THATTA CEMENT
COMPANY LIMITED

symbolizing growth

ANNUAL REPORT 2017

THATTA CEMENT

COMPANY LIMITED

symbolizing growth

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We symbolize growth with every move we make. Our defined strategy helps us to choose a pathway that enhance our efficiency in every way possible and leads us towards success. The excellence we churn speaks for itself with the values and persistence that are keenly embedded in it.

We at Thatta Cement, symbolize growth with the priorities and actions that set us apart and refine the organization with advancement as we proceed.

CONTENTS

vision

Foresight of the Future

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

Prosperity with a Purpose

- 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. Shahid Aziz Siddiqui	Director
Mr. Agha Sher Shah	Director
Mr. Saleem Zamindar	Director
Mr. Attaullah A. Rasheed	Director
Mr. Muhammad Fazlullah Shariff	Chief Executive
Mr. Muhammad Taha Hamdani	Director

AUDIT COMMITTEE

Mr. Attaullah A. Rasheed	Chairman
Mr. Khawaja Muhammad Salman Younis	Member
Mr. Shahid Aziz Siddiqui	Member
Mr. Saleem Zamindar	Member

HR & REMUNERATION COMMITTEE

Mr. Saleem Zamindar	Chairman
Mr. Shahid Aziz Siddiqui	Member
Mr. Agha Sher Shah	Member
Mr. Muhammad Fazlullah Shariff	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Taha Hamdani

STATUTORY AUDITOR

M/s Grant Thornton Anjum Rahman, Chartered Accountants

CORPORATE ADVISOR

M/s Shekha & Mufti, Chartered Accountants

LEGAL ADVISOR

M/s Usmani & Iqbal

BANKERS - Conventional

Sindh Bank Limited
National Bank of Pakistan
Summit Bank Limited
Silk 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
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi-75400
UAN: 021-111-000-322
Fax: 021-34168271
Website: www.thk.com.pk

GROUP STRUCTURE

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

Thatta Cement Company Limited

Holding Company

Established in 1980 as manufacturer of cement and became operative in 1982. In the year 2011, investment was made in a Subsidiary Company which is engaged in the business of generation & supply of electricity and TCCL became Holding Company of the Group.

Thatta Power (Private) Limited

Subsidiary Company

The Holding Company in its effort to be self sufficient to meet its energy requirement had invested in a Subsidiary Company in the year 2011. The Subsidiary Company is in the business of generation, supply and transmission of electricity and commenced its operations in December 2012. The Subsidiary Company generates electricity to supply to the Holding Company for manufacturing of cement and to the National Grid through M/s Hyderabad Electric Supply Company Limited. TPPL is a 62.43% owned subsidiary of the Holding Company as on June 30, 2017.

NATURE OF BUSINESS

Thatta Cement Company Limited was incorporated in 1980 as a public limited company. The Company's main business activity is manufacturing, marketing and sale of cement. The production facility of the Company is located at Ghulamullah Road, Makli, District Thatta. The Company's annual installed clinker capacity is 510,000 tons.

The Company obtained listing on the Pakistan Stock Exchange (formerly Karachi Stock Exchange Limited) as a public limited company and also obtained ISO 9001 certification in the year 2008.

GEOGRAPHICAL PRESENCE

Cement companies in general have a natural sales catchment area within its immediate geographic location and the reach is mostly dependent on the size and output of the cement plant. Thatta Cement Company Ltd has a clinker production capacity of 1700 tpd, and therefore it is economically viable to distribute its products within a radius of 125 kilometers. However, due to the nature and quality of some of its specialized products, the logistic cost barrier is broken by the discerning customers and our products manage to reach markets as far as Azad Kashmir.

MANAGEMENT'S STRATEGIC OBJECTIVES

- We intend to increase the value in long term through sustainable and result-oriented growth by providing high-performance, innovative and cost effective solutions aimed at customers evolving needs.
- We aim to recruit the right talent to mentor future leaders, cascading knowledge to create a culture of values and competitiveness.
- We incorporate ecological and social targets in our business strategy to protect the climate and biodiversity, as well as our social responsibility

Objectives and Strategies:

Management's objectives, strategies for meeting those objectives and relationship between entity's results and management's objectives:

OBJECTIVE 1: To Enhance sales

Strategy: Sales enhancement through increased market share.

Status: The Company has surpassed its Annual sales targets

Relationship between Company's result and management's objective:

The Company has achieved highest sales ever in its 35 years history. The Company's sales have increased by 28.48% as compared to the previous year. Sales volume also increased by 35.84%.

OBJECTIVE 2: Maintain and improve industry position

Strategy: Technological advancements and continuously upgrade its production facilities to maximize efficiency.

Status: Ongoing process

Relationship between Company's result and management's objective:

During the year sales volume of the Company has shown remarkable improvement. Capacity utilization of the plant during the year stood at 100.5% as compared to 75.02% in the previous year. Overall clinker production was higher by 34.03% as compared to the last year whereas cement production was higher by 13.40% than that of the previous year.

OBJECTIVE 3 : Cost Reduction

Strategy: To optimize resource utilization by adopting cutting edge technology.

Status: Ongoing process

Relationship between Company's result and management's objective:

The Company has completed various improvement projects to achieve more efficient results.

OBJECTIVE 4 : Maintaining balance between economic progress, social responsibility and environmental protection

Strategy: To provide sustainable livelihood to the society and to minimize the adverse effect on environment.

Status: Ongoing process

Relationship between Company's result and management's objective:

The Company invested huge capital on environmental impact control equipment and practices like dust cyclones, bag houses, damping down dust suppression, 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).

SIGNIFICANT CHANGES IN OBJECTIVES & STRATEGIES

The strategies and objectives of the Company were well planned and no significant changes have occurred during the year affecting Company's operations.

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board of directors

Defining Directions to Excel

Our legacy of leaders has always been one of a kind. They are the ones we look forward to for excelling and practicing to meet all challenges.

Mr. Khawaja Muhammad Salman Younis

Chairman

Dato' Khawaja Muhammad Salman Younis has over 30 years of experience in banking industry covering services, support, information technology, business development, corporate finance, advisory, risk management, re-structuring, process re-engineering, project management, asset management, private equity, regulatory and anti-money laundering compliance, administration and training.

Prior to founding and joining the Al - Tayseer Group, Mr. Salman Younis was with one of the world's leading Islamic banks based out of the GCC where he was responsible for setting up the Bank's operations in Malaysia in 2005 in a record of 5 months, and helming the bank as its Managing Director for 3 years during which time the Bank was voted as the Best Islamic Bank in the World by Islamic Finance News in 2006. He was also instrumental in setting up the Bank's representative offices in Australia and Singapore and its asset management was one of the first Islamic Fund Management Companies to be licensed by the Securities Commissions of Malaysia.

He has worked for the Citi Group from November 1981 to August 2001. Between 1981 and 1996, he worked in various capacities with the Saudi American Bank, now known as SAMBA. In areas of services, support and information technology and later with the corporate and investment group where he concluded several high profile structured deals in oil and gas, petrochemical, shipping, water and power, high tech operation and maintenance, infrastructure development, contracting and trading. During his stay with SAMBA, he witnessed three economic down turns and was also involved in remedial management of complex credits and several successful re-structuring and re-scheduling.

In September 1996, he was transferred from SAMBA to Citi Bahrain and was part of the team responsible for setting up Citi Islamic Investment Bank (CIIB), the first Islamic bank to set up as an International Financial Institution. In 1998, he was promoted and appointed as Managing Director of CIIB and Head of Global Islamic Finance. At CIIB, he developed a range of Islamic banking products and also structured first time Shariah compatible deals for clients in Eastern Europe, Brazil, Korea and Taiwan among others.

Mr. Shahid Aziz Siddiqui
Director

Mr. Shahid Aziz Siddiqui has lead various government organizations including Chairman of State Life Corporation of Pakistan and Chairman of National Highway Authority.

He has also served as Managing Director of Rice Export Corporation of Pakistan, Director General of Ports and Shipping, Commissioner of Karachi Division, Deputy Commissioner of the Districts of Thatta, Sanghar and Larkana and as Director Labour, Sindh.

He was also the Chairman of Board of Directors of Sui Southern Gas Company Limited and at present serving as Director on the Board of Thatta Cement Company Limited.

Mr. Shahid Aziz Siddiqui had topped the CSS Examination of 1968. Mr. Siddiqui holds post graduate degree in Development Economics from the University of Cambridge UK and masters from University of Karachi. He is also a Certified Director by Pakistan Institute of Corporate Governance (PICG).

Mr. Agha Sher Shah
Director

Mr. Agha Sher Shah is currently the Chairman and Chief Executive of Bandhi Sugar Mills, a Greenfield 7000 tons sugar mill which he successfully set up in 2012. He is also a Director of Attock Cement Pakistan Limited, Habib Bank Limited, Thatta Cement Company Limited, Newport Container Terminal (Private) Limited, Sui Southern Gas Company Limited and Triton LPG (Private) Limited.

Mr. Agha Sher Shah started his career as an investment analyst covering consumer, energy and finance sectors of the S&P 500 in US equity market. In his career of over 27 years he has held senior portfolio management positions in US and Global equities. Prior to his current role, he was Senior Portfolio Manager of a multi-billion dollar portfolio in Abu Dhabi Investment Authority, one of the largest sovereign wealth funds in the world.

He has a Bachelor of Science in Engineering from Rice University and holds a Master of Business Administration from Cornell University.

Mr. Saleem Zamindar
Director

Mr. Saleem Zamindar has a Bachelor of Arts (BA) degree in Economics from Boston University, USA and a Master of Business Administration (MBA) from Durham University Business School, UK. He has over 22 years of experience across several countries in investment management, board level general management & international banking. He is a Certified company Director by the Pakistan Institute of Corporate Governance and additionally also holds the globally prestigious Certificate in Company Direction from the Institute of Directors (IoD) UK. Presently, he serves on the Board of Directors of several publicly listed & private limited companies. He is also the past President of the Rotary Club of Karachi, the largest and oldest Rotary Club in District 3271, and is a former member of the Managing Committee of the Karachi Boat Club and a current member of the Board of Governors of the Karachi Council on Foreign Relations.

Mr. Attaullah A. Rasheed
Director

Mr. Attaullah A. Rasheed is working as General Manager in State Life Corporation of Pakistan, the largest national organization engaged in Life Insurance Business having a work experience of over 25 years in the field of Investment, Finance, Taxation and corporate affairs with various reputable organizations. He is a Fellow member of Institute of Cost & Management Accountants of Pakistan and Institute of Corporate Secretaries of Pakistan and also holds master's degrees in Economics and Commerce from University of Sindh.

He is also serving as nominated director on the Board of listed companies namely, Premier Insurance Company Limited and Shahtaj Sugar Mills Limited on behalf of State Life Insurance Corporation of Pakistan.

Mr. Muhammad Fazlullah Shariff

Chief Executive Officer

Mr. Muhammad Fazlullah Shariff is a qualified Chemical Engineer, graduated from the Middle East Technical University, Ankara, Turkey. He joined Thatta Cement Company as Chief Operating Officer at the time of takeover by Al-Abbas Group from the State Cement Corporation through Privatization Commission. Subsequently he was elevated to the position of Director Project to look after Thatta Cement and the expansion and modernization of the Al-Abbas Cement Industry (formerly ESSA Cement).

Mr. Shariff has spent over thirty five years in the cement industry. He has worked on eight cement plants in various capacities and five as consultant besides numerous other projects. He has also worked on IFC financed cement projects in Pakistan as a consultant. This has made his experience very diversified in all areas: Production, Quality Control, Raw Material Investigations, Feasibility Studies, Project Appraisals, Project and Contract Management, Environmental Impact Assessment Studies, Technical Audits, Plant Optimization, Acquisition and Takeovers. He is well-known for practical measures to keep his organization competitive and profitable using cutting edge technologies and innovative solutions under local conditions. He has contributed technical papers to local and international magazines.

He is a certified Company Director from the Institute of Chartered Accountants of Pakistan.

He is a life member of the Pakistan Engineering Council and a member of the American Institute of Chemical Engineers and the American Chemical Society.

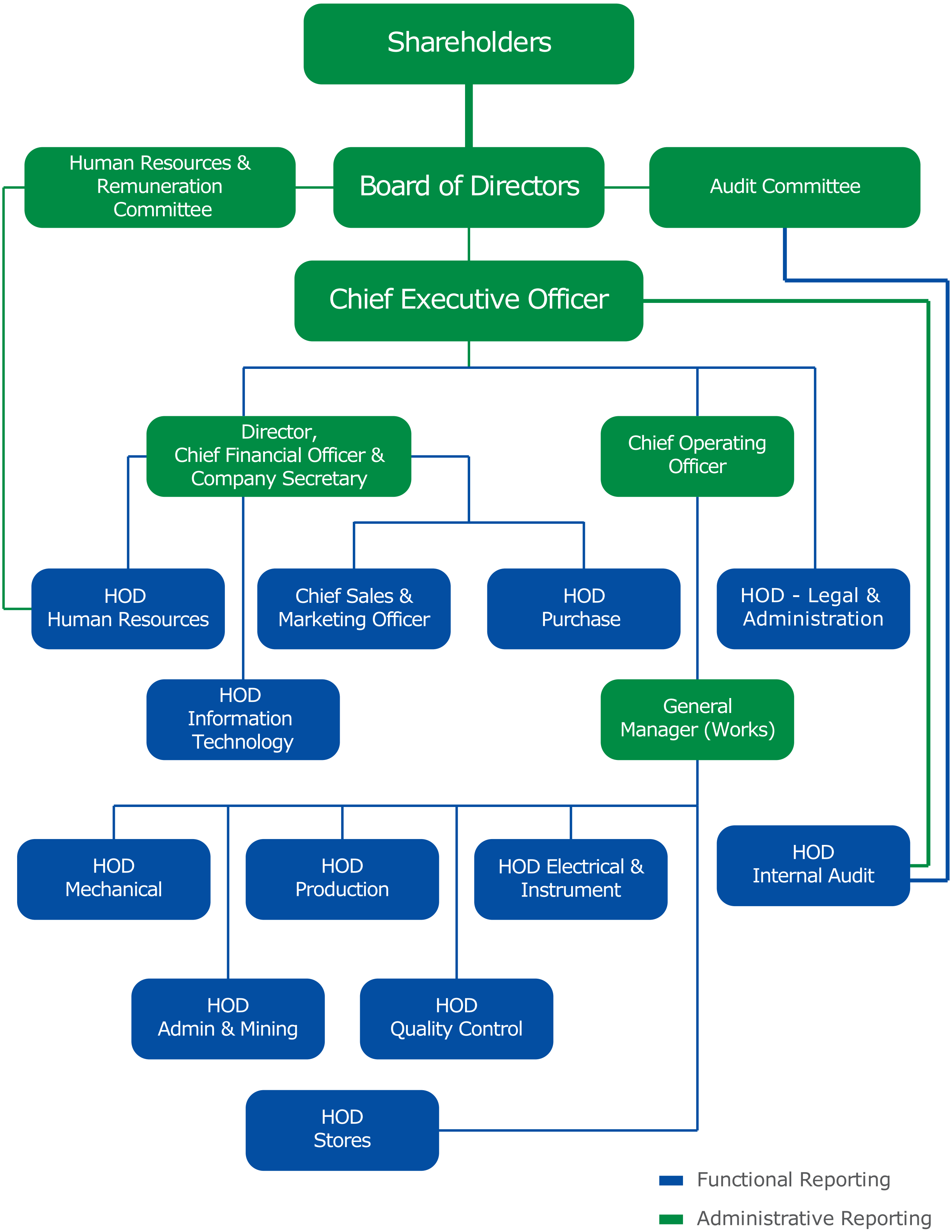
Muhammad Taha Hamdani

Director

Muhammad Taha Hamdani has qualified his Chartered Accountancy in July 2001 and was associated with Ford Rhodes Sidat Hyder, Chartered Accountants. He has also completed Director's Training Program conducted by the Institute of Chartered Accountants of Pakistan. He has over seventeen years working experience with vast exposure in diversified sectors which range from telecommunication, asset management, hospitality, power, oil & gas and cement. Prior to joining Thatta Cement Company Limited in 2011 as Chief Financial Officer & Company Secretary, he was associated with Hascol Petroleum Limited as Chief Financial Officer. He carries immense exposure in asset management sector while working as Head of Internal Audit & Compliance with JS Investments Limited and Head of Finance & Operations with Faysal Asset Management Limited.

He also carries the experience of working as Deputy Director – Internal Audit, of Pakistan Telecommunication Company Limited, the largest telecommunication network in the country, as a Group Internal Auditor for one of the leading Five Star International Hotels in Pakistan and as a Group Finance Manager for an International Trading & Manufacturing Group based in Saudi Arabia.

ORGANISATIONAL STRUCTURE



CODE OF CONDUCT

The Code of Conduct of the Company is based on the principles of discipline, integrity, mutual respect, adherence to applicable laws by its employees among themselves and dealings with other stakeholders of the Company and to conduct its business in a manner that reflects high ethical standards.

BRIEF OVERVIEW OF THE CODE

Business Principles

- Conduct its operations with highest environmental and business ethical consideration.
- Employees should demonstrate Company's core values of merit, integrity, safety, teamwork and dedication in dealings with business partners.

Business integrity

- Directors, senior management and employees shall ensure that their actions in conduct of business are totally transparent and must avoid situations in which their personal interest could conflict with the interest of the Company.
- Directors, senior management and employees shall not disclose or use any confidential information and also comply with applicable laws.

COMPANY RESPONSIBILITIES

The Code encourages to:

- Upholds the values of integrity, teamwork, meritocracy and equity.
- Safeguard Company's interest in dealings with business partners.
- Comply fully with applicable laws and regulations by ensuring legal and regulatory compliance.
- Provide good physical working conditions and encourage high standards of hygiene and housekeeping.
- Follow best practices in environmental matters arising out of its business activities.

EMPLOYEE RESPONSIBILITIES

The Code provides employees guidance on their responsibilities vis-a-vis:

- Media relations and disclosures
- Confidentiality of information
- Avoid conflict of interest
- Legitimate use of Company's assets and services
- Demonstrates and promotes professional behavior.

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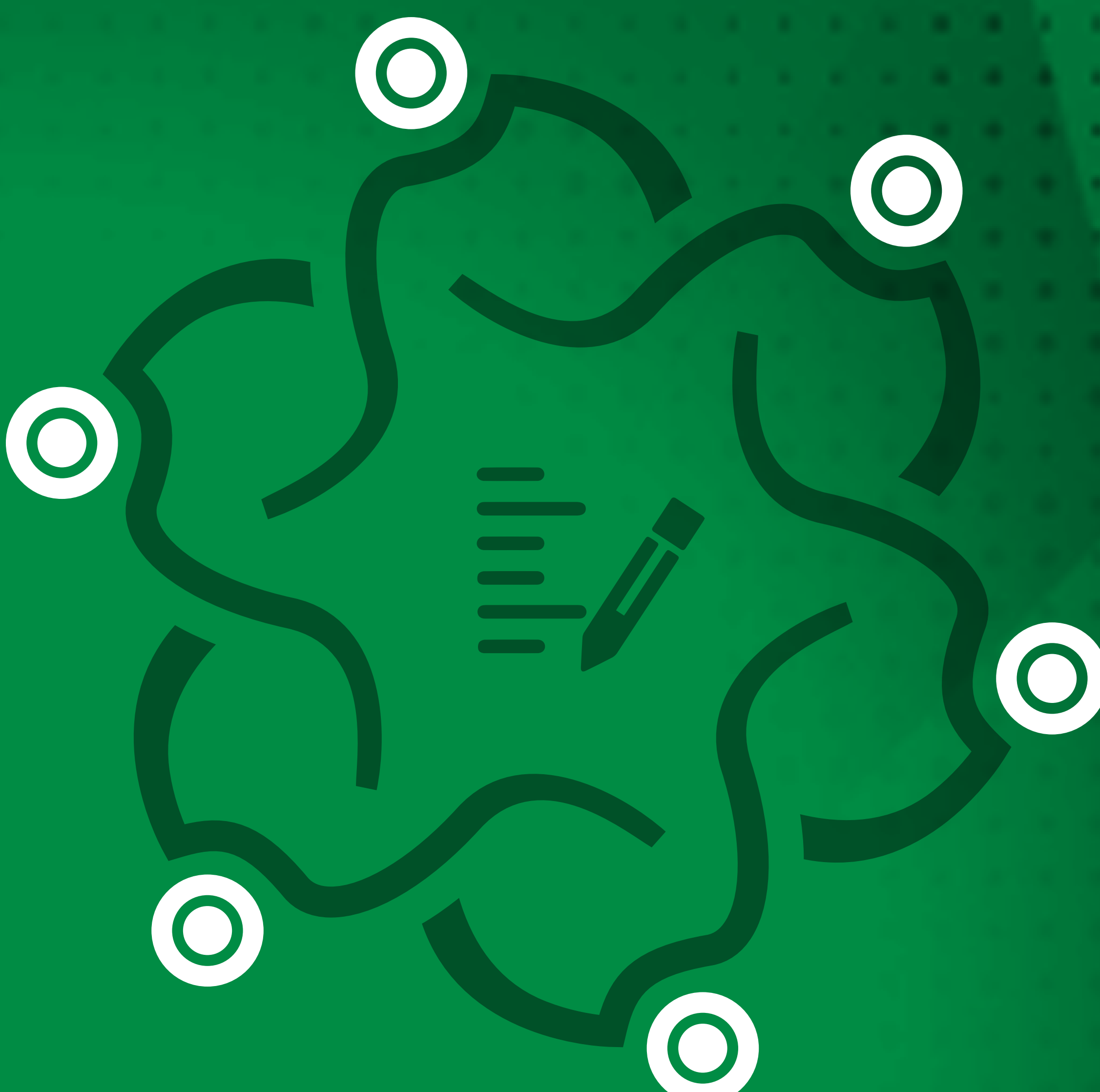
directors' report

Governance with Care and Diligence

All the decisions made by the Board of Directors assure maintaining exceptional standard and creating a workworthy environment for sustaining a prosperous future.



DIRECTORS' REPORT

The Directors of your Company are pleased to present herewith their review and the audited financial statements together with auditors' report for the year ended June 30, 2017.

INDUSTRY OVERVIEW

The Cement industry witnessed a growth of 3.71% during the year ended June 30, 2017 compared with the previous year. The overall growth slowed down due to depressed exports. Capacity utilization of the industry stood at 90.17% of the installed capacity as against 85.21% compared to the year 2016. Domestic cement consumption in the south region posted an increase of 9.46% whereas the northern region posted an increase of 7.71% during the year ended on June 30, 2017 compared with the year 2016. However, overall sales of your Company registered a phenomenal growth of 35.84% during the year as compared to the previous year.

Coal prices remain the key cost driver affecting the cost of production of cement for the industry which maintained an increasing trend till the end of quarter ended on March 31, 2017. However, price of coal appears to have stabilized and likely to remain so in the short term.

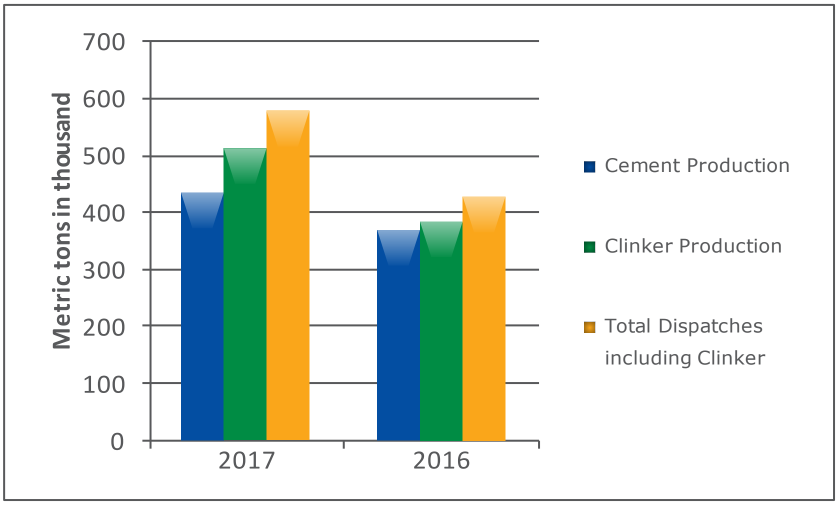
The cement consumption is expected to increase substantially after the monsoon, on account of increased construction activity in the housing sector and also due to higher allocations to development projects under public sector infrastructure plans by GOP. The outgoing financial year also witnessed an impressive growth in private sector credit related to construction activity. Further, stability in exchange and interest rate also provided support to the profitability of the cement sector during the year.

BUSINESS PERFORMANCE

(a) Production and Sales

Capacity utilization of the plant during the year stood at 100.5% as compared to 75.02% in the previous year. Overall clinker production was higher by 34.03% as compared to the last year whereas cement production was higher by 13.40% than that of the previous year.

Description	2017	2016	Variance	
	--------------------- Metric Tons	---------------------		%
Plant capacity – Clinker	510,000	510,000	-	-
Production				
- Clinker	512,789	382,582	130,207	34.03
- Cement	409,789	361,351	48,438	13.40
- GGBFS	22,260	520	21,740	4,180.77
- Class G Cement	2,067	5,813	(3,746)	(64.44)
Dispatches				
Cement				
- Local	407,718	362,623	45,095	12.43
- Class G cement	3,008	1,177	1,831	155.56
- Exports	875	1,978	(1,103)	(55.76)
	411,601	365,778	45,823	12.52
Clinker	138,597	59,331	79,266	133.59
GBFS & GGBFS – Local	28,005	520	27,485	5,285.57
	578,203	425,629	152,574	35.84



The Company's cumulative dispatches witnessed a substantial increase of 35.84% compared with the previous year due to increased capacity utilization and focused marketing activities to increase company's share in the domestic market. In addition, 138,597 MT clinker was also sold. Your company was able to improve upon its sales volumes by a significant percentage when compared to the overall sales in the Southern region.

A comparative analysis of sales volume of the industry vis-à-vis the Company is as under:

Description	2017	2016	Variance	
	----------------- Million Metric Tons		-----------------	%
Cement Industry				
Local sales	35.652	33.001	2.651	8.03
Exports	4.663	5.872	(1.209)	(20.59)
	40.315	38.873	1.442	3.71
	-------------------- Metric Tons	--------------------		
Thatta Cement Company Limited				
Local sales –Cement	407,718	362,623	45,095	12.43
Local sales – Clinker	138,597	59,331	79,266	133.59
Class G cement	3,008	1,177	1,831	155.56
Exports	875	1,978	(1,103)	(55.76)
GBFS & GGBFS	28,005	520	27,485	5,285.57
	578,203	425,629	152,574	35.84

(b) Financial Performance

A comparison of key financial results of the Company for the year ended June 30, 2017 with the same period last year is as under:

Particulars	2017	2016
	------ Rupees in thousands ------	
Sales – net	3,656,723	2,846,147
Gross profit	1,163,029	913,844
Selling & distribution cost	101,031	71,522
Finance cost	87,723	124,995
Profit before taxation	855,306	666,009
Profit for the year	581,993	614,443
Earnings per share (Rupees)	5.84	6.16

During the year gross profit margin slightly decreased to 31.80% from 32.11% in the last year. The Company earned a profit before tax of Rs. 855.306 million after providing for depreciation of Rs. 143.670 million.

i) Sales Performance

Sales revenue of the Company during the year in value terms posted a remarkable increase of 28.48%, mainly due to appreciation in local sales of cement as a result of better market penetration strategy and efforts made by Sales and Marketing team to tap company's share in industry sales. Further, sale of clinker for better management of inventory also supported to increase overall sales revenue. Moreover, sales in terms of volumes also showed an increase of 35.84% compared with the previous year.

ii) Cost of Sales

Cost of sales to sales ratio has marginally increased to 68.20% during the year as compared to 67.89% last year.

iii) Selling and Distribution Cost

Selling and Distribution cost increased by 41.26% due to increase in incentives/commission paid to dealers on account of increased sales and impact of annual increments in remuneration of sales and marketing team during the year as compared with that of the previous year.

iv) Finance Cost

Finance cost has declined by 29.82% during the year under review as compared with that of the last year due to better generation of cash flows from sales revenue. As a result, the Company made early repayment of principal installments aggregating to Rs. 475 million against the long term financing facility and utilized lower amounts of short term running financing facility to meet its working capital requirements. Hence, lower interest expense was incurred in the outgoing year as compared with the previous year.

v) Taxation

Current tax expense has increased by Rs. 259.66 million which includes one-time levy of Super Tax @ 3% amounting to Rs. 24.25 million. The increase is mainly due to the fact that in the year 2016, Company has claimed tax credit of Rs. 101.315 million, in respect of Plant and Machinery installed during BMR, against the tax liability computed on the basis of Alternative Corporate Tax regime resulting in 'Nil' tax expense, whereas for the year 2017, current tax liability has been computed under Normal tax regime@ 31%.

Subsequent appropriations

Based on the profit during the year under review, the Board of Directors has recommended a final cash dividend for the year ended June 30, 2017 at Rs. 2.35/- per share i.e. 23.5% of par value. The entitlement shall be available to those shareholders whose name(s) appear on the shareholders' register at the close of business on September 08, 2017. The appropriation will be reflected in the subsequent financial statements, in compliance with Fourth Schedule to the Companies Ordinance, 1984.

Principal risks and uncertainties facing the Company

Cement production capacity in the country is expected to rise to around 73.8 million metric tons by FY20 as a result of expansion projects initiated by leading players of the industry. These expansion projects may put those cement companies including your company in an unfavorable position, which have not been able to achieve economies of scale and competitive advantage by enhancing their production capacity in line with the industry. Keeping in view this risk, your company is continuously evolving strategies and adopting appropriate measures to manage such risks to meet challenges ahead to maintain business growth.

Moreover, details of the Company's financial risk management policies and objectives in respect of its use of financial instruments are included in Note 41 to the 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 emitted from processes adopted for clinker production.

The Company has a dedicated and qualified team to meet the statutory and regulatory compliances of EPA and NEQS standards. Being proactive on the impact of the Company's business on the environment, the Company has installed dedusting 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).

In recognition of its efforts towards sustainability and minimizing the impact of business operations on environment and its surroundings, the Company has been awarded Environment Excellence Award 2016, conducted by NFEH (A society registered with United Nations Environment Program UNEP).

Emissions from the cement making process are periodically monitored as per NEQS standards through EPA Certified reputed labs. The Company's production facility has always been in compliance with the National Environmental Quality Standards (NEQS).

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 incurred a reasonable amount on various education and health initiatives.

Adequacy of internal financial controls

All the necessary steps are being employed by the Directors to ensure the effectiveness of the Company's internal financial control systems upto 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.

Future Outlook

CPEC project shall remain in focus to gauge Pakistan's GDP growth which is estimated to be 5.7 percent in the year ahead. This project will be focusing on infrastructure spending by the Pakistani government which is estimated to attract substantial investment in transport and energy-related projects. Higher cement demand is predicted in the years to come. CPEC's investment would be used for development of infrastructure i.e. rail and road links which will provide robust business opportunities for the construction and cement sector.

Going forward, growth in cement industry is anticipated to be in double digit in terms of domestic demand based on increased spending by GOP in Public Sector Development Projects in the backdrop of national elections in the year 2018 and continued growth in construction activity. As during the previous year the private sector credit off take for construction related projects is expected to remain robust. Slump in exports also appears to have bottomed out as some uptick in exports has been witnessed recently.

Stability in international coal prices could enhance growth potential in cement sector. Prevailing political uncertainty on account of legal battle between the government and the opposition political parties needs to be addressed urgently to achieve the growth targets.

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 236(5) of the Companies Ordinance, 1984 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, 2017.

Operating Results

Balance Sheet	June 30, 2017	June 30, 2016
	------ Rupees in thousands ------	
Property, plant and equipment	3,265,979	3,405,340
Stock-in-Trade	353,970	238,407
Trade Debts	404,434	464,681
Paid-up Share Capital	997,181	997,181
Total Equity - Holding Company	3,005,185	2,554,137
Trade and Other payables	484,267	424,449
Short Term Borrowings	191,047	19,168
Profit and Loss		
Sales	3,824,522	2,856,103
Gross Profit	1,358,297	1,034,513
Selling, Distribution and Administrative expenses	253,953	196,341
Operating profit	1,104,344	838,172
Profit before taxation	993,210	713,525
Profit for the year	718,781	661,337

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 142.87 million; however, distribution of dividend to the shareholders 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 Policy Framework for New - Captive Power Producers (N-CPPs). 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 in current scenario 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 February 1, 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 has filed an appeal before the Supreme Court of Pakistan 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 said order. The appeals are pending for adjudication. The last hearing of the appeals was held on November 2, 2016 and the judgment was reserved for order by the Supreme Court of Pakistan.

Due to non-payment of electricity bills by HESCO in view of above-mentioned litigation posing severe liquidity problems for the Subsidiary Company, accordingly financing facility aggregating to Rs 300 million was provided by the Holding Company to the Subsidiary Company to meet working capital requirements and to honor its financial obligations. The said facility was provided to TPPL after obtaining the approval of its shareholders under section 208 of the Companies Ordinance, in the Annual General Meeting (AGM) held on October 16, 2015 and thereafter renewed in the subsequent AGM(s) held on September 27, 2016. The utilization of loan / advance facility by the Subsidiary Company was reduced from Rs. 184 million to Rs. 125 million as on June 30, 2017.

Moreover, the receivable of the Subsidiary Company from HESCO has reduced from Rs. 300.8 million as on June 30, 2016 to Rs. 267.8 million as on June 30, 2017, which is due to receipt of Rs. 229.4 million from HESCO against the outstanding amount, moreover the Subsidiary Company has also resumed its power supply to HESCO from January 2017.

Waste Heat Recovery Project

The requirement for obtaining financing for the project with syndicate of Banks has been completed. However, there are certain regulatory approvals which are required to be obtained from State Bank of Pakistan which are awaited.

Related Party Transactions

All related party transactions entered into are at arm's length basis which 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.

Code of Corporate Governance

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the PSX Regulations of the Stock Exchange. All necessary steps are being taken to ensure good Corporate Governance in the Company as required under the Code.

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.

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

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

d. 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.

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

f. We have an Audit Committee, the members of which are amongst non executive directors of the Board.

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

h. There has been no material departure from the best practices of corporate governance, as detailed in the PSX Regulations.

i. The Board of Directors has adopted a mission statement and statement of overall corporate strategy.

j. The Company has developed a Code of Conduct, which has been placed on website of the Company.

k. 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.

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

• Provident Fund	Rs.	9.035 million
• Gratuity Fund	Rs.	12.083 million

The value of investments as per audited accounts of retirement benefit plans of Thatta Cement Company Limited as at June 30, 2017 are as follows:

• Provident Fund	Rs.	79.76 million
• Gratuity Fund	Rs.	70.43 million

m. Earnings per share for the year was Rs. 5.84 as against Rs. 6.16 last year.

n. All the directors on Board of the Company have completed Director's Training to meet the requirement of PSX Regulation.

o. We have included the following information in the annual report, as required by the Code of Corporate Governance:

   i. Statement of pattern of shareholding.

   ii. Key operating and financial statistics for the last six years.

   iii. Statement of number of Board, Audit Committee and Human Resources & Remuneration Committee meetings held during the year and attendance by each Director (Annexure I).

   iv. Statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Operating Officer,Chief Financial Officer & Company Secretary and their spouses and minor children.(Annexure II)

External Auditors

The present auditors M/s Grant Thornton Anjum Rahman, 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 Grant Thornton Anjum Rahman, Chartered Accountants as auditors of the Company for the year ending on June 30, 2018.

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 Fazlullah Shariff
Chief Executive Officer

Karachi: August 19, 2017

ABSTRACT FOR VARIATION IN TERMS OF APPOINTMENT OF CHIEF EXECUTIVE OFFICER OF THE COMPANY

To: All Members of the Company

Subject: Variation in terms of appointment of the Chief Executive Officer (CEO) of the Company

Dear Member

This is to inform you under section 218 of the Companies Ordinance, 1984 ("Ordinance"), that the Board of Directors of the Company in its meeting held on June 7, 2017 increased the monthly remuneration of Mr. Muhammad Fazlullah Shariff as the Chief Executive Officer (CEO) of your Company from Rs. 1,326,800/- to Rs. 1,420,000/- per month (gross), inclusive of all allowances, with effect from July 1, 2017. Other perquisites are as per the Company policy, which include Company's contribution to provident fund, annual bonuses, leave fare assistance, encashment of annual leaves as per company policy, medical and life insurance and gratuity.

No other Director of the Company has any interest in such variation.

Regards

Muhammad Taha Hamdani
Company Secretary

ANNEXURE I

Attendance of Directors in Board Meetings held during the year ended June 30, 2017:

Name of Director	No.of Meetings	Meetings attended
Mr. Khawaja Muhammad Salman Younis - Chairman	5	5
Mr. Shahid Aziz Siddiqui – Director	5	5
Mr. Wazir Ali Khoja - Director (Expired) *	1	1
Mr. Agha Sher Shah - Director	5	5
Mr. Saleem Zamindar - Director	5	5
Mr. Attaullah A. Rasheed - Director	5	5
Mr. Muhammad Fazlullah Shariff - Chief Executive Officer	5	5
Muhammad Taha Hamdani - Chief Financial Officer **	3	3

* passed away on September 17, 2016
** appointed as director on December 16, 2016

Attendance of Members in Audit Committee Meetings held during the year ended June 30, 2017:

Name of Member	No.of Meetings	Meetings attended
Mr. Attaullah A. Rasheed - Chairman Committee	4	4
Mr. Wazir Ali Khoja - (Expired) *	1	1
Mr. Khawaja Muhammad Salman Younis - Member	4	4
Mr. Shahid Aziz Siddiqui - Member	4	4
Mr. Saleem Zamindar - Member **	2	2

* passed away on September 17, 2016
** appointed as member on February 15, 2017

Attendance of Members in Human Resources & Remuneration Committee Meetings held during the year ended June 30, 2017:

Name of Member	No.of Meetings	Meetings attended
Mr. Saleem Zamindar - Chairman Committee	2	2
Mr. Agha Sher Shah - Member	2	2
Mr. Shahid Aziz Siddiqui - Member	2	2
Mr. Muhammad Fazlullah Shariff - Member	2	2

ANNEXURE II

Statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Company Secretary and their spouses and minor children.

