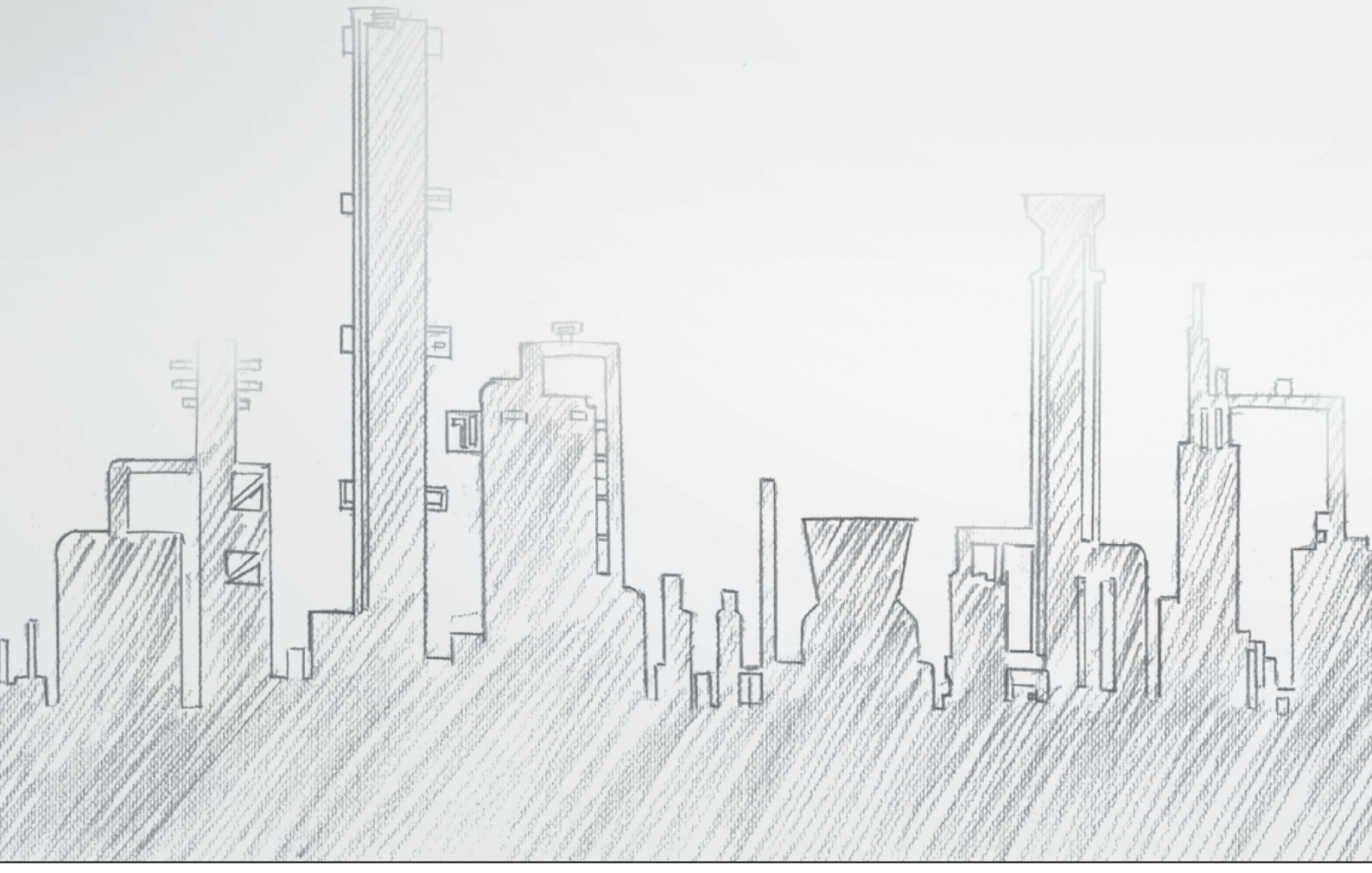


First Quarterly Report
September
2022



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. Noor Muhammad
Mr. Saleem Zamindar
Mr. Muhammad Jamshid Malik
Mr. Kamran Munir Ansari

Chairman
Chief Executive
Director
Director
Director
Director
Director

AUDIT COMMITTEE

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

Chairperson
Member
Member

HR & REMUNERATION COMMITTEE

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

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

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

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 is pleased to present its review together with the un-audited condensed interim financial statements for the quarter ended September 30, 2022.

OVERVIEW

Production and dispatch statistics for the quarter ended September 30, 2022 are as follows:

Description	September 30, 2022	September 30, 2021	Variance	
	-----Metric Tons-----			%
<u>Production</u>				
Clinker	61,566	73,453	(11,887)	(16.18)
Cement	87,914	88,605	(691)	(0.78)
<u>Dispatches</u>				
Clinker	-	4,987	(4,987)	(100)
Cement	90,287	91,319	(1,032)	(1.13)
	90,287	96,306	(6,019)	(6.25)

During the period under review, the annual inflation rate in Pakistan increased to its highest level in several decades, mainly due to higher food and energy costs. The spiraling increase in SBP policy rate to fight the exchange rate crisis added fuel to the fire and further damaged the already deteriorating economic condition of the Country. Moreover, the intense rain and deadly floods, which hit the vast area of the country along with sudden escalation in coal and other fuel prices in both international and local markets coupled with deterioration in rupee-dollar parity along with political instability, not only affected Pakistan's economy but also severely dented the cement industry. Under these circumstances, the performance of the Company remained adversely affected throughout the period and consequently, local dispatches dropped by 6.25% in comparison with the corresponding period of last year.

The Company achieved 37.31% overall clinker production capacity by producing 61,566 tons of clinker against 44.52% capacity utilization with clinker production of 73,453 tons in the same period of last year.

INDUSTRY REVIEW

The unpredictable upward trend in the international coal prices, rise in energy prices, high cost-push inflation coupled with rupee depreciation and political turmoil, both at local and international fronts, have severely affected the industry performance during the period under review.

