Chairman
Member
Member

HR & REMUNERATION COMMITTEE

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

Chairman
Member
Member

IT STEERING COMMITTEE

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

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

Mr. Fuad Zakaria Bhuri

REGISTERED OFFICE

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

COMPANY SECRETARY

Mr. Muhammad Abid Khan

STATUTORY AUDITOR

M/s BDO Ebrahim & Co., Chartered Accountants

FACTORY

Ghulamullah Road, Makli,
District Thatta, Sindh 73160

CORPORATE ADVISOR

M/s Sharjeel Ayub & Co., Chartered Accountants

LEGAL ADVISOR

M/s Usmani & Iqbal

SHARE REGISTRAR

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

BANKERS - CONVENTIONAL

National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited

DIRECTORS' REVIEW

The Board of Directors present herewith their review together with the un-audited condensed interim financial statements for the nine months period ended March 31, 2021.

OVERVIEW

Production and dispatch statistics for the nine months period ended March 31, 2021 are as follows:

Description	March 31, 2021	March 31, 2020	Variance	
	-----Metric Tons-----			%
<u>Production</u>				
Clinker	244,631	231,168	13,463	5.82
Cement	207,244	168,042	39,202	23.33
<u>Dispatches</u>				
Clinker-Local	45,887	31,588	14,299	45.26
Clinker-Export	16,200	46,650	(30,450)	(65.27)
Cement-Local	207,889	167,550	40,339	24.08

During the period under review, your company showed commendable performance and succeeded in achieving significant growth in the local dispatches. Local clinker and cement dispatches of your company rose 45.26% and 24.08% respectively in comparison with corresponding period last year.

Moreover, during the period ended, the Company achieved 59.48% overall clinker production capacity resulted in 244,631 tons of clinker against 56.20% capacity utilization with clinker production of 231,168 tons in the same period last year.

INDUSTRY REVIEW

Cement Industry witnessed an increased demand of cement during the period and posted a growth of 16.95% in overall cement dispatches. Local sales volume remained at 36.17 million tons (2020: 30.59 million tons) during the period resulted a growth of 18.24%, whereas exports reached at 7.14 million tons (2020: 6.44 million tons) showing a growth of 10.79%.

In the southern region, local dispatches posted an increase of 21.24% in volumetric terms from 4.58 million tons to 5.55 million tons whereas export dispatches witnessed the growth of 15.41% from 4.53 million tons to 5.23 million tons as compared to the same period last year.

The upward trend in industry volumes was mainly due to resumption of construction activities after COVID-19 Lock down situation. Government's particular focus on infrastructure projects under CPEC, Naya Pakistan Housing Scheme, provision of financing facility with low markup rates and business friendly initiatives particularly for construction industry were among the major steps to boost the economic activity that positively impacted the industry volumes.

SALES REVIEW

During the period under review, local sales of the company in terms of volume increased by 27.44% as compared to corresponding period last year. Increase in local sales volumes resulted in growth of revenue from local sales by 25.74% as compared to corresponding period. However, overall revenue of the company is picked up by 13.42% in comparison with same period last year. Your Company showed improved sales

performance as compared to corresponding period last year and successfully retained its market share in the South Region despite tough market conditions due to COVID-19 coupled with unprecedented monsoon rains in the province of Sindh during the period under review.

FINANCIAL REVIEW

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

Particulars	March 31, 2021	March 31, 2020
	Rupees in thousands	
Sales – net	1,743,722	1,537,447
Gross profit	250,867	99,011
Selling and Distribution Cost	65,816	83,176
Finance Cost	13,054	34,314
Profit/(Loss) before taxation	147,149	(58,459)
Profit/(Loss) after taxation	128,495	(67,963)
Earnings/(Loss) per share (Rupees)	1.29	(0.68)

Cost to Sales ratio has decreased to 85.61% during the period as compared to 93.56% in the corresponding period last year. The main reason of decrease in Cost to Sales ratio is due to management's focus on securing local sales business at better margins. In addition to this, decline in Cost of Sales is due to decrease in per unit cost of power, coal and other input costs during the period under review as compared to corresponding period.

Selling and distribution cost decline by 20.87% mainly due to low exports of clinker as compared to corresponding period. Finance cost is also decreased due to efficient utilization of resources and reduction in discount rate from 13.25% to 7.00% as compared to corresponding period.

FUTURE OUTLOOK

The monetary and fiscal measures taken by government has improved the macroeconomic indicators of the economy. Government's particular focus on infrastructure development and housing has resulted in higher domestic cement consumption and this trend is expected to continue in the foreseeable future. Higher cement demand should result in much needed stability in cement prices and therefore, higher revenues.

During the period under review, a consistent monetary policy rate was maintained by State Bank of Pakistan (SBP) at its current level of 7% as part of measures to mitigate the adverse impact of COVID-19 on Pakistan Economy and to ease liquidity. We expect that this step will result in overall improvement not only in the cement industry but also in the economy of the country.

Besides above, SBP has also recently introduced finance facility for construction/acquisition of homes at

reduced mark-up rates repayable in affordable monthly instalments which shall further boost the construction activities in the Country and spur the demand of cement.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the nine months period ended March 31, 2021 are as follows.

Statement of Financial Position

	March 31, 2021	June 30, 2020
	----- (Rupees in thousand) -----	
Property, plant and equipment	4,201,718	4,325,672
Stock-in-Trade	333,553	394,514
Trade Debts	1,236,396	937,558
Total Equity - Holding Company	3,767,478	3,609,010
Trade and Other payables	637,801	472,428

Statement of Profit or Loss

	March 31, 2021	March 31, 2020
	----- (Rupees in thousand) -----	
Sales - net	2,038,508	2,078,256
Gross Profit	413,425	373,885
Selling, Distribution cost & Administrative Expense	141,463	151,186
Profit before taxation	200,944	135,182
Profit after taxation	176,505	119,303
Earnings per share (in Rupees)	1.59	0.49

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 27, 2021

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
PERIOD ENDED
MARCH 31, 2021**