Name of Director	Shares bought
Muhammad Taha Hamdani	1,000

کمپنی کے چیف ایگزیکیٹیو آفیسر کی تعیناتی کی شرائط میں تبدیلی سے متعلق خاکہ

برائے معزز ممبران گرامی

عنوان: کمپنی کے چیف ایگزیکیٹیو آفیسر کی تعیناتی کی شرائط میں تبدیلی

معزز ممبر گرامی

بذریعہ ہذا آپکو اس بات سے مطلع کیا جاتا ہے کہ کمپنیز آرڈیننس 1984 کی سیکشن 218 کے تحت بورڈ آف ڈائریکٹرز نے اپنے اجلاس مؤرخہ 7 جون 2017 میں کمپنی کے چیف ایگزیکیٹیو آفیسر محمد فضل اللہ شریف کی ماہانہ تنخواہ (مجموعی) 1,326,800 روپے سے بڑھاکر 1,420,300 روپے ماہانہ مقرر کر دی ہے جس میں تمام الاؤنسز شامل ہیں اور اس تنخواہ کا اطلاق مؤرخہ یکم جولائی 2017 سے ہو گا۔ دیگر سہولیات کمپنی کی پالیسی کے مطابق ہیں جن میں کمپنی کی جانب سے پراویڈنٹ فنڈ کا حصہ، سالانہ بونس، لیوفیئر اسسٹنس، سالانہ چھٹیوں کے متبادل نقد ادئیگی، میڈیکل اور لائف انشورنس اور گریجویٹی کی سہولیات شامل ہیں۔

ان تبدیلیوں میں کمپنی کے کسی بھی دیگر ڈائریکٹر کے کسی بھی قسم کے کوئی مفادات شامل نہیں ہیں۔

والسلام

محمد طحہ ہمدانی

کمپنی سیکرٹری

3۔ 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)

4۔ کمپنی کے ڈائریکٹروں، چیف ایگزیکیٹیو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر اور کمپنی کے سیکرٹری ان کے ازواج اور نابالغ بچوں کی جانب سے خریدے گئے کمپنی کے حصص سے متعلق اسٹیٹمنٹ (ضمیمہ 2)۔

بیرونی آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمن، چارٹرڈ اکاؤنٹنٹس نے اپنی اہلیت کی بنیاد پر ایک مرتبہ پھر تعیناتی کیلئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی کی سفارشات کی بنیاد پر بورڈ آف ڈائریکٹرز حصص داران کے سامنے یہ سفارش پیش کرتے ہیں کہ میسرز گرانٹ تھورنٹن انجم رحمن، چارٹرڈ اکاؤنٹنٹس کو مالی سال 30 جون 2018 کیلئے کمپنی میں بطور آڈیٹرز تعینات کر لیا جائے۔

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 وہمت کا مظاہرہ کیا جائے گا۔

محمد فضل اللہ شریف

چیف ایگزیکیٹیو

کراچی: 19 اگست 2017

چ۔ 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۔

ح۔ پاکستان اسٹاک ایکسچینج کے ضوابط میں مزکور کارپوریٹ گورننس کے ضوابط سے ایسی کوئی روگردانی نہیں کی گئی جو قابل محاسبہ ہو۔

خ۔ بورڈ آف ڈائریکٹرز کی جانب سے ایک مشن اسٹیٹمنٹ اور اسٹیٹمنٹ برائے مجموعی کاروباری حکمت عملی کو اپنایا گیا ہے۔

د۔ کمپنی کی جانب سے ایک ضابطہ عمل مرتب کیا گیا جسے کمپنی کی ویب سائٹ پر بھی شائع کیا جاچکا ہے۔

ڈ۔ 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 جنھیں مالیاتی دستاویزات میں بیان کیا جاچکا ہے۔

ذ۔ 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 جنھیں کمپنی کی جانب سے دستاویز برائے نفع ونقصان میں ظاہر کیا گیا ہے۔

- پراویڈنٹ فنڈ — 9.035 ملین روپے
- گریجویٹی فنڈ — 12.083 ملین روپے

آڈٹ شدہ اکاؤنٹس کے مطابق ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کے انویسٹمنٹ پلان برائے ریٹائرمنٹ بینفٹس کی قدر بتاریخ 30 جون 2017 درج ذیل ہے:

- پراویڈنٹ فنڈ — 79.76 ملین روپے
- گریجویٹی فنڈ — 70.43 ملین روپے

ر۔ اس سال آمدن فی حصص 5.84 روپے رہی جبکہ گزشتہ سال آمدن فی حصص 6.16 روپے تھی۔

ڑ۔ کمپنی کے بورڈ آف ڈائریکٹرز میں شامل تمام ڈائریکٹروں نے پاکستان اسٹاک ایکسچینج کے قواعد کے مطابق ڈائریکٹرز ٹریننگ مکمل کرلی ہے۔

ز۔ کارپوریٹ گورننس کے قواعد کی پاسداری کرتے ہوئے سالانہ رپورٹ میں درج ذیل معلومات کو شامل کیا گیا ہے:

1۔ جدول برائے ترتیب حصص داری

2۔ گزشتہ چھ سال سے متعلق تمام اہم کاروباری اور مالیاتی شماریات۔

روپے رہ گئی ہے کیونکہ ہیسکو سے واجب الوصول رقم میں سے 229.4 ملین روپے ذیلی کمپنی کو وصول ہو چکے ہیں۔ مزید بر آں، ذیلی کمپنی کی جانب سے،ہیسکو کو جنوری 2017 سے بجلی کی سپلائی بھی جاری ہے۔ اسی طرح ذیلی کمپنی کی جانب سے قرضوں / ایڈوانس کی سہولت بھی اب 30 جون 2017 تک 184 ملین سے کم ہو کر 125 ملین روپے تک رہ گئی ہے۔

ویسٹ ہیٹ ریکوری پروجیکٹ

پروجیکٹ ہذا کے ضمن میں تمویل کی ضروریات کو پورا کرنے کیلئے بینکوں کے سنڈیکیٹ سے معاملات طے کئے جا چکے ہیں۔ تاہم اس سلسلے میں ابھی اسٹیٹ بینک آف پاکستان سے چند ریگولیٹری نوعیت کی منظوریاں حاصل کرنا باقی ہیں جن کے ہم منتظر ہیں۔

متعلقہ پارٹیوں سے لین دین کے معاملات

متعلقہ پارٹیوں سے کئے گئے لین دین کے تمام معاملات نوعیت معمول کے مطابق ہیں اور اس سلسلے میں پاکستان اسٹاک ایکسچینج لمیٹڈ کے ضوابط کے مطابق آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز سے منظوری حاصل کر لی گئی تھی۔

ضوابط برائے کارپوریٹ گورننس

کمپنی کے ڈائریکٹرز پاکستان اسٹاک ایکسچینج کے قواعد میں مزکور ضوابط برائے کارپوریٹ گورننس کے ضمن میں اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ کارپوریٹ گورننس کے ضوابط کی مکمل پاسداری کو ممکن بنانے کی غرض سے کمپنی کی جانب سے ہر ممکن اقدامات اٹھائے جا رہے ہیں۔

الف۔ ٹھٹھہ سیمنٹ کمپنی لمیٹڈ کی جانب سے تیار کی جانے والی مالیاتی دستاویزات صحیح انداز سے کمپنی کے معاملات، کاروباری نتائج، نقد رقوم کی ترسیل اور سرمایہ پر مبنی حصص میں تبدیلی کی نمائندگی کرتی ہیں۔

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

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

ٹ۔ پاکستان میں مستعمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز اور انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کی مکمل پاسداری کرتے ہوئے مالیاتی دستاویزات تیار کی جاتی ہیں اور اس سلسلے میں کسی بھی قسم کی ایسی کوئی روگردانی نہیں کی گئی جو قابل محاسبہ ہو۔

ث۔ 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۔

ج۔ کمپنی میں ایک آڈٹ کمیٹی بھی تشکیل دی گئی ہے جس کے ممبران میں غیر انتظامی بورڈ آف ڈائریکٹرز شامل ہیں۔

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 142.87 ملین روپے کا منافع بعد از ٹیکس کمایا ہے، تاہم اس سال حصص داران کو ڈیویڈنڈ 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۔ لہذا حصص داران کو مستقبل میں منافع کی تقسیم کی جائے گی جس کا انحصار تمویلی معاہدات کی شرائط پر ہوگا۔

ذیلی کمپنی نے ہیسکو کے ساتھ 14 مئی 2011 کو پاور پرچیز ایگریمنٹ (پی پی اے) طے کیا، اس معاہدے کی رو سے کمپنی نے ہیسکو کو معاہدے میں طے شدہ نرخوں پر بجلی فروخت کرنا تھی۔ یہ معاہدہ پالیسی فریم ورک برائے نیو- کیپٹیو پاور پروڈیوسرز (این-سی پی پیز) کی شقوں کی پاسداری کرتے ہوئے طے پایا۔ تاہم بعد ازاں 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 کردی گئی۔ نیپرا کی جانب سے این-سی پی پیز 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، ہیسکو 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 موٴقف اپنایا گیا تھا کہ ہیسکو 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، ہیسکو کو یہ ہدایت کی گئی کہ وہ ٹی پی پی ایل کو 2012-01-02 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 برخلاف 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

کے روبرو اپیل دائر کردی ہے۔ یہ اپیل ابھی تک فیصلے کیلئے التواء میں پڑی ہوئی ہے۔ اس اپیل پر آخری ساعت 2 نومبر 2016 کو کی گئی تھی اور اس سلسلے میں سپریم کورٹ آف پاکستان کی جانب سے فیصلے کو محفوظ کرلیا گیا تھا۔

مزکورہ بالا قانونی مقدمات کے پیش نظر اب تک ہیسکو کی جانب سے فروخت شدہ بجلی کی ادئیگی نہیں کی گئی ہے جس کی وجہ سے ذیلی کمپنی نقد رقوم کے سلسلے میں شدید بحران کا شکار ہے۔ لہذا اس مسئلے کے پیش نظر ہولڈنگ کمپنی کی جانب سے ذیلی کمپنی کو تقریباً 300 ملین روپے تک کی مالیاتی سہولت فراہم کی گئی ہے تاکہ ذیلی کمپنی اپنے راس المال کی ضروریات پوری کرنے کے علاوہ اپنے واجبات کی ادئیگیاں بھی کرسکے۔ ٹی پی پی ایل کو مزکورہ مالیاتی سہولت فراہم کرنے سے پہلے اس ضمن میں حصص داران سے کمپنیز آرڈیننس کے سیکشن 208 کے تحت عام سالانہ اجلاس (اے جی ایم) بتاریخ 16 اکتوبر 2015 میں منظوری حاصل کرلی گئی تھی اور اس کے بعد آئندہ منعقد کی جانے والی اے جی ایم میں سالانہ بنیادوں پر 27 ستمبر 2016 میں پیشِ نظارہ سہولت کی مزید ایک سال کے لیے توسیع کی منظوری دی گئی۔

مزید برآں، ہیسکو کی جانب سے ذیلی کمپنی کی وصولیابی اب 300.8 ملین روپے بمطابق 30 جون 2016 سے کم ہو 30 جون 2017 تک 267.8 ملین

مزید برآں، حکومت پاکستان کی جانب سے آئندہ سال انتخابات 2018 کو مدنظر رکھتے ہوئے پبلک سیکٹر کے ترقیاتی منصوبوں میں سرمایہ کاری کی جائے گی جس کی بناء پر اس بات کی امید کی جارہی ہے کہ سیمنٹ کی صنعت میں مقامی سطح پر ترقی کی شرح نمو دوگنی اعداد پر مبنی ہوگی۔ جبکہ عالمی سطح پر کوئلے کی قیمتوں میں توازن بھی سیمنٹ کی صنعت کی موجودہ ترقی میں اہم کردار ادا کر سکتا ہے۔ دوسری جانب حکومت اور حزب اختلاف کی جماعتوں کے مابین جاری کشیدگی کو بھی جلد از جلد ختم کیا جانا ضروری ہے تاکہ شرح نمو کے اہداف کے حصول کو ممکن بنایا جاسکے۔

انتظامیہ کمپنی کو درپیش مشکلات سے مکمل طور پر آگاہ ہے اور ان مشکلات اور خطرات کے اثرات کو کم از کم کرنے کی غرض سے مستقل بنیادوں پر نا صرف حکمت عملی وضع کر رہی ہے بلکہ اس ضمن میں خاطر خواہ اقدامات بھی اٹھائے جارہے ہیں تاکہ مستقبل کے خطرات سے نمٹنے کے علاوہ کمپنی کے کاروبار میں ترقی کو بھی برقرار رکھا جا سکے۔

گروپ کی کارکردگی

کمپنیز آرڈیننس 1984 کے سیکشن (5) 236 کے تحت رپورٹ ہذا یعنی مالیاتی دستاویزات برائے سال 30 جون 2017 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۔

کاروباری افعال پر مبنی نتائج

Balance Sheet	June 30, 2017	June 30, 2016
	------ Rupees in thousands ------	
Property, plant and equipment	3,265,979	3,405,340
Stock-in-Trade	353,970	238,407
Trade Debts	404,434	464,681
Paid-up Share Capital	997,181	997,181
Total Equity - Holding Company	3,005,185	2,554,137
Trade and Other payables	484,267	424,449
Short Term Borrowings	191,047	19,168
Profit and Loss		
Sales	3,824,522	2,856,103
Gross Profit	1,358,297	1,034,513
Selling, Distribution and Administrative expenses	253,953	196,341
Operating profit	1,104,344	838,172
Profit before taxation	993,210	713,525
Profit for the year	718,781	661,337

کنٹرول کرنے کا سسٹم اور الیکٹروسٹیٹک 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۔

کمپنی کی کاروباری سرگرمیوں کی وجہ سے ماحولیات کو پہنچنے والے نقصانات کو حتی الامکان کم کرنے کی کوششوں کو سراہتے ہوئے این ایف ای ایچ کی جانب سے انوائرنمنٹ ایکسیلنس ایوارڈ 2016 بھی دیا گیا ہے۔ این ایف ای ایچ اقوام متحدہ کے پروگرام برائے ماحولیات -یو این ای پی سے رجسٹرڈ شدہ ایک سوسائٹی ہے۔

سیمنٹ سازی کے دوران خارج ہونے والے مادوں کی این ایس کیو ایس کے معیارات کے مطابق ای پی اے سے منظور شدہ شدہ لیبارٹریوں میں وقتاً فوقتاً جانچ کروائی جاتی ہے۔

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 سر انجام دے رہی ہے وہاں کی مقامی کمیونٹیوں کی فلاح و بہبود کیلئے کمپنی اقدامات اٹھاتی رہتی ہے۔ دوران سال رواں کمپنی کی جانب سے تعلیم اور صحت کے شعبوں میں خاطر رقوم خرچ کی گئیں ہیں۔

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 ہوسکتے ہیں۔

مستقبل پر نظر

پاکستان کی جی ڈی پی کی شرح نمو میں اضافے کیلئے سی پیک کا منصوبہ اہمیت کا حامل رہے گا اور امید کی جاتی ہے کہ آنے والے سال میں جی ڈی پی کی شرح نمو 5.7 فیصد تک ہوگی۔ اس پروجیکٹ کی مد میں حکومت پاکستان کی جانب سے انفرااسٹرکچر کی تعمیرات کیلئے اخراجات پر توجہ مرکوز رہے گی جس کی وجہ سے ٹرانسپورٹ اور توانائی سے متعلق پروجیکٹس میں بھی بڑے پیمانے پر سرمایہ کاری کی جانے کی توقع ہے۔ اس لئے آئندہ سال سیمنٹ کی مانگ میں خاطر خواہ اضافے کی پیشن گوئی کی گئی ہے۔ سی پیک کی مد میں آنے والی سرمایہ کاری کو انفرااسٹرکچر کی تعمیرات کیلئے خرچ کیا جائے گا جس میں ریل اور سڑکوں کے رابطہ کے منصوبے شامل ہیں جن کی وجہ سے سیمنٹ اور تعمیرات کی صنعتوں میں کاروبار کے زبردست مواقع میسر ہونگے۔

تقسیم منافع

سال رواں کے منافع کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز کی جانب سے مالی سال 30 جون 2017 کیلئے 2.35 روپے کا نقد ڈیوڈنڈ فی حصص دینے کی تجویز پیش کی ہے جو کہ 23.5 فیصد بنتا ہے۔ اس ڈیوڈنڈ کو حاصل کرنے کے حقوق صرف ان حصص داران کے پاس ہونگے جن کا نام کاروباری دن کے اختتام 8 ستمبر 2017 کو حصص داران کے رجسٹر میں درج ہوں۔ فورتھ شیڈول کمپنیز آرڈیننس 1984 کی شرائط کے تحت منافع کی اس تقسیم کی اشاعت آئندہ شائع کئے جانے والے مالیاتی گوشواروں میں کر دی جائے گی۔

کمپنی کو لاحق اہم خطرات اور غیر یقینی صورتحال

سیمنٹ کی صنعت کے اہم شراکت داروں کی جانب سے توسیعی منصوبوں کو مد نظر رکھتے ہوئے اس بات کی امید کی جاسکتی ہے کہ مالی سال 2020 تک سیمنٹ کی پیداواری گنجائش بڑھ کر 73.8 ملین ٹن تک جا پہنچے گی۔ ان توسیعی منصوبوں کی وجہ سے سیمنٹ کی بہت سی کمپنیوں کو اپنی کاروباری حکمت عملی کا بغور جائزہ لینا ہوگا۔ جس میں آپکی کمپنی بھی شامل ہے جو اب تک بڑے پیمانے پر پیداوار کے فوائد (economies of scale) اور مسابقتی پوزیشن (competitive advantage) حاصل کرنے میں کامیاب نہیں ہو سکی ہے جس کی وجہ یہ ہے کہ آپکی کمپنی اب تک صنعت معیار کے مطابق اپنی پیداواری صلاحیتوں کو بڑھانے کی کوششیں کر رہی ہے۔ اس خطرے کو محسوس کرتے ہوئے آپکی کمپنی کی جانب سے اس قسم کے اقدامات کئے جا رہے ہیں جن کے ذریعے مستقبل میں ان خطرات سے نمٹا جاسکے اور کمپنی کی جانب سے مستقل بنیادوں پر اس قسم کی حکمت عملی بنائی جارہی ہے کہ ان خطرات سے نمٹنے کے ساتھ ساتھ کمپنی کے کاروبار کو بھی فروغ دیا جاسکے۔

نیز کمپنی کے فنانشل رسک مینجمنٹ اور اس سے متعلق پالیسیاں اور اہداف کو مالیاتی دستاویزات کے نوٹ نمبر 41 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 ان کلنکر کی پیداوار کے دوران خارج ہونے والے ان انتہائی چھوٹے چھوٹے ذرات سے ہے جنہیں بآسانی بذریعہ سانس اندر لے جایا جاسکتا ہے ۔ کلنکر کی پیداوار کیلئے اپنائے جانے والے طریقوں کی وجہ سے چھوٹے چھوٹے ذرات پر مبنی یہ گرد دور تک اڑنے کی صلاحیت رکھتی ہے۔

کمپنی کے پاس اعلی تربیت یافتہ اور دل جمعی کے ساتھ کام کرنے والا ایسا اسٹاف موجود ہے جو کہ ای پی اے اور این 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 از 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

1۔کارکردگی برائے فروختگی

دوارن سال رواں کمپنی کی جانب سے ریکارڈ پر لائی گئی فروختگی میں 28.48 فیصد کا زبردست اضافہ ہوا ہے جس کی بنیادی وجہ مقامی سطح پر کمپنی کیلیئے مارکیٹ میں بڑا حصہ حاصل کرنے کیلیئے بنائی جانے والی مؤثر حکمت عملی ہے اور اس سلسلے میں سیلز اینڈ مارکٹنگ ڈپارٹمنٹ کی جانب سے کی جانے والی کوششیں ہیں تا کہ کمپنی کی فروختگی کو سیمنٹ کی صنعت میں نمایاں طور پر ابھارا جاسکے۔ مزید برآں، انوینٹری کی بہتر مینجمنٹ کیلیئے کلنکر کی فروخت کے اقدامات نے بھی آمدن از فروختگی میں مجموعی طور پر اضافہ کیا۔اس کے علاوہ گزشتہ سال کے مقابلے میں اس سال فروختگی کے حجم میں 35.84 فیصد کا اضافہ ہوا ہے۔

2۔لاگت برائے فروختگی

فروختگی میں اضافے کی شرح کے اعتبار سے لاگت برائے فروختگی میں بھی اضافہ ہوا ہے۔ گزشتہ سال لاگت برائے فروختگی 67.89 فیصد تھی جبکہ لاگت برائے فروختگی بڑھ کر اس سال 68.20 فیصد ہو چکی ہے۔

3۔لاگت برائے فروختگی و تقسیم

فروختگی میں اضافے کی وجہ سے ڈیلروں کو بھی اضافے کے ساتھ ترغیبات / کمیشن دیئے گئے اور سیلز اور مارکٹنگ کی ٹیم کو دیئے جانے والی سالانہ تنخواہ اور دیگر فوائد میں اضافے کی وجہ سے گزشتہ سال کے مقابلے میں لاگت برائے فروختگی اور تقسیم میں 41.26 فیصد اضافہ ریکارڈ کیا گیا ہے۔

4۔لاگت برائے تمویل

آمدن از فروختگی سے حاصل ہونے والی نقدر قوم میں بہتری آنے کی وجہ سے گزشتہ سال کے مقابلے میں دوران سال رواں لاگت برائے تمویل میں 29.82 فیصد کمی آئی ہے۔ان نقدر قوم کی بہتر ترسیل کی وجہ سے کمپنی کی جانب سے طویل المیعاد تمویل کی مد میں حاصل کی گئی رقوم کے بدلے میں 475 ملین روپے کی اصل رقوم واپس کر دی گئیں اور رواں کاروباری اخراجات کو پورا کرنے کی غرض سے کمپنی نے قلیل المیعاد تمویل کی مد میں حاصل کی گئی رقوم کو استعمال کیا۔ اس طرح کمپنی کو اس سال گزشتہ سال کے مقابلے میں سود کی ادئیگی کی مد میں کم اخراجات کرنا پڑے۔

5۔ ٹیکس

رواں ٹیکس اخراجات 259.66 ملین روپے سے بڑھ چکے ہیں جس میں 3 فیصد کے اعتبار سے ایک بار کے سپر ٹیکس کے 24.25 ملین روپے بھی شامل ہیں۔ ٹیکس میں اضافے کی بنیادی وجہ اس حقیقت پر مبنی ہے کہ مالی سال 2016 میں کمپنی نے بی ایم آر کے تحت پلانٹ و مشینری کی تنصیب کی اور اس کی وجہ سے متبادل کارپوریٹ ٹیکس ریجیم کی بنیاد پر ٹیکس کا حساب لگایا گیا تھا جس کا نتیجہ "صفر" ٹیکس کی صورت میں سامنے آیا، کمپنی کی جانب سے 101.315 ملین روپے کے ٹیکس کریڈٹ کا دعوی بھی کیا گیا تھا، جبکہ مالی سال 2017 کے دوران رواں ٹیکس اخراجات معمول کے مطابق 31 فیصد کے حساب سے ریکارڈ کئے گئے ہیں۔

کمپنی اور سیمنٹ کی صنعت کے مابین تقابلی جائزہ ذیل میں پیش کیا جارہا ہے:

Description	2017	2016	Variance	
	------------------ Million Metric Tons		------------------	%
Cement Industry				
Local sales	35.652	33.001	2.651	8.03
Exports	4.663	5.872	(1.209)	(20.59)
	40.315	38.873	1.442	3.71
	-------------------- Metric Tons		--------------------	
Thatta Cement Company Limited				
Local sales –Cement	407,718	362,623	45,095	12.43
Local sales – Clinker	138,597	59,331	79,266	133.59
Class G cement	3,008	1,177	1,831	155.56
Exports	875	1,978	(1,103)	(55.76)
GBFS & GGBFS	28,005	520	27,485	5,285.57
	578,203	425,629	152,574	35.84

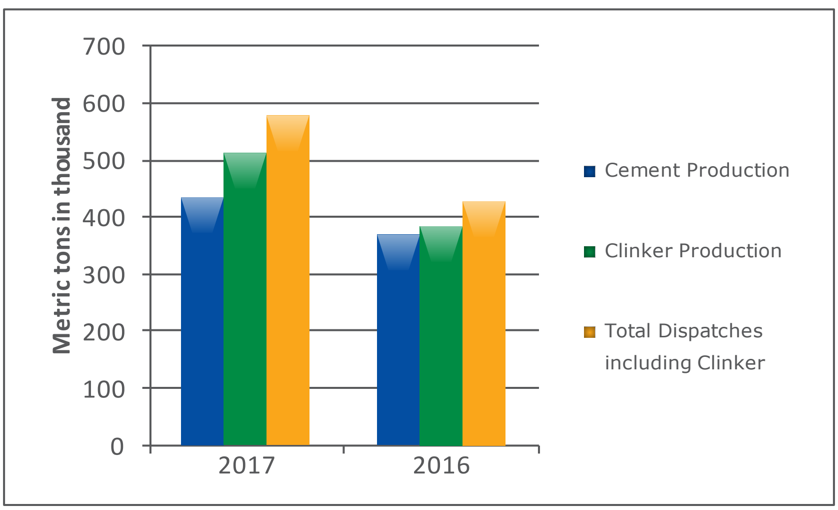
(ب) مالیاتی کارکردگی

کمپنی کی مالیاتی کارکردگی برائے مالی سال 30 جون 2017 کی اہم جھلکیاں گزشتہ سال اسی عرصے کے دوران مالیاتی کارکردگی کے مد مقابل ذیل میں پیش کی جارہی ہے:

Particulars	2017	2016
	------ Rupees in thousands ------	
Sales – net	3,656,723	2,846,147
Gross profit	1,163,029	913,844
Selling & distribution cost	101,031	71,522
Finance cost	87,723	124,995
Profit before taxation	855,306	666,009
Profit for the year	581,993	614,443
Earnings per share (Rupees)	5.84	6.16

دوران سال رواں خام منافع کی شرح میں گزشتہ سال کے مقابلے میں معمولی سی کمی آئی ہے۔ اس سال خام منافع 31.80 فیصد ریکارڈ کیا گیا جبکہ گزشتہ سال اسی عرصے کے دوران خام منافع 32.11 فیصد ریکارڈ کیا گیا تھا۔ اس سال کمپنی نے 143.670 ملین روپے کی فرسودگی منہا کرنے کے بعد 855.306 ملین روپے کا منافع قبل از ٹیکس کمایا۔

Description	2017	2016	Variance	
	---------------------- Metric Tons		----------------------	%
Plant capacity – Clinker	510,000	510,000	-	-
Production				
- Clinker	512,789	382,582	130,207	34.03
- Cement	409,789	361,351	48,438	13.40
- GGBFS	22,260	520	21,740	4,180.77
- Class G Cement	2,067	5,813	(3,746)	(64.44)
Dispatches				
Cement				
- Local	407,718	362,623	45,095	12.43
- Class G cement	3,008	1,177	1,831	155.56
- Exports	875	1,978	(1,103)	(55.76)
	411,601	365,778	45,823	12.52
Clinker	138,597	59,331	79,266	133.59
GBFS & GGBFS – Local	28,005	520	27,485	5,285.57
	578,203	425,629	152,574	35.84



گزشتہ سال کے مقابلے میں اس سال کمپنی کی جانب سے ترسیل کئے جانے والے مال میں مجموعی طور پر 35.84 فیصد کا زبردست اضافہ ہوا ہے جس کی بنیادی وجہ پیداواری گنجائش میں اضافہ اور مقامی سطح پر مارکیٹ میں کمپنی کے حصے میں اضافے کیلئے کی جانے والی مارکٹنگ کی سرگرمیاں ہیں۔ اس کے علاوہ 138,597 میٹرک ٹن کلنکر بھی فروخت کیا گیا۔ جنوبی علاقے میں مجموعی فروخنگی سے اگر موازنہ کیا جائے تو آپکی کمپنی کی فروخنگی میں خاطر خواہ اضافہ ہوا۔

ڈائریکٹرز رپورٹ

آپکی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی آڈٹ شدہ مالیاتی دستاویزات برائے 30 جون 2017 اپنے جائزے اور آڈیٹروں کی رپورٹ کے ساتھ آپکی خدمت میں پیش کر رہے ہیں۔

صنعتی جائزہ

گزشتہ سال کے مقابلے میں دوران سال 30 جون 2017 میں سیمنٹ کی صنعت کی شرح نمو 3.71 فیصد رہی۔ مجموعی طور پر شرح نمو کی رفتار برآمدات میں کمی کی وجہ سے کمی کا شکار رہی۔ اس سال صنعت کی پیداوار نصب شدہ پیداواری گنجائش کا 90.17 فیصد رہی جبکہ گزشتہ سال سیمنٹ کی پیداوار نصب شدہ پیداواری گنجائش کی 85.21 فیصد تھی۔ مزید برآں جنوبی علاقوں میں دوران مالی سال 30 جون 2017 مقامی سطح پر سیمنٹ کی کھپت میں 9.46 فیصد اضافہ ریکارڈ کیا گیا جبکہ شمالی علاقوں میں اس سال مقامی سطح پر سیمنٹ کی کھپت میں 7.71 فیصد کا اضافہ ریکارڈ کیا گیا ہے۔ تاہم آپکی کمپنی کی جانب سے مجموعی طور پر فروختگی کی مقدار میں اس سال گزشتہ سال کے مقابلے میں 35.84 فیصد کا زبردست اضافہ ریکارڈ کیا گیا ہے۔

سیمنٹ کی صنعت میں سیمنٹ کی پیداواری لاگت کو متاثر کرنے کیلئے کوئلے کی قیمتوں کا اب بھی ایک اہم کردار ہے، کوئلے کی قیمتوں میں سہ ماہی 31 مارچ 2017 کے اختتام تک اضافے کا رجحان جاری رہا۔ تاہم قلیل المیعاد مدت کیلئے کوئلے کی قیمتوں متوازن رہنے کے امکان ہے۔

امید کی جاتی ہے کہ مون سون کے موسم کے بعد تیزی کا رجحان برقرار رہے گا جس کی ایک وجہ تو ہاؤسنگ سیکٹر میں تعمیراتی سرگرمیاں بڑھنے کا امکان ہے اور دوسری جانب حکومت پاکستان کی جانب سے پبلک انفراسٹرکچر کے تحت ترقیاتی پروجیکٹس کی مد میں مختص کی جانے والی رقوم اس اضافے کا باعث بن سکتی ہیں۔ گزشتہ سال کے دوران ہاؤس فنانسنگ میں بھی تیزی کا رجحان ریکارڈ کیا گیا۔ نیز گزشتہ سال شرح مبادلہ اور شرح سود میں پائے جانے والے توازن کے باعث بھی سیمنٹ کی صنعت کے منافع میں اضافہ ہوا۔

کاروباری کارکردگی

الف۔ پیداوار و فروختگی

رواں سال کے دوران پلانٹ کی پیداواری صلاحیت کو 100.5 فیصد استعمال کیا گیا جبکہ گزشتہ سال پیداواری صلاحیت کا استعمال 75.02 فیصد تھا۔ گزشتہ سال کے مقابلے میں مجموعی طور پر کلنکر کی پیداوار 34.03 فیصد زائد رہی جبکہ سیمنٹ کی پیداوار گزشتہ سال کے مقابلے میں 13.40 فیصد زائد رہی۔

KEY OPERATING AND FINANCIAL STATISTICS OF SIX YEARS

	2017	2016	2015	2014	2013	2012
	-----Rupees in thousands-----					(Restated)
Summary of Balance Sheet						
Assets Employed						
Property, plant and equipment	2,055,402	2,173,000	2,149,869	1,415,559	943,879	840,341
Intangible assets	5,793	6,485	6,418	318	448	3,366
Long term deposits	1,096	1,096	1,096	1,006	1,006	792
Long term investment in associate	-	-	-	-	127,847	127,847
Long term investment - Available for sale	-	164,768	279,341	140,106	-	-
Long term investment in Subsidiary	299,158	299,158	299,158	299,158	299,158	299,158
Current assets	1,533,877	1,300,122	823,233	1,113,366	824,613	770,483
	3,895,326	3,944,629	3,559,115	2,969,513	2,196,951	2,041,987
Financed by						
Shareholders equity	2,440,620	2,074,969	1,673,500	1,349,257	1,103,935	958,282
Long term financing	319,750	1,026,684	1,215,380	484,652	73,865	131,785
Current portion of long term financing	231,933	231,933	69,398	24,586	57,919	57,919
	551,683	1,258,617	1,284,778	509,238	131,784	189,704
Long term deposits & deferred liabilities	289,105	204,469	152,392	151,195	121,259	61,205
Current liabilities	845,851	638,507	517,843	984,409	897,892	890,715
Current portion of long term financing	(231,933)	(231,933)	(69,398)	(24,586)	(57,919)	(57,919)
	613,918	406,574	448,445	959,823	839,973	832,796
Total funds invested	3,895,326	3,944,629	3,559,115	2,969,513	2,196,951	2,041,987
Summary of Profit & Loss						
Turnover	3,656,723	2,846,147	2,304,404	2,182,327	2,361,192	2,314,211
EBITDA	1,089,909	903,011	517,344	593,147	391,667	139,789
EBIT	943,029	791,004	473,468	544,656	340,111	89,076
% Change in Sales	28.48	23.51	5.59	(7.58)	2.03	24.78
% Change in EBITDA	20.70	74.55	(12.78)	51.44	180.18	108.03
% Change in EBIT	19.22	67.07	(13.07)	60.14	281.82	510.07
Gross Profit	1,163,029	913,844	645,901	682,015	485,513	250,092
Operating Profit/(Loss)	913,686	728,181	512,899	544,789	351,473	71,419
Profit/ (Loss) before tax	855,306	666,009	417,007	473,159	257,044	(7,422)
Profit/ (Loss) for the year	581,993	614,443	289,274	298,387	148,478	(43,882)
Accumulated Profit /(Loss)	1,343,721	913,548	431,766	252,358	7,036	(138,617)
Earnings/ (Loss) per share (Rupees)	5.84	6.16	2.90	2.99	1.49	(0.44)

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDINGS AS AT JUNE 30, 2017

Category No.	Categories of Shareholders	No. of shares held	Category wise no. of shareholders	Category wise shares held	Percentage %
1	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN		6	3,250	0.003
	- KHAWAJA MUHAMMAD SALMAN YOUNIS	125			
	- AGHA SHER SHAH	1,000			
	- MUHAMMAD FAZLULLAH SHARIFF	125			
	- SHAHID AZIZ SIDDIQUI	500			
	- SALEEM ZAMINDAR	500			
	- MUHAMMAD TAHA HAMDANI	1,000			
2	EXECUTIVES	-	-	-	-
3	MUTUAL FUNDS		13	9,811,080	9.839
	- CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,636,080			
	- CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	80,000			
	- MCBFSL - TRUSTEE JS VALUE FUND	1,345,000			
	- CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	70,000			
	- CDC - TRUSTEE JS LARGE CAP. FUND	155,000			
	- CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	761,000			
	- CDC - TRUSTEE JS ISLAMIC FUND	1,185,000			
	- CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1,195,000			
	- CDC - TRUSTEE NAFA STOCK FUND	1,050,000			
	- CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	205,000			
	- MCBFSL - TRUSTEE JS GROWTH FUND	253,500			
	- CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	150,000			
	- CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,725,500			
4	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		4	51,058,286	51.203
	- AL-MIFTAH HOLDINGS (PVT) LIMITED	14,895,118			
	- GOLDEN GLOBE HOLDING (PVT) LTD	8,479,090			
	- RISING STAR HOLDING (PVT) LTD	6,531,291			
	- SKY PAK HOLDING (PVT) LIMITED	21,152,787			
5	PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-	-
6	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARBAS AND PENSION FUNDS		3	11,927,835	11.962
7	GENERAL PUBLIC				
	- Local		2,051	20,778,051	20.837
	- Foreign		85	726,108	0.728
8	OTHERS		36	5,413,515	5.429
			2,198	99,718,125	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY			
TOTAL PAID-UP CAPITAL OF THE COMPANY		99,718,125	SHARES
5% OF THE PAID-UP CAPITAL OF THE COMPANY		4,985,906	SHARES
NAME OF SHAREHOLDER	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE
SUMMIT BANK LIMITED	FALLS IN CATEGORY # 6	8,462,835	8.49%
SKY PAK HOLDING (PVT) LTD	FALLS IN CATEGORY # 4	21,152,787	21.21%
AL-MIFTAH HOLDING (PVT) LTD	FALLS IN CATEGORY # 4	14,895,118	14.94%
GOLDEN GLOBE HOLDING (PVT) LTD	FALLS IN CATEGORY # 4	8,479,090	8.50%
RISING STAR HOLDING (PVT) LTD	FALLS IN CATEGORY # 4	6,531,291	6.55%

Note:

In compliance with the requirement of clause 5.19.11(f)xii of Code of Corporate Governance the threshold for employees who shall be considered as 'executive' for the purposes of disclosing trades in the shares of the company are those employees whose basic salary exceeds rupees five hundred thousand in a financial year.

