



LCK/CS/FS2022/2022-23/

August 5, 2022

The General Manager
Pakistan Stock Exchange
Limited
Karachi

The Director / HOD
Surveillance Supervision
and Endorsement Dept
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, 2022

We have to inform you that the Board of Directors of our Company in their Meeting held on Friday, August 5, 2022 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

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





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 29th Annual General Meeting (AGM) of the Company will be held on Wednesday, **September 28, 2022** at 12:00 noon at the registered office of the Company situated at factory premises in Pezu, District Lakki Marwat, Khyber Pakhtunkhwa.

The Share Transfer Books of the Company will remain closed from Tuesday, September 20, 2022 to Wednesday, September 28, 2022 (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 19, 2022 will be treated in time for the purpose of Annual General Meeting and dividend, if any.

We will be transmitting Annual Report, 2022 of the Company for the year ended June 30, 2022 in electronic form through PUCARS within the specified time.

Yours truly,
For: Lucky Cement Limited

FAISAL MAHMOOD
GM Finance & Company Secretary

Lucky Cement Limited

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LUCKY CEMENT LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		(PKR in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	6	276,029,950	215,582,486
Intangible assets	7	14,602,075	7,024,057
Right-of-use-assets	8	163,074	234,202
		<u>290,795,099</u>	<u>222,840,745</u>
Long-term investments	9	36,544,627	26,958,382
Long-term loans and advances	10	551,695	737,417
Long-term deposits	11	70,340	53,297
		<u>327,961,761</u>	<u>250,589,841</u>
CURRENT ASSETS			
Stores, spares and consumables	12	13,656,865	12,406,105
Stock-in-trade	13	72,021,896	36,258,277
Trade debts	14	36,355,113	5,645,184
Loans and advances	15	3,486,666	2,189,186
Trade deposits and short-term prepayments	16	1,035,845	921,196
Other receivables	17	18,590,025	12,424,856
Tax refunds due from the Government	18	538,812	538,812
Taxation receivable		123,926	736,597
Accrued return		39,791	23,440
Short-term investments	19	12,976,155	26,286,983
Cash and bank balances	20	16,900,459	13,377,143
		<u>175,725,553</u>	<u>110,807,779</u>
TOTAL ASSETS		<u>503,687,314</u>	<u>361,397,620</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	21	3,233,750	3,233,750
Reserves	22	167,630,764	132,389,387
Attributable to the owners of the Holding Company		170,864,514	135,623,137
Non-controlling interest		28,893,975	21,403,155
Total equity		<u>199,758,489</u>	<u>157,026,292</u>
NON-CURRENT LIABILITIES			
Long-term loans	23	127,874,326	93,558,287
Long-term deposits and other liabilities	24	7,170,303	5,422,053
Leases liabilities	8	88,182	171,533
Deferred income - Government grant	25	4,361,931	1,948,977
Deferred liabilities			
- Staff Gratuity - unfunded		2,804,294	2,520,556
- Deferred tax liability		12,307,123	9,902,174
	26	15,111,417	12,422,730
		<u>154,606,159</u>	<u>113,523,580</u>
CURRENT LIABILITIES			
Current portion of long-term finance	23	5,081,071	5,309,741
Trade and other payables	27	78,407,163	70,917,677
Provision for taxation		6,957,350	2,275,047
Accrued return		576,471	248,689
Short-term borrowings and running finance	28	58,153,464	11,949,034
Current portion of lease liabilities	8	96,117	94,102
Unclaimed dividend		51,030	53,458
		<u>149,322,666</u>	<u>90,847,748</u>
		<u>303,928,825</u>	<u>204,371,328</u>
TOTAL EQUITY AND LIABILITIES		<u>503,687,314</u>	<u>361,397,620</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Chairman / Director