During the period under review, the cement industry posted a decline of 24.98% in local and export dispatches. Local dispatches remained at 8.60 million tons (2021: 11.28 million tons) with a decline of 23.75%. Moreover, the industry exhibited a declining trend in export dispatches throughout the period under review. Consequently, export dispatches posted a decline of 34.19% and stood considerably low at 1.02 million tons (2021: 1.55 million tons).

In the southern region, local dispatches posted a decrease of 25.55% in volumetric terms from 1.80 million tons of the comparative to 1.34 million tons of the reporting period, likewise export dispatches showed a steep decline of 37.06% from 1.16 million tons to 0.73 million tons achieved during the quarter under review.

SALES REVIEW

During the period under review, local sales of the Company, in terms of volume, decreased by 6.25% as compared to the corresponding period of last year. Despite the decrease in dispatches, the sales revenue of the Company has increased by 33.78%, as compared to the corresponding period.

FINANCIAL REVIEW

A comparison of the financial results of the Company's performance for the period ended September 30, 2022 with the same period last year is as under:

Particulars	September 30, 2022	September 30, 2021
	Rupees in thousands	
Sales – net	932,365	696,946
Gross (Loss)/Profit	(44,768)	82,088
Selling and Distribution Cost	19,087	8,164
Finance Cost	15,527	3,064
(Loss)/Profit before taxation	(75,618)	26,489
(Loss)/Profit after Taxation	(53,906)	19,292
(Loss)/Earnings per share (Rupees)	(0.54)	0.19

Cost to Sales ratio increased to 104.8% during the period as compared to 88.22% of the corresponding period of last year. The prime reason behind the increase is the unprecedented surge in the prices of international coal and tariff of local energy, besides these the continuous escalating dollar rate also resulted in hike in the cost of production soaked a considerable amount of our gross margin.

FUTURE OUTLOOK

Political instability and recent floods across the country have enormously affected the overall economy of Pakistan. Heavy rains across the country, particularly in the province of Sindh, severely damaged the infrastructure systems and other means of communication and consequently impacted the cement dispatches and its demand in the southern region.

In addition to this, considerable escalation in coal prices, continuous upsurge in power tariff, rupee devaluation, and overall cost-push inflation will result in a substantial increase in the cost of doing business. Moreover, severe competition in local markets, amongst industry players, is also affecting the company's ability to pass on the impact of higher input costs to the consumers.

Yet, we are optimistic that the recent initiatives taken by the Sindh Government, with the assistance of the World Bank to launch a Rs110 billion housing scheme for the flood-affected people, along with the measures kicked-off by the Federal Government is most likely to boost the Cement demand in the upcoming quarters and years.

PERFORMANCE OF THE GROUP

A brief of the financial position and performance of the Group for the quarter ended September 30, 2022 are as follows.

	September 30, 2022	June 30, 2022
<u>Statement of Financial Position</u>	----- (Rupees in thousands) -----	
Property, plant and equipment	3,999,796	4,032,532
Stock-in-Trade	415,084	565,731
Trade Debts	1,459,238	1,551,453
Total Equity - Holding Company	3,839,931	3,904,720
Trade and Other payables	1,432,435	1,421,311
	September 30, 2022	September 30, 2021
<u>Statement of Profit or Loss</u>	----- (Rupees in thousands) -----	
Sales - net	995,376	749,389
Gross (Loss)/Profit	(3,181)	119,451
Selling, Distribution cost & Administrative Expense	58,843	42,285
(Loss)/Profit before taxation	(92,978)	26,099
(Loss)/Profit after taxation	(71,339)	17,432
(Loss)/Earnings per share (in Rupees)	(0.65)	0.18

ACKNOWLEDGEMENT

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



Muhammad Aslam Shaikh
Chief Executive



Khawaja Muhammad Salman Younis
Chairman

Karachi: October 28, 2022

**CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2022**

THATTA CEMENT COMPANY LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at September 30, 2022

		(Un-audited)	(Audited)
		September 30,	June 30,
		2022	2022
	Note	Rupees in thousands	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,917,489	1,920,063
Right-of-use asset	6	39,924	42,184
Intangible Assets	7	4,972	5,265
Long term investment in the Subsidiary	8	299,158	299,158
Long term deposits		3,796	3,796
		2,265,339	2,270,466
CURRENT ASSETS			
Stores, spare parts and loose tools	9	402,553	263,932
Stock-in-trade	10	411,300	563,203
Trade debts	11	399,854	524,147
Loan to the Subsidiary		150,038	95,846
Advances		30,134	48,446
Deposits and prepayments		24,211	5,326
Short term Investment		473,715	473,715
Other receivables and accrued mark-up		34,034	12,060
Taxation - net		137,210	147,648
Cash and bank balances		191,038	228,182
		2,254,087	2,362,505
TOTAL ASSETS		4,519,426	4,632,971
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized capital		2,000,000	2,000,000
Share capital	12	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,589,504	1,643,410
		2,686,403	2,740,309
NON-CURRENT LIABILITIES			
Long term deposits		2,787	2,791
Lease Liability		33,983	35,726
Long term employee benefit		19,398	18,589
Deferred taxation		244,833	278,359
		301,001	335,465
CURRENT LIABILITIES			
Current maturity of lease liability		6,681	6,493
Trade and other payables	13	1,311,430	1,329,702
Dividend payable		1,972	1,972
Accrued mark-up		8,365	6,738
Short term borrowings		203,574	212,292
		1,532,022	1,557,197
TOTAL EQUITY AND LIABILITIES		4,519,426	4,632,971
CONTINGENCIES AND COMMITMENTS			

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)
For the quarter ended September 30, 2022