PATTERN OF SHAREHOLDINGS - CDC AND PHYSICAL AS AT JUNE 30, 2017

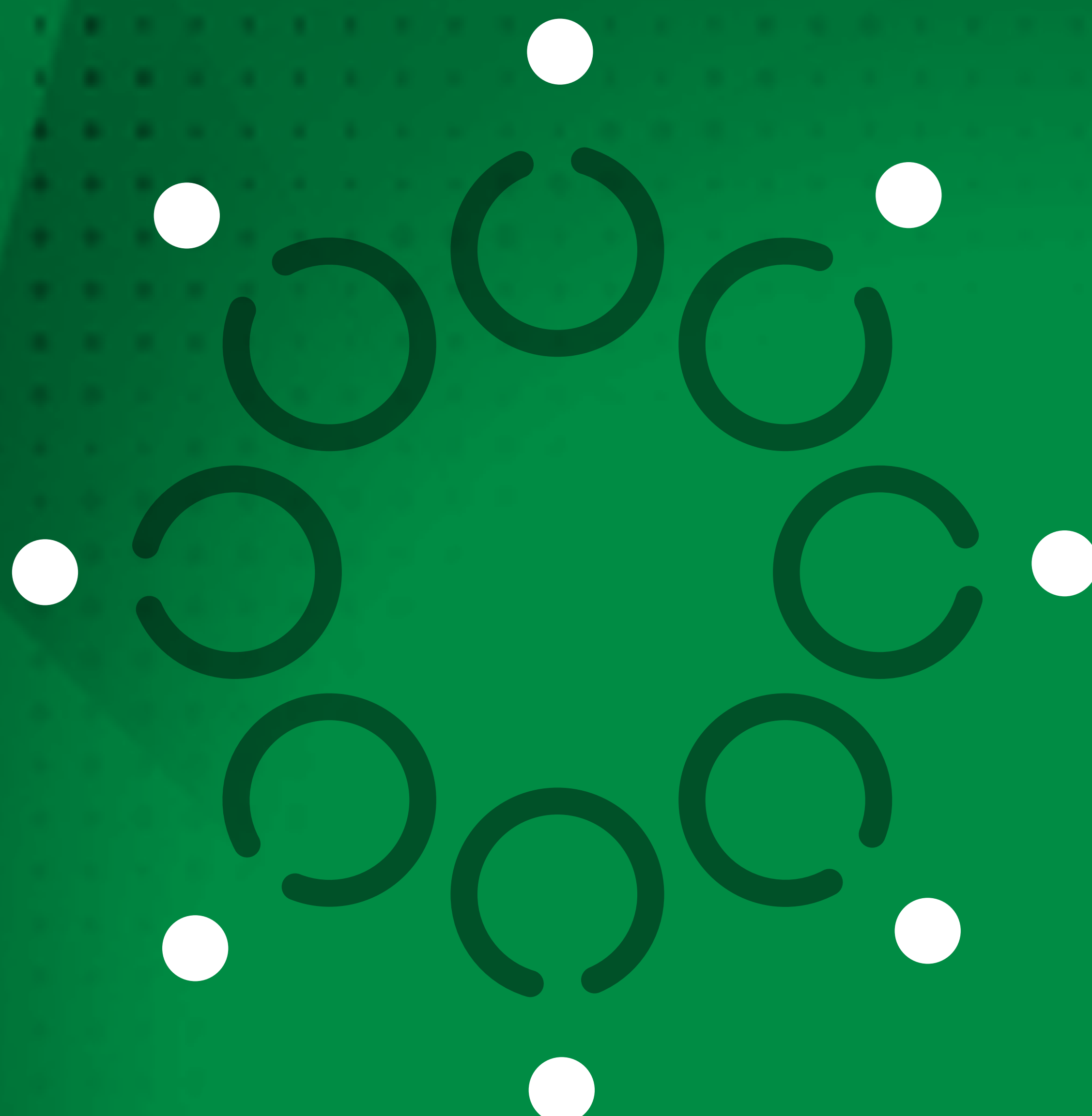
No. of shareholders	Shareholdings		Total shares held
	From	To	
235	1	100	2,008
699	101	500	341,448
330	501	1,000	316,679
503	1,001	5,000	1,429,789
165	5,001	10,000	1,378,500
58	10,001	15,000	751,000
33	15,001	20,000	623,000
37	20,001	25,000	864,000
15	25,001	30,000	439,000
10	30,001	35,000	342,500
10	35,001	40,000	385,500
6	40,001	45,000	263,000
23	45,001	50,000	1,139,500
2	50,001	55,000	105,500
8	55,001	60,000	469,500
2	60,001	65,000	127,000
2	65,001	70,000	138,000
3	70,001	75,000	224,000
4	75,001	80,000	318,500
1	80,001	85,000	80,500
2	85,001	90,000	180,000
1	90,001	95,000	95,000
6	95,001	100,000	600,000
1	100,001	105,000	105,000
1	140,001	145,000	144,500
3	145,001	150,000	450,000
2	150,001	155,000	310,000
2	165,001	170,000	339,000
1	200,001	205,000	205,000
1	205,001	210,000	205,500
1	235,001	240,000	236,500
2	250,001	255,000	504,000
1	260,001	265,000	264,500

No. of shareholders	Shareholdings		Total shares held
	From	To	
1	270,001	275,000	275,000
1	295,001	300,000	300,000
1	310,001	315,000	310,500
1	395,001	400,000	400,000
1	400,001	405,000	405,000
1	405,001	410,000	408,500
1	495,001	500,000	500,000
1	520,001	525,000	521,500
1	535,001	540,000	539,500
1	540,001	545,000	545,000
1	760,001	765,000	761,000
1	795,001	800,000	800,000
1	990,001	995,000	995,000
1	1,045,001	1,050,000	1,050,000
1	1,180,001	1,185,000	1,185,000
1	1,190,001	1,195,000	1,195,000
1	1,340,001	1,345,000	1,345,000
1	1,635,001	1,640,000	1,636,080
1	1,725,001	1,730,000	1,725,500
1	2,385,001	2,390,000	2,388,000
1	2,640,001	2,645,000	2,644,500
1	3,370,001	3,375,000	3,375,000
1	3,510,001	3,515,000	3,514,000
1	6,530,001	6,535,000	6,531,291
1	8,460,001	8,465,000	8,462,835
1	8,475,001	8,480,000	8,479,090
1	14,895,001	14,900,000	14,895,118
1	21,150,001	21,155,000	21,152,787
2,198			99,718,125

shareholder's engagement

Communication beyond Disclosure

The communication bonding between our shareholders is exemplary. It focuses on confidentiality and affirms fluent knowledge of organizational matters between each other.



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 Monday, September 18, 2017 at 10:00 a.m. to transact the following business:

A. Ordinary Business

1. To confirm the minutes of Annual General Meeting of the shareholders held on September 27, 2016.

2. To receive, consider and adopt Annual Audited Unconsolidated Financial Statements of the Company together with the Directors' and the Auditors' reports thereon for the year ended June 30, 2017, together with the Annual Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended June 30, 2017.

3. To consider, declare and approve final cash dividend for the year ended June 30, 2017 at the rate of Rs. 2.35/- per share i.e. 23.5% of par value as recommended by the Board of Directors.

4. To appoint external auditors of the Company for the year ending on June 30, 2018 and fix their remuneration. The Board of Directors, on the recommendation of the Audit Committee, has proposed the appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants, as external auditors for the year ending on June 30, 2018.

B. Special Business

5. 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 loan/advance 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 September 27, 2016, be and is hereby extended further for a period of one year i.e. till the next Annual General Meeting to be held on or before October 27, 2018, to meet the requirements of Regulation 7(e) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

   FURTHER RESOLVED that the Chief Executive Officer 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 (loan / advance) of the Company's funds as above as and when required at the time of investment.

   A statement as required under section 134(3) of the Companies Act, 2017 is being sent to the members' alongwith the notice. The statement includes the information required under Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

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

By Order of the Board

Muhammad Taha Hamdani
CFO & Company Secretary

Karachi : August 28, 2017

Notes:

1. The Share Transfer Books of the Company for Ordinary Shares will remain closed from September 11, 2017 to September 18, 2017 (both days inclusive) for determination of entitlement of shareholders to cash dividend and to attend and vote at the Annual General Meeting.

   a. Physical transfers and deposit requests under Central Depository System received at the close of business on September 08, 2017 by the Company's Share Registrar M/s THK Associates (Pvt) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi-75400, will be treated as being in time for above mentioned entitlement and to attend the meeting.

   b. A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. The instrument of proxy i.e. proxy form must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.

   c. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, alongwith attested copies of CNIC or Passport of the beneficial owner and the proxy.

   d. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature(s) shall be submitted with the proxy form.

   e. Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting.

2. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their valid CNIC (if not already provided) to Company's Share Registrar M/s THK Associates (Pvt) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi-75400

3. Under section 242 of the Companies Act, 2017, every listed company is required to pay dividend, if any, to their shareholders only through electronic mode, i.e. by transferring the same directly into the bank account provided by the shareholders.

   However, Securities & Exchange Commission of Pakistan through its Circular No. 18 of 2017 dated August 1, 2017, has allowed extension in time till October 31, 2017. Please note that with effect from November 1, 2017 all dividend payments shall be paid only through electronic mode. Therefore, all shareholders are requested to provide to the Company's Share Registrar, particulars relating to name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.

4. The Company shall provide video conference facility to its members for attending the general meeting at places other than the town in which the general meeting is scheduled after considering the geographical dispersal of its members provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 7 days prior to date of the meeting, the Company shall 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 five 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 7 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

5. SECP has issued an SRO No 634(I)/2014 dated July 10, 2014 whereby every listed company shall maintain a functional website of the company. In compliance of the said SRO, we would like to inform our shareholders that annual report of the Company for the year ended June 30, 2017 has been placed on Company's website for information and access of the shareholders.

6. SECP has notified through SRO No 470(I)/2016 dated May 31, 2016, in continuation of an earlier SRO No 787(I)/2014 dated September 8, 2014, whereby subject to the approval of shareholders' in the general meeting the listed companies have been allowed to disseminate Annual Audited Accounts to the shareholders in soft form i.e. through CD/DVD/USB instead of transmitting the said accounts in hard copies. Accordingly, approval was obtained from shareholders in the Annual General Meeting held on September 27, 2016 to disseminate Annual Audited Accounts to the shareholders in soft form i.e. through CD/DVD/USB instead of transmitting the said accounts in hard copies.

   In addition to above, in terms of SRO No 787(I)/2014 dated September 8, 2014, shareholders can also opt to obtain annual balance sheet and profit and loss account, auditor's report and directors report etc. alongwith the notice of Annual General Meeting through email. For this purpose, we hereby provide you an opportunity to send us your written consent alongwith your valid email ID to provide you the same at your valid email ID.

   For your convenience, a Standard Request Form has been made available at our website - www.thattacement.com - either to opt to receive future annual reports through email or in hard copy or otherwise request for hard copy of the accounts if and when needed. The scanned copy of the duly filled & signed form may be emailed to the Company Secretary at CSTCCL@thattacement.com or the same can be submitted through post/courier to Company's Share Registrar M/s THK Associates (Pvt) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi-75400.

7. (i) Shareholders are hereby informed that through Finance Act, 2017, effective from July 1, 2017, the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 from payment of dividend have been revised as follows:

a.	Rate of tax deduction for Filer of income tax return	15%
b.	Rate of tax deduction for Non-Filer of income tax return	20%

All the shareholders whose names are not entered into Active Tax Payer List (ATL) available at FBR website www.fbr.gov.pk despite the fact that they are Filers are advised to make sure that their names are entered into ATL.

ii) Further, according to clarification received from Federal Board of Revenue (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 in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to Company's 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)

The required information must reach Company's Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

8. For any query/problem/information, shareholders may contact the Company and/or Company's Share Registrar M/s THK Associates (Pvt) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi-75400.

9. Shareholders are requested to notify immediately to Company's Share Registrar of any change in their address or their particulars.

STATEMENT 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, 2012 dated January 16, 2012, every listed company which has obtained approval of shareholders, under section 208 of the Companies Ordinance, 1984 in Annual General Meeting of the Company, has to provide 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 September 27, 2016 had sought extension in time for providing loan/advance facility to its associated company/undertaking under section 208 of the Companies Ordinance, 1984 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 September 18, 2017.

Accordingly, approval is hereby sought from shareholders, in terms of paragraph 7(e) of aforesaid Regulations, following information is given below:

Loans and Advances

Description	Information required
I. Name of Subsidiary Company	Thatta Power (Private) Limited
II. Total Investment approved	Rs. 300 million
III. Amount of Investment made to date	Rs. 125 million as at June 30, 2017 (Rs. 184.006 million as at June 30, 2016)
IV. 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 September 27, 2016. The receivable of the Subsidiary Company from HESCO has reduced from Rs. 300.8 million as on June 30, 2016 to Rs. 267.8 million as on June 30, 2017, which is due to receipt of Rs. 229.4 million from HESCO against the outstanding amount. In view of receipt of partial payment from HESCO, the Subsidiary Company has resumed its power supply to HESCO from January 2017.

Description	Information required
	The utilization of loan/advance facility by the Subsidiary Company was also reduced from Rs. 184 million to Rs. 125 million as on June 30, 2017. The Subsidiary Company has filed an appeal before the Supreme Court against the order issued by Sindh High Court declining the Subsidiary's plea to eradicate NEPRA's unjust order and directing HESCO to comply with its contractual obligation under Power Purchase Agreement. The decision against the appeal has been reserved by the Supreme Court. Therefore, renewal of loan / advance facility for the Subsidiary Company is essential for its continued business operations on the terms and condition already 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. Under the said Regulation, 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. 8(1) of the aforesaid Regulations. In view of aforesaid reasons, it is therefore proposed to extend the validity of loan/advance facility by Thatta Cement Company Limited for a further period of one year till the next Annual General Meeting due to be held on or before October 27, 2018.
V. 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 reduced to Rs. 267.8 million as of June 30, 2017(Rs. 300.8 million as of June 30, 2016)

This statement is annexed to the Notice of the Annual General Meeting of the Company to be held on September 18, 2017 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 the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012. The Directors have no additional interest except to the extent of their shareholding in the Company.

INTERACTION WITH SHAREHOLDER'S

Protecting the shareholders' interest is our primary responsibility. We seek to meet our shareholders interest through maintaining profitability and growth in business operations and effective governance and corporate reporting framework. Annual General Meeting and statutory reporting are effective means of communication with our shareholders.

Investor's Grievances

Any complaint or observation received during general meetings or directly from shareholder are addressed by the Company Secretary. Furthermore, information to shareholders is provided within the statutory timeframe.

Investors section

To provide updated information about the financial health of the Company, the website of Thatta Cement *(http://thattacement.com/Financial%20Statement.html)* provides all the financial reports that may be used by existing or prospective investors to facilitate their investment decisions.

AGM proceedings

The preceding AGM was held at Beach Luxury Hotel, M.T Khan Road, Karachi on September 27, 2016 at 12:00 noon. The proceedings in the meeting were conducted in an organized manner and well attended by the shareholders.

Chairman briefed the shareholders about the financial performance of the Company during the year highlighting increase in sales due to growth in cement dispatches, gross profit, profit after tax and earnings per share. Shareholders raised various questions on financial statements particularly on future expectations of the Company and on the Company's cost saving strategy after the completion of BMR, which were appropriately responded.

Shareholders approved the Financial Statements and appointed M/s Grant Thornton Anjum Rahman, Chartered Accountants as external auditors, cash dividend and loan/advance facility to the Subsidiary Company under section 208 of the Companies Ordinance, 1984.



corporate governance

Maintaining Exemplary Standards

Our defined system of governance reflects our organization, performance and attitude towards our stakeholders which benefits in maintaining a long term successful relationship.

Review Report to the Members on Statement of Compliance with The Code of Corporate Governance

GRANT THORNTON ANJUM RAHMAN
1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

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We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Thatta Cement Company Limited ("the Company") for the year ended June 30, 2017, to comply with the requirements of Listing Regulation No. 5.19 of Listing of Companies and Securities Regulation contained in the Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non – compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 risk.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit committee placed before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad, Lahore

Grant Thornton
An instinct for growth

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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Grant Thornton Anjum Rahman

Date: August 19, 2017
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad, Lahore

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance, 2012 (CCG, 2012) contained in Regulation No. 5.19 of Pakistan Stock Exchange Limited Regulations of Pakistan Stock Exchange Limited (hereinafter referred as “PSX Regulations”) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at June 30, 2017 the Board includes:

Category	Names
Independent & Non-Executive Directors	Mr. Khawaja Muhammad Salman Younis, Mr. Shahid Aziz Siddiqui, Mr. Saleem Zamindar and Mr. Agha Sher Shah
Non-Independent & Non- Executive Director	Mr. Attaullah A. Rasheed
Executive Directors	Mr. Muhammad Fazlullah Shariff and Mr. Muhammad Taha Hamdani

The independent directors’ meets the criteria of independence under clause 5.19.1(b) of the CCG.

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred during the year on Board on September 17, 2016 which was filled as per the requirements of clause 5.19.3 of PSX Regulations.

5. The Company has prepared a ‘Code of Conduct‘ and has ensured to disseminate it throughout the Company alongwith supporting policies and procedures and which has also been placed on Company’s website.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the Board.

8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. As per the requirement of Regulation no. 5.19.7 of the PSX Regulations, all directors on Board of the Company have completed Director's Training to meet the requirement of aforesaid Regulation.

10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit has been made during the year. However, their remuneration and terms and conditions of employment have been duly approved by the Board.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholdings.

14. The Company has complied with all the corporate and financial reporting requirement of the Code.

15. The Board has formed an Audit Committee. It comprises of four members of whom majority are non-executive directors and the Chairman of the committee is Non-independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has also formed an HR and Remuneration Committee. It comprises of four members of whom majority are non-executive directors and the Chairman of the committee is an independent director.

18. The Board has developed a Board Evaluation Framework for annual evaluation of its own performance to meet the requirement of CCG, 2012 and has also carried its evaluation on the basis of such framework. The overall result of Board's evaluation has been termed as "Effective Board" based on scoring criteria provided in the said framework.

19. The Board has outsourced the internal audit function to M/s Deloitte Yousuf Adil & Co., Chartered Accountants and also appointed a Head of Internal Audit who is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programe of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its 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.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the PSX Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

23. Material/price sensitive information has been disseminated among all the participants at once through stock exchange.

24. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

25. We confirm that all other material principles contained in the Code have been duly complied with.

Muhammad Fazlullah Shariff
Chief Executive Officer

Karachi: August 19, 2017

CORPORATE GOVERNANCE - ADDITIONAL INFORMATION

BOARD COMMITTEES

The Board is assisted by two Committees, namely the Audit Committee and the Human Resources & Remuneration Committee, to support its decision-making in their respective domains:

AUDIT COMMITTEE - COMPOSITION

Mr. Attaullah A. Rasheed- Chairman

Mr. Khawaja Muhammad Salman Younis - Member

Mr. Shahid Aziz Siddiqui - Member

Mr. Saleem Zamindar - Member

All the members of Audit Committee are Non-Executive Directors.
All the members of Audit Committee are Independent directors except for Mr. Attaullah A. Rasheed.

Meetings of the Audit Committee are held at least once every quarter. The Audit Committee also separately meets with the Head of Internal Audit and external auditors at least once a year without the presence of the management.

The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2016-17, the Audit Committee held four [4] meetings. The minutes of the meetings of the Audit Committee were provided to all the members.

Terms of Reference of Audit Committee

The Board provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Audit Committee, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the listed company in addition to audit of its financial statements. The Board of Directors give due consideration to the recommendations of the Audit Committee in all these matters and where it acts otherwise; it shall record the reasons thereof.

The terms of reference of the Audit Committee include the following:

a- determination of appropriate measures to safeguard the Company's assets;

b- review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- going-concern assumption;
- any changes in accounting policies and practices;
- Compliance with applicable accounting standards;
- Compliance with listing regulations and other statutory and regulatory requirements; and
- Significant related party transactions.

c- review of preliminary announcement of results prior to publication;

d- facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e- review of management letter issued by external auditors and management's response thereto;

f- ensuring coordination between the internal and external auditors of the Company;

g- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i- ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure is adequate and effective;

j- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k- instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l- determination of compliance with relevant statutory requirements;

m- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

n- Consideration of any other issue or matter as may be assigned by the Board of Directors.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has concluded its annual review of the control environment of the Company for the year ended June 30, 2017 and reports that:

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed.

- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company individually.

- Appropriate accounting policies have been consistently applied throughout the period. All core & other applicable International Accounting Standards were followed in preparation of unconsolidated and consolidated financial statements of the Company on a going concern basis, for the financial year ended June 30, 2017, which presents fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company and its subsidiary for the year under review.

- The Chief Executive and the CFO have endorsed the unconsolidated financial statements and consolidated financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs.

- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors & Executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificate for the year 2015-2016 has been filed within the stipulated time.

- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and Executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision or information, which could materially affect the share market price of the Company.

INTERNAL AUDIT

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.

- The Internal Audit function has carried out its duties under The Internal Audit Charter defined by the Committee and approved by the Board of Directors.

- The Committee has reviewed material Internal Audit findings, taking appropriate actions or bringing the matters to the Board's attention where required.

- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel through outsourcing the internal audit function to a firm of Chartered Accountants having sufficient internal audit acumen. The Internal Audit function has all necessary access to Management and the right to seek information and explanations.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The Statutory external auditors of the Company, Grant Thornton Anjum Rahman (GTAR) Chartered Accountants, have completed their audit of the "Company's Unconsolidated Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended on June 30, 2017.

- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured.

- The Auditors attended the preceding Annual General Meeting of the Company held on September 27, 2016 and have given their consent to act as external auditors of the Company for the year 2016-2017. The Audit Committee has also recommended to Board of Directors the re-appointment of external auditors, subject to approval of shareholders in Annual General Meeting to be held on September 18, 2017.

Date: August 19, 2017

Chairman-Audit Committee

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Thatta Cement Company Limited (TCCL) acknowledges that the success of its organization is closely linked to the success of its people. Towards this the Company has cultivated the right climate for employees to thrive and contribute to achieve organization's objectives. The Company continuously aligns its people processes to reinforce the right foundation upon which to build and grow.

The Company has an effective and dynamic Human Resources (HR) function to address all employee related matters including training, performance evaluation, career development and succession planning in a transparent and non-discriminatory manner. For the purpose of governing HR, the Board has constituted a Human Resources and Remuneration Committee and also approved the following terms of reference.

In the below mentioned Terms of Reference (TOR) the Human Resources and Remuneration Committee is referred to as the Committee and Thatta Cement Company Limited is referred to as the Company.

I. PURPOSE

The purpose of the Human Resources and Remuneration Committee is to assist the Board in fulfilling its obligations relating to Human Resources Policies and related matters and to establish a plan of continuity and development of human resources for TCCL.

II. COMPOSITION AND OPERATIONS

A. The Committee shall be composed of at least three members comprising a majority of non-executive directors, including preferably an independent director. The CEO may be included as a member of the committee but not as the chairman of committee.

B. The Committee shall meet at least twice in each financial year.

C. From time to time, as deemed required by the Committee, the Committee may obtain independent advice regarding human resource, health and safety, disputes of labour unions and compensation issues.

D. The Head of Human Resources shall serve as the Secretary of the Committee.

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties delegated by the Board of Directors of the Company, the Committee will review the following and recommend to the Board for their approval where required:

A. The objectives, strategies and overall plans of Human Resources and ensure that they are within the framework of existing laws and regulations.

B. The Company's compensation and benefits philosophy, strategy and guidelines are in compliance with laws and any applicable guidelines established by the Labor Laws of Pakistan, competitiveness with the market, annual country inflation rate and changes in trends adopted by the Cement manufacturing sector in the country.

C. The Company's strategy, plans and proposals related to salary adjustments are based on market surveys, fixed and performance bonuses of the Company's staff.

D. Approve annual increments of Company's staff excluding Key Management Personnel (i.e. CEO, COO, CFO, GM Works, Company Secretary and Head of Internal Audit) on the recommendation of CEO.

E. Review and recommend the annual increments and adjustments of Key Management Personnel i.e. CEO, COO, CFO, Company Secretary, GM Works, and Head of Internal Audit, based on performance.

F. Review and recommend the selection, evaluation, compensation package (including retirement benefits) and succession planning of the CEO, COO, CFO, Company Secretary, GM Works and Head of Internal Audit.

G. The Company's strategy related to Human Capital Management and Planning, includes:

i. Recruitment and selection strategy is aligned to business objectives and philosophy;

ii. Training and developmental needs of Human Resources are identified, adequately met and aligned to business objectives;

iii. Performance Evaluation and Management System is objective, transparent and unbiased;

H. Review the Human Resources Policies of the Company and ensure that they are updated from time to time to keep abreast with market practices.

I. Review and recommend Core Values to be adopted by the Company.

J. Review and recommend the Corporate Social Responsibility (CSR) philosophy, initiatives and other philanthropic activities including donations, charities, contributions and other payments of a similar nature.

K. Review and recommend health, safety and environment policies and ensure that they are in line with best practices.

L. Review and recommend the whistle blower policy and ensure that it provides a mechanism of protection for the whistle blower.

M. Annually review and recommend changes to the Committee's Terms of Reference.

N. Ensure that Executive Directors do not participate in any discussions on the subject of their own remuneration.

O. Disclose the members of the Committee in each Annual Report.

IV. ACCOUNTABILITY

The Committee shall report its discussions to the Board by oral or written report at every Board meeting.

WHISTLEBLOWER POLICY

Thatta Cement requires employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The employees must perform their functions as representatives of the Company and fulfill their responsibilities with honesty and integrity in compliance with all applicable laws and HR Policy rules.

It is the responsibility of all employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

Whistleblowing means a disclosure of information by an employee where he/she reasonably believes that one of the following or some other illegalities/irregularities are happening or likely to happen as a result of deviations, lapses or violations on the part of a co-employee:

- A criminal offence
- A failure to comply with legal obligation
- A danger to the health and safety of an employee
- A serious breach of the Company's internal policies, rules, regulations or business principles exposing the Company to any financial, operational, market or reputational risk
- Any unethical conduct
- Questionable/ unusual accounting of business practices
- A deliberate concealment of information tending to show any of the above

No employee who in good faith reports a violation or a potential violation not directly related to code shall suffer harassment, prejudicial to his/her employment as a consequence of retaliation. An employee who retaliates against someone who has reported a violation in good faith shall be liable to disciplinary action including termination of employment.

Reporting Violations

The policy suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly which in general is employee's immediate supervisor or Head of HRD or Head of Legal.

IT GOVERNANCE POLICY

For any organization, in order to deliver full value, has to invest in Information Technology which is to be fully aligned to business strategies and direction, key risks have to be identified and controlled, standards are followed and legislative and regulatory compliance demonstrated. In Thatta Cement, we emphasize on implementation and adoption of right tools and latest technologies to support the management in imparting their role of decision making. TCCL IT Governance Policy provides a framework to ensure:

- Priorities are set and communicated for conflicting resource requirements and aligned with business objectives.
- Effectiveness of TCCL's IT investments is monitored.
- Confidentiality, Integrity and Availability of data is ensured.
- Effective lines of accountability, responsibility and authority are created for compliance.
- Key risks are identified and remedial actions are taken on timely basis.
- IT Policies are implemented and noncompliance is highlighted.
- Implementation of planned initiatives and projects are monitored and reported to management.

DISASTER RECOVERY & BUSINESS CONTINUITY PLANNING

While focusing on avoidance of disaster at first hand, a comprehensive Disaster Recovery Plan covering all essential and critical infrastructure elements is implemented and a DR site is established after approval from Board of Directors. Plan is designed to cater disasters from small incidents/events to large scale disasters having onsite as well as off-site arrangements. The overall objective of Disaster/Business Recovery Plan (DRP) is to protect Thatta Cement Company Limited's resources and employees, to safeguard the organization's vital records and to ensure the ability of the Company to function effectively in the event of a severe disruption to normal operating procedures.

BC/DR plans are substantiated through testing, which identifies deficiencies and provides opportunities to fix problems before a disaster occurs. To substantiate TCCL BCP/DRP and check its effectiveness, drills had been performed at Head Office and Factory on March 25, 2017 and March 29, 2017 respectively.

ERP IMPLEMENTATION/GO-LIVE

With a vision to take benefits of technological advancement made in information technology, TCCL has implemented its new ERP System in July 2016, to achieve greater visibility, control and operational efficiencies in its business operations. Prior to the implementation of ERP, the company was using standalone legacy systems for financials, inventory and sales which were functioning in silos. ERP System implementation has integrated and streamlined all business processes resulting in rapid access to information for management to take better business decisions.

CORPORATE SOCIAL RESPONSIBILITY, HEALTH SAFETY & ENVIRONMENT, EMPLOYEES WELFARE, EDUCATION, WELL BEING & EMPOWERMENT OF SOCIETY

Thatta Cement Company Limited (TCCL) is distinctive in corporate sector, particularly in Cement Industry owing to the core values of TCCL purely based on humanitarian as well as socio economic grounds. TCCL invests in multiple areas pertaining to community development, education, health, welfare, environment, social causes and safety being considerable constituents of corporate social responsibility.

In the outgoing financial year 2016-17, TCCL capitalized millions of rupees to enhance health facilities for neighboring population of less privileged villages. During the same year TCCL conducted a FREE MEDICAL CAMP regarding Sugar, Blood Pressure and Skin Diseases.

At far as the concerns of Environmental, Health & Safety, TCCL has a separate department with dedicated and qualified staff to meet the moral, legal and financial responsibilities of employer pertaining to the statutory and regulatory compliances of Health, Safety & Environment. Tree plantation is also one of the most valuable causes of TCCL. We also have a dedicated staff of 40 gardeners to ensure the magnificent contribution of TCCL in making the environment clean and green. Every year we raise approximately 10,000 new and seasonal plants to make environment healthy and beautiful for earthlings. Recently TCCL qualified for 13th Annual Environment Excellence Award 2016, conducted by NFEH (A society registered with United Nations Environment Program UNEP) and TCCL has submitted the nomination papers for 14th Annual Environment Excellence Award 2017.

According to the recent reactive monitoring report of TCCL regarding Health & Safety, TCCL is maintaining a total recordable injury rate (TRIR) of less than 1.0 LTIs per 100 employees per year which is a remarkable achievement for any organization that belongs to heavy industrial sectors involving substantial unit operations, being highly environmental compliant organization meeting the NEQS standards of EPA Pakistan adroitly. It is pertinent to mention here that Silicosis (occupational disease of cement industry) resulted in 46,000 deaths globally in 2013 down from 55,000 deaths in 1990. Since 2000, on the record mortalities caused by silicosis are more than the total fatal cases caused by safety accidents across the globe. TCCL periodically carries out the health screening of all workers through certified surgeon of Labour Department (Govt. of Sindh), and not a single case of silicosis has been diagnosed in our employees so far. We left our remarkable footprints in this area as a benchmark for others. Our aim is to implement practicable controls on all foreseeable risks to health and safety of employees and general public. For this purpose we invested a huge capital on environmental impact control equipment and practices like dust cyclones, bag houses, damping down dust suppression, 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). Customer satisfaction is a part of business process. A step ahead, TCCL ensures consumer protection by means of providing Material Safety Data Sheets (MSDS) to avoid any health impacts generally occurs on unsafe exposure with cement. Our vision is to flourish safety culture in Pakistan.

The Company is also investing in areas of community and rural development. For this purpose we have a registered Thatta Cement Education Board (TCEB) and a quality schooling system named "Model Terbiat School". In recent board exams, MTS secured distinctive position in district education board. Adequate amount is funded by TCCL to provide quality education to neighboring villages. In this respect the contribution of Thatta Cement in nurturing good moral values at corporate level is undeniably incredible. Moreover, our circle of health and education support programs in not limited to Thatta district, we financially support many other organizations on humanitarian grounds like KVTC to promote the cause. In the financial year 2016-17, TCCL provided direct monetary support of 5.4 million PKRs to Thatta Cement Education Board besides other facilities such as utilities and maintenance of Model Terbiat School.

Currently 400 students from neighboring villages are taking indiscriminate advantage of our education facilities. Keeping in view the cultural, social and moral values, TCCL arranged separate facilities for boys and girls education with a equitable number of dedicated staff for both sections of Model Terbiat School.

The vision and contribution of TCCL for education is not limited to a particular establishment. TCCL also allocate a sufficient budget for training and development of all employees for which a fully equipped training center with complete facilities of audio visual aids is established, where employees develop their soft, technical and functional skills. TCCL evaluate training needs of employees on annual basis under organization development program, allocate a sufficient amount to fulfill the identified development needs of employees and spend adequately on both in-house and outdoor/external learning opportunities of employees. In this respect, TCCL served the whole cement industry of Pakistan by means of providing highly qualified and competent resources to overall cement industry.

Employee and Industrial Relations (E&IR) carries highest importance in today's corporate age. TCCL organize various events for employees' get-together and invite guests from other sectors also, to build strong and bilateral relationships at corporate level. We believe in team work followed by the consistent working relationships leading to effective and productive outcomes. Resource leverage, employees' commitment and discretionary efforts of employees in their functional roles require employee satisfaction as well as suitable and sufficient engagement of employees. TCCL is successfully working in all these areas which is evident from the lowest staff turnover rate. An ideal condition for organizations that also needs to discuss here is the average age of employees that plays a vital role in employee relations, learning potentials, wisdom (experience) and energy (performance) balance and smooth succession without generation gap is an average age of 40 years. Providentially the average age of TCCL employees in a recent evaluation is found at the ideal condition of 40 years age.

The Company believes in public-spirited values. Our employment opportunities are generic regardless of any racial, gender or religious discriminations. Matching the mental and physical compatibilities with core competencies and workload requirements can be adjusted flexibly once you have a soft corner for humanity. Even talent acquisition does not restrict us to hire people with physical or sensory impairments. We focus on individual's potentials rather than his/her birth disability that is why individuals with permanent disabilities perform extraordinarily in TCCL. We warmly welcome all talented individuals for employment opportunities as well as all business organizations to obtain and extend bilateral socioeconomic benefits. We also invite all industrial sectors to join hands with us for a safe, healthy and prosperous Pakistan.

The Company is a compliant tax payer and highly responsible corporate citizen which encourage direct and indirect business partners regarding income tax and corporate related compliances. We are very conscious about good business practices for which we promote financial and compliance audits of all business processes. Our HR policy empowers all employees for whistle blowing against any observed financial irregularity in any capacity and context. This transparency is the base of TCCL's strong relationships with other business groups from SMEs to MNCs.

QUALITY MANAGEMENT

Thatta Cement Co. Ltd. offers diversified products namely OPC, SRC, Slag & GGBFS. The low alkali content of products makes it an obvious choice for construction industry using alkali reactive aggregates.

Thatta OPC is a cost effective, high quality building material. The level of consistency and versatility of Thatta OPC makes it an ideal choice in virtually all construction applications.

Thatta SRC is designed to improve the performance of concrete where the risk of sulphate attack may exists. Thatta SRC also provides maximum resistance to chloride ions minimizing the risk of corrosion of reinforced steel.

Thatta Slag cement suits structures in hostile soil environments with high salinity and harmful chemical agents. Thatta Slag cement / Low Heat cement is specifically blended to provide a lower heat of hydration in concrete.

Thatta GGBFS is used to make durable concrete structures in combination with Ordinary Portland Cement. This results in lower heat of hydration and lower temperature rises. The use of GGBFS significantly reduces the risk of damages caused by alkali – silica reaction (ASR).

Thatta Cement manufacturing facilities are accredited to Quality Management System ISO 9001 : 2008.

Assurance of Quality and Performance:

While producing different types of cement, stringent quality control facilitates to achieve set quality bench marks. Continual improvement in quality management system is ensured at all processing stages so that customer satisfaction is assured for consistency in cement quality. The functions of a modernized and well equipped TCCL Laboratory are numerous and assorted through necessary assurance of the conformity of the products under the scope of testing required by the applicable standards is executed.

Quality Management System Includes:

- Selection of most preferable Raw Materials on standard chemical analysis and Raw mix design basis.
- Sufficient grinding and blending to produce mixture known as "Raw Meal".
- High temperature ≥ 1450 °C to burn Raw Meal to convert into Clinker phase formation with the help of pyro processing.
- Controlled and balanced grinding of Clinker in association of Gypsum to produce finish product known as "Cement".
- Continuous sampling and testing under the supervision of well trained and highly qualified staff.
- Independent testing of products by regulatory authorities.

TCCL Quality Control Laboratory System includes:

- Chemical Laboratory
  - X-Ray Spectrometer (Netherland)
  - Blend XPERT QCX 1824 (FLS Denmark)
  - Bomb Calorimeter Leco AC 600 (USA)
  - VECSTAR Furnace (USA)
- Physical Laboratory
  - Alpine Jet Sieve 200LS-N (Japan)
  - Humidity Chamber Matest 139 (Italy)
  - Jolting Table Geotechnical (UK)
  - Compressive Strength Machines Geotechnical (UK)
  - Blaine Apparatus, ELE (UK)
  - Vicatronic Geotechnical (UK)

ADDITIONAL INFORMATION

A. Analysis of Capital Structure, liquidity, cash flows and financing arrangements

Capital Structure:

Accumulated profit of the Company increased by 47.1% in 2017 on account of higher profit retention thereby increasing equity by 17.6% to Rs 2.44 billion. Total equity of the Company comprises of share capital amounting to Rs. 997.18 million representing 99.72 million ordinary shares of Rs. 10 each, share premium of Rs. 99.72 million and retained profits of Rs. 1.34 billion.

Debt to equity ratio of the Company continues to improve due to the fact that the Company not only paid the quarterly installments of long term loan on time but also prepaid an amount of Rs. 475 million during the year ended June 30, 2017. Debt/equity ratio has improved from 38:62 in the year 2016 to 18:82 in 2017. The Company's future projections indicate adequacy of capital structure for the foreseeable future.

Liquidity Position:

Effective management of treasury operation and higher collection from customers has improved the liquidity position of the Company. The Company utilized excess liquidity generated during the year in prepayment of its Long Term Debt.