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at March 31, 2021

		(Un-audited)	(Audited)
		March 31, 2021	June 30, 2020
Note		---- Rupees in thousands ----	
ASSETS			
NON-CURRENT ASSETS			
	5	1,974,786	2,021,470
Property, plant and equipment			
Long term investment in the Subsidiary Company	6	299,158	299,158
Long term deposits		1,096	1,096
		2,275,040	2,321,724
CURRENT ASSETS			
Stores, spare parts and loose tools	7	213,058	339,360
Stock-in-trade	8	337,334	410,190
Trade debts	9	315,686	136,330
Advances		6,085	6,597
Trade deposits and prepayments		5,171	4,058
Other receivables and accrued mark-up		20,524	17,703
Taxation - net		188,356	218,673
Cash and bank balances		393,519	22,465
		1,479,733	1,155,376
TOTAL ASSETS		3,754,773	3,477,100
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized capital		2,000,000	2,000,000
Share capital	10	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,496,175	1,367,680
		2,593,074	2,464,579
NON-CURRENT LIABILITIES			
Long term deposits		2,791	2,791
Long term employee benefit		16,634	15,963
Deferred taxation		273,427	285,150
		292,852	303,904
CURRENT LIABILITIES			
Trade and other payables	11	554,099	390,389
Unclaimed dividend		1,823	2,039
Accrued mark-up		3,663	9,645
Short term borrowings		309,262	306,544
		868,847	708,617
TOTAL EQUITY AND LIABILITIES		3,754,773	3,477,100
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)
For the nine months period ended March 31, 2021

		Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Note		----- Rupees in thousands -----			
Sales - net	13	1,743,722	1,537,447	638,584	382,124
Cost of sales	14	(1,492,855)	(1,438,436)	(530,353)	(374,020)
Gross profit		250,867	99,011	108,231	8,104
Selling and distribution cost		(65,816)	(83,176)	(14,059)	(10,793)
Administrative expenses		(71,462)	(64,185)	(24,603)	(17,451)
		113,589	(48,350)	69,569	(20,140)
Other operating expenses		(11,936)	(10,500)	(5,862)	(9,870)
Impairment loss - trade debts		(1,261)	(540)	-	-
Other income		59,811	35,245	20,456	11,222
Operating profit / (loss)		160,203	(24,145)	84,163	(18,788)
Finance cost		(13,054)	(34,314)	(3,630)	(8,630)
Profit / (loss) before taxation		147,149	(58,459)	80,533	(27,418)
Taxation					
Current		(30,374)	(20,172)	(13,264)	(3,782)
Prior		(3)	-	-	-
Deferred		11,723	10,668	(9,496)	15,326
		(18,654)	(9,504)	(22,760)	11,544
Profit / (loss) for the period		128,495	(67,963)	57,773	(15,874)
Earnings / (loss) per share - basic and diluted (Rupees)	15	1.29	(0.68)	0.58	(0.16)

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)
For the nine months period ended March 31, 2021

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
----- Rupees in thousands -----				
Profit / (loss) for the period	128,495	(67,963)	57,773	(15,874)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive profit / (loss) for the period	128,495	(67,963)	57,773	(15,874)

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


CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)
For the nine months period ended March 31, 2021

		Nine months ended	
		March 31, 2021	March 31, 2020
Note		-- Rupees in thousands --	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit / (loss) before taxation	147,149	(58,459)
	Adjustment for:		
	Depreciation	76,629	74,132
5.1	Provision/(reversal) for slow moving & obsolete stores and spares	1,854	(136)
	Finance cost	13,054	34,314
	Provision for gratuity	11,647	11,949
	Provision for leave encashment	2,187	1,765
	Provision for loss allowance	1,261	540
	Fixed assets written off	727	3
	Gain on disposal of property, plant and equipment	(662)	(104)
		106,697	122,463
	Operating cash flows before working capital changes	253,846	64,004
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	124,889	56,819
	Stock-in-trade	72,856	(42,336)
	Trade debts	(180,617)	55,890
	Advances	512	1,141
	Trade deposits and prepayments	(1,113)	556
	Other receivables and accrued mark-up	(2,821)	1,395
		13,706	73,465
	Increase in current liabilities		
	Trade and other payables	186,858	120,016
	Cash generated from operations	454,410	257,485
	Finance cost paid	(19,036)	(33,613)
	Gratuity paid	(34,795)	-
	Leave encashment paid	(1,516)	(4,024)
	Income tax paid - net	(60)	(20,867)
	Long term deposits - liabilities	-	(1,405)
	Net cash generated from operating activities	399,003	197,576
CASH FLOWS FROM INVESTING ACTIVITIES			
	Fixed capital expenditure	(31,113)	(24,051)
	Proceeds from disposal of property, plant & equipment	662	104
	Net cash used in investing activities	(30,451)	(23,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Repayment of long term financing	-	(87,817)
	Dividend claimed	(216)	(46)
	Net cash used in financing activities	(216)	(87,863)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)
For the nine months period ended March 31, 2021

	Nine months ended	
	March 31, 2021	March 31, 2020
	-- Rupees in thousands --	
Net increase in cash and cash equivalents	368,336	85,766
Cash and cash equivalents at beginning of the period	(284,079)	(212,310)
Cash and cash equivalents at end of the period	84,257	(126,543)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	393,519	27,035
Short term borrowings	(309,262)	(153,578)
	84,257	(126,543)

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)
For the nine months period ended March 31, 2021

	Share capital	Reserves		Total
		Share premium	Accumulated profit	
	----- Rupees in thousands -----			
Balance as at July 1, 2019 (audited)	997,181	99,718	1,522,007	2,618,906
Total comprehensive loss for the period ended March 31, 2020				
Loss for the period	-	-	(67,963)	(67,963)
Other comprehensive income	-	-	-	-
	-	-	(67,963)	(67,963)
Balance as at March 31, 2020 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>1,454,044</u>	<u>2,550,943</u>
Balance as at July 1, 2020 (audited)	997,181	99,718	1,367,680	2,464,579
Total comprehensive profit 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 (un-audited)	<u>997,181</u>	<u>99,718</u>	<u>1,496,175</u>	<u>2,593,074</u>

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

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months period ended March 31, 2021

1 STATUS AND NATURE OF BUSINESS

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

The Company owns 62.43% shareholding of Thatta Power (Private) Limited (the Subsidiary Company). The principal business of the subsidiary 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, 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, 2020 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2.3 The comparative unconsolidated statement of financial position presented in these condensed interim unconsolidated financial statements has been extracted from the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2020, whereas the comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial statements for the nine months period ended March 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 prepared and presented in Pakistani Rupee which is the Company's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in preparation of the annual audited unconsolidated financial statements as at and for the year ended June 30, 2020.

