

LCK/CS/FR2020/2020-21/

August 25, 2020

The General Manager
Pakistan Stock Exchange
Limited
Karachi

The Deputy Chief
Securities & Exchange
Commission of Pakistan
Islamabad

The London Stock Exchange
10 Paternoster
Square,
London

Dear Sir(s)

Financial Results for the year ended June 30, 2020

We have to inform you that the Board of Directors of our Company in their Meeting held on Tuesday, August 25, 2020 at 11:30 a.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

- | | | |
|-------|--|-----|
| (i) | <u>Cash Dividend</u> | Nil |
| (ii) | <u>Bonus Shares</u> | Nil |
| (iii) | <u>Right Shares</u> | Nil |
| (iv) | <u>Any other Entitlement / Corporate Action</u> | Nil |
| (v) | <u>Any other Price-Sensitive Information</u> | Nil |

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The financial results of the Company consisting of Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income and Directors' Report (Condensed) are annexed.

The 27th Annual General Meeting (AGM) of the Company will be held on Tuesday, **September 29, 2020** at 12:00 noon at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, Khyber Pukhtunkhwa.

The Share Transfer Books of the Company will remain closed from Tuesday, September 15, 2020 to Tuesday, September 29, 2020 (both days inclusive). Transfers received at our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Monday, September 14, 2020 will be treated in time for the purpose of Annual General Meeting.

We will be transmitting our Annual Report, 2020 in electronic form according to Clause 5.6.9 of PSX Regulations as per your issued notice having # PSX/N-4207 dated July 13, 2018.

Yours truly,
For: Lucky Cement Limited

Atif Kaludi
CFO / Director Finance

LUCKY CEMENT LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	2020	2019
	(PKR in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	60,154,650	57,276,184
Intangible assets	11,323	18,152
	<u>60,165,973</u>	<u>57,294,336</u>
Long-term investments	47,144,485	34,313,588
Long-term loans and advances	87,008	99,316
Long-term deposits	3,175	3,175
	<u>107,400,641</u>	<u>91,710,415</u>
CURRENT ASSETS		
Stores and spares	6,613,090	6,809,724
Stock-in-trade	2,915,552	4,253,020
Trade debts	3,422,767	2,058,719
Loans and advances	390,966	686,525
Trade deposits and short-term prepayments	81,169	74,223
Accrued return	47,572	113,869
Other receivables	3,670,300	2,130,907
Tax refunds due from the Government	538,812	538,812
Short term investments	2,970,999	1,055,754
Cash and bank balances	7,816,606	15,657,246
	<u>28,467,833</u>	<u>33,378,799</u>
TOTAL ASSETS	<u>135,868,474</u>	<u>125,089,214</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Issued, subscribed and paid-up share capital	3,233,750	3,233,750
Reserves	95,950,111	91,084,667
	<u>99,183,861</u>	<u>94,318,417</u>
NON-CURRENT LIABILITIES		
Long-term deposits	233,062	90,264
Long-term loan	380,181	-
Deferred liabilities	7,116,018	7,102,483
	<u>7,729,261</u>	<u>7,192,747</u>
CURRENT LIABILITIES		
Trade and other payables	19,354,794	19,185,279
Current maturity of long-term loan	126,727	-
Short term borrowings	7,931,444	2,900,000
Unclaimed dividend	55,767	53,953
Unpaid dividend	17,580	91,119
Accrued markup	46,173	10,338
Taxation - net	1,422,867	1,337,361
	<u>28,955,352</u>	<u>23,578,050</u>
	<u>36,684,613</u>	<u>30,770,797</u>
TOTAL EQUITY AND LIABILITIES	<u>135,868,474</u>	<u>125,089,214</u>
CONTINGENCIES AND COMMITMENTS		