The current ratio of the Company stood at 1.81:1 despite substantial increase in coal purchase in anticipation of a price hike. The stock of coal & other fuels have increased from Rs.56.54 million to Rs. 250 million in the year 2017.

Cash Flows:

The Company has historically had very nominal cash balances, however due to increase in profitability through increase in sales, the Company has generated sufficient cash flows to fulfill its working capital needs. Cash flows from operations shows a steady growth pattern from the year 2014 onwards.

Financing Arrangements:

The Company relied principally on internally generated funds to fulfill its working capital needs and external financing is secondary to internally generated funds. Long Term Borrowing of the Company has substantially reduced from Rs. 1,258.6 million in the year 2016 to Rs. 551.6 million as on June 30, 2017. The Company holds a sizeable unutilized capacity available to meet any future funding requirements.

B. Strategy to overcome liquidity problem and the Company's plan to manage its repayment of debt

The Company closely monitors its liquidity position to ensure availability of sufficient funds to meet its operational requirement and to safe guard the Company against cash flow risk. The Company follows effective cash flow forecasting alongwith management of maturity profile of assets and liabilities which apprise the Company well in advance for any funding requirement or surplus funds that need to be invested.

Working capital requirements of the Company are primarily managed through internal cash generation with external financing acting as secondary means of funding. The Company has sufficient credit lines available to fulfill its funding requirement.

C. Significant changes in financial position, liquidity and performance compared with those of the previous Period;

Net worth of the Company as at June 30, 2017 stood at Rs. 2.44 billion translating into a breakup value of Rs. 24.48 per share, with a growth of 17.6% due to appreciation in profit for the year thereby increasing accumulated profit from Rs. 913.5 million for 2016 to Rs. 1,343.7 million in 2017.

Long term debt & its current portion witnessed a decrease from Rs. 1,258.6 million to Rs. 551.6 million, which is mainly due to the repayment of loan including Prepayment of Rs. 475 million against long term loan acquired for BMR.

Trade payables have enhanced mainly due to accrual of expenses/employee benefits for the year ended June 30, 2017.

Net cash flows from operating activities for the year stood at Rs. 449.277 million whereas the payment for Investing and Financing activities amounts to Rs. 756.894 million resulting in higher utilization of Short Term Running Finance Facility in the last quarter of the year.

Long term investment – Available for sale has decreased due to disposal of entire investment portfolio during the year.

Stores & Spares have substantially increased on account of increase in stock of coal. In view of increasing trend in international coal prices (July 2016 - June 2017 : US $ 61 to US$ 104), two month inventory of coal is being maintained to minimize the impact of said increase.

Stock-in-trade has increased mainly due to increase in clinker production by 34.03% from 382,582 tons to 512,789 tons whereas 138,597 tons of clinker was sold to manage inventory and to earn additional profit and hence increasing shareholders wealth.

Profit for the year has decreased considerably due to current tax of Rs. 259.6 million charged for the year ended June 30, 2017, whereas no current tax was charged in the corresponding period.

D. Analysis of the prospects of the entity including targets for financial and non-financial measures

Thorough evaluation and effective implementation has been carried out during the year in order to achieve Company's set goals and targets. This is evident from the fact that the Company has achieved exceptional production, sales and revenue levels during the year ended June 30, 2017.

Taking into account the general economic and industry-specific outlook for the cement industry and the growth prospects for markets in which Thatta Cement operates, we expect a steady growth in revenue for 2018. The growth in revenue is primary due to increase in sales volume, it is assumed that price may remain constant or under pressure in the year 2018, provided demand & supply gap is not fully consumed.

The Company sets it financial indicators for revenue, costs, profitability, gearing and liquidity etc. The Company on an annual basis sets marketing, production and other targets in the form of a budget which is duly approved by the Board of Directors.

Operational health and safety generally plays a major role in the production processes and in addition, emissions in cement production especially. Therefore, TCCL give due consideration to Health, Safety & Environment while developing key performance measure. The followings are identified by the Company as key non-financial performance measure:

- Health & Safety
- Environmental protection
- Energy conservation
- Responsibility towards the society
- Compliance with the regulatory framework
- Improve corporate image
- Relationship with customers and business partners
- Employee satisfaction and wellbeing
- Maintenance of product quality for fulfillment of customer needs
- Transparency, accountability and good governance

E. Efforts made to mitigate the adverse impact of industrial effluents by adapting techniques, creating awareness and providing training etc to the surrounding communities.

TCCL is meeting international standards of environmental compliances in all areas including Solid Waste, Liquid Effluents & Fugitive and Gaseous Emissions which is evident from the fact that Thatta Cement once again qualified the Annual Environment Excellence Award (AEEA).

Thatta Cement Company Limited (TCCL) is distinctive in corporate sector, particularly in Cement Industry owing to the core values of TCCL purely based on humanitarian as well as socio economic grounds. TCCL invests in multiple areas pertaining to community development, education, health, welfare, environment, social causes and safety.

Risk & Opportunities

Risk is a consequence of happenings that negatively impact the performance of a Company. Risks arises from events that occur inside and outside the organization. The consequence of an event can impact the quality, cost or operation of the Company, or combination of these events. Risk can arise from unplanned changes to the internal environment or changes in the external environment, such as the economy, costs of materials, labour market, customer preferences or actions by a competitor, a regulating body or a government agency.

Risk management refers to the practice of identifying potential risks in advance, analysing them and taking precautionary steps to reduce the risk. Risk Management forms an integral part of your Company's operations. Following are the risks that are required to be timely identified and mitigated to the best possible extent.

a. Strategic risks

Strategic risks include risks created by the Company's strategic objectives and business strategy decisions that could affect its long term positioning and performance. They are monitored at the highest level with active oversight by the Board of Directors.

b. Commercial Risks

These risks emanate from the commercial substance of an organization. Cut down in an entity's market share, product price, regulation or a constitutional amendment posing threat to the organization's profitability and commercial viability are a few examples of this risk that might affect your Company.

c. Operational Risk

These are risks that can affect the Company's ability to execute its plans and objectives including operational and administrative procedures, such as workforce turnover, supply chain disruption, IT system shutdowns or control failures.

d. Credit Risk

Credit risk is the risk that one party to a financial instrument may fail to discharge its obligation and causes the other party to incur a financial loss.

To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payment from its customers. Except for customers relating to the Government and certain credit worthy customers, the management strictly adheres to this policy. Cash is held only with banks with high quality credit worthiness.

e. Liquidity Risk

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 deposits, 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.

f. Interest Rate Risk

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. Company is exposed to interest / mark-up rates risk on long term financing and short term borrowing which is covered by holding "Prepayment option" which can be exercised upon any adverse movement in the underlying interest rates.

g. Foreign Exchange Risk

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 payable to the foreign entities against outstanding letters of credit and bills payable.

Opportunities

The management always remains vigilant about the identification and capitalization of opportunities coming across in different areas including operational, commercial and financial aspects while dealing with suppliers, customers, bankers etc to keep the direction and pace of the Company in line with its stated mission and vision.

financial highlights

Performing at the Right Time

Time is the ultimate driver of everything that makes success possible. For us, it is the core foundation of making triumphs over the year and feel the pride in showcasing it to the world.

KEY FINANCIAL PERFORMANCE INDICATORS

For the year ended June 30, 2017

Indicator	Unit	Value	Increase / (Decrease) % vs 2016
Sales	(Rs in million)	3,657	28.48
Price Earning Ratio	(in times)	6.84	42.80
Final Cash Dividend	(Rs in million)	234.34	56.67
Breakup Value per share	(in Rs)	24.48	17.64
Gross Profit	(Rs in million)	1,163	27.27
Operating Profit	(Rs in million)	914	25.48
Profit for the year	(Rs in million)	582	(5.28)
Market Price Per Share	(in Rs)	39.97	35.49
Net Cash Flow From Operating Activities	(Rs in million)	449.27	8.10%
Earnings Per Share	(in Rs)	5.84	(5.19)

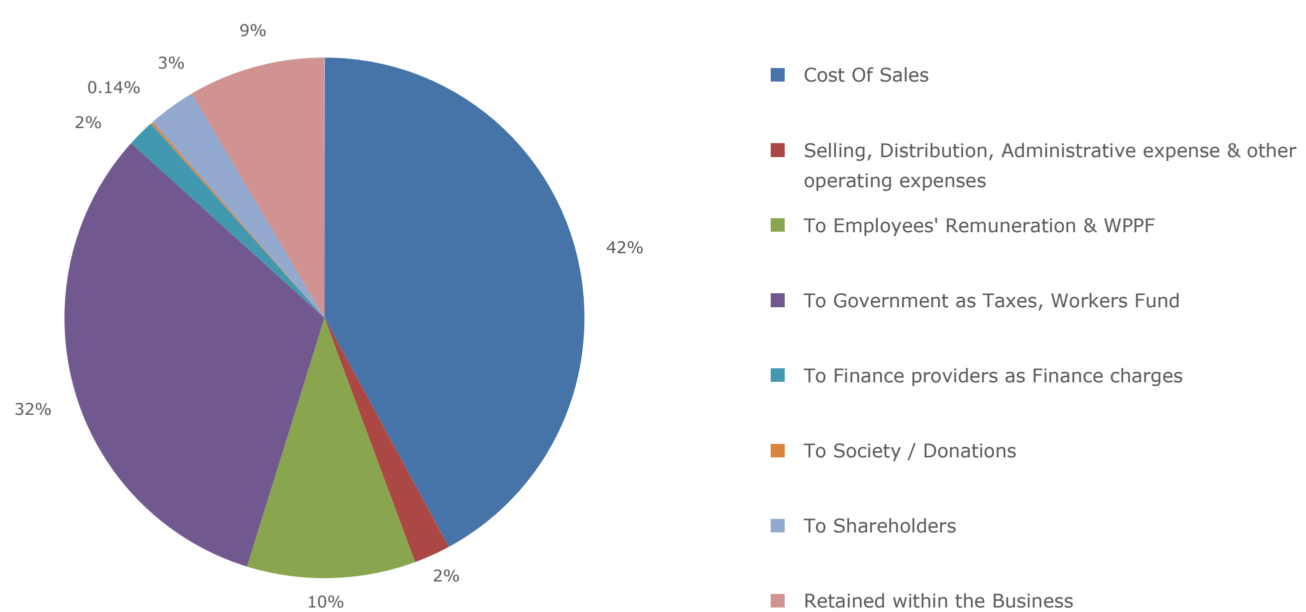
*Closing Market Price

The aforementioned Key financial performance indicators reflects the improved financial health mainly due to substantial increase in sales coupled with cost efficiencies as an outcome of BMR project.

STATEMENT OF VALUE ADDITION AND DISTRIBUTION OF WEALTH

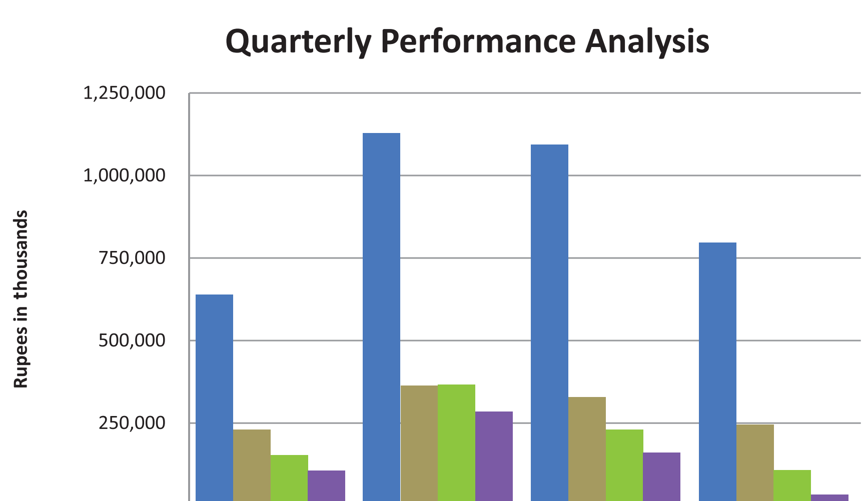
	2017		2016	
Wealth Generated	Rupees in 000’	%	Rupees in 000’	%
Gross Turnover	4,995,766	98	3,585,476	97
Other Operating Income	84,129	2	114,698	3
	5,079,895	100	3,700,174	100
Distribution Of Wealth				
Cost of Sales	2,137,476	42	1,658,769	45
Selling, Distribution, Administrative & other operating expenses	114,771	2	87,759	2
To Employees' Remuneration, WPPF & Meeting Fee	532,031	10	401,146	10.8
To Government as Taxes, Workers Fund	1,618,642	31.86	804,837	22
To Finance providers as Finance charges	87,723	2	124,995	3
To Society / Donations	7,259	0.14	8,225	0.2
To Shareholders	149,577	3	129,634	4
Retained within the Business	432,416	9	484,809	13
	5,079,895	100	3,700,174	100

Distribution of Wealth 2017



QUARTERLY PERFORMANCE ANALYSIS

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
	------------------------ Rupees in thousands ------------------------				
Sales - net	638,538	1,128,035	1,085,633	804,517	3,656,723
Cost of sales	(412,442)	(764,070)	(758,223)	(558,959)	(2,493,694)
Gross profit	226,096	363,965	327,410	245,558	1,163,029
Selling & distribution cost	(17,474)	(28,016)	(29,603)	(25,938)	(101,031)
Administrative expenses	(28,504)	(39,440)	(42,937)	(37,431)	(148,312)
	(45,978)	(67,456)	(72,540)	(63,369)	(249,343)
Operating profit	180,118	296,509	254,870	182,189	913,686
Other operating expenses	(11,027)	(16,737)	(16,779)	(10,243)	(54,786)
Finance cost	(27,281)	(25,462)	(19,707)	(15,273)	(87,723)
	(38,308)	(42,199)	(36,486)	(25,516)	(142,509)
Other income	10,717	112,083	11,033	(49,704)	84,129
Profit before taxation	152,527	366,393	229,417	106,969	855,306
Taxation	(46,185)	(82,958)	(69,387)	(74,783)	(273,313)
Profit for the period	106,342	283,435	160,030	32,186	581,993



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales	638,538	1,128,035	1,085,633	804,517
Gross Profit	226,096	363,965	327,410	245,558
Profit Before Tax	152,527	366,393	229,417	106,969
Profit for the Year	106,342	283,435	160,030	32,186

COMMENTS ON QUARTERLY PERFORMANCE

Quarter 1 [ended on September 30, 2016]

- Despite Eid-ul-Fitar and Eid-ul-Azha both falling within the first quarter, the sales revenue was maintained due to additional sales of clinker & GGBFS.

- Cost of sales ratio has declined to 64.59% as compared to 69.31% in the corresponding period mainly due to reduction in cost resulting from availability of coal at lower rate and plant efficiencies achieved after BMR.

- Operating Profit also increased by 53.52% as compared to the corresponding period due to increase in sale of clinker.

Quarter 2 [ended on December 31, 2016]

- Sales of the Company increased by 76.66 % in terms of value as compared to first quarter. The increase in sales is attributable to substantial increase in sale of clinker coupled with the sale of GGBFS during the period, which is in addition to the increase in cement sales.

- Cost of sales ratio has increased to 67.73% during the quarter as compared to 64.59% in the first quarter. The increase is mainly attributable to distinct product sales mix were clinker sales were more than cement as compared to the preceding quarter.

- Operating Profit increased by 64.62% due to substantial increase in sales volume as compared to first quarter and net profit also increased due to capital gains recognized during the quarter.

Quarter 3 [ended on March 31, 2017]

- Sales of the Company decreased by 3.75% in terms of value as compared to second quarter. Despite increase in cement dispatch by 17% which was offset by reduction in Clinker sale by 60%.

- Cost of sales ratio increased to 69.84% during the quarter as compared to 67.73% in the third quarter mainly as a result of increase in coal prices.

- Operating profit witnessed a decline due to reduction in Clinker sale. Moreover, no capital gains were earned in the third quarter as compared to the preceding quarter resulting in reduction of net profit.

Quarter 4 [ended on June 30, 2017]

- Sales of the Company decreased by 25.89% as compared to third quarter on account of Eid-ul-Fitar and monsoon season affecting the sales performance.

- Cost of sales ratio slightly decreased to 69.48% during the quarter as compared to 69.84% in the third quarter as a result of lower Sales volumes.

- Operating Profit decreased by 28.51% due to declining impact of GP and net profit also decreased due to capital loss on sale of investments resulting from choppy trend in Pakistan Stock Exchange.

HORIZONTAL ANALYSIS - LAST SIX YEARS

	2017 Rs in Million	16 Vs. 17 %	2016 Rs in Million	16 Vs. 15 %	2015 Rs in Million	15 Vs. 14 %	2014 Rs in Million	14 Vs. 13 %	2013 Rs in Million	13 Vs. 12 %	2012 Rs in Million
Balance Sheet											
Assets											
Non-Current Assets	2,361	(11)	2,645	(3)	2,736	47	1,856	35	1,372	8	1,272
Current Assets	1,534	18	1,300	58	823	(26)	1,113	35	825	7	770
Total Assets	3,895	(1)	3,945	11	3,559	20	2,969	35	2,197	8	2,042
Equity & Liabilities											
Shareholders' Equity	2,440	18	2,075	24	1,673	24	1,349	22	1,104	15	958
Non-Current Liabilities	609	(51)	1,231	(10)	1,368	115	636	226	195	1	193
Current Liabilities	846	32	639	23	518	(47)	984	10	898	1	891
Total Equity & Liabilities	3,895	(1)	3,945	11	3,559	20	2,969	35	2,197	8	2,042
Profit and Loss Account											
Sales	3,657	28	2,846	24	2,304	6	2,182	(8)	2,361	2	2,314
Gross Profit	1,163	27	914	41	646	(5)	682	40	486	94	250
Operating Profit	914	26	728	42	513	(6)	545	55	351	394	71
Profit/(Loss) before Taxation	855	28	666	60	417	(12)	473	84	257	3,771	(7)
Profit/(Loss) for the year	582	(5)	614	112	289	(3)	298	101	148	436	(44)

COMMENTS ON HORIZONTAL ANALYSIS

Balance Sheet

- Substantial reduction in non-current liabilities is mainly due to prepayment amounting to Rs. 475 million and payment of Rs. 232 million against long term loan acquired for BMR

- Increase in current assets in the year 2017 is primarily due to increase in stock of coal, that was procured in view of increasing trend in prices and appreciation in inventory of Clinker.

- Shareholder's equity has appreciated due to increase in profitability as a consequence of healthy growth in sales volume.

Profit and Loss Account

- Overall sales revenue and profitability has augmented due to demand of cement in domestic market in which your Company was successful to surpass the growth in Southern region.

VERTICAL ANALYSIS - LAST SIX YEARS

	2017 Rs in Million	%	2016 Rs in Million	%	2015 Rs in Million	%	2014 Rs in Million	%	2013 Rs in Million	%	2012 Rs in Million	%
Balance Sheet												
Assets												
Non-Current Assets	2,361	61	2,645	67	2,736	77	1,856	63	1,372	62	1,272	62
Current Assets	1,534	39	1,300	33	823	23	1,113	37	825	38	770	38
Total Assets	3,895	100	3,945	100	3,559	100	2,969	100	2,197	100	2,042	100
Shareholder's Equity	2,440	63	2,075	53	1,673	47	1,349	45	1,104	50	958	47
Non-Current Liabilities	609	16	1,231	31	1,368	38	636	21	195	9	193	9
Current Liabilities	846	21	639	16	518	15	984	34	898	41	891	44
Total Equity & Liabilities	3,895	100	3,945	100	3,559	100	2,969	100	2,197	100	2,042	100
Profit and Loss Account												
Sales	3,657	100	2,846	100	2,304	100	2,182	100	2,361	100	2,314	100
Gross Profit	1,163	32	914	32	646	28	682	31	486	21	250	11
Operating Profit	914	25	728	26	513	22	545	25	351	15	71	3
Profit/(Loss) before Taxation	855	23	666	23	417	18	473	22	257	11	(7)	(0.3)
Profit/(Loss) for the year	582	16	614	22	289	13	298	14	148	6	(44)	(2)

COMMENTS ON VERTICAL ANALYSIS

Balance Sheet

- Non-current assets proportion in total assets showed a decreasing trend over the last three years mainly due to disposal of long term investments.

- Current assets proportion in total assets reflects stable trend over the years. Moreover, increase in current assets is primarily due to increase in inventory of coal & clinker.

- Shareholder's equity in total equity & liabilities showed an increasing trend mainly due to increase in profitability of the Company in the last two years.

- Decrease in proportion of non-current liabilities is due to prepayment of long term loan amounting to Rs. 475 million, in addition to quarterly installments amounting to Rs. 232 million.

- Increase in proportion of current liabilities is mainly due to higher utilization of short term borrowing facilities in the last quarter of the financial year.

Profit and Loss Account

- Gross profit margin that has increased to 32% in 2016 due to cost efficiencies attained as a result of BMR has been maintained at same level in 2017.

RATIO ANALYSIS - LAST SIX YEARS

	UOM	2017	2016	2015	2014	2013	2012
Profitability Ratios							
Gross profit	Percent	31.81	32.11	28.03	31.25	20.56	10.81
Operating Profit to sales	Percent	24.99	25.58	22.26	24.96	14.89	3.09
Profit / (Loss) before tax	Percent	23.39	23.40	18.10	21.68	10.89	(0.32)
Profit / (Loss) for the year	Percent	15.92	21.59	12.55	13.67	6.29	(1.90)
EBITDA to Sales	Percent	29.81	31.73	22.45	27.18	16.59	6.04
Operating Leverage Ratio	Times	0.67	2.85	(2.34)	(7.94)	138.82	20.58
Return on equity after tax	Percent	23.85	29.61	17.29	22.11	13.45	(4.58)
Return on Capital employed	Percent	19.45	18.43	9.78	16.06	12.02	(3.82)
Return on assets	Percent	14.94	15.58	8.13	10.05	6.76	(2.15)
Liquidity Ratios							
Current ratio	Times	1.81	2.04	1.59	1.13	0.92	0.87
Cash to Current Liabilities	Times	0.12	0.37	0.22	0.03	0.01	0.004
Cash Flows from Operations to Sales	Times	0.21	0.25	0.30	0.26	0.08	0.03
Activity / Turnover Ratios							
Inventory turnover ratio	Times	8.26	8.03	4.94	3.81	6.40	9.19
No. of Days in Inventory	Days	44	45	74	96	57	40
Debtor turnover ratio	Times	24.34	16.18	15.10	17.43	17.37	20.35
No. of Days in Receivables	Days	15	23	24	21	21	18
Creditor turnover ratio	Times	8.16	7.00	3.94	4.50	7.02	6.78
No. of Days in Payables	Days	45	52	93	81	52	54
Total Assets turnover ratio	Times	0.94	0.72	0.65	0.73	1.07	1.13
Fixed Assets turnover ratio	Times	1.78	1.31	1.07	1.54	2.50	2.74
Operating cycle	Days	14	16	6	36	26	4
Investment /Market Ratios							
Earnings per Share	Rupees	5.84	6.16	2.90	2.99	1.49	(0.44)
Price Earnings ratio	Times	6.84	4.79	10.43	8.54	17.79	(47.80)
Dividend Yield	Percent	5.88	5.08	4.30	4.31	1.89	-
Dividend Payout	Percent	40.24	24.35	44.83	36.79	33.56	-
Dividend Cover ratio	Times	2.49	4.11	2.23	2.72	2.98	-
Cash Dividend per share	Rupees	2.35	1.50	1.30	1.10	0.50	-
Market value per share	Rupees	39.97	29.50	30.25	25.54	26.50	21.03
Breakup value per share	Rupees	24.48	20.81	16.78	13.53	11.07	9.61

* subject to shareholder's approval in AGM on September 18, 2017.

	UOM	2017	2016	2015	2014	2013	2012
Capital Structure Ratios							
Financial leverage	Percent	30.43	61.58	83.33	68.82	62.31	63.24
Cost of debt	Percent	8.68	9.63	15.54	12.42	12.84	15.27
Debt to Equity	Percent	18	38	43	27	11	16
Interest Cover	Times	10.75	6.33	8.39	7.62	4.09	0.92

COMMENTS ON RATIOS

PROFITABILITY RATIOS:

The Gross Profit margins remains steady as compared to the previous year due to cost efficiency achieved through implementation of BMR. Return on capital employed was improved mainly due to reduction in long term borrowings. Profitability ratios of the Company have moved slightly in downward trajectory due to choppy trend in PSX resulting in capital loss on the sale of Long term investment.

LIQUIDITY RATIOS:

The Company had maintained strong liquidity position resulting from efficient working capital management. Cash flows from operations have improved steadily from the year 2014 onwards. Moreover, the excess liquidity generated was utilized in making pre-payment against long term financing.

ACTIVITY /TURNOVER RATIOS:

The turnover ratios of the Company showed study improvement during the year. Debtor turnover days have improved considerably due to reduction in average debtors, whereas creditor turnover days also improved due effective management and timely payments to the creditors.

INVESTMENT/MARKET RATIOS:

There is a slight reduction in current year's earnings per share due to capital loss resulting from sale of long term investments and also due to substantial increase in taxation charge during the year. Despite nominal reduction in earnings per share the price earnings ratio has improved as compared to the previous year, which clearly depicts investors' confidence on the prosperous future of the Company.

CAPITAL STRUCTURE RATIOS:

One of the primary objectives of the Company is to utilize financing resources at its optimum level. The financial leverage was declined substantially during the year due to pre-payment made against long term financing. Debt to equity ratio and Interest cover ratio also shown drastic improvement due to reduction in long term financing.

SUMMARY OF CASH FLOW STATEMENTS - LAST SIX YEARS

	2017	2016	2015	2014	2013	2012
	---------------------------Rupees in thousands---------------------------					
Net cash generated from operating activities	449,277	415,597	416,635	350,058	106,861	70,626
Net cash generated from / (used in) investing activities	100,365	(44,494)	(686,509)	(519,194)	(187,605)	(334,661)
Net cash generated from / (used in) financing activities	(857,259)	(155,647)	663,832	327,708	(55,530)	62,900
Increase/(Decrease)in cash and cash equivalents	(307,617)	215,456	393,958	158,572	(136,274)	(201,135)
Cash & Cash equivalents at the beginning of the year	218,601	3,145	(390,813)	(549,385)	(413,111)	(211,976)
Cash & Cash equivalent at the end of the year	(89,016)	218,601	3,145	(390,813)	(549,385)	(413,111)

Comments on Cash flow statement

Cash flow from operating activities reflects increasing trend from 2013 onwards due to overall increase in operating profits of the Company.

Cash flow from investing activities substantially improved in the current year due to proceeds from disposal of long term investments.

Cash flows generated from financing activities increased from the year 2014 onwards till the start of financial year 2016 where repayment of long term loan has commenced. Further, substantial outflow in the year 2017 represents prepayment and repayment of long term loan obtained for BMR project.

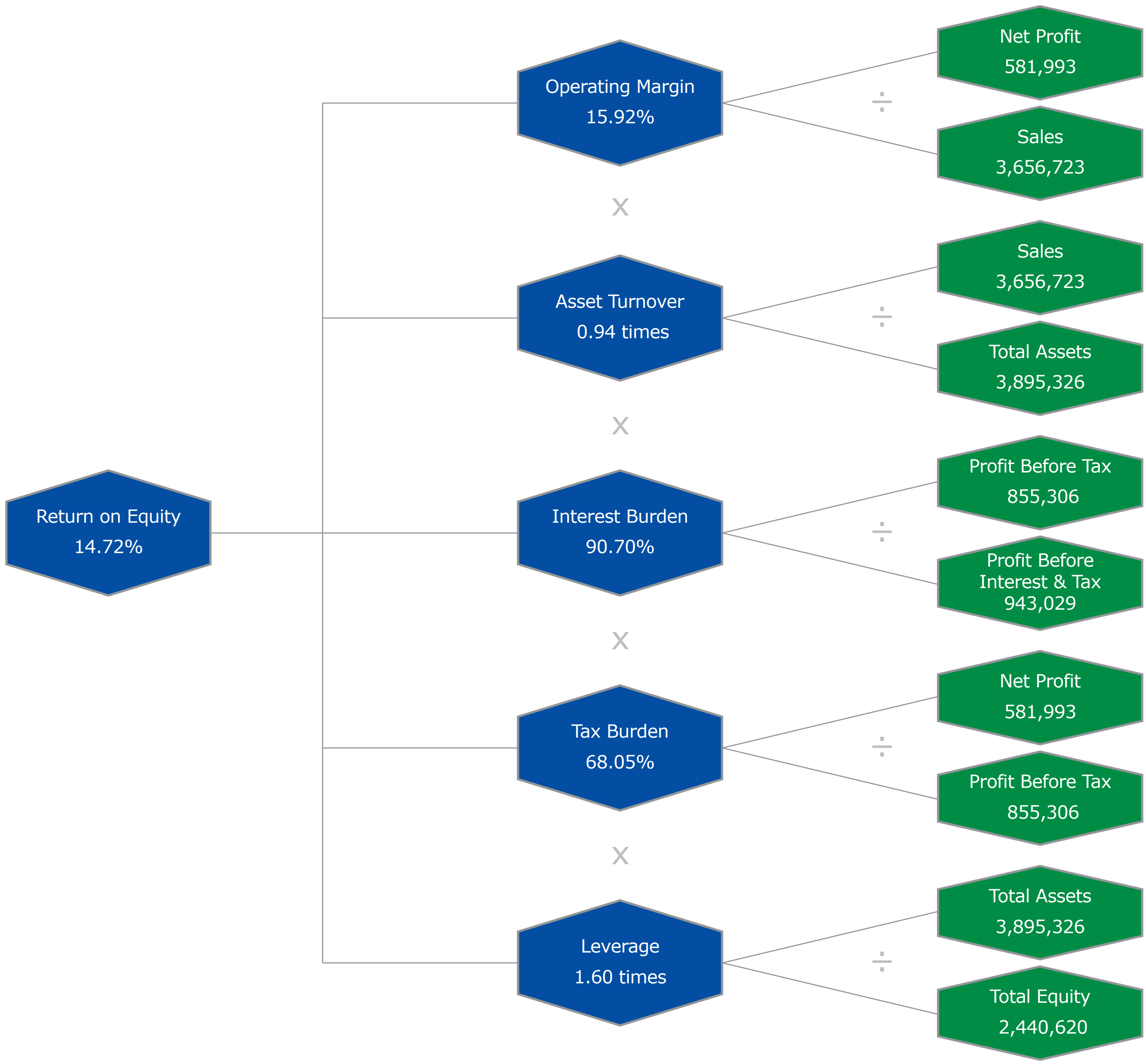
Moreover, cash & cash equivalents in the year 2017 compared with 2016 decreased substantially due to prepayment made against long term financing and also due to slow down of sales in June 2017.

CASH FLOW (DIRECT METHOD)

	2017	2016
	------ Rupees in thousands ------	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	5,066,245	3,666,743
Cash paid to supplier / service providers	(2,501,722)	(1,828,797)
Cash paid to employees	(466,114)	(382,058)
Payment of indirect taxes and other statutory duties	(1,342,589)	(728,632)
Payment of Retirement funds	(15,365)	(13,409)
Financial charges paid	(89,500)	(162,125)
Income tax and other statutory levies paid	(201,678)	(136,125)
Net cash from operating activities	449,277	415,597
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(34,055)	(146,540)
Addition in intangible assets	(2,519)	(819)
Acquisition of shares	(521,065)	(22,980)
Disposal of long term investment - Available for sale	656,185	125,426
Proceeds from disposal of property, plant and equipment	1,819	419
	100,365	(44,494)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(706,934)	(182,261)
Long term financing obtained	-	156,100
Dividend paid	(149,325)	(129,476)
Long term deposits - liabilities	(1,000)	(10)
	(857,259)	(155,647)
Net (decrease)/increase in cash and cash equivalents	(307,617)	215,456
Cash and cash equivalents at beginning of the year	218,601	3,145
Cash and cash equivalents at end of the year	(89,016)	218,601

DUPONT ANALYSIS

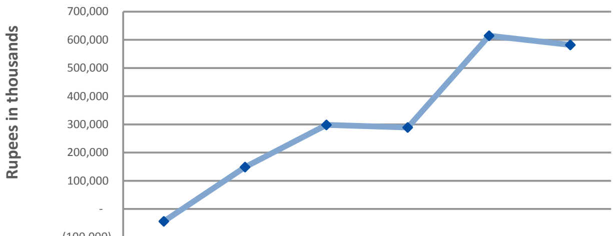
Rupees in Thousands



	2017	2016
Operating Margin	15.92%	21.59%
Asset Turnover	0.94	0.72
Interest Burden efficiency	90.70%	84.20%
Tax Burden Efficiency	68.05%	92.26%
Leverage	1.60	1.90
Return on Equity	14.72%	23.00%

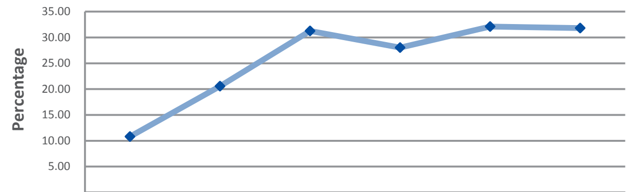
GRAPHICAL PRESENTATION OF KEY FINANCIAL DATA

Profit / (Loss) After Tax



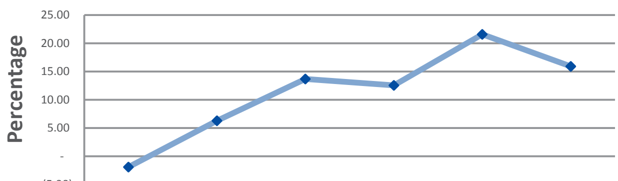
	2012	2013	2014	2015	2016	2017
Profit After Tax	(43,882)	148,478	298,387	289,274	614,443	581,993

Gross Profit %



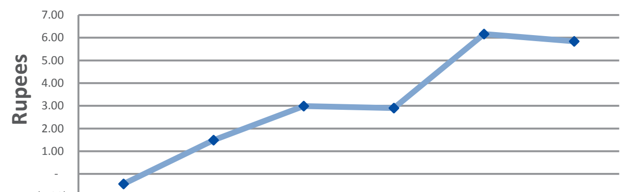
	2012	2013	2014	2015	2016	2017
GP	10.81	20.56	31.25	28.03	32.11	31.81

Net Profit %



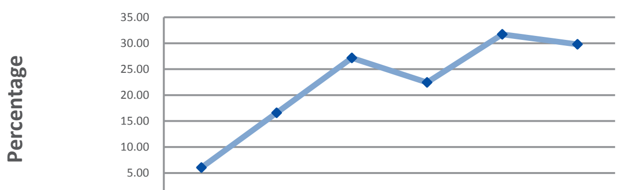
	2012	2013	2014	2015	2016	2017
NP (%)	(1.90)	6.29	13.67	12.55	21.59	15.92

Earnings Per Share



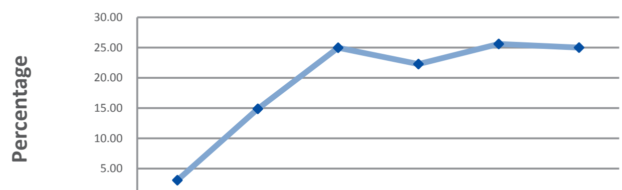
	2012	2013	2014	2015	2016	2017
EPS	(0.44)	1.49	2.99	2.90	6.16	5.84

EBITDA Margin to Sales



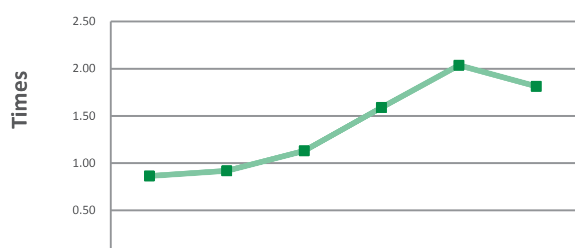
	2012	2013	2014	2015	2016	2017
Ebitda Margin to sales	6.04	16.59	27.18	22.45	31.73	29.81

Operating Profit %



	2012	2013	2014	2015	2016	2017
Operating Profit	3.09	14.89	24.96	22.26	25.58	24.99

Liquidity Ratio



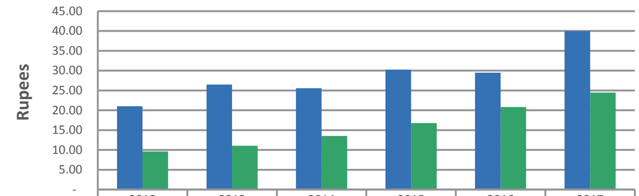
	2012	2013	2014	2015	2016	2017
Current Ratio	0.87	0.92	1.13	1.59	2.04	1.81

Assets & Liabilities

	2012	2013	2014	2015	2016	2017
Assets	2,041,987	2,196,951	2,969,513	3,559,115	3,944,629	3,895,326
Liabilities	1,083,705	1,093,016	1,620,256	1,885,615	1,869,660	1,454,706

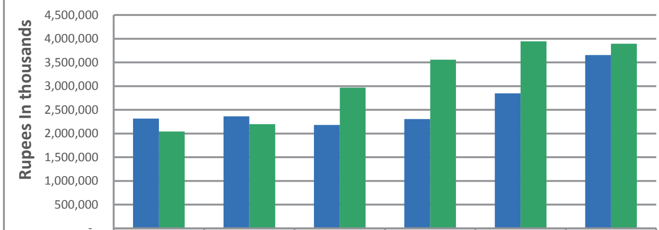
GRAPHICAL PRESENTATION OF KEY FINANCIAL DATA

Value Per Share



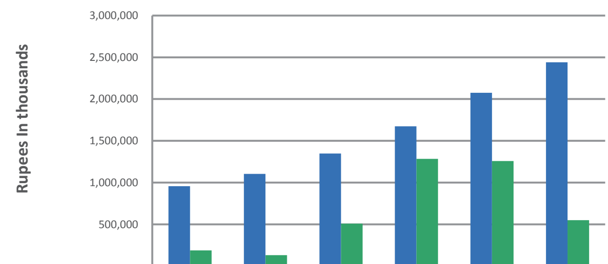
	2012	2013	2014	2015	2016	2017
Market Value	21.03	26.50	25.54	30.25	29.50	39.97
Book Value	9.61	11.07	13.53	16.78	20.81	24.48