Chief Executive Officer

Chief Financial Officer

LUCKY CEMENT LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(PKR in '000)	
Revenue	31.1	402,158,149	267,725,109
Less: Sales tax and excise duty		58,345,772	50,261,392
Rebates and commission		12,350,263	10,304,844
		70,696,035	60,566,236
		<u>331,462,114</u>	<u>207,158,873</u>
Cost of sales	31.2	(268,290,618)	(159,613,718)
Gross profit		<u>63,171,496</u>	<u>47,545,155</u>
Distribution cost	33	(11,824,700)	(10,021,626)
Administrative expenses	34	(5,760,738)	(5,509,068)
Finance cost	35	(7,095,208)	(1,463,781)
Other expenses	36	(4,465,504)	(4,915,446)
Other income	37	7,336,630	2,927,644
		<u>41,361,976</u>	<u>28,562,878</u>
Share of profit - joint ventures and associates	9.8	5,674,108	4,438,860
Profit before taxation		<u>47,036,084</u>	<u>33,001,738</u>
Taxation	38	(10,613,414)	(4,772,814)
Profit after taxation		<u>36,422,670</u>	<u>28,228,924</u>
Attributable to:			
Owners of the Holding Company		29,497,340	22,857,948
Non-controlling interest		6,925,330	5,370,976
		<u>36,422,670</u>	<u>28,228,924</u>
		(PKR)	
Earnings per share - basic and diluted	39	<u>91.22</u>	<u>70.69</u>

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

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Chairman / Director


Chief Executive Officer


Chief Financial Officer

LUCKY CEMENT LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
(PKR in '000')			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	82,301,050	62,389,947
Intangible assets	6	51,352	670
		<u>82,352,402</u>	<u>62,390,617</u>
Long-term investments	7	57,594,485	53,194,485
Long-term loans and advances	8	191,684	98,655
Long-term deposits	9	8,106	7,937
		<u>140,146,677</u>	<u>115,691,694</u>
CURRENT ASSETS			
Stores and spares	10	11,206,843	10,526,573
Stock-in-trade	11	7,171,364	3,105,037
Trade debts	12	3,522,931	2,710,081
Loans and advances	13	735,337	944,987
Trade deposits and short-term prepayments	14	140,532	85,403
Accrued return		39,316	22,309
Other receivables	15	4,838,323	3,690,639
Tax refunds due from the Government	16	538,812	538,812
Short term investments	17	12,751,155	16,227,103
Cash and bank balances	18	3,871,078	2,825,424
		<u>44,815,691</u>	<u>40,676,368</u>
TOTAL ASSETS		<u><u>184,962,368</u></u>	<u><u>156,368,062</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up share capital	19	3,233,750	3,233,750
Reserves	20	125,306,574	109,966,508
		<u>128,540,324</u>	<u>113,200,258</u>
NON-CURRENT LIABILITIES			
Long-term deposits	21	250,332	243,633
Long-term loans	22	14,108,446	2,934,044
Deferred Government grant	23	2,164,455	1,107,940
Deferred liabilities			
- Staff gratuity - unfunded		2,596,281	2,337,897
- Deferred tax liability		6,941,172	6,157,224
	24	<u>9,537,453</u>	<u>8,495,121</u>
		<u>26,060,686</u>	<u>12,780,738</u>
CURRENT LIABILITIES			
Trade and other payables	25	23,191,483	20,789,760
Current maturity of long-term loans	22	487,202	506,908
Short term borrowings	26	1,000,000	7,050,000
Unclaimed dividend		51,030	53,458
Accrued markup		135,452	70,868
Taxation - net		5,496,191	1,916,072
		<u>30,361,358</u>	<u>30,387,066</u>
TOTAL EQUITY AND LIABILITIES		<u><u>56,422,044</u></u>	<u><u>43,167,804</u></u>
CONTINGENCIES AND COMMITMENTS	27	<u><u>184,962,368</u></u>	<u><u>156,368,062</u></u>

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

RM 1


Chairman / Director


Chief Executive


Chief Financial Officer

LUCKY CEMENT LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022


	Note	2022 (PKR in '000')	2021
Gross sales	28	108,600,945	88,357,695
Less: Sales tax and federal excise duty		26,133,535	23,861,689
Rebates, incentives and commission		1,373,885	1,555,201
		27,507,420	25,416,890
Net sales		81,093,525	62,940,805
Cost of sales	29	(58,541,684)	(43,984,873)
Gross profit		22,551,841	18,955,932
Distribution cost	30	(4,764,574)	(4,859,096)
Administrative expenses	31	(1,512,279)	(1,257,074)
Finance costs	32	(394,517)	(332,905)
Other expenses	33	(1,847,039)	(1,507,673)
Other income	34	7,387,800	5,993,029
Profit before taxation		21,421,232	16,992,213
Taxation	35	(6,122,614)	(2,922,024)
Profit after taxation		15,298,618	14,070,189
		(PKR)	
Earnings per share - basic and diluted	36	47.31	43.51

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

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Chairman / Director


Chief Executive


Chief Financial Officer



Report of the Directors for the year ended June 30, 2022

The Directors are pleased to present their report, together with the audited financial statements, both on an **unconsolidated** and a **consolidated** basis of the Company, for the year ended June 30, 2022.