		Quarter ended	
		September 30,	
		2022	2021
	Note	----- Rupees in thousands -----	
Sales - net	15	932,365	696,946
Cost of sales	16	(977,133)	(614,858)
Gross (loss) / profit		(44,768)	82,088
Selling and distribution cost		(19,087)	(8,164)
Administrative expenses		(36,769)	(31,832)
		(100,624)	42,092
Other operating expenses		-	(26,268)
Other income		40,533	13,729
Operating (loss) / profit		(60,091)	29,553
Finance cost		(15,527)	(3,064)
(Loss) / profit before taxation		(75,618)	26,489
Taxation			
Current		(11,814)	(8,856)
Deferred		33,526	1,659
		21,712	(7,197)
(Loss) / profit for the quarter		(53,906)	19,292
(Loss) / earnings per share - basic and diluted (Rupee)	17	(0.54)	0.19

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

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

For the quarter ended September 30, 2022

	Quarter ended	
	September 30,	
	2022	2021
	----- Rupees in thousands -----	
(Loss) / profit for the quarter	(53,906)	19,292
Other comprehensive income / (loss)	-	-
Total comprehensive (loss) / profit for the quarter	(53,906)	19,292

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2022

	Quarter ended	
	September 30,	
	2022	2021
	----- Rupees in thousands -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(75,618)	26,489
Adjustment for:		
Depreciation on property, plant and equipment	22,066	24,216
Depreciation on right-of-use-assets	2,260	-
Amortization	293	-
Finance cost	15,527	3,064
Provision for gratuity	5,009	3,300
Provision for leave encashment	1,365	613
Gain on disposal of property, plant and equipment	(279)	-
	46,241	31,193
Operating cash flows before working capital changes	(29,377)	57,682
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(138,621)	(141,420)
Stock-in-trade	151,903	(51,746)
Trade debts	124,293	(116,173)
Advances	18,312	(54,966)
Trade deposits and prepayments	(18,885)	(14,184)
Other receivables and accrued mark-up	(21,974)	(1,740)
	115,028	(380,229)
Increase in current liabilities		
Trade and other payables	(13,283)	105,509
Cash generated from operations	72,368	(217,038)
Finance cost paid	(13,900)	(3,583)
Gratuity paid	(10,000)	-
Lease rentals paid	(1,554)	-
Leave encashment paid	(556)	(449)
Income tax paid - net	(1,376)	(4,295)
Net cash generated / (used in) from operating activities	44,982	(225,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(19,495)	(24,729)
Proceeds from disposal of property, plant & equipment	279	-
Loan / Advance to Subsidiary	(54,192)	-
Net cash used in investing activities	(73,408)	(24,729)

Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2022

	Quarter ended	
	September 30,	
	2022	2021
	----- Rupees in thousands -----	
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend claimed	-	(4)
Net cash used in financing activities	-	(4)
Net (decrease) / increase in cash and cash equivalents	(28,426)	(250,098)
Cash and cash equivalents at beginning of the quarter	15,890	156,866
Cash and cash equivalents at end of the quarter	(12,536)	(93,232)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	191,038	42,563
Short term borrowings	(203,574)	(135,795)
	(12,536)	(93,232)

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

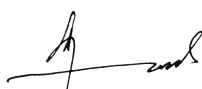
Thatta Cement Company Limited
Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)
For the quarter ended September 30, 2022

	Share capital	Reserves		Total
		Share premium	Accumulated profit	
----- Rupees in thousands -----				
Balance as at July 1, 2021 (audited)	997,181	99,718	1,567,307	2,664,206
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	(24,930)	(24,930)
Total comprehensive loss for the quarter ended September 30, 2021				
Profit for the quarter	-	-	19,292	19,292
Balance as at September 30, 2021 (un-audited)	997,181	99,718	1,561,669	2,658,568
Balance as at July 1, 2022 (audited)	997,181	99,718	1,643,410	2,740,309
Total comprehensive profit for the quarter ended September 30, 2022				
Loss for the quarter	-	-	(53,906)	(53,906)
Balance as at September 30, 2022 (un-audited)	997,181	99,718	1,589,504	2,686,403

The annexed notes from 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 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. The production facility of the Company comprises of 233 acres and is located at Ghulamullah Road, Makli, District Thatta, Sindh.

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

These condensed interim unconsolidated financial statements for the quarter ended September 30, 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, 2022 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, 2022, whereas the comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial statements for the quarter ended September 30, 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

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, 2022.

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 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, 2022.

		(Unaudited)	(Audited)
		September 30,	June 30,
		2022	2022
Note		----- Rupees in thousands -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,776,676	1,791,462
Major stores and spares	5.2	62,356	65,871
Capital work in progress	5.3	78,457	62,730
		<u>1,917,489</u>	<u>1,920,063</u>
5.1 Operating fixed assets			
Opening net book value (NBV)		1,791,462	1,859,848
Additions during the quarter / year at cost	5.1.1	7,279	58,715
		<u>1,798,741</u>	<u>1,918,563</u>
WDV of disposals during the quarter / year		-	(110)
Depreciation charge for the quarter / year		<u>(22,066)</u>	<u>(126,991)</u>
		<u>(22,066)</u>	<u>(127,101)</u>
Closing net book value (NBV)		<u>1,776,675</u>	<u>1,791,462</u>
5.1.1 Detail of additions (at cost) during the quarter / year are as follows:			
Plant and machinery		6,057	6,609
Electrical installations		-	38,250
Leasehold improvements		-	6,459
Office equipment		-	1,902
Furniture and fixtures		-	252
Laboratory equipment		802	-
Vehicles		-	2,199
Computers		420	3,044
		<u>7,279</u>	<u>58,715</u>
5.2 Major stores and spares			
Cost			
Opening balance		108,319	106,259
Additions during the quarter / year		3,839	18,048
Transferred during the quarter / year		<u>(7,354)</u>	<u>(15,988)</u>
Closing balance		<u>104,804</u>	<u>108,319</u>
Accumulated impairment			
Opening balance		<u>(42,448)</u>	<u>(42,141)</u>
Impairment charge for the quarter / year		-	(307)
Closing balance		<u>(42,448)</u>	<u>(42,448)</u>
Net book value		<u>62,356</u>	<u>65,871</u>
5.3 Capital work-in-progress			
Opening Balance		62,730	27,780
Additions during the quarter / year		15,727	80,414
Transfers during the quarter / year		-	(45,464)
Closing Balance		<u>78,457</u>	<u>62,730</u>