Net Sales to Total Assets



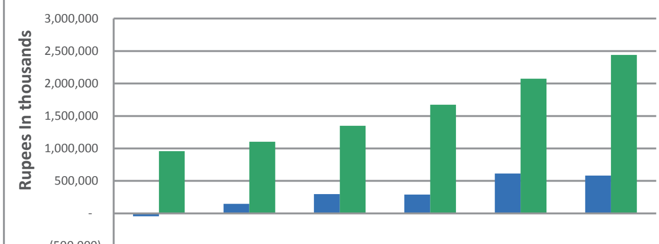
	2012	2013	2014	2015	2016	2017
Net Sales	2,314,211	2,361,192	2,182,327	2,304,404	2,846,147	3,656,723
Total Assets	2,041,987	2,196,951	2,969,513	3,559,115	3,944,629	3,895,326

Equity & Long Term Liabilities



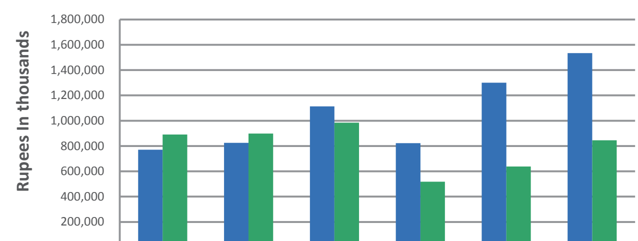
	2012	2013	2014	2015	2016	2017
Equity	958,282	1,103,935	1,349,257	1,673,500	2,074,969	2,440,620
Long Term Liabilities	189,704	131,784	509,238	1,284,778	1,258,617	551,683

Profit After Tax vs Shareholder's Equity



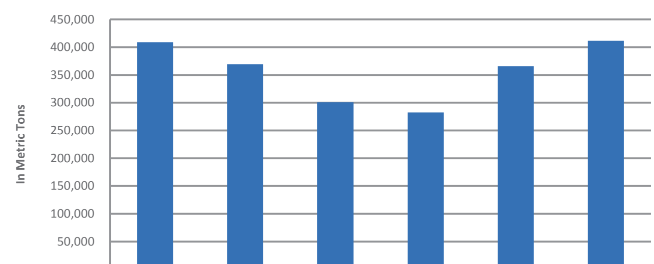
	2012	2013	2014	2015	2016	2017
PAT	(43,882)	148,478	298,387	289,274	614,443	581,993
Equity	958,282	1,103,935	1,349,257	1,673,500	2,074,969	2,440,620

Current Assets vs Current Liabilities



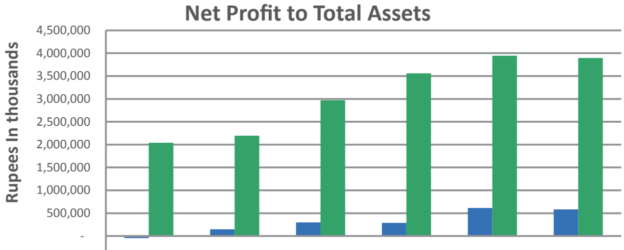
	2012	2013	2014	2015	2016	2017
Current Assets	770,483	824,613	1,113,366	823,233	1,300,122	1,533,877
Current Liabilities	890,715	897,892	984,409	517,843	638,507	845,851

Cement Sales



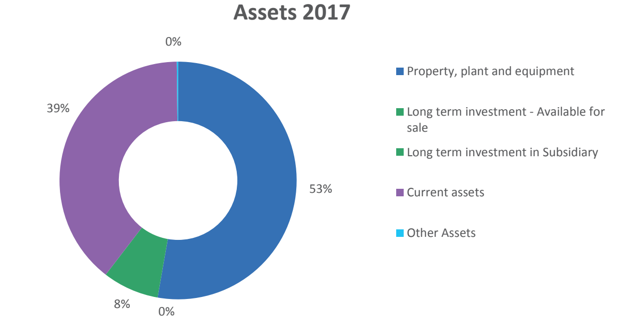
	2012	2013	2014	2015	2016	2017
Cement Sales	409,088	369,431	300,735	282,351	365,778	411,600

Net Profit to Total Assets

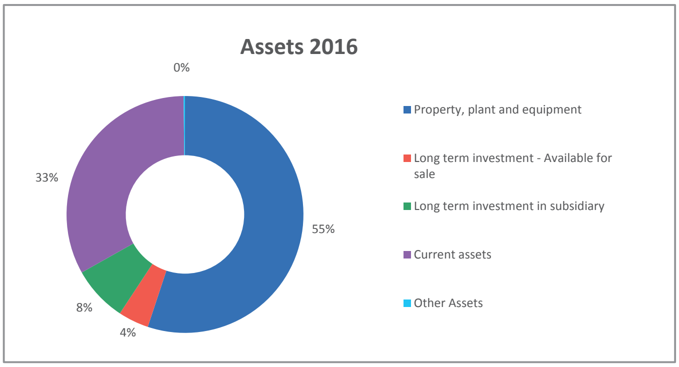


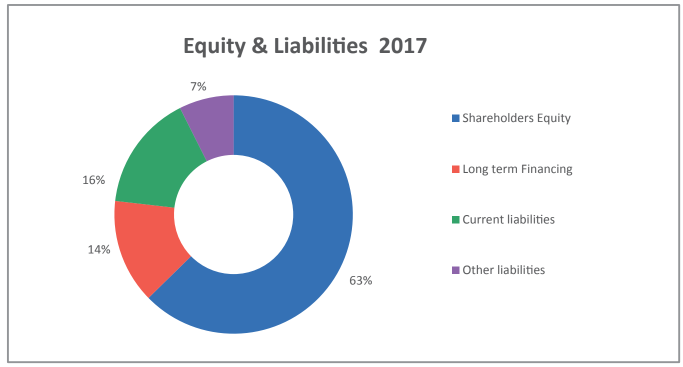
	2012	2013	2014	2015	2016	2017
Net Profit	(43,882)	148,478	298,387	289,274	614,443	581,993
Total Assets	2,041,987	2,196,951	2,969,513	3,559,115	3,944,629	3,895,326

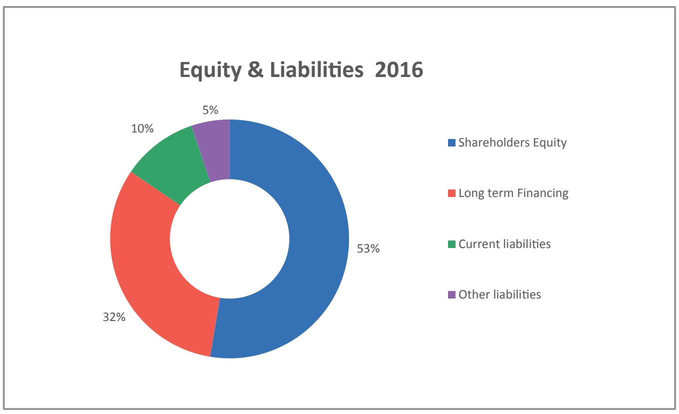
Assets 2017



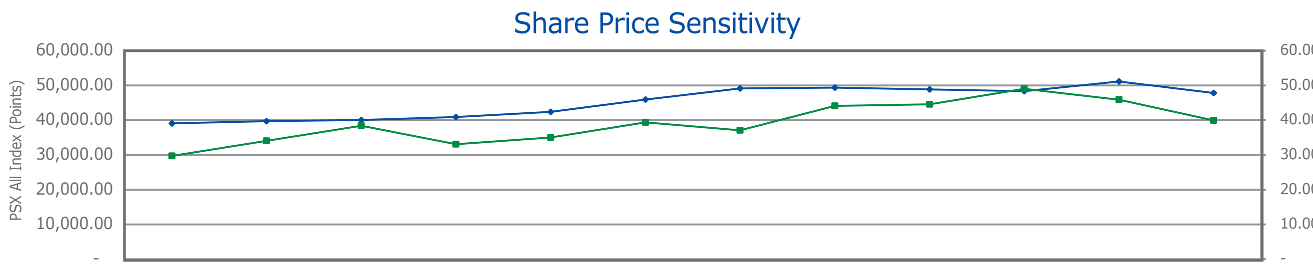
GRAPHICAL PRESENTATION OF KEY FINANCIAL DATA







SHARE PRICE SENSITIVITY ANALYSIS



	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
PSX Index	39,092.39	39,742.25	40,076.52	40,946.99	42,419.91	45,938.67	49,163.86	49,391.90	48,869.47	48,393.97	51,191.65	47,860.79
TCCL	29.76	34.10	38.45	33.10	35.05	39.38	37.10	44.12	44.60	49.06	45.89	39.97

Sensitivity analysis is a technique used to define how different values of an independent variable will impact a specific dependent variable under a given set of assumptions. Various critical and non-critical variables have a tendency to impact the profitability margin of the Company. However, most of these variables are external and beyond the control of the management.

Thatta Cement Company Limited profit margins are sensitive to various factors, most of which are external and beyond Company's management control and ultimately effect the share price. Following are the major factors which might affect the share price of the Company:

Plant Operations

Stable plant operations lead to efficient production and productivity gains. Interruptions at production facility negatively impact the Company's financial performance and may have potential impact on share price adversely. Share price is also affected by the addition of new plant.

Variable cost

Any decrease in variable cost may critically affect the gross margins and will resultantly increase the profitability and growth in the EPS. This may also affect the market price of the share.

Law and Order Situation

Unstable law and order situation often results in disruption of business activities and creates hindrance in supply chain that may negatively impact on the Company's performance.

Regulations and Government Policies

Any amendments made by government in its policies, laws and regulations relate to cement sector and overall business activities may affect the share price of the Company depending upon the nature of those amendments.

Interest Rate

Finance costs have a significant impact on the company's profitability. Loans are obtained after proper negotiations with banks on applicable rates. However, interest rate / KIBOR rate fluctuations, being subject to market and economic conditions are beyond the Company's control. The Company has long term finance and short term borrowings at variable rates. 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.

GLOSSARY OF TERMS

Assets: The total resources with monetary value owned or controlled by an individual or a business.

AGM: Annual general meeting of shareholders held each year as per the requirements of Companies Act 2017.

Borrowing Cost: refers to finance cost that are directly attributable to the construction/acquisition of qualifying assets and included in the cost of such asset.

Syndicate/Consortium Financing: is a solution that entails several banks or financial institutions joining hands to finance large projects through a common appraisal, common documentation and joint supervision.

Current Ratio: The current ratio indicates a company's ability to meet short-term debt obligations.

Dividend Payout Ratio: The ratio is found by dividing the annual dividends per share by the annual earnings per share.

Dividend Yield: The ratio is calculated by dividing the dividend per share by the market price per share.

Earnings Per Share: found by dividing the net income of the company by the number of shares of common outstanding stock.

EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization.

GGBFS: Ground Granulated Blast Furnace Slag

IASB: International Accounting Standards Board.

IFRS: International Financial Reporting Standard.

IFRIC: International Financial Reporting Issues Committee.

KIBOR: Karachi Inter Bank Offer Rate.

Liquidity Ratios: The ratio used to determine the Company's ability to meet its short term financial obligations.

Long Term Debt-to-Equity Ratio: The ratio found by dividing long-term debt including current maturity by the equity plus long term debt.

Non-Operating Revenue: Revenue generated by an entity which is not directly related to production. Non-operating revenue includes things such as interest income, gains and losses.

Operating Cycle: The average time between purchasing or acquiring inventory and receiving cash proceeds from its sale.

OPC: Ordinary Portland Cement.

Profitability Ratios: Profitability Ratios are used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

Price-Earnings Ratio (P/E): The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

Qualifying Asset: An asset that takes substantial period of time to get ready for its intended use/sale.

Return on Assets: The return on assets ratio is calculated by dividing net income by total assets.

Return on Equity (ROE): The value found by dividing the company's net income by its net assets (ROE measures the amount a company earns on investments).

Spread: Rate charged by the bank over KIBOR.

SRC: Sulphate Resistant Cement.

Term: Refers to the maturity or length of time until final repayment of loan, bond, sale or other contractual obligation.

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financial statements (unconsolidated)

Putting Forward the Outcome

Our brilliance embedded in all our actions promises to reach greater heights of the bar charts. We aim to put forward outstanding results that represents our expertise and excellence.

AUDITOR'S REPORT TO THE MEMBERS

GRANT THORNTON ANJUM RAHMAN
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Modern Motors House
Beaumont Road,
Karachi 75530

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We have audited the annexed unconsolidated balance sheet of Thatta Cement Company Limited (the Company) as at June 30, 2017 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion-

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad, Lahore

Grant Thornton
An instinct for growth

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and

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

Grant Thornton Anjum Rahman

Date: August 19, 2017
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad, Lahore

UNCONSOLIDATED BALANCE SHEET

As at June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,055,402	2,173,000
Intangible assets	6	5,793	6,485
Long term investment in Subsidiary	7	299,158	299,158
Long term investment - Available for sale		-	164,768
Long term deposits	8	1,096	1,096
Total non-current assets		2,361,449	2,644,507
CURRENT ASSETS			
Stores, spare parts and loose tools	9	483,745	273,819
Stock-in-trade	10	362,673	241,023
Trade debts	11	136,623	163,817
Loan/advance to the Subsidiary	12	125,000	184,006
Loans and advances	13	11,597	9,576
Trade deposits and short term prepayments	14	6,107	13,851
Other receivables and accrued interest	15	165,669	43,674
Taxation - net	16	140,432	132,587
Cash and bank balances	17	102,031	237,769
Total current assets		1,533,877	1,300,122
Total assets		3,895,326	3,944,629
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	18	997,181	997,181
Share premium		99,718	99,718
Revaluation of Available for sale investment		-	64,522
Accumulated profit		1,343,721	913,548
Total shareholders' equity		2,440,620	2,074,969
NON-CURRENT LIABILITIES			
Long term financing	19	319,750	1,026,684
Long term deposits	20	2,834	3,834
Long term employee benefit	21	17,699	15,640
Deferred taxation	22	268,572	184,995
Total non-current liabilities		608,855	1,231,153
CURRENT LIABILITIES			
Trade and other payables	23	420,061	382,819
Accrued mark-up	24	2,810	4,587
Current maturity of long term financing	19	231,933	231,933
Short term borrowings	25	191,047	19,168
Total current liabilities		845,851	638,507
Total equity and liabilities		3,895,326	3,944,629
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
Sales - net	27	3,656,723	2,846,147
Cost of sales	28	(2,493,694)	(1,932,303)
Gross profit		1,163,029	913,844
Selling and distribution cost	29	(101,031)	(71,522)
Administrative expenses	30	(148,312)	(114,141)
		(249,343)	(185,663)
Operating profit		913,686	728,181
Other operating expenses	31	(54,786)	(51,875)
Finance cost	32	(87,723)	(124,995)
		(142,509)	(176,870)
Other income	33	84,129	114,698
Profit before taxation		855,306	666,009
Taxation	34	(273,313)	(51,566)
Profit for the year		581,993	614,443
Earnings per share - basic and diluted (Rupees)	35	5.84	6.16

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
Profit for the year		581,993	614,443
Other comprehensive income			
Items to be reclassified to unconsolidated profit and loss account in subsequent years			
Deficit on revaluation of Available for sale investment		-	(18,677)
Revaluation gain on Available for sale investments reclassified to unconsolidated profit and loss account		(64,522)	(61,636)
		(64,522)	(80,313)
Items not to be reclassified to unconsolidated profit and loss account in subsequent years			
Remeasurement of defined benefit liability	23.2.4	(2,243)	(3,027)
Total comprehensive income for the year		515,228	531,103

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		855,306	666,009
Adjustment for:			
Depreciation	5.2	143,669	111,255
Amortization	6	3,211	752
(Reversal)/provision for slow moving & obsolete stores and impairment of major stores & spares	5.5 & 9.2	(839)	16,012
Finance cost	32	87,723	124,995
Provision for gratuity	23.2.4	12,083	11,438
Provision for leave encashment		2,959	2,694
Fixed assets written off	30	4,769	1,875
Gain on disposal of Available for sale investment	33	(34,874)	(68,186)
Gain on disposal of property, plant and equipments	33	(746)	(267)
		217,955	200,568
Operating cash flows before working capital changes		1,073,261	866,577
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(206,945)	(79,981)
Stock-in-trade		(121,650)	(798)
Trade debts		27,194	24,071
Loan/advance to the Subsidiary		59,006	(184,006)
Loans and advances		(2,021)	9,467
Trade deposits and short term prepayments		7,744	5,200
Other receivables and accrued interest		(121,995)	(587)
		(358,667)	(226,634)
Increase in current liabilities			
Trade and other payables excluding gratuity and dividend payable		37,129	78,810
Cash generated from operations		751,723	718,753
Finance cost paid		(89,500)	(162,125)
Gratuity paid	23.2.4	(14,465)	(11,262)
Leave encashment paid		(900)	(2,147)
Income tax paid - net		(197,581)	(127,622)
		(302,446)	(303,156)
Net cash generated from operating activities		449,277	415,597

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(34,055)	(146,540)
Addition in intangible assets		(2,519)	(819)
Acquisition of shares		(521,065)	(22,980)
Proceeds from disposal of long term investments - Available for sale		656,185	125,426
Proceeds from disposal of property, plant and equipment		1,819	419
Net cash generated from / (used in) investing activities		100,365	(44,494)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(706,934)	(182,261)
Long term financing obtained		-	156,100
Dividend paid		(149,325)	(129,476)
Long term deposits - liabilities		(1,000)	(10)
Net cash used in financing activities		(857,259)	(155,647)
Net (decrease) / increase in cash and cash equivalents		(307,617)	215,456
Cash and cash equivalents at beginning of the year	36	218,601	3,145
Cash and cash equivalents at end of the year	36	(89,016)	218,601

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

	Issued, subscribed and paid-up share capital	Share premium	Revaluation of Available for sale investment	**Accumulated profit**	Total
	---------- Rupees in thousands ----------				
Balance as at July 1, 2015	997,181	99,718	144,835	431,766	1,673,500
Transactions with owners recorded directly in equity					
Final dividend @ Rs. 1.3 per share for the year ended June 30, 2015	-	-	-	(129,634)	(129,634)
Total comprehensive income for the year					
Profit for the year	-	-	-	614,443	614,443
Other comprehensive income					
Reclassification of gain realized on disposal of investment classified as "Available for sale"	-	-	(61,636)	-	(61,636)
Remeasurement of defined benefit liability	-	-	-	(3,027)	(3,027)
Deficit on revaluation of Available for sale investment	-	-	(18,677)	-	(18,677)
	-	-	(80,313)	611,416	531,103
Balance as at June 30, 2016	997,181	99,718	64,522	913,548	2,074,969
Balance as at July 1, 2016	997,181	99,718	64,522	913,548	2,074,969
Transactions with owners recorded directly in equity					
Final dividend @ Rs. 1.5 per share for the year ended June 30, 2016	-	-	-	(149,577)	(149,577)
Total comprehensive income for the year					
Profit for the year	-	-	-	581,993	581,993
Other comprehensive income					
Reclassification of gain realized on disposal of investment classified as "Available for sale"	-	-	(64,522)	-	(64,522)
Remeasurement of defined benefit liability	-	-	-	(2,243)	(2,243)
	-	-	(64,522)	579,750	515,228
Balance as at June 30, 2017	997,181	99,718	-	1,343,721	2,440,620

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

1 STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These unconsolidated financial statements are being submitted to the shareholders as required under section 233 of the Companies Ordinance, 1984 and the Pakistan Stock Exchange Regulations.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under historical cost convention except for recognition of staff retirement benefits at present value based on actuarial valuation and foreign currency liabilities which are stated at the exchange rate at the balance sheet date.

2.3 Financial year

The Company's financial year starts from July 1 and ends at June 30.

2.4 Functional and presentation currency

These unconsolidated financial statements have been prepared & presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2.5 Use of estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and 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. In preparing these unconsolidated financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that were applied to the unconsolidated financial statements as at and for the year ended June 30, 2016.

Management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

a) Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipments. The Company also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

b) Intangible assets

The Company's management determines the estimated useful lives and related amortization charge for its intangibles. The Company also reviews the value of the intangibles for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of intangibles with a corresponding effect on the amortization charge and impairment.

c) Trade debts

The Company reviews it's doubtful debts at each reporting date to assess whether provision should be recorded in the unconsolidated profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the provision.

d) Stock-in-trade and stores & spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores & spares and corresponding effect in unconsolidated profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sale.

e) Taxation

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred tax, estimates of the Company's future taxable profits are taken into account.

f) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events with respect to evaluation based on element of issue involved and opinion of the legal counsel.

g) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these unconsolidated financial statements for actuarial valuation of present value of defined benefit obligation and leave encashment. Change in these assumptions in future years may affect the liability under the schemes in those years.

h) Impairment of investments

The Company determines that a significant and prolonged decline in the fair value of its investments below its cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

3 STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE YEAR

3.1 Promulgation of Companies Act, 2017

Consequent to the promulgation and implementation of Companies Act, 2017, additional information have been voluntarily disclosed in note 2.3, 12,15, 28.1.1, 34.4, 43 & 44 to these unconsolidated financial statements.

3.2 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

The following standards, amendments and interpretations of approved accounting standards which became effective during the year and adopted by the Company:

Standard or Interpretation	Effective date
IAS 1 - Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)	January 1, 2016
IFRS 10, IFRS 12 and IAS 28 - Investment Entities : Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle	January 1, 2016
IAS 16 and IAS 41 - Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	January 1, 2016

The adoption of the above accounting standards or interpretations do not have any material effect on the unconsolidated financial statements including comparative amounts.

3.3 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to the published standards and interpretations that are mandatory for the financial year beginning on July 01, 2016 are considered not to be relevant nor to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

3.4 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to the published standards and interpretations will be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

3.5 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments (2014) and consequent amendments to IFRS 4 Insurance Contracts	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRS 17 – Insurance Contracts	January 1, 2021

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below and have been consistently applied to all years presented.

4.1 Property, plant and equipment

Property, plant and equipments (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 an asset.

Depreciation

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 rates of each item is mentioned in note 5.1. 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 balance sheet 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 derecognised. Normal maintenance and repairs are charged to unconsolidated profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Disposal

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

4.1.1 Capital work-in-progress (CWIP)

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

4.2 Government grant

Government grants related to assets are presented by deducting the grant amount in arriving at the carrying amount of the asset. The grant is recognized in unconsolidated profit and loss account over the useful life of the asset as reduced by depreciation expense.

4.3 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of an asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Costs associated with maintaining computer software are recognized as an expense as and when incurred. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of an asset on a systematic basis applying the straight line method. Useful lives of all intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

4.4 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 profit and loss account, 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.

4.5 Investments

Investment in subsidiaries

Investment in subsidiaries are initially recognized at cost. 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 profit and loss account. 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 profit and loss account.

Investment in associates

Investment in associates are initially recognized at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist 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 profit and loss account. 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 profit and loss account.

Investment - Available for sale

The Company classifies its other long term investment as 'Available for sale' investments which are non-derivatives and are either designated in this category or not classified as 'Fair value through profit and loss', 'Loans and receivables' or 'Held to maturity financial assets'.

Available for sale investment is initially recorded at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair value are taken to unconsolidated other comprehensive income. When investment classified as Available for sale is sold or impaired, the accumulated fair value adjustments recognized in unconsolidated other comprehensive income are included in the unconsolidated profit and loss account. Dividends on Available for sale investment is recognized in the unconsolidated profit and loss account as part of 'other income' when the Company's right to receive payment is established.

The Company assesses at each balance sheet date whether there is an objective evidence that an 'Available for sale' investment is impaired. For such investment, a significant prolonged decline in the fair value of the investment below the carrying value is considered as an indicator that the investment is impaired. If any such evidence exists, the cumulative loss is transferred from unconsolidated other comprehensive income to the unconsolidated profit and loss account. Impairment losses previously recognized in the unconsolidated profit and loss account on 'Available for sale' investment is not reversed through unconsolidated profit and loss account.

4.6 Stores, spare parts and loose tools

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

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

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

4.7 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 unconsolidated balance sheet 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.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment and provision for doubtful debts, if any. Provision for impairment and provision for doubtful debts are established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

Export debts are initially recognized at the exchange rate prevailing on the date when significant risks and rewards of ownership of goods are transferred and subsequently remeasured at each balance sheet date. Exchange gain / (loss) on remeasurement is taken to unconsolidated profit and loss account.

4.9 Cash and cash equivalents

Cash and cash equivalents in local currency are carried in the unconsolidated balance sheet at cost and cash in foreign currencies are stated at the exchange rate prevailing at the balance sheet date. For the purposes of the unconsolidated cash flow statement, cash and cash equivalents comprises of cash in hand, with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.10 Employee retirement benefits

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 unconsolidated balance sheet date 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.

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.

Leave encashment

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

4.11 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 unconsolidated profit and loss account.

4.12 Taxation

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.

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.

4.13 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.

4.14 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 each balance sheet date and adjusted to reflect the best estimate.

4.15 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices except for the allocation of expenses such as sharing of electricity, gas, water, repair and maintenance with the Subsidiary Company relating to the Head Office and Business Support Services for which the pricing mechanism is subject to approval of the Board of Directors.

4.16 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognized upon passage of title to the customers usually on dispatch of goods. Export sales are recognized as revenue when significant risks and rewards of ownership of goods are transferred. Interest and rental/other income is recognized on accrual basis.

4.17 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized at the time when the Company looses control of the contractual rights that comprises the financial assets. Financial liabilities are de-recognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to unconsolidated profit and loss account.

4.18 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet 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.

4.19 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.

4.20 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 unconsolidated balance sheet date. All exchange differences are taken into unconsolidated profit and loss account.

4.21 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.

4.22 Dividends and appropriations

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

	Note	2017	2016
		------ Rupees in thousands ------	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	2,008,696	2,100,608
Capital work-in-progress	5.4	-	1,403
Major stores and spares	5.5	46,706	70,989
		2,055,402	2,173,000

5.1 Operating fixed assets

	2017											
	COST					ACCUMULATED DEPRECIATION						
	As at July 1, 2016	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2017	Depreciation rate per annum	As at July 1, 2016	Charge for the year (Note 5.2)	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2017	Net book value as at June 30, 2017
	-------------------- Rupees in thousands --------------------					%	-------------------- Rupees in thousands --------------------					
Freehold land	6,186	-	-	-	6,186	-	-	-	-	-	-	6,186
Leasehold improvements	2,585	-	-	-	2,585	20%	1,821	517	-	-	2,338	247
Quarries and improvements	11,963	-	-	-	11,963	5%	11,801	9	-	-	11,810	153
Factory building on freehold land	238,871	7,771	-	-	246,642	10%	200,574	5,171	-	-	205,745	40,897
Electrical installations	58,848	-	-	-	58,848	5%	12,969	2,540	-	-	15,509	43,339
Housing colonies	74,096	-	-	-	74,096	5%	56,281	990	-	-	57,271	16,825
Office building on freehold land	22,281	-	-	-	22,281	5%	18,459	212	-	-	18,671	3,610
Plant and machinery	3,103,041	41,335	-	(5,038)	3,139,338	UoP	1,209,947	114,202	-	(1,157)	1,322,992	1,816,346
Quarry equipments	19,143	-	-	(286)	18,857	20%	18,433	200	-	(111)	18,522	335
Railway sidings	14,905	-	-	-	14,905	10%	13,531	172	-	-	13,703	1,202
Vehicles	72,707	5,704	(5,566)	-	72,845	10% & 20%	39,066	9,569	(4,493)	-	44,142	28,703
Furniture and fixtures	11,506	-	-	(372)	11,134	10%	7,054	555	-	(341)	7,268	3,866
Office & other equipments	21,934	454	-	(4,767)	17,621	10%	7,532	1,697	-	(4,093)	5,136	12,485
Medical equipments	629	-	-	-	629	10%	624	1	-	-	625	4
Laboratory equipments	63,365	2,335	-	-	65,700	10%	29,324	4,292	-	-	33,616	32,084
Computers	21,656	-	-	(563)	21,093	30%	15,692	3,542	-	(555)	18,679	2,414
	3,743,716	57,599	(5,566)	(11,026)	3,784,723		1,643,108	143,669	(4,493)	(6,257)	1,776,027	2,008,696

	2016											
	COST					ACCUMULATED DEPRECIATION						
	As at July 1, 2015	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2016	Depreciation rate per annum	As at July 1, 2015	Charge for the year (Note 5.2)	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2016	Net book value as at June 30, 2016
	--------------- Rupees in thousands ---------------					%	------------------- Rupees in thousands -------------------					
Freehold land	6,186	-	-	-	6,186	-	-	-	-	-	-	6,186
Leasehold improvements	2,585	-	-	-	2,585	20%	1,304	517	-	-	1,821	764
Quarries and improvements	11,963	-	-	-	11,963	5%	11,792	9	-	-	11,801	162
Factory building on freehold land	238,871	-	-	-	238,871	10%	195,792	4,782	-	-	200,574	38,297
Electrical installations	56,367	2,481	-	-	58,848	5%	10,473	2,496	-	-	12,969	45,879
Housing colonies	74,096	-	-	-	74,096	5%	55,291	990	-	-	56,281	17,815
Office building on freehold land	22,281	-	-	-	22,281	5%	18,247	212	-	-	18,459	3,822
Plant and machinery	1,776,015	1,341,263	-	(14,237)	3,103,041	UoP	1,138,308	84,001	-	(12,362)	1,209,947	1,893,094
Quarry equipments	19,143	-	-	-	19,143	20%	18,209	224	-	-	18,433	710
Railway sidings	14,905	-	-	-	14,905	10%	13,359	172	-	-	13,531	1,374
Vehicles	63,459	10,418	(1,170)	-	72,707	10% & 20%	31,811	8,330	(1,075)	-	39,066	33,641
Furniture and fixtures	11,506	-	-	-	11,506	10%	6,497	557	-	-	7,054	4,452
Office & other equipments	16,607	5,360	(33)	-	21,934	10%	6,052	1,490	(10)	-	7,532	14,402
Medical equipments	629	-	-	-	629	10%	623	1	-	-	624	5
Laboratory equipments	58,410	4,955	-	-	63,365	10%	25,338	3,986	-	-	29,324	34,041
Computers	21,223	584	(151)	-	21,656	30%	12,321	3,488	(117)	-	15,692	5,964
	2,394,246	1,365,061	(1,354)	(14,237)	3,743,716		1,545,417	111,255	(1,202)	(12,362)	1,643,108	2,100,608

5.1.1 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 (refer note 30).

5.2 Allocation of depreciation

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

	Note	2017	2016
		------ Rupees in thousands ------	
Cost of sales	28	137,685	105,584
Selling and distribution cost	29	1,686	1,515
Administrative expenses	30	4,298	4,156
		143,669	111,255

5.3 The details of operating fixed assets having book value of above Rs. 50,000/- disposed off during the year are as follows:

Particulars	Cost	Written Down Value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
	-------------- Rupees in thousands --------------					
Vehicle	1,534	459	459	-	As per Company Policy	Mr. M. Aslam Shaikh (Employee)
Vehicle	2,012	476	476	-	As per Company Policy	Mr. Muhammad Taha Hamdani (Employee)
Vehicle	476	58	131	73	Tender	Mr. Lal Bux Burdi (Employee)
Vehicle	476	58	149	91	Tender	Mr. Imran Khan (Employee)
Vehicle	1,068	22	604	582	Tender	Mr. Babar Moinuddin (Employee)
June 30, 2017	5,566	1,073	1,819	746		
June 30, 2016	1,354	152	419	267		

5.4 Capital work-in-progress

	Cost as at July 1, 2016	Capital/ expenditure incurred	Transferred to operating fixed assets and store & spares	Cost as at June 30, 2017
	--------------- Rupees in thousands ---------------			
Cement Silo	1,403	6,368	(7,771)	-
June 30, 2017	1,403	6,368	(7,771)	-
June 30, 2016	1,232,546	103,523	(1,334,666)	1,403

		2017	2016
		------ Rupees in thousands ------	
5.5	**Major stores and spares**		
	Cost		
	Opening balance	103,863	87,628
	Additions during the year	24,870	88,552
	Transferred to operating fixed assets and capital work-in-progress	(47,011)	(72,317)
	Closing balance	81,722	103,863
	Accumulated impairment		
	Opening balance	(32,874)	(19,134)
	Impairment charge for the year	(2,142)	(13,740)
	Closing balance	(35,016)	(32,874)
	Net book value	46,706	70,989

6 INTANGIBLE ASSETS

The Company's intangible assets comprises of computer softwares and club membership fee.

	Note	2017	2016
		------ Rupees in thousands ------	
Cost			
Opening balance		2,965	2,965
Additions during the year		7,500	-
Closing balance		10,465	2,965
Accumulated amortization			
Opening balance		(1,461)	(709)
Charge for the year	30	(3,211)	(752)
Closing balance		(4,672)	(1,461)
Net book value	6.1	5,793	1,504
Capital work-in-progress		-	4,981
		5,793	6,485
Amortization rate per annum		20-33%	20-33%

6.1 The net book value pertains to computer softwares of Rs. 5.168 million (2016: Rs. 0.573 million) and club membership fee of Rs. 0.625 million (2016: Rs. 0.931 million).

		Note	2017	2016
			------ Rupees in thousands ------	
7	**LONG TERM INVESTMENT IN SUBSIDIARY**			
	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, 2017 (2016: 62.43%). The principal business of the Subsidiary is generation, supply and transmission of electrical power. As at June 30, 2017 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 on the basis of cost.

7.2 Thatta Cement Company Limited has pledged its investment in shares of TPPL in favour 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

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

9 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2017	2016
		------ Rupees in thousands ------	
Coal and other fuels		249,980	56,539
Stores & spare parts		263,207	249,568
Loose tools		274	409
	9.1	513,461	306,516
Provision for obsolete stores		(5,353)	(6,713)
Provision for slow moving stores and spares		(24,363)	(25,984)
	9.2	(29,716)	(32,697)
		483,745	273,819

9.1 This includes stores in transit of Rs. 119.097 million (2016: Rs. 13.6 million) as at the balance sheet date.

9.2 Movement in provision

	Note	2017	2016
		------ Rupees in thousands ------	
Opening balance		(32,697)	(30,425)
Reversal / (provision) made during the year		2,981	(2,272)
Closing balance		(29,716)	(32,697)

10 STOCK-IN-TRADE

	Note	2017	2016
Raw material	10.1 & 28.1	87,604	66,476
Packing material	28.2	27,452	23,550
Work-in-process		211,163	116,871
Finished goods		36,454	34,126
		362,673	241,023

10.1 This includes raw material in transit of Nil (2016: Rs. 43.783 million) as at the balance sheet date.

		Note	2017	2016
			------ Rupees in thousands ------	
11	TRADE DEBTS			
	Considered good			
	Local - unsecured		136,623	163,817
	Considered doubtful			
	Cement stockiest	11.1	60,801	60,801
	Excessive rebate allowed	11.1	6,101	6,101
	Controller Military Accounts		5,126	5,126
			72,028	72,028
	Provision for doubtful debts		(72,028)	(72,028)
			136,623	163,817

11.1 This includes balances outstanding for more than 10 years. The 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, the 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 realisation 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/ADVANCE TO THE SUBSIDIARY - CONSIDERED GOOD

The loan / advance is extended to Thatta Power (Private) Limited (TPPL), the Subsidiary, to honour its financial obligations including working capital requirements which will ensure smooth business operations of the Subsidiary. This will in turn ensure uninterrupted supply of electricity to the Company and hence maintaining sustainable cement production. The loan / advance facility carries markup at the rate of 3 months KIBOR plus 2.62% per annum payable on quarterly basis. As Company owns majority shares of the Subsidiary, the loan was extended without any collateral security. The maximum balance outstanding at any month end during the year was Rs. 216 million (2016: Rs. 184.006 million).

		2017	2016
		------ Rupees in thousands ------	
13	LOANS AND ADVANCES - UNSECURED		
	Loans - considered good		
	To employees	-	15
	Advances - considered good		
	- to vendors	11,245	9,208
	- others	352	353
		11,597	9,561
		11,597	9,576

		Note	2017	2016
			------ Rupees in thousands ------	
14	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Trade deposits - considered good	14.1	1,380	2,279
	Short term prepayments		4,727	11,572
			6,107	13,851

14.1 Trade 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	2017	2016
			------ Rupees in thousands ------	
15	OTHER RECEIVABLES AND ACCRUED INTEREST			
	Interest receivable from banks		2,038	2,392
	Interest receivable from the Subsidiary	15.1	2,951	4,072
	Refund against fuel price adjustment		4,307	11,340
	Deposit with Commissioner Workmen's Compensation	26.1.6	14,915	14,915
	Receivable against disposal of shares		132,439	472
	Others		9,019	10,483
			165,669	43,674

15.1 This represents interest accrued on loan/advance to the Subsidiary. The maximum amount of interest outstanding at any month end during the year was Rs. 5.78 million (2016: Rs. 4.072 million).

		Note	2017	2016
			------ Rupees in thousands ------	
16	TAXATION - NET	16.1	140,432	132,587

16.1 It mainly includes an amount of Rs. 132.144 million representing tax refundable for the tax year 2012, 2015 and 2016.

