THATTA CEMENT
COMPANY LIMITED

Annual Report 2021

Making a Difference

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Vision

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

Mission

To provide quality products to customers at competitive prices; and

To generate sufficient profit to add to the shareholder's value.

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

IT STEERING COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Fuad Zakaria Bhuri

COMPANY SECRETARY

Mr. Muhammad Abid Khan

STATUTORY AUDITOR

M/s BDO Ebrahim & Co., Chartered Accountants

CORPORATE ADVISOR

M/s Sharjeel Ayub & Co., Chartered Accountants

LEGAL ADVISOR

M/s Usmani & Iqbal

BANKERS - CONVENTIONAL

National Bank of Pakistan
Sindh Bank Limited
Summit Bank Limited

REGISTERED OFFICE

Office No. 606-608A,Continental Trade Center, Block 8, Clifton, Karachi.
UAN: 0092-21-111-842-882
Fax no.: 0092-21-35303074-75
Website: www.thattacement.com
E-mail: info@thattacement.com

FACTORY

Ghulamullah Road, Makli,
District Thatta, Sindh 73160

SHARE REGISTRAR

THK Associates (Pvt) Limited
Plot No. 32-C, Jami Commercial Street 2, Phase VII, D.H.A, Karachi, 75500
UAN: 021-111-000-322
Fax: 021-34168271
Website: www.thk.com.pk

REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF THE BOARD

It gives me great pleasure to place before you the Annual Report of Thatta Cement Company Limited for the year ended June 30, 2021.

Overall Business Performance

By the Grace of Allah Almighty, the Company showed remarkable performance during the year under review. The Company registered a significant increase in its gross profit margin from just 2.97% in the year 2020 to 15.85% during the period under review. The Company posted profit after tax of Rs. 201.79 million as compared to loss after tax of Rs. 158.02 million last year. I appreciate visionary role of the Chief Executive, who is proactively leading the Company in ever - changing and challenging economic environment and remained successful in getting back the company on right track. I also recognize the efforts of our Sales and Marketing team who went extra mile in identifying the needs of our valued customers and explored new markets for the company despite tough competition in the cement industry. Construction on infrastructure projects under CPEC, low cost housing schemes and construction packages for construction industry were also contributing factors of growth in sales volumes.

The results of the Company's operations are dealt with in further detail in the annexed Directors' Report and Financial Statements.

Overall Board Performance

The company complies with the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the Composition, procedures and meetings of Board of Directors and its committees. Code of Corporate Governance requires an annual evaluation of Board of Directors and its committees. The purpose of this evaluation is to bring improvement in the overall governance of the Company, efficiencies in Board process, enhancement of role of individual directors and sound support of Board Committees facilitating in discharging its responsibilities to achieve the objectives set for the Company.

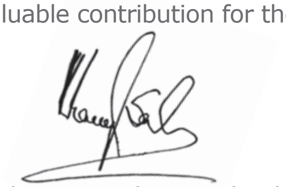
The Board has approved a formal process for its performance evaluation and adopted self-evaluation mechanism based on comprehensive questionnaire. The obligation to undertake annual evaluation process is assigned to the Human Resource Committee of the Board. Accordingly, the performance evaluation of the Board, its members and Committees of the Board for the year ended June 30, 2021 was conducted as per mechanism approved by the Board and I report that:

The overall performance of the Board, Members and Committees of the Board on the basis of approved criteria for the year was satisfactory.

The overall assessment as satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of company's objectives.

- Composition of the Board and meeting procedures.
- Vision and strategic direction
- Monitoring of Company's performance
- Overall roles and responsibilities
- Relationship among the Board and Management
- Composition and performance of Board Committees.

In the end, I would like to commend my fellow directors for their commitment and the contribution they make to our strategic deliberations. On behalf of the Board, I would also like to thank every one of our stakeholders for their valuable contribution for the success of the Company.



Khawaja Muhammad Salman Younis
Chairman
September 20, 2021

DIRECTORS' REPORT

The Directors of your Company are pleased to present herewith their report and the audited financial statements together with auditors' report for the year ended June 30, 2021.

OVERVIEW

Production and dispatches for the year ended on June 30, 2021 are as follows:

Description	2021	2020	Variance	
	---- Metric Tons ----			%
Production				
Clinker	349,638	258,158	91,480	35.44
Cement	301,006	197,463	103,543	52.44
Dispatches				
Cement-Local	301,045	196,251	104,794	53.40
Clinker-Local	53,365	36,587	16,778	45.86
Clinker-Export	16,200	46,650	(30,450)	(65.27)
Total	370,610	279,488	91,122	32.60

During the year under review, your company showed remarkable performance as compared to previous year and succeeded in achieving significant growth in local dispatches. Local clinker and cement dispatches of your company picked up by 45.86% and 53.40% respectively as compared to last year.

Moreover, during the year ended, the Company achieved 63.76% overall clinker production capacity resulted in 349,638 tons of clinker against 47.07% capacity utilization with clinker production of 258,158 tons in the last year.

Industry Review

During the year 2020-2021, domestic dispatches registered an increase of 20.36% from 39.96 million tons to 48.01 million tons. Exports dispatches registered an increase of 18.63% from 7.84 million tons to 9.31 million tons during the year. The overall industry volumes increased by 20.08% to 57.41 million tons for the financial year ended June 30, 2021 as compared to 47.81 million tons last year.

In the southern region, local dispatches posted an increase of 33.59% in volumetric terms from 5.64 million tons to 7.53 million tons whereas export dispatches witnessed the growth of 14.71% from 5.88 million tons to 6.74 million tons as compared to last year.

There is remarkable increase in industry volumes because of resumption of construction activities after COVID-19 lock-down situation, acceleration in construction activity on infrastructure projects, housing schemes and announcement of incentive packages by Government of Pakistan for construction sector.

Sales Review

During the year, local sales of the Company in terms of volume increased by 52.21% as compared to last year. Increase in local sales volumes resulted in growth of revenue from local sales by 52.45% as compared to corresponding year. However, overall revenue of the company is picked up by 38.29% in comparison with last year. Your Company showed improved sales performance as compared to last year and proved itself as an emergent player in the South Region.

Financial Review

A comparison of key financial results of your Company's performance for the year ended June 30, 2021 with last year is as under:

Particulars	2021	2020
	------ Rupees in thousands ------	
Sales – net	2,427,313	1,755,227
Gross profit	384,661	52,100
Selling & Distribution Cost	77,419	89,760
Finance Cost	17,070	44,153
Profit/(Loss) before taxation	250,115	(140,934)
Profit/(Loss) for the year	201,793	(158,018)
Earnings/(Loss) per share (Rupees)	2.02	(1.58)

Cost to Sales ratio has decreased to 84.15% during the year as compared to 97.03% in the corresponding 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. Reduction in cost to sales ratio is also due to adoption of cost controlling strategies and efficient means to minimize the fuel consumption and other costs during the period under review.

Selling and distribution cost decline by 13.75% mainly due to low exports of clinker as compared to last year. Finance cost is also decreased due to efficient utilization of resources and reduction in discount rate from 11% to 7% as compared to corresponding year.

Subsequent Appropriations

Based on the profit earned during the year, the Board of Directors has recommended a final cash dividend for the year ended June 30, 2021 at Rs 0.25/- per share i.e. 2.5%. The entitlement shall be available to those shareholders whose name(s) appear on the shareholders' register at the close of business on October 05, 2021. The appropriation will be reflected in the subsequent financial statements, in compliance with Fourth Schedule to the Companies Act, 2017.

Principal risks and uncertainties facing the Company

Most of the leading cement companies have made additions to their production capacities which resulted availability of excessive cement compared with demand in the market. Due to this phenomenon, cement industry is experiencing tight competition in terms of sales volumes and price which may intensify in short term to medium term. Keeping in view this risk, your company is continuously evolving strategies and adopting appropriate measure to manage such risks to meet challenges ahead to maintain substantial business operations.

Moreover, details of the Company's financial risk management policies and objectives in respect of its use of financial instruments are included in Note 40 to the unconsolidated financial statements together with a description of its exposure, including its exposure to market risk, credit risk and liquidity risk.

Impact of Company's business on the environment

The major impact of cement manufacturing business on environment is related to particulate matter and fugitive dust emissions of both inhalable and respirable micron sizes emitted from processes adopted for clinker production that cause a chronic fatal disease i.e. Silicosis.

The Company has well qualified and experienced staff to meet the statutory and regulatory compliances of SEPA and SEQS standards. Being proactive on the impact of company's business on the environment, the Company has installed de-dusting equipment such as dust cyclones, bag houses, dust suppression by damping down method, electrostatic precipitators, personal protective equipment and speed limit controls in Company's premises to overcome RSPM (respirable suspended particulate matter) and FRD (fugitive road dust).

Moreover, Environmental Quality Standards for ambient Air, Drinking Water, Noise and all other parameters are complied as required by SEPA Act 2014. Monitoring and Analysis procedures are also implemented through SEPA Certified Environmental Laboratory.

The Subsidiary Company of TCCL installed Waste Heat Recovery System (WHRS) to ensure the active contribution in minimizing Global Warming Impacts and to reduce the Carbon Emissions resulting from cement production and power generation.

In addition to above, Covid-19 pandemic is a global health crisis and the greatest challenge in recent times. The Company adopted the best practices and guidelines given by global health institutions and the Government of Pakistan to ensure safe operations.

Following were the major initiatives taken in this regard;

- Business Continuity Plan (BCP) related to Covid-19 is in place.
- Implementation of SOPs issued by Government of Sindh.
- Employees were encouraged to work from home.
- Telecom / virtual meetings both at plant and Head office are being encouraged.

Corporate Social Responsibility

Being a responsible corporate citizen, the Company always strives to discharge its social responsibilities towards the society. The Company promotes and facilitates welfare of the local communities in the town where the Company operates. During the year, the Company has arranged various safety and health awareness sessions. Further, a well equipped Silicosis Diagnostic & health screening center with a suitably qualified staff has been established.

Adequacy of internal financial controls

All the necessary steps are being taken by the Directors to ensure the effectiveness of the Company's internal financial control systems up to and including the date of approval of the financial statements. This had regard to all material controls, including financial, operational and compliance controls that could affect the Company's business.

Related Party Transactions

All related party transactions entered into were reviewed and approved by the Audit Committee as well as the Board of Directors of the Company in compliance with the PSX Regulations of the Pakistan Stock Exchange Limited. Moreover, in terms of the requirement of section 208 of Companies Act, 2017 [Act], following matters are included herein.

a. Renewal of Loan / Advance facility aggregating to Rs 300 million for Thatta Power (Private) Limited, Subsidiary Company [SC]

Thatta Cement Company Limited (TCCL) had sought approval from its shareholders in Annual General Meeting [AGM] held on October 16, 2015, to provide advance/loan facility to SC to honor its financial obligations and to meet its working capital requirements. Thereafter, approval for annual renewal of aforesaid facility is being sought for a period of one year in each AGM(s). The approval of said advance/loan facility is valid upto the holding of AGM of the Company to be held on October 15, 2021.

However, increasing trade debts of the Subsidiary Company as of June 30, 2021 which mainly represents receivable from HESCO indicates that there is a delay in payment of electricity bills by HESCO; hence SC may require financial support to honor its financial obligations and to meet its working capital requirements. This in turn enables SC to provide uninterrupted supply of electricity to TCCL for sustainable cement production. Therefore, it is proposed to seek renewal for advance/loan facility to SC to ensure availability of sufficient working capital to meet its financial obligations. Accordingly, a Statement of fact under section 134(3) of the Act is annexed to the annual report setting out all material facts along with justification concerning the aforesaid matter.

b. Waste Heat Utilization Agreement [WHUA] with Thatta Power (Private) Limited, Subsidiary Company [SC]

Waste Heat Recovery Project [WHRP] of Subsidiary Company for generating 5 MW electricity started its operations in 2019. TCCL is providing waste heat released from Air Quenching Chamber & Suspension Pre-heater to the Subsidiary Company to produce super heated steam. For that purpose, TCCL executed a WHUA to provide waste heat to the SC.

c. Service Level Agreement with Thatta Power (Private) Limited, Subsidiary Company [SC]

TCCL is providing business support services to its SC to facilitate their day to day operations. For that purpose, a service level agreement is in place which specifies scope of services and related terms and conditions. The said agreement was approved by the respective Board of Directors of TCCL and SC.

d. Power Purchase Agreement with Thatta Power (Private) Limited, Subsidiary Company [SC] for supply of electricity to TCCL.

TCCL has entered into a Power Purchase Agreement [PPA] on December 12, 2011 with SC for supplying of electricity. SC started its commercial operation effective from December 12, 2012. The pricing mechanism for invoicing/billing against supply of electricity along with terms and conditions are mentioned in the said PPA. The PPA was executed in accordance with the New Captive Power Policy, 2009.

Corporate and Financial Reporting

a. The financial statements, prepared by the management of Thatta Cement Company Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity. All necessary steps are being taken to ensure good Corporate Governance.

b. Proper books of account have been maintained by the Company.

c. The financial statements together with notes thereto have been drawn in conformity with the Companies Act, 2017. International Financial Reporting Standards and International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and there has been no material departure therefrom.

d. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

e. The system of internal control has been effectively implemented and is continuously reviewed and monitored.

f. The Company is a going concern and there is no doubt at all about the Company's ability to continue as a going concern.

g. There is nothing outstanding against the Company on account of taxes, duties, levies, and other charges except for those which are being made in the normal course of business and disclosed in the financial statements.

h. The Company maintains Provident and Gratuity Fund for its permanent employees. Stated below are the amount charged by the Company in profit and loss:

a.	Provident Fund	Rs. 9.439 million
b.	Gratuity Fund	Rs. 14.001 million

i. The value of investments as per audited accounts of retirement benefit plans of Thatta Cement Company Limited as at June 30, 2021 are as follows:

a.	Provident Fund	Rs. 95.487 million
b.	Gratuity Fund	Rs. 83.851 million

j. Key operating and financial statistics for the last six years have been given separately.

k. Detail statement of number of Board, Audit Committee and Human Resources & Remuneration Committee meetings held during the year and attendance by each director/member is annexed to this report separately as Annexure I as required under 227(2)(a) of the Companies Act, 2017.

l. Pattern of Shareholding of the Company in accordance with section 227(2)(f) of the Companies Act, 2017 is annexed to this report.

Changes in Board of Directors

During the year, there is no change in the Board of Directors of the Company.

Code of Corporate Governance

a. The 'Statement of Compliance with the Code of Corporate Governance' is annexed to this report.

b. Mentioned below is the Composition of Board of Directors to be included in Annual Report under section 227 of the Companies Act, 2017:

Description	Number of directors
1. Male	6
2. Female	1

Composition

1.	Independent Directors	4
2.	Non-Executive	2
3.	Executive Director	1
4.	Female Director	1

(c) The details of Board Sub-Committees is given on page 03 of annual report.

Remuneration/Fee of Directors

The remuneration of Directors is governed by the Articles of Association of the Company which requires that the remuneration/fee of a Director to be paid to every Director for attending the Meeting of the Directors or a committee of directors shall from time to time be determined by the Board of Directors taking into account the competencies and efforts in the light of scope of their responsibilities.

The details of the remuneration paid to the executive director (chief executive) of the Company is disclosed in Note 38 of the unconsolidated financial statements.

Board Evaluation

As required under the Listed Companies Code of Corporate Governance Regulations 2019, an annual evaluation of performance of the Board, members of the Board and its Committees was carried out to ensure that Board's overall performance and effectiveness is measured against the objectives set for the company. For that purpose, Board has developed a mechanism for evaluation of Board's own performance, members of the Board and its Committees. Based on the evaluation, overall performance of the Board, members and Committees of the Board for the year under review is satisfactory.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of Director's Report.

Default in Payments

There were no defaults in payment of any debts falling due during the current year.

External Auditors

The present auditors M/s BDO Ebrahim & Co., Chartered Accountants being eligible have offered themselves for re-appointment. As per recommendation of the Audit Committee, the Board recommends to the shareholders the appointment of M/s BDO Ebrahim & Co., Chartered Accountants as auditors of the Company for the year ending on June 30, 2022.

Future Outlook

Construction work on Government's project such as construction of small and mega-capacity / multipurpose water reservoirs / dams, construction of Special Economic Zones as part of CPEC projects, and low-cost affordable houses for the public regain its momentum during the period under review. We expect that these infrastructure developments will continue to improve sales volumes in the future as well.

However, on the other hand, there is upward trend of coal prices in the international market which can negatively affect the cement industry volumes and will put a significant pressure on cost of production. Resultantly, this can reduce the industry margins and affect overall profitability. In addition to this, persistent rise in energy/gas cost, high inflation, currency depreciation and recent significant increase in the royalty fee will continue to put pressure on cement industry.

The management is alive to the challenges ahead and is continuously evolving strategies and adopting appropriate measures to mitigate market risks, meet future challenges and maintain business growth.

Performance of the Group

In compliance with section 226(4) of the Companies Act, 2017 attached with this report are the consolidated financial statements of Thatta Cement Company Limited (the Holding Company) and Thatta Power (Private) Limited (the Subsidiary Company) for the / as at year ended June 30, 2021.

	2021	2020
	------ Rupees in thousands ------	
Statement of Financial Position		
Property, plant and equipment	4,150,781	4,325,672
Stock-in-Trade	431,528	394,514
Trade Debts	1,139,897	937,558
Paid-up Share Capital	997,181	997,181
Total Equity - Holding Company	3,849,132	3,609,010
Trade and Other payables	593,986	472,428
Short Term Borrowings	160,546	306,544
Statement of Profit or Loss		
Sales - net	2,788,221	2,435,037
Gross Profit	602,951	361,606
Selling, Distribution cost & Administrative Expense	180,135	179,380
Profit before taxation	322,299	65,327
Profit for the year	266,657	39,679
Earnings/(loss) per share (Rupees)	2.43	(0.35)

Thatta Power (Private) Limited – Captive Power Plant

Thatta Power (Private) Limited (TPPL), subsidiary of Thatta Cement Company Limited (TCCL) has earned a profit after tax of Rs 54.101 million; however, distribution of dividend to the shareholders of TPPL cannot be made this year, due to restricting covenants of financing agreements executed by the Subsidiary Company. Thus, distribution of profit to shareholders of the Subsidiary Company would be made in future subject to compliance of covenants of financing agreements.

The Subsidiary Company entered into a Power Purchase Agreement (PPA) with HESCO on May 14, 2011 to sell electricity at rates agreed in the said agreement. The agreement was executed in accordance with the New Captive Power Policy (N-CPP) 2009. Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order revising the tariff formula resulting in reduced tariff. This act of downward revising the tariff for N-CPPs was unwarranted especially where there is severe electricity shortage in the province of Sindh. In view of the said order, HESCO intimated to pay its dues for electricity purchased as per the revised tariff formula. In response, the Subsidiary Company filed a petition before the Honorable High Court of Sindh, against HESCO, on the grounds that HESCO failed to pay its dues to the Subsidiary Company as per PPA. The Honorable High Court of Sindh disposed off the petition filed by TPPL with the direction to HESCO to pay TPPL against purchase of electricity as per the rates stipulated in PPA until 01-02-2012 and thereafter on the rates determined by NEPRA. In view of the adverse order and according to the advice of the legal counsel the Company had filed an appeal before the Supreme Court of Pakistan on October 28, 2015 against the order passed by the High Court of Sindh. Consequently, HESCO & NEPRA have also filed appeals before the Supreme Court of Pakistan against the same order, which are pending for adjudication.

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: September 20, 2021

ANNEXURE I

Attendance of Directors in Board Meetings held during the year ended June 30, 2021:

Name of Directors	No. of Meetings	Meeting attended
Mr. Khawaja Muhammad Salman Younis	6	6
Mr. Muhammad Aslam Shaikh	6	6
Ms. Naheed Memon	6	6
Mr. Agha Sher Shah	6	6
Mr. Saleem Zamindar	6	6
Mr. Noor Muhammad	6	6
Mr. Muhammad Jamshid Malik	6	3

Attendance of Members in Audit Committee Meetings held during the year ended June 30, 2021:

Name of Members	No. of Meetings	Meeting attended
Mr. Saleem Zamindar	4	4
Mr. Khawaja Muhammad Salman Younis	4	4
Mr. Noor Muhammad	4	4

Attendance of Members in Human Resource & Remuneration Committee held during the year ended June 30, 2021:

Name of Members	No. of Meetings	Meeting attended
Mr. Agha Sher Shah	1	1
Mr. Muhammad Aslam Shaikh	1	1
Mr. Naheed Memon	1	1

ذیلی کمپنی نے حیسکو کے ساتھ 14 مئی 2011 کو پاور پرچیز ایگریمنٹ (پی پی اے) طے کیا، اس معاہدے کی رو سے کمپنی نے حیسکو کو معاہدے میں طے شدہ نرخوں پر بجلی فروخت کرنا تھی۔ یہ معاہدہ نیو کیپٹیو پاور پالیسی 2009 کی شقوں کی پاسداری کرتے ہوئے طے پایا۔ تاہم بعدازاں نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا) کیجانب سے بجلی کے نرخ مقرر کرنے کیلئے ایک نیا فارمولہ پیش کیا گیا جس کے تحت بجلی فروخت کرنے کے نرخوں میں کمی کر دی گیا۔ نیپرا کی جانب سے این۔سی پی پی کو کم نرخ دیئے جانے کا یہ فارمولہ بالخصوص ان حالات میں جبکہ صوبہ سندھ میں بجلی کا سخت بحران پایا جاتا ہے انتہائی نامناسب تھا۔ نیپرا کے اس آرڈر کو مد نظر رکھتے ہوئے حیسکو نے نوٹس دیا کہ وہ کمپنی کو خریدی گئی بجلی کے نرخ نئے فارمولے کے تحت ادا کریں گے۔ اس کے جواب میں ذیلی کمپنی کی جانب سے سندھ ہائی کورٹ کے روبرو ایک درخواست دائر کی گئی جس میں یہ مؤقف اپنایا گیا تھا کہ حیسکو ذیلی کمپنی کو پی پی اے کے مطابق ادئیگی کرنے میں ناکام رہی ہے۔ معزز عدالت کی جانب سے ٹی پی پی ایل کی درخواست کو خارج کرتے ہوئے حیسکو کو یہ ہدایت کی گئی کہ وہ ٹی پی پی ایل کو 2012-02-01 تک پی پی اے میں متعین نرخوں کے مطابق ادئیگیاں کرے اور اس تاریخ کے بعد سے ادئیگیاں نیپرا کی جانب سے پیش کئے گئے نئے فارمولے کے مطابق کی جائیں۔ امید کے بر خلاف فیصلہ آنے اور قانونی ٹیم سے مشاورت کے بعد ذیلی کمپنی نے ہائی کورٹ کی جانب سے دیئے گئے فیصلے کے خلاف سپریم کورٹ آف پاکستان میں مورخہ 2015-10-28 کو ایک اپیل دائر کر دی گئی ہے۔ نتیجتاً حیسکو اور نیپرا کی جانب سے بھی سندھ ہائی کورٹ کی جانب سے دیئے گئے فیصلے کے خلاف سپریم کورٹ کے روبرو اپیلیں دائر کر دی گئی ہیں جو کہ عدالت عظمی کے سامنے زیر التواء ہیں۔

اظہار تشکر

ڈائریکٹرز تمام حصص داران، مالیاتی اداروں اور صارفین کے تہہ دل سے مشکور ہیں کہ ان کا تعاون، انکی حمایت اور انکی رہنمائی ہمیشہ ہمارے شامل حال رہی۔

ڈائریکٹرز کمپنی کے تمام ملازمین کی جانب سے انتھک محنت، اجتماعی کوششوں اور اخلاص کیلئے ان کے بے حد مشکور ہیں اور امید کرتے ہیں کہ آئندہ بھی ان کی جانب سے کمپنی کی ترقی اور مستقبل کے چیلنجز اور تقاضوں سے نمٹنے کیلئے اسی عزم و ہمت کا مظاہرہ کیا جائے گا۔

محمد اسلم شیخ

چیف ایگزیکٹیو

خواجہ محمد سلمان یونس

چیئرمین

کراچی: 20 ستمبر 2021

مستقبل پر نظر

حکومت کی جانب سے شروع کئے جانے والے تعمیراتی پروجیکٹس جیسا کہ چھوٹے اور بڑے آبی ذخائر / ڈیمز، سی پیک کے تحت خصوصی اکنامک زونز کی تعمیرات اور عوام الناس کیلئے کم لاگت سے بنائے جانے والے گھروں کی تعمیر وغیرہ میں زیر نظر مالی سال کے دوران تیزی آئی ہے۔ ہم اس بات کی امید رکھتے ہیں کہ ان پروجیکٹس پر کام کی رفتار اسی طرح برقرار رہے گی جس کی وجہ سے کاروباری سرگرمیاں مستقبل میں بھی تیزی کے ساتھ جاری رہیں گی۔

تاہم دوسری جانب، بین الاقوامی مارکیٹ میں کوئلے کی قیمت میں اضافے کا رجحان ہے جس کی وجہ سے سیمنٹ کی صنعت کی منفعت پر منفی اثرات مرتب ہو سکتے ہیں۔ نتیجتاً صنعت کے منافع میں کمی آسکتی ہے، علاوہ ازیں، توانائی کی قیمتوں میں مسلسل اضافہ، مہنگائی میں اضافہ، کرنسی کی قدر میں کمی اور حالیہ رائلٹی کی فیس میں خاطر خواہ اضافہ وہ عوامل ہیں جن کی وجہ سے سیمنٹ کی صنعت پر مسلسل دباؤ پڑتا رہے گا۔

آپ کی کمپنی کی انتظامیہ ان تمام مسائل سے پوری طرح آگاہ ہے اور ان سے نمٹنے کیلئے مسلسل حکمت عملی بنائی جارہی ہے اور مسلسل ایسے اقدامات اٹھائے جارہے ہیں کہ ان رسک کو کم از کم کیا جائے تا کہ مستقبل کے مسائل سے نبرد آزما ہو کر کاروبار کی نشوونما کو ممکن بنایا جاسکے۔

گروپ کی کارکردگی

کمپنیز ایکٹ 2017 کے سیکشن (4) 226 کے تحت رپورٹ ہذا یعنی مالیاتی دستاویزات برائے سال 30 جون 2021 کے ساتھ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ (ہولڈنگ کمپنی) اور ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ (ذیلی کمپنی) کی مجموعی مالیاتی دستاویزات کو بھی منسلک کیا گیا ہے۔

	2021	2020
	------ Rupees in thousands ------	
Statement of Financial Position		
Property, plant and equipment	4,150,781	4,325,672
Stock-in-Trade	431,528	394,514
Trade Debts	1,139,897	937,558
Paid-up Share Capital	997,181	997,181
Total Equity - Holding Company	3,849,132	3,609,010
Trade and Other payables	593,986	472,428
Short Term Borrowings	160,546	306,544
Statement of Profit or Loss		
Sales - net	2,788,221	2,435,037
Gross Profit	602,951	361,606
Selling, Distribution cost & Administrative Expense	180,135	179,380
Profit before taxation	322,299	65,327
Profit for the year	266,657	39,679
Earnings/(loss) per share (Rupees)	2.43	(0.35)

ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ - کیپٹیو پاور پلانٹ

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ (ٹی سی سی ایل) کی ذیلی کمپنی ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ (ٹی پی پی ایل) نے 54.101 ملین روپے کا منافع بعد از ٹیکس کمایا ہے، تاہم اس سال حصص داران کو ڈیوڈنڈ نہیں دیئے جائیں گے جس کی وجہ ذیلی کمپنی کی جانب سے طے کئے جانے والے محدود تمویلی معاہدے ہیں جن کی وجہ سے یہ پابندی عائد ہے۔ لہٰذا حصص داران کو مستقبل میں منافع کی تقسیم کی جائے گی جس کا انحصار تمویلی معاہدات کی شرائط پر ہو گا۔

تفصیلات	ڈائریکٹروں کی تعداد
الف۔ مرد	6
ب۔ خواتین	1
ساخت	
i۔ غیر جانبدار ڈائریکٹرز	4
ii۔ غیر انتظامی ڈائریکٹرز	2
iii۔ انتظامی ڈائریکٹر	1
iv۔ خاتون ڈائریکٹر	1

ج۔ بورڈ کی ذیلی کمیٹیوں سے متعلق تفصیلات صفحہ نمبر 03 پر ملاحظہ کی جاسکتی ہیں۔

ڈائریکٹروں کا مشاہرہ

ڈائریکٹروں کے مشاہرے کا تعین کمپنی کے آرٹیکلز آف ایسوسی ایشن کے ذریعے کیا جاتا ہے جس کے تحت کسی بھی ڈائریکٹر کو ڈائریکٹروں کے اجلاس میں شرکت کیلیئے یا ڈائریکٹروں کی کسی کمیٹی کے اجلاس میں شرکت کیلیئے مشاہرہ ادا کیا جائے گا جس کا تعین بورڈ آف ڈائریکٹرز کی جانب سے ان کے دائرہ کار اور ذمہ داریوں کی روشنی میں ان کی قابلیت اور کاوشوں کی بنیاد پر کیا جائے گا۔

کمپنی کے ایگزیکیٹیو ڈائریکٹر (چیف ایگزیکیٹیو) کو ادا کیئے جانے والے مشاہرے کی تفصیلات مالیاتی دستاویزات کے نوٹ نمبر 38 میں ملاحظہ کی جاسکتی ہیں۔