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Chairman / Director


Chief Executive


Chief Financial Officer

LUCKY CEMENT LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(PKR In '000')	
Gross sales	62,302,086	67,547,938
Less: Sales tax and federal excise duty	<u>19,349,670</u>	<u>18,523,888</u>
Rebates, incentive and commission	<u>1,081,620</u>	<u>1,002,651</u>
	<u>20,431,290</u>	<u>19,526,539</u>
Net sales	41,870,796	48,021,399
Cost of sales	<u>(35,794,031)</u>	<u>(34,037,568)</u>
Gross profit	6,076,765	13,983,831
Distribution cost	(3,699,154)	(2,728,809)
Administrative expenses	(1,189,638)	(1,202,939)
Finance costs	(176,378)	(24,933)
Other expenses	(377,526)	(1,047,617)
Other income	3,185,859	3,241,682
Profit before taxation	3,819,928	12,221,215
Taxation		
- current	<u>(656,005)</u>	<u>(2,140,079)</u>
- deferred	<u>180,010</u>	<u>409,093</u>
	<u>(475,995)</u>	<u>(1,730,986)</u>
Profit after taxation	3,343,933	10,490,229
Other comprehensive income:		
Other comprehensive income / (loss) which will not be reclassified to statement of profit or loss in subsequent periods		
Gain on remeasurement of post retirement benefit obligation	<u>238,329</u>	<u>80,166</u>
Deferred tax thereon	<u>(69,115)</u>	<u>(21,645)</u>
	<u>169,214</u>	<u>58,521</u>
Unrealized loss on remeasurement of equity instrument at fair value through other comprehensive income	<u>(5,487)</u>	<u>(11,947)</u>
Deferred tax thereon	<u>823</u>	<u>1,792</u>
	<u>(4,664)</u>	<u>(10,155)</u>
	<u>164,550</u>	<u>48,366</u>
Total comprehensive income for the year	3,508,483	10,538,595
	(PKR)	
Earnings per share - basic and diluted	<u>10.34</u>	<u>32.44</u>

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Chairman / Director


Chief Executive


Chief Financial Officer

LUCKY CEMENT LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	2020	2019
	(PKR in '000)	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	190,788,960	135,475,796
Intangible assets	7,341,737	7,653,720
Right-of-use-assets	318,279	-
	<u>198,448,976</u>	<u>143,129,516</u>
Long-term investments	23,970,762	18,554,210
Long-term loans and advances	617,130	551,354
Long-term deposits and prepayments	46,672	51,076
	<u>223,083,540</u>	<u>162,286,156</u>
CURRENT ASSETS		
Stores, spares and consumables	8,165,751	8,193,401
Stock-in-trade	21,292,185	18,299,229
Trade debts	5,834,590	4,508,468
Loans and advances	1,636,587	1,997,339
Trade deposits and short-term prepayments	1,000,279	2,092,112
Other receivables	9,202,663	6,935,242
Tax refund due from the Government	538,812	538,812
Taxation receivable	2,335,223	2,687,513
Accrued return	94,208	156,948
Short term investments	2,970,999	1,055,754
Cash and bank balances	15,731,810	18,270,313
	<u>68,803,107</u>	<u>64,735,131</u>
TOTAL ASSETS	<u>291,886,647</u>	<u>227,021,287</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	110,543,591	105,787,478
Attributable to the owners of the Holding Company	113,777,341	109,021,228
Non-controlling interest	17,709,710	16,249,228
Total equity	<u>131,487,051</u>	<u>125,270,456</u>
NON-CURRENT LIABILITIES		
Long-term finance	82,524,140	32,771,993
Long-term deposits	357,855	90,264
Leases	253,591	-
Deferred liabilities	11,133,530	11,431,338
Other long term liabilities	5,331,774	5,078,003
	<u>99,600,890</u>	<u>49,371,598</u>
CURRENT LIABILITIES		
Current portion of long-term finance	2,637,451	1,694,503
Trade and other payables	42,536,979	36,059,184
Provision for taxation	1,792,626	1,699,742
Accrued return	848,931	619,500
Short-term borrowings and running finance	12,830,116	12,161,232
Current portion of leases	79,256	-
Unclaimed dividend	55,767	53,953
Unpaid dividend	17,580	91,119
	<u>60,798,706</u>	<u>52,379,233</u>
TOTAL EQUITY AND LIABILITIES	<u>291,886,647</u>	<u>227,021,287</u>
CONTINGENCIES AND COMMITMENTS		