Thatta Cement Company Limited

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

For the nine months period ended March 31, 2021

4 ESTIMATES AND JUDGEMENTS

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

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

		(Unaudited) March 31, 2021	(Audited) June 30, 2020
Note	-- Rupees in thousands --		
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	1,887,943	1,959,623
	Major stores and spares	61,479	61,847
	Capital work in progress	25,364	-
		<u>1,974,786</u>	<u>2,021,470</u>
5.1	Operating fixed assets		
	Opening net book value (NBV)	1,959,623	2,039,815
	Additions during the period / year at cost	5,676	7,459
		<u>1,965,299</u>	<u>2,047,274</u>
	Fixed assets written off during the period / year	(727)	(3)
	Depreciation charge for the period / year	(76,629)	(87,648)
		<u>(77,356)</u>	<u>(87,651)</u>
	Closing net book value (NBV)	<u>1,887,943</u>	<u>1,959,623</u>
5.1.1	Detail of additions (at cost) during the period / year are as follows:		
	Plant and machinery	2,521	4,878
	Laboratory equipment	-	1,437
	Vehicles	3,042	-
	Computers	113	1,144
		<u>5,676</u>	<u>7,459</u>
5.2	Major stores and spares		
	Cost		
	Opening balance	100,766	84,175
	Additions during the period / year	2,891	24,050
	Transferred during the period / year	(2,817)	(7,459)
	Closing balance	<u>100,840</u>	<u>100,766</u>
	Accumulated impairment		
	Opening balance	(38,919)	(37,305)
	Impairment charge for the period / year	(442)	(1,614)
	Closing balance	<u>(39,361)</u>	<u>(38,919)</u>
	Net book value	<u>61,479</u>	<u>61,847</u>
5.3	Capital work-in-progress		
	Solar panel project	<u>25,364</u>	<u>-</u>
6	LONG TERM INVESTMENT IN SUBSIDIARY COMPANY		
	Thatta Power (Private) Limited (TPPL)	299,158	299,158

Thatta Cement Company Limited

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

For the nine months period ended March 31, 2021

6.1 The Company owns 62.43% shareholding of TPPL as at March 31, 2021 (June 30, 2020: 62.43%). The principal business of the Subsidiary Company is generation and supply of electric power. As at March 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 Company is accounted and carried on the basis of cost.

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

	(Un-audited)	(Audited)
	March 31, 2021	June 30, 2020
	-- Rupees in thousands --	
7 STORES, SPARE PARTS AND LOOSE TOOLS		
Coal and other fuels	50,299	163,933
Stores & spare parts	190,447	201,678
Loose tools	81	105
	240,827	365,716
Provision for obsolete stores	(3,864)	(3,871)
Provision for slow moving stores and spares	(23,905)	(22,485)
	(27,769)	(26,356)
	213,058	339,360
8 STOCK-IN-TRADE		
Raw material	14,942	18,587
Packing material	31,268	36,962
Work-in-process	251,549	303,363
Finished goods	39,575	51,278
	337,334	410,190
9 TRADE DEBTS		
Considered good		
Local - unsecured	315,686	136,330
Considered doubtful		
Local - unsecured	76,368	75,107
	392,054	211,437
Provision for doubtful debts	(76,368)	(75,107)
	315,686	136,330
10 SHARE CAPITAL		
(Un-audited)	(Audited)	
March 31, 2021	June 30, 2020	
--- Number of shares ---		
Authorized share capital		
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each
2,000,000		2,000,000
Issued, subscribed and paid-up share capital		
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each
		- shares allotted for consideration fully paid in cash
103,000	103,000	Ordinary shares of Rs. 10/- each
		- shares allotted for consideration other than cash
99,718,125	99,718,125	997,181
		997,181

Thatta Cement Company Limited

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

For the nine months period ended March 31, 2021

		(Un-audited)	(Audited)
		March 31, 2021	June 30, 2020
Note		-- Rupees in thousands --	
11	TRADE AND OTHER PAYABLES		
	Trade creditors	50,195	38,287
	Accrued liabilities	117,922	123,162
	Bills payable	198,874	123,881
	Advances from customers	52,835	30,536
	Excise duty and sales tax payable	104,157	33,795
	Payable to Gratuity Fund	11,647	34,795
	Payable to Provident Fund	1,550	1,518
	Workers' Profit Participation Fund (WPPF)	7,929	-
	Workers' Welfare Fund (WWF)	3,508	-
	Other liabilities	5,482	4,415
		554,099	390,389

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

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

The status of contingencies are same except for the matters disclosed in note 26.1.11, 26.1.12, and 26.1.13 in the annual audited unconsolidated financial statements for the year ended June 30, 2020. The status of the said and further matters are disclosed below and in note 11.1 :

12.1.1 The Deputy Commissioner Inland revenue (DCIR) has issued showcause notice dated September 05, 2019 to the Company for the Tax Year 2019 and disallowed input tax amounting to Rs. 24.2 million on some taxable purchases and services received by the Company for the purpose of business during the period from July 01, 2018 to June 30, 2019. In response to showcause notice, the Company attended hearings from time to time and provide documents, explanations and supporting evidences. However, the Learned DCIR has passed an order in original (ONO) on February 13, 2020 disallowing input tax to the extent of Rs. 0.951 million. The Company has filed an appeal before Commissioner Inland Revenue – Appeals (CIR-A) against the said order. Based on appeal filed by the Company, the Commissioner (Appeals -1) dated December 07, 2020 has remanded back the above disallowances. In view of Company's tax consultant, favourable outcome of such appeal is anticipated; hence no provision is required to be made in these condensed interim unconsolidated financial statements.

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

12.1.3 Deputy Commissioner Inland Revenue (DCIR) issued notices on February 19, 2021 to call for books of accounts and other information for initiating audit proceedings for the Tax Years 2017, 2018, 2019 and 2020 under Section 177 of the Income Tax Ordinance, 2001. The Company provided books of accounts, supporting documents and explanations against said notices and the audit observations (if any) raised by DCIR. However, DCIR has not yet issued any tax order against the company for said tax years.

Thatta Cement Company Limited

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

For the nine months period ended March 31, 2021

12.1.4 Deputy Commissioner Inland Revenue (DCIR) issued notices on March 18, 2021 for production of records and other information for initiating audit proceedings for the Tax Periods 2016, 2017, 2019 and 2020 under Section 25 of Sales Tax Act, 1990 and 46 of FED Act, 2005. The Company provided books of accounts, supporting documents and explanations against the said notices and audit observations (if any) raised by DCIR. However, DCIR has not yet issued any tax order against the company for said tax years.