بورڈ کی کارکردگی کی جانچ

لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس، ریگولیشنز 2019 کے تحت کمپنی کے طے شدہ اہداف کو مدنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز اور اس کے ممبران اور بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ لیا گیا ہے۔ اس مقصد کیلیئے بورڈ نے اپنی، اپنے ممبران اور کمیٹیوں کی کارکردگی کو پرکھنے کیلیئے ایک نظام وضع کر رکھا ہے۔ سال رواں میں کی گئی اس جانچ کے مطابق بورڈ، اس کے ممبران اور کمیٹیوں کے ممبران کی کارکردگی اطمینان بخش ہے۔

مابعد واقعات

مالیاتی سال کے اختتام سے لے کر ڈائریکٹرز رپورٹ کی تاریخ تک کمپنی کے معاملات میں ایسی کوئی خاطر خواہ تبدیلی واقع نہیں ہوئی ہے جس کا اثر کمپنی کی مالیاتی پوزیشن پر پڑتا ہو۔

نادہندگی

زیر نظر مالی سال کے دوران کمپنی اپنی ادائیگیوں کے سلسلے میں کسی بھی طرح نادہندہ نہیں رہی۔

بیرونی آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز بی ڈی او ابراھیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کیجانب سے اپنی اہلیت کی بنیاد پر ایک مرتبہ پھر اپنی خدمات کی پیشکش کی گئی ہے، آڈٹ کمیٹی کی سفارش کی بنیاد پر بورڈ کی جانب سے حصص داران کے سامنے یہ سفارش پیش کی گئی ہے کہ میسرز بی ڈی او ابراھیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو مالی سال اختتامیہ 30 جون 2022 کیلیئے آڈیٹر تعینات کر لیا جائے۔

و۔ کمپنی ہمیشگی کی بنیاد پر اپنی کاروباری سرگرمیاں جاری رکھے ہوئے ہے اور اس سلسلے میں شک کی کوئی گنجائش موجود نہیں ہے کہ کمپنی اپنی کاروباری سرگرمیوں کو ہمیشگی کی بنیاد پر آئندہ بھی جاری رکھے گی۔

ذ۔ کمپنی کے ذمے ٹیکسوں، ڈیوٹیز، لیویز اور دیگر واجبات کے ضمن میں معمول کی کاروباری سرگرمیوں اور ان واجبات کے علاوہ اور کوئی واجبات نہیں ہیں جنہیں مالیاتی دستاویزات میں بیان کیا جاچکا ہے۔

ح۔ کمپنی کی جانب سے اپنے مستقل ملازمین کیلئے ایک پراویڈنٹ فنڈ اور گریجویٹی فنڈ کا انتظام کیا گیا ہے۔ ذیل میں ان رقوم کو بیان کیا جارہا ہے جنہیں کمپنی کی جانب سے دستاویز برائے نفع و نقصان میں ظاہر کیا گیا ہے۔

پراویڈنٹ فنڈ	9.439 ملین روپے
گریجویٹی فنڈ	14.001 ملین روپے

ط۔ آڈٹ شدہ اکاونٹس کے مطابق ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کے انویسٹمنٹ پلان برائے ریٹائرمنٹ بینفٹس کی قدر بتاریخ 30 جون 2021 درج ذیل ہے:

پراویڈنٹ فنڈ	95.487 ملین روپے
گریجویٹی فنڈ	83.851 ملین روپے

ی۔ گزشتہ چھ سال سے متعلق تمام اہم کاروباری اور مالیاتی شماریات الگ سے فراہم کی گئی ہیں۔

ک۔ دوران سال بورڈ، آڈٹ کمیٹی اور انسانی وسائل و ادائیگیوں کی کمیٹی کی جانب سے منعقد کی جانے والی میٹنگز کی تعداد اور ان میٹنگز میں شرکت کرنے والے ڈائریکٹروں کی حاضری سے متعلق ہر ڈائریکٹر کی فرداً فرداً تفصیل (ضمیمہ 1) جو کہ۔ کمپنیز ایکٹ 2017 کے سیکشن (2)227 کے تحت سالانہ رپورٹ کا حصہ بنایا گیا ہے

ل۔ کمپنی کی ترتیب حصص داری کو کمپنیز ایکٹ 2017 کے سیکشن (f)(2) 227 کے تحت رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

بورڈ آف ڈائریکٹرز میں تبدیلی

دوران سال کمپنی کے بورڈ آف دائریکٹرز مین کوئی تبدیلی واقع نہیں ہوئی۔

کوڈ آف کارپوریٹ گورننس کی پاسداری

الف۔ دستاویز برائے کوڈ آف کارپوریٹ گورننس کی پاسداری (سی سی جی) کو بھی اس رپورٹ سے منسلک کیا گیا ہے۔

ب۔ کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت بورڈ آف ڈائریکٹرز کی درج ذیل ساخت کو سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے :

ذمہ داریوں اور راس المال کی ضروریات کو پورا کرنے کیلئے مجوزہ قرض کی سہولت کی تجدید کی تجویز دی جارہی ہے۔ اسی مناسبت سے، سالانہ رپورٹ کے ساتھ کمپنیز ایکٹ 2017 کی زیر دفعہ (3)134 کے تحت ایک ضمیمہ بھی منسلک کیا گیا ہے جس میں مزکورہ بالاہ معاملے سے متعلق تمام اہم حقائق اور اس کے جواز کے حق میں دلائل پیش کئے گئے ہیں۔

ب۔ ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی، کے ساتھ ویسٹ ہیٹ یوٹیلائزیشن ایگریمنٹ

ذیلی کمپنی کی جانب سے ویسٹ ہیٹ ریکوری پروجیکٹ کے تحت 5 میگاواٹ بجلی پیدا کرنے کے منصوبے نے 2019 میں آپریشنز کا آغاز کر دیا ہے۔ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے ذیلی کمپنی کو ائیر کوئینچنگ چیمبر اور سسپنشن پری ہیٹر کے ذریعے ویسٹ ہیٹ فراہم کی جائے گی تاکہ سپر ہیٹڈ اسٹیم کے ذریعے ذیلی کمپنی مزکورہ بجلی پیدا کر سکے۔ اس مقصد کیلئے ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے ذیلی کمپنی کے ساتھ ویسٹ ہیٹ یوٹیلائزیشن ایگریمنٹ (ڈبلیو ایچ یو اے) کیا گیا ہے تاکہ اسے ویسٹ ہیٹ مہیا کی جاسکے۔

ج۔ ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی (ایس سی)، کے ساتھ سروس لیول ایگریمنٹ

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے ذیلی کمپنی کو اپنے روز مرہ کے کاروباری معاملات چلانے کیلئے خدمات فراہم کی جاتی ہیں۔ ان خدمات کی فراہمی ایک سروس لیول ایگریمنٹ کے تحت ہوتی ہے جس میں ان خدمات کے دائرہ کار اور شرائط وضوابط کو طے کیا گیا ہے۔ مزکورہ معاہدے کی منظوری ٹھٹھہ سیمنٹ کمپنی لمیٹڈ اور ذیلی کمپنی کے بورڈ آف ڈائریکٹرز سے حاصل کی جاچکی ہے۔

د۔ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کو بجلی کی فراہمی کیلئے ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی (ایس سی)، کے ساتھ پاور پرچیز ایگریمنٹ

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے بجلی کی فراہمی کیلئے ذیلی کمپنی کے ساتھ 12 دسمبر 2011 کو پاور پرچیز ایگریمنٹ کیا گیا تھا۔ ذیلی کمپنی کی جانب سے 12 دسمبر 2012 کو کمرشل بنیادوں پر بجلی کی پیداوار کا آغاز ہو چکا ہے۔ پاور پرچیز ایگریمنٹ کے اندر بجلی کی فراہمی کے سلسلے میں انوائسنگ / بلنگ اور دیگر شرائط و ضوابط کو طے کیا گیا ہے۔ پاور پرچیز ایگریمنٹ کو نیو کیپٹیو پاور پالیسی 2009 کے تحت عمل میں لایا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ

الف۔ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے تیار کی جانے والی مالیاتی دستاویزات صحیح انداز سے کمپنی کے معاملات، کاروباری نتائج، نقدرقوم کی ترسیل اور سرمایہ پر مبنی حصص میں تبدیلی کی نمائندگی کرتی ہیں۔ کارپوریٹ گورننس کے سنہرے اصولوں کی پاسداری کیلئے تمام ضروری اقدامات اٹھائے جارہے ہیں۔

ب۔ کمپنی کی جانب سے تمام کھاتوں کو باقاعدہ محفوظ کیا جاتا ہے۔

ج۔ مالیاتی دستاویزات اور اس کے ساتھ منسلک نوٹس کی تیاری کے سلسلے میں کمپنیز ایکٹ 2017 اور پاکستان میں مستعمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز اور انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کی مکمل پاسداری کی گئی ہے۔ اور اس ضمن میں کسی قسم کی کوئی قابل ذکر روگردانی نہیں کی گئی۔

د۔ مالیاتی دستاویزات کی تیاری میں مستقل بنیادوں پر اکاؤنٹنگ کی مناسب پالیسیوں پر عمل کیا جارہا ہے اور تمام محاسبی تخمینے قرین قیاس ہیں۔

ھ۔ کمپنی کے اندرونی کنٹرول سسٹم کو جامع اور مؤثر انداز سے نافذ کیا گیا ہے اور اسکی مستقل بنیادوں پر نگرانی اور اصلاح کی جاتی ہے۔

اس سلسلے میں بنیادی طور پر درج ذیل اقدامات اٹھائے گئے ہیں:

- کووڈ-19 کی موجودگی میں کاروباری افعال جاری رکھنے کا منصوبہ (بی سی پی)۔
- حکومت سندھ کی جانب سے جاری کردی ایس او پیز پر عمل۔
- ملازمین کے گھر سے کام کرنے کی حوصلہ افزائی کرنا۔
- پلانٹ اور ہیڈ آفس پر ٹیلی کام / فاصلاتی اجلاس کا انعقاد۔

کارپوریٹ معاشرتی ذمہ داری

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے آپکی کی کمپنی نے اپنی معاشرتی ذمہ داریوں کو ہمیشہ بطریق احسن نبھایا ہے۔ جس شہر میں کمپنی اپنے کاروباری افعال سرانجام دے رہی ہے وہاں کی مقامی کمیونٹیز کی فلاح و بہبود کیلئے کمپنی اقدامات اٹھاتی رہتی ہے۔ دوران رواں سال کمپنی کی جانب سے تعلیم اور صحت کے شعبوں میں خاطر خواہ رقم خرچ کی گئی ہے ۔ اس سلسلے میں معیاری اسٹاف کے ساتھ تمام تر سہولیات سے آراستہ سیلیکو سز تشخیصی و صحتی مرکز بھی قائم کیا گیا ہے۔

اندرونی مالیاتی نظم وضبط

مالیاتی دستاویزات کی منظوری کی تاریخ تک کمپنی کے ڈائریکٹروں کی جانب سے کمپنی کے اندرونی مالیاتی نظم وضبط کو مظبوط کرنے کیلئے ہر ممکن اقدامات اٹھائے گئے ہیں۔ ان اقدامات کا تعلق ہر اس اہم معاملے سے ہے جو کہ کمپنی کے مالیاتی امور، کاروباری افعال اور ضوابط کی پاسداری سے ہے جو کہ کمپنی کے کاروبار پر اثر انداز ہو سکتے ہیں۔

متعلقہ پارٹیوں کے ساتھ معاملات

پاکستان اسٹاک ایکسچینج لمیٹڈ کے ضوابط کے مطابق، متعلقہ پارٹیوں سے کئے گئے لین دین کے تمام معاملات کی آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز سے منظوری حاصل کرلی گئی تھی۔ مزید بر آں، کمپنیز ایکٹ 2017 کے سیکشن 208 کے تقاضوں کو پورا کرنے کے لئے مندرجہ ذیل معلومات بھی شامل کردی گئی ہیں۔

الف۔ قرض / ایڈوانس کی سہولت 300 ملین روپے برائے ٹھٹھہ پاور (پرائیویٹ) لمیٹڈ، ذیلی کمپنی کی تجدید

ٹھٹھہ سیمنٹ کمپنی لمیٹڈ (ٹی سی سی ایل) کی جانب سے اپنے سالانہ عام اجلاس منعقدہ 16 اکتوبر 2015 میں حصص داران سے ذیلی کمپنی کو اس کی مالیاتی ذمہ داریوں اور راس المال کی ضروریات سے نبرد آزما ہونے کیلئے قرض / ایڈوانس کی سہولت فراہم کرنے کی منظوری حاصل کی گئی تھی۔ بعد ازاں ذیلی کمپنی کی مالیاتی ضروریات کو مد نظر رکھتے ہوئے قرض کی مزکورہ سہولت جاری رکھنے کے لئے ہر سالانہ عام اجلاس میں اس منظوری کی تجدید کی گئی ہے۔ اس قرض کے سلسلے میں حاصل کی گئی منظوری کمپنی کے آئندہ سالانہ عام اجلاس مؤرخہ 15 اکتوبر 2021 تک کارآمد رہے گی۔

تاہم 30 جون 2021 تک ذیلی کمپنی کی تجارت کی مد میں قابل وصول رقم میں اضافہ ہوا ہے جس کا بڑا حصہ حیسکو سے قابل وصول رقم ہے اور جو اس بات کی نشاندہی کر رہا ہے کہ حیسکو کی جانب سے بجلی کے بلوں کی ادائیگی میں تاخیر کی جارہی ہے اس لئے ذیلی کمپنی کو اپنی مالیاتی ذمہ داریوں اور راس المال کی ضروریات پورا کرنے کیلئے مالیاتی امداد کی ضرورت پیش آسکتی ہے۔ اس مالیاتی امداد کے نتیجے میں ذیلی کمپنی ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کو بلا تعطل بجلی کی فراہمی جاری رکھ سکے گی اور ٹھٹھہ سیمنٹ کمپنی لمیٹڈ سیمنٹ کی پیداوار کے عمل کو بلا تعطل جاری رکھ سکے گی۔ اسی لئے ذیلی کمپنی کی مالیاتی

کمپنی کو لاحق اہم خطرات و غیر یقینی صورتحال

سیمنٹ کی صنعت کے اہم شراکت داروں کی جانب سے پیداواری گنجائش میں اضافے کے منصوبے پایہ تکمیل کو پہنچ چکے ہیں جس کی وجہ سے طلب سے زیادہ سیمنٹ مارکیٹ میں موجود ہے۔ ان حالات کے پیش نظر سیمنٹ کے حجم اور قیمتوں کے اعتبار سے سیمنٹ کی صنعت میں سخت مسابقت کا ماحول پایا جاتا ہے اور آئندہ برسوں میں اس مسابقت میں مزید شدت پیدا ہونے کے خدشات ہیں۔ اس خطرے کو مد نظر رکھتے ہوئے آپ کی کمپنی کی جانب سے مستقل بنیادوں پر ایسی حکمت عملی وضع کی جارہی ہے اور ایسے اقدامات اٹھائے جارہے ہیں کہ آئندہ سالوں میں کاروبار کی نشوونما میں اضافے کیلئے اس خطرے سے نمٹا جا سکے۔

مزید برآں کمپنی کے فنانشل رسک مینجمنٹ اور اس سے متعلق پالیسیوں اور اہداف کو مالیاتی دستاویزات کے نوٹ نمبر 40 میں شامل کیا گیا ہے جس میں اس رسک کی نوعیت بمعہ مارکیٹ رسک، کریڈٹ رسک اور لیکیوڈیٹی رسک کو بھی واضح کیا گیا ہے۔

کمپنی کے کاروبار کے ماحول پر اثرات

سیمنٹ کی پیداوار سے ماحول کو سب سے بڑا خطرہ کلنکر کی پیداوار کے دوران خارج ہونے والے انتہائی چھوٹے چھوٹے ذرات سے ہے جو باآسانی بذریعہ سانس اندر جاسکتے ہیں اور جو ایک مستقل اور مہلک بیماری سیلیکوسس کا باعث بن سکتے ہیں۔

کمپنی کے پاس اعلیٰ تربیت یافتہ اور دل جمعی کے ساتھ کام کرنے والا ایسا اسٹاف موجود ہے جو کہ ایس ای پی اے اور ایس ای کیو ایس کے معیارات کی پاسداری کیلئے ہمہ وقت کوشش میں لگا رہتا ہے۔ کمپنی کے کاروبار کی وجہ سے ماحولیات کو پہنچنے والے نقصانات سے نمٹنے کیلئے کمپنی اقدامی حکمت عملی پر یقین رکھتے ہوئے ایسے طریقے اپنائے ہوئے ہے جس سے ان خطرات کو کم سے کم کیا جاسکے جیسا کہ کمپنی کی جانب سے گرد کو قابو میں رکھنے کی غرض سے ڈسٹ سائیکلون، بیگ ہاؤسز، نمی کے ذریعے گرد کو کنٹرول کرنے کا سسٹم اور الیکٹرواسٹیٹک نمی سسٹم اور پرسنل پروٹیکٹیو سسٹم وغیرہ کی تنصیب کی گئی ہے اور اس کے ساتھ ساتھ کمپنی کے احاطے میں سانس کے ذریعے اندر سرائیت کر جانے والی گرد آر ایس پی ایم اور آر ایف ڈی کو قابو میں کرنے کیلئے اسپیڈ لمٹ کنٹرول کی تنصیب بھی کی گئی ہے۔
اس کے علاوہ قابل استعمال ہوا، پینے کے صاف پانی اور شور کی شدت سے متعلق ایس ای پی اے ایکٹ 2014 کے تحت ماحولیات کیلئے قائم کئے جانے والے معیارات کی بھی مکمل پاسداری کی جاتی ہے۔ ایس ای پی اے سے مصدقہ ماحولیاتی لیبارٹری کے ذریعے مانیٹرنگ اور تجزیات کا عمل بھی جاری رہتا ہے۔

ٹی سی سی ایل کی ایک ذیلی کمپنی کی جانب سے ویسٹ ہیٹ ریکوری سسٹم (ڈبلیو ایچ آر ایس) کی تنصیب کی گئی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ گلوبل وارمنگ میں اپنی جانب سے کم سے کم حصہ ملایا جائے اور سیمنٹ پلانٹ اور پاور جنریشن سے کاربن کا اخراج بھی کم از کم ہو۔

مزکورہ بالاہ کے علاوہ، کووڈ-19 ایک عالمی وباء ہے اور حالیہ دنوں میں دنیا کو صحت سے متعلق درپیش سب سے بڑا چیلنج ہے۔ کمپنی کی جانب سے کاروباری افعال کو محفوظ انداز سے چلانے کیلئے صحت کے عالمی اداروں اور حکومت پاکستان کی جانب سے جاری کی جانے والی ہدایات پر سختی سے عمل کیا جارہا ہے۔

صنعت کے حجم میں زبردست اضافہ ہوا ہے جس کی بنیادی وجوہات میں کووڈ-19 کی وجہ سے لاک ڈاؤن سے پیدا ہونے والی صورتحال کے بعد تعمیراتی سرگرمیوں کا ایک مرتبہ پھر آغاز، انفرااسٹرکچر سے متعلق پروجیکٹس پر کام میں تیزی آنا، ہاؤسنگ اسکیمیں اور تعمیرات کے سیکٹر کیلئے حکومت کی جانب سے اعلان شدہ ترغیباتی پیکجز وغیرہ شامل ہیں۔

کمپنی کی فروخت کا جائزہ

گزشتہ مالی سال کی نسبت، زیر نظر مالی سال کے دوران سیمنٹ کی فروخت میں بلحاظ حجم 52.2 فیصد کا اضافہ ہوا ہے۔ مقامی سطح پر فروخت میں ہونے والے اضافے کی وجہ سے شرح آمدن میں بھی اضافہ واقع ہوا ہے جو کہ گزشتہ مالی سال کی نسبت 52.45 فیصد زائد ہے۔ تاہم مجموعی طور پر گزشتہ مالی سال کے مقابلے میں کمپنی کی آمدن میں 38.29 فیصد کا اضافہ درج کیا گیا ہے۔ گزشتہ مالی سال کے مقابلے میں آپ کی کمپنی کی جانب سے فروخت کے سلسلے میں بہتر کارکردگی کا مظاہرہ کیا گیا ہے اور کمپنی نے جنوبی ریجن میں خود کو ایک ابھرتے ہوئے کھلاڑی کے بطور منوایا ہے۔

مالیاتی کارکردگی

کمپنی کی مالیاتی کارکردگی برائے مالی سال 30 جون 2021 اور گزشتہ سال اسی عرصے کے دوران مالیاتی کارکردگی کا تقابلی جائزہ درج ذیل ہے:

Particulars	2021	2020
	------ Rupees in thousands ------	
Sales – net	2,427,313	1,755,227
Gross profit	384,661	52,100
Selling & Distribution Cost	77,419	89,760
Finance Cost	17,070	44,153
Profit/(Loss) before taxation	250,115	(140,934)
Profit/(Loss) for the year	201,793	(158,018)
Earnings/(Loss) per share (Rupees)	2.02	(1.58)

لاگت اور فروخت کا تناسب گزشتہ مالی سال کے مقابلے میں کم ہونے کے بعد 84.15 فیصد رہا جبکہ گزشتہ مالی سال کے دوران یہ تناسب 97.03 فیصد تھا۔ لاگت میں اس کمی کی وجہ یہ تھی کہ کمپنی کی جانب سے بہتر منافع کی شرح کے ساتھ مقامی سطح پر فروخت پر توجہ مرکوز رکھی گئی۔ زیر نظر عرصے کے دوران لاگت اور فروخت کے تناسب میں کمی اس لئے بھی واقع ہوئی کہ کمپنی کی جانب سے لاگت کو قابو میں رکھنے کیلئے حکمت عملی اپنائی گئی اور ایندھن کو بہترین انداز سے استعمال میں لانے کیلئے بھی مؤثر کارکردگی پر زور دیا گیا۔

فروخت اور مال کی ترسیل کی لاگت میں 13.75 فیصد تک کمی واقع ہوئی ہے جس کی وجہ گزشتہ مالی سال کے مقابلے میں کلنکر کی برآمدات میں ہونے والی کمی تھی۔ تمویلی لاگت میں بھی کمی واقع ہوئی ہے جس کی وجہ مؤثر انداز سے وسائل کا استعمال اور گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران شرح سود کی کمی ہے، جو 11 فیصد سے کم ہو کر 7 فیصد ہو گئی ہے ۔

مابعد تقسیم منافع

دوران سال کمائے جانے والے منافع کی بنیاد پر، بورڈ آف ڈائریکٹرز کی جانب سے حتمی طور پر مالی سال اختتامیہ 30 جون 2021 کیلئے 0.25 روپے یعنی فی حصص 2.5 فیصد کا نقد ڈیویڈنڈ دینے کا اعلان کیا گیا ہے۔ اس ڈیویڈنڈ کے حقدار وہ حصص داران ہونگے جن کے نام کاروبار بند ہونے کے دن 05 اکتوبر 2021 تک حصص داران کے رجسٹر ظاہر ہو رہے ہونگے۔ فورتھ شیڈول بابت کمپنیز ایکٹ 2017 کے قواعد کے مطابق، بعد میں آنے والی مالیاتی دستاویزات میں اس نقد ڈیویڈنڈ کا ذکر کیا جائے گا ۔

ڈائریکٹرز رپورٹ

آپکی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی آڈٹ شدہ مالیاتی دستاویزات برائے 30 جون 2021 اپنے جائزے اور آڈیٹرز کی رپورٹ کے ساتھ آپکی خدمت میں پیش کر رہے ہیں۔

جائزہ

مالی سال اختتامیہ 30 جون 2021 کے دوران پیداوار اور فروخت کے اعداد و شمار ذیل میں پیش کئے جا رہے ہیں:

Description	2021	2020	Variance	
	---------- Metric Tons	----------		%
Production				
Clinker	349,638	258,158	91,480	35.44
Cement	301,006	197,463	103,543	52.44
Dispatches				
Cement-Local	301,045	196,251	104,794	53.40
Clinker-Local	53,365	36,587	16,778	45.86
Clinker-Export	16,200	46,650	(30,450)	(65.27)
Total	370,610	279,488	91,122	32.60

زیر نظر مالی سال کے دوران گزشتہ مالی سال کے مقابلے میں آپ کی کمپنی کی جانب سے زبردست کارکردگی کا مظاہرہ کیا گیا، آپ کی کمپنی کی جانب سے زیر نظر مالی سال کے دوران مقامی سطح پر فروخت میں شرح نمو بہت نمایاں رہی، مقامی طور پر کمپنی کی جانب سے کلنکر اور سیمنٹ کی فروخت میں گزشتہ مالی سال کے مقابلے میں بالترتیب 45.86 اور 53.40 فیصد کا اضافہ ریکارڈ کیا گیا ہے۔

مزید بر آں، ختم ہونے والے مالی سال کے دوران کمپنی کی جانب سے مجموعی طور پر کلنکر کی پیداوار میں 63.76 فیصد کی پیداواری صلاحیت کو زیر استعمال لایا گیا جس کے نتیجے میں کلنکر کی پیداوار 349,638 ٹن رہی جبکہ گزشتہ مالی سال کے دوران 47.07 فیصد پیداواری صلاحیت کے استعمال کے ساتھ کلنکر کی پیداوار 258,158 ٹن رہی۔

صنعتی جائزہ

مالی سال 2020-2021 کے دوران مقامی سطح پر سیمنٹ کی ترسیل میں 20.36 فیصد اضافے کے ساتھ حجم 48.01 ملین ٹن رہا جو کہ اس سے قبل 39.96 ملین ٹن تھا۔ بر آمدات کا حجم 18.63 فیصد اضافے کے ساتھ 7.84 ملین ٹن سے بڑھ کر 9.31 ملین ٹن درج کیا گیا۔ زیر نظر مالی سال اختتامیہ 30 جون 2021 کے دوران صنعت کا مجموعی حجم 20.08 فیصد اضافے کے ساتھ 57.41 ملین ٹن درج کیا گیا ہے جبکہ گزشتہ مالی سال کے دوران یہ حجم 47.81 ملین ٹن درج کیا گیا تھا۔

جنوبی ریجن میں مقامی سطح پر بلحاظ حجم مال کی ترسیل میں 33.59 فیصد اضافہ ہوا ہے جس کے بعد مال کی ترسیل گزشتہ مالی سال 5.64 ملین ٹن کے مقابلے میں زیر نظر مالی سال کے دوران 7.53 ملین درج کی گئی ہے۔

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDINGS AS AT JUNE 30, 2021

Category No.	Categories of Shareholders	Category wise no. of shareholders	Category wise shares held	Percentage %
1	Directors, Chief Executive Officer and their spouse and minor children	7	4,625	0.005
2	Associated Companies, undertakings and related parties	4	51,058,286	51.20
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	11,837,835	11.87
5	Insurance Companies	2	50,100	0.05
6	Modarbas and Mutual Funds	5	4,048,080	4.06
7	General Public			
	(a) Local	1,998	22,861,994	22.93
	(b) Foreign	113	3,832,704	3.84
8	Others	33	6,024,501	6.04
	TOTAL	2,164	99,718,125	100.00

SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE COMPANY

TOTAL PAID UP SHARE CAPITAL OF THE COMPANY	99,718,125	Shares
10% OF THE PAID UP CAPITAL OF THE COMPANY	9,971,813	Shares

NAME OF SHAREHOLDER	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE
Sky Pak Holding (Private) Limited	Falls in Category # 2	21,152,787	21.21%
Al-Miftah Holding (Private) Limited	Falls in Category # 2	14,895,118	14.94%

PATTERN OF SHAREHOLDINGS - CDC AND PHYSICAL AS AT JUNE 30, 2021

No. of shareholders	Shareholdings		Total shares held
	From	To	
214	1	100	2,379
681	101	500	332,074
281	501	1000	270,068
495	1001	5000	1,411,181
189	5001	10000	1,560,091
63	10001	15000	814,515
48	15001	20000	911,000
28	20001	25000	670,000
22	25001	30000	637,500
9	30001	35000	296,500
16	35001	40000	625,916
5	40001	45000	222,500
23	45001	50000	1,147,000
4	50001	55000	215,500
5	55001	60000	296,000
3	60001	65000	187,500
5	65001	70000	345,000
2	70001	75000	149,000
1	80001	85000	85,000
1	85001	90000	86,500
1	90001	95000	94,000
11	95001	100000	1,100,000
2	100001	105000	210,000
1	110001	115000	111,000
1	115001	120000	120,000
1	120001	125000	123,000
2	125001	130000	259,000
4	135001	140000	554,000
1	140001	145000	145,000
1	145001	150000	150,000
1	155001	160000	159,000
1	160001	165000	165,000
1	165001	170000	170,000
1	180001	185000	185,000
4	195001	200000	800,000
1	200001	205000	201,500

No. of shareholders	Shareholdings		Total shares held
	From	To	
1	205001	210000	208,000
1	215001	220000	218,500
1	250001	255000	250,500
1	270001	275000	274,000
1	275001	280000	276,200
1	285001	290000	285,500
2	305001	310000	616,500
1	320001	325000	325,000
1	325001	330000	328,000
1	360001	365000	361,000
1	370001	375000	375,000
2	495001	500000	1,000,000
1	520001	525000	523,500
1	545001	550000	548,000
1	595001	600000	600,000
1	740001	745000	743,000
1	845001	850000	850,000
1	850001	855000	853,580
1	880001	885000	882,500
1	925001	930000	930,000
1	995001	1000000	1,000,000
1	1230001	1235000	1,235,000
1	1275001	1280000	1,278,000
1	1280001	1285000	1,282,000
1	1495001	1500000	1,496,500
1	1665001	1670000	1,670,000
1	3370001	3375000	3,375,000
1	3595001	3600000	3,600,000
1	6530001	6535000	6,531,291
1	8460001	8465000	8,462,835
1	8475001	8480000	8,479,090
1	14895001	14900000	14,895,118
1	21150001	21155000	21,152,787
2,164			99,718,125

KEY OPERATING AND FINANCIAL STATISTICS OF SIX YEARS

	2021	2020	2019	2018	2017	2016
	------------------------Rupees in thousands------------------------					
Summary of Statement of Financial Position						
Assets Employed						
Property, plant and equipment	1,951,747	2,021,470	2,086,685	2,199,535	2,055,402	2,173,000
Intangible assets	-	-	-	2,800	5,793	6,485
Long term deposits	1,096	1,096	1,096	1,096	1,096	1,096
Long term investment - Available for sale	-	-	-	-	-	164,768
Long term investment in subsidiary	299,158	299,158	299,158	299,158	299,158	299,158
Current assets	1,443,071	1,155,376	1,223,161	1,637,106	1,533,877	1,300,122
	3,695,072	3,477,100	3,610,100	4,139,695	3,895,326	3,944,629
Financed by						
Shareholders equity	2,664,206	2,464,579	2,618,906	2,556,790	2,440,620	2,074,969
Long term financing	-	-	-	87,817	319,750	1,026,684
Current portion of long term financing	-	-	87,817	231,933	231,933	231,933
		-	87,817	319,750	551,683	1,258,617
Long term deposits & deferred liabilities	325,621	303,904	315,909	305,347	289,105	204,469
Current liabilities	705,245	708,617	675,285	1,189,741	845,851	638,507
Current portion of long term financing	-	-	(87,817)	(231,933)	(231,933)	(231,933)
	705,245	708,617	587,468	957,808	613,918	406,574
Total funds invested	3,695,072	3,477,100	3,610,100	4,139,695	3,895,326	3,944,629
Summary of Statement of Profit or Loss						
Turnover	2,427,313	1,755,227	3,468,411	2,842,538	3,656,723	2,846,147
EBITDA	374,921	(9,133)	488,591	689,237	1,089,909	903,011
EBIT	267,185	(96,781)	345,938	562,098	943,029	791,004
% Change in Sales	38.29	49.39	22.02	(22.26)	28.48	23.51
% Change in EBITDA	4,205.12	101.87	(29.11)	(36.76)	20.70	74.55
% Change in EBIT	376.07	127.98	(38.46)	(40.39)	19.22	67.07
Gross Profit	384,661	52,100	671,967	756,004	1,163,029	913,844
Profit / (loss) before tax	250,115	(140,934)	295,318	497,371	855,306	666,009
Profit / (loss) after tax	201,793	(158,018)	213,522	356,860	581,993	614,443
Accumulated Profit carried forward	1,567,307	1,367,680	1,522,007	1,459,891	1,343,721	913,548
Earnings / (loss) per share (Rupees)	2.02	(1.58)	2.14	3.58	5.84	6.16

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Thatta Cement Company Limited will be held at Beach Luxury Hotel, M. T. Khan Road, Karachi on October 15, 2021 at 10:30 a.m. to transact the following business:

A. Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on October 26, 2020.