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Chairman / Director


Chief Executive Officer


Chief Financial Officer

LUCKY CEMENT LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(PKR in '000)	
Revenue	162,868,206	136,591,742
Less: Sales tax and excise duty	<u>32,210,557</u>	<u>22,304,398</u>
Rebates and commission	<u>6,890,060</u>	<u>5,991,699</u>
	39,100,617	28,296,097
	<u>123,767,589</u>	<u>108,295,645</u>
Cost of sales	(104,810,654)	(84,506,680)
Gross profit	18,956,935	23,788,965
Distribution cost	<u>(7,648,737)</u>	<u>(5,855,390)</u>
Administrative expenses	<u>(4,221,555)</u>	<u>(3,274,843)</u>
Finance cost	<u>(2,367,101)</u>	<u>(1,609,882)</u>
Other expenses	<u>(1,203,342)</u>	<u>(1,903,511)</u>
Other income	<u>2,376,253</u>	<u>2,999,637</u>
	5,892,453	14,144,976
Share of profit - joint ventures and associates	<u>3,038,446</u>	<u>1,012,870</u>
Profit before taxation	8,930,899	15,157,846
Taxation		
- current	<u>(2,113,459)</u>	<u>(2,234,744)</u>
- deferred	<u>499,767</u>	<u>(576,147)</u>
	(1,613,692)	(2,810,891)
Profit after taxation	7,317,207	12,346,955
Attributable to:		
Owners of the Holding Company	6,132,025	11,327,770
Non-controlling interest	1,185,182	1,019,185
	7,317,207	12,346,955
Other comprehensive income:		
Other comprehensive income which will not be reclassified to profit or loss in subsequent periods:		
Gain on remeasurements of post retirement benefit obligations	<u>176,209</u>	<u>112,965</u>
Deferred tax thereon	<u>(55,239)</u>	<u>(29,405)</u>
	120,970	83,560
Unrealised loss on remeasurement of equity instrument at fair value through other comprehensive income	<u>(5,487)</u>	<u>(11,947)</u>
Deferred tax thereon	<u>823</u>	<u>1,792</u>
	(4,664)	(10,155)
	116,306	73,405
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:		
Foreign exchange differences on translation of foreign operations	688,874	2,677,878
Other comprehensive income	805,180	2,751,283
Total comprehensive income for the year	8,122,387	15,098,238
Attributable to:		
Owners of the Holding Company	6,957,787	14,067,979
Non-controlling interest	1,164,600	1,030,259
	8,122,387	15,098,238
	(PKR)	
Earnings per share - basic and diluted	18.96	35.03

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Chairman / Director


Chief Executive Officer


Chief Financial Officer

Directors' Report

The Directors have the pleasure in presenting to you the audited financial results of your Company which include both, **stand-alone** and **consolidated financial statements** for the fiscal year ended June 30, 2020.

Overview

The export performance of the **Cement Industry** has been very encouraging during the the current financial year, which supported the overall Industry volumes which increased by 2.0% to 47.81 million tons for the fiscal year ended June 30, 2020 in comparison to 46.89 million tons last year. Export sales volumes registered an increase of 20.0% to reach 7.85 million tons as compared to 6.54 million tons last year and the local sales volume registered a decline of 0.9% to 39.97 million tons during the fiscal year ended June 30, 2020 in comparison to 40.34 million tons last year.

As a result of COVID-19 lockdowns locally and internationally during 4Q 2020, both local and export sales were adversely effected. Your **Company's** overall sales volume declined by 0.6% to reach 7.63 million tons during the current fiscal year. The local cement sales volume registered a decline of 7.6% and were 5.41 million tons in comparison to 5.85 million tons last year, however the export sales volumes of the Company improved by 18.8% to 2.16 million tons as compared to 1.82 million tons last year.

On a **consolidated basis**, your Company achieved a gross turnover of PKR 162.87 billion which is 19% higher as compared to last year's turnover of PKR 136.59 billion.

Moreover, **consolidated** Net Profit of the Company was PKR 7.32 billion of which PKR 1.19 billion is attributable to non-controlling interests which translates into an EPS of PKR 18.96 during the fiscal year ended June 30, 2020 as compared to PKR 35.03 during last year.