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2022

		(Unaudited)	(Audited)
		September 30,	June 30,
		2022	2022
Note	----- Rupees in thousands -----		
6	RIGHT-OF-USE ASSET		
	Cost	45,197	45,197
	Depreciation on right-of-use asset		
	Opening balance	(3,013)	-
	Charge for the quarter / year	(2,260)	(3,013)
	Closing balance	(5,273)	(3,013)
	Net book value	39,924	42,184
7	INTANGIBLE ASSETS		
	Cost	5,850	5,850
	Amortization on intangibles		
	Opening balance	(585)	-
	Charge for the quarter / year	(293)	(585)
	Closing balance	(878)	(585)
	Net book value	4,972	5,265
8	LONG TERM INVESTMENT IN SUBSIDIARY COMPANY		
	Thatta Power (Private) Limited (TPPL)	8.1 & 8.2	299,158
8.1	The Company owns 62.43% shareholding of TPPL as at September 30, 2022 (June 30, 2022: 62.43%). The principal business of the Subsidiary Company is generation and sale of electric power. As at September 30, 2021 TPPL has authorized and issued share capital of Rs. 500.00 million and Rs. 479.16 million divided into 50,000,000 and 47,915,830 ordinary shares respectively. Investment in Subsidiary Company is accounted and carried on the basis of cost.		
8.2	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.		
9	STORES, SPARE PARTS AND LOOSE TOOLS		
	Coal and other fuels	213,690	96,606
	Stores & spare parts	233,468	211,933
	Loose tools	109	107
		447,267	308,646
	Provision for obsolete stores	(3,843)	(3,843)
	Provision for slow moving stores and spares	(40,871)	(40,871)
		(44,714)	(44,714)
		402,553	263,932
10	STOCK-IN-TRADE		
	Raw material	25,278	14,957
	Packing material	75,409	73,526
	Work-in-process	266,484	415,295
	Finished goods	44,129	59,425
		411,300	563,203

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2022

			(Un-audited)	(Audited)
			September 30,	June 30,
			2022	2022
			----- Rupees in thousands -----	
11	TRADE DEBTS			
	Considered good			
	Local - unsecured		400,751	525,044
	Considered doubtful			
	Local - unsecured		74,210	74,210
			474,961	599,254
	Allowance for expected credit losses		(75,107)	(75,107)
			399,854	524,147
12	SHARE CAPITAL			
			(Un-audited)	(Audited)
			September 30,	June 30,
			2022	2022
			--- Number of shares ---	
	Authorized share capital			
	200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000
			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	894,181
			- shares allotted for consideration fully paid in cash	894,181
	10,300,000	10,300,000	Ordinary shares of Rs. 10/- each	103,000
			- shares allotted for consideration other than cash	103,000
	99,718,125	99,718,125	997,181	997,181
13	TRADE AND OTHER PAYABLES			
	Trade creditors		261,326	429,156
	Accrued liabilities		94,656	120,823
	Bills payable		195,652	-
	Contract liability		624,353	711,660
	Excise duty and sales tax payable		92,566	19,565
	Payable to Gratuity Fund		27,325	32,314
	Workers' Profit Participation Fund		8,343	8,343
	Workers' Welfare Fund		3,760	3,760
	Other liabilities		3,449	4,081
			1,311,430	1,329,702
14	CONTINGENCIES AND COMMITMENTS			
14.1	Contingencies			
	The status of contingencies as disclosed in annual audited unconsolidated financial statements for the year ended June 30, 2022 are same as at September 30, 2022. The status of further matters are mentioned below:			
14.1.1	During the year 2014-2015, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of Tax Year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Company filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A) against which the adverse order was passed by the CIR(A). Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A.			

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2022

On November 30, 2021, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.

- 14.1.2** The learned DCIR passed an amended assessment order on April 28, 2020 for the tax year 2015 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. Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A.

On April 27, 2021, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.

- 14.1.3** The Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). An appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of the Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax Year 2012. However, the appeal before CIR-A has been decided against the Company, therefore, further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A.

On August 28, 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.

- 14.1.4** On September 06, 2021, the Company has filed a Constitutional Petition (CP) No. 5382 before the Honorable High Court of Sindh (SHC) against arbitrary increase in the royalty rates through impugned notification No. T.O/M&MDD/15-3/2021 dated June 30, 2021 issued by Ministry of Mines and Minerals Development Department, Government of Sindh. The Company's legal consultants have attended several hearings and presented their point of view before the Honourable High Court of Sindh. The overall impact of the aforementioned increase in royalty rates would be approximately Rs. 86 million till September 30, 2022.

On October 17, 2022, the Honorable High Court of Sindh dismissed the petition on the grounds that the relevant forums as per Sindh Mining Concession Rules, 2002 were not approached. The management of the Company is considering various options available to the Company including relevant forums as per Sindh Mining Concession Rules, 2002 as also referred to by the Honorable High Court of Sindh in their judgement. The management is confident that the Company has an arguable case on merits.

14.2 Commitments

- 14.2.1** Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (June 30, 2022: Rs. 45 million).
- 14.2.2** Irrevocable letter of credit under revenue expenditure as at reporting date is Rs. 253.864 million (June 30, 2022: Rs. 10.825 million)
- 14.2.3** Other outstanding guarantees given on behalf of the Company by banks amounting to Rs. 72.96 million (June 30, 2022: Rs. 72.96 million).