2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2021 together with the Board of Directors' and Independent Auditors' report thereon.

3. To consider, declare and approve final cash dividend for the year ended June 30, 2021 at the rate of Rs. 0.25/- per share i.e. 2.5% as recommended by the Board of Directors.

4. To appoint external auditors of the Company for the year ending on June 30, 2022 and fix their remuneration. The present auditors, M/s BDO Ebrahim & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

5. To elect seven (7) directors of the Company as fixed by the Board of Directors in terms of Section 159 of Companies Act, 2017 for a term of three (03) years. Retiring directors are;

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

   The statement as required under section 166 (3) of the Companies Act, 2017 is being sent to the members with the notice.

B. Special Business

6. Investment (Loan/advance) under section 199 of the Companies Act, 2017

   To consider and, if deem fit, to pass with or without any amendment/ modification following resolutions as special resolutions:

   RESOLVED that the time period for providing advance/loan facility to Thatta Power(Private) Limited, the Subsidiary Company, to the extent of total amount of Rs 300 million as approved/renewed by the shareholders in the Annual General Meeting held on October 26, 2020, be and is hereby extended further for a period of one year till the holding of next Annual General Meeting to be held on or before October 27, 2022, to meet the requirements of Regulation 5(7) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 dated December 6, 2017.

   FURTHER RESOLVED that the Chief Executive and the Company Secretary be and are hereby jointly authorized to take and do and / or cause to be taken or done any / all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolution and to do all acts, matters, deeds, and things which are necessary, incidental and / or consequential to the investment (loans and advances) of the Company's funds as above as and when required at the time of investment.

The statement as required under section 134(3) of the Companies Act, 2017 is being sent to the members with the notice.

7. To transact any other business with the permission of the Chair.

By Order of the Board

Muhammad Abid Khan
Company Secretary

Karachi : September 24, 2021

Notes:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company shall remain closed from October 08, 2021 to October 15, 2021 (both days inclusive). Transfers received in order at our Share Registrar/Transfer Agent M/s THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi, 75500 at the close of business on October 05, 2021 shall treated in time for the purpose of Annual General Meeting and payment of cash dividend, if approved by shareholders.

2. Participation in General Meeting

A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy must be received at the registered office of the Company duly stamped and signed not later than 48 hours before the time for holding the meeting. A member cannot appoint more than one proxy. Copy of the member's Computerized National Identity Card (CNIC) must be attached with the form. For any other relevant aspects, contents of section 137 of Companies Act, 2017 will apply.

CDC Account Holders will further have to follow the undermentioned guidelines, as laid down in Circular No. 1 of 2000 of SECP dated January 26, 2000.

➢ For Attending the Meeting

- In case of Individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his / her identity by showing his / her original CNIC or original passport at the time of attending the meeting.

- Members registered on Central Depository Company (CDC) are also requested to bring their particulars, ID Number and account number in Central Depository System (CDS).

- In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with proxy Form to the Company.

➢ For appointing the proxies

- In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the Proxy Form as per the above requirement.

- Proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the Form.

- Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

- The Proxy shall produce his/her original CNIC or original passport at the time of meeting.

- Incase of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with Proxy Form to the Company.

3. Election of Directors

Any member who seeks to contest for election as a Director, whether he is a retiring Director or otherwise shall file with the Company not later than fourteen (14) days before the date of Annual General Meeting, notice of his intention to offer himself/herself for the election of the Directors, together with:

- Consent to act as director as required under section 167(1) of the Companies Act, 2017.

- Declaration in respect of being compliant with the requirements of the Code of Corporate Governance and eligibility criteria as set out in the Companies Act, 2017 to act as director of a listed Company.

- Detailed profile along with office address for placement onto Company's website within seven days prior to the date of election in terms of SRO 1196(I)/2019 dated October 03, 2019.

- Copy of valid CNIC/passport/NTN

4. Payment of Cash Dividend Electronically (Mandatory Requirement)

In accordance with the provisions of Section 242 of the Companies Act and Companies (Distribution of Dividends), Regulation 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as available on the Company's website and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi, 75500 (in case of shareholding in Physical Form).

5. Withholding tax on Dividend

i. As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance"), whereby, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies.

The current rates are as follows:

(a) Rate of tax deduction for persons who are appearing in the Active Taxpayer List 15%

(b) Rate of tax deduction for persons who are not appearing in the Active Taxpayer List 30%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30% all the shareholders whose names are not entered into the active tax-payer list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for approval of the cash dividend i.e. October 15, 2021, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

ii. As per FBR's clarification, the valid Tax Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Shares Registrar; otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

iii. For any query/issue/information, the shareholders may contact the Company and / or the Share Registrar THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi,75500

iv. The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas, corporate physical shareholders should send a copy of their NTN certificate Share Registrar i.e. M/s. THK Associates (Private) Limited. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote Company name and their respective folio numbers.

v. As per the clarification issued by FBR, withholding tax will be determined separately on "Filer/Non-Filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions.

If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Share Registrar in writing as follows:

Individual/ Company Name	Folio / CDC A/c No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC #	Shareholding proportion (No of shares)	Name & CNIC #	Shareholding proportion (No of shares)

6. Zakat deduction and Change of Address

Shareholders desiring to claim exemption from Zakat deduction may file their Declaration before the closing date of the books i.e. October 08, 2021, duly attested by Oath Commissioner on Stamp paper to Company's Share Registrar, otherwise Company shall have to deduct Zakat according to the Zakat and Ushr Ordinance, 1980; and members are also requested to notify change in their addresses, if any, to our Share Registrar M/s. THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi,75500

7. Submission of the CNIC/NTN details (Mandatory)

In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 779(1)/2011 dated August 18, 2011 and SRO 83(1)/2012 dated July 5, 2012, dividend counters in electronic form should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Share Registrar. In case of non-compliance, the Company shall withhold credit of dividend as per law.

8. Deposit of physical shares into CDC Account

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission.

The Shareholders having physical shareholding are encouraged to open CDC-account with any of the brokers or Investor Account Directly with CDC to place their physical shares into scrip form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

9. Transmission of annual audited financial statements through CD/DVD

The Company has circulated annual financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request. Request form is available on the website of the Company, i.e. www.thattacement.com.

10. Availability of audited financial statements on company's website

The audited financial statements of the Company for the year ended June 30, 2021 has been made available on the Company's Website www.thattacement.com in addition to annual and quarterly financial statements of prior years.

11. Transmission of annual reports through e-mail

The SECP vide SRO 787(I)/2014 dated September 08, 2014 has been provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the standard form placed on the Company's website www.thattacement.com. The Company shall, however, additionally provide hard copies of the annual report to such members, on request, free of cost.

12. Request from Video Conference Facility

In terms of SECP's circular no. 10 of 2014 read with provisions contained under section 132 and 134 of the Act, if the Company receives request/demand from members holding in aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least Seven (07) days prior to the date of meeting. The Company will arrange video conference facility in that city, subject to availability of such facility in that city.

The Company will intimate members regarding venue of the video-link facility at least two (02) days before the date of the general meeting along with complete information necessary to enable them to access the facility.

In this regard, please fill the following form and submit to the Registered Office of the Company seven (07) days before holding of the general meeting.

I/We _________________of ___________________being a member of Thatta Cement Company Limited, holder of __________________ Ordinary shares as per Registrar Folio No ______________ hereby opt for video conference facility at _________________.

____

Signature of Member

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

ELECTION OF DIRECTORS:

The term of office of the present Directors of the Company will expire on October 14, 2021. In term of Section 159 (1) of the Companies Act, 2017, the Board of Directors on September 07, 2021 has fixed the number of elected Directors at 7 (Seven) to be elected in the Annual General Meeting of the Company for the period of next three years.

Any person who seeks to contest the election to the office of a Director, whether he is retiring director or otherwise, shall file with the Company Secretary, at the Registered Office of the Company not later than fourteen (14) days before the date of Annual General Meeting, the following documents:

1. His/her Folio No./CDC investor Account No./CDC Participant No./Sub-Account No.

2. Notice of his/her intention to offer himself/herself for election of directors in term of Section 159(3) of the Act, together with the consent to act as a Director in Form 28 prescribed under Companies Act, 2017.

3. A detailed profile along with office address as required under SECP SRO 1196(I)/2019 dated October 03, 2019.

4. A director must be a member of the Company at the time of filing of his/her consent for contesting election of Directors except a person representing a member, which is not a natural person.

5. A declaration confirming that:

   a) He/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and Listing Regulations of the Pakistan Stock Exchange; and

   b) He/she is eligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulation, 2019 and any other applicable laws, rules and regulations.

6. Independent Director(s) will be elected through the process of election of Directors in terms of Section 159 of the Act and they shall meet the criteria laid down in Section 166 of the Act, and the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

STATEMENTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Material facts concerning special business at the Annual General Meeting are given below:

Investment (Loan/Advance) under section 199 of the Companies Act, 2017

In terms of Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 dated December 6, 2017, every listed company which has obtained approval of shareholders, under section 199 of the Companies Act, 2017 in Annual General Meeting of the Company, has to provide the status of decision taken by shareholders including any change in terms and conditions of that investment /loan/advance. The Company in its preceding Annual General Meeting held on October 26, 2020 had sought extension in time for providing loan/advance facility to its associated company/undertaking under section 199 of the Companies Act, 2017 for a period of one year till the holding of next Annual General Meeting. Therefore, approval for extension in time for a further period of one year is required to be obtained from shareholders in Annual General Meeting to be held on October 15, 2021. Accordingly, approval is hereby sought from shareholders, in terms of Regulation No. 5(7) of aforesaid Regulations, following information is given below:

Description	Information required
Name of Subsidiary Company	Thatta Power (Private) Limited
Total Investment approved	Rs 300 million
Amount of Investment made to date	Rs 70 million as at June 30, 2021 (Rs Nil as on June 30, 2020)
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time.	Approval for loan/advance facility to the Subsidiary Company for an aggregate amount of Rs 300 million was initially obtained from the shareholders in the Annual General Meeting held on October 16, 2015 based on estimated requirements of funds by the Subsidiary Company. The said facility was renewed for a further period of one year in the last Annual General Meeting held on October 26, 2020. However, increasing trade debts of subsidiary company as of June 30, 2021 which mainly represents receivable from HESCO indicates that there is a delay in recovery of electricity bills issued to HESCO which may require financial support to the Subsidiary Company to honor its financial obligations and to meet its working capital requirements and in turn enable it to provide uninterrupted supply of electricity to its Holding Company for sustainable cement production.

Description	Information required
	Therefore, renewal of loan / advance facility for the Subsidiary Company is essential for its continued business operations on the terms and conditions renewed by the shareholders in their preceding Annual General Meeting and on the same terms and conditions as per the agreement between Thatta Cement Company Limited and Thatta Power (Private) Limited. Unless specifically authorized by members in general meeting, the special resolution authorizing investment in associated undertaking shall be valid for a period of twelve months and shall stand lapse after such period as provided in regulation no. 6 of the aforesaid Regulations. In view of aforesaid reasons, it is therefore proposed to extend the time for a further period of one year till the holding of next Annual General Meeting due to be held on or before October 27, 2022.
Material change in financial statements of associated company or undertaking since the resolution passed for making investment in said company or undertaking.	Receivable from HESCO increased to Rs. 947.68 million as of June 30, 2021 (Rs.801.23 million: June 30, 2020).

This statement is annexed to the Notice of the Annual General Meeting of the Company to be held on October 15, 2021 at which a special business is to be transacted and the purpose of this statement is to set out all the material facts concerning such special business in terms of sections 134(3) and 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 dated December 6, 2017. The directors have no additional interest except to the extent of their shareholding in the Company.

BDO

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF THATTA CEMENT COMPANY LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Thatta Cement Company Limited (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

KARACHI
DATED: September 20, 2021

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

Statement of Compliance with Listed Companies [Code of Corporate Governance] Regulations, 2019

For the year ended June 30, 2021

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following details:

    a. Male: six
    b. Female: one

2. The composition of the board is as follows:

Independent Directors:	four
Other Non-Executive Directors:	two
Executive Director:	one
Female Director:	one

3. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company;

4. The Company has prepared a 'Code of Conduct 'and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ['Act'] and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training program for the following:

    Mr. Khawaja Muhammad Salman Younis – Chairman
    Mr. Muhammad Aslam Shaikh - Chief Executive
    Ms. Naheed Memon - Director
    Mr. Agha Sher Shah - Director
    Mr. Saleem Zamindar - Director
    Mr. Noor Muhammad - Director

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The board has formed following Committees as required under CCG, 2019 which comprises of members given below:

	Name of Members	Audit Committee
1.	Mr. Saleem Zamindar	Chairman of Committee
2.	Mr. Khawaja Muhammad Salman Younis	Member
3.	Mr. Noor Muhammad	Member

	Name of Members	Human Resource and Remuneration Committee
1.	Mr. Agha Sher Shah	Chairman of Committee
2.	Ms. Naheed Memon	Member
3.	Mr. Muhammad Aslam Shaikh	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following:

Name of Committee	Number of Meetings held during year from July 1, 2020 to June 30, 2021
Audit Committee	Four
Human Resource and Remuneration Committee	One

15. The Board has outsourced the internal audit function and also appointed a Head of Internal Audit who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

Muhammad Aslam Shaikh
Chief Executive

Khawaja Muhammad Salman Younis
Chairman

Karachi: September 20, 2021

BDO

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Pakistan

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THATTA CEMENT COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of THATTA CEMENT COMPANY LIMITED (the Company), which comprise the statement of financial position as at June 30, 2021, and statement of the profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No	Key audit matters	How the matter was addressed in our audit
1.	Contingencies	
	As disclosed in note 25 to the annexed financial statements.The Company has contingent liabilities and tax litigations in respect of income and sales tax matters, which are pending adjudication at different levels with the taxation authorities and other legal forums. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities and tax related litigations, a key audit matter.	We undertook number of procedures to verify the appropriateness of contingencies in the financial statements. This included, among others: • We discussed the progress of each case and the Company's estimate of the cost to be incurred; • We reviewed the key elements of the basis used by management while challenging reasonableness of the cost estimates; • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Checked orders by relevant authority on previous lawsuits / cases which are being disclosed in the financial statements; and • Obtained legal advice on the above cases with the legal advisors to assess expected outcome and any estimate of outflow. • Made an assessment of likelihood of occurrence of such events and impact on the financial statements.
2.	Existence and valuation of stock-in-trade	
	As disclosed in note 10 to the annexed financial statements, 'stock-in-trade' which includes limestone, coal, slag, gypsum, iron ore, shale and clinker which are stored in purpose built shed and clinker which are stored in purpose built shed and stockpiles. Since the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volume by using an angle of repose and the bulk density. Due to the significance of the stock balances and related estimates involved, this is considered a key audit matter.	Our audit procedures to assess the existence and valuation of stock-in-trade, amongst others, included the following: • Obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the stock; • Attended the physical inventory count performed by the Company; and • Assessed the reasonableness of management's measurement of stockpiles during the physical count at year end and reviewed the conversion to the unit of volume.

S.No	Key audit matters	How the matter was addressed in our audit
3.	Revenue	
	As disclosed in note 26 to the accompanying financial statements, the Company has net sale amounting to Rs. 2,427.313 million which represents a significant element of the statement of profit or loss. We considered revenue as a key audit matter identifying revenue as one of the key performance indicators of the Company which gives rise to an inherent risk that it could be subject to misstatement to meet expectations or targets.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtained and understanding of process relating to recognition of revenue and testing the design and implementation of key internal controls over recording of revenue; • We tested the design and operating effectiveness of key controls in relation to the recognition of revenue, with particular focus on controls over the agreed prices and performance obligation; • Compared a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • Compared, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue has been recognized in the appropriate financial period; • Compared the details of a sample of journal entries posted to revenue accounts during the year, meeting with the relevant underlying documentation; • Reviewed the adequacy of disclosure as required under applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of Thatta Cement Company Limited (The Company) for the year ended June 30, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on September 30, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI
DATED: September 20, 2021

CHARTERED ACCOUNTANTS
BDO EBRAHIM & CO.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,951,747	2,021,470
Long term investment in Subsidiary	7	299,158	299,158
Long term deposits	8	1,096	1,096
		2,252,001	2,321,724
CURRENT ASSETS			
Stores, spare parts and loose tools	9	192,056	339,360
Stock-in-trade	10	436,440	410,190
Trade debts	11	192,284	136,330
Loan to the Subsidiary	12	70,000	-
Advances	13	6,052	6,597
Deposits and prepayments	14	26,784	18,973
Other receivables and accrued mark-up	15	2,104	2,788
Taxation-net	16	199,939	218,673
Cash and bank balances	17	317,412	22,465
		1,443,071	1,155,376
TOTAL ASSETS		3,695,072	3,477,100
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	18	2,000,000	2,000,000
Share capital	18	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		1,567,307	1,367,680
		2,664,206	2,464,579
NON CURRENT LIABILITIES			
Long term deposits	19	2,791	2,791
Long term employee benefit	20	15,113	15,963
Deferred taxation	21	307,717	285,150
		325,621	303,904
CURRENT LIABILITIES			
Trade and other payables	22	539,378	390,389
Unclaimed dividend		1,814	2,039
Accrued mark-up	23	3,507	9,645
Short term borrowings	24	160,546	306,544
		705,245	708,617
TOTAL EQUITY AND LIABILITIES		3,695,072	3,477,100
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
Sales - net	26	2,427,313	1,755,227
Cost of sales	27	(2,042,652)	(1,703,127)
Gross profit		384,661	52,100
Selling and distribution cost	28	(77,419)	(89,760)
Administrative expenses	29	(97,547)	(84,395)
		209,695	(122,055)
Other operating expenses	30	(20,469)	(19,107)
Impairment loss - trade debts		(3,783)	(897)
Other income	31	81,742	45,278
Operating profit / (loss)		267,185	(96,781)
Finance cost	32	(17,070)	(44,153)
Profit / (loss) before taxation		250,115	(140,934)
Taxation			
Current		(49,343)	(25,802)
Prior		(3)	-
Deferred		1,024	8,718
	33	(48,322)	(17,084)
Profit / (loss) for the year		201,793	(158,018)
Earnings / (loss) per share - basic and diluted (Rupees)	34	2.02	(1.58)

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
Profit / (loss) for the year		201,793	(158,018)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
(Loss) / gain on remeasurement of defined benefit liability	22.1.4	(2,166)	3,691
Total comprehensive income / (loss) for the year		199,627	(154,327)

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		250,115	(140,934)
Adjustment for:			
Depreciation on property, plant and equipment	6.1.2	107,736	87,648
Provision for obselete and slow moving of major stores and spares	27	3,222	1,614
Provision / (reversal) for obselete and slow moving stores and spares	27	4,816	(487)
Finance cost	32	17,070	43,110
Provision for gratuity	22.1.5	14,001	17,262
Provision for leave encashment	20.3	1,165	2,808
Provision for loss allowance		3,783	897
Property, plant and equipment written off	6.1	727	3
Workers' Welfare Fund	30	3,688	-
Workers' Profit Participation Fund	30	14,559	1,043
Gain on sale of property, plant and equipment	31	(662)	(104)
		170,105	153,794
Operating cash flows before working capital changes		420,220	12,860
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		142,488	(24,281)
Stock-in-trade		(26,250)	(20,998)
Trade debts		(59,737)	60,582
Loan to Subsidiary		(70,000)	-
Advances		545	(924)
Deposits and prepayments		(7,811)	2,420
Other receivable and accrued mark-up		684	1,218
		(20,081)	18,017
Increase in current liabilities			
Trade and other payables		149,369	108,575
Cash generated from operations		549,508	139,452
Finance cost paid		(23,208)	(41,226)
Gratuity paid	22.1.3	(34,795)	-
Leave encashment paid		(2,015)	(4,589)
Workers' Welfare Fund paid		-	(7,946)
Workers' Profit Participation Fund paid	22.3	-	(16,941)
Income tax paid- net		(7,020)	(26,749)
Net cash flows from operating activities		482,470	42,001

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(41,962)	(24,050)
Proceeds from sale of property, plant and equipment		662	104
Net cash used in investing activities		(41,300)	(23,946)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing from banking companies		-	(87,817)
Unclaimed dividend paid		(225)	(501)
Long term deposits paid		-	(1,506)
Net cash used in financing activities		(225)	(89,824)
Net increase / (decrease) in cash and cash equivalents		440,945	(71,769)
Cash and cash equivalents at the beginning of the year		(284,079)	(212,310)
Cash and cash equivalents at the end of the year	35	156,866	(284,079)

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Share Capital	Reserves		Total
		Share premium	Accumulated profit	
	---------------------- Rupees in thousands ----------------------			
Balance as at July 1, 2019	997,181	99,718	1,522,007	2,618,906
Total comprehensive loss for the year				
Loss for the year	-	-	(158,018)	(158,018)
Gain on remeasurement of defined benefit liability	-	-	3,691	3,691
	-	-	(154,327)	(154,327)
Balance as at June 30, 2020	997,181	99,718	1,367,680	2,464,579
Balance as at July 1, 2020	997,181	99,718	1,367,680	2,464,579
Total comprehensive income for the year				
Profit for the year	-	-	201,793	201,793
Loss on remeasurement of defined benefit liability	-	-	(2,166)	(2,166)
	-	-	199,627	199,627
Balance as at June 30, 2021	997,181	99,718	1,567,307	2,664,206

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 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 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.

These represent stand alone financial statements of the Company.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act , 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except as disclosed in the relevant accounting policies in note 5 to the unconsolidated financial statements.

These unconsolidated financial statements have been prepared following accrual basis of accounting except for cash flows information.

3.3 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with the accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management that are significant to the unconsolidated financial statements are as follows:

- depreciation method, useful lives and residual values of property, plant and equipment (notes 5.1 and 6.1)
- provision of slow moving and obsolete stores, spares and loose tools (notes 5.4, and 9)
- allowance for expected credit losses (notes 5.17.1 and 11)
- taxation (notes 5.10 and 33)
- employee benefit obligations (notes 5.8 and 20)
- contingencies (notes 5.14 and 25)

3.4 Functional and presentation currency

Items included in the unconsolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees ('Rupees' or 'Rs.'), which is the Company's functional and presentation currency.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (Annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent consessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (Annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent consessions	April 01, 2021
Amendments to IAS 1'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

5.1 Property, plant and equipment

a) Operating fixed assets

Property, plant and equipment (except freehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on property, plant and equipment

Depreciation is charged using straight line method on all assets except on plant and machinery (other than utilities within plant and machinery) on which depreciation is charged by applying 'Units of Production (UoP) method'. Depreciation on addition is charged from the date when the asset is available for use and on disposal upto the date when the asset is classified as 'held for sale' in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Asset's residual values and useful lives are reviewed, and adjusted, if appropriate at each reporting date.

Subsequent costs

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal maintenance and repairs are charged to unconsolidated statement of profit or loss as and when incurred whereas major renewals and improvements are capitalized if criteria is met.

Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized in unconsolidated statement of profit or loss.

b) Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to operating fixed assets as and when assets are available for use.

5.2 Impairment of non-financial assets

The carrying amounts of non-financial assets other than stock in trade and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the unconsolidated statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.3 Investment in subsidiaries

Investment in subsidiaries are initially recognized at cost in the unconsolidated financial statements. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the unconsolidated statement profit or loss.

5.4 Stores, spare parts and loose tools

These are stated at lower of cost (calculated on weighted average basis) and net realizable value, less provision for dead and slow moving stores and spares. Store and spares in transit are valued at invoice value plus other charges incurred thereon as on the reporting date.

Provision for dead and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

5.5 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost or net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at cost on weighted average basis. Stocks in transit are valued at cost comprising of invoice value plus other charges directly attributable to the acquisition of related purchase incurred upto the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessary to be incurred in order to make the sale.

5.6 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method. The Company is required to recognize allowance for doubtful debts on all financial assets carried at amortized cost in accordance with Expected Credit Loss (ECL) requiring to recognize the loss irrespective whether the loss event has occurred. Bad debts are written off when considered irrecoverable. Due to short term nature, trade and other receivables are not discounted.

5.7 Cash and cash equivalents

For the purposes of the unconsolidated statement of cash flows, cash and cash equivalents comprises of cash in hand, cash with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

5.8 Employees benefits

The Company's employees benefits comprise of provident fund, gratuity scheme and leave encashment for eligible employees.

5.8.1 Employee retirement benefits

a) Defined benefit plan

The Company operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the Trust Deed.

The liability recognized in respect of gratuity is the present value of the Company's obligations under the scheme at the date of unconsolidated statement of financial position less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds. The government bonds are consistent with the estimated term of the post-employment benefit obligations.

b) Defined contribution plan

The Company also operates an approved contributory provident fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees at the rate of 10% of basic salary.

c) Leave encashment

The liability for accumulated earned leaves which are eligible for encashment relating to permanent employees are recognized on the basis of actuarial valuation in the period in which permanent employees render service that increases their entitlement to future leave encashment.

5.9 Borrowings and finance cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing cost incurred on long term finances directly attributable to the construction / acquisition of qualifying asset are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to unconsolidated statement of profit or loss.

5.10 Taxation

a) Current

Provision for current taxation is computed in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior years including those arising from assessment and amendments in assessments during the year in such years.

b) Deferred

The Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

5.11 IFRIC-23 "Uncertainty over income tax treatments"

The company has adopted IFRIC-23 - Uncertainty over income tax treatment which clarifies how the recognition and measurement requirement of IAS-12 Income taxes are applied when there is uncertainty over income tax treatment. IFRIC-23 explains how the recognition and measurement of deferred and current income tax assets and liabilities when there is uncertainty over tax treatment .

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over income tax that will be accepted by tax authorities . IFRIC-23 applies to all aspect of income tax accounting, when there is a uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

While there are new disclosure requirements, entities are reminded of the general requirement to provide information about judgment and estimates made in preparing the unconsolidated financial statement.

The Company is already in compliance with the requirement of IFRIC-23

5.12 Trade and other payables

These are recognized and carried at cost which is fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

5.13 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at the reporting date and adjusted to reflect the best estimate.

5.14 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.15 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices except for Business Support Services for which the pricing mechanism is subject to approval of the Board of Directors.

5.16 Revenue recognition

Revenue is recognized when control of a promised goods passes to a customer. It is measured at the fair value of the consideration received or receivable, sales tax and other duties collected on behalf of third parties are not taken into account.

Company primarily generates revenue from sale of cement for which the control passes to the customer at a specific point in time.

The revenue is recorded on the basis of the consideration defined in the contract with the customer, including variable consideration such as discount, volume rebates or other contractual price reductions; if any.

Interest and rental / other income is recognized on accrual basis.

5.17 Financial assets and liabilities

5.17.1 Financial assets

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in unconsolidated statement of profit or loss.