Financial Performance - Consolidated

The **consolidated** financial performance of your Company for the fiscal year ended June 30, 2020 as compared to last year is presented below:

Particulars	PKR in millions except EPS		
	FY 2019-20	FY 2018-19	Change (%)
Gross Revenue	162,868	136,592	19.2%
Net Revenue	123,768	108,296	14.3%
GP	18,957	23,789	(20.3%)
OP	7,087	14,659	(51.7%)
EBITDA	15,145	21,059	(28.1%)
NP (Attributable to Owners' of the holding company)	6,132	11,328	(45.9%)
EPS	18.96 / Share	35.03 / Share	(45.9%)

During the fiscal year 2019-20 under review, your Company's overall Consolidated Net Profit decreased by 45.9% as compared to the same period last year.

The decrease in Net profit was mainly attributable to decrease in Net Profit of Cement segment (Holding Company) which decreased by 79.0% due to lower margins and higher input costs (as explained in details below). This decrease in Net Profit of holding company was partially offset by significant increase in Net Profit from foreign operations (LCL Investments Holdings Limited) as compared to last year. Despite challenging market and economic dynamics, the increase in Net Profit is mainly attributable to growth in sales volume, increase in cement prices and decrease in input costs from both Congo & Iraq projects. While the profitability of ICI remained similar to last year, the increase in Automobile segment's profitability also contributed towards improving the consolidated Net Profit.

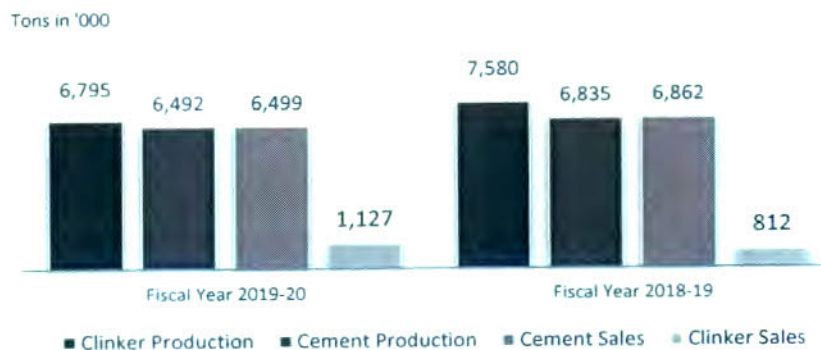
Business Performance

a. Production & Sales Volume Performance - Standalone

The **standalone** production and sales statistics of your Company for the current fiscal year ended June 30, 2020 compared to last year are as follows:

Particulars	FY 2019-20	FY 2018-19	Growth/ (Decline) %
	Tons in '000'		
Clinker Production	6,795	7,580	(10.4%)
Cement Production	6,492	6,835	(5.0%)
Cement Sales	6,499	6,862	(5.3%)
Clinker Sales	1,127	812	38.8%

The production and sales volume data is graphically presented as under:



A comparison of the dispatches of the **Industry** and your **Company's standalone business** for the fiscal year ended 2019-20 in comparison with last year is presented below:

Particulars (Tons in '000')	Fiscal Year 2019-20	Fiscal Year 2018-19	Growth / (Decline) %	
Cement Industry				
Local Sales	39,965	40,344	(379)	(0.9%)
Export Sales				
- Bagged	3,586	4,276	(690)	(16.1%)
- Loose	63	117	(54)	(46.2%)
- Clinker	4,198	2,148	2,050	95.4%
Total Exports	7,847	6,541	1,306	20.0%
Grand Total	47,812	46,885	927	2.0%
Lucky Cement				
Local Sales - Cement	5,412	5,854	(442)	(7.6%)
Local Sales - Clinker	51	-	51	0.0%
	5,463	5,854	(391)	(6.7%)
Export Sales				
- Bagged	1,024	891	133	14.9%
- Loose	63	117	(54)	(46.2%)
- Clinker	1,075	812	263	32.4%
Total Exports	2,162	1,820	342	18.8%
Grand Total	7,625	7,674	(49)	(0.6%)