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2022

		Quarter ended	
		September 30,	
		2022	2021
		----- Rupees in thousands -----	
15	SALES - NET		
	Gross sales		
	Local	1,258,027	1,014,887
	Export	-	707
		1,258,027	1,015,594
	Less:		
	Federal Excise Duty	(135,431)	(144,353)
	Sales tax	(190,231)	(174,295)
		(325,662)	(318,648)
		932,365	696,946
16	COST OF SALES		
	Raw material consumed	58,521	32,070
	Packing material consumed	54,423	43,918
	Stores, spare parts and loose tools consumed	21,019	22,607
	Fuel and power	555,510	424,674
	Salaries, wages and other benefits	86,379	94,323
	Insurance	6,129	5,388
	Repairs and maintenance	2,157	1,703
	Depreciation	21,120	23,670
	Vehicle hire, running & maintenance	6,383	3,406
	Communication	398	416
	Entertainment	294	270
	Other production overheads	694	1,859
	Cost of production	813,027	654,304
	Work-in-process		
	Opening balance	415,294	334,414
	Closing balance	(266,484)	(379,980)
		148,810	(45,566)
	Cost of goods manufactured	961,837	608,738
	Finished goods		
	Opening balance	59,425	43,615
	Closing balance	(44,129)	(37,495)
		15,296	6,120
		977,133	614,858
17	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit/(loss) for the quarter (Rupees in thousands)	(53,906)	19,292
	Weighted average number of ordinary shares	99,718,125	99,718,125
	Earnings/(loss) per share - basic and diluted (Rupees)	(0.54)	0.19

Thatta Cement Company Limited
Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2022

18 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprise of subsidiary company, associated undertakings, Directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions except for service level agreement for business support services with the Subsidiary Company for which the basis are approved by the Board of Directors. Details of transactions during the quarter ended/outstanding balances as at September 30, 2022 with related parties are as follows:

Quarter ended	
September 30,	
2022	2021
----- Rupees in thousands -----	

18.1 Transactions with related parties

18.1.1 Subsidiary Company

Thatta Power (Private) Limited

Common shared expenses	1,261	1,068
Purchase of store items - net	528	1,617
Payment on account of purchase of store items - net	-	(63)
Purchase of electricity (inclusive of GST)	180,328	168,514
Payment on account of electricity (inclusive of GST)	200,543	176,965
Management fee claimed	7,993	7,267
Sale of waste heat	5,487	5,525
Loan disbursement	54,192	-
Interest accrued on loan	5,880	1,777

18.1.2 Key management personnel

Salaries and benefits	18,869	14,843
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18.1.3 Other related parties

Contribution to employees' Gratuity Fund	10,000	-
Contribution to employees' Provident Fund	2,975	2,620
Education expenses - Model Terbiat School	1,234	1,097

(Un-audited)	(Audited)
September 30,	June 30,
2022	2022

18.2 Balances with related parties

18.2.1 Subsidiary Company

Thatta Power (Private) Limited

Payable against purchase of electricity (inclusive of GST)	93,341	113,556
Receivable against management fee (inclusive of SST)	34,638	26,645
Receivable against common shared expenses	5,076	3,816
(Payable) / receivable against purchase of store items - net	(372)	156
Receivable against loan disbursed	150,038	95,846
Receivable against accrued markup on loan	15,168	9,288
Receivable against sale of waste heat (inclusive of GST)	38,765	33,278

18.2.2 Other related parties

Payable to Gratuity Fund	27,325	32,314
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18.3 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 quarter ended September 30, 2022

19 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

20 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.

21 NUMBER OF EMPLOYEES

The number of employees as at September 30, 2022 was 495 (June 30, 2022: 501) and average number of employees during the period was 499 (June 30, 2022: 497).

22 DATE OF AUTHORIZATION FOR ISSUE


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

23 GENERAL

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2022**

THATTA CEMENT COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Financial Position
As at September 30, 2022

		(Un-audited)	(Audited)
		September 30,	June 30,
		2022	2022
	Note	---- Rupees in thousands ----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,999,796	4,032,532
Right-of-use asset	6	39,924	42,184
Intangible Assets	7	4,972	5,265
Long term deposits		3,796	3,796
		4,048,488	4,083,777
CURRENT ASSETS			
Stores, spare parts and loose tools	8	436,535	298,188
Stock-in-trade	9	415,084	565,731
Trade debts	10	1,459,238	1,551,453
Short term investment		473,715	473,715
Advances		76,819	84,788
Deposits and prepayments		230,827	206,164
Other receivables and accrued mark-up		18,981	3,016
Taxation - net		184,078	194,584
Cash and bank balances		198,114	237,515
		3,493,391	3,615,154
TOTAL ASSETS		7,541,879	7,698,931
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		2,743,032	2,807,821
Equity attributable to the owners of the Holding Company		3,839,931	3,904,720
Non-controlling interests		875,531	882,081
		4,715,462	4,786,801
NON-CURRENT LIABILITIES			
Long term financing		492,439	553,843
Lease Liability		33,983	35,726
Long term deposits		2,787	2,791
Long term employee benefit		19,398	18,589
Deferred taxation		244,833	278,359
		793,440	889,308
CURRENT LIABILITIES			
Current maturity of lease liability		6,681	6,493
Trade and other payables	12	1,432,435	1,421,311
Dividend payable		1,972	1,972
Accrued mark-up		75,259	67,698
Current maturity of long term financing		313,056	313,056
Short term borrowings		203,574	212,292
		2,032,977	2,022,822
TOTAL EQUITY AND LIABILITIES		7,541,879	7,698,931

CONTINGENCIES AND COMMITMENTS

13

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Profit or Loss (Un-audited)
For the quarter ended September 30, 2022

		Quarter ended	
		September 30,	
		2022	2021
	Note	---- Rupees in thousands ----	
Sales - net	14	995,376	749,389
Cost of sales	15	(998,557)	(629,938)
Gross profit		(3,181)	119,451
Selling and distribution cost		(19,087)	(8,164)
Administrative expenses		(39,756)	(34,121)
		(62,024)	77,166
Other operating expenses		-	(26,268)
Other income		22,820	6,532
Operating (loss) / profit		(39,204)	57,430
Finance cost		(53,774)	(31,331)
(Loss) / profit before taxation		(92,978)	26,099
Taxation			
Current		(11,887)	(10,326)
Deferred		33,526	1,659
		21,639	(8,667)
(Loss) / profit for the quarter		(71,339)	17,432
(Loss) / profit for the period attributable to:			
Equity holders of the Holding Company		(64,789)	18,131
Non-controlling interests		(6,550)	(699)
		(71,339)	17,432
(Loss) / earnings per share - basic and diluted (Rupee)	16	(0.65)	0.18