		Note	2017	2016
			------ Rupees in thousands ------	
17	CASH AND BANK BALANCES			
	Cash in hand		976	900
	Balances with banks			
	- in current accounts	17.1	26,915	72,132
	- in profit and loss sharing (PLS) accounts	17.1, 17.2 & 17.3	74,140	164,737
			101,055	236,869
			102,031	237,769

17.1 These accounts are maintained with commercial banks under conventional banking system.

17.2 As at June 30, 2017 the mark-up rates on PLS accounts ranges from 3.5% to 4% (2016: 4.5% to 5%) per annum.

17.3 This includes Rs. 72.51 million (2016: Rs. 162.994 million) in PLS accounts under lien with National Bank of Pakistan, as Security Trustee, in accordance with the covenants of syndicated term finance facility agreements. These funds are to be used in accordance with the conditions mentioned in said financing agreement.

18 SHARE CAPITAL

2017	2016		2017	2016
------ 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 fully 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 Ordinary shares of the Company held by major shareholders as at year end are as follows:

Name of Major Shareholders	2017	2016	2017	2016
	------ Shares in thousands ------		------ Shares in % ------	
M/s Sky Pak Holding (Private) Limited	21,153	20,444	21.21	20.50
M/s Al-Miftah Holding (Private) Limited	14,895	9,147	14.94	9.17
M/s Rising Star Holding (Private) Limited	6,531	6,309	6.55	6.33
M/s Golden Globe Holding (Private) Limited	8,479	8,479	8.50	8.50

19 LONG TERM FINANCING

	Note	2017	2016
		------ Rupees in thousands ------	
Loan from Banking companies - secured			
Syndicated term finance facility (STFF)	19.1	551,683	1,258,617
Current maturity		(231,933)	(231,933)
		319,750	1,026,684

19.1 This syndicated term finance facility has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited, Summit Bank Limited and Silk Bank Limited. The facility carries mark-up at rates ranging between 8.03% to 8.15% (2016: 8.09% to 9.01%) per annum payable quarterly. The tenure of financing is 8 years including grace period of 2 years and the facility is payable in 24 equal quarterly installments of Rs. 57.983 million each starting from June 17, 2016. During the year, Rs. 231.933 million has been paid against 4 quarterly installments along with prepayment of principal amounting to Rs. 475 million (2016: Rs. 75 million). The facility is secured by first joint pari passu charge by way of hypothecation over all present and future fixed assets and mortgage over the immovable properties. Unless the entire amount of loan has been repaid, the Company has to seek prior approval of the majority members of the syndicated term finance facility before declaration of any dividend.

	Note	2017	2016
		------ Rupees in thousands ------	

20 LONG TERM DEPOSITS

	Note	2017	2016
Dealers	20.1	2,110	3,110
Suppliers and contractors	20.2	724	724
		2,834	3,834

20.1 It includes deposits amounting to Rs. 2.1 million (2016: Rs. 2.1 million) that relates 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: 11.1).

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

21 LONG TERM EMPLOYEE BENEFIT

This represents accrual for encashment of eligible earned leave balances in respect of permanent employees amounting to Rs. 17.699 million (2016: Rs. 15.64 million). Principal actuarial assumptions used for determining leave encashment liability are same as are used for Gratuity actuarial valuation (refer note: 23.2).

22 DEFERRED TAXATION

	2017	2016
	------ Rupees in thousands ------	
Taxable temporary differences arising in respect of		
Accelerated tax depreciation	309,600	298,640
Deductible temporary differences arising in respect of		
Other provisions - for doubtful debts and stores	(41,028)	(41,280)
Excess of Alternative Corporate Tax over corporate tax	-	(39,554)
Unadjusted tax credit u/s 65 B	-	(32,811)
	268,572	184,995

22.1 Movement in Deferred Tax

	2017		
	Deductible Temporary Differences	Taxable Temporary Differences	Total
	------ Rupees in thousands ------		
Opening deferred tax	(113,645)	298,640	184,995
Deferred tax liability	-	10,960	10,960
Deferred tax asset	2,551	-	2,551
Deferred tax expense	2,551	10,960	13,511
Adjustment against tax liability	70,066	-	70,066
Closing deferred tax	(41,028)	309,600	268,572

	2016		
	Deductible Temporary Differences	Taxable Temporary Differences	Total
	------ Rupees in thousands ------		
Opening deferred tax	(39,853)	173,309	133,456
Deferred tax liability	-	125,331	125,331
Deferred tax asset	(73,792)	-	(73,792)
Deferred tax expense	(73,792)	125,331	51,539
Closing deferred tax	(113,645)	298,640	184,995

23 TRADE AND OTHER PAYABLES

	Note	2017	2016
		------ Rupees in thousands ------	
Trade creditors		48,119	32,980
Accrued liabilities	23.1	213,345	163,537
Bills payable		12,281	43,621
Advances from customers		31,191	36,415
Contractors retention money		45	188
Excise duty and sales tax payable		35,509	39,055
Payable to Gratuity Fund	23.2	14,326	14,465
Workers' Profit Participation Fund (WPPF)	23.4	45,347	35,768
Workers' Welfare Fund (WWF)		16,977	14,788
Unclaimed dividend		632	380
Other liabilities		2,289	1,622
		420,061	382,819

23.1 It includes Rs. 57.561 million (2016: Rs. 64.754 million) payable to Thatta Power (Private) Limited, the Subsidiary Company, in respect of purchase of electricity.

23.2 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, 2017 are as follows:

- Discount rate used for year-end obligation is 7.75% per annum (2016: 7.25% per annum).
- Discount rate used for interest cost in unconsolidated profit and loss account is 7.25% per annum (2016: 9.75% per annum)
- Expected rate of increase in salary level at 6.75% per annum (2016: 6.25% per annum).
- Mortality rate used is SLIC 2001-2005 (2016: SLIC 2001-2005).

23.2.1 The amount recognised in the unconsolidated balance sheet is as follows:

	Note	2017	2016
		------ Rupees in thousands ------	
Present value of defined benefit obligation	23.2.2	84,760	69,270
Fair value of plan assets	23.2.3	(70,434)	(54,805)
Closing net liability		14,326	14,465

	Note	2017	2016
		------ Rupees in thousands ------	

23.2.2 Movement in present value of defined benefit obligation

	Note	2017	2016
Opening net liability		69,270	55,881
Current service cost		11,576	10,897
Interest cost		4,841	5,158
Benefits paid & payable		(4,999)	(5,965)
Remeasurement loss due to change in experience adjustments	23.2.6	4,072	3,299
Closing net liability		84,760	69,270

23.2.3 Movement in the fair value of plan assets

	Note	2017	2016
Opening fair value of plan assets		54,805	44,619
Expected return / interest income on plan assets	23.2.7	4,334	4,617
Employer contribution		14,465	11,262
Reversal of benefits due but not paid in last year		-	57
Benefits paid		(4,525)	(5,817)
Benefit due but not paid		(474)	(205)
Return on plan assets excluding interest income	23.2.7	1,829	272
Closing fair value of plan assets	23.2.9	70,434	54,805

23.2.4 Movement in liabilities

	Note	2017	2016
Opening net liability		14,465	11,262
Charge for the year	23.2.11	12,083	11,438
Employer contribution		(14,465)	(11,262)
Remeasurements chargeable in other comprehensive income		2,243	3,027
Closing net liability		14,326	14,465

23.2.5 The amount recognised in unconsolidated profit and loss account is as follows:

	Note	2017	2016
Current service cost		11,576	10,897
Interest cost		4,841	5,158
Expected return / interest income on plan assets		(4,334)	(4,617)
		12,083	11,438

23.2.6 The amount recognised in unconsolidated statement of other comprehensive income is as follows:

	Note	2017	2016
Remeasurement loss due to changes in assumption and experience adjustments	23.2.2	4,072	3,299
Return on plan assets excluding interest income	23.2.3	(1,829)	(272)
		2,243	3,027

23.2.7 Return on plan assets is as follows:

	Note	2017	2016
Expected return / interest income on plan assets	23.2.3	4,334	4,617
Return on plan assets excluding interest income	23.2.3	1,829	272
		6,163	4,889

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

	2017	2016	2015	2014	2013
	Rupees in thousands				
Present value of defined benefit obligation	(84,760)	(69,270)	(55,881)	(46,415)	(33,881)
Fair value of plan assets	70,434	54,805	44,619	31,666	24,212
Deficit	(14,326)	(14,465)	(11,262)	(14,749)	(9,669)

23.2.9 Disaggregation of fair value of plan assets

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

	Note	2017	2016
		Rupees in thousands	
Cash and cash equivalents (adjusted for current liabilities)		4,507	636
Mutual funds			
- Islamic funds		18,708	11,760
- Stock market fund (conventional)		6,042	7,824
		24,750	19,584
Certificate of Islamic investments		41,177	34,585
	23.2.3	70,434	54,805

23.2.10 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			
2017	81,045	89,000	89,112	80,877
2016	66,348	72,602	72,691	66,215

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

	Note	2017	2016
		Rupees in thousands	
Cost of sales		7,648	7,612
Selling and distribution cost		928	679
Administrative expenses		3,507	3,147
		12,083	11,438

23.3 The following information is based on the audited financial statements of the Provident Fund

	Note	2017	2016
Size of the Fund - Total assets		80,172	61,601
Cost of investments made		79,439	61,132
Percentage of investments made		99%	100%
Fair value of investments	23.3.1	79,760	61,356

23.3.1 Fair value of investments held by provident fund

	2017		2016	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	2,060	3%	2,676	4%
Term deposit	40,485	51%	31,799	52%
Mutual funds	37,215	46%	26,881	44%
	79,760	100%	61,356	100%

The investments out of Provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

	Note	2017	2016
		------ Rupees in thousands ------	
23.4 Workers' Profit Participation Fund (WPPF)			
Opening balance		35,768	22,377
Allocation for the year	31	45,347	35,768
Interest on opening balance	32	1,014	735
		82,129	58,880
Payment made during the year		(36,782)	(23,112)
Closing balance		45,347	35,768
24 ACCRUED MARK-UP			
Syndicated term finance facility		1,478	3,906
Short term borrowings		1,332	681
		2,810	4,587
25 SHORT TERM BORROWINGS			
Short-term running finance (secured)	25.1	191,047	19,168

25.1 The aggregate running finance facilities available from banks as at June 30, 2017 amounted to Rs. 650 million (2016: Rs. 650 million) out of which Rs. 458.953 million (2016: Rs. 630.832 million) remained unutilized at the year end. These facilities are renewable annually and secured by way of hypothecation of fixed assets and current assets. These carry mark-up at rates ranging between 8.04% to 8.12% (2016: 8.85% to 10.01%) per annum payable quarterly.

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 During the year 2014-2015, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of Tax Year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Company filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A) against which the adverse order was passed by CIR(A). Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the said order, relating to certain add backs/disallowances which have been set-aside for afresh proceedings, which is pending for hearing. In view of Company's tax consultant, the Company has an arguable case on merit; however, definite outcome cannot be predicted.

26.1.2 The Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). An appeal was filed in 2014-2015 before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of the Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax Year 2012. However, the appeal before CIR-A has been decided against the Company, therefore, further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending for hearing.

Moreover, in view of Company's legal counsel, the Company has strong arguable case and the matter can be agitated upto the level of Supreme Court of Pakistan. Hence, no provision in this respect has been made in these unconsolidated financial statements.

26.1.3 In respect of Tax Year 2008, an appeal was filed in 2014-2015 before Commissioner Inland Revenue - Appeals (CIR-A) against certain disallowances and additions in taxable income while passing assessment order under 122(5A) of the Income Tax Ordinance, 2001, thereby raising a tax demand of Rs. 2.787 million. The appeal has been heard, however order of CIR-A is pending. 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.

26.1.4 The Deputy Commissioner Inland Revenue (DCIR) has passed Assessment Orders in 2014-2015 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. The 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, favourable outcome of such appeals are anticipated; hence no provision is required to be made in these unconsolidated financial statements.

26.1.5 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 2014-2015 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 the 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 ad interim relief against recovery of demand and refrained tax authorities to take any adverse action in this respect. During the year ended June 30, 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Company. However, the aggrieved party i.e. Commissioner Inland Revenue, Zone II, Large Taxpayer Unit, Karachi has an option to file an appeal against the appellate order passed by ATIR in favor of the Company before appellate court.

26.1.6 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 favour 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 Labour Appeal No. 04/2014, before the Sindh Labour 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 Labour Appellate Tribunal, Karachi. The Tribunal also dismissed the appeal and hence C.P. no. D - 2636 has been filed before the Honourable 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, no definite outcome can be anticipated but the Company has a good case.

26.1.7 An ex-employee of the former holding company had filed CP # 86/2013 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.

26.1.8 Ex-workers of Labour Contractor had filed applications against the Company before the Labour 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 Labour Appellate Tribunal in Karachi and the matter is subjudice. According to Company's legal counsel opinion, the appeals are time barred and are also not fit for grant of any relief, therefore, ultimately these are liable to be dismissed.

26.1.9 During the year , an ex-employee of the Company has filed a Suit no. 51/2017 for recovery of damages, salaries and mesne profit of 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.

26.1.10 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 Company's legal counsel is of the opinion that no unfavourable outcome can be estimated.

26.2 Commitments

26.2.1 Guarantee given by a commercial bank to Sui Southern Gas Company Limited on behalf of the Company amounts to Rs. 45 million (2016: Rs. 45 million).

26.2.2 Other outstanding guarantees given on behalf of the Company by banks amounts to Rs. 25.204 million (2016: Rs. 40.408 million).

26.2.3 Irrevocable letter of credit under revenue & capital expenditure as on balance sheet date were Rs. 133.011 million (2016: Nil) & Rs. 66.248 million (2016: Rs. 4.852 million) respectively.

		Note	2017	2016
			------ Rupees in thousands ------	

27 SALES - NET

		Note	2017	2016
Gross Sales	- Local		4,989,739	3,571,745
	- Export		6,027	13,731
			4,995,766	3,585,476
Less:	- Federal Excise Duty		549,322	169,080
	- Sales tax		789,721	570,249
			1,339,043	739,329
			3,656,723	2,846,147

28 COST OF SALES

	Note	2017	2016
Raw material consumed	28.1	274,470	140,081
Manufacturing expenses			
Packing material consumed	28.2	164,701	131,140
Stores, spare parts and loose tools consumed		101,112	66,588
Fuel and power		1,491,084	1,080,678
Salaries, wages and other benefits	28.3	356,218	273,534
Insurance		17,936	18,234
Repairs and maintenance		25,001	50,248
Depreciation	5.2	137,685	105,584
Vehicle hire, running & maintenance		11,634	11,571
Communication		1,990	1,746
Entertainment		2,278	2,772
(Reversal)/provision for slow moving & obsolete stores and impairment of major stores & spares	5.5 & 9.2	(839)	16,012
Other production overheads		7,044	9,061
		2,315,844	1,767,168
Cost of production		2,590,314	1,907,249
Work-in-process			
Opening balance		116,871	143,626
Closing balance	10	(211,163)	(116,871)
		(94,292)	26,755
Cost of goods manufactured		2,496,022	1,934,004
Finished goods			
Opening balance		34,126	32,425
Closing balance	10	(36,454)	(34,126)
		(2,328)	(1,701)
		2,493,694	1,932,303

	Note	2017	2016
		------ Rupees in thousands ------	
28.1 Raw material consumed			
Opening balance		66,476	38,241
Purchases	28.1.1	295,598	168,316
		362,074	206,557
Closing balance	10	(87,604)	(66,476)
		274,470	140,081

28.1.1 It includes royalty amounting to Rs. 9.143 million (2016: Rs. 6.824 million) relating to Lime Stone and Clay Shale, payable to Director General Mines & Mineral Development, Government of Sindh.

	Note	2017	2016
		------ Rupees in thousands ------	
28.2 Packing material consumed			
Opening balance		23,550	25,933
Purchases		168,603	128,757
		192,153	154,690
Closing balance	10	(27,452)	(23,550)
		164,701	131,140

28.3 This includes employees' retirement benefits amounting to Rs. 15.290 million (2016: Rs. 14.829 million).

	Note	2017	2016
		------ Rupees in thousands ------	
29 SELLING AND DISTRIBUTION COST			
Salaries, wages and other benefits	29.1	31,253	19,779
Vehicle running expenses		751	807
Travelling and conveyance		346	417
Communication		385	361
Printing and stationery		117	108
Entertainment		232	289
Repair and maintenance		258	280
Rent, rates and taxes		1,558	1,178
Utilities		248	257
Advertisements		152	290
Sales promotion expenses		1,236	3,252
Freight charges - local sale		1,093	5,300
Export logistics and related charges		102	266
Commission		52,788	23,964
Depreciation	5.2	1,686	1,515
Marking fee expense		2,419	6,918
Miscellaneous		6,407	6,541
		101,031	71,522

29.1 This includes employees' retirement benefits amounting to Rs. 1.758 million (2016: Rs. 1.237 million).

	Note	2017	2016
		------ Rupees in thousands ------	
30 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	30.1	95,688	68,215
Board, Audit and HR Committee meeting fees		3,525	3,850
Vehicle running expenses		2,926	2,728
Travelling and conveyance		991	4,363
Advertisements		214	131
Communication, postage & telegram		1,887	1,610
Printing and stationery		2,202	1,290
Rent, rates and taxes		2,303	1,589
Entertainment		1,122	1,078
Legal and professional charges		5,356	5,235
Insurance		405	376
Repairs and maintenance		4,540	1,512
Utilities		1,859	1,887
Fees and subscription		2,116	1,053
Corporate expenses		604	1,038
Charity and donation	30.2	1,724	2,882
Auditors' remuneration	30.3	1,005	904
Other auditors' remuneration	30.4	1,410	1,274
Depreciation	5.2	4,298	4,156
Amortization	6	3,211	752
Education expenses		5,535	5,343
Fixed assets written off	5.1.1	4,769	1,875
Miscellaneous		622	1,000
		148,312	114,141

30.1 This includes employees' retirement benefits amounting to Rs. 6.961 million (2016: Rs. 6.239 million).

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

	2017	2016
	------ Rupees in thousands ------	
30.3 Auditor's remuneration		
Annual audit fee	719	646
Half yearly review fee	67	61
Audit fee for consolidated financial statements	33	30
Fee for Code of Corporate Governance & other services	60	60
Out of pocket expenses	126	107
	1,005	904

		Note	2017	2016
			------ Rupees in thousands ------	
30.4	**Other auditor's remuneration**			
	Cost audit fee		143	148
	Out of pocket expenses		12	12
			155	160
	Internal audit fee		1,135	994
	Out of pocket expenses		120	120
			1,255	1,114
			1,410	1,274
31	**OTHER OPERATING EXPENSES**			
	Workers' Welfare Fund (WWF)		6,286	13,942
	Workers' Profit Participation Fund (WPPF)	23.4	45,347	35,768
	Brokerage & other charges		3,153	-
	Exchange loss		-	2,165
			54,786	51,875
32	**FINANCE COST**			
	Mark-up on long term financing		78,017	115,903
	Mark-up on short term borrowings		7,973	7,484
	Mark-up on Workers' Profit Participation Fund	23.4	1,014	735
	Bank charges and commission		719	873
			87,723	124,995
33	**OTHER INCOME**			
	Income from financial assets			
	Income on bank deposit accounts	33.1	4,693	4,244
	Markup earned on loan/advance to the Subsidiary		15,540	9,143
	Gain on disposal of Available for sale investment		34,874	68,186
			55,107	81,573
	Income from non-financial assets			
	Management fee	33.2	15,972	14,520
	Scrap sales		8,018	13,330
	Rental income		1,899	2,295
	Gain on disposal of property, plant & equipments		746	267
	Gain on sale of store items		1,377	303
	Others		1,010	2,410
			29,022	33,125
			84,129	114,698

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

33.2 This represents management fee income of Rs. 15.97 million (2016: Rs. 14.52 million) for Business Support Services provided to Thatta Power (Private) Limited, which is a Subsidiary Company.

	2017	2016
	------ Rupees in thousands ------	

34 TAXATION

	2017	2016
Current	259,665	-
Prior year	137	27
Deferred	13,511	51,539
	273,313	51,566

34.1 The comparison of provision as per accounts versus as per tax return is as under:

	2016	2015	2014
	------ Rupees in thousands ------		
Tax provision as per accounts	-	125,573	144,168
Tax payable/paid as per tax return	137	125,600	144,837

34.2 Relationship between tax expense and accounting profit

	2017	2016
	------ Rupees in thousands ------	
Profit before tax	855,306	666,009
Tax at 31% / 32%	265,145	213,123
Tax effect of		
- admissible/inadmissible expenses in determining taxable income - net	(14,320)	(129,572)
- income charged at different rates	(11,063)	(21,789)
Tax payable under Division II of Part I of First Schedule	-	(61,762)
Tax Credit under section 65B	(4,346)	-
Super tax under section 4B	24,249	-
Charge of prior year's tax expense	137	27
Tax effect of taxable temporary differences - net	13,511	51,539
	273,313	51,566

34.3 The returns of income tax have been filed upto and including Tax Year 2016 (corresponding to financial year ended June 30, 2016) while income tax assessments have been finalized upto and including Tax Year 2015 except for Tax Year 2008, 2012 and 2014. However, the return may be selected for audit or amendment within six years from the end of the respective tax year and within five years from the end of financial year in which assessment order is issued or treated to have been issued for that tax year to the Company respectively.

35 EARNINGS PER SHARE - BASIC AND DILUTED

35.1 Basic earnings per share

	2017	2016
	------ Rupees in thousands ------	
Profit for the year	581,993	614,443
	--------- Number ---------	
Weighted average number of ordinary shares	99,718,125	99,718,125
	--------- Rupees ---------	
Earnings per share - basic and diluted	5.84	6.16

35.2 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, 2017 and June 30, 2016 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2017	2016
		------ Rupees in thousands ------	
36 CASH AND CASH EQUIVALENTS			
Cash and bank balances	17	102,031	237,769
Short term borrowings	25	(191,047)	(19,168)
		(89,016)	218,601

37 CAPACITY AND ACTUAL PRODUCTION		2017	2016
			(Restated)
Production capacity - clinker (tons)	37.1	510,000	510,000
Actual production - clinker (tons)	37.2	512,789	382,582
Actual production - cement (tons)	37.3	411,856	367,164

37.1 The production capacity has been restated based on the guaranteed figures given by the vendor.

37.2 The production capacity utilization of clinker during the year has remained at 100.55% (2016: 75.02%).

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

38 RELATED PARTY TRANSACTIONS

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. Details of transactions during the year ended / outstanding balances as at with related parties are as follows:

	Note	2017	2016
38.1 Transaction with related parties		------ Rupees in thousands ------	
38.1.1 Subsidiary Company			
- Thatta Power (Private) Limited			
Common shared expenses		3,492	3,299
Receipts on account of common shared expenses		4,078	2,686
Sales/purchase of store items (inclusive of GST) - net		19	277
Receipts/payment on account of purchase of store items - net		47	215
Purchase of electricity (inclusive of GST)		790,334	648,810
Payment on account of electricity (inclusive of GST)		797,527	608,064
Management fee claimed (inclusive of SST)		18,048	16,553
Management fee received (inclusive of SST)	33.2	20,682	13,680
Loan/advance to the Subsidiary	12	32,000	184,006

		Note	2017	2016
			------ Rupees in thousands ------	
	Receipts on account of loan / advance to the Subsidiary		91,006	-
	Interest accrued on loan / advance to the Subsidiary	33	15,540	9,143
	Receipts on account of interest on loan / advance to the Subsidiary		16,661	5,071
38.1.2	Associated Companies			
-	Bandhi Sugar Mills (Pvt.) Limited			
	Sale of cement		-	1,728
	Receipt against sale of cement		-	1,728
-	Sui Southern Gas Company Limited			
	Purchase of gas excluding GST		6,607	14,895
	Payment against purchase of gas excluding GST		5,854	14,496
38.1.3	Key management personnel			
	Salaries and benefits	39	169,127	114,082
	Sale of vehicles	5.3	935	400
38.1.4	Other related parties			
	Contribution to Employees' Gratuity Fund	23.2.4	14,465	11,262
	Contribution to Employees' Provident Fund		9,035	8,185
	Education expenses - Model Terbiat School	30	5,535	5,343
38.2	Balances with related parties			
38.2.1	Subsidiary Company			
-	Thatta Power (Private) Limited			
	Payable against purchase of electricity power (inclusive of GST)		57,561	64,754
	Receivable against management fee (inclusive of SST)		1,504	4,138
	Receivable against common shared expenses		329	915
	Receivable/(payable) against sale/purchase of store items - net		4	(62)
	Loan / advance to the Subsidiary	12	125,000	184,006
	Accrued mark-up on loan to the Subsidiary		2,951	4,072
38.2.2	Associated Companies			
-	Sui Southern Gas Company Limited			
	Payable against purchase of gas excluding GST		1,297	544
-	Habib Bank Limited			
	Current account balance		19	37
-	Other related parties			
	Payable to Gratuity Fund	23.2.4	14,326	14,465

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

39 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these unconsolidated financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives is as follows:

	2017			2016	
	Chief Executive	Executive Director	Executives	Chief Executive	Executives
	------------------------ Rupees in thousands ------------------------				
Managerial remuneration	15,922	7,245	64,746	14,880	59,334
LFA	1,327	604	4,016	1,100	3,644
Bonus	11,681	5,197	43,286	3,300	10,931
Other benefits including retirement benefits	4,513	1,150	9,440	5,640	15,253
	33,443	14,196	121,488	24,920	89,162
Number of person(s)	1	1	36	1	31

39.1 The Chief Executive, Executive Director 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.

39.2 An aggregate amount of Rs. 3.525 million (2016: Rs. 3.85 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

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

40.2 Revenue from sale of cement represents 100% (2016: 100%) of the total revenue of the Company.

40.3 100% (2016: 100%) sales of the Company relates to customers in Pakistan.

40.4 All non-current assets of the Company at June 30, 2017 are located in Pakistan.

41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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. 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	2017	2016
		------ Rupees in thousands ------	
Financial assets			
Long term investments - Available for sale		-	164,768
Long term deposits	8	1,096	1,096
Trade debts	11	136,623	163,817
Loan/advance to the Subsidiary	12	125,000	184,006
Loans and advances	13	11,597	9,576
Trade deposits	14	1,380	2,279
Other receivables and accrued interest	15	165,669	43,674
Cash and Bank balances	17	102,031	237,769
		543,396	806,985
Financial liabilities			
Long term financing (LTF)	19	551,683	1,258,617
Long term deposits	20	2,834	3,834
Trade and other payables	23	388,870	346,404
Accrued mark-up	24	2,810	4,587
Short term borrowings	25	191,047	19,168
		1,137,244	1,632,610

41.1 Financial instruments and related disclosures

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 focuses on the under predictability of financial markets and seek 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 affected 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:

	2017		2016	
	Rupees in thousands	%	Rupees in thousands	%
Banks	101,055	19%	236,869	29%
Others	442,341	81%	570,116	71%
	543,396	100%	806,985	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 & 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.

The maximum exposure to credit risk at the reporting date is:

	Note	2017	2016
		------ Rupees in thousands ------	
Long term deposits	8	1,096	1,096
Trade debts	11	136,623	163,817
Loan/advance to the Subsidiary	12	125,000	184,006
Loans and advances	13	11,597	9,576
Trade deposits	14	1,380	2,279
Other receivables and accrued interest	15	165,669	43,674
Bank balances	17	101,055	236,869
		542,420	641,317

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, 2017 trade debts of Rs. 57.81 million (2016: Rs. 102.707 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:

	Note	2017	2016
		------ Rupees in thousands ------	
Not past due		78,817	61,110
Past due but not impaired			
- 31 to 90 days		37,474	48,309
- 91 to 180 days		7,349	32,525
- over 180 days		12,983	21,873
	11	136,623	163,817

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies is as follows:

	Note	2017	2016
		------ Rupees in thousands ------	
Rating			
A1 +		99,657	165,434
A1		1,367	71,403
A2		31	32
	17	101,055	236,869

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:

	2017	2016
	------ Rupees in thousands ------	
Over ten years	72,028	72,028

b) Liquidity risk and 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.

41.1.2 Maturity analysis for financial liabilities

The table below analyses Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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).

		2017				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
		------------------------ Rupees in thousands ------------------------				
Non-derivative Liabilities						
Long term financing	19	551,683	(700,333)	(137,688)	(133,592)	(429,053)
Long term deposits	20	2,834	(2,834)	-	-	(2,834)
Trade and other payables	23	388,870	(388,870)	(388,870)	-	-
Short term borrowings	25	191,047	(191,047)	(95,524)	(95,523)	-
Accrued mark-up	24	2,810	(2,810)	(2,810)	-	-
		1,137,244	(1,285,894)	(624,892)	(229,115)	(431,887)

		2016				
		Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
		------------------------ Rupees in thousands ------------------------				
Non-derivative Liabilities						
Long term financing	19	1,258,617	(1,547,887)	(165,848)	(160,878)	(1,221,161)
Long term deposits	20	3,834	(3,834)	-	-	(3,834)
Trade and other payables	23	346,404	(346,404)	(346,404)	-	-
Short term borrowings	25	19,168	(19,168)	(9,584)	(9,584)	-
Accrued mark-up	24	4,587	(4,587)	(4,587)	-	-
		1,632,610	(1,921,880)	(526,423)	(170,462)	(1,224,995)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as 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 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 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 Company has long term finance and short term borrowing at variable rates. 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 balance sheet date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	Carrying amount 2017	Carrying amount 2016
	------ Rupees in thousands ------	
Variable rate instruments		
Financial assets	199,140	348,743
Financial liabilities	742,730	1,277,785

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 profit and loss account.

Cash flow sensitivity analysis for variable rate instruments:

Financial assets

If interest rate had fluctuated by ±1% with all other variables held constant, profit before tax for the year would have been Rs. 1.99 million (2016: Rs 3.487 million) higher / lower, mainly as a result of higher / lower interest income from these financial assets.

Financial liabilities

If interest rate had fluctuated by ±1% with all other variables held constant, profit before tax for the year would have been Rs. 7.427 million (2016: Rs. 12.777 million) higher / lower, mainly as a result of higher / lower interest expense of these financial liabilities.

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

		June 30, 2017				
		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	3.5 % to 4 %	56	1,630	72,454	74,140
Loan/advance to the Subsidiary	12	8.67% to 8.74%	125,000	-	-	125,000
Total assets			125,056	1,630	72,454	199,140
Liabilities						
Short term borrowings	25	8.04% to 8.12%	(95,524)	(95,523)	-	(191,047)
Long term financing	19	8.03% to 8.15%	(137,688)	(133,592)	(429,053)	(700,333)
Total liabilities			(233,212)	(229,115)	(429,053)	(891,380)
On-balance sheet gap			(108,156)	(227,485)	(356,599)	(692,240)
Total interest risk sensitivity gap			(108,156)	(335,640)	(692,239)	(692,240)

	Note	June 30, 2016 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	4.5 % to 5 %	75,610	1,551	87,576	164,737
Loan/advance to the Subsidiary	12	8.97% to 9.14%	184,006	-	-	184,006
Total assets			259,616	1,551	87,576	348,743
Liabilities						
Short term borrowings	25	8.85% to 10.01%	(9,584)	(9,584)	-	(19,168)
Long term financing	19	8.09% to 9.01%	(165,848)	(160,878)	(1,221,161)	(1,547,887)
Total liabilities			(175,432)	(170,462)	(1,221,161)	(1,567,055)
On-balance sheet gap			84,184	(168,911)	(1,133,585)	(1,218,312)
Total interest risk sensitivity gap			84,184	(84,727)	(1,218,312)	(1,218,312)

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:

	2017		2016	
	Rupees	US $	Rupees	US $
	in thousands		in thousands	
Trade and other payables	12,281	117	43,621	416
	12,281	117	43,621	416

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

	2017	2016	2017	2016
	Average rate		Balance sheet date rate	
US Dollar to PKR	104.91	104.46	104.98	104.85

Sensitivity analysis

A five percent strengthening / weakening of Rupee against US Dollar on June 30th would have increased / decreased equity and unconsolidated profit and 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 2016.

	2017	2016
	Rupees in thousands	
Effects of US Dollars gain/loss	614	2,181

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 value 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.

Assets measured at fair value

		Level 1	Level 2	Level 3	Total
		---------------------- Rupees in thousands ----------------------			
Available-for-sale					
Listed Shares	2017	-	-	-	-
Listed Shares	2016	164,768	-	-	164,768

h) Capital Risk Management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns and benefits for shareholders and to maintain a strong base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payable to the shareholders or issue new shares.

The Company finances its expansion projects through equity, borrowings and management of its 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 organisation, 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:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- 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.

42 CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purposes of better comparison and presentation as follows:

Nature of reclassification	Note	Reclassification from	Reclassification to	Rupees in thousands
Other receivables and accrued interest	15	Others	Receivable against disposal of shares	472
			Others	10,483
Cost of sales	28	Other production overheads	Vehicle hire, running & maintenance	11,571
			Communication	1,746
			Entertainment	2,772
			Other production overheads	9,061
Administrative expenses	30	Salaries, wages and other benefits	Board, Audit and HR Committee meeting fees	3,850

	2017	2016
	------ Rupees in thousands ------	
43 SUMMARY OF SIGNIFICANT TRANSACTIONS		
Sales - net	3,656,723	2,846,147
Long term financing	551,683	1,258,617

During the year, the sales of the Company increased by Rs. 810.576 million (2016: Rs. 542 million). Furthermore, due to efficient management of funds, long term loan amounting to Rs. 475 million was prepaid having a favourable impact on the Company's leveraging.

44 NUMBER OF EMPLOYEES

The total number of employees as at year end were 534 (2016: 541) out of which 473 (2016: 481) were employed at factory and average number of employees were 543 (2016: 542) out of which 482 (2016: 484) were employed at factory.

45 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on August 19, 2017 have proposed for the year ended June 30, 2017, final cash dividend of Rs. 2.35 per share i.e. 23.5% (2016: Rs. 1.5 per share i.e. 15%) amounting to Rs. 234.33 million (2016: Rs.149.577 million) for approval by the members of the Company in the Annual General Meeting to be held on September 18, 2017. These unconsolidated financial statements for the year ended June 30, 2017 do not include the effect of the proposed cash dividend, which will be recognized in the unconsolidated financial statements for the year ending on June 30, 2018.

46 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on August 19, 2017 by the Board of Directors of the Company.

47 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

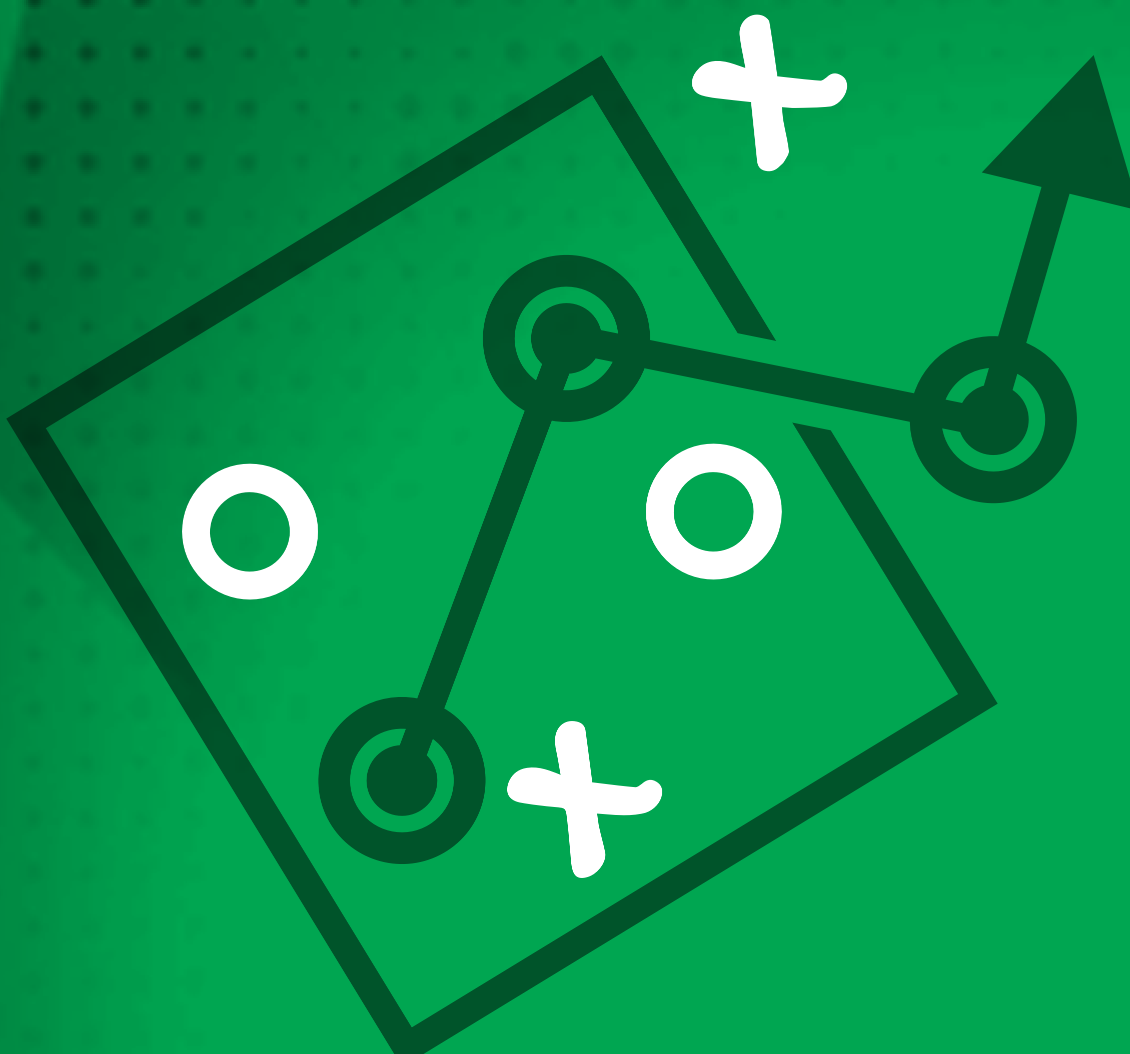
CHIEF EXECUTIVE

DIRECTOR

financial statements (consolidated)

Accomplishing Milestones of Success

Accomplishing targets through collective efforts, determination and integrity invested round the year are the most significant events for us.