The Directors Report has been prepared in accordance with the section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 and will be submitted to the shareholders at the twenty-ninth Annual General Meeting of the Company to be held on September 28, 2022.

Overview of Economy and Consolidated Financial Performance

Post-pandemic recovery of the global and local economies, instability in international commodity prices continued to pose challenges for the businesses during the year. The ongoing Russia-Ukraine conflict has further aggravated this volatility, causing a commodity price super cycle, resulting in higher energy prices.

The volatility in global markets has had a direct impact on Pakistan's Current Account Deficit which rose to \$17.4B in FY 22 vs \$2.8B in FY 21. On the domestic level, the ongoing political instability has deteriorated the economic position of the Country, and the resumption of foreign exchange inflows from the IMF program has faced serious delays. This combination of an uncertain political environment and high international fuel and commodity prices exerted immense pressure on foreign exchange reserves resulting in a significant depreciation of the Pak Rupee against the US Dollar which in turn contributed to high inflation. To control consumption, the State Bank of Pakistan increased the policy rate by 8% since September 2021, along with various measures to curb imports. Rising interest rates coupled with higher inflation have severely affected the purchasing power which will continue to impact the demand of Company and its subsidiaries' products.

On a **consolidated basis**, your company achieved 60% higher net turnover of PKR 331.5 billion as compared to last year's turnover of PKR 207.2 billion. The exceptional growth in revenue, despite economic challenges mentioned above, is owing to robust performance across all businesses of the group and is an affirmation of the successful execution of the Group's diversification strategy.

The **consolidated** Net Profit of the Company is PKR 36.4 billion out of which PKR 29.5 billion is attributable to the owners of the holding company, compared to PKR 28.2 billion and PKR 22.9 billion, respectively for the prior year. This translates into an EPS of PKR 91.22 during the fiscal year ended June 30, 2022 as compared to PKR 70.69 during last year, representing a growth of 29%.

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The **consolidated** financial performance of your Company for the year ended June 30, 2022 as compared to last year is as follows:

PKR in millions except EPS	2021-22	2020-21	Change (%)
Gross Revenue	402,158	267,725	50.2%
Net Revenue	331,462	207,159	60.0%
Gross Profit	63,171	47,545	32.9%
GP as a percentage of net revenue	19.1%	23.0%	-17.0%
Operating Profit	45,586	32,014	42.4%
EBITDA	57,322	40,918	40.1%
Net Profit	36,423	28,229	29.0%
NP (Attributable to Owners' of the holding company)	29,497	22,858	29.0%
Earnings per Share (PKR)	91.22	70.69	29.0%

Local Cement Operations

During the year under review, Company's overall gross sales revenue increased by 22.9% as compared to last year. Despite the reduction in volumes in both domestic and export sales, the profitability of the local cement operations improved marginally because of enhanced operational efficiencies, including better management of sales and distribution costs, which decreased as a percentage of sales. Moreover, the technical fee of PKR 1.8 billion earned from foreign cement operations i.e. NYA Congo coupled with higher financial income on short term investments further improved the bottom line of the Company.

Foreign Cement Operations

The cement production facilities in Iraq and Congo, which are under joint venture agreements, continued to contribute favorably to the profitability of the Group.

Polyester, Soda Ash and Chemicals

The Net Turnover of Company's subsidiary, ICI Pakistan Limited increased by 39% as compared to last year, owing to exceptional performance across all of its businesses. ICI's Polyester, Soda Ash, Agri Sciences, Pharmaceutical and Chemicals segments were able to secure high double-digit growth in operating results. This was on the back of enhanced volumes, better sales mix and successful launch of new products. During the year, ICI also acquired 11% stake in NutriCo Pakistan (Private) Limited (NutriCo Pakistan). This acquisition resulted in a one-off unrealized gain on acquisition of controlling shares in NutriCo Pakistan amounting to PKR 1.8 billion.