Impairment

The Company recognize an allowance for expected credit loss on all financial assets carried at amortized cost irrespective whether a loss event has occurred. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets (deposits, other receivables and cash and bank balances) i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition, and if otherwise, ECL to measure at life time expected credit losses.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the unconsolidated statement of profit or loss.

5.17.2 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in unconsolidated statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in unconsolidated statement of profit or loss.

5.18 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

5.19 Segment reporting

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items, if any, mainly comprises of corporate assets, head office expenses and tax assets and liabilities. Management has determined that the Company has a single reportable segment and therefore it has only presented entity wide disclosures.

5.20 Foreign currency transactions

Transactions in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pak Rupees using the exchange rates prevailing on the reporting date. All exchange differences are taken into unconsolidated statement of profit or loss.

5.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, if any.

5.22 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are approved.

		2021	2020
	Note	------ Rupees in thousands ------	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,859,849	1,959,623
Major stores and spares	6.2	64,118	61,847
Capital work in progress	6.3	27,780	-
		1,951,747	2,021,470

6.1 Operating fixed assets

Description	Freehold land	Leasehold improvements	Quarries and improvements	Factory building on freehold land	Electrical and gas installations	Housing colonies	Office building on freehold land	Plant and machinery	Quarry equipments	Railway sidings	Vehicles	Furniture and fixtures	Office equipments	Medical equipment	Laboratory equipment	Computer equipments	Total
	------ Rupees in thousands ------																
Year ended June 30, 2021																	
Net carrying value basis																	
Opening net book value	6,186	-	126	24,220	36,104	13,855	2,974	1,834,336	293	686	5,483	2,204	8,439	1	23,886	830	1,959,623
Additions	-	-	-	-	-	-	-	4,714	-	-	3,042	-	-	-	820	113	8,689
Adjustments- NBV	-	-	-	-	-	-	-	391	-	-	-	-	336	-	-	-	727
Depreciation charge	-	-	9	5,559	2,560	990	212	87,038	88	172	3,450	551	1,755	1	4,991	360	107,736
Closing net book value	6,186	-	117	18,661	33,544	12,865	2,762	1,751,621	205	514	5,075	1,653	6,348	-	19,715	583	1,859,849
Gross carrying value basis																	
Cost/revalue	6,186	2,585	11,963	246,642	59,265	74,096	22,281	3,435,065	19,296	14,905	67,142	11,023	18,170	629	72,589	21,789	4,083,626
Accumulated depreciation	-	2,585	11,846	227,981	25,721	61,231	19,519	1,683,444	19,091	14,391	62,067	9,370	11,822	629	52,874	21,206	2,223,777
Net book value	6,186	-	117	18,661	33,544	12,865	2,762	1,751,621	205	514	5,075	1,653	6,348	-	19,715	583	1,859,849
Year ended June 30, 2020																	
Net carrying value basis																	
Opening net book value	6,186	-	135	29,779	38,664	14,845	3,186	1,894,600	381	858	10,817	2,759	10,200	2	27,403	1	2,039,816
Additions during the year	-	-	-	-	-	-	-	4,878	-	-	-	-	-	-	1,437	1,144	7,458
Adjustments- NBV	-	-	-	-	-	-	-	-	-	-	-	1	2	-	-	-	3
Depreciation charge	-	-	9	5,559	2,560	990	212	65,142	88	172	5,334	553	1,759	1	4,954	315	87,648
Closing net book value	6,186	-	126	24,220	36,104	13,855	2,974	1,834,336	293	686	5,483	2,204	8,439	1	23,886	830	1,959,623
Gross carrying value basis																	
Cost/revalue	6,186	2,585	11,963	246,642	59,265	74,096	22,281	3,430,742	19,296	14,905	64,100	11,023	18,506	629	71,769	21,676	4,075,664
Accumulated depreciation	-	2,585	11,837	222,422	23,161	60,241	19,307	1,596,406	19,003	14,219	58,617	8,819	10,067	628	47,883	20,846	2,116,041
Net book value	6,186	-	126	24,220	36,104	13,855	2,974	1,834,336	293	686	5,483	2,204	8,439	1	23,886	830	1,959,623

6.1.1 The adjustment represents write off of certain items of operating fixed assets that have been taken out from active use as they are no longer usable and are in unserviceable condition.

	Note	2021	2020
		------ Rupees in thousands ------	

6.1.2 Allocation of depreciation

The depreciation charge for the year has been allocated as under:

	Note	2021	2020
Cost of sales	27	105,104	84,636
Selling and distribution cost	28	788	789
Administrative expenses	29	1,844	2,223
		107,736	87,648

6.2 Major stores and spares

	Note	2021	2020
Cost			
Opening balance		100,766	84,175
Additions during the year		11,001	24,050
Transferred during the year		(5,508)	(7,459)
Closing balance		106,259	100,766
Accumulated impairment			
Opening balance		(38,919)	(37,305)
Impairment charge for the year	27	(3,222)	(1,614)
Closing balance		(42,141)	(38,919)
Net book value		64,118	61,847

6.3 Capital work in progress

	Note	2021	2020
Solar panel project		27,780	-

7 LONG TERM INVESTMENT IN SUBSIDIARY

	Note	2021	2020
Thatta Power (Private) Limited (TPPL)	7.1 & 7.2	299,158	299,158

7.1 The Company owns 62.43% shareholding of TPPL as at June 30, 2021 (2020: 62.43%). The principal business of the Subsidiary Company is generation and sale of electric power. At June 30, 2021 TPPL has authorized and issued share capital of Rs.500 million and Rs.479.16 million divided into 50,000,000 and 47,915,830 ordinary shares respectively. Investment in subsidiary is accounted and carried at cost in the unconsolidated financial statements .

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

8 LONG TERM DEPOSITS

	Note	2021	2020
		------ Rupees in thousands ------	
Long term deposits	8.1	1,096	1,096

8.1 Long term deposits are given in the normal course of business and do not carry any interest or mark-up.

	Note	2021	2020
		------ Rupees in thousands ------	
9 STORES, SPARE PARTS AND LOOSE TOOLS			
Coal and other fuels		23,288	163,933
Stores and spare parts		199,831	201,678
Loose tools		109	105
		223,228	365,716
Provision for obsolete stores		(3,843)	(3,871)
Provision for slow moving stores and spares		(27,329)	(22,485)
	9.1	(31,172)	(26,356)
		192,056	339,360
9.1 Movement in provision			
Balance as at July 01		(26,356)	(26,843)
(Provision) / reversal recognized during the year	27	(4,816)	487
Balance as at June 30		(31,172)	(26,356)
10 STOCK-IN-TRADE			
Raw material	27.1	13,938	18,587
Packing material	27.2	44,473	36,962
Work-in-process	27	334,414	303,363
Finished goods	27	43,615	51,278
		436,440	410,190
11 TRADE DEBTS			
Considered good			
Local - unsecured		192,284	136,330
Considered doubtful			
Local - unsecured	11.2	78,890	75,107
		271,174	211,437
Allowance for expected credit losses		(78,890)	(75,107)
		192,284	136,330
11.1 Allowance for expected credit losses			
Balance at beginning of the year		75,107	74,210
Allowance for expected credit losses		3,783	897
Balance at end of the year		78,890	75,107

11.2 This includes balances outstanding for more than ten years. Management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Company whose services had been terminated, when the Company was operating under State Cement Corporation of Pakistan (SCCP). Accordingly, Management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs.2.276 million in preceding years. The Company is continuously following with NAB officials for early realization of amount owed to the Company and has also written letters in this regard for which reply has not yet been received, therefore, provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

12 LOAN TO THE SUBSIDIARY

	Note	2021	2020
		------ Rupees in thousands ------	
Loan to Thatta Power (Private) Limited	12.1 &12.2	70,000	-

12.1 Loan is extended to Thatta Power (Private) Limited (TPPL), the Subsidiary Company, to honour its financial obligations including working capital requirements which will ensure smooth business operations of the Subsidiary Company. This will in turn ensure uninterrupted supply of electricity to the Company and hence, maintaining sustainable cement production. The loan facility carries markup at the rate of 3 months KIBOR plus 2.62% per annum payable on quarterly basis. As the Company owns majority shares of the Subsidiary Company, the loan was extended without any collateral security. The maximum balance outstanding at any month end during the year amounting to Rs. 70 million.

12.2 The Company had sought approval from its shareholders in Annual General Meeting held on October 26, 2020, to provide loan facility aggregating to Rs. 300 million at KIBOR+2.62% to the Subsidiary Company to honor its financial obligations and to meet its working capital requirements.

13 ADVANCES

	Note	2021	2020
		------ Rupees in thousands ------	
Considered good - unsecured			
To vendors		5,920	6,405
Others		132	192
		6,052	6,597

14 DEPOSITS AND PREPAYMENTS

	Note	2021	2020
Deposits	14.1	10,185	1,734
Deposit with Commissioner Workmen's Compensation	25.1.17	14,915	14,915
Prepayments		1,684	2,324
		26,784	18,973

14.1 Deposits are given in the normal course of business and comprises of earnest money and security deposits. These do not carry any interest or mark-up.

15 OTHER RECEIVABLES AND ACCRUED MARKUP

	Note	2021	2020
		------ Rupees in thousands ------	
Interest receivable from the Subsidiary		427	-
Others		1,677	2,788
		2,104	2,788

16 TAXATION - NET

	Note	2021	2020
Advance Income Tax		17,107	27,062
Provision		(25,750)	(25,802)
Income tax refundable	16.1	208,582	217,413
		199,939	218,673

16.1 This mainly includes an amount of Rs. 208.582 million (2020: Rs. 217.413 million) representing tax refundable for the tax year 2015, 2016, 2017, 2018, 2019 and 2020.

17 CASH AND BANK BALANCES

	Note	2021	2020
		------ Rupees in thousands ------	
Cash in hand		2,475	2,575
Cash at bank			
Current account		246,476	10,199
Profit and loss sharing (PLS) accounts	17.1	68,461	9,691
		314,937	19,890
		317,412	22,465

17.1 During the year, the mark-up rates on PLS accounts ranges from 6% to 6.5% (2020: 6.5% to 11.25%) per annum.

18 SHARE CAPITAL

2021	2020		2021	2020
------ 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 - shares allotted for consideration paid in cash	894,181	894,181
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each - shares allotted for consideration other than cash	103,000	103,000
99,718,125	99,718,125		997,181	997,181

18.1 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at Annual General Meetings (AGM) of the Company. All shares rank equally with regard to the Company's residual assets.

19 LONG TERM DEPOSITS

	Note	2021	2020
		------ Rupees in thousands ------	
Dealers	19.1	2,110	2,110
Suppliers and contractors	19.2	681	681
		2,791	2,791

19.1 These relate to dealers against whom recovery proceedings are in process with National Accountability Bureau (NAB) and are adjustable against the amount owed by them to the Company (refer note 11.2).

19.2 These represent interest free security deposits, received from dealers, suppliers and contractors. These are kept in separate bank account and repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

20 LONG TERM EMPLOYEE BENEFITS

This represents accrual for encashment of eligible earned leave balances in respect of permanent employees. Principal actuarial assumptions used for determining leave encashment liability are same as are used for Gratuity actuarial valuation as disclosed in note 20.2.

20.1 The amount recognized as liability in the unconsolidated statement of financial position is as follows:

	Note	2021	2020
		------ Rupees in thousands ------	
Present value of defined benefit obligation	20.2	14,804	15,792
Benefits due but not paid (payables)		309	171
Closing net liability		15,113	15,963

20.2 Movement in present value of defined benefit obligation

	Note	2021	2020
Balance as at July 01		15,792	17,744
Current service cost	20.3	1,071	1,247
Interest cost	20.3	1,251	2,189
Benefits due but not paid (payables)		(309)	(171)
Benefits paid		(1,844)	(4,589)
Remeasurement gain due to change in experience adjustments	20.3	(1,157)	(628)
Balance as at June 30		14,804	15,792

20.3 The amount recognized in unconsolidated statement of profit or loss is as follows:

	Note	2021	2020
Current service cost	20.2	1,071	1,247
Gain arising on present value of defined benefit obligation	20.2	(1,157)	(628)
Interest cost on defined benefit obligation	20.2	1,251	2,189
	20.4	1,165	2,808

20.4 Movement in liabilities

	2021	2020
Balance as at July 01 (net liability)	15,963	17,744
Charge for the year	1,165	2,808
Benefits paid	(2,015)	(4,589)
Balance as at June 30 (net liability)	15,113	15,963

20.5 Sensitivity analysis (± 100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	-------------------- Rupees in thousands --------------------			
2021	13,754	16,034	16,014	16,754
2020	14,635	17,149	17,127	14,635

	Note	2021	2020
		------ Rupees in thousands ------	

20.6 The charge for the year has been allocated as follows:

	Note	2021	2020
Cost of sales		780	2,090
Selling and distribution cost		53	118
Administrative expenses		332	600
		1,165	2,808

21 DEFERRED TAXATION

	Note	2021	2020
Taxable temporary differences arising in respect of			
Accelerated tax depreciation		351,855	349,349
Deductible temporary differences arising in respect of			
Other provisions - for doubtful debts and stores		(44,138)	(40,608)
Minimum tax u/s 113	21.1	-	(23,591)
	21.2	307,717	285,150

21.1 The utilization of the deferred tax asset is depended on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

21.2 Movement in Deferred Tax

	Opening balance	Charge / (adjustment) to profit or loss for the year	Closing balance
	------ Rupees in thousands ------		
2021			
Deferred tax liabilities			
Accelerated tax depreciation	349,349	2,506	351,855
Deferred tax asset			
Other provisions - for doubtful debts and stores	(40,608)	(3,530)	(44,138)
Minimum tax u/s 113	(23,591)	23,591	-
	285,150	22,567	307,717
2020			
Deferred tax liabilities			
Accelerated tax depreciation	333,992	15,357	349,349
Deferred tax asset			
Other provisions - for doubtful debts and stores	(40,124)	(484)	(40,608)
Minimum tax u/s 113	-	(23,591)	(23,591)
	293,868	(8,718)	285,150

22 TRADE AND OTHER PAYABLES

	Note	2021	2020
		------ Rupees in thousands ------	
Trade creditors		60,644	38,287
Accrued liabilities		147,889	123,162
Bills payable		181,252	123,881
Contract liability		34,842	30,536
Excise duty and sales tax payable		75,203	33,795
Payable to Gratuity Fund	22.1.1	16,168	34,795
Payable to Provident Fund	22.2	1,531	1,518
Workers' Profit Participation Fund	22.3	14,559	-
Workers' Welfare Fund		3,688	-
Other liabilities		3,602	4,415
		539,378	390,389

22.1 Payable to Gratuity Fund

- Principal actuarial assumptions used in the actuarial valuation of the scheme carried out under Projected Unit Credit (PUC) Actuarial Cost Method as at June 30, 2021 are as follows:

- Discount rate used for year end obligation is 10% per annum (2020: 8.50% per annum).

- Discount rate used for interest cost in unconsolidated statement of profit or loss charge is 8.5% per annum (2020: 14.25% per annum)

- Expected rate of increase in salary level at 9% per annum (2020: 7.5% per annum).

- Mortality rate used is SLIC 2001-2005 (2020: SLIC 2001-2005).

22.1.1 The amount recognized in the unconsolidated statement of financial position is as follows:

	Note	2021	2020
		------ Rupees in thousands ------	
Present value of defined benefit obligation	22.1.2	100,019	90,172
Fair value of plan assets	22.1.3	(83,851)	(55,377)
Closing net liability		16,168	34,795

22.1.2 Movement in present value of defined benefit obligation

	Note	2021	2020
Balance as at July 01 (net liability)		90,172	93,877
Current service cost		12,621	14,332
Interest cost		7,174	11,725
Benefits paid		(9,269)	(21,875)
Benefits due but not paid		(2,309)	(1,313)
Remeasurement loss / (gain) due to change in experience adjustments	22.1.6	1,630	(6,574)
Balance as at June 30 (net liability)		100,019	90,172

	Note	2021	2020
		------ Rupees in thousands ------	

22.1.3 Movement in the fair value of plan assets

	Note	2021	2020
Balance as at July 01		55,377	72,653
Expected return / Interest income on plan assets	22.1.7	5,792	8,795
Contribution		34,795	-
Benefits paid		(9,269)	(21,875)
Benefit due but not paid		(2,309)	(1,313)
Return on plan assets excluding interest income	22.1.7	(536)	(2,883)
Balance as at June 30	22.1.9	83,851	55,377

22.1.4 Movement in liabilities

	Note	2021	2020
Balance as at July 01 (net liability)		34,795	21,224
Charge for the year	22.1.5	14,001	17,262
Remeasurements chargeable/(reversal) in other comprehensive income		2,166	(3,691)
Contribution		(34,795)	-
Balance as at June 30 (net liability)		16,168	34,795

22.1.5 The amount recognized in unconsolidated statement of profit or loss is as follows:

	Note	2021	2020
Current service cost		12,621	14,332
Interest cost		7,172	11,725
Expected return / interest income on plan assets		(5,792)	(8,795)
	22.1.4	14,001	17,262

22.1.6 The amount recognized in unconsolidated statement of other comprehensive income is as follows:

	Note	2021	2020
Remeasurement loss due to changes in assumption and experience adjustments	22.1.2	1,630	(6,574)
Return on plan assets excluding interest income	22.1.3	536	2,883
		2,166	(3,691)

22.1.7 Return on plan assets is as follows:

	Note	2021	2020
Expected return / interest income on plan assets	22.1.3	5,792	8,795
Return on plan assets excluding interest income	22.1.3	(536)	(2,883)
		5,256	5,912

22.1.8 Analysis of present value of defined benefit obligation and fair value of plan assets

	2021	2020	2019	2018	2017
	------------------------ Rupees in thousands ------------------------				
Present value of defined benefit obligation	(100,019)	(90,172)	(93,877)	(79,230)	(84,760)
Fair value of plan assets	83,851	55,377	72,654	59,246	70,434
Deficit	(16,168)	(34,795)	(21,223)	(19,984)	(14,326)

22.1.9 Disaggregation of fair value of plan assets

The fair value of the plan assets at the reporting date for each category is as follows:

	Note	2021	2020
		Rupees in thousands	
Cash and cash equivalents (adjusted for current liabilities)		(1,178)	(890)
Mutual Islamic funds		45,029	16,558
Certificate of Islamic investments		40,000	39,709
	22.1.3	83,851	55,377

22.1.10 Sensitivity analysis (± 100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	Rupees in thousands			
2021	94,513	106,303	106,468	942,267
2020	85,181	95,864	96,012	84,959

22.1.11 The charge for the year has been allocated as follows:

	Note	2021	2020
		Rupees in thousands	
Cost of sales	27	10,025	12,282
Selling and distribution cost	28	737	1,143
Administrative expenses	29	3,239	3,837
		14,001	17,262

22.2 The following information is based on the audited financial statements of the Provident fund:

	Note	2021	2020
Size of the Fund - total assets		95,487	85,909
Cost of investments made		94,478	85,252
Percentage of investments made		99%	100%
Fair value of investments	22.2.1	95,317	85,800

22.2.1 Fair value of investment is held by provident fund

	2021		2020	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	5,647	6%	13,682	16%
Term deposit	38,127	40%	36,111	42%
Mutual funds	51,543	54%	36,007	42%
	95,317	100%	85,800	100%

22.2.2 The investments out of Provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

		Note	2021	2020
			------ Rupees in thousands ------	
22.3	Workers' Profit Participation Fund (WPPF)			
	Balance as at July 01		-	15,898
	Allocation for the year	30	14,559	-
	Interest on opening balance		-	1,043
			14,559	16,941
	Payments made during the year		-	(16,941)
	Balance as at June 30		14,559	-
23	ACCRUED MARK-UP			
	Short term borrowing		3,507	8,457
	Gratuity Fund		-	1,188
			3,507	9,645
24	SHORT TERM BORROWINGS			
	Short-term running finance (secured)	24.1	160,546	306,544

24.1 The aggregate running finance facilities available from banks as at June 30, 2021 amounting to Rs. 500 million (2020: Rs. 500 million) out of which Rs. 189.603 million (2020: Rs. 193.456 million) remained unutilized at the year end. The facilities aggregating to Rs. 400 million are secured by way of first pari passu charge over current assets and ranking charge on fixed assets with 25% margin. The remaining facilities aggregating to Rs. 200 million are secured by way of first pari passu hypothecation charge over all plant and machinery and ranking hypothecation charges over all current assets with 25% margin. These facilities are renewable annually and carry mark-up at 3-months KIBOR plus ranging from 1.25% - 3% p.a (2020: 3-months KIBOR plus 1.25% - 3% p.a).

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 In 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) on February 19, 2016 against the said order relating to certain add backs/disallowances, which is pending for hearing. In view of Company's tax consultant, the Company has an arguable case on merit; however, outcome cannot be assessed with certainity.

25.1.2 In the year 2013-14, the Additional Commissioner Inland Revenue - (ACIR) issued assessment order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances and additions in taxable income thereby raising a tax demand of Rs. 2.787 million in respect of Tax Year 2008. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) The management is confident that the Company has an arguable case on merits, however definite outcome cannot be predicted. Hence, no provision is required to be made in these unconsolidated financial statements.

25.1.3 The Deputy Commissioner Inland Revenue (DCIR) has issued Assessment Orders in 2014-15 raising an aggregate sales tax demand for Rs. 5.989 million by disallowing certain input tax claimed by the Company in its sales tax return for tax period from July 2012 to February 2015. The Company had filed appeals against such Assessment Orders before Commissioner Inland Revenue (CIR-A) who has passed orders aggregating to Rs. 5.91 million in favor of the Company. During 2016, tax department has filed appeals against the said orders before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing. In view of Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.4 In respect of tax periods from July 2012 to December 2014, an Order in Original (ONO) has been issued by an Officer of Sales Tax in 2014-15 against the Company raising a demand of Rs. 244.274 million which is mainly based on comparison of industry average for fuel and power consumption with that of the Company and thereby presuming the production quantities which in the view of tax authorities have not been subject to Sales Tax and Federal Excise Duty. Accordingly, the Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by Officer of Sales Tax, however CIR-A decided the case against the Company. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A. Moreover, recovery proceedings were also initiated by tax authorities in the matter for an aggregate demand amount of Rs 488.548 million including 100% penalty on the principal amount as aforesaid. Therefore, the Company filed a stay application against the said aggregate demand before Sindh High Court. The Sindh High Court has allowed and interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect. During 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Company. During 2018, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by Appellate Tribunal Inland Revenue in favor of the Company. The matter is pending for adjudication. In view of Company's legal counsel, the case is sound in law; however, an outcome cannot be predicted with any degree of certainty.

25.1.5 During 2018, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Company in respect of tax periods from July 2013 to August 2017 raising a demand of Rs. 56.632 million by disallowing certain input tax claimed by the Company in its sales tax returns for the aforesaid tax periods. The Company has filed an appeal on March 28, 2018 against the ONO passed by DCIR before Commissioner Inland Revenue - Appeals (CIR-A). The appeal has been decided in favor of the Company. The Commissioner Inland Revenue has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) in favor of the Company. The matter is pending for adjudication. In view of Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.6 During 2018, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001(the Ordinance) in respect of tax year 2017 raising a tax demand of Rs. 94.670 million including default surcharge and penalty aggregating to Rs 15.208 million on the ground that Company has not deducted applicable withholding taxes while making payments for purchases and certain expenses and hence, made default under section 161/205 of the Ordinance. The Company has filed an appeal on May 4, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by DCIR. The CIR-A has passed an order in favor of the Company. However, Commissioner Inland Revenue has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue - Appeals (CIR-A) passed in favor of the Company. In view of Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.7 During 2019, Assistant Commissioner Inland Revenue (ACIR) has passed an order under section 122(1) of the Income Tax Ordinance, 2001(the Ordinance) in relation to tax audit conducted under section 177 of the Ordinance, in respect of tax year 2016. Through the said order, ACIR has disallowed deduction of certain expenses, deductible allowance of WPPF and tax credit claimed under section 65B of the Ordinance amounting to Rs 28.497 million, Rs 35.768 million and Rs 16.915 million respectively. The Company has filed an appeal on September 13, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by ACIR. While deciding the appeal, CIR-A has allowed deduction of Rs 28.497 million whereas deduction allowance of WPPF and tax credit under section 65B were upheld by CIR-A. Therefore, the Company has filed an appeal on November 12, 2018 before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A on the said disallowances which is pending for hearing. In view of Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.8 Deputy Commissioner Inland Revenue (DCIR) issued an order-in-original (ONO) dated June 28, 2019 in respect of sales tax audit for the tax period from July 2017 to June 2018 raising a demand of Rs. 7.452 million (including default surcharge and penalty) by disallowing certain input tax claimed by the Company in its sales tax return for the aforesaid tax period. The Company filed an appeal before Commissioner Inland Revenue-Appeals (CIR-A) against ONO issued by DCIR. While deciding appeal, CIR-A has deleted the disallowances of input tax amounting to Rs. 7.086 million and confirmed disallowance amounting to Rs. 0.011 million. The Department has filed an appeal against the CIR-A's Order before the Appellate Tribunal Inland Revenue Karachi. The case is not yet fixed for hearing. In view of Company's tax consultant, favourable outcome of such appeal is anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.9 Showcause notice u/s 122 (5A) of the Income Tax Ordinance, 2001 dated February 15, 2019 was issued by Additional Commissioner Inland Revenue (ACIR) Zone II, LTU containing observations relating to self-assessment order u/s 120 of the Income Tax Ordinance, 2001 for the tax year 2017. The Company explained observations and attended hearings from time to time. However, learned ACIR passed Amended Assessment Order dated July 02, 2019 raising a demand of 34.094 million by disallowing certain expenses and tax credits. Such disallowances include fuel adjustment of Rs. 3.678 million, reduction in b/f tax credit u/s 65B of Income Tax Ordinance, 2001 (the Ordinance) relating to tax year 2016 and disallowance of WPPF contribution. Management of the Company has filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). The CIR-Appeals annulled the assessment order vide his order no. 18 dated September 06, 2019. On November 21, 2019, ACIR issued notice to the company for further clarification/explanation regarding fuel adjustment, WPPF and WWF to pass the appeal effect order. The management of the Company provided the required clarification/explanation, however, appeal effect order has not yet been passed by ACIR.

25.1.10 On September 05, 2019, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Company in respect of Sales tax audit for the tax period from July 2018 to December 2019 raising a demand of Rs. 0.150 million including default surcharge and penalty by disallowing certain input tax amounting to Rs. 0.143 million claimed by the Company in its sales tax returns for the aforesaid tax period. The Company filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A) against the said order. Based on the appeal by the Company, CIR(A) vide his order STA/402/LTO/2021/26 dated June 17, 2021 remanded back the case to DCIR. In view of Company's tax consultant, favorable outcome is anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.11 The Deputy Commissioner Inland revenue (DCIR) has issued showcause notice dated September 05, 2019 to the Company for the Periods July 2018 to June 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 said period. 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 unconsolidated financial statements.

25.1.12 Deputy Commissioner Inland Revenue (DCIR) issued showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 dated April 22, 2021 to conduct the audit of Income tax affairs of company under section 177 of Income Tax Ordinance, 2001, for the Tax Year 2019. The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 22, 2021 by raising a tax demand of Rs. 516.55 million by making certain allowances and additions to the taxable income as reported in the income tax return of that year. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. The management is confident that the Company has an arguable case on merits, however an outcome cannot be predicted. Hence, no provision is required to be made in these unconsolidated financial statements.

25.1.13 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 24, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) to conduct the audit of income tax affairs under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2020. The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 24, 2021 by raising a tax demand of Rs. 46.43 million by making certain allowances and additions to the taxable income as reported in the income tax return of that year. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. The management is confident that the Company has an arguable case on merits, however an outcome cannot be predicted. Hence, no provision is required to be made in these unconsolidated financial statements.

25.1.14 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 26, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) Zone II, LTU to conduct the audit of income tax affairs of company under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2017.

The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 28, 2021 by making certain allowances and additions amounting to the taxable income as reported in the income tax return of the said year. Resultantly, tax refunds of the Company for the said year have been reduced by 5.15 million. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. In the view of Company's tax consultant, favourable outcome of such appeal is anticipated. Hence, no adjustment is required to be made in these unconsolidated financial statements.

25.1.15 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 26, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) Zone II, LTU to conduct the audit of income tax affairs of company under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2018. The Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 28, 2021 by making certain allowances and additions amounting to the taxable income as reported in the income tax return of the said year. Resultantly, tax refunds of the Company for the said year have been reduced by 4.75 million. Management of the Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. In the view of Company's tax consultant, favourable outcome of such appeal is anticipated. Hence, no adjustment is required to be made in these unconsolidated financial statements.

25.1.16 The Deputy Commissioner Inland Revenue (DCIR) has issued Assessment Order dated June 30, 2021 for the period July 01, 2015 to June 30, 2016 raising an aggregate sales tax demand for Rs. 122.97 million by disallowing certain input tax claimed by the Company in its sales tax return for the said tax period . The Company filed appeal against such Assessment Orders before Commissioner Inland Revenue (CIR-A) which are pending for hearing. In view of Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these unconsolidated financial statements.

25.1.17 Certain ex-employees of the Company contested the Company's gratuity policy of 30 days and filed a suit against the Company demanding 60 days gratuity as applicable to the employees of former holding company having an impact of Rs. 14.9 million. The said suit has been decided in favor of the applicants. However, the Company challenged the said order vide C.P. no. 591/2013, before the Sindh High Court at Hyderabad and later on filed Labor Appeal No. 04/2014, before the Sindh Labor Court No. VI at Hyderabad being the Court of appropriate jurisdiction. After dismissal of the said appeal, a revision application has been filed before the Sindh Labor Appellate Tribunal, Karachi. The Tribunal also dismissed the appeal and hence C.P. no. D-2636 has been filed on November 2, 2015 before the Honorable High Court of Sindh at Hyderabad wherein stay has been granted by the High Court. The matter is pending for disposal. In view of the Company's legal counsel, the Company has a good case whereas no definite outcome can be anticipated.