Market Share	Fiscal Year 2019-20	Fiscal Year 2018-19	Growth/ Decline
Local Sales	13.7%	14.5%	(5.5%)
Export Sales			
- Bagged	28.6%	20.8%	37.5%
- Loose	100.0%	100.0%	0.0%
- Clinker	25.6%	37.8%	(32.3%)
Total Export	27.6%	27.8%	(0.7%)
Grand Total	15.9%	16.4%	(3.0%)

* Industry data is based on APCMA website

A comparative year-wise analysis of market share of your Company is as under:



Lucky Cement Limited

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URI: www.lucky-cement.com



While the absolute sales volume of Lucky Cement has increased from 6.9 MTPA in 2016 to 7.6 MTPA in 2020; however, the market share appears to have reduced due to significant capacity additions within the country during the same period.

b. Financial Performance - Standalone

The **standalone** financial performance of your Company for the fiscal year ended June 30, 2020 as compared to last year is presented below:

PKR in millions except EPS

Particulars	FY 2019-20	FY 2018-19	Change (%)
Gross Revenue	62,302	67,548	(7.8%)
Net Revenue	41,871	48,021	(12.8%)
GP	6,077	13,984	(56.5%)
OP	1,188	10,052	(88.2%)
EBITDA	5,039	13,370	(62.3%)
NP	3,344	10,490	(68.1%)
EPS	10.34 / Share	32.44 / Share	(68.1%)

Revenue

During the fiscal year 2019-20 under review, your Company's overall gross sales revenue declined by 7.8% as compared to the same period last year. Where, although the export sales revenue showed an increase of 21.2% (PKR 12.34 billion vs PKR 10.18 billion) but the local sales revenue decline of 12.9% (PKR 49.96 billion vs PKR 57.36 billion) lead to the overall drop of 7.8% in the gross sales revenue.

Cost of Sales

During the fiscal year 2019-20 under review, per ton cost of sales of your Company increased by 5.8% as compared to last year. This increase was mainly on account of exceptional increase in gas price, higher transportation costs on input materials, increased packing material prices and adverse rupee exchange rate parity. The higher costs impact was reasonably mitigated with decline in international coal prices.

Gross Profit

In view of the lower pricing and higher input costs, as mentioned above, Gross profit margins of the company for the fiscal year under review were 14.5% as compared to 29.1% reported during the same period last year.

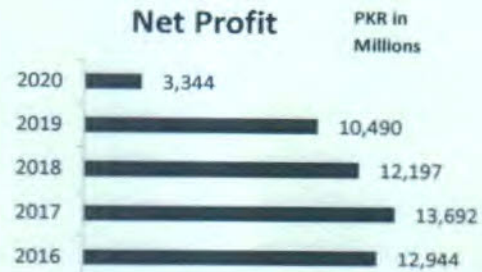
Gross Profit



Net Profit

Similarly, your Company achieved a profit before tax of PKR 3,819.9 million during the fiscal year under review as compared to PKR 12,221.2 million reported during the same period last year.

Accordingly, after tax profit of PKR 3,343.9 million was achieved during the fiscal year under review as compared to PKR 10,490.2 million reported during the same period last year.



Earnings per share

The earnings per share of your Company for the fiscal year ended June 30, 2020 was PKR 10.34 in comparison to PKR 32.44 reported last year.



The drop in Company's profitability for last three years is mainly due to increased capacities coming online locally which has put a downward pressure on margins; whereas the costs have continued to increase. As the local, demand supply balance improves and exports gain further momentum, margins are expected to improve.

Dividend & Appropriation

As part of its diversification and expansion plans the Company has followed a financial strategy in which it used internally generated cash flows to finance the capital intensive projects. These include:

- installation of 2.8 MTPA line in its Pezu Plant – which became operational on December 30, 2019 with an investment outlay of PKR 20.2 billion
- equity contribution in KIA Lucky Motors – amounting to a total of PKR 12.87 billion made during FY 2018 and 2019; and
- equity contribution in Lucky Electric Power Company Limited – amounting to a total of PKR 19.45 billion made since FY 2018, while the project has now entered into its crucial and concluding phase.