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)
For the quarter ended September 30, 2022

	Quarter ended	
	September 30,	
	2022	2021
	---- Rupees in thousands ----	
Profit for the quarter	(71,339)	17,432
Other comprehensive income / (loss)	-	-
Total comprehensive income for the quarter	(71,339)	17,432
Total comprehensive income for the period attributable to:		
Equity holders of the Holding Company	(64,789)	18,131
Non-controlling interests	(6,550)	(699)
	(71,339)	17,432

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2022

	Quarter ended	
	September 30,	
	2022	2021
	---- Rupees in thousands ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(92,978)	26,099
Adjustment for:		
Depreciation on property, plant and equipment	52,227	52,749
Depreciation on right-of-use-assets	2,260	-
Amortization	293	-
Finance cost	53,774	31,331
Provision for gratuity	5,009	3,300
Provision for leave encashment	1,365	613
Gain on disposal of property, plant and equipment	(279)	-
	114,649	87,993
Operating cash flows before working capital changes	21,671	114,092
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(138,347)	(136,767)
Stock-in-trade	150,647	(61,303)
Trade debts	92,215	(156,606)
Advances	7,969	(63,380)
Trade deposits and prepayments	(24,663)	(13,604)
Other receivables and accrued mark-up	(15,965)	(4,669)
	71,856	(436,329)
<i>Increase in current liabilities</i>		
Trade and other payables	16,114	118,943
Cash generated from operations	109,641	(203,294)
Finance cost paid	(45,005)	(3,935)
Gratuity paid	(10,000)	-
Lease rentals paid	(1,554)	-
Leave encashment paid	(556)	(449)
Income tax paid - net	(1,384)	(4,352)
Net cash generated from operating activities	51,142	(212,030)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(19,495)	(24,729)
Proceeds from disposal of property, plant & equipment	279	-
Net cash used in investing activities	(19,216)	(24,729)

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)
For the quarter ended September 30, 2022

	Quarter ended	
	September 30,	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(62,609)	-
Dividend claimed	-	(4)
Net cash used in financing activities	(62,609)	(4)
Net (decrease) / increase in cash and cash equivalents	(30,683)	(236,763)
Cash and cash equivalents at beginning of the quarter	25,223	173,403
Cash and cash equivalents at end of the quarter	(5,460)	(63,360)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	198,114	72,435
Short term borrowings	(203,574)	(135,795)
	(5,460)	(63,360)

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)
For the quarter ended September 30, 2022

	Equity attributable to owners of the Holding Company				Non-controlling interests	Total equity
	Share capital	Share premium	Accumulated profit	Total		
	----- Rupees in thousands -----					
Balance as at July 1, 2021 (audited)	997,181	99,718	2,752,233	3,849,132	894,427	4,743,559
Final cash dividend @ Rs. 0.25 per share for the year ended June 30, 2021	-	-	(24,930)	(24,930)	-	(24,930)
Total comprehensive profit for the quarter ended September 30, 2021	-	-	18,131	18,131	(699)	17,432
Profit for the quarter	-	-	18,131	18,131	(699)	17,432
Balance as at September 30, 2021 (un-audited)	997,181	99,718	2,745,434	3,842,333	893,728	4,736,061
Balance as at July 1, 2022 (audited)	997,181	99,718	2,807,821	3,904,720	882,081	4,786,801
Total comprehensive profit for the quarter ended September 30, 2022	-	-	(64,789)	(64,789)	(6,550)	(71,339)
Loss for the quarter	-	-	(64,789)	(64,789)	(6,550)	(71,339)
Balance as at September 30, 2022 (un-audited)	997,181	99,718	2,743,032	3,839,931	875,531	4,715,462

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

Thatta Cement Company Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the quarter ended September 30, 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. The production facility of the Holding Company is located at Ghulamullah Road, Makli, District Thatta, Sindh.
- 1.3** Thatta Power (Private) Limited (the Subsidiary Company) is a 62.43% owned subsidiary of the Holding Company as at September 30, 2022 (June 30, 2022: 62.43%). The principal business activity of the Subsidiary Company is generation and sale of electric power. As at September 30, 2022 TPPL has authorized and issued capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (June 30, 2022: 50,000,000) ordinary shares and 47,915,830 (June 30, 2022: 47,915,830) ordinary shares respectively. The registered office and generation facility of the Subsidiary Company is situated at Ghulamullah Road, Makli, District Thatta, Sindh.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim consolidated financial statements for the quarter ended September 30, 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, 2022.

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, 2022 and condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the quarter ended September 30, 2021.

2.2 Basis of consolidation

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

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

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

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

2.3 Functional and presentation currency

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

Thatta Cement Company Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2022

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, 2022.

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, 2022.

		(Un-audited)	(Audited)
		September 30,	June 30,
		2022	2022
		---- Rupees in thousands ----	
		Note	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,856,039	3,900,987
Major stores and spares	5.2	65,300	68,815
Capital work in progress	5.3	78,457	62,730
		<u>3,999,796</u>	<u>4,032,532</u>
5.1 Operating fixed assets			
Opening net book value (NBV)		3,900,987	4,055,939
Additions during the quarter / year at cost	5.1.1	7,279	75,793
		<u>3,908,266</u>	<u>4,131,732</u>
WDV of disposals during the quarter / year		-	(110)
Depreciation charge for the quarter / year		<u>(52,227)</u>	<u>(230,635)</u>
		<u>(52,227)</u>	<u>(230,745)</u>
Closing net book value (NBV)		<u>3,856,039</u>	<u>3,900,987</u>
5.1.1 Detail of additions (at cost) during the period / year are as follows:			
Plant and machinery		6,057	23,584
Electrical Installations		-	38,250
Leasehold improvements		-	6,459
Office equipment		-	2,005
Furniture and fixtures		-	252
Laboratory equipment		802	
Vehicles		-	2,199
Computers		420	3,044
		<u>7,279</u>	<u>75,793</u>
5.2 Major stores and spares			
Cost			
Opening balance		111,263	109,203
Additions during the quarter / year		3,839	18,048
Transferred during the quarter / year		<u>(7,354)</u>	<u>(15,988)</u>
Closing balance		<u>107,748</u>	<u>111,263</u>
Accumulated impairment			
Opening balance		<u>(42,448)</u>	<u>(42,141)</u>
Impairment charge for the quarter / year		-	(307)
Closing balance		<u>(42,448)</u>	<u>(42,448)</u>
Net book value		<u>65,300</u>	<u>68,815</u>
5.3 Capital work-in-progress			
Opening Balance		62,730	27,780
Additions during the quarter / year		15,727	80,414
Transfers during the quarter / year		-	(45,464)
Closing Balance		<u>78,457</u>	<u>62,730</u>