25.1.18 An ex-employee of the Company had filed CP # 86/2013 on May 21, 2013 for recovery of Rs. 2.10 million out of which an amount of Rs. 0.248 million has been claimed on account of 60 days gratuity and numerous other false and fabricated claims of short payments of Rs. 1.86 million. In view of the Company's legal counsel, the Company has a good case whereas no definite outcome can be estimated.

25.1.19 Ex-workers of Labor Contractor had filed applications against the Company before the Labor Court at Hyderabad for reinstatement of their services which were not maintainable therefore, dismissed by the Court. The decision has been challenged vide Appeal no. Hyd-25/2016, Hyd-26/2016, Hyd-27/2016 and Hyd-28/2016 before the Sindh Labor Appellate Tribunal in Karachi. During 2018, Sindh Labor Appellate Tribunal has disposed of the appeals filed by ex-workers of contractor by awarding them the compensation instead of reinstatement of their services. The Company has challenged the said decision on January 5, 2018 before the High Court of Sindh, Hyderabad. In view of the Company's legal counsel, the Company has a good case whereas no definite outcome can be estimated.

25.1.20 During 2017, an ex-employee of the Company had filed a Suit no. 51/2017 on July 5, 2017 for recovery of damages, salaries and mesne profit amounting to Rs. 197 million in the High Court of Sindh. The said ex-employee was dismissed from the Company's service on November 1, 1999 due to involvement in serious acts of misconduct. The said person has challenged the dismissal before different forums including High Court of Sindh, Federal Services Tribunal and the Supreme Court of Pakistan and lost all the cases. In view of Company's legal counsel, this litigation will also lead to the same fate as detailed above.

25.1.21 During 2000, two cement dealers had filed Suit no. 150/2001 & 151/2001 against the Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Company in lieu of outstanding dues from these dealers. The matter is pending for adjudication. In view of the Company's legal counsel, no unfavorable outcome can be estimated.

25.1.22 In the year 2018, an ex-employee of the Company filed a Suit no. 1272/2018 against the Company for recovery of outstanding balance in provident fund and other dues amounting to Rs. 50 million in the High Court of Sindh. The outstanding provident fund and other dues were settled in 1999 and the claim of such dues is false and fabricated. During the year, the High Court of Sindh appointed a Commissioner for hearing of the case. In view of the Company's legal counsel, the Company has a good case whereas no definite outcome can be estimated.

25.2 Commitments

25.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounting to Rs. 45 million (2020: Rs. 45 million).

25.2.2 Performance guarantee in terms of CDRs given by a commercial bank to CMES Navy on behalf of the Company amounting to Rs. 428.209 million (2020: Rs. Nil).

25.2.3 Irrevocable letter of credit under revenue expenditure as at reporting date is Rs. 3.668 million.

25.2.4 Other outstanding guarantees given on behalf of the Company by banks amounting to Rs. 3 million (2020: Rs. 3 million).

		2021	2020
		------ Rupees in thousands ------	
25.2.5	Operating lease commitments		
	0-1 year	2,047	1,916
26	SALES - NET		
	Gross Sales		
	Local	3,462,583	2,377,892
	Export	88,170	220,822
		3,550,753	2,598,714
	Less:		
	Federal excise duty	(531,615)	(465,677)
	Sales tax	(591,825)	(377,810)
		(1,123,440)	(843,487)
		2,427,313	1,755,227

	Note	2021	2020
		------ Rupees in thousands ------	
27 COST OF SALES			
Raw material consumed	27.1	122,038	100,388
Packing material consumed	27.2	131,017	67,608
Stores, spare parts and loose tools consumed		54,735	54,271
Fuel and power		1,317,832	1,118,598
Salaries, wages and other benefits	27.3	295,664	280,755
Insurance		5,678	5,165
Repairs and maintenance		8,440	6,288
Depreciation on property, plant and equipment	6.1.2	105,104	84,636
Vehicle hire, running & maintenance		11,243	9,389
Communication		1,579	1,668
Entertainment		1,223	804
Provision for slow moving of major stores and spares	6.2	3,222	1,613
Provision / (reversal) for obsolete and slow moving of stores and spares	9.1	4,816	(487)
Other production overheads		3,449	4,487
Cost of production		2,066,040	1,735,183
Work-in-process			
Opening balance		303,363	286,583
Closing balance	10	(334,414)	(303,363)
		(31,051)	(16,780)
Cost of goods manufactured		2,034,989	1,718,403
Finished goods			
Opening balance		51,278	36,002
Closing balance	10	(43,615)	(51,278)
		7,663	(15,276)
		2,042,652	1,703,127

27.1 Raw material consumed

	Note	2021	2020
Opening balance		18,587	20,399
Purchases		117,389	98,576
		135,976	118,975
Closing balance	10	(13,938)	(18,587)
	27.1.1	122,038	100,388

27.1.1 It includes royalty amounting to Rs. 6.215 million (2020: Rs. 4.678 million) relating to Lime Stone and Clay Shale, payable to Director General Mines & Mineral Development, Government of Sindh.

27.2 Packing material consumed

	Note	2021	2020
		------ Rupees in thousands ------	
Opening balance		36,962	46,208
Purchases		138,528	58,362
		175,490	104,570
Closing balance	10	(44,473)	(36,962)
		131,017	67,608

27.3 This includes employees' retirement benefits amounting to Rs. 19.440 million (2020: Rs. 21.243 million).

28 SELLING AND DISTRIBUTION COST

	Note	2021	2020
		------ Rupees in thousands ------	
Salaries, wages and other benefits	28.1	14,525	16,767
Vehicle running expenses		1,250	1,561
Travelling and conveyance		627	327
Communication		298	345
Printing and stationery		553	79
Entertainment		215	234
Repair and maintenance		460	301
Rent, rates and taxes		2,504	2,492
Utilities		292	149
Advertisements		171	59
Sales promotion expenses		531	635
Freight charges - local sale		14,967	2,214
Export logistics and related charges		31,438	49,852
Commission		179	7,591
Depreciation on property, plant and equipment	6.1.2	788	789
Marking fee expense		1,505	812
Loading and others		6,859	5,546
Miscellaneous		257	7
		77,419	89,760

28.1 This includes employees' retirement benefit amounting to Rs. 1.442 million (2020: Rs. 1.879 million).

29 ADMINISTRATIVE EXPENSES

	Note	2021	2020
		------ Rupees in thousands ------	
Salaries, wages and other benefits	29.1	56,391	50,260
Board, Audit and HR Committee meeting fees		4,900	3,020
Vehicle running expenses		3,697	2,731
Travelling and conveyance		130	352
Advertisements		322	165
Communication, postage, telegram		1,296	1,218
Printing and stationery		541	542
Rent, rates and taxes		4,753	4,029
Entertainment		565	501
Legal and professional charges		3,498	2,424
Insurance		1,656	367
Repairs and maintenance		3,377	3,359
Utilities		1,877	1,499
Fees and subscription		2,993	3,629
Corporate expenses		776	759
Charity and donation	29.2	75	542
Auditors' remuneration	29.3	1,115	1,114
Other auditors' remuneration	29.4	1,812	1,600
Depreciation on property, plant and equipment	6.1.2	1,844	2,223
Education expenses		4,152	3,414
Property, plant and equipment written off	6.1	727	3
Miscellaneous		1,050	644
		97,547	84,395

29.1 This includes employees' retirement benefit amounting to Rs. 6.547 million (2020: Rs. 6.456 million).

29.2 None of the directors or their spouses have any interest in any donee's fund to which donation was made.

	Note	2021	2020
		------ Rupees in thousands ------	
29.3 Auditor's remuneration			
Annual audit fee		769	769
Half yearly review fee		125	125
Audit fee for consolidated financial statements		38	38
Fee for Code of Corporate Governance & other services		38	38
Out of pocket expenses		145	144
		1,115	1,114
29.4 Other auditor's remuneration			
Cost audit fee		200	-
Internal audit fee		1,492	1,480
Out of pocket expenses		120	120
		1,812	1,600
30 OTHER OPERATING EXPENSES			
Workers' Welfare Fund (WWF)		3,688	-
Workers' Profit Participation Fund (WPPF)	22.3	14,559	-
Exchange loss		-	16,194
Loss on sale of store items		-	173
Others		2,222	2,740
		20,469	19,107
31 OTHER INCOME			
Income from financial assets			
Income on bank deposit accounts	31.1	6,181	4,594
Interest earned from Subsidiary Company		525	899
		6,706	5,493
Income from non-financial assets			
Management fee	31.2	23,385	21,259
Waste heat recovery		19,995	11,259
Rental income		1,894	1,737
Gain on sale of property, plant & equipment		662	104
Scrap sales		4,621	2,533
Exchange gain		15,052	-
Others		9,427	2,893
		75,036	39,785
		81,742	45,278

31.1 Income earned from bank deposits are under interest / mark-up arrangements with conventional banking system.

31.2 This represents management fee income of Rs. 23.39 million (2020: Rs. 21.26 million) for Business Support Services provided to Thatta Power (Private) Limited, which is a Subsidiary Company.

	Note	2021	2020
		------ Rupees in thousands ------	
32 FINANCE COST			
Mark-up on long term financing		-	4,015
Mark-up on short term borrowings		16,350	37,256
Mark-up on Workers' Profit Participation Fund		-	1,043
Mark-up on Gratuity Fund		-	1,188
Bank charges and commission		720	651
		17,070	44,153
33 TAXATION			
Current		49,343	25,802
Prior		3	-
Deferred		(1,024)	(8,718)
	33.1	48,322	17,084
33.1 Relationship between tax expense and accounting profit			
Profit / (loss) before tax		250,115	(140,934)
Tax at 29%		72,533	-
Tax effect of			
admissible / inadmissible expenses in determining taxable income - net		2,094	-
income charged at different rates		1,155	2,211
Change in the ratio of income assessed under NTR and FTR		6,618	-
Unused tax losses and tax credits		(33,057)	-
Prior year tax charge		3	-
Minimum Tax u/s 113		-	23,591
Tax effect on taxable temporary differences - net		(1,024)	(8,718)
		48,322	17,084

33.2 As per section 5A of the Income Tax Ordinance, 2001, in case of a public company which does not distributes 20% of its after tax profit for the year within six months of the end of the tax year through cash, a tax rate of 5% of its accounting profit before tax shall be imposed. The Company earned a profit after tax of Rs. 213.522 million for the year ended June 30, 2019, however, keeping in view the lower profitability and foreseeing the challenging conditions faced by cement sector in the year ahead, the Board of Directors did not recommended any dividend for the year ended June 30, 2019.

The Company filed a Constitutional Petition (CP) before the Honourable Sindh High Court (SHC) challenging the vires of Section 5A of the Income Tax Ordinance, 2001. The Honourable Sindh High Courts while deciding the petition declares that Section 5A ultra vires of Constitution and is hereby Struck down. However, FBR has filed in the Supreme Court of Pakistan against the decision of Sindh High Court.

In the view of Company's legal consultant, favourable outcome is anticipated. Hence no provision for the tax liability in this respect has been recorded by the Company in these unconsolidated financial statements.

33.3 During the year, amendment made under section 65B of the Income Tax Ordinance, 2001 through the Finance Act, 2019 whereby the percentage of tax credit on investment in plant and machinery has been reduced from 10% to 5% for the tax year 2019 which is subject to adjustment against the refund or may required to be paid with the Return of Income. The Company filed a petition in the high court against the amendment and obtained stay order as the likely impact of the amendment in 65B would be Rs. 10.398 million. The management is confident that the Company has an arguable case on merits. Hence, no provision has been recorded in the unconsolidated financial statements. Since till the next date, no adverse action shall be taken against the Company in respect of this case.

34 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

34.1 Basic earnings / (loss) per share

	2021	2020
Profit / (loss) for the year (Rupees in thousands)	201,793	(158,018)
Weighted average number of ordinary shares	99,718,125	99,718,125
Earnings / (loss) per share - basic and diluted (Rupees)	2.02	(1.58)

34.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

35 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		------ Rupees in thousands ------	
Cash and bank balances	17	317,412	22,465
Short term borrowings	24	(160,546)	(306,544)
		156,866	(284,079)

36 CAPACITY AND ACTUAL PRODUCTION

Production capacity - clinker (tons)	36.1	548,400	548,400
Actual production - clinker (tons)	36.1	349,638	258,158
Actual production - cement (tons)	36.2	301,006	197,463

36.1 The production capacity utilization of clinker during the year has remained at 63.76% (2020: 47.07%).

36.2 Cement from clinker is produced in accordance with the market demand.

37 RELATED PARTY TRANSACTIONS & BALANCES

The related parties comprises of 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. Further, contribution to defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity scheme) is in accordance with the actuarial advice. Detail of transactions during the year ended June 30, 2021 and outstanding balances as at June 30, 2021 with related parties are as follows:

37.1 Transactions with related parties are summarized as follows:

Related Party	Nature of transactions	2021	2020
		------ Rupees in thousands ------	
Thatta Power (Private) Limited			
	Common shared expenses	3,951	3,879
	Receipts on account of common shared expenses	4,167	2,881
	Sales / (purchase) of store items (inclusive of GST) - net	(1,401)	(90)
	(Receipt) / payment on account of purchase of store items -net	1,321	(522)
	Purchase of electricity (inclusive of GST)	654,536	604,187
	Payment on account of electricity (inclusive of GST)	649,003	608,241
	Management fee claimed (inclusive of SST)	26,425	24,022
	Management fee received (inclusive of SST)	27,826	17,834
	Loan to the Subsidiary	85,000	58,000
	Receipts on account of loan to the Subsidiary	15,000	58,000
	Receipts on account of sale of cement	-	380
	Markup earned on loan/advance to the Subsidiary	525	899
	Receipts on account of markup on loan/advance to the Subsidiary	98	899
	Sale of waste heat (inclusive of GST)	23,394	13,173
	Receipts on account of sale of waste heat (inclusive of GST)	29,597	-
Staff retirement benefits			
	Markup on account of payable to Gratuity Fund	-	1,188
	Contribution to Gratuity Fund	35,983	-
	Contribution to Employees' Provident Fund	9,478	8,753
Other related parties			
	Education expenses - Model Terbiat School	3,928	3,309

37.2 Year end balances

Related Party	Nature of balance	2021	2020
Thatta Power (Private) Limited			
	Payable against purchase of electricity (inclusive of GST)	80,910	75,377
	Receivable against management fee (inclusive of SST)	6,607	8,008
	Receivable against common shared expenses	1,104	1,320
	(Payable) / receivable against sale/purchase of store items-net	(19)	61
	Receivable against loan to the Subsidiary	70,000	-
	Receivable against sale of waste heat (inclusive of GST)	6,970	13,173
	Accrued mark-up on loan	427	-
Staff retirement benefits			
	Payable to Gratuity Fund	16,168	35,983
	Payable to Provident Fund	766	754

37.3 All transactions with related parties have been carried out on commercial terms and conditions.

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

38 REMUNERATION OF CHIEF EXECUTIVE , DIRECTORS AND EXECUTIVES

The aggregate amounts charged during the year in the financial statements for remuneration, including all benefits to Chief Executive and Executives of the Company were as follows:

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
	---------------- Rupees in thousands ----------------			
Managerial remuneration	10,200	27,820	14,353	29,141
Leave fare assistance	850	2,023	725	1,407
Bonus	1,030	2,713	1,550	3,354
Retirement benefits	1,616	3,974	2,113	3,955
Other benefits	88	352	156	119
	13,784	36,882	18,897	37,976
Number of person(s)	1	10	1	11

38.1 The Chief Executive and Executives are provided with free use of Company maintained car(s) and other benefits in accordance with their entitlement as per rules of the Company.

38.2 An aggregate amount of Rs. 4.900 million (2020: Rs. 3.020 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and HR & Remuneration Committee meeting fee.

39 OPERATING SEGMENTS

39.1 These unconsolidated financial statements have been prepared on the basis of single reportable segment.

39.2 Revenue from sale of cement and clinker represents 100% (2020: 100%) of the total revenue of the Company.

39.3 97.52% (2020: 91.50%) sales of the Company relates to customers in Pakistan.

39.4 All non-current assets of the Company at June 30, 2021 are located in Pakistan.

40 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

Taken as a whole the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Company are as under:

	Note	2021	2020
		------ Rupees in thousands ------	
Financial assets			
Long term deposits	8	1,096	1,096
Trade debts	11	192,284	136,330
Loan to the Subsidiary	12	70,000	-
Trade deposits	14	25,100	16,649
Other receivables and accrued mark-up	15	2,104	2,788
Cash and Bank balances	17	317,412	22,465
		607,996	179,328
Financial liabilities			
Unclaimed dividend		1,814	2,039
Long term deposits	19	2,791	2,791
Trade and other payables	22	411,086	321,643
Accrued mark-up	23	3,507	9,645
Short term borrowings	24	160,546	306,544
		579,744	642,662

40.1 Financial risk management objectives

The Company has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

The Board of Directors (the Board) of the Company has the overall responsibility for establishment and oversight of the Company's risk management framework. To assist the Board in discharging its oversight responsibility, the management has been made responsible for identifying, monitoring and managing the Company's financial risk exposure. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

a) Credit risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with same party, or when counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by change in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

At the reporting date, the Company's total credit risk was concentrated in the following industrial / economic sectors:

	2021		2020	
	Rupees in thousands	%	Rupees in thousands	%
Bank	314,937	52%	19,890	11%
Others	290,584	48%	159,438	89%
	605,521	100%	179,328	100%

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed a policy of obtaining advance payment from its customers against sale of cement. Except for customers relating to the Government and certain credit worthy customers, the management strictly adheres to this policy. For any balance receivable from such Government and credit worthy customers, the management continuously monitors the credit exposure towards them and make provisions against those balances considered doubtful. Cash is held only with banks with high quality credit worthiness. There is no significant risk exposure to loan and advances and other receivables.

	Note	2021	2020
		------ Rupees in thousands ------	
The maximum exposure to credit risk at the reporting date is:			
Long term deposits	8	1,096	1,096
Trade debts	11	192,284	136,330
Loan to the subsidiary	12	70,000	-
Trade deposits	14	25,100	16,649
Other receivables and accrued interest	15	2,104	2,788
Bank balances	17	314,937	19,890
		605,521	176,753

40.1.1 Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates. As at June 30, 2021 trade debts of Rs. 34.595 million (2020: Rs. 64.601 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	2021	2020
	------ Rupees in thousands ------	
Not past due		
- within 30 days	80,273	50,180
- 31 to 90 days	79,937	21,549
- 91 to 180 days	8,664	27,947
- over 180 days	23,410	36,654
	192,284	136,330

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies is as follows:

Name of Banks	Rating agency	Ratings Short-term	Ratings Long-term
National Bank of Pakistan	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Al Baraka Islamic Bank Limited	PACRA	A	A1
Silk Bank Limited	JCR-VIS	A	A-2
Summit Bank Limited	JCR-VIS	Negative	Negative
Faysal Bank Limited	PACRA	A1+	AA+

Due to Company's long standing relationship with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligation to the Company. For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 11.1. The aging analysis of these impaired trade debts is as follows:

	2021	2020
	------ Rupees in thousands ------	
Below ten years	6,862	3,079
Over ten years	72,028	72,028
	78,890	75,107

b) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company is exposed to liquidity risk in respect of non-current interest bearing liabilities, long term deposit, short term borrowings, trade and other payable and mark-up accrued.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Maturity analysis for financial liabilities

The table below analyses Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

		2021				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Note	Rupees in thousands				
Non-derivative Financial liabilities						
Long term deposits	19	2,791	(2,791)	-	-	(2,791)
Trade and other payables	22	504,536	(504,536)	(504,536)	-	-
Short term borrowing	24	160,546	(160,546)	(80,273)	(80,273)	-
Accrued mark up	23	3,507	(3,507)	(3,507)	-	-
		671,380	(671,380)	(588,316)	(80,273)	(2,791)

		2020				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Note	Rupees in thousands				
Non-derivative Financial liabilities						
Long term deposits	19	2,791	(2,791)	-	-	(2,791)
Trade and other payables	22	359,853	(359,853)	(359,853)	-	-
Short term borrowing	24	306,544	(306,544)	(153,272)	(153,272)	-
Accrued mark up	23	9,645	(9,645)	(9,645)	-	-
		678,833	(678,833)	(522,770)	(153,272)	(2,791)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective at the reporting date.

c) Market risk

Market risk is the risk that changes in market interest rates, foreign exchange rates and other prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

d) Interest / mark-up rate risk management

Interest / mark-up rate risk management arises from the possibility of changes in interest/mark-up rates which may affect the value of financial instruments. The Company has long term finance and short term borrowing at variable rates. The Company is exposed to interest / mark-up rates risk on long term financing, where interest rate risk is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	Carrying amount	
	2021	2020
	------ Rupees in thousands ------	
Variable rate instruments		
Financial assets	138,461	9,691
Financial liabilities	160,546	306,544

Fair value sensitivity analysis for fixed rate instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect unconsolidated statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

Financial assets

If interest rate had fluctuated by 100 basis points with all other variables held constant, profit / (loss) before tax for the year would have been Rs. 1.38 million (2020: Rs 0.10 million) higher / lower, mainly as a result of higher / lower interest income from these financial assets.

Financial liabilities

If interest rate had fluctuated by 100 basis points with all other variables held constant, (loss) / profit before tax for the year would have been Rs. 1.61 million (2020: Rs. 3.07 million) higher / lower, mainly as a result of higher / lower interest expense on these financial liabilities.

A summary of the Company's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

		2021				
		Mark-up / return (%)	Less than six months	Six months to one year	More than one year	Total
	Note	------------------------ Rupees in thousands ------------------------				
Assets						
Bank balance in PLS accounts	17	3% to 6.5%	68,461	-	-	68,461
Loan to the Subsidiary	12	9.92% to 10.1%	70,000			70,000
Total assets			138,461	-	-	138,461
Liabilities						
Short term borrowings	24	8.92% to 13.99%	(80,273)	(80,273)	-	(160,546)
Total liabilities			(80,273)	(80,273)	-	(160,546)
On-balance sheet gap			58,188	(80,273)	-	(22,085)
Total interest risk sensitivity gap			58,188	(22,085)	(22,085)	(22,085)

	Note	2020 Mark-up / return (%)	Less than six months	Six months to one year	More than one year	Total
		------------------------ Rupees in thousands ------------------------				
Assets						
Bank balance in PLS accounts	17	6.5% to 11.25%	9,691	-	-	9,691
Total assets			9,691	-	-	9,691
Liabilities						
Short term borrowings	24	12.97% to 15.60%	(153,272)	(153,272)	-	(306,544)
Total liabilities			(153,272)	(153,272)	-	(306,544)
On-balance sheet gap			(143,581)	(153,272)	-	(296,853)
Total interest risk sensitivity gap			(143,581)	(296,853)	(296,853)	(296,853)

e) Foreign exchange risk management

Foreign exchange risk is the risk that the value of financial asset or a liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities and outstanding letters of credit and bills payable.

The Company's exposure to foreign currency risk is as follows:

	2021		2020	
	Rupees	US $	Rupees	US $
	------------ in thousands ------------			
Trade and other payables	181,252	1,149	123,881	737

Currently, the Company does not obtain forward cover against the gross exposure. The following significant rates applied during the year:

	2021	2020	2021	2020
	Average rate		Balance sheet date rate	
US Dollar to PKR	160.61	158.64	157.75	168.10

Sensitivity analysis

A 5% strengthening / weakening of Rupee against US Dollar at the reporting date would have increased / decreased equity and unconsolidated statement of profit or loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2020.

	2021	2020
	------ Rupees in thousands ------	
Effects of US Dollars gain	9,063	6,194

f) Fair value of financial instruments

Fair value of the financial instrument is the amount for which an asset could be sold or exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction.

The carrying amount of all financial assets and liabilities reflected in the financial statements approximate their fair values. The methods used for determining fair value of each class of financial assets and liabilities are disclosed in respective policy notes.

g) Fair value hierarchy

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

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

h) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. The Company finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

i) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its objectives of becoming a profitable organization, producing high quality cement and generating returns for investors. Primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- compliance with regulatory and other legal requirements;
- requirements for periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.
- documentation of controls and procedures;
- requirements for appropriate segregation of duties between various functions, roles and responsibilities ;
- requirements for reconciliation and monitoring of transactions;

41 IMPACTS OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak “Public Health Emergency of International Concern”. Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations except those disclosed in notes to the financial statements.

42 NUMBER OF EMPLOYEES

The total number of employees at the year end were 497 (2020: 497) and average number of employees during the year were 499 (2020: 503).

43 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 20, 2021 have proposed final cash dividend Rs. 0.25 per share (2020: Rs. Nil per Share) in respect of year ended June 30, 2021.

44 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on September 20, 2021 by the Board of Directors of the Company.

45 GENERAL

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

Amounts have been rounded off to the nearest thousands of Rupees.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

BDO

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Pakistan

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OFTHATTA CEMENT COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of THATTA CEMENT COMPANY LIMITED(the Holding Company) and its subsidiary namely THATTA POWER(PRIVATE) LIMITED(the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidatedstatement of the profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2021 and of the consolidated profit and consolidated other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 11.2 and 26.2.1 to the annexed consolidated financial statements, which describes the dispute with Hyderabad Electric Supply Company regarding recoverability of trade debts. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No	Key audit matters	How the matter was addressed in our audit
1.	Contingencies	
	As disclosed in note 26 to the annexed consolidated financial statements.The Group has contingent liabilities and tax litigations in respect of income and sales tax matters, which are pending adjudication at different levels with the taxation authorities and other legal forums. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities and tax related litigations, a key audit matter.	We undertook number of procedures to verify the appropriateness of contingencies in the consolidated financial statements. This included, among others: • We discussed the progress of each case and the Group's estimate of the cost to be incurred; • We reviewed the key elements of the basis used by management while challenging reasonableness of the cost estimates; • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Checked orders by relevant authority on previous lawsuits / cases which are being disclosed in the consolidated financial statements; and • Obtained legal advice on the above cases with the legal advisors to assess expected outcome and any estimate of outflow. • Made an assessment of likelihood of occurrence of such events and impact on the consolidated financial statements.
2.	Existence and valuation of stock-in-trade	
	As disclosed in note 10 to the annexed consolidated financial statements, 'stock-in-trade' of the Parent Company which includes limestone, coal, slag, gypsum, iron ore, shale and clinker which are stored in purpose built shed and clinker which are stored in purpose built shed and stockpiles. Since the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand at the year-end by obtaining measurements of the stockpiles and converting these measurements to unit of volume by using an angle of repose and the bulk density. Due to the significance of the stock balances and related estimates involved, this is considered a key audit matter.	Our audit procedures to assess the existence and valuation of stock-in-trade of the Holding Company, amongst others, included the following: • Obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the stock of the Holding Company; • Attended the physical inventory count performed by the Holding Company; and • Assessed the reasonableness of management's measurement of stockpiles during the physical count at year end and reviewed the conversion to the unit of volume by the Holding Company.