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AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising of consolidated balance sheet of Thatta Cement Company Limited (the Holding Company) and its subsidiary company collectively referred as "the Group" as at June 30, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Thatta Cement Company Limited. The financial statements of its subsidiary Thatta Power (Private) Limited were audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Thatta Cement Company Limited and its subsidiary company as at June 30, 2017 and the results of their operations for the year then ended.

Grant Thornton Anjum Rahman

Date: August 19, 2017
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

CONSOLIDATED BALANCE SHEET
As at June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,265,979	3,405,340
Intangible assets	6	5,793	6,485
Long term investment - Available for sale		-	164,768
Long term deposits	7	1,096	1,096
Total non-current assets		3,272,868	3,577,689
CURRENT ASSETS			
Stores, spare parts and loose tools	8	513,141	298,233
Stock-in-trade	9	353,970	238,407
Trade debts	10	404,434	464,681
Short term investment - Held to maturity	11	306,000	306,000
Loans and advances	12	35,574	22,764
Trade deposits and short term prepayments	13	7,306	18,589
Other receivables and accrued interest	14	166,274	43,231
Taxation - net	15	164,405	153,652
Cash and bank balances	16	154,478	247,659
Total current assets		2,105,582	1,793,216
Total assets		5,378,450	5,370,905
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	17	997,181	997,181
Share premium		99,718	99,718
Revaluation of Available for sale investment		-	64,522
Accumulated profit		1,908,286	1,392,716
Attributable to the owners of the Holding Company		3,005,185	2,554,137
Non-controlling interests		521,098	469,707
Total equity		3,526,283	3,023,844
NON-CURRENT LIABILITIES			
Long term financing	18	548,182	1,356,641
Long term deposits	19	2,834	3,834
Long term employee benefit	20	17,699	15,640
Deferred taxation	21	268,572	184,995
Total non-current liabilities		837,287	1,561,110
CURRENT LIABILITIES			
Trade and other payables	22	484,267	424,449
Accrued mark-up	23	6,108	8,876
Current maturity of long term financing	18	333,458	333,458
Short term borrowings	24	191,047	19,168
Total current liabilities		1,014,880	785,951
Total equity and liabilities		5,378,450	5,370,905
CONTINGENCIES AND COMMITMENTS	25		

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

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
Sales - net	26	3,824,522	2,856,103
Cost of sales	27	(2,466,225)	(1,821,590)
Gross profit		1,358,297	1,034,513
Selling and distribution cost	28	(101,031)	(71,522)
Administrative expenses	29	(152,922)	(124,819)
		(253,953)	(196,341)
Operating profit		1,104,344	838,172
Other operating expenses	30	(54,786)	(55,629)
Finance cost	31	(128,386)	(183,093)
		(183,172)	(238,722)
Other income	32	72,038	114,075
Profit before taxation		993,210	713,525
Taxation	33	(274,429)	(52,188)
Profit for the year		718,781	661,337
Profit for the year attributable to:			
- Equity holders of the Holding Company		667,390	643,719
- Non-controlling interests		51,391	17,618
		718,781	661,337
Earnings per share - basic and diluted (Rupees)	34	6.69	6.46

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

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
Profit for the year		718,781	661,337
Other comprehensive income			
Items to be reclassified to consolidated profit and loss account in subsequent years			
Deficit on revaluation of Available for sale investment		-	(18,677)
Revaluation gain on Available for sale investments reclassified to consolidated profit and loss account		(64,522)	(61,636)
		(64,522)	(80,313)
Items not to be reclassified to consolidated profit and loss account in subsequent years			
Remeasurement of defined benefit liability	22.1.4	(2,243)	(3,027)
Total comprehensive income for the year		652,016	577,997
Total comprehensive income for the year attributable to:			
- Equity holders of the Holding Company		600,625	560,379
- Non-controlling interests		51,391	17,618
		652,016	577,997

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

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		993,210	713,525
Adjustment for:			
Depreciation	5.2	178,883	141,123
Amortization	6	3,211	752
(Reversal)/provision for slow moving & obsolete stores and impairment of major stores & spares	27	(839)	16,012
Finance cost	31	128,386	183,093
Provision for gratuity	22.1.5	12,083	11,438
Provision for leave encashment		2,959	2,694
Fixed assets written off	29	4,769	1,875
Gain on disposal of Available for sale investment	32	(34,874)	(68,186)
Gain on disposal of property, plant and equipment	32	(746)	(271)
		293,832	288,530
Operating cash flows before working capital changes		1,287,042	1,002,055
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(211,927)	(75,003)
Stock-in-trade		(115,563)	(7,500)
Trade debts		60,247	12,421
Loans and advances		(12,810)	(3,698)
Trade deposits and short term prepayments		11,283	7,051
Other receivables and accrued interest		(123,043)	14,445
		(391,813)	(52,284)
Increase in current liabilities			
Trade and other payables excluding gratuity and dividend payable		59,705	56,431
Cash generated from operations		954,934	1,006,202
Finance cost paid		(131,154)	(223,869)
Gratuity paid	22.1.3	(14,465)	(11,262)
Leave encashment paid		(900)	(2,147)
Income tax paid - net		(201,605)	(132,847)
		(348,124)	(370,125)
Net cash generated from operating activities		606,810	636,077

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2017

	Note	2017	2016
		------ Rupees in thousands ------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(47,506)	(162,619)
Addition in intangible assets		(2,519)	(819)
Acquisition of shares		(521,065)	(22,980)
Proceeds from disposal of long term investments - Available for sale		656,185	125,426
Proceeds from disposal of property, plant and equipment		1,819	427
Proceeds from maturity of short term investment		306,000	306,000
Short term investment		(306,000)	(306,000)
Net cash generated from / (used in) investing activities		86,914	(60,565)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(808,459)	(411,040)
Long term financing obtained		-	156,100
Dividend paid		(149,325)	(129,476)
Long term deposits - liabilities		(1,000)	(10)
Net cash used in financing activities		(958,784)	(384,426)
Net (decrease) / increase in cash and cash equivalents		(265,060)	191,086
Cash and cash equivalents at beginning of the year	35	228,491	37,404
Cash and cash equivalents at end of the year	35	(36,569)	228,491

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

CHIEF EXECUTIVE

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

	Equity attributable to owners of the Holding Company						
	Issued, subscribed and paid-up share capital	Share premium	Revaluation of Available for sale investment	Accumulated profit	Total	Non-controlling interests	Total equity
	---------------------- Rupees in thousands -------------------						
Balance as at July 1, 2015	997,181	99,718	144,835	881,658	2,123,392	452,089	2,575,481
Transactions with owners recorded directly in equity							
Final dividend @ Rs. 1.3 per share for the year ended June 30, 2015	-	-	-	(129,634)	(129,634)	-	(129,634)
Total comprehensive income for the year							
Profit for the year	-	-	-	643,719	643,719	17,618	661,337
Other comprehensive income							
Reclassification of gain realized on disposal of investment classified as "Available for sale"	-	-	(61,636)	-	(61,636)	-	(61,636)
Remeasurement of defined benefit liability	-	-	-	(3,027)	(3,027)	-	(3,027)
Deficit on revaluation of "Available for sale" investment	-	-	(18,677)	-	(18,677)	-	(18,677)
	-	-	(80,313)	640,692	560,379	17,618	577,997
Balance as at June 30, 2016	997,181	99,718	64,522	1,392,716	2,554,137	469,707	3,023,844
Balance as at July 1, 2016	997,181	99,718	64,522	1,392,716	2,554,137	469,707	3,023,844
Transactions with owners recorded directly in equity							
Final dividend @ Rs. 1.5 per share for the year ended June 30, 2016	-	-	-	(149,577)	(149,577)	-	(149,577)
Total comprehensive income for the year							
Profit for the year	-	-	-	667,390	667,390	51,391	718,781
Other comprehensive income							
Reclassification of gain realized on disposal of investment classified as "Available for sale"	-	-	(64,522)	-	(64,522)	-	(64,522)
Remeasurement of defined benefit liability	-	-	-	(2,243)	(2,243)	-	(2,243)
	-	-	(64,522)	665,147	600,625	51,391	652,016
Balance as at June 30, 2017	997,181	99,718	-	1,908,286	3,005,185	521,098	3,526,283

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

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

1 THE GROUP AND ITS OPERATIONS

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

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

1.3 Thatta Power (Private) Limited ("the Subsidiary Company") is a 62.43% owned subsidiary of the Holding Company as at June 30, 2017 (2016: 62.43%). The principal business of the Subsidiary Company is generation and transmission of electrical power. As at June 30, 2017 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 (2016: 50,000,000) ordinary shares and 47,915,830 (2016: 47,915,830) ordinary shares respectively. The registered office and generation facility of the Subsidiary Company comprises of 3 acres and is situated at Ghulamullah Road, Makli, District Thatta, Sindh.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These consolidated financial statements are being submitted to the shareholders as required under section 237 of the Companies Ordinance, 1984 and the Pakistan Stock Exchange Regulations.

2.2 Basis of consolidation

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

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

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

2.3 Basis of measurement

These consolidated financial statements have been prepared under historical cost convention except for certain employee retirement benefits and foreign currency liabilities which are stated as reported in their respective notes.

2.4 Financial year

The Group's financial year starts from July 1 and ends at June 30.

2.5 Functional and presentation currency

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

2.6 Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and 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. In preparing these consolidated financial statements, the significant judgments made by the management in applying the Group's accounting policies and key sources of estimation and uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended June 30, 2016.

Management has made the following estimates and judgments which are significant to these consolidated financial statements:

a) Property, plant and equipment

The Group’s management determines the estimated useful lives and related depreciation charge for its property, plant and equipments. The Group also reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

b) Intangible assets

The Group’s management determines the estimated useful lives and related amortization charge for its intangibles. The Group also reviews the value of the intangibles for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of intangibles with a corresponding affect on the amortization charge and impairment.

c) Trade debts

The Group reviews it’s doubtful debts at each reporting date to assess whether provision should be recorded in the consolidated profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the provisions.

d) Stock-in-trade and stores and spares

The Group reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores & spares and corresponding effect in consolidated profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sale.

e) Taxation

In making the estimates for income taxes currently payable by the Group, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred tax, estimates of the Group's future taxable profits are taken into account.

f) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of uncertain future events with respect to evaluation based on element of issue involved and opinion of the legal counsel.

g) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these consolidated financial statements for actuarial valuation of present value of defined benefit obligation and leave encashment. Change in these assumptions in future years may affect the liability under the schemes in those years.

h) Impairment of investments

The Group determines that a significant and prolonged decline in the fair value of its investments below its cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

3 STANDARDS, AMENDMENTS OR INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE YEAR

3.1 Promulgation of Companies Act, 2017

Consequent to the promulgation and implementation of Companies Act, 2017, additional information have been voluntarily disclosed in note 2.4, 27.1.1, 33.1, 42 & 43 to these consolidated financial statements.

3.2 Standards, amendments and interpretations to the published standards that are relevant to the Group and adopted in the current year

The following standards, amendments and interpretations of approved accounting standards which became effective during the year and adopted by the Group:

Standard or Interpretation	Effective date
IAS 1 - Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)	January 1, 2016
IFRS 10, IFRS 12 and IAS 28 - Investment Entities : Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle	January 1, 2016
IAS 16 and IAS 41 - Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	January 1, 2016

The adoption of the above accounting standards or interpretations do not have any material effect on these consolidated financial statements including comparative amounts.

3.3 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to the published standards and interpretations that are mandatory for the financial year beginning on July 01, 2016 are considered not to be relevant nor to have any significant effect on the Group's financial reporting and operations and are therefore not presented here.

3.4 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group

The following new standards, amendments to the published standards and interpretations will be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019

The above standards and amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

3.5 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments (2014) and consequent amendments to IFRS 4 Insurance Contracts	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRS 17 – Insurance Contracts	January 1, 2021

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been consistently applied to all years presented.

4.1 Property, plant and equipments

Property, plant and equipments (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 an asset.

Depreciation

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'. Majority items of plant and machinery of the Subsidiary Company are depreciated on the basis of 'Running Hours' (RH) of engines. Depreciation rates of each item is mentioned in note 5.1. 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. Assets' residual values and useful lives are reviewed and adjusted, if appropriate at each consolidated balance sheet 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 derecognised. Normal maintenance and repairs are charged to consolidated profit and loss account as and when incurred whereas major renewals and improvements are capitalized.

Disposal

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

4.1.1 Capital work-in-progress (CWIP)

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

4.2 Government grant

Government grants related to assets are presented by deducting the grant amount in arriving at the carrying amount of the asset. The grant is recognized in consolidated profit and loss account over the useful life of the asset as reduced by depreciation expense.

4.3 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of an asset can be measured reliably. Cost of intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use. Costs associated with maintaining computer software are recognized as an expense as and when incurred. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of an asset on a systematic basis by applying the straight line method. Useful lives of all intangible assets are reviewed at each consolidated balance sheet date and adjusted if the impact of amortization is significant. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

4.4 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 profit and loss account, 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.

4.5 Investments

Investment in associate

Investment in associates are initially recognized at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist 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 consolidated profit and loss account. 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 consolidated profit and loss account.

Investment - Available for sale

The Group classifies its other long term investment as 'Available for sale' investments which are non-derivatives and are either designated in this category or not classified as 'Fair value through profit and loss', 'Loans and receivables' or 'Held to maturity financial assets'.

Available for sale investment is initially recorded at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair value are taken to consolidated other comprehensive income. When investment classified as Available for sale is sold or impaired, the accumulated fair value adjustments recognized in consolidated other comprehensive income are included in the consolidated profit and loss account. Dividends on Available for sale investment is recognized in consolidated profit and loss account as part of 'other income' when the Group's right to receive payment is established.

The Group assesses at each consolidated balance sheet date whether there is an objective evidence that an 'Available for sale' investment is impaired. For such investment, a significant prolonged decline in the fair value of the investment below the carrying value is considered as an indicator that the investment is impaired. If any such evidence exists, the cumulative loss is transferred from consolidated other comprehensive income to the consolidated profit and loss account. Impairment losses previously recognized in the consolidated profit and loss account on 'Available for sale' investment is not reversed through consolidated profit and loss account.

Investment - Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and maturity where management has a positive intention and ability to hold till maturity and are stated at amortised cost.

4.6 Stores, spare parts and loose tools

These are stated at lower of cost (calculated on weighted average basis) or net realisable value, less provision for obsolete and slow moving stores and spares. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on the consolidated balance sheet date.

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

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

4.7 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost or net realisable 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 consolidated balance sheet date.

Net realisable 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.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method if applicable, less provision for impairment and provision for doubtful debts, if any. Provision for impairment and provision for doubtful debts are established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

Export debts are initially recognized at the exchange rate prevailing on the date when significant risks and rewards of ownership of goods are transferred and subsequently remeasured at each consolidated balance sheet date. Exchange gain/(loss) on remeasurement is taken to consolidated profit and loss account.

4.9 Cash and cash equivalents

Cash and cash equivalents in local currency are carried in the consolidated balance sheet at cost and cash in foreign currencies are stated at the exchange rate prevailing at the consolidated balance sheet date. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprises of cash in hand, with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

4.10 Employee retirement benefits

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 consolidated balance sheet date 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.

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.

Leave encashment

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

4.11 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 assets 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 profit and loss account.

4.12 Taxation

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 profit and loss account 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.

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 profits 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 the Income Tax Ordinance, 2001.

4.13 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.

4.14 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 each consolidated balance sheet date and adjusted to reflect the best estimate.

4.15 Transactions with related parties

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices except for the allocation of expenses such as sharing of electricity, gas, water, repair and maintenance with the Subsidiary Company relating to the Head Office and Business Support Services for which the pricing mechanism is subject to the approval of the Board of Directors.

4.16 Revenue recognition

Thatta Cement Company Limited

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Holding Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sales is recognised upon passage of title to the customers usually on dispatch of goods. Export sales are recognised as revenue when significant risks and rewards of ownership of goods are transferred. Interest and rentals / other income are recognised on accrual basis.

Thatta Power (Private) Limited

Revenue from the sale of electric power is recorded based upon the output delivered and grid unavailability at rates specified under the Power Purchase Agreement whereas income on short term investments is recorded on accrual basis using effective interest rate method. Interest and other income are recognised on accrual basis.

4.17 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized at the time when the Group looses control of the contractual rights that comprises the financial assets. Financial liabilities are de-recognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to the consolidated profit and loss account.

4.18 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the consolidated balance sheet 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.

4.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipments and intangible assets.

4.20 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 consolidated balance sheet date. All exchange differences are taken into consolidated profit and loss account.

4.21 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 Holding 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 of the Holding Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.22 Dividends and appropriations

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

	Note	2017	2016
		------ Rupees in thousands ------	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,199,149	3,313,220
Capital work-in-progress	5.4	17,180	18,187
Major stores and spares	5.5	49,650	73,933
		3,265,979	3,405,340

5.1 Operating fixed assets

	2017											
	COST					ACCUMULATED DEPRECIATION						
	As at July 1, 2016	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2017	Depreciation rate per annum	As at July 1, 2016	Charge for the year (Note 5.2)	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2017	Net book value as at June 30, 2017
	------------------- Rupees in thousands -------------------					%	-------------------- Rupees in thousands --------------------					
Freehold land	6,422	-	-	-	6,422	-	-	-	-	-	-	6,422
Leasehold improvements	2,585	-	-	-	2,585	20%	1,821	517	-	-	2,338	247
Quarries and improvements	11,963	-	-	-	11,963	5%	11,801	9	-	-	11,810	153
Factory building on freehold land	480,972	7,771	-	-	488,743	10% & 4%	234,921	14,855	-	-	249,776	238,967
Electrical installations	58,848	-	-	-	58,848	5%	12,969	2,540	-	-	15,509	43,339
Housing colonies	74,096	-	-	-	74,096	5%	56,281	990	-	-	57,271	16,825
Office building on freehold land	22,281	-	-	-	22,281	5%	18,459	212	-	-	18,671	3,610
Cooling towers	73,235	-	-	-	73,235	7%	18,201	5,126	-	-	23,327	49,908
Plant and machinery	4,139,785	54,390	-	(5,038)	4,189,137	UoP & RH	1,297,918	134,484	-	(1,157)	1,431,245	2,757,892
Quarry equipments	19,143	-	-	(286)	18,857	20%	18,433	200	-	(111)	18,522	335
Railway sidings	14,905	-	-	-	14,905	10%	13,531	172	-	-	13,703	1,202
Vehicles	72,707	5,704	(5,566)	-	72,845	10% & 20%	39,066	9,569	(4,493)	-	44,142	28,703
Furniture and fixtures	12,084	-	-	(372)	11,712	10%	7,249	613	-	(341)	7,521	4,191
Office & other equipments	22,571	454	-	(4,767)	18,258	10%	7,737	1,761	-	(4,093)	5,405	12,853
Medical equipments	629	-	-	-	629	10%	624	1	-	-	625	4
Laboratory equipments	63,365	2,335	-	-	65,700	10%	29,324	4,292	-	-	33,616	32,084
Computers	21,862	-	-	(563)	21,299	30%	15,898	3,542	-	(555)	18,885	2,414
	5,097,453	70,654	(5,566)	(11,026)	5,151,515		1,784,233	178,883	(4,493)	(6,257)	1,952,366	3,199,149

	2016											
	COST					ACCUMULATED DEPRECIATION						
	As at July 1, 2015	Additions	Disposals	Adjustment (Note 5.1.1)	As at June 30, 2016	Depreciation rate per annum	As at July 1, 2015	Charge for the year (Note 5.2)	Accumulated depreciation on disposals	Adjustment (Note 5.1.1)	As at June 30, 2016	Net book value as at June 30, 2016
	------------------- Rupees in thousands -------------------					%	-------------------- Rupees in thousands --------------------					
Freehold land	6,422	-	-	-	6,422	-	-	-	-	-	-	6,422
Leasehold improvements	2,585	-	-	-	2,585	20%	1,304	517	-	-	1,821	764
Quarries and improvements	11,963	-	-	-	11,963	5%	11,792	9	-	-	11,801	162
Factory building on freehold land	480,972	-	-	-	480,972	10% & 4%	220,455	14,466	-	-	234,921	246,051
Electrical installations	56,367	2,481	-	-	58,848	5%	10,473	2,496	-	-	12,969	45,879
Housing colonies	74,096	-	-	-	74,096	5%	55,291	990	-	-	56,281	17,815
Office building on freehold land	22,281	-	-	-	22,281	5%	18,247	212	-	-	18,459	3,822
Cooling towers	73,235	-	-	-	73,235	7%	13,075	5,126	-	-	18,201	55,034
Plant and machinery	2,812,759	1,341,263	-	(14,237)	4,139,785	UoP & RH	1,211,391	98,889	-	(12,362)	1,297,918	2,841,867
Quarry equipments	19,143	-	-	-	19,143	20%	18,209	224	-	-	18,433	710
Railway sidings	14,905	-	-	-	14,905	10%	13,359	172	-	-	13,531	1,374
Vehicles	63,504	10,418	(1,215)	-	72,707	10% & 20%	31,843	8,339	(1,116)	-	39,066	33,641
Furniture and fixtures	12,084	-	-	-	12,084	10%	6,634	615	-	-	7,249	4,835
Office & other equipments	17,244	5,360	(33)	-	22,571	10%	6,193	1,554	(10)	-	7,737	14,834
Medical equipments	629	-	-	-	629	10%	623	1	-	-	624	5
Laboratory equipments	58,410	4,955	-	-	63,365	10%	25,338	3,986	-	-	29,324	34,041
Computers	21,429	584	(151)	-	21,862	30%	12,488	3,527	(117)	-	15,898	5,964
	3,748,028	1,365,061	(1,399)	(14,237)	5,097,453		1,656,714	141,123	(1,243)	(12,362)	1,784,232	3,313,220

5.1.1 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 (refer note 29)

	Note	2017	2016
		------ Rupees in thousands ------	

5.2 Allocation of depreciation

The depreciation charge for the year has been allocated as under:	Note	2017	2016
Cost of sales	27	172,899	135,439
Selling and distribution cost	28	1,686	1,515
Administrative expenses	29	4,298	4,169
		178,883	141,123

5.3 The details of operating fixed assets having book value of above Rs. 50,000/- disposed off during the year are as follows:

Particulars	Cost	Written Down Value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
	------------ Rupees in thousands ------------					
Vehicle	1,534	459	459	-	As per Company Policy	Mr. M. Aslam Shaikh (Employee)
Vehicle	2,012	476	476	-	As per Company Policy	Mr. Muhammad Taha Hamdani (Employee)
Vehicle	476	58	131	73	Tender	Mr. Lal Bux Burdi (Employee)
Vehicle	476	58	149	91	Tender	Mr. Imran Khan (Employee)
Vehicle	1,068	22	604	582	Tender	Mr. Babar Moinuddin (Employee)
June 30, 2017	5,566	1,073	1,819	746		
June 30, 2016	1,399	156	427	271		

5.4 Capital work-in-progress

	Cost as at July 1, 2016	Capital/ expenditure incurred	Transferred to operating fixed assets and store & spares	Cost as at June 30, 2017
	--------------- Rupees in thousands ---------------			
Cement Silo	1,403	6,368	(7,771)	-
Waste Heat Recovery Project	16,784	396	-	17,180
June 30, 2017	18,187	6,764	(7,771)	17,180
June 30, 2016	1,234,471	118,382	(1,334,666)	18,187

	2017	2016
	------ Rupees in thousands ------	

5.5 Major stores and spares

	2017	2016
Cost		
Opening balance	106,807	89,353
Additions during the year	24,870	89,771
Transferred to operating fixed assets and capital work-in-progress	(47,011)	(72,317)
Closing balance	84,666	106,807
Accumulated impairment		
Opening balance	(32,874)	(19,134)
Impairment charge for the year	(2,142)	(13,740)
Closing balance	(35,016)	(32,874)
Net book value	49,650	73,933

6 INTANGIBLE ASSETS

The Group's intangible assets comprises of computer softwares and club membership fee.

	Note	2017	2016
		------ Rupees in thousands ------	
Cost			
Opening balance		3,175	3,175
Additions during the year		7,500	-
Closing balance		10,675	3,175
Accumulated amortization			
Opening balance		(1,671)	(919)
Charge for the year		(3,211)	(752)
Closing balance		(4,882)	(1,671)
Net book value	6.1	5,793	1,504
Capital work-in-progress		-	4,981
		5,793	6,485
Amortization rate per annum		20-33%	20-33%

6.1 The net book value pertains to computer softwares of Rs. 5.168 million (2016: Rs. 0.573 million) and club membership fee of Rs. 0.625 million (2016: Rs. 0.931 million).

7 LONG TERM DEPOSITS

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

	Note	2017	2016
		------ Rupees in thousands ------	

8 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2017	2016
Coal and other fuels		249,980	56,539
Stores & spare parts		292,564	273,976
Loose tools		313	415
	8.1	542,857	330,930
Provision for obsolete stores		(5,353)	(6,713)
Provision for slow moving stores and spares		(24,363)	(25,984)
	8.2	(29,716)	(32,697)
		513,141	298,233

8.1 This includes stores in transit of Rs. 119.097 million (2016: Rs. 13.6 million) as at the balance sheet date.

8.2 Movement in provision

	2017	2016
Opening balance	(32,697)	(30,425)
Reversal / (provision) made during the year	2,981	(2,272)
Closing balance	(29,716)	(32,697)

9 STOCK-IN-TRADE

	Note	2017	2016
Raw material	9.1 & 27.1	87,604	66,476
Packing material	27.2	27,452	23,550
Work-in-process		203,356	114,614
Finished goods		35,558	33,767
		353,970	238,407

9.1 This includes raw material in transit of Nil (2016: Rs. 43.783 million) as at the balance sheet date.

10 TRADE DEBTS

	Note	2017	2016
Considered good			
Local - unsecured	10.1 &10.2	404,434	464,681
Considered doubtful			
Cement stockiest	10.3	60,801	60,801
Excessive rebate allowed	10.3	6,101	6,101
Controller Military Accounts		5,126	5,126
		72,028	72,028
Provision for doubtful debts		(72,028)	(72,028)
		404,434	464,681

10.1 As disclosed in the annual audited consolidated financial statements for the year ended June 30, 2016, the Honorable High Court of Sindh has 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 Power Purchase Agreement (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 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. The last hearing of the appeals was held on November 02, 2016 and the judgment was reserved by the Supreme Court of Pakistan. Moreover, during the period the Subsidiary Company has received an amount of Rs. 229.376 million from HESCO against the outstanding amount and have resumed power supply to HESCO since January, 2017.

10.2 Receivable from HESCO is secured against Standby Letter of Credit (SBLC) issued by National Bank of Pakistan to the extent of Rs. 286.71 million (2016 : Rs. 286.71 million).

10.3 This includes balances outstanding for more than 10 years. The 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, when the Holding Company was operating under State Cement Corporation of Pakistan (SCCP), whose services had been terminated. Accordingly, the management of the Group 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 the preceding years. The management is continuously following with NAB officials for early realisation 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.

	Note	2017	2016
		------ Rupees in thousands ------	
11 SHORT TERM INVESTMENT - HELD TO MATURITY			
Term deposit with National Bank of Pakistan	11.1	306,000	306,000

11.1 The term deposit is placed for a period of one year under interest/mark-up arrangement at the rate of 5.9% (2016: 6.30%) 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 the Subsidiary Company.

	Note	2017	2016
		------ Rupees in thousands ------	
12 LOANS AND ADVANCES - UNSECURED			
Loans - considered good			
To employees		-	15
Advances - considered good			
- to vendors		12,636	17,868
- margin against Letter of Credit		22,586	4,528
- others		352	353
		35,574	22,749
		35,574	22,764
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits - considered good	13.1	1,380	2,279
Short term prepayments		5,926	16,310
		7,306	18,589

13.1 Trade 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	2017	2016
			Rupees in thousands	
14	OTHER RECEIVABLES AND ACCRUED INTEREST			
	Interest receivable from banks		2,716	2,776
	Refund against fuel price adjustment		4,307	11,340
	Deposit with Commissioner Workmen's Compensation	25.1.6	14,915	14,915
	Receivable against disposal of shares		132,439	472
	Others		11,897	13,728
			166,274	43,231
15	TAXATION - NET	15.1	164,405	153,652

15.1 It mainly includes an amount of Rs. 132.144 million representing tax refundable of the Holding Company for the tax year 2012, 2015 and 2016 and an amount of Rs. 21.34 million representing tax refundable of the Subsidiary Company upto the Tax Year 2016.

		Note	2017	2016
			Rupees in thousands	
16	CASH AND BANK BALANCES			
	Cash in hand		990	904
	Balances with banks			
	- in current accounts	16.1	34,974	80,762
	- in profit and loss sharing (PLS) accounts	16.1, 16.2 & 16.3	118,514	165,993
			153,488	246,755
			154,478	247,659

16.1 These accounts are maintained with commercial banks under conventional banking system.

16.2 As at June 30, 2017 the mark-up rates on PLS accounts ranges from 3.5% to 4% (2016: 4.5% to 5%) per annum.

16.3 This includes Rs. 116.87 million (2016: Rs. 164.104 million) in PLS accounts under lien with National Bank of Pakistan, as Security Trustee, in accordance with the covenants of syndicated term finance facility agreements of the Holding Company and the Subsidiary Company. These funds are to be used in accordance with the conditions mentioned in said financing agreements.

17 SHARE CAPITAL

2017	2016		2017	2016
------ 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 fully 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

17.1 Ordinary shares of the Holding Company held by major shareholders as at year end are as follows:

Name of Major Shareholders	Number of Shares		Percentage of holding	
	2017	2016	2017	2016
	------ Shares in thousands ------		------ Shares in % ------	
M/s Sky Pak Holding (Private) Limited	21,153	20,444	21.21	20.50
M/s Al-Miftah Holding (Private) Limited	14,895	9,147	14.94	9.17
M/s Rising Star Holding (Private) Limited	6,531	6,309	6.55	6.33
M/s Golden Globe Holding (Private) Limited	8,479	8,479	8.50	8.50

18 LONG TERM FINANCING

	Note	2017	2016
		------ Rupees in thousands ------	
Loan from Banking companies - secured			
- Syndicated term finance facility (STFF) - TCCL	18.1	551,683	1,258,617
- Syndicated term finance facility (STFF) - TPPL	18.2 & 18.3	329,957	431,482
		881,640	1,690,099
Current maturity		(333,458)	(333,458)
		548,182	1,356,641

18.1 This syndicated term finance facility has been obtained from syndicate of banks comprising of National Bank of Pakistan, Sindh Bank Limited, Summit Bank Limited and Silk Bank Limited. The facility carries mark-up at rates ranging between 8.03% to 8.15% (2016: 8.09% to 9.01%) per annum payable quarterly. The tenure of financing is 8 years including grace period of 2 years and the facility is payable in 24 equal quarterly installments of Rs. 57.983 million each starting from June 17, 2016. During the year, Rs. 231.933 million has been paid against 4 quarterly installments along with prepayment of principal amounting to Rs. 475 million (2016: Rs. 75 million). The facility is secured by first joint pari passu charge by way of hypothecation over all present and future fixed assets and mortgage over the immovable properties. Unless the entire amount of loan has been repaid, the Company has to seek prior approval of the majority members of the syndicated term finance facility before declaration of any dividend.

18.2 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 mark-up at rates ranging between 9.01% to 9.15% (2016: 9.35% to 10.04%) per annum payable quarterly. 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. Unless the entire amount of loan has been repaid, the Company has to seek approval of the majority members of the syndicated term finance facility before declaration of any dividend.

18.3 The syndicated term finance facility provided by the syndicate of banks as explained in note 18.2 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 charge by way of hypothecation 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.

	Note	2017	2016
		------ Rupees in thousands ------	
19 LONG TERM DEPOSITS			
Dealers	19.1	2,110	3,110
Suppliers and contractors	19.2	724	724
		2,834	3,834

19.1 It includes deposits amounting to Rs. 2.1 million (2016: Rs. 2.1 million) that relates 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 Holding Company (refer note 10.3).

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

20 LONG TERM EMPLOYEE BENEFIT

This represents accrual for encashment of eligible earned leave balances in respect of permanent employees amounting to Rs. 17.699 million (2016: Rs. 15.64 million). Principal actuarial assumptions for determining leave encashment liability are same as are used for Gratuity actuarial valuation (refer note 22.1).

	2017	2016
	------ Rupees in thousands ------	
21 DEFERRED TAXATION		
Taxable temporary differences arising in respect of		
Accelerated tax depreciation	309,600	298,640
Deductible temporary differences arising in respect of		
Other provisions - for doubtful debts and stores	(41,028)	(41,280)
Excess of Alternative Corporate Tax over corporate tax	-	(39,554)
Unadjusted tax credit u/s 65 B	-	(32,811)
	268,572	184,995

21.1 Movement in Deferred Tax

	Deductible Temporary Differences	Taxable Temporary Differences	Total
	------ Rupees in thousands ------		
	2017		
Opening deferred tax	(113,645)	298,640	184,995
Deferred tax liability	-	10,960	10,960
Deferred tax asset	2,551	-	2,551
Deferred tax expense	2,551	10,960	13,511
Adjustment against tax liability	70,066	-	70,066
Closing deferred tax	(41,028)	309,600	268,572
	2016		
Opening deferred tax	(39,853)	173,309	133,456
Deferred tax liability	-	125,331	125,331
Deferred tax asset	(73,792)	-	(73,792)
Deferred tax expense	(73,792)	125,331	51,539
Closing deferred tax	(113,645)	298,640	184,995

22 TRADE AND OTHER PAYABLES

	Note	2017	2016
		------ Rupees in thousands ------	
Trade creditors		49,041	33,039
Accrued liabilities		214,877	145,425
Bills payable		12,281	43,621
Advances from customers		31,191	36,415
Contractors retention money		45	188
Excise duty and sales tax payable		39,658	40,770
Payable to Gratuity Fund	22.1	14,326	14,465
Workers' Profit Participation Fund (WPPF)	22.3 & 22.4	85,003	75,424
Workers' Welfare Fund (WWF)	22.4	32,046	29,857
Unclaimed dividend		632	380
Other liabilities		5,167	4,865
		484,267	424,449

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, 2017 are as follows:

- Discount rate used for year-end obligation is 7.75% per annum (2016: 7.25% per annum).
- Discount rate used for interest cost in consolidated profit and loss account is 7.25 % per annum (2016: 9.75% per annum)
- Expected rate of increase in salary level at 6.75% per annum (2016: 6.25% per annum).
- Mortality rate used is SLIC 2001-2005 (2016: SLIC 2001-2005).

	Note	2017	2016
		------ Rupees in thousands ------	

22.1.1 The amount recognised in the consolidated balance sheet is as follows:

	Note	2017	2016
Present value of defined benefit obligations	22.1.2	84,760	69,270
Fair value of plan assets	22.1.3	(70,434)	(54,805)
Closing net liability		14,326	14,465

22.1.2 Movement in present value of defined benefit obligation

	Note	2017	2016
Opening net liability		69,270	55,881
Current service cost		11,576	10,897
Interest cost	22.1.5	4,841	5,158
Benefits paid & payable		(4,999)	(5,965)
Remeasurement loss due to change in experience adjustments	22.1.6	4,072	3,299
Closing net liability		84,760	69,270

22.1.3 Movement in the fair value of plan assets

	Note	2017	2016
Opening fair value of plan assets		54,805	44,619
Expected return / interest income on plan assets	22.1.7	4,334	4,617
Employer contribution		14,465	11,262
Reversal of benefits due but not paid in last year		-	57
Benefits paid		(4,525)	(5,817)
Benefit due but not paid		(474)	(205)
Return on plan assets excluding interest income	22.1.7	1,829	272
Closing fair value of plan assets	22.1.9	70,434	54,805

22.1.4 Movement in liabilities

	Note	2017	2016
Opening net liability		14,465	11,262
Charge for the year	22.1.5	12,083	11,438
Employer contribution		(14,465)	(11,262)
Remeasurements chargeable in other comprehensive income	22.1.6	2,243	3,027
Closing net liability		14,326	14,465

22.1.5 The amount recognised in consolidated profit and loss account is as follows:

	Note	2017	2016
Current service cost		11,576	10,897
Interest cost		4,841	5,158
Expected return / interest income on plan assets		(4,334)	(4,617)
		12,083	11,438

22.1.6 The amount recognised in consolidated statement of other comprehensive income is as follows:

	Note	2017	2016
Remeasurement loss due to change in assumption and experience adjustments	22.1.2	4,072	3,299
Return on plan assets excluding interest income	22.1.3	(1,829)	(272)
		2,243	3,027

22.1.7 Return on plan assets is as follows:

	Note	2017	2016
Expected return / interest income on plan assets	22.1.3	4,334	4,617
Return on plan assets excluding interest income	22.1.3	1,829	272
		6,163	4,889

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

	2017	2016	2015	2014	2013
	---- Rupees in thousands ----				
Present value of defined benefit obligation	(84,760)	(69,270)	(55,881)	(46,415)	(33,881)
Fair value of plan assets	70,434	54,805	44,619	31,666	24,212
Deficit	(14,326)	(14,465)	(11,262)	(14,749)	(9,669)

22.1.9 Disaggregation of fair value of plan assets

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

	Note	2017	2016
		------ Rupees in thousands ------	
Cash and cash equivalents (adjusted for current liabilities)		4,507	636
Mutual funds			
- Islamic funds		18,708	11,760
- Stock market fund (conventional)		6,042	7,824
		24,750	19,584
Certificate of Islamic investments		41,177	34,585
	22.1.3	70,434	54,805

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 ----			
2017	81,045	89,000	89,112	80,877
2016	66,348	72,602	72,691	66,215

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

	Note	2017	2016
		------ Rupees in thousands ------	
Cost of sales		7,648	7,612
Selling and distribution cost		928	679
Administrative expenses		3,507	3,147
		12,083	11,438

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

	Note	2017	2016
Size of the Fund - Total assets		80,172	61,601
Cost of investments made		79,439	61,132
Percentage of investments made		99%	100%
Fair value of investments	22.2.1	79,760	61,356

22.2.1 Fair value of investments held by provident fund

	2017		2016	
	Rupees in thousands	%	Rupees in thousands	%
Bank balances	2,060	3%	2,676	4%
Term deposit securities	40,485	51%	31,799	52%
Mutual funds	37,215	46%	26,881	44%
	79,760	100%	61,356	100%

22.2.2 The investments out of Provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

	Note	2017	2016
		------ Rupees in thousands ------	
22.3 Workers' Profit Participation Fund (WPPF)			
Balance as at July 1		75,424	62,033
Allocation for the year	30	45,347	35,768
Interest on balance as at July 1	31	1,014	735
		121,785	98,536
Payment made during the year		(36,782)	(23,112)
Balance as at June 30		85,003	75,424

22.4 As disclosed in the audited consolidated financial statements for the year ended June 30, 2016, the Subsidiary Company had obtained an opinion from its legal counsel regarding the applicability of welfare laws and other related matters on the Subsidiary Company and according to the opinion of the legal counsel no provision is made for WPPF & WWF in the consolidated financial statements for the year ended June 30, 2017.

