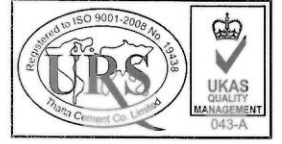




THATTA CEMENT
COMPANY LIMITED



May 15, 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **Disclosure of Material Information**

Dear Sir,

In accordance with the requirement of clause 5.6.1 of PSX Regulations, we hereby convey the following information:

VIS Credit Rating Company Limited (VIS), has assigned the entity ratings of 'A-/A-2' (Single A Minus/A Two) to Thatta Cement Company Limited with a stable outlook. Medium to long term rating of 'A-' indicates good credit quality; protection factors are adequate. Risk factors may vary with possible changes in the economy. Short-term rating of 'A-2' indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small.

Press Release by VIS Credit Rating Company Limited of May 14, 2024 is also attached with this letter.

Yours Sincerely,

Muhammad Abid Khan
Company Secretary

Head Office:

CL 5/4, State Life Building # 10
Main Abdullah Haroon Road, Karachi-75350
Tel : 92 21 111 842 882
Fax : 92 21 35665976-77
Web : www.thattacement.com

Factory:

Ghulamullah Road, Makli,
District Thatta, Sindh 73160
Tel : 92 298 111 842 882
Fax : 92 298 555004
E-mail : info@thattacement.com

Press Release

VIS Assigns Initial Entity Ratings of Thatta Cement Company Limited

Karachi, May 14, 2024: VIS Credit Rating Company Limited (VIS) assigns initial entity ratings to Thatta Cement Company Limited ("TCCL" or "the Company") at 'A-/A-2' (Single A Minus/A Two). Medium to long term rating of 'A-' indicates good credit quality; protection factors are adequate. Risk factors may vary with possible changes in the economy. Short-term rating of 'A-2' indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small. Outlook on the assigned ratings has been assigned at Stable.

Established in 1980 as a public limited company under the State Cement Corporation of Pakistan (Pvt.) Limited, TCCL's manufacturing facility commenced operations in 1982, boasting dry process technology with an initial capacity of 1,000 tons per day (TPD) of clinker, later expanded to 2,000 TPD. In 2004, the Government of Pakistan (GoP) relinquished its stake through the Privatization Commission. TCCL secured listing on the Pakistan Stock Exchange Limited (PSX) in 2008. Sky Pak Holding (Pvt) Ltd. (SPHL) and Al-Miftah Holding (Pvt.) Ltd. (AMHL) acquired majority shareholding from Arif Habib Group in 2012. With 62.43% ownership of Thatta Power (Private) Limited (TPL), TCCL's subsidiary, TPL is engaged in electric power generation and supply for the captive consumption as well as to Hyderabad Electric Supply Company (HESCO).

Assigned ratings incorporates the medium business risk profile of TCCL supported by a medium to low level of competition and a stable regulatory framework in the industry. An oligopolistic nature of the cement sector in the southern region also provide assurance to the assigned ratings. Additionally, a strong clientele with major government institutions further provides comfort to the ratings.

The ratings also consider the financial risk profile of the Company buoyed by its notable growth in topline in FY23 due to higher selling price of cement and reduction in the coal cost due to shift from imported to local coal. Consequently, the gross and net margin further improved during the year. The coverage profile and capitalization metrics remain comfortable supported with less reliance on debt, while the liquidity position remains adequate. Moreover, improvement in the Company's 3QFY24 financial metrics and company's significant cash position further strengthen the assigned ratings.

Going forward, ratings will remain sensitive to the improvement in the financial metrics of the Company.

For further information on this ratings announcement, please contact at 021-35311861-64 or email at info@vis.com.pk.

Applicable Rating Criteria:

Industrial Corporates

<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

VIS Issue/Issuer Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

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