Thatta Cement Company Limited
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the quarter ended September 30, 2022

		(Un-audited) September 30, 2022	(Audited) June 30, 2022
	Note	---- Rupees in thousands ----	
6	RIGHT-OF-USE ASSET		
Cost		45,197	45,197
Depreciation on right-of-use asset			
Opening balance		(3,013)	-
Charge for the quarter / year		(2,260)	(3,013)
Closing balance		(5,273)	(3,013)
Net book value		39,924	42,184
7	INTANGIBLE ASSETS		
Cost		5,850	5,850
Amortization on intangibles			
Opening balance		(585)	-
Charge for the quarter / year		(293)	(585)
Closing balance		(878)	(585)
Net book value		4,972	5,265
8	STORES, SPARE PARTS AND LOOSE TOOLS		
Coal and other fuels		213,690	96,606
Stores & spare parts		271,329	250,068
Loose tools		109	107
		485,128	346,781
Provision for obsolete stores		(3,843)	(3,843)
Provision for slow moving stores and spares		(44,750)	(44,750)
		(48,593)	(48,593)
		436,535	298,188
9	STOCK-IN-TRADE		
Raw material		25,278	14,957
Packing material		75,409	73,526
Work-in-process		269,932	417,628
Finished goods		44,465	59,620
		415,084	565,731
10	TRADE DEBTS		
Considered good			
Local - unsecured	10.1	1,460,135	1,552,350
Considered doubtful			
Local - unsecured		74,210	74,210
		1,534,345	1,626,560
Allowance for expected credit losses		(75,107)	(75,107)
		1,459,238	1,551,453
10.1	It includes receivable from HESCO by the Subsidiary Company is secured against Standby Letter of Credit (SBL.C) issued by National Bank of Pakistan to the extent of Rs. 286.71 million.		

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11 SHARE CAPITAL

(Un-audited)	(Audited)		(Un-audited)	(Audited)
September 30,	June 30,		September 30,	June 30,
2022	2022		2022	2022
--- Number of shares ---			---- Rupees in thousands ----	
Authorized share capital				
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000	2,000,000
Issued, subscribed and paid-up share capital				
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each	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

12 TRADE AND OTHER PAYABLES

Trade creditors	353,008	505,494
Accrued liabilities	59,401	67,909
Bills payable	195,652	-
Contract liability	624,353	711,660
Excise duty and sales tax payable	99,436	29,258
Payable to Gratuity Fund	27,325	32,315
Workers' Profit Participation Fund (WPPF)	47,999	47,999
Workers' Welfare Fund (WWF)	18,829	18,829
Other liabilities	6,432	7,847
	1,432,435	1,421,311

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

The status of contingencies as disclosed in annual audited consolidated financial statements for the year ended June 30, 2022 are same as at September 30, 2022. The status of further matters are mentioned below:

- 13.1.1** During the year 2014-2015, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of Tax Year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Holding Company filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A) against which the adverse order was passed by the CIR(A). Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A.

On November 30, 2021, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.

- 13.1.2** The learned DCIR passed an amended assessment order on April 28, 2020 for the tax year 2015 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. Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A.

On April 27, 2021, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.

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- 13.1.3** The Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). An appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of the Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax Year 2012. However, the appeal before CIR-A has been decided against the Holding Company, therefore, further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A.

On August 28, 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, during the period, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by ATIR. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law, however definite outcome cannot be predicted with any degree of certainty.

- 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 have attended several hearings and presented their point of view before the Honourable High Court of Sindh. The overall impact of the aforementioned increase in royalty rates would be approximately Rs. 86 million till September 30, 2022.

On October 17, 2022, the Honorable High Court of Sindh dismissed the petition on the grounds that the relevant forums as per Sindh Mining Concession Rules, 2002 were not approached. The management of the Company is considering various options available to the Company including relevant forums as per Sindh Mining Concession Rules, 2002 as also referred to by the Honorable High Court of Sindh in their judgement. The management is confident that the Company has an arguable case on merits.

13.2 Commitments

- 13.2.1** 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, 2022: Rs. 45 million).
- 13.2.2** Irrevocable letter of credit under revenue expenditure as at reporting date is Rs. 253.864 million (June 30, 2022: Rs. 10.825 million)
- 13.2.3** Other outstanding guarantees given on behalf of the Group by banks amount to Rs. 272.96 million (June 30, 2022: Rs. 272.96 million).