BDO Ebrahim & Co. Chartered Accountants

S.No	Key audit matters	How the matter was addressed in our audit
3.	Revenue	
	As disclosed in note 27 to the accompanying consolidated financial statements, the Group has net sale amounting to Rs. 2,788.22 million which represents a significant element of the consolidated statement of profit or loss. We considered revenue as a key audit matter identifying revenue as one of the key performance indicators of the Group which gives rise to an inherent risk that it could be subject to misstatement to meet expectations or targets.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtained and understanding of process relating to recognition of revenue and testing the design and implementation of key internal controls over recording of revenue; • We tested the design and operating effectiveness of key controls in relation to the recognition of revenue, with particular focus on controls over the agreed prices and performance obligation; • Compared a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • Compared, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue has been recognized in the appropriate financial period; • Compared the details of a sample of journal entries posted to revenue accounts during the year, meeting with the relevant underlying documentation; • Reviewed the adequacy of disclosure as required under applicable financial reporting framework.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

BDO

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements of Thatta Cement Company Limited and its subsidiary (The Group) for the year ended June 30, 2020 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements on September 30, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI
DATED: September 20, 2021

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	4,150,781	4,325,672
Long term deposits	8	1,096	1,096
		4,151,877	4,326,768
CURRENT ASSETS			
Stores, spare parts and loose tools	9	230,504	379,551
Stock-in-trade	10	431,528	394,514
Trade debts	11	1,139,897	937,558
Short term investment	12	306,000	306,000
Advances	13	32,694	37,275
Deposits and prepayments	14	28,059	21,478
Other receivables and accrued mark-up	15	2,039	9,768
Taxation-net	16	247,332	267,120
Cash and bank balances	17	333,949	60,599
		2,752,002	2,413,863
TOTAL ASSETS		6,903,879	6,740,631
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	18	2,000,000	2,000,000
Share capital	18	997,181	997,181
Share premium		99,718	99,718
Accumulated profit		2,752,233	2,512,111
Equity attributable to the owners of the Holding Company		3,849,132	3,609,010
Non-controlling interests		894,427	870,058
Total equity		4,743,559	4,479,068
NON CURRENT LIABILITIES			
Long term financing	19	799,461	1,045,078
Long term deposits	20	2,791	2,791
Long term employee benefit	21	15,113	15,963
Deferred taxation	22	307,717	285,150
		1,125,082	1,348,982
CURRENT LIABILITIES			
Trade and other payables	23	593,986	472,428
Unclaimed dividend		1,814	2,039
Accrued mark-up	24	28,448	43,578
Current maturity of long term financing	19	250,444	87,992
Short term borrowings	25	160,546	306,544
		1,035,238	912,581
TOTAL EQUITY AND LIABILITIES		6,903,879	6,740,631
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes from 1 to 46 form an integral part of these consolidated financial stateme

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
Sales - net	27	2,788,221	2,435,037
Cost of sales	28	(2,185,270)	(2,073,431)
Gross profit		602,951	361,606
Selling and distribution cost	29	(77,419)	(89,760)
Administrative expenses	30	(102,716)	(89,620)
		422,816	182,226
Other operating expenses	31	(20,505)	(19,107)
Impairment loss - trade debts		(3,783)	(897)
Other income	32	64,519	74,131
Operating profit		463,047	236,353
Finance cost	33	(140,748)	(171,026)
Profit before taxation		322,299	65,327
Taxation			
Current		(56,663)	(34,367)
Prior		(3)	1
Deferred		1,024	8,718
	34	(55,642)	(25,648)
Profit for the year		266,657	39,679
Profit / (loss) for the year attributable to:			
- Equity holders of the Holding Company		242,288	(34,596)
- Non-controlling interests		24,369	74,275
		266,657	39,679
Earnings / (loss) per share - basic and diluted (Rupees)	35	2.43	(0.35)

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
Profit for the year		266,657	39,679
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
(Loss) / gain on remeasurement of defined benefit liability	23.1.4	(2,166)	3,691
Total comprehensive income for the year		264,491	43,370
Total comprehensive income for the year attributable to:			
- Equity holders of the Holding Company		240,122	(30,905)
- Non-controlling interests		24,369	74,275
		264,491	43,370

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		322,299	65,327
Adjustment for:			
Depreciation on property, plant and equipment	7.1.2	223,293	186,684
Provision for obselete and slow moving of major stores and spares	28	3,222	1,613
Provision for obselete and slow moving stores and spares	28	5,026	1,505
Finance cost	33	140,748	169,983
Provision for gratuity	23.1.5	14,001	17,262
Provision for leave encashment	21.3	1,165	2,808
Provision for loss allowance		3,783	897
Property, plant and equipment written off	7.1	727	3
Workers' Welfare Fund	31	3,688	-
Workers' Profit Participation Fund	31	14,559	1,043
Gain on sale of property, plant and equipment	32	(662)	(104)
		409,550	381,694
Operating cash flows before working capital changes		731,849	447,021
Increase in current assets			
Stores, spare parts and loose tools		144,021	(19,315)
Stock-in-trade		(37,014)	(23,537)
Trade debts		(206,122)	(56,642)
Advances		4,581	10,190
Deposits and prepayments		(6,581)	1,114
Other receivable and accrued mark-up		7,729	47,563
		(93,386)	(40,627)
Increase in current liabilities			
Trade and other payables		121,938	54,645
Cash generated from operations		760,401	461,039
Finance cost paid		(151,051)	(167,701)
Gratuity paid	23.1.3	(34,795)	-
Leave encashment paid		(2,015)	(4,589)
Workers' Welfare Fund paid		-	(7,946)
Workers' Profit Participation Fund paid	23.3	-	(16,941)
Income tax paid- net		(13,286)	(32,891)
Net cash flows from operating activities		559,254	230,971

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021	2020
		------ Rupees in thousands ------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(52,351)	(119,825)
Proceeds from sale of property, plant and equipment		662	104
Net cash used in investing activities		(51,689)	(119,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing from banking companies		(87,992)	(189,342)
Unclaimed dividend paid		(225)	(501)
Long term deposits paid		-	(1,506)
Net cash used in financing activities		(88,217)	(191,349)
Net increase / (decrease) in cash and cash equivalents		419,348	(80,099)
Cash and cash equivalents at the beginning of the year		(245,945)	(165,846)
Cash and cash equivalents at the end of the year	36	173,403	(245,945)

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 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	997,181	99,718	2,543,016	3,639,915	795,783	4,435,698
Total comprehensive loss for the year						
Profit for the year	-	-	(34,596)	(34,596)	74,275	39,679
Gain on remeasurement of defined benefit liability	-	-	3,691	3,691	-	3,691
	-	-	(30,905)	(30,905)	74,275	43,370
Balance as at June 30, 2020	997,181	99,718	2,512,111	3,609,010	870,058	4,479,068
Balance as at July 1, 2020	997,181	99,718	2,512,111	3,609,010	870,058	4,479,068
Total comprehensive income for the year						
Profit for the year	-	-	242,288	242,288	24,369	266,657
Loss on remeasurement of defined benefit liability	-	-	(2,166)	(2,166)	-	(2,166)
	-	-	240,122	240,122	24,369	264,491
Balance as at June 30, 2021	997,181	99,718	2,752,233	3,849,132	894,427	4,743,559

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE | DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

1 THE GROUP AND ITS OPERATIONS

The Group consists of Thatta Cement Company Limited (TCCL) and Thatta Power (Private) Limited (TPPL), (together referred to as the Group).

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

Holding Company
Thatta Cement Company Limited

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 comprises of 233 acres and is located at Ghulamullah Road, Makli, District Thatta, Sindh.

Subsidiary Company
Thatta Power (Private) Limited

Thatta Power (Private) Limited (the Subsidiary Company) is a 62.43% owned subsidiary of the Holding Company as at June 30, 2021 (2020: 62.43%). The principal business of the Subsidiary Company is generation and sale of electric power. As at June 30, 2021, the Subsidiary Company has authorized and issued, subscribed and paid up capital of Rs. 500 million and Rs. 479.16 million divided into 50,000,000 (2020: 50,000,000) ordinary shares and 47,915,830 (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, which comprises of 3 acres.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act , 2017; and Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the relevant accounting policies in note 6 to the consolidated financial statements.

These consolidated financial statements have been prepared following accrual basis of accounting except for cash flows information.

3.3 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the accounting and reporting standards require management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management that are significant to the consolidated financial statements are as follows:

- depreciation method, useful lives and residual values of property, plant and equipment (notes 6.1 and 7.1)
- provision of slow moving and obsolete stores, spares and loose tools (notes 6.6 and 9)
- allowance for expected credit losses (notes 6.19.1 and 11)
- taxation (notes 6.12 and 34)
- employee benefit obligations (notes 6.10 and 21)
- contingencies (notes 6.16 and 26)

3.4 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial statements are presented in Pak Rupees ('Rupees' or 'Rs.'), which is the Group’s functional and presentation currency.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the consolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent consessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent consessions	April 01, 2021
Amendments to IAS 1'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023

	Effective date (annual periods beginning on or after)
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

Securities and Exchange Commission of Pakistan (SECP) through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies to the extent of their power purchase agreements executed before January 1, 2019. Therefore, the standard will not have any impact on the company's financial statements to the extent of its power purchase agreement. For the remaining leases (if any), the company has assessed that the application of this standard does not have any material impact on these financial statements.

5 BASIS OF CONSOLIDATION

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

Subsidiary are those entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The Subsidiary is being consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiary have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of the Subsbidiary Company is less than hundred percent and therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulaive translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit or loss, and reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss.

The assets, liabilities, income and expenses of Subsidiary Company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the Subsidiary Company Shareholder's equity in these consolidated financial statement.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

6.1 Property, plant and equipment

a) Operating fixed assets

Property, plant and equipment (except freehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on property, plant and equipment

Depreciation is charged using straight line method on all assets except on plant and machinery of the Holding Company (other than utilities within plant and machinery) on which depreciation is charged by applying 'Units of Production (UoP) method'.Majority items of plant and machinery of the Subsidiary Company are depricated on the basis of 'Running Hours' (RH) of engines. Depreciation on addition is charged from the date when the asset is available for use and on disposal upto the date when the asset is classified as 'held for sale' in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Asset's residual values and useful lives are reviewed, and adjusted, if appropriate at each reporting date.

Subsequent costs

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal maintenance and repairs are charged to consolidated statement of profit or loss as and when incurred whereas major renewals and improvements are capitalized if criteria is met.

Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized in consolidated statement of profit or loss.

b) Capital work-in-progress (CWIP)

Capital work-in-progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to operating fixed assets as and when assets are available for use.

6.2 Impairment of non-financial assets

The carrying amounts of non-financial assets other than stock in trade and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the consolidated statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

6.3 Non-contrrolling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net aseets at the date of acquisition. Changes in the Company's interest in a subsidiary , except those part of the initial acquisition transaction, that do not result in a loss of control are accounted for as equity transactions.

6.4 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss account as a bargain purchase gain.

6.5 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group lossing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference betwen the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Holding Company

6.6 Stores, spare parts and loose tools

These are stated at lower of cost (calculated on weighted average basis) and net realizable value, less provision for dead and slow moving stores and spares. Store and spares in transit are valued at invoice value plus other charges incurred thereon as on the reporting date.

Provision for dead and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

6.7 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost or net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at cost on weighted average basis. Stocks in transit are valued at cost comprising of invoice value plus other charges directly attributable to the acquisition of related purchase incurred upto the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessary to be incurred in order to make the sale.

6.8 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method. The Holding Company is required to recognize allowance for doubtful debts on all financial assets carried at amortized cost in accordance with Expected Credit Loss (ECL) requiring to recognize the loss irrespective whether the loss event has occurred. Bad debts are written off when considered irrecoverable. Due to short term nature, trade and other receivables are not discounted.

6.9 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand, cash with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

6.10 Employees benefits

The Holding Company's employees benefits comprise of provident fund, gratuity scheme and leave encashment for eligible employees.

6.10.1 Employee retirement benefits

a) Defined benefit plan

The Holding Company operates an approved funded gratuity scheme covering all permanent employees. The scheme is administered by the trustees nominated under the Trust Deed.

The liability recognized in respect of gratuity is the present value of the Holding Company's obligations under the scheme at the date of consolidated statement of financial position less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

The present value of obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds. The government bonds are consistent with the estimated term of the post-employment benefit obligations.

b) Defined contribution plan

The Holding Company also operates an approved contributory provident fund for all its permanent employees to which equal monthly contributions are made, both by the Holding Company and the employees at the rate of 10% of basic salary.

c) Leave encashment

The liability for accumulated earned leaves which are eligible for encashment relating to permanent employees are recognized on the basis of actuarial valuation in the period in which permanent employees render service that increases their entitlement to future leave encashment.

6.11 Borrowings and finance cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing cost incurred on long term finances directly attributable to the construction / acquisition of qualifying asset are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to consolidated statement of profit or loss.

6.12 Taxation

a) Current

Provision for current taxation of the Holding Company is computed in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior years including those arising from assessment and amendments in assessments during the year in such years.

The profits and gains of the Subsidiary Company derived from electric power generation are exempt from income tax in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the conditions and limitations provided therein. Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Subsidiary Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the consolidated statement of profit or loss on income from other sources not covered under the above clauses at current rate of taxation after taking into account tax credits and rebates available, if any.

b) Deferred

The Holding Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

Deferred tax has not been provided in these consolidated financial statements for the Subsidiary Company as the Group's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Subsidiary Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

6.13 IFRIC-23 Uncertainty over income tax treatments

The Group has adopted IFRIC-23 - Uncertainty over income tax treatment which clarifies how the recognition and measurement requirement of IAS-12 Income taxes are applied when there is uncertainty over income tax treatment. IFRIC-23 explains how the recognition and measurement of deferred and current income tax assets and liabilities when there is uncertainty over tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over income tax that will be accepted by tax authorities . IFRIC-23 applies to all aspect of income tax accounting, when there is a uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

While there are new disclosure requirements, entities are reminded of the general requirement to provide information about judgment and estimates made in preparing the consolidated financial statement.

The Group is already in compliance with the requirement of IFRIC-23

6.14 Trade and other payables

These are recognized and carried at cost which is fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

6.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at the reporting date and adjusted to reflect the best estimate.

6.16 Contingencies

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

6.17 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices.

6.18 Revenue recognition

Thatta Cement Company Limited

Revenue is recognized when control of a promised goods passes to a customer. It is measured at the fair value of the consideration received or receivable, sales tax and other duties collected on behalf of third parties are not taken into account.

Company primarily generates revenue from sale of cement for which the control passes to the customer at a specific point in time.

The revenue is recorded on the basis of the consideration defined in the contract with the customer, including variable consideration such as discount, volume rebates or other contractual price reductions; if any.

Interest and rental / other income is recognized on accrual basis.

Thatta Power (Private) Limited

The Company has entered into Power Purchase Agreements with its customers for supply of electricity. The transmission of electricity is considered single performance obligation. The Company recognises revenue at point of time when control of electricity is transferred to customer. Control is considered to be transferred when the electricity is directly transmitted in the customer terminals.

6.19 Financial assets and liabilities

6.19.1 Financial assets

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in consolidated statement of profit or loss.

Impairment

The Holding Company recognize an allowance for expected credit loss on all financial assets carried at amortized cost irrespective whether a loss event has occurred. For trade debts, the Holding Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets (deposits, other receivables and cash and bank balances) i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition, and if otherwise, ECL to measure at life time expected credit losses.

The Holding Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Holding Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Holding Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the consolidated statement of profit or loss.

6.19.2 Financial liabilities

Financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in consolidated statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in consolidated statement of profit or loss.

6.20 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Group has a legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

6.21 Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items, if any, mainly comprises of corporate assets, head office expenses and tax assets and liabilities. Management has determined that the Group has a single reportable segment and therefore it has only presented entity wide disclosures.

6.22 Foreign currency transactions

Transactions in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the date of each transaction. Monetary assets and liabilities in foreign currencies are reported in Pak Rupees using the exchange rates prevailing on the reporting date. All exchange differences are taken into consolidated statement of profit or loss.

6.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, if any.

6.24 Dividends and appropriations

Dividends and reserve appropriations are recognized in the period in which these are approved.

7 PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
		------ Rupees in thousands ------	
Operating fixed assets	7.1	4,055,939	4,260,881
Major stores and spares	7.2	67,062	64,791
Capital work in progress	7.3	27,780	-
		4,150,781	4,325,672

7.1 Operating fixed assets

Description	Freehold land	Leasehold improvements	Quarries and improvements	Factory building on freehold land	Electrical and gas installations	Housing colonies	Office building on freehold land	Cooling towers	Plant and machinery	Quarry equipments	Railway sidings	Vehicles	Furniture and fixtures	Office equipments	Medical equipment	Laboratory equipment	Computer equipments	Total
	------ Rupees in thousands ------																	
Year ended June 30, 2021																		
Net carrying value basis																		
Opening net book value	6,422	-	126	337,036	36,104	13,855	2,974	34,530	3,787,685	293	686	5,483	2,349	8,621	1	23,886	830	4,260,881
Additions	-	-	-	-	-	-	-	-	15,103	-	-	3,042	-	-	-	820	113	19,078
Adjustments- NBV	-	-	-	-	-	-	-	-	391	-	-	-	-	336	-	-	-	727
Depreciation charge	-	-	9	21,153	2,560	990	212	5,126	181,753	88	172	3,450	609	1,819	1	4,991	360	223,293
Closing net book value	6,422	-	117	315,883	33,544	12,865	2,762	29,404	3,620,644	205	514	5,075	1,740	6,466	-	19,715	583	4,055,939
Gross carrying value basis																		
Cost/revalue	6,422	2,585	11,963	636,481	59,265	74,096	22,281	73,235	5,659,430	19,296	14,905	67,142	11,601	18,807	629	72,589	21,789	6,772,516
Accumulated depreciation	-	2,585	11,846	305,004	25,721	61,231	35,113	43,831	2,038,786	19,091	14,391	62,067	9,861	12,341	629	52,874	21,206	2,716,577
Net book value	6,422	-	117	331,477	33,544	12,865	(12,832)	29,404	3,620,644	205	514	5,075	1,740	6,466	-	19,715	583	4,055,939
Year ended June 30, 2020																		
Net carrying value basis																		
Opening net book value	6,422	-	135	208,481	38,664	14,845	3,186	39,656	2,901,080	381	858	10,817	2,961	10,446	2	27,403	1	3,265,338
Additions during the year	-	-	-	147,738	-	-	-	-	1,031,911	-	-	-	-	-	-	1,437	1,144	1,182,230
Adjustments- NBV	-	-	-	-	-	-	-	-	-	-	-	-	1	2	-	-	-	3
Depreciation charge	-	-	9	19,183	2,560	990	212	5,126	145,306	88	172	5,334	611	1,823	1	4,954	315	186,684
Closing net book value	6,422	-	126	337,036	36,104	13,855	2,974	34,530	3,787,685	293	686	5,483	2,349	8,621	1	23,886	830	4,260,881
Gross carrying value basis																		
Cost/revalue	6,422	2,585	11,963	636,481	59,265	74,096	22,281	73,235	5,644,718	19,296	14,905	64,100	11,601	19,143	629	71,769	21,676	6,754,165
Accumulated depreciation	-	2,585	11,837	299,445	23,161	60,241	19,307	38,705	1,857,033	19,003	14,219	58,617	9,252	10,522	628	47,883	20,846	2,493,284
Net book value	6,422	-	126	337,036	36,104	13,855	2,974	34,530	3,787,685	293	686	5,483	2,349	8,621	1	23,886	830	4,260,881

7.1.1 The adjustment represents write off of certain items of operating fixed assets that have been taken out from active use as they are no longer usable and are in unserviceable condition.

		Note	2021	2020
			------ Rupees in thousands ------	
7.1.2	**Allocation of depreciation**			
	The depreciation charge for the year has been allocated as under:			
	Cost of sales	28	220,661	183,672
	Selling and distribution cost	29	788	789
	Administrative expenses	30	1,844	2,223
			223,293	186,684
7.2	**Major stores and spares**			
	Cost			
	Opening balance		103,710	87,119
	Additions during the year		11,001	24,050
	Transferred during the year		(5,508)	(7,459)
	Closing balance		109,203	103,710
	Accumulated impairment			
	Opening balance		(38,919)	(37,305)
	Impairment charge for the year	28	(3,222)	(1,614)
	Closing balance		(42,141)	(38,919)
	Net book value		67,062	64,791
7.3	**Capital work in progress**			
	Solar panel project		27,780	-
8	**LONG TERM DEPOSITS**			
	Long term deposits	8.1	1,096	1,096

8.1 Long term deposits are given in the normal course of business and do not carry any interest or mark-up.

		Note	2021	2020
9	**STORES, SPARE PARTS AND LOOSE TOOLS**		------ Rupees in thousands ------	
	Coal and other fuels		23,288	163,933
	Stores and spare parts		240,481	243,859
	Loose tools		109	107
			263,878	407,899
	Provision for obsolete stores		(3,843)	(3,871)
	Provision for slow moving stores and spares		(29,531)	(24,477)
		9.1	(33,374)	(28,348)
			230,504	379,551
9.1	**Movement in provision**			
	Balance as at July 01		(28,348)	(26,843)
	Provision recognized during the year	28	(5,026)	(1,505)
	Balance as at June 30		(33,374)	(28,348)

	Note	2021	2020
		------ Rupees in thousands ------	

10 STOCK-IN-TRADE

	Note	2021	2020
Raw material	28.1	13,938	18,587
Packing material	28.2	44,473	36,962
Work-in-process	28	329,838	288,870
Finished goods	28	43,279	50,095
		431,528	394,514

11 TRADE DEBTS

	Note	2021	2020
Considered good			
Local - unsecured	11.2	1,139,897	937,558
Considered doubtful			
Local - unsecured	11.3	78,890	75,107
		1,218,787	1,012,665
Allowance for expected credit losses		(78,890)	(75,107)
		1,139,897	937,558

11.1 Allowance for expected credit losses

		2021	2020
Balance at beginning of the year		75,107	74,210
Allowance for expected credit losses		3,783	897
Balance at end of the year		78,890	75,107

11.2 These include Rs. 926.687 million (2020: Rs. 745.139 million) which are disputed with Hyderabad Electric Supply Company ('HESCO') on grounds of tariff differential amount and subsequent deductions / adjustments made at the time of payment to the Subsidiary Company by the HESCO. In respect of which both parties i.e. the Subsidiary Company and HESCO are under litigation. The brief details of the matter are as under;

The Honorable High Court of Sindh has disposed the petition filed by the Subsidiary Company with the direction to HESCO to pay Thatta Power (Pvt) Ltd (TPPL) against purchase of electricity as per the rates stipulated in Power Purchase Agreement (PPA) until 01-02-2012 and thereafter on the reduced rates determined by NEPRA. In view of the adverse order and according to the advice of the legal counsel the Subsidiary Company has filed an appeal before the Supreme Court of Pakistan against the order passed by the High Court of Sindh. Consequently, HESCO and NEPRA have also filed appeals before the Supreme Court of Pakistan against the same order, which are pending for adjudication.

Moreover, the Subsidiary Company has resumed power supply to HESCO from January, 2017 and generating monthly invoice for supply of electricity as per tariff stipulated in PPA, whereas HESCO is paying the monthly invoice on the basis of tariff determined by NEPRA and as at year end the Subsidiary Company is liable to pay/get adjusted Rs. 47.526 million from the subsequent invoices of the Subsidiary Company. Moreover, after the promulgation of the Sindh New Captive Power Plants Subsidy Act 2017, the Government of Sindh is providing tariff differential support i.e. difference between tariff as per PPA and tariff determined by NEPRA, to the captive power plants and the Subsidiary Company has accordingly received total subsidy of Rs. 269.741 million. The Subsidiary Company has not received tariff differential subsidy after March 2018.

However, as the matter is pending before the Supreme Court and the legal advisor expects a successful outcome of the case. Therefore, the management strongly feels that under the terms of the PPA, the above amount of Rs 902.666 million is likely to be recovered by the Company. Further, Receivable from HESCO are secured to the extent of Rs.286.71 million (2020: Rs.286.71 million) against Stand by Letter of Credit (SBLC) issued by National Bank Of Pakistan.

11.3 This includes balances outstanding for more than ten years. Management contends that the amount recoverable from cement stockiest were misappropriated and certain unauthorized excessive rebates were allowed by collusion of certain personnel of the Holding Company whose services had been terminated, when the Holding Company was operating under State Cement Corporation of Pakistan (SCCP). Accordingly, Management had lodged references for the recovery of misappropriated amount with the National Accountability Bureau (NAB). The NAB has recovered an amount of Rs.2.276 million in preceding years. The Holding Company is continuously following with NAB officials for early realization of amount owed to the Holding Company and has also written letters in this regard for which reply has not yet been received, therefore, provision has been maintained in respect of outstanding amount as a matter of prudence and abundant precaution.

12 SHORT TERM INVESTMENT

	Note	2021	2020
		------ Rupees in thousands ------	
At amortized cost			
Term deposit with National Bank of Pakistan	12.1	306,000	306,000

12.1 The term deposit is placed for a period of one year at the rate of ranging from 6.00% to 11.00% (June 30, 2020: 8.50% to 11%) per annum and has been pledged against the bank guarantee issued to Sui Southern Gas Company Limited by National Bank of Pakistan on behalf of Subsidiary Company.

13 ADVANCES

	Note	2021	2020
		------ Rupees in thousands ------	
Considered good - unsecured			
To vendors	13.1	32,562	37,083
Others		132	192
		32,694	37,275

13.1 The Subsidiary Company has applied for exemption against deduction of advance tax amounting to Rs. 26.203 million on import of plant & machinery for Waste Heat Recovery Project before the Commissioner Inland Revenue, which was rejected by the CIR. Thereafter the Subsidiary Company filed a revision application on the order passed by CIR, which was also rejected by the Chief Commissioner Inland Revenue. Subsequently, the Subsidiary Company filed a Constitutional Petition D-8047 of 2018 before the Honorable High Court of Sindh. The Honorable High Court of Sindh has passed an interim Order on September 21, 2018 with the direction to deposit pay order amounting to Rs. 26.203 million as security and instruct collector of Customs to release the consignment of the Subsidiary Company. The case is pending for further adjudication.Therefore, this balance of Rs. 26.203 million (2020: Rs. 26.203 million) is treated as advance payment by the Subsidiary Company as it believes that the same will be recovered.

		Note	2021	2020
			------ Rupees in thousands ------	
14	DEPOSITS AND PREPAYMENTS			
	Deposits	14.1	10,185	1,734
	Deposit with Commissioner Workmen's Compensation	26.1.17	14,915	14,915
	Prepayments		2,959	4,829
			28,059	21,478

14.1 Deposits are given in the normal course of business and comprises of earnest money and security deposits. These do not carry any interest or mark-up.

		Note	2021	2020
			------ Rupees in thousands ------	
15	OTHER RECEIVABLES AND ACCRUED MARKUP			
	Interest receivable from banks		359	6,980
	Others		1,680	2,788
			2,039	9,768
16	TAXATION - NET			
	Advance Income Tax		17,107	27,062
	Provision		(33,070)	(34,366)
	Income tax refundable	16.1	263,295	274,423
			247,332	267,120

16.1 This mainly includes an amount of Rs. 263.295 million (2020: 274.423 million) representing tax refundable for the tax year 2015, 2016, 2017, 2018, 2019 and 2020.

		Note	2021	2020
			------ Rupees in thousands ------	
17	CASH AND BANK BALANCES			
	Cash in hand		3,005	3,221
	Cash at bank			
	Current account		253,083	21,198
	Profit and loss sharing (PLS) accounts	17.1	77,861	36,180
		17.2	330,944	57,378
			333,949	60,599

17.1 During the year, the mark-up rates on PLS accounts ranges from 6% to 6.5% (2020: 6.5% to 11.25%) per annum.

17.2 It includes restricted funds of Rs. 15.8 million (June 30, 2020: Rs. 36.9 million) maintained by the Subsidiary Company in various project accounts at National Bank of Pakistan as a covenant of syndicated term finance agreement. The funds are to be used strictly in accordance with the terms of financing agreements.

18 SHARE CAPITAL

2021	2020		Note	2021	2020
------ 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 capital					
89,418,125	89,418,125	Ordinary shares of Rs. 10/- each shares allotted for consideration paid in cash		894,181	894,181
10,300,000	10,300,000	Ordinary shares of Rs. 10/- each shares allotted for consideration other than cash		103,000	103,000
99,718,125	99,718,125			997,181	997,181

19 LONG TERM FINANCING

	Note	2021	2020
Loan from Banking companies - secured			
Syndicated term finance facility I	19.1	-	25,381
Syndicated term finance facility II	19.2	1,049,905	1,107,689
		1,049,905	1,133,070
Less: Current maturity		(250,444)	(87,992)
		799,461	1,045,078

19.1 This syndicated term finance facility has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited and Summit Bank Limited. The facility carries a floating mark-up linked to 3 months KIBOR as base rate plus 3% on annualized basis. The tenure of financing is 7 years and 9 months including grace period of 9 months and the facility is payable in 28 equal quarterly installments of Rs. 25.381 million each starting after one year from the date of first drawdown. The drawdown of the entire facility i.e. Rs. 710.675 million was on November 21, 2012. The Subsidiary Company has repaid the final installment of the loan during the period.

The syndicated term finance facility provided by the syndicate of banks is secured by first joint pari passu charge by way of hypothecation on all present and future moveable and immoveable fixed assets (other than land and building), mortgage over all present and future immoveable assets including land and building, first joint pari passu hypothecation charge on current assets, lien over import documents, assignment over receivables and insurance policies and pledge of Subsidiary Company's shares owned by the Holding Company.

19.2 This syndicated term finance facility-II obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited and Summit Bank Limited. The facility carried a floating mark-up linked to 3 months KIBOR as base rate plus 2.5% on annualized basis. The tenure of financing was 6 years including grace period of 18 months and the facility was payable in 18 equal quarterly installments of Rs. 62.61 million.

However, the Subsidiary Company has been granted deferment of principal installment for further one year under State Bank's Banking Policy and Regulatory Department (BPRD) circular letter no. 13 of 2020 by member banks of this syndicate facility-II. As per the revised terms the 1st installment of principal was repayble from April 2021 and the Subsidiary Company has repaid the first principal. There are no other changes in the terms of revised agreement.

The syndicated term finance facility-II provided by the syndicate of banks is secured by first joint pari passu charge by way of hypothecation on all present and future moveable and immoveable fixed assets (other than land and Building), mortgage over all present and future immoveable assets including land and building, first joint pari passu hypothecation charge on current assets.

20 LONG TERM DEPOSITS

	Note	2021	2020
		------ Rupees in thousands ------	
Dealers	20.1	2,110	2,110
Suppliers and contractors	20.2	681	681
		2,791	2,791

20.1 These relate to dealers against whom recovery proceedings are in process with National Accountability Bureau (NAB) and are adjustable against the amount owed by them to the Company (refer note: 11.3).

20.2 These represent interest free security deposits, received from dealers, suppliers & contractors. These are kept in separate bank account and repayable / adjustable on cancellation or withdrawal of dealership and completion of contract in case of suppliers and contractors.

21 LONG TERM EMPLOYEE BENEFITS

This represents accrual for encashment of eligible earned leave balances in respect of permanent employees. Principal actuarial assumptions used for determining leave encashment liability are same as are used for Gratuity actuarial valuation as disclosed in note 21.2.