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Power

During the year, your Company achieved a major milestone when its wholly owned subsidiary, Lucky Electric Power Company Limited (LEPCL), achieved the Commercial Operations Date (COD) on March 21, 2022 of the 660 MW coal-fired power plant set up at Port Bin Qasim, Karachi. This milestone will play a key role in increasing the energy security and prosperity of Pakistan. It will also go on to reduce the cost of electricity and reliance on imported fuel in the long run after the completion of Phase III of SECMC in June 2023. The power generated from the plant is being fed into the national grid in line with a power purchase agreement signed with the Government.

Automobiles and Mobile Phones

Lucky Motor Corporation (LMC) continued with its impressive run and further strengthened its market position by adding exciting new products, such as Kia Stonic and Peugeot 2008, to its product line-up. LMC, in another major development, started assembling Samsung mobile phones in Pakistan in December, 2021. LMC's share in group profitability was mainly impacted by continued volatility in the auto sector including exchange rate, changes in SBP prudential regulations for consumer financing by SBP and increasing interest rate scenario along with high inflation.

Cement Industry and Company's Performance – Unconsolidated

The cement industry in Pakistan declined by 7.9% to reach 52.9 million tons during the year ended June 30, 2022 in comparison to 57.5 million tons last year. The local sales volume remained flat with minor decline of 1.0% to reach 47.6 million tons during the year under review versus 48.1 million tons during last year. Export sales volume declined substantially by 43.6% to 5.3 million tons during the year compared to 9.3 million tons during last year.

The decline in exports was mainly due to non-viability in terms of pricing on the back of persistent high coal prices in the international market coupled with increased shipping freights. The local cement manufacturers switched to cheaper alternatives such as Afghan, Irani as well as locally available coal, however the continuous increase in their prices along with high transportation costs due to sharp increase in diesel prices negatively impacted cement as well as clinker exports.

In comparison to the Cement Industry, your **Company's** overall sales volumes declined by 8.9% to reach 9.1 million tons during the year ended June 30, 2022 in comparison to 10 million tons last year. Local sales volume dropped by 3.6% to reach 7.3 million tons in the current year compared to 7.6 million tons last year. The drop in Company's sales volume was marginally higher than the industry, due to some idle cement plants which were made operational in the current year. Furthermore, the Company's export sales volume shrank to 1.8 million tons in the current year as compared to 2.4 million tons during last year,

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owing to the reasons explained above.

Cement Production & Sales Volume Performance

The **unconsolidated** production and sales statistics of your Company for the year ended June 30, 2022, compared to last year are as follows:

Particulars	Fiscal Year	Fiscal Year	Growth /	
	2021-22	2020-21	(Decline)	
	Tons in '000'		%	
Clinker Production	8,794	9,044	↓	(2.8%)
Cement Production	8,284	9,119	↓	(9.2%)
Clinker Sales	816	840	↓	(2.9%)
Cement Sales	8,264	9,124	↓	(9.4%)

A comparison of the **Pakistan's Cement Industry** and your **Company's dispatches** for the fiscal year ended 2021-22 in comparison with last year is presented below:

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Particulars (Tons in '000')	Fiscal Year 2021-22	Fiscal Year 2020-21	Growth / (Decline) %	
Cement Industry*				
Local Sales	47,643	48,132	(489)	(1.0%)
Export Sales				
- Bagged	2,065	4,244	(2,179)	(51.3%)
- Loose	415	449	(34)	(7.6%)
- Clinker	2,772	4,621	(1,849)	(40.0%)
Total Exports	5,252	9,314	(4,062)	(43.6%)
Grand Total	52,895	57,446	(4,551)	(7.9%)
Lucky Cement				
Local Sales				
- Cement	7,263	7,558	(295)	(3.9%)
- Clinker	25	-	25	0.0%
	7,288	7,558	(270)	(3.6%)
Export Sales				
- Bagged	586	1,117	(531)	(47.5%)
- Loose	415	449	(34)	(7.6%)
- Clinker	791	840	(49)	(5.8%)
Total Exports	1,792	2,406	(614)	(25.5%)
Grand Total	9,080	9,964	(884)	(8.9%)
Market Share				
Local Sales	15.3%	15.7%	(2.6%)	
Export Sales				
- Bagged	28.4%	26.3%	7.8%	
- Loose	100.0%	100.0%	0.0%	
- Clinker	28.5%	18.2%	57.0%	
Total Export	34.1%	25.8%	32.1%	
Grand Total	17.2%	17.3%	(1.0%)	