12.1.5 Deputy Commissioner Inland Revenue (DCIR) issued notices on March 25, 2021 for Monitoring of withholding Taxes for the Tax Years 2016, 2019 and 2020 under Section 176 of Income Tax Ordinance, 2001. The Company filed an extension application with DCIR for provision of said records, workings and reconciliations required by under said notices.

12.2 Commitments

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

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

	(Un-audited)	(Audited)
	March 31, 2021	June 30, 2020
	-- Rupees in thousands --	
12.2.3 Commitments in respect of revenue expenditure	22,946	-
12.2.4 Operating lease commitments (0-1 year)	2,046	1,916

Nine months ended		Quarter ended	
March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
----- Rupees in thousands -----			

13 SALES - NET

Gross sales				
Local	2,450,229	2,036,753	945,627	586,720
Export	88,170	220,822	-	-
	2,538,399	2,257,575	945,627	586,720
Less:				
Federal Excise Duty	(380,663)	(398,276)	(142,325)	(110,169)
Sales tax	(414,014)	(321,852)	(164,718)	(94,427)
	(794,677)	(720,128)	(307,043)	(204,596)
	1,743,722	1,537,447	638,584	382,124
13.1 Company's revenue disaggregated by primary geographical markets is as follows:				
Sale of cement and clinker				
Primary geographical markets				
Within Pakistan	1,655,552	1,316,625	638,584	382,124
Outside Pakistan	88,170	220,822	-	-
	1,743,722	1,537,447	638,584	382,124
13.2 Company's revenue disaggregated by pattern/timing of revenue recognition is as follows:				
Timing of revenue recognition				
Goods transferred at a point in time	1,743,722	1,537,447	638,584	382,124

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the nine months period ended March 31, 2021

		Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
----- Rupees in thousands -----					
14	COST OF SALES				
	Raw material consumed	84,103	88,484	23,881	18,571
	Manufacturing expenses				
	Packing material consumed	86,946	55,384	38,599	17,764
	Stores, spare parts and loose tools consumed	40,459	44,321	17,192	12,309
	Fuel and power	900,829	993,634	245,545	196,197
	Salaries, wages and other benefits	217,598	213,243	74,893	61,832
	Insurance	4,253	3,879	1,423	1,293
	Repairs and maintenance	6,362	5,546	1,308	1,800
	Depreciation	74,634	70,849	20,421	15,705
	Vehicle hire, running & maintenance	8,282	8,557	2,832	2,731
	Communication	1,193	1,285	396	511
	Entertainment	725	511	386	119
	(Reversal) / provision for slow moving & obsolete stores and spares	1,854	(136)	-	-
	Other production overheads	2,100	4,089	728	2,334
		1,345,235	1,401,162	403,723	312,595
	Cost of production	1,429,338	1,489,646	427,604	331,166
	Work-in-process				
	Opening balance	303,363	286,583	347,554	368,178
	Closing balance	(251,549)	(328,491)	(251,549)	(328,491)
		51,814	(41,908)	96,005	39,687
	Cost of goods manufactured	1,481,152	1,447,738	523,609	370,853
	Finished goods				
	Opening balance	51,278	36,002	46,319	48,471
	Closing balance	(39,575)	(45,304)	(39,575)	(45,304)
		11,703	(9,302)	6,744	3,167
		1,492,855	1,438,436	530,353	374,020
15	EARNINGS PER SHARE - BASIC AND DILUTED				
	Profit/(loss) for the period (Rupees in thousands)	128,495	(67,963)	57,773	(15,874)
	Weighted average number of ordinary shares	99,718,125	99,718,125	99,718,125	99,718,125
	Earnings/(loss) per share - basic and diluted (Rupees)	1.29	(0.68)	0.58	(0.16)
16	RELATED PARTY TRANSACTIONS & BALANCES				

Related parties comprise of subsidiary company, associated undertakings, Directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for service level agreement for business support services with the Subsidiary Company for which the basis are approved by the Board of Directors. Details of transactions during the period ended/outstanding balances as at March 31, 2021 with related parties are as follows:

Thatta Cement Company Limited

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

For the nine months period ended March 31, 2021

		Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
----- Rupees in thousands -----					
16.1	Transactions with related parties				
16.1.1	Subsidiary Company				
	Thatta Power (Private) Limited				
	Common shared expenses	2,850	2,847	895	833
	Receipts on account of common shared expenses	2,346	2,881	-	890
	(Purchase)/sale of store items - net	(1,288)	139	(603)	134
	(Payment)/receipts on account of purchase/sale of store items - net	(713)	712	(68)	7
	Purchase of electricity (inclusive of GST)	455,264	528,810	125,563	114,079
	Payment on account of electricity (inclusive of GST)	461,597	514,139	130,055	94,602
	Management fee claimed	19,819	18,017	6,607	6,006
	Management fee received	14,614	17,835	-	6,006
	Sale of waste heat	16,424	11,656	3,883	4,148
	Receipt on account of sale of waste heat	16,826	-	-	-
	Receipt on account of sale of cement	-	380	-	-
	Loan disbursed	15,000	58,000	-	5,000
	Receipt on account of loan	15,000	58,000	-	5,000
	Interest accrued on loan	98	899	-	13
	Receipt on account of interest accrued on loan	-	899	-	899
16.1.2	Key management personnel				
	Salaries and benefits	38,621	47,814	12,535	12,658
16.1.3	Other related parties				
	Contribution to employees' Gratuity Fund	34,795	11,949	10,816	11,949
	Contribution to employees' Provident Fund	7,155	7,319	2,360	2,249
	Education expenses - Model Terbiat School	2,955	2,142	730	590
				(Un-audited)	(Audited)
				March 31, 2021	June 30, 2020
-- Rupees in thousands --					
16.2	Balances with related parties				
16.2.1	Subsidiary Company				
	Thatta Power (Private) Limited				
	Payable against purchase of electricity (inclusive of GST)			69,044	75,377
	Receivable against management fee (inclusive of SST)			13,213	8,008
	Receivable against common shared expenses			1,824	1,320
	(Payable) / receivable against sale of store items - net			(514)	61
	Receivable against accrued interest on loan			98	-
	Receivable against sale of waste heat (inclusive of GST)			12,771	13,173
16.2.2	Other related parties				
	Payable to Gratuity Fund			11,647	35,983
	Payable to Provident Fund			775	754
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 Interim Unconsolidated Financial Statements (Un-audited)

For the nine months period ended March 31, 2021

17 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

18 CORRESPONDING FIGURES

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

19 NUMBER OF EMPLOYEES

The number of employees as at period ended March 31, 2021 was 498 (June 30, 2020: 497) and average number of employees during the period was 499 (June 30, 2020: 503).