21.1 The amount recognized as liability in the consolidated statement of financial position is as follows:

	Note	2021	2020
		------ Rupees in thousands ------	
Present value of defined benefit obligation	21.2	14,804	15,792
Benefits due but not paid (payables)		309	171
Closing net liability		15,113	15,963

21.2 Movement in present value of defined benefit obligation

	Note	2021	2020
		------ Rupees in thousands ------	
Balance as at July 01		15,792	17,744
Current service cost	21.3	1,071	1,247
Interest cost	21.3	1,251	2,189
Benefits due but not paid (payables)		(309)	(171)
Benefits paid		(1,844)	(4,589)
Remeasurement gain due to change in experience adjustments	21.3	(1,157)	(628)
Balance as at June 30		14,804	15,792

21.3 The amount recognized in consolidated statement of profit or loss is as follows:

	Note	2021	2020
Current service cost	21.2	1,071	1,247
Gain arising on present value of defined benefit obligation	21.2	(1,157)	(628)
Interest cost on defined benefit obligation	21.2	1,251	2,189
	21.4	1,165	2,808

21.4 Movement in liabilities

	Note	2021	2020
Balance as at July 01 (net liability)		15,963	17,744
Charge for the year	21.3	1,165	2,808
Benefits paid		(2,015)	(4,589)
Balance as at June 30 (net liability)		15,113	15,963

21.5 Sensitivity analysis (± 100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	--------------------- Rupees in thousands ---------------------			
2021	13,754	16,034	16,014	16,754
2020	14,635	17,149	17,127	14,635

21.6 The charge for the year has been allocated as follows:

	2021	2020
	------ Rupees in thousands ------	
Cost of sales	780	2,090
Selling and distribution cost	53	118
Administrative expenses	332	600
	1,165	2,808

22 DEFERRED TAXATION

	Note	2021	2020
		------ Rupees in thousands ------	
Taxable temporary differences arising in respect of			
Accelerated tax depreciation		351,855	349,349
Deductible temporary differences arising in respect of			
Other provisions - for doubtful debts and stores		(44,138)	(40,608)
Minimum tax u/s 113	22.1	-	(23,591)
	22.2	307,717	285,150

22.1 The utilization of the deferred tax asset is depended on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

22.2 Movement in deferred tax

	Opening balance	Charge / (adjustment) to profit or loss for the year	Closing balance
	------ Rupees in thousands ------		
2021			
Deferred tax liabilities			
Accelerated tax depreciation	349,349	2,506	351,855
Deferred tax asset			
Other provisions - for doubtful debts and stores	(40,608)	(3,530)	(44,138)
Minimum tax u/s 113	(23,591)	23,591	-
	285,150	22,567	307,717
2020			
Deferred tax liabilities			
Accelerated tax depreciation	333,992	15,357	349,349
Deferred tax asset			
Other provisions - for doubtful debts and stores	(40,124)	(484)	(40,608)
Minimum tax u/s 113	-	(23,591)	(23,591)
	293,868	(8,718)	285,150

23 TRADE AND OTHER PAYABLES

	Note	2021	2020
		------ Rupees in thousands ------	
Trade creditors		72,026	38,792
Accrued liabilities		125,338	125,144
Bills payable		181,252	123,881
Contract liability		34,842	30,536
Contractors retention money		-	8,754
Excise duty and sales tax payable		75,203	33,795
Payable to Gratuity Fund	23.1.1	16,168	34,795
Payable to Provident Fund	23.2	1,531	1,518
Workers' Profit Participation Fund	23.3	54,215	39,656
Workers' Welfare Fund		18,757	15,069
Sales tax payable		6,677	5,883
Other liabilities		7,977	14,605
		593,986	472,428

23.1 Payable to Gratuity Fund

- Principal actuarial assumptions used in the actuarial valuation of the scheme carried out under Projected Unit Credit (PUC) Actuarial Cost Method as at June 30, 2021 are as follows:

- Discount rate used for year end obligation is 10% per annum (2020: 8.50% per annum).

- Discount rate used for interest cost in consolidated statement of profit or loss charge is 8.5% per annum (2020: 14.25% per annum)

- Expected rate of increase in salary level at 9%per annum (2020: 7.5% per annum).

- Mortality rate used is SLIC 2001-2005 (2020: SLIC 2001-2005).

23.1.1 The amount recognized in the consolidated statement of financial position is as follows:

	Note	2021	2020
		------ Rupees in thousands ------	
Present value of defined benefit obligation	23.1.2	100,019	90,172
Fair value of plan assets	23.1.3	(83,851)	(55,377)
Closing net liability		16,168	34,795

23.1.2 Movement in present value of defined benefit obligation

	Note	2021	2020
Balance as at July 01 (net liability)		90,172	93,877
Current service cost		12,621	14,332
Interest cost		7,174	11,725
Benefits paid		(9,269)	(21,875)
Benefits due but not paid		(2,309)	(1,313)
Remeasurement loss / (gain) due to change in experience adjustments	23.1.6	1,630	(6,574)
Balance as at June 30 (net liability)		100,019	90,172

23.1.3 Movement in the fair value of plan assets

	Note	2021	2020
Balance as at July 01		55,377	72,653
Expected return / Interest income on plan assets	23.1.7	5,792	8,795
Contribution		34,795	-
Benefits paid		(9,269)	(21,875)
Benefit due but not paid		(2,309)	(1,313)
Return on plan assets excluding interest income	23.1.7	(536)	(2,883)
Balance as at June 30	23.1.9	83,851	55,377

23.1.4 Movement in liabilities

	Note	2021	2020
Balance as at July 01 (net liability)		34,795	21,224
Charge for the year	23.1.5	14,001	17,262
Remeasurements chargeable/(reversal) in other comprehensive income		2,166	(3,691)
Contribution		(34,795)	-
Balance as at June 30 (net liability)		16,168	34,795

23.1.5 The amount recognized in consolidated statement of profit or loss is as follows:

	Note	2021	2020
		------ Rupees in thousands ------	
Current service cost		12,621	14,332
Interest cost		7,172	11,725
Expected return / interest income on plan assets		(5,792)	(8,795)
	23.1.4	14,001	17,262

23.1.6 The amount recognized in consolidated statement of other comprehensive income is as follows:

	Note	2021	2020
Remeasurement loss due to changes in assumption and experience adjustments	23.1.2	1,630	(6,574)
Return on plan assets excluding interest income	23.1.3	536	2,883
		2,166	(3,691)

23.1.7 Return on plan assets is as follows:

	Note	2021	2020
Expected return / interest income on plan assets	23.1.3	5,792	8,795
Return on plan assets excluding interest income	23.1.3	(536)	(2,883)
		5,256	5,912

23.1.8 Analysis of present value of defined benefit obligation and fair value of plan assets

	2021	2020	2019	2018	2017
	------------------------ Rupees in thousands ------------------------				
Present value of defined benefit obligation	(100,019)	(90,172)	(93,877)	(79,230)	(84,760)
Fair value of plan assets	83,851	55,377	72,654	59,246	70,434
Deficit	(16,168)	(34,795)	(21,223)	(19,984)	(14,326)

23.1.9 Disaggregation of fair value of plan assets

The fair value of the plan assets at the reporting date for each category is as follows:

	Note	2021	2020
		------ Rupees in thousands ------	
Cash and cash equivalents (adjusted for current liabilities)		(1,178)	(890)
Mutual Islamic funds		45,029	16,558
Certificate of Islamic investments		40,000	39,709
	23.1.3	83,851	55,377

23.1.10 Sensitivity analysis (± 100 bps) on present value of defined benefit obligation

	Discount rate		Salary increase	
	+100 bps	-100 bps	+100 bps	-100 bps
	------ Rupees in thousands ------			
2021	94,513	106,303	106,468	942,267
2020	85,181	95,864	96,012	84,959

23.1.11 The charge for the year has been allocated as follows:

	Note	2021	2020
		------ Rupees in thousands ------	
Cost of sales	28	10,025	12,282
Selling and distribution cost	29	737	1,143
Administrative expenses	30	3,239	3,837
		14,001	17,262

23.2 The following information is based on the audited financial statements of the Provident fund:

	Note	2021	2020
Size of the Fund - total assets		95,487	85,909
Cost of investments made		94,478	85,252
Percentage of investments made		99%	100%
Fair value of investments	23.2.1	95,317	85,800

23.2.1 Fair value of investment is held by provident fund

	2021		2020	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	5,647	6%	13,682	16%
Term deposit	38,127	40%	36,111	42%
Mutual funds	51,543	54%	36,007	42%
	95,317	100%	85,800	100%

23.2.2 The investments out of Provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

23.3 Workers' Profit Participation Fund (WPPF)

	Note	2021	2020
		------ Rupees in thousands ------	
Balance as at July 01		39,656	55,554
Allocation for the year	31	14,559	-
Interest on opening balance		-	1,043
		54,215	56,597
Payments made during the year		-	(16,941)
Balance as at June 30		54,215	39,656

24 ACCRUED MARK-UP

	Note	2021	2020
		------ Rupees in thousands ------	
Syndicated term finance facility		25,368	33,933
Short term borrowing		3,080	8,457
Gratuity Fund		-	1,188
		28,448	43,578

25 SHORT TERM BORROWINGS

	Note	2021	2020
Short-term running finance (secured)	25.1	160,546	306,544

25.1 The aggregate running finance facilities available from banks to the Holding Company as at June 30, 2021 amounting to Rs. 500 million (2020: Rs. 500 million) out of which Rs. 189.603 million (2020: Rs. 193.456 million) remained unutilized at the year end. The facilities aggregating to Rs. 400 million are secured by way of first pari passu charge over current assets and ranking charge on fixed assets with 25% margin. The remaining facilities aggregating to Rs. 200 million are secured by way of first pari passu hypothecation charge over all plant and machinery and ranking hypothecation charges over all current assets with 25% margin. These facilities are renewable annually and carry mark-up at 3-months KIBOR plus ranging from 1.25% - 3% p.a (2020: 3-months KIBOR plus 1.25% - 3% p.a).

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies - The Holding Company

26.1.1 During the year 2014-15, 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) on February 19, 2016 against the said order relating to certain add backs/disallowances, which is pending for hearing. In view of Holding Company's tax consultant, the Holding Company has an arguable case on merit; however, outcome cannot be assessed with certainity.

26.1.2 During the year 2013-14, the Additional Commissioner Inland Revenue - (ACIR) issued assessment order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances and additions in taxable income thereby raising a tax demand of Rs. 2.787 million in respect of Tax Year 2008. The Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) The management is confident that the Holding Company has an arguable case on merits, however definite outcome cannot be predicted. Hence, no provision is required to be made in these consolidated financial statements.

26.1.3 The Deputy Commissioner Inland Revenue (DCIR) has issued Assessment Orders in 2014-15 raising an aggregate sales tax demand for Rs. 5.989 million by disallowing certain input tax claimed by the Holding Company in its sales tax return for tax period from July 2012 to February 2015. The Holding Company had filed appeals against such Assessment Orders before Commissioner Inland Revenue (CIR-A) who has passed orders aggregating to Rs. 5.91 million in favor of the Company. During 2016, tax department has filed appeals against the said orders before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing. In view of Holding Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these consolidated financial statements.

26.1.4 In respect of tax periods from July 2012 to December 2014, an Order in Original (ONO) has been issued by an Officer of Sales Tax in 2014-15 against the Holding Company raising a demand of Rs. 244.274 million which is mainly based on comparison of industry average for fuel and power consumption with that of the Holding Company and thereby presuming the production quantities which in the view of tax authorities have not been subject to Sales Tax and Federal Excise Duty. Accordingly, the Holding Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the ONO passed by Officer of Sales Tax, however CIR-A decided the case against the Holding Company. Accordingly, the Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A. Moreover, recovery proceedings were also initiated by tax authorities in the matter for an aggregate demand amount of Rs 488.548 million including 100% penalty on the principal amount as aforesaid. Therefore, the Holding Company filed a stay application against the said aggregate demand before Sindh High Court. The Sindh High Court has allowed ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect. During 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. During 2018, the Commissioner Inland Revenue has filed an appeal in the High Court of Sindh against the order passed by Appellate Tribunal Inland Revenue in favor of the Holding Company. The matter is pending for adjudication. In view of Holding Company's legal counsel, the case is sound in law; however, an outcome cannot be predicted with any degree of certainty.

26.1.5 During 2018, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Holding Company in respect of tax periods from July 2013 to August 2017 raising a demand of Rs. 56.632 million by disallowing certain input tax claimed by the Holding Company in its sales tax returns for the aforesaid tax periods. The Holding Company has filed an appeal on March 28, 2018 against the ONO passed by DCIR before Commissioner Inland Revenue - Appeals (CIR-A). The appeal has been decided in favor of the Holding Company. The Commissioner Inland Revenue has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) in favor of the Holding Company. The matter is pending for adjudication. In view of Holding Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these consolidated financial statements.

26.1.6 During 2018, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001(the Ordinance) in respect of tax year 2017 raising a tax demand of Rs. 94.670 million including default surcharge and penalty aggregating to Rs 15.208 million on the ground that Holding Company has not deducted applicable withholding taxes while making payments for purchases and certain expenses and hence, made default under section 161/205 of the Ordinance. The Holding Company has filed an appeal on May 4, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by DCIR. The CIR-A has passed an order in favor of the Holding Company.

However, Commissioner Inland Revenue has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue - Appeals (CIR-A) passed in favor of the Holding Company. In view of Holding Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these consolidated financial statements.

26.1.7 During 2019, Assistant Commissioner Inland Revenue (ACIR) has passed an order under section 122(1) of the Income Tax Ordinance, 2001(the Ordinance) in relation to tax audit conducted under section 177 of the Ordinance, in respect of tax year 2016. Through the said order, ACIR has disallowed deduction of certain expenses, deductible allowance of WPPF and tax credit claimed under section 65B of the Ordinance amounting to Rs 28.497 million, Rs 35.768 million and Rs 16.915 million respectively. The Holding Company has filed an appeal on September 13, 2018 before Commissioner Inland Revenue - Appeals (CIR-A) against the order passed by ACIR. While deciding the appeal, CIR-A has allowed deduction of Rs 28.497 million whereas deduction allowance of WPPF and tax credit under section 65B were upheld by CIR-A. Therefore, the Holding Company has filed an appeal on November 12, 2018 before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A on the said disallowances which is pending for hearing. In view of Holding Company's tax consultant, favorable outcome of such appeal is anticipated; hence no provision is required to be made in these consolidated financial statements.

26.1.8 Deputy Commissioner Inland Revenue (DCIR) issued an order-in-original (ONO) dated June 28, 2019 in respect of sales tax audit for the tax period from July 2017 to June 2018 raising a demand of Rs. 7.452 million (including default surcharge and penalty) by disallowing certain input tax claimed by the Holding Company in its sales tax return for the aforesaid tax period. The Holding Company filed an appeal before Commissioner Inland Revenue-Appeals (CIR-A) against ONO issued by DCIR. While deciding appeal, CIR-A has deleted the disallowances of input tax amounting to Rs. 7.086 million and confirmed disallowance amounting to Rs. 0.011 million. The Department has filed an appeal against the CIR-A's Order before the Appellate Tribunal Inland Revenue Karachi. The case is not yet fixed for hearing. 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 consolidated financial statements.

26.1.9 Showcause notice u/s 122(5A) of the Income Tax Ordinance, 2001 dated February 15, 2019 was issued by Additional Commissioner Inland Revenue (ACIR) Zone II, LTU containing observations relating to self-assessment order u/s 120 of the Income Tax Ordinance, 2001 for the tax year 2017. The Holding Company explained observations and attended hearings from time to time. However, learned ACIR passed Amended Assessment Order dated July 02, 2019 raising a demand of 34.094 million by disallowing certain expenses and tax credits. Such disallowances include fuel adjustment of Rs. 3.678 million, reduction in b/f tax credit u/s 65B of Income Tax Ordinance, 2001 (the Ordinance) relating to tax year 2016 and disallowance of WPPF contribution.

Management of the Holding Company has filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A). The CIR-Appeals annulled the assessment order vide his order no. 18 dated September 06, 2019. On November 21, 2019, ACIR issued notice to the Holding Company for further clarification/explanation regarding fuel adjustment, WPPF and WWF to pass the appeal effect order. The management of the Holding Company provided the required clarification/explanation, however, appeal effect order has not yet been passed by ACIR.

26.1.10 On September 05, 2019, an Order in Original (ONO) has been issued by Deputy Commissioner Inland Revenue (DCIR) against the Holding Company in respect of Sales tax audit for the tax period from July 2018 to December 2019 raising a demand of Rs. 0.150 million including default surcharge and penalty by disallowing certain input tax amounting to Rs. 0.143 million claimed by the Holding Company in its sales tax returns for the aforesaid tax period. The Holding Company filed an appeal before Commissioner Inland Revenue –Appeals (CIR-A) against the said order. Based on the appeal by the Holding Company, CIR(A) vide his order STA/402/LTO/2021/26 dated June 17, 2021 remanded back the case to DCIR. In view of the Holding Company's tax consultant, favorable outcome is anticipated; hence no provision is required to be made in these consolidated financial statements.

26.1.11 The Deputy Commissioner Inland revenue (DCIR) has issued showcause notice dated September 05, 2019 to the Holding Company for the Periods July 2018 to June 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 said period. 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 consolidated financial statements.

26.1.12 Deputy Commissioner Inland Revenue (DCIR) issued showcause notice u/s 122(9) of the Income Tax Ordinance, 2001 (the Ordinance), 2001 dated April 22, 2021 to conduct the audit of Income tax affairs of the Holding Company under section 177 of Income Tax Ordinance, 2001 (the Ordinance), for the Tax Year 2019. The Holding Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 22, 2021 by raising a tax demand of Rs. 516.55 million by making certain allowances and additions to the taxable income as reported in the income tax return of that year. Management of the Holding Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. The management is confident that the Holding Company has an arguable case on merits, however an outcome cannot be predicted. Hence, no provision is required to be made in these consolidated financial statements.

26.1.13 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 24, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) to conduct the audit of income tax affairs under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2020. The Holding Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 24, 2021 by raising a tax demand of Rs. 46.43 million by making certain allowances and additions to the taxable income as reported in the income tax return of that year. Management of the Holding Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. The management is confident that the Holding Company has an arguable case on merits, however an outcome cannot be predicted. Hence, no provision is required to be made in these consolidated financial statements.

26.1.14 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 26, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) Zone II, LTU to conduct the audit of income tax affairs of the Holding Company under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2017. The Holding Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 28, 2021 by making certain allowances and additions amounting to the taxable income as reported in the income tax return of the said year. Resultantly, tax refunds of the Holding Company for the said year have been reduced by 5.15 million. Management of the Holding Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. In the view of the Holding Company's tax consultant, favourable outcome of such appeal is anticipated. Hence, no adjustment is required to be made in these consolidated financial statements.

26.1.15 Showcause notice u/s 122 (9) of the Income Tax Ordinance, 2001 (the Ordinance) dated April 26, 2021 was issued by Deputy Commissioner Inland Revenue (DCIR) Zone II, LTU to conduct the audit of income tax affairs of company under section 177 of Income Tax Ordinance, 2001 (the Ordinance) for the Tax Year 2018. The Holding Company explained observations and attended hearings from time to time. However, learned DCIR passed Amended Assessment Order dated June 28, 2021 by making certain allowances and additions amounting to the taxable income as reported in the income tax return of the said year. Resultantly, tax refunds of the Holding Company for the said year have been reduced by 4.75 million. Management of the Holding Company filed the appeal against the impugned order before Commissioner Inland Revenue-Appeals (CIR-A) which is pending for hearing. In the view of Holding Company's tax consultant, favourable outcome of such appeal is anticipated. Hence, no adjustment is required to be made in these consolidated financial statements.

26.1.16 The Deputy Commissioner Inland Revenue (DCIR) has issued Assessment Order dated June 30, 2021 for the period July 01, 2015 to June 30, 2016 raising an aggregate sales tax demand for Rs. 122.97 million by disallowing certain input tax claimed by the Holding Company in its sales tax return for the said tax period. The Holding Company filed appeal against such Assessment Orders before Commissioner Inland Revenue (CIR-A) which are pending for hearing. In view of Holding Company's tax consultant, favorable outcome of such appeals are anticipated; hence no provision is required to be made in these consolidated financial statements.

26.1.17 Certain ex-employees of the Holding Company contested the Holding Company's gratuity policy of 30 days and filed a suit against the Holding Company demanding 60 days gratuity as applicable to the employees of former Holding company having an impact of Rs. 14.9 million. The said suit has been decided in favor of the applicants. However, the Holding Company challenged the said order vide C.P. no. 591/2013, before the Sindh High Court at Hyderabad and later on filed Labor Appeal No. 04/2014, before the Sindh Labor Court No. VI at Hyderabad being the Court of appropriate jurisdiction. After dismissal of the said appeal, a revision application has been filed before the Sindh Labor Appellate Tribunal, Karachi. The Tribunal also dismissed the appeal and hence C.P. no. D-2636 has been filed on November 2, 2015 before the Honorable High Court of Sindh at Hyderabad wherein stay has been granted by the High Court. The matter is pending for disposal. In view of the Holding Company's legal counsel, the Holding Company has a good case whereas no definite outcome can be anticipated.

26.1.18 An ex-employee of the Holding Company had filed CP # 86/2013 on May 21, 2013 for recovery of Rs. 2.10 million out of which an amount of Rs. 0.248 million has been claimed on account of 60 days gratuity and numerous other false and fabricated claims of short payments of Rs. 1.86 million. In view of the Holding Company's legal counsel, the Holding Company has a good case whereas no definite outcome can be estimated.

26.1.19 Ex-workers of Labor Contractor had filed applications against the Holding Company before the Labor Court at Hyderabad for reinstatement of their services which were not maintainable therefore, dismissed by the Court. The decision has been challenged vide Appeal no. Hyd-25/2016, Hyd-26/2016, Hyd-27/2016 and Hyd-28/2016 before the Sindh Labor Appellate Tribunal in Karachi. During 2018, Sindh Labor Appellate Tribunal has disposed of the appeals filed by ex-workers of contractor by awarding them the compensation instead of reinstatement of their services. The Holding Company has challenged the said decision on January 5, 2018 before the High Court of Sindh, Hyderabad. In view of the Holding Company's legal counsel, the Holding Company has a good case whereas no definite outcome can be estimated.

26.1.20 During 2017, an ex-employee of the Holding Company had filed a Suit no. 51/2017 on July 5, 2017 for recovery of damages, salaries and mesne profit amounting to Rs. 197 million in the High Court of Sindh. The said ex-employee was dismissed from the Holding Company's service on November 1, 1999 due to involvement in serious acts of misconduct. The said person has challenged the dismissal before different forums including High Court of Sindh, Federal Services Tribunal and the Supreme Court of Pakistan and lost all the cases. In view of Holding Company's legal counsel, this litigation will also lead to the same fate as detailed above.

26.1.21 During 2000, two cement dealers had filed Suit no. 150/2001 & 151/2001 against the Holding Company for Rs. 6.5 million and Rs. 1.5 million respectively being value of trucks which were handed over to the Holding Company in lieu of outstanding dues from these dealers. The matter is pending for adjudication. In view of the Holding Company's legal counsel, no unfavorable outcome can be estimated.

26.1.22 During 2018, an ex-employee of the Holding Company filed a Suit no. 1272/2018 against the Holding Company for recovery of outstanding balance in provident fund and other dues amounting to Rs. 50 million in the High Court of Sindh. The outstanding provident fund and other dues were settled in 1999 and the claim of such dues is false and fabricated. During the year, the High Court of Sindh appointed a Commissioner for hearing of the case. In view of the Holding Company's legal counsel, the Holding Company has a good case whereas no definite outcome can be estimated.

26.2 Contingencies - The Subsidiary Company

26.2.1 The Subsidiary Company entered into Power Purchase Agreement (PPA) with Hyderabad Electric Supply Company Limited (HESCO) on May 14, 2011 to sell electricity at rates agreed in the said agreement. The agreement was executed in accordance with the Policy Framework for New - Captive Power Producers (N-CPPs).

Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order (dated January 9, 2013) revising the tariff formula resulting in reduced tariff. In view of the said order, HESCO intimated to pay its dues for electricity purchased as per the revised tariff formula. In response, the Subsidiary Company filed a petition # 132 before the Honorable High Court of Sindh on February 8, 2013, against HESCO, on the grounds that HESCO failed to pay the dues to the Subsidiary Company as per PPA. The Honorable High Court of Sindh disposed off the petition filed by the Subsidiary Company with the direction to HESCO to pay TPPL against purchase of electricity as per the rates stipulated in PPA until 01-02-2012 and thereafter on the rates determined by NEPRA. In view of the adverse order and according to the advice of the legal counsel the Subsidiary Company had filed CA No. 1133/2015 before the Supreme Court of Pakistan on October 28, 2015 against the order passed by the High Court of Sindh. Consequently, HESCO and NEPRA have also filed appeals before the Supreme Court of Pakistan against the same order, which are pending for adjudication and the legal advisor is confident about the favourable outcome of the case.

26.2.2 Sales Tax audit for the tax period June 2012 to Aug 2013 was initiated by FBR and an adverse order was issued amounting to Rs. 10.645 million. Basis of the order were very weak and the management has filed an appeal before Commissioner Inland Revenue – Appeals (CIR- A) on June 29, 2015. The hearing of the case was held on October 3, 2015 and a favorable order was passed by CIR-A on December 7,2015, thereby allowing input sales tax claimed by the Subsidairy Company to the extent of Rs. 10.513 million and upheld the Sales Tax demand of Rs. 0.132 million, which was according paid by the Subsidiary Company. Subsequently FBR has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR-A, which is pending for adjudication.

26.2.3 As per clause 132 of Second Schedule of the Income Tax Ordinance, 2001, business income of Thatta Power (Pvt) Ltd (TPPL) is exempt from Income Tax. On that basis the Subsidiary Company had filed income tax return for the tax year 2013 while claiming exemption from business income and paid income tax on interest income. This exemption was challenged by Commissioner Inland Revenue, Hyderabad and subsequently tax demand was raised amounting to Rs. 154 million rejecting the basic income tax exemption and also increased the Subsidiary Company’s taxable income based on certain unreasonable grounds.

The Subsidiary Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR). Moreover, tax department also issued a show cause notice (dated March 4, 2015) for the Tax Year 2014 rejecting the claim of income tax exemption on the same basis. The Subsidiary Company filed a petition before the Honorable High Court of Sindh in respect of the show cause notice issued by FBR and High Court of Sindh granted the stay in respect of show cause notice issued by FBR to refrain tax department to issue assessment order and initiate recovery proceedings there against.

Subsequently the High Court of Sindh has vacated the stay of demand with effect from November 11, 2015 and has ordered the Appellate Tribunal Inland Revenue (ATIR) to decide the case within two months from the date of the order. The hearing of the appeal was held on September 21, 2016 and the ATIR issued an order on January 7, 2017 and set-aside the appeal of the Subsidiary Company for exemption under clause 132 of Second Schedule of the Income Tax Ordinance, 2001, while accepting the Subsidiary Company’s argument in principle.

Moreover, tax consultant suggested to file a Miscellaneous Application (MA) before the ATIR requesting to decide the matter instead of set-aside the appeal. The hearing was held on April 27, 2017 and a favorable order was passed by ATIR on May 4, 2017, thereby allowing the Subsidiary Company to claim exemption under clause 132 of Second Schedule of the Income Tax Ordinance, 2001. Thereafter, Commissioner Inland Revenue has filed an appeal against the order passed by ATIR in the High Court of Sindh which is pending for adjudication.

26.2.4 The Deputy Commissioner Inland Revenue (DCIR) has disallowed the input sales tax on services claimed by the Subsidiary Company and raised a demand of Rs. 2.77 million. The Subsidiary Company had filed an appeal against the order passed by DCIR before CIR-Appeals. A favorable order was passed by CIR-A, thereby allowing input sales tax claimed by the Subsidiary Company. Subsequently, CIR has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR-A, which is pending for adjudication.

26.2.5 On January 29, 2021, The Additional Commissioner Inland Revenue (ADCIR) passed order u/s 122(5A) of the Income Tax Ordinance, 2001 (the ‘Ordinance’) wherein exemption from charge of tax claimed on the entire Income of the Subsidiary Company in accordance with clause (132) of Part I of Second Schedule to the Ordinance was rejected thereby resulting in tax demand amounting to Rs. 81.155 million. The management of the Subsidairy Company filed an appeal before Commissioner (Appeal) CIR-A, who vide his order dated August 08, 2021 annulled the ADCIR's order in its entirety.

26.2.6 During the year, the Deputy Commissioner Inland Revenue (DCIR) issued Show Cause Notice # 464 (SCN) dated March 12, 2021 in respect of the Sales tax period from July 2016 to June 2017. Hearings fixed in the case from time to time were attended by the management. On July 27, 2021 the DCIR concluded the proceedings and disallowed input tax credit amounting to Rs. 0.333 million and levied penalty of Rs. 0.017 million. The management of the Subsidiary Company intends to settle the amount of aforesaid tax demand from the pending Income Tax refunds.

26.2.7 During the period, the Deputy Commissioner Inland Revenue (DCIR) issued show cause notice (SCN) dated March 02, 2021 in respect of the Sales tax period from March 2019 to June 2019. Hearings fixed in the case from time to time were attended by the management. On June 25, 2021, the DCIR concluded the proceedings and disallowed input tax credit amounting to Rs. 0.7018 million and levied penalty of Rs. 0.035 million. The management of the Subsidiary Company filed application for rectification u/s 57 of the Sales tax Act, 1990 as input tax disallowed by the learned DCIR is treated as allowed in the proceedings for the tax period July 2016 to June 2017 as mentioned above. Therefore, the mistake is apparent from the records hence rectifiable and the tax advisor of the Subsidiary Company expects a favourable decision.