* Industry data is based on best available market estimates

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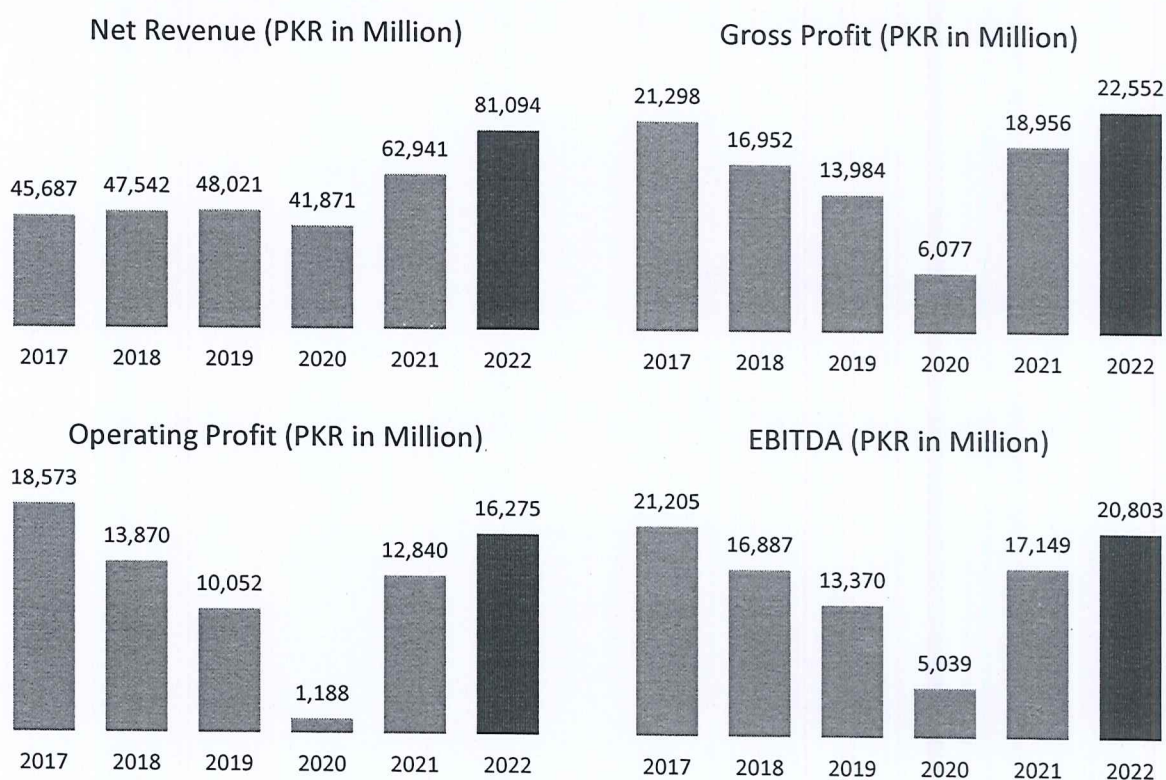


Financial Performance - Unconsolidated

The **unconsolidated** financial performance of your Company for the fiscal year ended June 30, 2022 as compared to last year is presented below:

PKR million except EPS	2021-22	2020-21	Change (%)
Gross Revenue	108,601	88,358	22.9%
Net Revenue	81,094	62,941	28.8%
Gross Profit	22,552	18,956	19.0%
GP as % of Net Revenue	27.8%	30.1%	(7.7%)
Operating Profit	16,275	12,840	26.8%
EBITDA	20,803	17,149	21.3%
Net Profit	15,299	14,070	8.7%
Earnings Per Share (PKR)	47.31	43.51	8.7%