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		Quarter ended	
		September 30,	
		2022	2021
		----- Rupees in thousands -----	
14	SALES - NET		
	Gross sales		
	Local	1,331,750	1,076,245
	Export	-	707
		1,331,750	1,076,952
	Less:		
	Federal Excise Duty	(135,431)	(144,353)
	Sales tax	(200,943)	(183,210)
		(336,374)	(327,563)
		995,376	749,389
15	COST OF SALES		
	Raw material consumed	58,521	32,070
	Packing material consumed	54,423	43,918
	Stores, spare parts and loose tools consumed	32,853	38,979
	Fuel and power	528,747	395,572
	Salaries, wages and other benefits	86,379	94,323
	Insurance	7,474	8,293
	Repairs, operations and maintenance	8,162	7,540
	Depreciation	51,280	52,203
	Vehicle hire, running & maintenance	6,383	3,406
	Communication	398	416
	Entertainment	294	270
	Other production overheads	793	1,951
	Cost of production	835,707	678,941
	Work-in-process		
	Opening balance	417,627	329,838
	Closing balance	(269,932)	(384,387)
		147,695	(54,549)
	Cost of goods manufactured	983,402	624,392
	Finished goods		
	Opening balance	59,620	43,279
	Closing balance	(44,465)	(37,733)
		15,155	5,546
		998,557	629,938

		Quarter ended	
		September 30,	
		2022	2021
		Rupees in thousands	
16	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the period attributable to the equity holders of the Holding Company (Rupees in thousands)	(64,789)	18,131
	Weighted average number of ordinary shares	99,718,125	99,718,125
	Earnings per share - basic and diluted (Rupees)	(0.65)	0.18

17 RELATED PARTY TRANSACTIONS & BALANCES

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

		Quarter ended	
		September 30,	
		2022	2021
		Rupees in thousands	
17.1	Transactions with related parties		
17.1.1	Key management personnel		
	Salaries and benefits	18,869	14,843
17.1.2	Other related parties		
	Contribution to employees' Gratuity Fund	10,000	-
	Contribution to employees' Provident Fund	2,975	2,620
	Education expenses - Model Terbiat School	1,234	1,097
		(Un-audited)	(Audited)
		September 30,	June 30,
		2022	2022
		---- Rupees in thousands ----	
17.2	Balances with related parties		
17.2.1	Other related parties		
	Payable to Gratuity Fund	27,325	32,314
17.3	There are no transactions with key management personnel other than under their terms of employment.		

18 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.

18.1 Revenues	Cement		Power		Intra group adjustment		Consolidated	
	September 2022	September 2021	September 2022	September 2021	September 2022	September 2021	September 2022	September 2021
----- Un-audited -----								
----- Rupees in thousands -----								
Sales - net	932,365	696,946	217,138	196,472	(154,127)	(144,029)	995,376	749,389
Cost of sales	(977,133)	(614,858)	(181,867)	(173,735)	160,443	158,655	(998,557)	(629,938)
Gross profit	(44,768)	82,088	35,271	22,737	6,316	14,626	(3,181)	119,451
Selling and distribution cost	(19,087)	(8,164)	-	-	-	-	(19,087)	(8,164)
Administrative expenses	(36,769)	(31,832)	(10,061)	(8,720)	7,074	6,431	(39,756)	(34,121)
	(100,624)	42,092	25,210	14,017	13,390	21,057	(62,024)	77,166
Other operating expenses	-	(26,268)	-	-	-	-	-	(26,268)
Other income	40,533	13,729	302	6,506	(18,015)	(13,703)	22,820	6,532
Operating profit	(60,091)	29,553	25,512	20,523	(4,625)	7,354	(39,204)	57,430
Finance cost	(15,527)	(3,064)	(44,127)	(30,470)	5,880	2,203	(53,774)	(31,331)
Segment results	(75,618)	26,489	(18,615)	(9,947)	1,255	9,557	(92,978)	26,099
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit / (loss) before taxation	(75,618)	26,489	(18,615)	(9,947)	1,255	9,557	(92,978)	26,099
Taxation								
Current	(11,814)	(8,856)	(73)	(1,470)	-	-	(11,887)	(10,326.0)
Deferred	33,526	1,659	-	-	-	-	33,526	1,659.0
	21,712	(7,197)	(73)	(1,470)	-	-	21,639	(8,667)
Profit / (loss) for the period	(53,906)	17,633	(18,688)	(11,417)	1,255	9,557	(71,339)	17,432

18.2 Other information	Cement		Power		Intra group adjustment		Consolidated	
	September 2022	June 2022	September 2022	June 2022	September 2022	June 2022	September 2022	June 2022
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
----- Rupees in thousands -----								
Segment assets	4,519,426	4,632,971	3,578,562	3,582,882	(556,109)	(516,922)	7,541,879	7,698,931
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	4,519,426	4,632,971	3,578,562	3,582,882	(556,109)	(516,922)	7,541,879	7,698,931
Segment liabilities	1,833,023	1,892,662	1,252,525	1,238,155	(259,131)	(218,688)	2,826,417	2,912,129
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,833,023	1,892,662	1,252,525	1,238,155	(259,131)	(218,688)	2,826,417	2,912,129
Capital expenditure	19,495	95,725	-	17,078	-	-	19,495	112,803
Depreciation	22,066	126,991	30,160	103,644	-	-	52,226	230,635
Non-cash expenses other than depreciation	2,274	12,459	-	1,677	-	-	2,274	14,136

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

	Consolidated	
	September 30, 2022	September 30, 2021
----- Rupees in thousands -----		
18.3.1 Operating revenues		
Total revenue of reportable segments	1,149,503	893,418
Elimination of intra group revenue	(154,127)	(144,029)
Consolidated revenue	995,376	749,389
18.3.2 Profit or loss		
Total profit before tax of reportable segments	(94,233)	16,542
Adjustment of unrealized profit and intra group transactions	1,255	9,557
Consolidated (loss) / profit before taxation	(92,978)	26,099

18.3.3 Assets

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

Consolidated	
(Un-audited)	(Audited)
September 30,	June 30,
2022	2022

-- Rupees in thousands --

8,097,988	8,215,853
(554,506)	(515,319)
(1,603)	(1,603)
7,541,879	7,698,931

18.3.4 Liabilities

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

3,085,548	3,130,817
(259,131)	(218,688)
2,826,417	2,912,129

18.4 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).

19 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.

20 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.

21 NUMBER OF EMPLOYEES

The number of employees as at September 30, 2022 was 495 (June 30, 2022: 501) and average number of employees during the period was 499 (June 30, 2022: 497).

22 DATE OF AUTHORIZATION FOR ISSUE

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

23 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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