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been authorized for issue on April 27, 2021 by the Board of Directors of the Company.

21 GENERAL

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
PERIOD ENDED
MARCH 31, 2021**

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Financial Position
As at March 31, 2021

		(Un-audited)	(Audited)	
		March 31, 2021	June 30, 2020	
Note		---- Rupees in thousands ----		
ASSETS				
NON-CURRENT ASSETS				
	Property, plant and equipment	5	4,201,718	4,325,672
	Long term deposits		1,096	1,096
			4,202,814	4,326,768
CURRENT ASSETS				
	Stores, spare parts and loose tools	6	252,457	379,551
	Stock-in-trade	7	333,553	394,514
	Trade debts	8	1,236,396	937,558
	Short term investment		306,000	306,000
	Advances		34,305	37,275
	Trade deposits and prepayments		10,159	6,563
	Other receivables and accrued mark-up		24,723	24,683
	Taxation - net		234,970	267,120
	Cash and bank balances		401,318	60,599
			2,833,881	2,413,863
TOTAL ASSETS			7,036,695	6,740,631
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
	Share capital	9	997,181	997,181
	Share premium		99,718	99,718
	Accumulated profit		2,670,579	2,512,111
	Equity attributable to the owners of the Holding Company		3,767,478	3,609,010
	Non-controlling interests		888,095	870,058
			4,655,573	4,479,068
NON-CURRENT LIABILITIES				
	Long term financing		860,865	1,045,078
	Long term deposits		2,791	2,791
	Long term employee benefit		16,634	15,963
	Deferred taxation		273,427	285,150
			1,153,717	1,348,982
CURRENT LIABILITIES				
	Trade and other payables	10	637,801	472,428
	Unclaimed dividend		1,823	2,039
	Accrued mark-up		28,075	43,578
	Current maturity of long term financing		250,444	87,992
	Short term borrowings		309,262	306,544
			1,227,405	912,581
TOTAL EQUITY AND LIABILITIES			7,036,695	6,740,631

CONTINGENCIES AND COMMITMENTS

11

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Profit or Loss (Un-audited)
For the nine months period ended March 31, 2021

		Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Note		--- Rupees in thousands ---			
Sales - net	12	2,038,508	2,078,256	700,799	572,428
Cost of sales	13	(1,625,083)	(1,704,371)	(555,140)	(497,382)
Gross profit		413,425	373,885	145,659	75,046
Selling and distribution cost		(65,816)	(83,176)	(14,059)	(10,793)
Administrative expenses		(75,647)	(68,010)	(25,623)	(17,950)
		271,962	222,699	105,977	46,303
Other operating expenses		(11,988)	(10,526)	(5,892)	(9,870)
Impairment loss - trade debts		(1,261)	(540)	-	-
Other income		49,321	36,423	16,293	15,562
Operating profit		308,034	248,056	116,378	51,995
Finance cost		(107,090)	(112,874)	(33,845)	(57,301)
Profit / (loss) before taxation		200,944	135,182	82,533	(5,306)
Taxation					
Current		(36,159)	(26,547)	(14,511)	(6,886)
Prior		(3)	-	-	-
Deferred		11,723	10,668	(9,496)	15,326
		(24,439)	(15,879)	(24,007)	8,440
Profit for the period		176,505	119,303	58,526	3,134
Profit for the period attributable to:					
Equity holders of the Holding Company		158,468	48,947	58,243	(4,007)
Non-controlling interests		18,037	70,356	283	7,141
		176,505	119,303	58,526	3,134
Earnings / (loss) per share - basic and diluted (Rupees)	14	1.59	0.49	0.58	(0.04)

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 nine months period ended March 31, 2021

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
---- Rupees in thousands ----				
Profit for the period	176,505	119,303	58,526	3,134
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the period	176,505	119,303	58,526	3,134
Total comprehensive income for the period attributable to:				
Equity holders of the Holding Company	158,468	48,947	58,243	(4,007)
Non-controlling interests	18,037	70,356	283	7,141
	176,505	119,303	58,526	3,134

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 nine months period ended March 31, 2021

		Nine months ended	
		March 31, 2021	March 31, 2020
Note		---- Rupees in thousands ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit / (loss) before taxation	200,944	135,182
	Adjustment for:		
	Depreciation	5.1 164,287	145,304
	Provision/(reversal) for slow moving & obsolete stores and spares	2,054	(136)
	Finance cost	107,090	112,874
	Provision for gratuity	11,647	11,949
	Provision for leave encashment	2,187	1,765
	Provision for loss allowance	1,261	540
	Fixed assets written off	727	3
	Gain on disposal of property, plant and equipment	(662)	(104)
		288,591	272,195
	Operating cash flows before working capital changes	489,535	407,377
	(Increase) / decrease in current assets		
	Stores, spare parts and loose tools	125,481	47,970
	Stock-in-trade	60,961	(41,375)
	Trade debts	(300,099)	(53,535)
	Advances	2,970	7,487
	Trade deposits and prepayments	(3,596)	(2,255)
	Other receivables and accrued mark-up	(40)	41,424
		(114,323)	(284)
	Increase in current liabilities		
	Trade and other payables	188,521	103,649
	Cash generated from operations	563,733	510,742
	Finance cost paid	(118,973)	(108,866)
	Gratuity paid	(34,795)	-
	Leave encashment paid	(1,516)	(4,024)
	Income tax paid - net	(4,012)	(24,881)
	Long term deposits - liabilities	-	(1,405)
	Net cash generated from operating activities	404,437	371,566
CASH FLOWS FROM INVESTING ACTIVITIES			
	Fixed capital expenditure	(41,502)	(111,105)
	Proceeds from disposal of property, plant & equipment	662	104
	Net cash used in investing activities	(40,840)	(111,001)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Repayment of long term financing	(25,380)	(163,961)
	Dividend claimed	(216)	(46)
	Net cash used in financing activities	(25,596)	(164,007)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)
For the nine months period ended March 31, 2021