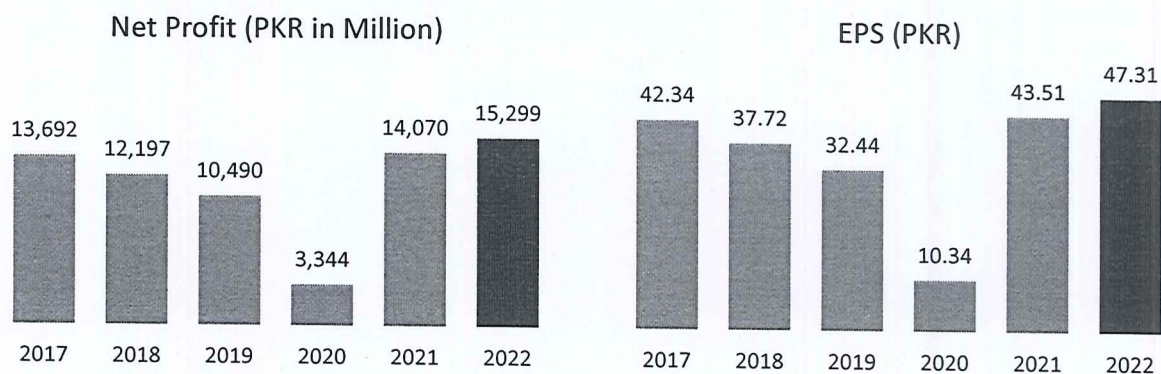
Six year's financial performance:



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Revenue

During the year under review, your Company's overall gross sales revenue increased by 22.9% as compared to last year. Although the local sales volumes declined by 3.6%, the sales revenue showed an increase of 28.7% (PKR 95.9 billion vs PKR 74.5 billion), mainly due to higher cement prices owing to increased cost of inputs.

Likewise, while the export volumes declined by 25.5%, the export gross sales revenue only showed a decline of 8.3% (PKR 12.7 billion vs PKR 13.9 billion) due to higher sale prices as well as exchange rates.

Cost of Sales

During the fiscal year 2021-22 under review, the per ton cost of sales of your Company increased by 46.1% as compared to last year. Such increase is primarily attributable to a continuous rise in coal prices as well as other input costs including furnace oil and other petroleum products, mainly due to the on-going conflict between Russia and Ukraine. The continuous devaluation of PKR was another major contributing factor.

Gross Profit

The gross profit margin of your Company for the current year came to 27.8% compared to 30.1% reported last year. This was due to a significant increase in the cost of sales, as explained above.

Dividend Income

During the year ended 30 June 2022, the dividend income received by your Company was PKR 3.5 billion (2021: 4.4 billion). ICI's higher dividend is attributable to better performance across its business segments whereas LMC's dividend was impacted by the decline in profitability and increased working capital requirements.

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Subsidiary/ Associate PKR Billion	FY 2021-22	FY 2020-21	FY 2019-20
ICI	2.0	1.3	0.8
LHL	0.3	0.2	0.4
LMC	1.1	2.9	-
YEL	0.2	0.1	0.1
Total	3.5	4.4	1.3

Net Profit

Your Company achieved a profit before tax of PKR 21.4 billion during the fiscal year under review as compared to PKR 17.0 billion reported last year.

The above amount includes PKR 1.8 billion recorded as a fee for the provision of technical services to Nyumba Ya Akiba during the year, which is the Company's joint venture entity in the Democratic Republic of Congo.

Accordingly, an after-tax profit of PKR 15.3 billion was achieved during the fiscal year under review as compared to PKR 14.1 billion reported last year.

Earnings per share

The earnings per share of your Company for the year ended June 30, 2022, was PKR 47.31 in comparison to PKR 43.51 reported last year.

Growth and Expansion

Brownfield cement plant expansion in KPK Province of Pakistan – 3.15 million tons per annum

In line with the Company's growth strategy, the Board of Directors on January 29, 2021, approved a 3.15 million tons per annum, brownfield expansion project at Pezu Plant. The expansion project is progressing as per schedule and the project remains on target to achieve its completion by December 2022.

After completion of this project, the cement production capacity of your Company in Pakistan will reach 15.3 million tons per annum.