26.2.8 During the year, the Subsidiary Company has filed an Appeal No. 253/2019 against Assistant Commissioner Sindh Revenue Board (SRB) before the Commissioner Appeals, Sindh Revenue Board, Karachi. In the said appeal the Subsidiary Company has challenged OnO No. 716/2019 dated October 15, 2019 alleging non-payment of Sindh Workers Participation Fund (SWPF) for the Accounting year ended 30th June, 2013 claiming an amount of Principal of Rs. 9.135 million and Penalties Rs. 0.224 million. However, the legal advisors of the Subsidiary Company believes that the Subsidiary Company has strong grounds that the order passed by the Assistant Commissioner (AC), Sindh Revenue Board without jurisdiction, the Sindh Companies Profits (Workers' Participation) Act, 2015 (Sindh Act No. XVIII of 2016) cannot be applicable retrospectively as the AC wrongly relied upon the judgment dated February 12, 2018 in CP. No. D-1313 of 2013 of the Honourble High Court of Sindh as also the Subsidiary Company has no direct, indirect or contractual workers besides other grounds and the appeal will be decided in favor of the Subsidiary Company.

26.3 Commitments

26.3.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Group amounting to Rs. 351 million (2020: Rs. 351 million).

26.3.2 Performance guarantee in terms of CDRs given by a commerical bank to CMES Navy on behalf of the Holding Company amounting to Rs. 428.209 million (2020: Rs.Nil).

26.3.3 Irrevocable letter of credit of the Holding Company under revenue expenditure as at reporting date is Rs. 3.668 million.

26.3.4 Other outstanding guarantees given on behalf of the Holding Company by banks amounting to Rs. 3 million (2020: Rs. 3 million).

	2021	2020
26.3.5 Operating lease commitments	------ Rupees in thousands ------	
0-1 year	2,047	1,916

		Note	2021	2020
			------ Rupees in thousands ------	
27	SALES - NET			
	Gross Sales			
	Local		3,884,845	3,173,270
	Export		88,170	220,822
			3,973,015	3,394,092
	Less:			
	Federal excise duty		(531,615)	(465,677)
	Sales tax		(653,179)	(493,378)
			(1,184,794)	(959,055)
			2,788,221	2,435,037
28	COST OF SALES			
	Raw material consumed	28.1	122,038	100,388
	Packing material consumed	28.2	131,017	67,608
	Stores, spare parts and loose tools consumed		83,526	80,161
	Fuel and power		1,291,301	1,331,919
	Salaries, wages and other benefits	28.3	295,664	280,755
	Insurance		17,175	13,870
	Repairs and maintenance		32,298	29,849
	Depreciation on property, plant and equipment	7.1.2	220,661	183,672
	Vehicle hire, running & maintenance		11,243	9,389
	Communication		1,579	1,668
	Entertainment		1,223	804
	Provision for slow moving of major stores and spares	7.2	3,222	1,613
	Provision for obsolete and slow moving of stores and spares	9.1	5,026	1,505
	Other production overheads		3,449	4,825
	Cost of production		2,219,422	2,108,026
	Work-in-process			
	Opening balance		288,870	269,597
	Closing balance	10	(329,838)	(288,870)
			(40,968)	(19,273)
	Cost of goods manufactured		2,178,454	2,088,753
	Finished goods			
	Opening balance		50,095	34,773
	Closing balance	10	(43,279)	(50,095)
			6,816	(15,322)
			2,185,270	2,073,431
28.1	Raw material consumed			
	Opening balance		18,587	20,399
	Purchases		117,389	98,576
			135,976	118,975
	Closing balance	10	(13,938)	(18,587)
		28.1.1	122,038	100,388

28.1.1 It includes royalty amounting to Rs. 6.215 million (2020: Rs. 4.678 million) relating to Lime Stone and Clay Shale, payable to Director General Mines & Mineral Development, Government of Sindh.

28.2 Packing material consumed

	Note	2021	2020
		------ Rupees in thousands ------	
Opening balance		36,962	46,208
Purchases		138,528	58,362
		175,490	104,570
Closing balance	10	(44,473)	(36,962)
		131,017	67,608

28.3 This includes employees' retirement benefits amounting to Rs. 19.440 million (2020: Rs. 21.243 million).

29 SELLING AND DISTRIBUTION COST

	Note	2021	2020
		------ Rupees in thousands ------	
Salaries, wages and other benefits	29.1	14,525	16,767
Vehicle running expenses		1,250	1,561
Travelling and conveyance		627	327
Communication		298	345
Printing and stationery		553	79
Entertainment		215	234
Repair and maintenance		460	301
Rent, rates and taxes		2,504	2,492
Utilities		292	149
Advertisements		171	59
Sales promotion expenses		531	635
Freight charges - local sale		14,967	2,214
Export logistics and related charges		31,438	49,852
Commission		179	7,591
Depreciation on property, plant and equipment	7.1.2	788	789
Marking fee expense		1,505	812
Loading and others		6,859	5,546
Miscellaneous		257	7
		77,419	89,760

29.1 This includes employees' retirement benefit amounting to Rs. 1.442 million (2020: Rs. 1.879 million).

30 ADMINISTRATIVE EXPENSES

	Note	2021	2020
		------ Rupees in thousands ------	
Salaries, wages and other benefits	30.1	56,391	50,260
Board, Audit and HR Committee meeting fees		4,900	3,020
Vehicle running expenses		3,697	2,731
Travelling and conveyance		130	352
Advertisements		322	165
Communication, postage, telegram		1,296	1,218
Printing and stationery		541	542
Rent, rates and taxes		5,453	4,729
Entertainment		631	1,108
Legal and professional charges		5,593	3,372
Insurance		1,656	367

	Note	2021	2020
		------ Rupees in thousands ------	
Repairs and maintenance		3,434	3,609
Utilities		1,877	1,499
Fees and subscription		4,208	4,668
Corporate expenses		776	759
Charity and donation	30.2	75	542
Auditors' remuneration	30.3	1,439	1,264
Other auditors' remuneration	30.4	2,415	2,103
Depreciation on property, plant and equipment	7.1.2	1,844	2,223
Education expenses		4,152	3,414
Property, plant and equipment written off	7.1	727	3
Miscellaneous		1,159	1,672
		102,716	89,620

30.1 This includes employees' retirement benefit amounting to Rs. 6.547 million (2020: Rs. 6.456 million).

30.2 None of the directors or their spouses have any interest in any donee's fund to which donation was made.

	Note	2021	2020
		------ Rupees in thousands ------	
30.3 Auditor's remuneration			
Annual audit fee		1,093	919
Half yearly review fee		125	125
Audit fee for consolidated financial statements		38	38
Fee for Code of Corporate Governance & other services		38	38
Out of pocket expenses		145	144
		1,439	1,264
30.4 Other auditor's remuneration			
Cost audit fee		200	-
Internal audit fee		2,030	1,960
Out of pocket expenses		185	143
		2,415	2,103
31 OTHER OPERATING EXPENSES			
Workers' Welfare Fund (WWF)		3,688	-
Workers' Profit Participation Fund (WPPF)	23.3	14,559	-
Exchange loss		36	16,194
Loss on sale of store items		-	173
Others		2,222	2,740
		20,505	19,107
32 OTHER INCOME			
Income from financial assets			
Income on bank deposit accounts	32.1	32,221	39,519
Exchange Gain		-	11
		32,221	39,530

	2021	2020
	------ Rupees in thousands ------	
Income from non-financial assets		
Rental income	570	536
Gain on sale of property, plant & equipment	662	104
Scrap sales	6,587	4,326
Written back provision for store & spares (generator)	-	26,496
Exchange gain	15,052	246
Others	9,427	2,893
	32,298	34,601
	64,519	74,131

32.1 Income earned from bank deposits are under interest / mark-up arrangements with conventional banking system.

33 FINANCE COST

	Note	2021	2020
		------ Rupees in thousands ------	
Mark-up on long term financing		111,364	120,275
Mark-up on short term borrowings		16,350	37,256
Mark-up on Workers' Profit Participation Fund		-	1,043
Mark-up on Gratuity Fund		-	1,188
Amortization of transaction cost		4,827	3,217
Bank charges and commission		8,207	8,047
		140,748	171,026

34 TAXATION

	Note	2021	2020
Current		56,663	34,367
Prior		3	(1)
Deferred		(1,024)	(8,718)
	34.1	55,642	25,648

34.1 Relationship between tax expense and accounting profit

	2021	2020
Profit before tax	322,299	65,327
Tax at 29%	93,467	18,945
Tax effect of		
admissible / inadmissible expenses in determining taxable income - net	(11,520)	39,415
Unrealized profit	-	720
income charged at different rates	1,155	2,211
Exempt income	-	(50,515)
Change in the ratio of income assessed under NTR and FTR	6,618	-
Unused tax losses and tax credits	(33,057)	-
Prior year tax charge	3	(1)
Minimum Tax u/s 113	-	23,591
Tax effect on taxable temporary differences - net	(1,024)	(8,718)
	55,642	25,648

34.2 As per section 5A of the Income Tax Ordinance, 2001, in case of a public company which does not distributes 20% of its after tax profit for the year within six months of the end of the tax year through cash, a tax rate of 5% of its accounting profit before tax shall be imposed. The Holding Company earned a profit after tax of Rs. 213.522 million for the year ended June 30, 2019, however, keeping in view the lower profitability and foreseeing the challenging conditions faced by cement sector in the year ahead, the Board of Directors did not recommended any dividend for the year ended June 30, 2019.

The Holding Company filed a Constitutional Petition (CP) before the Honourable Sindh High Court (SHC) challenging the vires of Section 5A of the Income Tax Ordinance, 2001. The Honourable Sindh High Courts while deciding the petition declares that Section 5A ultra vires of Constitution and is hereby Struck down. However, FBR has filed in the Supreme Court of Pakistan against the decision of Sindh High Court.

In the view of Holding Company's legal consultant, favourable outcome is anticipated. Hence no provision for the tax liability in this respect has been recorded by the Holding Company in these consolidated financial statements.

34.3 During the year, amendment made under section 65B of the Income Tax Ordinance, 2001 through the Finance Act, 2019 whereby the percentage of tax credit on investment in plant and machinery has been reduced from 10% to 5% for the tax year 2019 which is subject to adjustment against the refund or may required to be paid with the Return of Income. The Holding Company filed a petition in the high court against the amendment and obtained stay order as the likely impact of the amendment in 65B would be Rs. 10.398 million. The management is confident that the Holding Company has an arguable case on merits. Hence, no provision has been recorded in the consolidated financial statements. Since till the next date, no adverse action shall be taken against the Holding Company in respect of this case.

35 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

35.1 Basic earnings / (loss) per share

	2021	2020
Profit / (loss) for the year attributable to the owners of the Holding Company (Rupees in thousands)	242,288	(34,596)
Weighted average number of ordinary shares	99,718,125	99,718,125
Earnings / (loss) per share - basic and diluted (Rupees)	2.43	(0.35)

35.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Holding Company did not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2021	2020
			------ Rupees in thousands ------	
36	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	17	333,949	60,599
	Short term borrowings	25	(160,546)	(306,544)
			173,403	(245,945)

37 CAPACITY AND ACTUAL PRODUCTION

37.1 Thatta Cement Company Limited

	Note	2021	2020
Production capacity - clinker (tons)	37.1.1	548,400	548,400
Actual production - clinker (tons)	37.1.1	349,638	258,158
Actual production - cement (tons)	37.1.2	301,006	197,463

37.1.1 The production capacity utilization of clinker during the year has remained at 63.76% (2020: 47.07%).

37.1.2 Cement from clinker is produced in accordance with the market demand.

37.2 Thatta Power (Private) Limited

	2021	2020
Installed Capacity-kWh	237,422,280	237,422,280
Total output-kWh	63,285,400	72,096,840
Load factor	26.66%	30.37%

37.2.1 Installed capacity has been computed on the basis of 8,760 hours (2020: 8,760 hours).

38 RELATED PARTY TRANSACTIONS & BALANCES

Related parties comprise of associated undertakings and related group companies, 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 defined contribution plan (provident fund) is made as per the terms of employment and trust deed and contribution to the defined benefit plan (gratuity scheme) is in accordance with the actuarial advice.

Detail of transactions during the year ended / outstanding balances as at June 30, 2021 with related parties are as follows:

38.1 Transactions with related parties are summarized as follows:

Related Party	Nature of transactions	2021	2020
		------ Rupees in thousands ------	
Staff retirement benefits			
	Contribution to employees' Gratuity Fund	35,983	-
	Markup on account of payable to Gratuity Fund	-	1,188
	Contribution to Employees' Provident Fund	9,478	8,753
Other related parties			
Education expenses - Model Terbiat School		3,928	3,309

38.2 Year end balances

Related Party	Nature of transactions	2021	2020
		------ Rupees in thousands ------	
Staff retirement benefits			
	Payable to Gratuity Fund	16,168	35,983
	Payable to Provident Fund	766	754

38.3 All transactions with related parties have been carried out on commercial terms and conditions.

38.4 There are no transactions with key management personnel other than under their terms of employment and as further disclosed under note 39.

39 REMUNERATION OF CHIEF EXECUTIVE , DIRECTORS AND EXECUTIVES

The aggregate amounts charged during the year in the financial statements for remuneration, including all benefits to Chief Executive and Executives of the Group were as follows:

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
	------ Rupees in thousands ------			
Managerial remuneration	10,200	27,820	14,353	29,141
Leave fare allowance	850	2,023	725	1,407
Bonus	1,030	2,713	1,550	3,354
Retirement benefits	1,616	3,974	2,113	3,955
Other benefits	88	352	156	119
Total	13,784	36,882	18,897	37,976
Number of persons	1	10	1	11

39.1 The Chief Executive and Executives are provided with free use of Company maintained car(s) and other benefits in accordance with their entitlement as per rules of the Group.

39.2 An aggregate amount of Rs. 4.900 million (2020: Rs. 3.020 million) was paid to Non-Executive Directors during the year on account of Board, Audit Committee and HR & Remuneration Committee meeting fee.

40 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.

40.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	------ Rupees in thousands ------							
Sales - net	2,427,313	1,755,227	920,340	1,196,210	(559,432)	(516,400)	2,788,221	2,435,037
Cost of sales	(2,042,652)	(1,703,127)	(734,132)	(901,703)	591,514	531,399	(2,185,270)	(2,073,431)
Gross profit	384,661	52,100	186,208	294,507	32,082	14,999	602,951	361,606
Selling and distribution cost	(77,419)	(89,760)	-	-	-	-	(77,419)	(89,760)
Administrative expenses	(97,547)	(84,395)	(28,554)	(26,484)	23,385	21,259	(102,716)	(89,620)
	209,695	(122,055)	157,654	268,023	55,467	36,258	422,816	182,226
Other operating expenses	(20,469)	(19,107)	(36)	-	-	-	(20,505)	(19,107)
Impairment loss - trade debts	(3,783)	(897)	-	-	-	-	(3,783)	(897)
Other income	81,742	45,278	28,006	63,471	(45,229)	(34,618)	64,519	74,131
	267,185	(96,781)	185,624	331,494	10,238	1,640	463,047	236,353
Finance cost	(17,070)	(44,153)	(124,203)	(127,772)	525	899	(140,748)	(171,026)
Segment results	250,115	(140,934)	61,421	203,722	10,763	2,539	322,299	65,327
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit/(loss) before taxation	250,115	(140,934)	61,421	203,722	10,763	2,539	322,299	65,327
Taxation	(48,322)	(17,084)	(7,320)	(8,564)	-	-	(55,642)	(25,648)
Profit/(loss) for the year	201,793	(158,018)	54,101	195,158	10,763	2,539	266,657	39,679

40.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	------ Rupees in thousands ------							
Segment assets	3,695,072	3,477,100	3,665,880	3,655,345	(457,073)	(391,814)	6,903,879	6,740,631
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,695,072	3,477,100	3,665,880	3,655,345	(457,073)	(391,814)	6,903,879	6,740,631
Segment liabilities	1,030,866	1,012,521	1,280,853	1,324,419	(151,399)	(75,377)	2,160,320	2,261,563
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,030,866	1,012,521	1,280,853	1,324,419	(151,399)	(75,377)	2,160,320	2,261,563
Capital expenditure	41,962	24,050	10,389	95,775	-	-	52,351	119,825
Depreciation	107,736	87,648	115,557	99,036	-	-	223,293	186,684
Non-cash expenses other than depreciation	8,765	1,130	210	1,992	-	-	8,975	3,122

40.3 Reconciliation of reportable segment revenues, profit or loss, assets and liabilities .

40.3.1 Operating revenues

	2021	2020
	------ Rupees in thousands ------	
Total revenue of reportable segments	3,347,653	2,951,437
Elimination of intra group revenue	(559,432)	(516,400)
Consolidated revenue	2,788,221	2,435,037

		2021	2020
		------ Rupees in thousands ------	
40.3.2	**Profit or loss**		
	Total profit before taxation of reportable segments	311,536	62,788
	Adjustment of unrealized profit	10,763	2,539
	Consolidated profit before taxation	322,299	65,327
40.3.3	**Assets**		
	Total assets of reportable segments	7,360,952	7,132,445
	Elimination of intra group balances	(455,470)	(390,211)
	Reclassification for consolidation purposes	(1,603)	(1,603)
	Consolidated assets	6,903,879	6,740,631
40.3.4	**Liabilities**		
	Total liabilities of reportable segments	2,311,719	2,336,940
	Elimination of intra group balances	(151,399)	(75,377)
	Consolidated liabilities	2,160,320	2,261,563

40.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	2021	2020	2021	2020	2021	2020
	Rupees in thousands					
Local	2,700,051	2,214,215	6,903,879	6,740,631	4,743,559	4,479,068
Export	88,170	220,822	-	-		-
	2,788,221	2,435,037	6,903,879	6,740,631	4,743,559	4,479,068

40.5 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.

41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. Taken as a whole the Group's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Financial instruments of the Group are as under:

	Note	2021	2020
		------ Rupees in thousands ------	
Financial assets			
Long term deposits	8	1,096	1,096
Trade debts	11	1,139,897	937,558
Short term investments	12	306,000	306,000
Trade deposits	14	25,100	16,649
Other receivables and accrued mark-up	15	2,039	9,768
Cash and Bank balances	17	333,949	60,599
		1,808,081	1,331,670

	Note	2021	2020
		------ Rupees in thousands ------	
Financial liabilities			
Long term financing (including current maturity)	19	1,049,905	1,133,070
Unclaimed dividend		1,814	2,039
Long term deposits	20	2,791	2,791
Trade and other payables	23	410,969	353,372
Accrued mark-up	24	28,448	43,578
Short term borrowings	25	160,546	306,544
		1,654,473	1,841,394

41.1 Financial risk management objectives

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

The Board of Directors (the Board) of the Group has the overall responsibility for establishment and oversight of the Group's risk management framework. To assist the Board in discharging its oversight responsibility, the Group's management has been made responsible for identifying, monitoring and managing the Group's financial risk exposure. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's financial performance.

a) Credit risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with same party, or when counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by change in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

At the reporting date, the Group's total credit risk was concentrated in the following industrial / economic sectors:

	2021		2020	
	Rupees in thousands	%	Rupees in thousands	%
Banks	330,944	18%	57,378	4%
Others	1,474,132	82%	1,271,071	96%
	1,805,076	100%	1,328,449	100%

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Group has developed a policy of obtaining advance payment from its customers against sale of cement. Except for customers relating to the Government and certain credit worthy customers, the management strictly adheres to this policy. For any balance receivable from such Government and credit worthy customers, the management continuously monitors the credit exposure towards them and make provisions for loss allowance against those balances considered doubtful. Cash is held only with banks with high quality credit worthiness. There is no significant risk exposure to deposits and other receivables.

The maximum exposure to credit risk at the reporting date is:

	Note	2021	2020
		------ Rupees in thousands ------	
Long term deposits	8	1,096	1,096
Trade debts	11	1,139,897	937,558
Short term investment	12	306,000	306,000
Trade deposits	14	25,100	16,649
Other receivables and accrued interest	15	2,039	9,768
Bank balances	17	330,944	57,378
		1,805,076	1,328,449

41.1.1 Financial assets that are neither past due nor impaired

The credit quality of assets that are neither past due nor impaired can be assessed by reference to historical information and external credit ratings or to historical counterparty default rates. As at June 30, 2021 trade debts of Rs. 937.198 million (2020: Rs. 605.990 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade debts is as follows:

Not past due	2021	2020
	------ Rupees in thousands ------	
- within 30 days	103,784	105,029
- 31 to 90 days	101,436	226,539
- 91 to 180 days	8,664	228,417
- over 180 days	926,012	377,573
	1,139,897	937,558

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies is as follows:

		Ratings	
Name of Banks	Rating agency	Short-term	Long-term
National Bank of Pakistan	PACRA	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Al Baraka Islamic Bank Limited	PACRA	A	A1
Silk Bank Limited	JCR-VIS	A	A-2
Summit Bank Limited	JCR-VIS	Negative	Negative
Faysal Bank Limited	PACRA	A1+	AA+

Due to Group's long standing relationship with these counterparties and after giving due consideration to their strong financial standing except where there is contractual obligation to maintain certain balance, management does not expect non-performance by these counterparties on their obligation to the Group. For trade debts, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of said limits is regularly monitored.

Financial assets that are past due or impaired

The credit quality of financial assets that are past due or impaired can be assessed by reference to note 10. The aging analysis of these impaired trade debts is as follows:

	2021	2020
	------ Rupees in thousands ------	
Below ten years	6,862	3,079
Over ten years	72,028	72,028
	78,890	75,107

b) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Group is exposed to liquidity risk in respect of non-current interest bearing liabilities, long term deposit, short term borrowings, trade and other payable and mark-up accrued.

The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers except for supply of electricity to HESCO, Public Utility Company, in accordance with Power Purchase Agreement.

41.1.2 Maturity analysis for financial liabilities

The table below analyses Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of statement of financial position to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments).

		2021				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Note	------------------------ Rupees in thousands ------------------------				
Non-derivative Financial liabilities						
Long term financing (including current maturity)	19	1,049,905	1,500,743	125,222	125,222	1,250,299
Long term deposits	20	2,791	(2,791)	-	-	(2,791)
Trade and other payables	23	559,144	(559,144)	(559,144)		
Short term borrowing	25	160,546	(160,546)	(80,273)	(80,273)	-
Accrued mark up	24	28,448	(28,448)	(28,448)	-	-
		1,800,834	749,814	(542,643)	44,949	1,247,508

	Note	2020				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
		------------------------ Rupees in thousands ------------------------				
Non-derivative Financial liabilities						
Long term financing (including current maturity)	19	1,133,070	(1,500,744)	(81,796)	(118,061)	(1,300,887)
Long term deposits	20	2,791	(2,791)	-	-	(2,791)
Trade and other payables	23	353,372	(353,372)	(353,372)	-	-
Short term borrowing	25	306,544	(306,544)	(153,272)	(153,272)	-
Accrued mark up	24	43,578	(43,578)	(43,578)	-	-
		1,839,355	(2,207,029)	(632,018)	(271,333)	(1,303,678)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective at the reporting date.

c) Market risk

Market risk is the risk that changes in market interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/ issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

d) Interest / mark-up rate risk management

Interest / mark-up rate risk management arises from the possibility of changes in interest/mark-up rates which may affect the value of financial instruments. The Group has long term financing and short term borrowings at variable rates. The Group is exposed to interest / mark-up rates risk on long term financing, where interest rate risk is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates. At the reporting date the interest rate profile of the Group's interest bearing financial instruments is as follows:

	Carrying amount	
	2021	2020
	------ Rupees in thousands ------	
Fixed rate instruments		
Financial assets	306,000	306,000
Variable rate instruments		
Financial assets	77,861	36,180
Financial liabilities	1,210,451	1,439,614

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect consolidated statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

Financial assets

If interest rate had fluctuated by 100 basis points with all other variables held constant, profit / (loss) before tax for the year would have been Rs. 0.78 million (2020: Rs 0.36 million) higher / lower, mainly as a result of higher / lower interest income from these financial assets.

Financial liabilities

If interest rate had fluctuated by 100 basis points with all other variables held constant, (loss) / profit before tax for the year would have been Rs. 12.10 million (2020: Rs. 14.39 million) higher / lower, mainly as a result of higher / lower interest expense on these financial liabilities.

A summary of the Group's interest rate gap position, categorized by the earlier of contractual re-pricing or maturity dates at the end of year is as follows:

		2021				
		Mark-up / return (%)	Less than six months	Six months to one year	More than one year	Total
	Note	------------------------ Rupees in thousands ------------------------				
Assets						
Short term investment				306,000		306,000
Bank balance in PLS accounts	17	3% to 6.5%	77,861	-	-	77,861
Total assets			77,861	306,000	-	383,861
Liabilities						
Short term borrowings	25	8.92% to 13.99%	(80,273)	(80,273)	-	(160,546)
Long term financing			(125,222)	(125,222)	(1,250,299)	(1,500,743)
Total liabilities			(205,495)	(205,495)	(1,250,299)	(1,661,289)
On-balance sheet gap			(127,634)	100,505	(1,250,299)	(1,277,428)
Total interest risk sensitivity gap			(127,634)	(27,129)	(1,277,428)	(1,277,428)

		2020				
		Mark-up / return (%)	Less than six months	Six months to one year	More than one year	Total
	Note	------------------------ Rupees in thousands ------------------------				
Assets						
Short term investment		8.50%	-	306,000	-	306,000
Bank balance in PLS accounts	17	6.5% to 11.25%		-	36,180	36,180
Total assets			-	306,000	36,180	342,180
Liabilities						
Short term borrowings	25	12.97% to 15.60%	(153,272)	(153,272)	-	(306,544)
Long term financing			(81,796)	(118,061)	(1,300,887)	(1,500,744)
Total liabilities			(235,068)	(271,333)	(1,300,887)	(1,807,288)
On-balance sheet gap			(235,068)	34,667	(1,264,707)	(1,465,108)
Total interest risk sensitivity gap			(235,068)	(200,401)	(1,465,108)	(1,465,108)

e) Foreign exchange risk management

Foreign exchange risk is the risk that the value of financial asset or a liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities and outstanding letters of credit and bills payable.

The Group's exposure to foreign currency risk is as follows:

	2021		2020	
	Rupees	US $	Rupees	US $
	------ in thousands ------			
Trade and other payables	181,252	1,149	123,881	737

Currently, the Group does not obtain forward cover against the gross exposure. The following significant rates applied during the year:

	2021	2020	2021	2020
	Average rate		Balance sheet date rate	
US Dollar to PKR	160.61	158.64	157.75	168.10

Sensitivity analysis

A 5% strengthening / weakening of Rupee against US Dollar at the reporting date would have increased / decreased equity and consolidated statement of profit or loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis that were used for the year 2020.

	2021	2020
	------ Rupees in thousands ------	
Effects of US Dollars gain	9,063	6,194

f) Fair value of financial instruments

Fair value of the financial instrument is the amount for which an asset could be sold or exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction.

The carrying amount of all financial assets and liabilities reflected in the financial statements approximate their fair values. The methods used for determining fair value of each class of financial assets and liabilities are disclosed in respective policy notes.

g) Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

h) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

The Group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. The Group finances its operations through equity, borrowing and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

i) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its objectives of becoming a profitable organization, producing high quality cement and uninterrupted power generation to generate returns for investors. Primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- compliance with regulatory and other legal requirements;
- requirements for periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

- documentation of controls and procedures;
- requirements for appropriate segregation of duties between various functions, roles and responsibilities ;
- requirements for reconciliation and monitoring of transactions;

42 IMPACTS OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak “Public Health Emergency of International Concern”. Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Group's financial condition or results of operations except those disclosed in notes to the financial statements.

43 NUMBER OF EMPLOYEES

The total number of employees at the year end were 497 (2020: 497) and average number of employees during the year were 499 (2020: 503).

44 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 20, 2021 have proposed final cash dividend Rs. 0.25 per share (2020: Rs. Nil per Share) in respect of year ended June 30, 2021.

45 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on September 20, 2021 by the Board of Directors of the Company.

46 GENERAL

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

Amounts have been rounded off to the nearest thousands of Rupees.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

FORM OF PROXY

The Secretary
Thatta Cement Company Ltd.
Office No. 606-608A, 6th Floor,
Continental Trade Centre,
Block 8, Clifton
Karachi

Please quote:
No. of shares held. ____________
Folio No. ____________

I / We ____

of ____

member (s) of Thatta Cement Company Limited, hereby appoint ____________________

____________________ or failing him/her ____________________

____________________ of ____________________

as proxy in my / our behalf at the Annual General Meeting of the Company to be held at Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Friday, October 15, 2021 at 10:30 a.m. and at any adjournment thereof.

As witness my hand this ____________ day of ____________ 2021 ____________

signed by ____

in the presence of ____

Signature

Rupee five revenue stamp

____________________ ____________________
Signature of witness Signature of witness

Important:

1. This Form of Proxy duly completed must be deposited at our Registered Office, not later than 48 hours before the time of holding the meeting.

2. A Proxy should also be a shareholder of the Company

پراکسی فارم

میں / ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کے۔۔

ٹھٹھہ سیمنٹ کمپنی لمٹیڈ کے رکن اور عام شئیر کے حامل کی حثیت کے ۔۔۔(شئیرز کی تعداد)

رجسٹر کا فولیو نمبر۔۔۔۔۔۔۔۔۔۔۔۔اور / یا سی ڈی سی فولیو کا آئی ڈی نمبر۔۔۔۔۔۔۔۔اور زیلی اکاونٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کے

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کو کمپنی کے سالانہ اجلاس عام جو 15 اکتوبر 2021 کو 10:30 بجے دن منعقد ہوگا، میں میرے / ہمارے لئے اور میری / ہماری طرف سے بحثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں / کرتے ہیں۔

دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔بروز۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔تاریخ۔۔۔۔۔۔۔۔۔۔۔۔/۔۔۔۔۔۔۔۔۔۔۔۔2021

گواہان:

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

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CNIC / پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

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CNIC / پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

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دستخط شئیر ہولڈرز

دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل موصول ہو جانا چاہیئے، نمائندے کو کمپنی کا رکن ہونا ضروری ہے۔
سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

Annual Report 2021

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