Keeping in view the balance equity commitments for LEPCL, the directors have not proposed any dividend for the year ended June 30, 2020.

Your company remains committed to consistently provide sustainable returns to the shareholders and it strongly believes, that value for shareholders will increase significantly when its diversification and investment plans are completed.

Movement in un-appropriated profit is as follows:

	PKR in '000
Net Profit for the Year	
Un-appropriated profit at the beginning of the year	-
Profit available for appropriation	3,508,483
	3,508,483
Appropriations	
Proposed transfer to General Reserves	3,508,483
Un-appropriated profit at the end of the year	-
Basic and diluted earnings per share – PKR	10.34

Investment Projects – New and Ongoing

Investment in 1 x 660 MW, supercritical, coal based power project

The construction activity for setting up 660 MW super critical, lignite coal-based power plant was moving as per Schedule before the outbreak of COVID-19 in China with the targeted Commercial Operation on 1st March, 2021. On 6th February 2020, the Construction and Supply Contractors of the Company declared other Force Majeure Event (FME) under the provisions of their respective agreements due to outbreak of COVID-19 and notified that there is possible risk of delay in Project implementation. On 25th March, 2020, the Company also received FME notice on the same account from Central Power Purchasing Agency (CPPA) notifying possible delay in provision of interconnection facility which is required to be provided by CPPA not later than 120 days prior to Commercial Operation Date. The precise assessment of FME on the project commercial operation timeline could not be made at this stage as FME is still in place. However, the Company in coordination with its Contractors and the CPPA is taking mitigating measures to contain the construction delay whereas the Company is in discussion with the Ministry of Power, CPPA and NTDC to contain the delay in provision of interconnection to the Plant which is essential for carrying out pre and post synchronization testing. The project's completion stage as on June 30, 2020 is 85%. It is likely that the delay in COD will be contained within Ninety days with the presumption that further spread of COVID-19 will be restricted and interconnection facility will be available within timeline given under the PPA.

Greenfield clinker production facility in Samawah, Iraq – 1.2 million tons per annum

All the shipments of Clinker Plant have reached at site and erection work is in progress. First shipment of cement grinding unit reached at site during the first week of August 2020 and second shipment of cement grinding unit, 02 WHR boilers, Generator of Wartsila and other critical materials for cement mill are expected to reach at site in the months of August/ September, 2020. Manpower, materials and other necessary resources which are available at plant site are continuously working on the project despite the lock down due to COVID-19.

As a result of air space closure in Iraq, we have not been able to mobilize additional manpower to expedite the preheater/kiln, refractory work as well as electrical works. We foresee slight delay in project completion which is now expected by end of December 2020 or early January 2021. However, if the air space closure persists, the COD can be further delayed.



Corporate Social Responsibility

Your Company has a proven history and track record of its strong commitment for the improvement of society and the communities in which it operates. Making a real contribution to society and helping to find solutions to global challenges is fundamental to our way of doing business. To give focus to our efforts, we have set goals that include best environmental, social and governance practices across our operations. The primary focus of CSR initiatives of your Company remains in the education sector, women empowerment, health, environment conservation and community development.

Education / Scholarships

Continuing with its long-term vision to provide merit-based support for the deserving and less privileged segments of the society, your Company continued to extend a number of scholarships to various students of leading universities in Pakistan and abroad.

Women Empowerment

Your Company's focus on women empowerment through education has strengthened its collaboration with Zindagi Trust by supporting the two leading Government girls' schools in Karachi. These schools have been transformed into model girls' educational institutions in Pakistan.

Health Initiatives

The provision of quality healthcare for the society at large, has always remained your Company's priority, especially through the financial support of Aziz Tabba Foundation: a prominent philanthropic institution that is running Tabba Heart and Tabba Kidney institutes, which provide vital support in bridging the gap of specialized and modern medical care in the Country. Tabba Heart has achieved a trend-setting image in the field of cardiac healthcare by setting-up one of a kind preventive cardiology and rehabilitation department. Tabba Kidney, on the other hand has grown into the largest hemodialysis centre of Pakistan, providing complete medical care and surgical support in pediatric and adult urology.