Lucky Cement Limited

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U.A.N: 111-786-555 F: 34534302 E: info@lucky-cement.com
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Renewable Energy initiatives at both Plant Sites

A recent testament of your Company's commitment to energy conservation and promotion of green energy resources was the announcement of a 34 MW captive solar power project with a 5.589 MWh Reflex energy storage being installed at Pezu plant in Khyber Pakhtunkhwa. The project is expected to be operational by Q2-FY23 and will not only help in overcoming the impact of the looming energy crisis in the Country but will also lead to increased sustainability in operations of the Company.

A feasibility study for a renewable energy project for the Karachi Plant is also underway and will be announced once it is finalized.

Dividend & Appropriation

Your Company remains committed to both increasing its shareholder wealth and providing sustainable returns over a longer term. The Company's diversification plan over the years, most of which has been financed by internally generated cash flows, has not only substantiated this commitment but has also started bearing fruit. Despite the uncertain times arising due to global food and energy crisis, increasing foreign exchange rates, soaring inflation and political instability, the Company has continued with its expansion and diversification strategy which includes capital expenditure on brownfield expansion of 3.15 MT and installation of solar power project in Pezu plant, KPK province.

Keeping in view the above, the Directors have not proposed any dividend for the year ended June 30, 2022.

Movement in un-appropriated profit is as follows:

	PKR in '000
Net Profit for the Year	
Profit for the year available for appropriation	15,298,618
Appropriations	
Proposed transfer to General Reserves	15,298,618
Basic and diluted earnings per share – PKR	47.31

Corporate Social Responsibility

Your Company has been at the forefront in the development of society in general and the communities in which it operates.

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Community Investment

Guided by its mission of improving lives, Lucky Cement makes sustained efforts in creating shared value across the communities where it operates. The Company continues to support sustainable socio-economic development through philanthropic investments in the areas of health, education, women's empowerment, skills development and community development.

The Company has continued partnership with The Hunar Foundation for the vocational training of youth of District Lakki Marwat, Pezu. This program aims to provide equitable opportunities for vocational training to capable and deserving students to empower them to find skilled jobs or start new businesses. During this year, a significant number of graduates were employed by your Company at its plants.

Environment Conservation

During the year, the Company reiterated its commitment towards conserving the environment and made efforts to move towards a greener and cleaner Pakistan by implementing environment friendly measures including increased tree-plantations at its manufacturing sites. In order to promote green energy and step towards eco-friendly power generation, your company is in the process of installation of 34 MW captive solar power project at the Pezu plant that would reduce reliance on non-renewable energy sources.

Education

The Company has been a staunch supporter of uplifting the quality of education in Pakistan and making such quality education accessible to all without any discrimination. During the year, your Company cemented its partnership with Shahid Afridi Foundation (SAF) by adopting a school in a less privileged area of Karachi.

Furthermore, the Company has supported Million Smiles Foundation (MSF) in their project of improving and enhancing the education structure at a primary school in Kundal Shahi, Neelum Valley, Azad Jammu Kashmir (AJK).

In addition, your Company in collaboration with The Citizen Foundation (TCF) is developing a full Primary and Secondary school for the children of PEZU and its surrounding areas. The school is set to be fully functional before the start of the new session in August 2022.

Scholarships

In order to provide financial assistance to deserving and bright students, the Company has collaborated with various prestigious institutes in Pakistan to fund the higher education of such students. The Company sustained its memorandum of understanding with Lahore University of Management Sciences (LUMS) for

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providing scholarships to 17 students selected through its National Outreach Program (NOP).

To empower the youth of Pakistan, Lucky Cement Limited has expanded its existing national scholarship program for the deserving and bright students of District Lakki Marwat. Under this initiative, the Company provides grants to students for funding their graduate and undergraduate programs. The provision of such scholarships and grants is a testament to your Company's objective to make education accessible and affordable for all.

Women Empowerment

Keeping in view the importance and impact of women empowerment in Pakistan, Lucky Cement in collaboration with Zindagi Trust continued support for two leading Government girls' schools in Karachi. With a primary focus on social intervention in the development of women education in the country, the Company has transformed these schools into model educational institutions for girls in Pakistan.

Health Initiatives

The provision of quality healthcare for society continues to remain 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. These institutes are providing specialized and modern medical care in the Country and through donations paid by your Company, ensuring that medical care remains accessible and affordable for the less privileged.