	Note	2017	2016
		------ Rupees in thousands ------	
23 ACCRUED MARK-UP			
Syndicated term finance facility		4,776	8,195
Short term borrowings		1,332	681
		6,108	8,876
24 SHORT TERM BORROWINGS			
Short-term running finance (secured)	24.1	191,047	19,168

24.1 The aggregate running finance facilities available to the Holding Company from banks as at June 30, 2017 amounting to Rs. 650 million (2016: Rs. 650 million) out of which Rs. 458.953 million (2016: Rs. 630.832 million) remained unutilized at the year end. These facilities are renewable annually and secured by way of hypothecation of fixed assets and current assets of the Holding Company. These carry mark-up at rates ranging between 8.04% to 8.12% (2016: 8.85% to 10.01%) per annum payable quarterly.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 During the year 2014-2015, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 122(1)(5) of the Income Tax Ordinance, 2001 in respect of Tax Year 2014 raising a tax demand of Rs. 78.35 million by making certain disallowances and additions in taxable income as reported in the tax return of that year. The Holding Company filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A) against which the adverse order was passed by CIR-A. Therefore, appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the said order, relating to certain add backs/disallowances which have been set-aside for afresh proceedings, which is pending for hearing. In view of Holding Company's tax consultant, the Holding Company has an arguable case on merit, however, definite outcome cannot be predicted.

25.1.2 The Holding Company has adjusted minimum tax aggregating to Rs. 31.47 million against its income tax liability in terms of section 113(2)(c) of the Income Tax Ordinance, 2001. An appeal was filed in 2014-2015 before the Commissioner Inland Revenue - Appeals (CIR-A) against the order of Assessing Officer disallowing adjustment of minimum tax amounting to Rs. 15.721 million in respect of Tax Year 2012. However, the appeal before CIR-A has been decided against the Holding Company, therefore, further appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending for hearing.

Moreover, in view of the legal counsel, the Holding Company has a strong arguable case and the matter can be agitated upto the level of Supreme Court of Pakistan. Hence, no provision in this respect has been made in these consolidated financial statements.

25.1.3 In respect of Tax Year 2008, an appeal was filed by the Holding Company in 2014-2015 before Commissioner Inland Revenue - Appeals (CIR-A) against certain disallowances and additions in taxable income while passing assessment order under 122(5A) of the Income Tax Ordinance, 2001, thereby raising a tax demand of Rs. 2.787 million. The appeal has been heard, however order of CIR-A is pending. 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.

25.1.4 The Deputy Commissioner Inland Revenue (DCIR) has passed Assessment Orders in 2014-2015 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 has 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 Holding Company. The 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, favourable outcome of such appeals are anticipated; hence no provision is required to be made in these consolidated financial statements.

25.1.5 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 2014-2015 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 the 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 the year ended June 30, 2017, Appellate Tribunal Inland Revenue (ATIR) has passed an order in favor of the Holding Company. However, the aggrieved party i.e. Commissioner Inland Revenue, Zone II, Large Taxpayer Unit, Karachi has an option to file an appeal against the appellate order passed by ATIR in favor of the Holding Company before appellate court.

25.1.6 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 favour 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 Labour Appeal No. 04/2014 before the Sindh Labour 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 Labour Appellate Tribunal, Karachi. The Tribunal also dismissed the appeal and hence C.P. no. D - 2636 has been filed before the Honorable High Court of Sindh at Hyderabad wherein stay has been granted by the High Court and the matter is pending for disposal. In view of the Holding Company's legal counsel, no definite outcome can be anticipated but the Holding Company has good case.

25.1.7 One more ex-employee of the former holding company of TCCL had filed CP # 86/2013 for recovery of total 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 legal counsel, the Holding Company has a good case whereas no definite outcome can be estimated.

25.1.8 Ex-workers of Labour Contractor had filed applications against the Holding Company before the Labour 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 Labour Appellate Tribunal in Karachi and the matter is subjudice. According to Holding Company's legal counsel opinion, the appeals are time barred and are also not fit for grant of any relief, therefore, ultimately these are liable to be dismissed.

25.1.9 During the year, an ex-employee of the Holding Company has filed a Suit no. 51/2017 for recovery of damages, salaries and mesne profit of 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.

25.1.10 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 Holding Company's legal counsel is of the opinion that no unfavourable outcome can be estimated.

25.1.11 As disclosed in the consolidated financial statements for the year ended June 30, 2016, the Subsidiary Company entered into 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 Policy Framework for New - Captive Power Producers (N-CPPs). Subsequently, National Electric Power Regulatory Authority (NEPRA) issued an order 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 reduced 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 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 February 01, 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 has filed an appeal before the Supreme Court of Pakistan 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. The last hearing of the appeal was held on November 02, 2016 and the judgment was reserved by the Supreme Court of Pakistan.

25.1.12 As per clause 132 of Second Schedule of the Income Tax Ordinance, 2001, business income of Subsidiary Company is exempt from Income Tax. On such basis the Subsidiary Company filed an income tax return for the Tax Year 2013, while claiming exemption from business income and paid income tax only on interest income. This exemption was challenged by Commissioner Income Tax, Hyderabad and subsequently he raised a tax demand of Rs 154 million rejecting basic income tax exemption and also increased Subsidiary Company's taxable income based on certain unreasonable grounds. The aforesaid order was challenged by the Subsidiary Company before Commissioner Inland Revenue – Appeals (CIR-A) and ad interim stay from High Court was also obtained to refrain tax department to initiate recovery proceedings. However, CIR-A has passed the order against the Subsidiary Company. Thereafter the Subsidiary Company has filed an appeal before ATIR against the adverse order of CIR-A through its tax consultant. Moreover, tax department has also issued a show cause notice for Tax Year 2014 rejecting the claim of income tax exemption on the same basis and intend to recover an aggregate amount of Rs. 249 million including default surcharge and penalty.

As advised by the tax consultant and legal counsel, the Subsidiary Company filed a petition before the Honorable High Court of Sindh in respect of show cause notice issued by FBR for the Tax Year 2014 and obtained stay from High Court of Sindh in respect of show cause notice issued by FBR to refrain tax department to issue assessment order and initiate recovery proceedings there against. Furthermore, notice for advance tax for Tax Year 2015 amounting to Rs 219 million was also served for two quarters ended on December 31, 2014 on the basis of business turnover [which has been claimed as exempt] for Tax Year 2014. As recommended by tax consultant and legal counsel, a separate petition was filed for Tax Year 2015. Subsequently, the Sindh High Court vacated the stay of demand and has ordered the Tribunal to decide the case within two months from the date of the order. The hearing of the appeal was held and the judgment was reserved. Subsequently, the ATIR issued an order and remand back 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 in favour of the Subsidiary Company instead of remand back the appeal. The hearing of the appeal was held and a favorable order was passed by ATIR, thereby allowing the Subsidiary Company to claim exemption under clause 132 of Second Schedule of the Income Tax Ordinance, 2001.

25.1.13 As disclosed in the consolidated financial statements for the year ended June 30, 2016, Sales tax audit of the Subsidiary Company for the tax period June 2012 to August 2013 was also initiated and FBR has issued an order of approximately Rs. 11 million. Basis of the order were very weak and the management has filed an appeal before CIR-Appeals through its sales tax consultant. The hearing of the case was held and favorable order has been passed by CIR-A, thereby allowing input sales tax claimed by the Subsidiary Company to the extent of Rs. 10.513 million. Subsequently, FBR has filed an appeal in the Appellate Tribunal Inland Revenue (Appeals) against the order passed by CIR-A, which is pending for adjudication.

25.2 Commitments

25.2.1 Guarantees given by commercial banks to Sui Southern Gas Company Limited on behalf of the Group amounts to Rs. 351 million (2016: Rs. 351 million).

25.2.2 Other outstanding guarantees given on behalf of the Group by banks amounts to Rs. 25.204 million (2016: Rs. 40.408 million).

25.2.3 Irrevocable letter of credit under revenue & capital expenditure as on balance sheet date were Rs. 155.597 million (2016: Nil) & Rs. 66.248 million (2016: Rs. 4.852 million) respectively.

	Note	2017	2016
		------ Rupees in thousands ------	
26 SALES - NET			
Gross Sales - Local		5,186,064	3,583,394
- Export		6,027	13,731
		5,192,091	3,597,125
Less: - Federal Excise Duty		549,322	169,080
- Sales tax		818,247	571,942
		1,367,569	741,022
		3,824,522	2,856,103
27 COST OF SALES			
Raw material consumed	27.1	274,470	140,081
Manufacturing expenses			
Packing material consumed	27.2	164,701	131,140
Stores, spare parts and loose tools consumed		142,734	95,297
Fuel and power		1,347,277	883,103
Salaries, wages and other benefits	27.3	356,218	273,534
Insurance		25,487	27,997
Repairs, operations and maintenance		50,764	75,364
Depreciation	5.2	172,899	135,439
Vehicle hire, running & maintenance		11,634	11,571
Communication		1,990	1,746
Entertainment		2,278	2,772
(Reversal) / provision for slow moving and obsolete stores and impairment of major stores & spares	5.5 & 9.2	(839)	16,012
Other production overheads		7,145	9,182
		2,282,288	1,663,157
Cost of production		2,556,758	1,803,238
Work-in-process			
Opening balance		114,614	135,351
Closing balance	9	(203,356)	(114,614)
		(88,742)	20,737
Cost of goods manufactured		2,468,016	1,823,975

	Note	2017	2016
		------ Rupees in thousands ------	
Finished goods			
Opening balance		33,767	31,382
Closing balance	9	(35,558)	(33,767)
		(1,791)	(2,385)
		2,466,225	1,821,590

27.1 Raw material consumed

	Note	2017	2016
Opening balance		66,476	38,241
Purchases	27.1.1	295,598	168,316
		362,074	206,557
Closing balance	9	(87,604)	(66,476)
		274,470	140,081

27.1.1 It includes royalty amounting to Rs. 9.143 million (2016: Rs. 6.824 million) relating to Lime Stone and Clay Shale, payable to Director General Mines & Mineral Development, Government of Sindh.

27.2 Packing material consumed

	Note	2017	2016
		------ Rupees in thousands ------	
Opening balance		23,550	25,933
Purchases		168,603	128,757
		192,153	154,690
Closing balance	9	(27,452)	(23,550)
		164,701	131,140

27.3 This includes employees' retirement benefits amounting to Rs. 15.290 million (2016: Rs. 14.829 million).

28 SELLING AND DISTRIBUTION COST

	Note	2017	2016
		------ Rupees in thousands ------	
Salaries, wages and other benefits	28.1	31,253	19,779
Vehicle running expenses		751	807
Travelling and conveyance		346	417
Communication		385	361
Printing and stationery		117	108
Entertainment		232	289
Repair and maintenance		258	280
Rent, rates and taxes		1,558	1,178
Utilities		248	257
Advertisements		152	290
Sales promotion expense		1,236	3,252
Freight charges - local sale		1,093	5,300
Export logistics and related charges		102	266
Commission		52,788	23,964
Depreciation	5.2	1,686	1,515
Marking fee expense		2,419	6,918
Miscellaneous		6,407	6,541
		101,031	71,522

28.1 This includes employees' retirement benefits amounting to Rs. 1.758 million (2016: Rs. 1.237 million).

29 ADMINISTRATIVE EXPENSES

	Note	2017	2016
		------ Rupees in thousands ------	
Salaries, wages and other benefits	29.1	95,688	68,215
Board, Audit and HR Committee meeting fees		3,525	3,850
Vehicle running expenses		2,926	2,728
Travelling and conveyance		991	4,363
Advertisements		214	131
Communication, postage & telegram		1,887	1,610
Printing and stationery		2,205	1,294
Rent, rates and taxes		3,003	2,289
Entertainment		1,122	1,100
Legal and professional charges		7,595	13,735
Insurance		405	378
Repairs and maintenance		4,672	1,535
Utilities		1,859	1,887
Fees and subscription		2,902	1,916
Corporate expenses		604	1,038
Charity and donation	29.2	1,724	2,882
Auditors' remuneration	29.3	1,165	1,054
Other auditors' remuneration	29.4	2,000	1,658
Depreciation	5.2	4,298	4,169
Amortization	6	3,211	752
Education expenses		5,535	5,343
Fixed assets written off	5.1.1	4,769	1,875
Miscellaneous		622	1,017
		152,922	124,819

29.1 This includes employees' retirement benefits amounting to Rs. 6.961 million (2016: Rs. 6.239 million).

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

29.3 Auditor's remuneration

	2017	2016
	------ Rupees in thousands ------	
Annual audit fee	869	796
Half yearly review fee	67	61
Audit fee for consolidated financial statements	33	30
Fee for Code of Corporate Governance & other services	60	60
Out of pocket expenses	136	107
	1,165	1,054

	Note	2017	2016
		------ Rupees in thousands ------	

29.4 Other auditors' remuneration

	Note	2017	2016
Cost audit fee		273	148
Out of pocket expenses		12	12
		285	160
Internal audit fee		1,515	1,314
Out of pocket expenses		200	184
		1,715	1,498
		2,000	1,658

30 OTHER OPERATING EXPENSES

	Note	2017	2016
Workers' Welfare Fund (WWF)		6,286	13,942
Workers' Profit Participation Fund (WPPF)	22.3 & 22.4	45,347	35,768
Brokerage & other charges		3,153	-
Exchange loss		-	5,919
		54,786	55,629

31 FINANCE COST

	Note	2017	2016
Mark-up on long term financing		113,165	165,392
Mark-up on short term borrowings		7,973	9,075
Mark-up on WPPF	22.3	1,014	735
Bank charges and commission		6,234	7,891
		128,386	183,093

32 OTHER INCOME

	Note	2017	2016
Income from financial assets			
Interest on term deposit / bank accounts	32.1	24,313	27,149
Gain on disposal of Available for sale investment		34,874	68,186
		59,187	95,335
Others			
Scrap sales		8,472	13,697
Rental income		1,246	1,642
Gain on disposal of property, plant & equipments		746	271
Gain on sale of store items		1,377	303
Others		1,010	2,827
		12,851	18,740
		72,038	114,075

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

33 TAXATION

	2017	2016
	------ Rupees in thousands ------	
Current	261,055	1,154
Prior year	(137)	(505)
Deferred	13,511	51,539
	274,429	52,188

33.1 The comparison of provision as per accounts versus as per tax return is as under:

	2016	2015	2014
	------ Rupees in thousands ------		
Tax provision as per accounts - adjusted	880	129,595	147,287
Tax payable/paid as per tax return	1,017	129,622	147,956

33.2 Relationship between tax expense and accounting profit:

	2017	2016
	------ Rupees in thousands ------	
Profit before tax	993,210	713,525
Tax at 31% / 32%	307,895	228,328
Tax effect of		
- admissible/inadmissible expenses in determining taxable income - net	(14,320)	(129,572)
- unrealized profit	1,887	(2,143)
- income charged at different rates	(11,063)	(21,790)
Exempt income	(43,247)	(11,907)
Tax payable under Division II of Part I of First Schedule - Holding Company	-	(61,762)
Tax Credit under section 65B	(4,346)	-
Super tax under section 4B	24,249	
Prior year's tax reversal	(137)	(505)
Tax effect of taxable temporary differences - net	13,511	51,539
	274,429	52,188

33.3 The returns of income of the Holding Company have been filed upto and including Tax Year 2016 (corresponding to financial year ended June 30, 2016) while income tax assessments have been finalized upto and including Tax Year 2015 except for Tax Year 2008, 2012 and 2014. However, the return may be selected for audit or amendment within six years from the end of the respective tax year and within five years from the end of financial year in which assessment order is issued or treated to have been issued for that tax year to the Holding Company respectively.

The return of income of the Subsidiary Company have been filed upto and including Tax Year 2016 (corresponding to financial year ended June 30, 2016). However, the return may be selected for audit or amendment within six years from the end of the respective tax year and within five years from the end of financial year in which assessment order is issued or treated to have been issued for that tax year to the Subsidiary Company respectively.

	2017	2016
	------ Rupees in thousands ------	

34 EARNINGS PER SHARE - BASIC AND DILUTED

34.1 Basic earnings per share

	2017	2016
Profit for the year attributable to the owners of the Holding Company	667,390	643,719
	--------- Number ---------	
Weighted average number of ordinary shares	99,718,125	99,718,125
	--------- Rupees ---------	
Earnings per share - basic and diluted	6.69	6.46

34.2 Diluteds 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, 2017 and June 30, 2016 which would have any effect on the earnings per share if the option to convert is exercised.

35 CASH AND CASH EQUIVALENTS

	Note	2017	2016
		------ Rupees in thousands ------	
Cash and bank balances	16	154,478	247,659
Short term borrowings	24	(191,047)	(19,168)
		(36,569)	228,491

36 CAPACITY AND ACTUAL PRODUCTION

36.1 Thatta Cement Company Limited

		2017	2016 (Restated)
Production capacity - clinker (tons)	36.1.1	510,000	510,000
Actual production - clinker (tons)	36.1.2	512,789	382,582
Actual production - cement (tons)	36.1.3	411,856	367,164

36.1.1 The production capacity has been restated based on the guaranteed figures given by the vendor.

36.1.2 The production capacity utilization of clinker during the year has remained at 100.55% (2016: 75.02%).

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

36.2 Thatta Power (Private) Limited

	2017	2016
Installed capacity - kWh	202,356,000	202,356,000
Total output - kWh	70,013,300	47,149,425
Load factor	34.60%	23.30%

36.2.1 Installed capacity has been computed on the basis of 8,760 hours (2016: 8,760 hours). The main reason for underutilization of installed capacity is due to reduction in power supplied to HESCO which is explained in note 10.1.

37 RELATED PARTY TRANSACTIONS

Related parties comprises 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. Details of transactions during the year ended / outstanding balances with related parties are as follows:

	Note	2017	2016
		------ Rupees in thousands ------	
37.1 Transactions with related parties			
37.1.1 Associated Companies			
- Bandhi Sugar Mills (Pvt.) Limited			
Sale of cement		-	1,728
Receipt against sale of cement		-	1,728
- Sui Southern Gas Company Limited			
Purchase of gas excluding GST		538,881	371,420
Payment against purchase of gas excluding GST		521,300	359,224
37.1.2 Key management personnel			
Salaries and benefits	38	169,127	114,082
Sale of vehicle	5.3	935	400
37.1.3 Other related parties			
Contribution to employees' Gratuity Fund	22.1.4	14,465	11,262
Contribution to employees' Provident Fund		9,035	8,185
Education expenses - Model Terbiat School	29	5,535	5,343
37.2 Balances with related parties			
37.2.1 Associated Companies			
- Sui Southern Gas Company Limited			
Payable against purchase of gas excluding GST		53,003	35,422
- Habib Bank Limited			
Current account balance		19	37
37.2.2 Other related parties			
Payable to Gratuity Fund	22.1.4	14,326	14,465

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

38 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for the year in respect of remuneration to the Chief Executive, Directors and Executives of the Group are as follows:

	2017			2016	
	Chief Executive	Executive Director	Executives	Chief Executive	Executives
	------------------------ Rupees in thousands ------------------------				
Managerial remuneration	15,922	7,245	64,746	14,880	59,334
LFA	1,327	604	4,016	1,100	3,644
Bonus	11,681	5,197	43,286	3,300	10,931
Other benefits including retirement benefits	4,513	1,150	9,440	5,640	15,253
	33,443	14,196	121,488	24,920	89,162
Number of person(s)	1	1	36	1	31

38.1 The Chief Executive, Executive Director 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. 3.525 million (2016: Rs. 3.85 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

For management purposes the Group is organized into following major business segments.

Cement Engaged in manufacturing and marketing of cement.
Power Engaged in generation, supply and transmission of electrical power.

39.1 Revenues

	Cement		Power		Intra group adjustment		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	------------------------ Rupees in thousands ------------------------							
Sales - net	3,656,723	2,846,147	843,298	564,495	(675,499)	(554,539)	3,824,522	2,856,103
Cost of sales	(2,493,694)	(1,932,303)	(642,596)	(451,180)	670,065	561,893	(2,466,225)	(1,821,590)
Gross profit	1,163,029	913,844	200,702	113,315	(5,434)	7,354	1,358,297	1,034,513
Selling and distribution cost	(101,031)	(71,522)	-	-	-	-	(101,031)	(71,522)
Administrative expenses	(148,312)	(114,141)	(20,582)	(25,198)	15,972	14,520	(152,922)	(124,819)
	(249,343)	(185,663)	(20,582)	(25,198)	15,972	14,520	(253,953)	(196,341)
Operating profit	913,686	728,181	180,120	88,117	10,538	21,874	1,104,344	838,172
Other operating expenses	(54,786)	(51,875)	-	(3,754)	-	-	(54,786)	(55,629)
Finance cost	(87,723)	(124,995)	(56,203)	(67,241)	15,540	9,143	(128,386)	(183,093)
	(142,509)	(176,870)	(56,203)	(70,995)	15,540	9,143	(183,172)	(238,722)
Other income	84,129	114,698	20,074	23,692	(32,165)	(24,315)	72,038	114,075
Segment results	855,306	666,009	143,991	40,814	(6,087)	6,702	993,210	713,525
Unallocated expenditures	-	-	-	-	-	-	-	-
Profit before taxation	855,306	666,009	143,991	40,814	(6,087)	6,702	993,210	713,525
Taxation	(273,313)	(51,566)	(1,116)	(622)	-	-	(274,429)	(52,188)
Profit for the year	581,993	614,443	142,875	40,192	(6,087)	6,702	718,781	661,337

39.2 Other information

	Cement		Power		Intra group adjustment		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	------------------------ Rupees in thousands ------------------------							
Segment assets	3,895,326	3,944,629	1,978,100	1,982,485	(494,976)	(556,209)	5,378,450	5,370,905
Unallocated corporate assets	-	-	-	-	-	-	-	-
Total assets	3,895,326	3,944,629	1,978,100	1,982,485	(494,976)	(556,209)	5,378,450	5,370,905
Segment liabilities	1,454,706	1,869,660	582,973	730,233	(185,512)	(252,832)	1,852,167	2,347,061
Unallocated corporate liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,454,706	1,869,660	582,973	730,233	(185,512)	(252,832)	1,852,167	2,347,061
Capital expenditure	34,055	146,540	13,451	16,079	-	-	47,506	162,619
Depreciation	143,669	111,255	35,214	29,868	-	-	178,883	141,123
Non-cash expenses other than depreciation	7,141	18,639	-	-	-	-	7,141	18,639

39.3 Reconciliation of reportable segment revenues, profit and loss, assets and liabilities

	Consolidated	
	2017	2016
	------ Rupees in thousands ------	
39.3.1 Operating revenues		
Total revenue of reportable segments	4,500,021	3,410,642
Elimination of intra group revenue	(675,499)	(554,539)
Consolidated revenue	3,824,522	2,856,103
39.3.2 Profit and loss		
Total profit before taxation of reportable segments	999,297	706,823
Adjustment of unrealized profit and intra group transactions	(6,087)	6,702
Consolidated profit before taxation	993,210	713,525
39.3.3 Assets		
Total assets of reportable segments	5,873,426	5,927,114
Elimination of intra group balances	(493,373)	(554,606)
Reclassification for consolidation purposes	(1,603)	(1,603)
Consolidated assets	5,378,450	5,370,905
39.3.4 Liabilities		
Total liabilities of reportable segments	2,037,679	2,599,893
Elimination of intra group balances	(185,512)	(252,832)
Consolidated liabilities	1,852,167	2,347,061

39.4 Geographical segment analysis

	Revenue		Total Assets		Net Assets	
	2017	2016	2017	2016	2017	2016
	------ Rupees in thousands ------					
Pakistan	3,818,495	2,842,372	5,378,450	5,370,905	3,526,283	3,023,844
Export Processing Zone - Karachi	6,027	13,731	-	-	-	-
	3,824,522	2,856,103	5,378,450	5,370,905	3,526,283	3,023,844

39.5 Information about major customers

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

40 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	2017	2016
		------ Rupees in thousands ------	
Financial assets			
Long term investments - Available for sale		-	164,768
Long term deposits	7	1,096	1,096
Trade debts	10	404,434	464,681
Short term investments - held to maturity	11	306,000	306,000
Loans and advances	12	35,574	22,764
Trade deposits	13	1,380	2,279
Other receivables and accrued interest	14	166,274	43,231
Cash and Bank Balances	16	154,478	247,659
		1,069,236	1,252,478
Financial liabilities			
Long term financing	18	881,640	1,690,099
Long term deposits	19	2,834	3,834
Trade and other payables	22	453,076	388,034
Accrued mark-up	23	6,108	8,876
Short term borrowings	24	191,047	19,168
		1,534,705	2,110,011

Financial instruments and related disclosures

Financial risk management objectives

The Group has exposure to the following risks from financial instrument:
- 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 focuses on the under predictability of financial markets and seek 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 affected 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:

	2017		2016	
	Rupees in thousands	%	Rupees in thousands	%
Banks	459,488	43%	552,755	44%
Others	609,748	57%	699,723	56%
	1,069,236	100%	1,252,478	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 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	2017	2016
		------ Rupees in thousands ------	
The maximum exposure to credit risk at the reporting date is:			
Long term deposits	7	1,096	1,096
Trade debts	10	404,434	464,681
Short term investments	11	306,000	306,000
Loans and advances	12	35,574	22,764
Trade deposits	13	1,380	2,279
Other receivables and accrued interest	14	166,274	43,231
Bank balances	16	153,488	246,755
		1,068,246	1,086,806

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, 2017 trade debts of Rs. 285.897 million (2016: Rs. 403.32 million) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default except for HESCO. As at June 30, 2017, trade debts includes Rs. 267.811 million receivable from HESCO. The risk attributable to trade debt receivable from HESCO is secured to the extent of Rs. 286.71 million through Standby Letter of Credit obtained from HESCO under the Power Purchase Agreement (PPA). The aging analysis of these trade debts is as follows:

	Note	2017	2016
		------ Rupees in thousands ------	
Not past due		118,537	61,358
Past due but not impaired			
- within 90 days		124,180	48,990
- 91 to 180 days		72,441	34,202
- over 180 days		89,276	320,131
	10	404,434	464,681

The credit quality of cash at bank (in Current, PLS and deposit accounts) as per credit rating agencies are as follows:

	Note	2017	2016
Rating - Bank balances			
A1 +		152,088	175,317
A1		1,369	71,406
A2		31	32
	16	153,488	246,755
Rating - Short term investments			
Term deposit (A1+)		306,000	306,000

Due to Group'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 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 10.3. The aging analysis of these impaired trade debts is as follows:

	2017	2016
	------ Rupees in thousands ------	
Over ten years	72,028	72,028

b) Liquidity risk and 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 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 except for supply of electricity to HESCO, Public Utility Company, in accordance with Power Purchase Agreement.

40.1.2 Maturity analysis for financial liabilities

The table below analyses Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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).

	2017				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
	------------------------ Rupees in thousands ------------------------				
Non-derivative Liabilities					
Long term financing	881,640	(1,083,736)	(203,228)	(196,577)	(683,931)
Long term deposits	2,834	(2,834)	-	-	(2,834)
Trade and other payables	453,076	(453,076)	(453,076)	-	-
Short term borrowings	191,047	(191,047)	(95,524)	(95,523)	-
Accrued mark-up	6,108	(6,108)	(6,108)	-	-
	1,534,705	(1,736,801)	(757,936)	(292,100)	(686,765)

	2016				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
	------------------------ Rupees in thousands ------------------------				
Non-derivative Liabilities					
Long term financing	1,690,099	(2,068,398)	(235,924)	(228,437)	(1,604,037)
Long term deposits	3,834	(3,834)	-	-	(3,834)
Trade and other payables	388,034	(388,034)	(388,034)	-	-
Short term borrowings	19,168	(19,168)	(9,584)	(9,584)	-
Accrued mark-up	8,876	(8,876)	(8,876)	-	-
	2,110,011	(2,488,310)	(642,418)	(238,021)	(1,607,871)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 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 finance and short term borrowing at variable rates. 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 consolidated balance sheet date the interest rate profile of the Group's interest bearing financial instruments is:

	Consolidated	
	2017	2016
	------ Rupees in thousands ------	
Fixed rate instruments		
Financial assets	306,000	306,000
Variable rate instruments		
Financial assets	118,514	165,993
Financial liabilities	1,072,687	1,709,267

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 the consolidated profit and loss account.

Cash flow sensitivity analysis for variable rate instruments:

Financial assets

If interest rate had fluctuated by ±1% with all other variables held constant, consolidated profit before tax for the year would have been Rs. 1.185 million (2016: Rs 1.66 million) higher / lower, mainly as a result of higher / lower interest income from these consolidated financial assets.

Financial liabilities

If interest rate had fluctuated by ±1% with all other variables held constant, consolidated profit before tax for the year would have been Rs. 10.727 million (2016: Rs. 17.093 million) higher / lower, mainly as a result of higher / lower interest expense of these consolidated financial liabilities.

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

	Note	June 30, 2017 Mark-up / return (%)	Less than six months	Six months to one year	More than one year	Total
		------------------------ Rupees in thousands ------------------------				
Assets						
Short term investment - held to maturity	11	5.9%	-	306,000	-	306,000
Bank balance in PLS accounts	16	3.5% to 4%	-	-	118,514	118,514
Total assets			-	306,000	118,514	424,514
Liabilities						
Short term running finance	24	8.04% to 8.12%	(95,524)	(95,523)	-	(191,047)
Long term financing	18	8.03% to 9.15%	(203,228)	(196,577)	(683,931)	(1,083,736)
Total liabilities			(298,752)	(292,100)	(683,931)	(1,274,783)
On-balance sheet gap			(298,752)	13,900	(565,417)	(850,269)
Total interest risk sensitivity gap			(298,752)	(284,852)	(850,269)	(850,269)

	Note	June 30, 2016 Mark-up / return (%)	Less than six months	Six months to one year	More than one year	Total
		------------------------ Rupees in thousands ------------------------				
Assets						
Short term investment - held to maturity	11	6.30%	-	306,000	-	306,000
Bank balance in PLS accounts	16	4.5 % to 5 %	-	-	165,993	165,993
Total assets			-	306,000	165,993	471,993
Liabilities						
Short term running finance	24	8.85% to 10.01%	(9,584)	(9,584)	-	(19,168)
Long term financing	18	8.09% to 9.01%	(235,924)	(228,437)	(1,604,037)	(2,068,398)
Total liabilities			(245,508)	(238,021)	(1,604,037)	(2,087,566)
On-balance sheet gap			(245,508)	67,979	(1,438,044)	(1,615,573)
Total interest risk sensitivity gap			(245,508)	(177,529)	(1,615,573)	(1,615,573)

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 payable to the foreign entities including amount payable, outstanding letter of credits and bills payable. The Group's exposure to foreign currency risk is as follows:

	2017		2016	
	Rupees	US $	Rupees	US $
	------ in thousands ------		------ in thousands ------	
Trade and other payables	12,281	117	43,621	416

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

	2017	2016	2017	2016
	Average rate		Balance sheet date rate	
US Dollar to PKR	104.91	104.46	104.98	104.85

Sensitivity analysis

A five percent strengthening / weakening of Pak Rupee against US Dollar on June 30th would have increased / decreased the consolidated equity and consolidated profit and 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 2016.

	2017	2016
	------ Rupees in thousands ------	
Effects of US Dollars gain / loss	614	2,181

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 value 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.

Assets measured at fair value

		Level 1	Level 2	Level 3	Total
		---------------------- Rupees in thousands ----------------------			
Available-for-sale					
Listed Shares	2017	-	-	-	-
Listed Shares	2016	164,768	-	-	164,768

h) Capital Risk Management

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns and benefits for shareholders and to maintain a strong base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payable to the shareholders or issue new shares.

The Group finances its expansion projects through equity, borrowings and management of its 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 organisation, 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:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- 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.

41 CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purposes of better comparison and presentation as follows:

Nature of reclassification	Note	Reclassification from	Reclassification to	Rupees in thousands
Loans and Advances	12	Advance to vendors	Margin against Letter of Credit	4,528
Other receivables and accrued interest	14	Others	Receivable against disposal of shares	472
			Others	10,483
Cost of sales	27	Other production overheads	Vehicle hire, running & maintenance	11,571
			Communication	1,746
			Entertainment	2,772
			Other production overheads	9,182
Administrative expenses	29	Salaries, wages and other benefits	Board, Audit and HR Committee meeting fees	3,850

42 SUMMARY OF SIGNIFICANT TRANSACTIONS

	2017	2016
	------ Rupees in thousands ------	
Sales - net	3,824,522	2,856,103
Long term financing	881,640	1,690,099

During the year, the sales of the Group has increased by Rs. 968.419 million (2016: decreased by Rs. 349 million). Furthermore, due to efficient management of funds, long term loan amounting to Rs. 475 million was prepaid having a favourable impact on the Group's leveraging.

43 NUMBER OF EMPLOYEES

The total number of employees as at year end were 534 (2016: 541) out of which 473 (2016: 481) were employed at factory and average number of employees were 543 (2016: 542) out of which 482 (2016: 484) were employed at factory.

44 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on August 19, 2017, have proposed for the year ended June 30, 2017, final cash dividend of Rs. 2.35 per share i.e. 23.5% (2016: Rs. 1.5 per share i.e. 15%) amounting to Rs. 234.33 million (2016: Rs. 149.577 million) for approval by the members of the Holding Company in the Annual General Meeting to be held on September 18, 2017. These consolidated financial statements for the year ended June 30, 2017 do not include the effect of the proposed cash dividend, which will be recognized in the consolidated financial statements for the year ending on June 30, 2018.

45 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on August 19, 2017 by the Board of Directors of the Holding Company.

46 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE

DIRECTOR

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BANK ACCOUNT INFORMATION FORM

It is to inform you that under section 242 of Companies Act, 2017(Act), every listed company is required to pay dividend, if any, to their shareholders only through electronic mode, i.e. by transferring the same directly into the bank account provided by the shareholders.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2017 dated August 01, 2017, thereby allowing extension in time till October 31, 2017. Please note that with effect from November 1, 2017 all dividend payments shall be made only through electronic mode. Therefore, all shareholders of Thatta Cement Company Limited are required to provide the following information to the Company's Share Registrar i.e. M/s THK Associates (Pvt) Limited as soon as possible but not later then October 31, 2017.

Please provide the following information:

Shareholder's Detail
Name of the Shareholder
Folio No/CDC Participant ID& A/C #
CNIC No.
Passport No. (In case of Foreign Shareholder)
Landline number of Shareholder/Transferee
Cell number of Shareholder/Transferee
Shareholder's Bank Detail
Title of the Bank Account
Bank Account Number
Bank's Name
Branch name and Address

Note: CDC account holders should submit their request directly to their broker (participant)/CDC.

It is stated that the above mentioned information is correct, and I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of member/shareholder

COPY OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)

As per directions to all listed companies by the Securities and Exchange Commission of Pakistan vide S.R.O. 831/2012 dated July 5, 2012, the "DIVIDEND WARRANT" should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant cannot be issued without inserting the CNIC number of the member(s).

For this purpose, please provide us a copy of your CNIC (if not provided earlier) on MOST URGENT BASIS for compliance of the directions of SECP.

You must mention your folio number on the face of your CNIC copy for identication.

Copy of your CNIC may please be sent to our Share Registrar Office at the following address:

THK Associates (Pvt) Limited
1st Floor, 40-C, Block 6,
P.E.C.H.S., Karachi, 75400.

Telephone #	: (92-21) 111-000-322
Fax #	: (92-21) 34168271
Email	: secretariat@thk.com.pk
	: info@thk.com.pk
Website	: www.thk.com.pk

Shareholders are requested to immediately notify the change of address, if any.

Yours truly
For Thatta Cement Company Limited

Muhammad Taha Hamdani
Company Secretary

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 ____________________ to be held at Beach Luxury Hotel, M.T. Khan Road, Lalazar Karachi, on Monday, September 18, 2017 at 10:00 a.m. and at any adjournment thereof.

As witness my hand this ____________ day of ____________________ 2017 ____________

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 پرائیوٹ 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 18 ستمبر 2017 کو 10 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۔۔۔۔۔۔۔۔۔۔۔۔/۔۔۔۔۔۔۔۔۔۔۔۔2017

گواہان:

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
نام:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
CNIC / پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

دستخط:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
نام:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
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 فرداًفرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصیق شدہ نقل یا پاسپورٹ پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔


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