	Nine months ended	
	March 31, 2021	March 31, 2020
	---- Rupees in thousands ----	
Net increase in cash and cash equivalents	338,001	96,558
Cash and cash equivalents at beginning of the period	(245,945)	(165,846)
Cash and cash equivalents at end of the period	92,056	(69,288)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	401,318	84,290
Short term borrowings	(309,262)	(153,578)
	92,056	(69,288)

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 nine months period ended March 31, 2021

	Equity attributable to owners of the Holding Company				Non-controlling interests	Total equity
	Share capital	Reserves		Total		
		Share premium	Accumulated profit			
	----- Rupees in thousands -----					
Balance as at July 1, 2019 (audited)	997,181	99,718	2,543,016	3,639,915	795,783	4,435,698
Total comprehensive loss for the period ended March 31, 2020						
Profit for the period	-	-	18,184	18,184	17,864	36,048
Other comprehensive income	-	-	-	-	-	-
	-	-	18,184	18,184	17,864	36,048
Balance as at March 31, 2020 (un-audited)	997,181	99,718	2,561,200	3,658,099	813,647	4,471,746
Balance as at July 1, 2020 (audited)	997,181	99,718	2,512,111	3,609,010	870,058	4,479,068
Total comprehensive profit for the period ended March 31, 2021						
Profit for the period	-	-	158,468	158,468	18,037	176,505
Other comprehensive income	-	-	-	-	-	-
	-	-	158,468	158,468	18,037	176,505
Balance as at March 31, 2021 (un-audited)	997,181	99,718	2,670,579	3,767,478	888,095	4,655,573

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months period ended March 31, 2021

1 THE GROUP AND ITS OPERATIONS

- 1.1** The Group consists of Thatta Cement Company Limited (TCCL) and Thatta Power (Private) Limited (TPPL) (together referred as "the Group").
- 1.2** Thatta Cement Company Limited (the Holding Company) was incorporated in Pakistan in 1980 as a public limited company. The shares of the Holding Company are quoted at the Pakistan Stock Exchange. The Holding Company's main business activity is manufacturing and marketing of cement. The registered office of the Holding Company is situated at Office No. 606, 607, 608 & 608A, Continental Trade Centre, Block 8, Clifton, Karachi. The production facility of the Holding Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.
- 1.3** Thatta Power (Private) Limited (the Subsidiary Company) is a 62.43% owned subsidiary of the Holding Company as at March 31, 2021 (June 30, 2020: 62.43%). The principal business activity of the Subsidiary Company is generation and sale of electric power. As at September 30, 2020 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (June 30, 2020: 50,000,000) ordinary shares and 47,915,830 (June 30, 2020: 47,915,830) ordinary shares respectively. The registered office and generation facility of the Subsidiary Company 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, 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, 2020.

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

These condensed interim consolidated financial statements comprise of the condensed interim consolidated statement of financial position as at March 31, 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, 2021.

2.2 Basis of consolidation

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

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

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

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

2.3 Functional and presentation currency

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

Thatta Cement Company Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the nine months period ended March 31, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of the annual audited consolidated financial statements as at and for the year ended June 30, 2020.

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, 2020.

		(Un-audited)	(Audited)
		March 31, 2021	June 30, 2020
		---- Rupees in thousands ----	
		Note	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1	4,111,931
	Major stores and spares	5.2	64,423
	Capital work in progress	5.3	25,364
			4,201,718
5.1	Operating fixed assets		
	Opening net book value (NBV)		4,260,881
	Additions during the period / year at cost	5.1.1	16,065
			4,276,946
	Fixed assets written off during the period / year		(727)
	Depreciation charge for the period / year		(164,287)
			(165,014)
	Closing net book value (NBV)		4,111,931
5.1.1	Detail of additions (at cost) during the period / year are as follows:		
	Factory building on freehold land		-
	Plant and machinery		12,910
	Vehicles		3,042
	Computer		113
	Laboratory equipment		-
			16,065
5.2	Major stores and spares		
	Cost		
	Opening balance		103,710
	Additions during the period / year		2,891
	Transferred during the period / year		(2,817)
	Closing balance		103,784
	Accumulated impairment		
	Opening balance		(38,919)
	Impairment charge for the period / year		(442)
	Closing balance		(39,361)
	Net book value		64,423
5.3	Capital work-in-progress		
	Solar panel project		25,364

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Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
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		(Un-audited)	(Audited)
		March 31, 2021	June 30, 2020
	Note	---- Rupees in thousands ----	
6 STORES, SPARE PARTS AND LOOSE TOOLS			
Coal and other fuels		50,299	163,933
Stores & spare parts		232,038	243,859
Loose tools		81	107
		282,418	407,899
Provision for obsolete stores		(3,864)	(3,871)
Provision for slow moving stores and spares		(26,097)	(24,477)
		(29,961)	(28,348)
		252,457	379,551
7 STOCK-IN-TRADE			
Raw material		14,942	18,587
Packing material		31,268	36,962
Work-in-process		248,054	288,870
Finished goods		39,289	50,095
		333,553	394,514
8 TRADE DEBTS			
Considered good			
Local - unsecured	8.1	1,236,396	937,558
Considered doubtful			
Local - unsecured		76,368	75,107
		1,312,764	1,012,665
Provision for doubtful debts		(76,368)	(75,107)
		1,236,396	937,558

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

(Un-audited)	(Audited)
March 31, 2021	June 30, 2020

--- Number of shares ---

Authorized share capital

200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000	2,000,000
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Issued, subscribed and paid-up share capital

89,418,125	89,418,125	Ordinary shares of Rs. 10/- each	894,181	894,181
		- shares allotted for consideration fully paid in cash		
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each	103,000	103,000
		- shares allotted for consideration other than cash		
99,718,125	99,718,125		997,181	997,181

Thatta Cement Company Limited

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

For the nine months period ended March 31, 2021

		(Un-audited)	(Audited)
		March 31, 2021	June 30, 2020
	Note	---- Rupees in thousands ----	
10	TRADE AND OTHER PAYABLES		
Trade creditors		65,504	38,792
Accrued liabilities		120,124	125,144
Bills payable		198,874	123,881
Advances from customers		52,835	30,536
Contractors retention money		-	8,754
Excise duty and sales tax payable		112,741	39,678
Payable to Gratuity Fund		11,647	34,795
Payable to Provident Fund		1,550	1,518
Workers' Profit Participation Fund (WPPF)		47,585	39,656
Workers' Welfare Fund (WWF)		18,577	15,069
Other liabilities	10.1	8,364	14,605
		637,801	472,428