Moreover, in the current financial year, your Company also provided financial support to Pakistan Welfare Association of the Blind and World Memon Organization.

Sustainability Initiatives

Your Company is strongly driven by international benchmarks for sustainable practices in business. But a greater portion of what the Company does in this sphere is by choice and conviction. From this flows its support for endeavors to conserve the natural capital, improve land and water use, and protect forest tracts and green sanctuaries.

Contribution toward the United Nations Sustainability Development Goals 2030

In support of the UN Sustainability Development Goals, your Company has initiated and promoted various sustainable projects to support the United Nations' 2030 Agenda. The integration of the SDGs has taught us to view sustainable development as a business response to the challenges we face as a society — to use business-driven approaches to create lasting economic growth to address social needs and empower communities.

Your Company is now on a journey to link the Sustainable Development Goals to Lucky Cement's business strengths. We see the SDGs as a win-win opportunity, improving the world for future generations, whilst supporting our vision to become a value-based, sustainable company.

Lucky Cement Limited

6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.
U.A.N: 111-786-555 F: 34534302 E: info@lucky-cement.com
URL: www.lucky-cement.com





Environment Preservation

Your Company always takes serious responsibility towards the conservation of Environment in every sphere of its operations. With an effort to further highlight the importance of environment preservation, your Company continued with its tree plantation drive in and around its manufacturing sites. Furthermore, in an effort to highlight the importance of sustainability amongst the employees, your Company also extended the tree plantation drive by distributing free saplings to its employees to further encourage and promote the importance of green environment for the employees and their families.

Water Conservation

Responsible consumption of water and its conservation is an integral part of Lucky Cement's sustainability efforts and its drive towards utilizing the resources responsibly. Your Company believes in responsible consumption of valuable resources of water and makes every effort to reduce its usage. Some water conservation projects include installation of RO plants at our production facilities and water sprinklers in the gardens and storage locations which use 30% - 50% less water than conventional watering methods.

We reduce water intensity in all our operations and focus particularly on our impact in water conservation. By using our expertise, we at Lucky Cement remain committed to manage our water usage in an efficient and sustainable manner to support in improvement of access to clean water for communities, wherever possible. We make efforts to restore natural water cycles, benefiting multiple aspects of our value chain and the people and communities we serve.

Community Development Programs

Your company believes in the importance of giving back to the community and therefore, continues to make efforts to uplift the underprivileged communities and for this cause your Company recently installed five solar energy based tube wells at various targeted locations near its Cement plant in the north at Jhang Khel, Wazir Kala, Shehbaz Khel, Tabi Murad and Azghar Khel, where earlier, only limited facilities for drinking water were available.

Outlook

While the Covid-19 cases in Pakistan have receded significantly, it is yet to be seen by when it comes fully under control globally. With the current macro-economic situation, your Company believes that in the short to medium term, the Outlook of the Cement industry will continue to improve due to increase in demand in both domestic and international markets. The Local demand has started growing, both in the North and South regions. Based on the demand projections in the North, management expects that the prices in North will stabilize compared to the outgoing year. Export sales are anticipated to remain strong, however, prices will remain competitive due to surplus capacities available in the region.

Moreover, we also expect that the package announced for the construction industry by the Federal Government will have a positive impact on the cement demand of the country.

In the long-term, the Cement industry's outlook remains promising on account of the Government's key initiatives to build both small and mega-capacity / multipurpose water reservoirs / dams, construction of Special Economic Zones as part of CPEC projects, and low-cost affordable houses for the public at large.

Your Company's strong financial position and free cash flow generating ability are anticipated to further support its Vision to improve operational efficiencies as well as make new investments, which can bring in further improvement in efficiencies and enhance shareholders' value.

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Acknowledgement

Directors of your Company take pleasure in expressing their sincere gratitude and appreciation for the outstanding commitment and contribution of all the employees and continued trust and reliance placed in the Company by all the stakeholders.

On behalf of the Board

MUHAMMAD YUNUS TABBA
Chairman / Director

Karachi: August 25, 2020

MUHAMMAD ALI TABBA
Chief Executive / Director

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