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.

Outlook

We expect fiscal year 2023 to be challenging for Pakistan's economy, especially due to the high Current Account Deficit, which stood at \$17.4 Billion for FY 2022 versus \$2.8 Billion for FY 2021. The ongoing

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political instability has deteriorated the economic position of the Country and resumption of foreign exchange inflows from the IMF program has faced serious delays. The IMF staff level agreement has now been signed and as per Government statements majority of conditions have been met and it expects the program to resume post approval from the IMF Board towards end of August 2022. The resumption of the IMF program will not only reduce uncertainty but also open avenues for borrowing from other sources, which could help stabilize the foreign reserves and the domestic economic situation. Apart from this, certainty in the political landscape of the Country is needed so that long term and sustainable measures are taken for enhancing the exports and ultimately reducing the current account deficit of Pakistan.

Local Cement Operations

The commodity super cycle, which started last year post-pandemic, continues to persist. This has been further aggravated by the ongoing Russia-Ukraine conflict resulting in continuous volatility in commodity prices particularly coal, petroleum products and packaging material, which has significantly increased the cost of production for cement. A similar trend has been witnessed in other construction materials as well, mainly steel which has resulted in a hike in overall construction costs. On the local front, rising interest rates coupled with higher inflation have severely affected the purchasing power which will impact the cement demand in the short term.

Foreign Cement Operations

International cement operations are expected to show stable performance because of healthy demand, while margins may witness some pressure on account of high commodity prices.

Polyester, Soda Ash and Chemicals

Going forward, risks of a global and domestic slowdown in growth, inflationary pressures, high cost of borrowing, uncertainties in the domestic business environment, coupled with the ongoing monetary tightening measures pose a threat to business demand as well as profitability in the short to medium term. Nonetheless, ICI Pakistan Limited remains focused on minimizing the negative impacts of the same, serving its stakeholders by delivering enduring value; strengthening relationships with existing customers and suppliers whilst leveraging its diversified product portfolio to further its growth aspirations.

Power

LEPCL envisions being the premier energy producer from the private sector to provide economical, safe, and reliable power to the off-taker and deliver sustainable value to all stakeholders. It has set-up a 660 MW Supercritical Coal-Fired Power Plant (CFPP) at Bin Qasim, Karachi that in the long run will be fueled by Thar lignite coal. It is Pakistan's first indigenous fuel IPP outside Thar. The project is ushering in a new

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era of indigenous fuel utilization for baseload power generation, in line with the national objective of reducing reliance on imported fuel. The latest technology for emission control has been installed, which includes Flue Gas Desulphurization (FGD), Electrostatic Precipitators (ESP) along with associated environmentally friendly equipment.

Automobiles and Mobile Phones

To control the Current Account Deficit and curb import bills in USD, effective May 20, 2022, establishing LCs for the import of CKD kits for cars requires prior approval of the State Bank of Pakistan (SBP), which has created an administrative hindrance in managing the supply chain. Over and above this measure, the SBP has decided to allocate a limited foreign exchange quota to automobile assemblers based on the value of CKD kits imported from January 2022 to April 2022. This will result in reduced imports of CKD kits and in turn, reduced production and supply of cars in the market.

The outlook of the automobile market for the FY 2022-2023 looks challenging on the back of the administrative measure taken by the SBP as mentioned above along with a recently introduced measure of Capital Value Tax (CVT) on cars. This tax of 1% will be levied on cars with engine capacity exceeding 1300 CC, resulting in an increase in prices of the cars. Additionally, PKR devaluation against USD and the impact of increased freight on the import of CKD kits and spare parts will continue to keep upward pressure on the prices of cars.

The SKD mobile assembling operations will also be impacted due to SBP's ongoing restriction on establishing LCs.

LMC is concentrating on optimizing its operational cost while improving localization for sustainable and competitive operations and to be able to remain strong post-duty concessionary regime under Automotive Development Policy 2016-2021.

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

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Acknowledgement

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

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Khawaja Iqbal Hassan'.

KHAWAJA IQBAL HASSAN
Director

A handwritten signature in blue ink, appearing to read 'Muhammad Ali Tabba'.

MUHAMMAD ALI TABBA
Chief Executive / Director

Karachi: August 5, 2022

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