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

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

The status of contingencies are same except for the matters disclosed in note 26.1.11, 26.1.12, and 26.1.13 in the annual audited consolidated financial statements for the year ended June 30, 2020. The status of the said and further matters are disclosed below and in note 10.1 :

- 11.1.1** The Deputy Commissioner Inland revenue (DCIR) has issued showcause notice dated September 05, 2019 to the Holding Company for the Tax Year 2019 and disallowed input tax amounting to Rs. 24.2 million on some taxable purchases and services received by the Holding Company for the purpose of business during the period from July 01, 2018 to June 30, 2019. In response to showcause notice, the Holding Company attended hearings from time to time and provide documents, explanations and supporting evidences. However, the learned DCIR has passed an order in original (ONO) on February 13, 2020 disallowing input tax to the extent of Rs. 0.951 million. The Holding Company has filed an appeal before Commissioner Inland Revenue – Appeals (CIR-A) against the said order. Based on appeal filed by the Holding Company, the Commissioner (Appeals -1) dated December 07, 2020 has remanded back the above disallowances. In view of Holding Company's tax consultant, favourable outcome of such appeal is anticipated; hence no provision is required to be made in these condensed interim consolidated financial statements.
- 11.1.2** Deputy Commissioner Inland Revenue (DCIR) issued a notice on January 31, 2020 under Section 177 of the Income Tax Ordinance, 2001 for the purpose of Income Tax audit of the Holding Company for the Tax Year 2015. The Holding Company attended hearings from time to time and provided supporting documents and explanations against the audit observations raised by DCIR. However, the learned DCIR passed an amended assessment order on April 28, 2020 and raised the tax demand of Rs. 0.6 million by disallowing certain admissible expenses including leave encashment, donation expense, salary expense and Tax credit u/s 65B. The Holding Company has filed an appeal before Commissioner Inland Revenue - Appeal (CIR-A) against the disallowances. Based on the appeal filed, the Commissioner (Appeals-I) dated December 17, 2020 remanded back the disallowance made on account of donations while confirmed the remaining disallowance. Further, the management intends to file appeal before Appellate Tribunal Inland Revenue. In view of Holding Company's tax consultant, favourable outcome of such appeal is anticipated; hence no provision is required to be made in these condensed interim consolidated financial statements.

Thatta Cement Company Limited

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

For the nine months period ended March 31, 2021

11.1.3 Deputy Commissioner Inland Revenue (DCIR) issued notices on February 19, 2021 to call for books of accounts and other information for initiating audit proceedings for the Tax Years 2017, 2018, 2019 and 2020 under Section 177 of the Income Tax Ordinance, 2001. The Holding Company provided books of accounts, supporting documents and explanations against said notices and the audit observations (if any) raised by DCIR. However, DCIR has not yet issued any tax order against the Holding Company for said tax years.

11.1.4 Deputy Commissioner Inland Revenue (DCIR) issued notices on March 18, 2021 for production of records and other information for initiating audit proceedings for the Tax Periods 2016, 2017, 2019 and 2020 under Section 25 of Sales Tax Act, 1990 and 46 of FED Act, 2005. The Holding Company provided books of accounts, supporting documents and explanations against the said notices and audit observations (if any) raised by DCIR. However, DCIR has not yet issued any tax order against the Holding Company for said tax years.

11.1.5 Deputy Commissioner Inland Revenue (DCIR) issued notices on March 25, 2021 for Monitoring of withholding Taxes for the Tax Years 2016, 2019 and 2020 under Section 176 of Income Tax Ordinance, 2001. The Holding Company filed an extension application with DCIR for provision of said records, workings and reconciliations required by under said notices.

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, 2020: Rs. 45 million).

11.2.2 Other outstanding guarantees given on behalf of the Group by banks amount to Rs. 309 million (June 30, 2020: Rs. 309 million).

(Un-audited)	(Audited)
March 31, 2021	June 30, 2020
---- Rupees in thousands ----	

11.2.3 Commitments in respect of revenue expenditure

22,946 -

11.2.4 Operating lease commitment (0-1 year)

2,046 1,916

Nine months ended		Quarter ended	
March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
----- Rupees in thousands -----			

12 SALES - NET

Gross sales

Local

Export

Less:

Federal Excise Duty

Sales tax

2,795,129	2,669,499	1,018,419	809,375
88,170	220,822	-	-
2,883,299	2,890,321	1,018,419	809,375
(380,663)	(398,276)	(142,325)	(110,169)
(464,128)	(413,789)	(175,295)	(126,778)
(844,791)	(812,065)	(317,620)	(236,947)
2,038,508	2,078,256	700,799	572,428

12.1 The Group's revenue disaggregated by primary geographical markets is as follows:

Primary geographical markets

Sale of cement and clinker

Within Pakistan

Outside Pakistan

Sale of electric power

Within Pakistan

1,655,552	1,316,625	638,584	382,124
88,170	220,822	-	-
294,786	540,809	62,215	190,304
2,038,508	2,078,256	700,799	572,428

Nine months ended		Quarter ended	
March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
----- Rupees in thousands -----			

12.2 The 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	2,038,508	2,078,256	700,799	572,428
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13 COST OF SALES

Raw material consumed	84,103	88,484	23,881	18,571
Manufacturing expenses				
Packing material consumed	86,946	55,384	38,599	17,764
Stores, spare parts and loose tools consumed	59,818	75,033	23,425	21,147
Fuel and power	911,126	1,142,121	231,657	286,900
Salaries, wages and other benefits	217,598	213,243	74,893	61,832
Insurance	12,796	10,039	4,344	3,696
Repairs, operations and maintenance	24,175	13,360	7,477	3,262
Depreciation	162,292	142,021	47,384	45,720
Vehicle hire, running & maintenance	8,282	8,557	2,832	2,731
Communication	1,193	1,285	396	511
Entertainment	725	511	386	119
(Reversal) / provision for slow moving & obsolete stores and spares	2,055	(136)	-	-
Other production overheads	2,352	4,718	2,352	2,393
	1,489,358	1,666,136	433,745	446,075
Cost of production	1,573,461	1,754,620	457,626	464,646
Work-in-process				
Opening balance	288,870	269,597	340,571	340,724
Closing balance	(248,054)	(310,584)	(248,054)	(310,584)
	40,816	(40,987)	92,517	30,140
Cost of goods manufactured	1,614,277	1,713,633	550,143	494,786
Finished goods				
Opening balance	50,095	34,773	45,843	46,631
Closing balance	(39,289)	(44,035)	(39,289)	(44,035)
	10,806	(9,262)	6,554	2,596
	1,625,083	1,704,371	556,697	497,382

Thatta Cement Company Limited
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	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	----- Rupees in thousands -----			

14 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period attributable to the equity holders of the Holding Company	158,468	48,947	58,243	(4,007)
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)	1.59	0.49	0.58	(0.04)

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 March 31, 2021 with related parties are as follows:

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	----- Rupees in thousands -----			
15.1 Transactions with related parties				
15.1.1 Key management personnel				
Salaries and benefits	38,621	47,814	12,535	12,658
15.1.2 Other related parties				
Contribution to employees' Gratuity Fund	34,795	11,949	10,816	11,949
Contribution to employees' Provident Fund	7,155	7,319	2,360	2,249
Education expenses - Model Terbiat School	2,955	2,142	730	590
			(Un-audited)	(Audited)
			March 31, 2021	June 30, 2020
			---- Rupees in thousands ----	

15.2 Balances with related parties

15.2.1 Other related parties		
Payable to Gratuity Fund	11,647	35,983
Payable to Provident Fund	775	754

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 sale of electric power.

16.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	March 2021	March 2020	March 2021	March 2020	March 2021	March 2020	March 2021	March 2020
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	1,743,722	1,537,447	683,901	992,783	(389,115)	(451,974)	2,038,508	2,078,256
Cost of sales	(1,492,855)	(1,438,436)	(548,252)	(727,811)	416,024	461,876	(1,625,083)	(1,704,371)
Gross profit	250,867	99,011	135,649	264,972	26,909	9,902	413,425	373,885
Selling and distribution cost	(65,816)	(83,176)	-	-	-	-	(65,816)	(83,176)
Administrative expenses	(71,462)	(64,185)	(21,723)	(19,769)	17,538	15,944	(75,647)	(68,010)
	113,589	(48,350)	113,926	245,203	44,447	25,846	271,962	222,699
Other operating expenses	(11,936)	(10,500)	(52)	(26)	-	-	(11,988)	(10,526)
Impairment loss - trade debts	(1,261)	(540)	-	-	-	-	(1,261)	(540)
Other income	59,811	35,245	22,160	28,884	(32,650)	(27,706)	49,321	36,423
Operating profit	160,203	(24,145)	136,034	274,061	11,797	(1,860)	308,034	248,056
Finance cost	(13,054)	(34,314)	(94,134)	(79,459)	98	899	(107,090)	(112,874)
Segment results	147,149	(58,459)	41,900	194,602	11,895	(961)	200,944	135,182
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit / (loss) before taxation	147,149	(58,459)	41,900	194,602	11,895	(961)	200,944	135,182
Taxation								
Current	(30,374)	(20,172)	(5,785)	(6,375)	-	-	(36,159)	(26,547)
Prior	(3)	-	-	-	-	-	(3)	-
Deferred	11,723	10,668	-	-	-	-	11,723	10,668
	(18,654)	(9,504)	(5,785)	(6,375)	-	-	(24,439)	(15,879)
Profit / (loss) for the period	128,495	(67,963)	36,115	188,227	11,895	(961)	176,505	119,303

16.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	March 2021	June 2020	March 2021	June 2020	March 2021	June 2020	March 2021	June 2020
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
----- Rupees in thousands -----								
Segment assets	3,754,773	3,477,100	3,655,607	3,655,345	(373,685)	(391,814)	7,036,695	6,740,631
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,754,773	3,477,100	3,655,607	3,655,345	(373,685)	(391,814)	7,036,695	6,740,631
Segment liabilities	1,161,699	1,012,521	1,288,565	1,324,419	(69,142)	(75,377)	2,381,122	2,261,563
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,161,699	1,012,521	1,288,565	1,324,419	(69,142)	(75,377)	2,381,122	2,261,563
Capital expenditure	31,113	24,050	10,389	95,775	-	-	41,502	119,825
Depreciation	76,629	87,648	87,658	99,036	-	-	164,287	186,684
Non-cash expenses other than depreciation	2,581	1,130	201	1,992	-	-	2,782	3,122

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

		Consolidated	
		March 31, 2021	March 31, 2020
		-- Rupees in thousands --	
16.3.1 Operating revenues			
Total revenue of reportable segments		2,427,623	2,530,230
Elimination of intra group revenue		(389,115)	(451,974)
Consolidated revenue		2,038,508	2,078,256
16.3.2 Profit or loss			
Total profit before tax of reportable segments		189,049	136,143
Adjustment of unrealized profit and intra group transactions		11,895	(961)
Consolidated profit before taxation		200,944	135,182

		Consolidated	
		(Un-audited)	(Audited)
		March 31, 2021	June 30, 2020
		-- Rupees in thousands --	

16.3.3 Assets

Total assets of reportable segments	7,410,380	7,132,445
Elimination of intra group balances and unrealised profit	(372,082)	(390,211)
Reclassification for consolidation purposes	(1,603)	(1,603)
Consolidated assets	7,036,695	6,740,631

16.3.4 Liabilities

Total liabilities of reportable segments	2,450,264	2,336,940
Elimination of intra group balances	(69,142)	(75,377)
Consolidated liabilities	2,381,122	2,261,563

16.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	Un-audited		(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2021	March 31, 2020	March 31, 2021	June 30, 2020	March 31, 2021	June 30, 2020
----- Rupees in thousands -----						
Within Pakistan	1,950,338	1,857,434	7,036,695	6,740,631	4,655,573	4,479,068
Outside Pakistan	88,170	220,822	-	-	-	-
	2,038,508	2,078,256	7,036,695	6,740,631	4,655,573	4,479,068

16.5 Information about major customers

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

17 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

18 CORRESPONDING FIGURES

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

19 NUMBER OF EMPLOYEES

The number of employees as at period ended March 31, 2021 was 498 (June 30, 2020: 497) and average number of employees during the period was 499 (June 30, 2020: 503).

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on April 27, 2021 by the Board of Directors of the Holding Company.

21 GENERAL

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



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